



20/20

BRINGING THE FUTURE INTO

FOCUS

THE HOME FURNISHINGS INDUSTRY TREND GUIDE



IT'S 2020... *All eyes are on the future.*

We are constant consumers; being sold everywhere; from social media and streaming shows to personal recommendations from friends. In a market where digital is abundant, we are saturated with messaging. The messaging that doesn't resonant with us becomes white noise. However, some brands jump off the page. They craft experiences that rise above. We find those moments where we are presented exactly what we were looking for at the right moment. Those brands just seem to get us. They make it easy for us to infuse them into our lives to the point that shopping becomes a joy. That is the goal of the retailer in 2020.

**“CONSUMERS EXPECT
PERSONALIZATION
THROUGH ANY CHANNEL.”**

Antonia Hock, Global Head of the
Ritz-Carlton Leadership Center

STORIS



STATE *of the Industry*

ECONOMIC, POLITICAL, AND INDUSTRY OUTLOOK



“TECHNOLOGY HAS TRANSFORMED RETAIL, AND BRANDS ARE WRESTLING WITH THE BEST WAY TO BALANCE HIGH TECH INNOVATION WITH THE HIGH TOUCH CUSTOMER SERVICE THAT CONSUMERS CRAVE.” SmarterCX

“THE U.S. STILL HAS ONE GREAT STRENGTH: THE AMERICAN CONSUMER.”

Richard Clarida, Federal Reserve Governor



The American Consumer has buying power, supported by low debt to income ratios and a booming stock market; a good sign for the overall retail economy as we head into 2020. However, some economists warn that overall the economy may be “cooling,” due to slowly rising inflation, a weakening dollar, and a recession in the manufacturing industry. Economies are cyclical. With over a decade of continuous economic growth, history indicates that a recession could occur within the coming years. However, according to The Balance, the US GDP will grow by 2.1% in 2019 and will have virtually flat growth of 2.0% in 2020. The silver lining is that high employment continues to put money into consumers’ pockets.

ECONOMIC *overview*

“A STUDY FROM NRF WARNED THAT THE TARIFFS
WOULD ADD \$4.6 BILLION A YEAR TO WHAT
CONSUMERS WILL SPEND ON IMPORTED FURNITURE.”

Wall Street Journal



A Wall Street Journal headline covering October 2019's High Point Market read, "Furniture Retailers Start to Feel Tariff Pain More Acutely." 2019 felt like watching a game of Tug of War as trade with China deeply impacted the industry. To adjust in 2019, many manufacturers scrambled to find new source countries, with Vietnam being the primary destination. Poignantly, Furniture Today reported that China went from holding an 87% market share on mattress exports pre-tariffs that fell to just 2%, virtually overnight.

Once again, the state of global trade and tariffs on imports from China remain uncertain as we head into a new year. Though the first phase of trade negotiations has passed, it did little to relieve the pressure on home furnishings goods. From a business perspective, investments are deterred. On the consumer side, disposable income is cut into by rising retail prices. Further negotiations and rate adjustments are expected to continue, but for now, this industry is starting 2020 in the same place. As the situation prolongs, retailers and manufacturers will need to decide their long-term strategies.

TARIFFS & trade

ELECTION *year*

The results of the 2016 election polarized the United States. The current US President, Donald Trump is currently under impeachment hearings. A whopping 15 individuals are vying for the Democratic nomination at this point in time. Again the word at play is uncertainty. Many people are still scarred from the tensions that arose during the 2016 election and it is shaping up to be just as contentious in 2020. While consumers may be wary of the political and economic factors at play, that doesn't stop people from fulfilling the purchases they need. What retailers can do is deliver value and comfort to help their consumers find post purchase confidence. In a time of uncertainty, standing behind your products and helping customers make the right decisions for their dollars is critical.

“BUSINESS OWNERS SEE THEIR CUSTOMERS ALREADY BECOMING MORE CAUTIOUS BECAUSE OF THE UNKNOWNNS ABOUT WHO WILL BE THE NEXT PRESIDENT.”

Joyce M. Rosenberg and the AP, Fortune



YOUR *Winning* TEAM

For home furnishings retailers, the unemployment rate, which has been hovering steadily at 3.7%, is a double-edged sword. Consumers have steady incomes; however, the hunt to find and retain employees is a challenge. Low unemployment means the competition for talented workers remains steep. Further, a lack of career development opportunities typically presented to retail staff members and millennials' general inclination to change jobs is a challenge for hiring. Providing career paths, investing in driven young hires, or getting creative about incentives can make your business an attractive place to work.

Further, the employment line on the balance sheet is on the rise as the federally mandated minimum wage takes a small step in 2020 on its way to a \$15 rate by 2025. Making the right investments in human resources is important. It's not all about monetary incentives. Focusing on a company culture that aligns with today's employment goals can help offset these hiring challenges. Flexibility, workplace environment, and career opportunity are other aspects of employment that are highly valued. If your typical hiring decisions lead to high turnover, it may be time to re-evaluate the qualifications and attributes of the team you are looking for.



“EVEN IF THIS ISN'T STANDARD PRACTICE IN RETAIL YET, CREATE A CAREER EVOLUTION PLAN FOR YOUR STAFF.” **Harver**

DIGITAL *Generations* STORIS



“81% OF GEN Z PREFERS TO SHOP IN STORES AND OVER HALF SAID SHOPPING IN STORES ALLOWS THEM TO DISCONNECT FROM THE DIGITAL WORLD.”

Jasmine Wu for CNBC

Digital native generations are more likely to unplug and visit a store to discover new merchandise and make a purchase. While it may seem ironic, it is logical. Social media, while an indispensable part of these generations' lives, has been linked to rising stress levels. The results of overstimulation and digital peer pressure, draw these individuals to crave real human connection. There are psychological needs that shopping in a brick and mortar store achieve: socialization, retail therapy, the thrill of the hunt, instant gratification.

However, because digital native generations are overstimulated, a lackluster retail experience will certainly fail to inspire. Brands must tell their holistic stories effectively, both in-store and online. Retailers should use technology to offer ease and convenience in the purchasing experience, not to overwhelm.

Digital remains critical, particularly in the discovery stage. Gen Z and Millennials research online before heading out the door. They are also increasingly likely to check a brand's social media presence to confirm it aligns with their values, styles, and interests.

INDUSTRY

Economics



According to Statista, US furniture stores represent a \$113 billion market. The industry is still growing, but the pace is slowing with anticipated growth of only 2.4% in 2020.

According to consumer research from Home Furnishings Business, a majority of the industry's revenue (60.11%) is still being captured by traditional furniture stores. Moving and remodeling remain strong motivators for home furnishings purchases; a positive given a solid housing market and historically low mortgage rates heading into 2020. Consolidation of retail brands continues to occur. The largest home furnishings retailers are gaining market share, with the Top 100 holding steady at 40%. The bedding industry remains the most volatile. Bed-in-a-box eTailers continue to thrive and leading brands are opening brick and mortar stores, further shaking up the expected norms of the industry.

Overall, the industry ebbs and flows. Those home furnishings retailers attune with the market and customer needs are growing sales and opening doors, while those failing to adapt face an opposing fate.

“HOME SALES ARE BOUNCING BACK, A SIGN THAT AMERICANS ARE WILLING TO OPEN THEIR WALLETS & SPEND ON BIG-TICKET ITEMS.” Heather Long, The Washington Post

Home furnishings eCommerce is the 6th fastest growing online market. While traditional home furnishings retailers feel the competitive threat of pure-play eCommerce, opportunity is within their grasp supported by an established physical presence. Yet, many furniture retailers are dragging their feet. The eCommerce market for home furnishings is ripe with opportunity. The game is not over. It is accelerating. According to HFB, online furniture sales are estimated at \$23B; around 20% of total industry revenue. Consider the possibilities. If you asked anyone ten years ago if bed-in-a-box would be mainstream, it would have been hard to imagine. The next wave of reality is coming as consumers are more apt to place orders online, backed by convenient return policies that, in reality, have limited use.

“ONLY 5% OF ONLINE BUYERS RETURNED AN ONLINE FURNITURE PURCHASE IN THE PAST YEAR.” Statista

For a traditional home furnishings retailer, the shift in mentality is the dedication and resources needed to operate an eCommerce site as its top-performing store and greatest source of advertising. Wayfair employs thousands of people. To compete, a home furnishings retail website cannot be an after-thought. You wouldn't just open your flagship store, turn on the lights, and forget about it. Each day it requires love and attention. To be successful, websites require investment and on-going commitment. The steady incline of online home furnishings sales will continue into the foreseeable future. 2020 is the year to grab your piece of the pie.



An Update on
E-COMMERCE



Clicks+ BRICKS

Speaking of Wayfair, in 2019 the once pure-play eCommerce leader opened their first physical location. It's noteworthy that the online giant sees value in opening physical doors. In fact, they tested the waters with pop-up shops first, indicating there was success in their brick and mortar experiment. This shifts the market landscape for the future. While significant pure-play brands open stores, retail leaders need to master their web-based world.

Though Wayfair is opening stores slowly, it is noteworthy that the first location is right in their corporate backyard, making it a conveniently situated laboratory. The store locations infuse technology, seamless channel transitions, design consultation, virtual reality, and endless aisle. Wayfair is shaping expectations online and now on the showroom floor.

“WAYFAIR IS AN EXAMPLE THAT BRICK-AND-MORTAR RETAIL IS FAR FROM DEAD. IT’S JUST UNDERGOING A TRANSFORMATION. PHYSICAL NEEDS TO COMPLEMENT THE ONLINE SHOPPING EXPERIENCE.” *Fast Company* 11

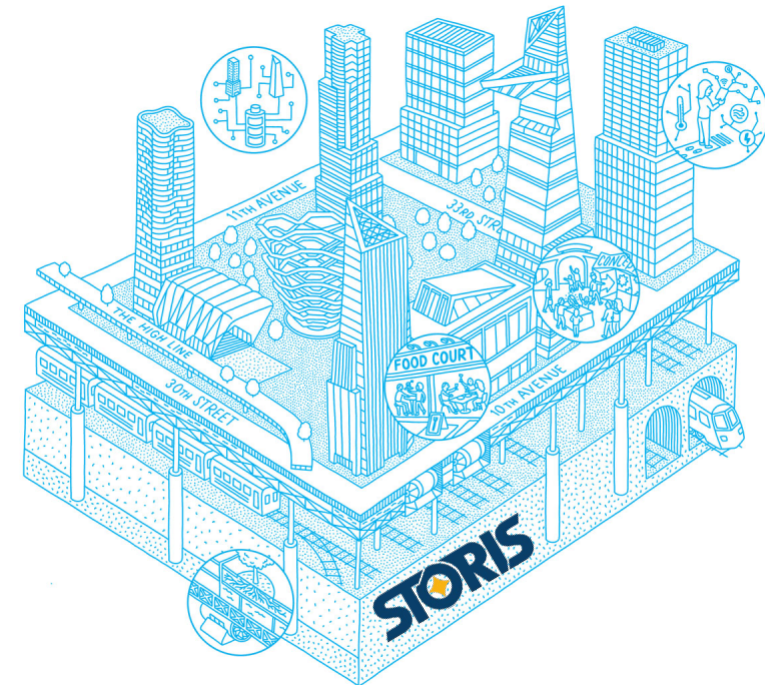
In 2019, the highly anticipated urban development project in New York City, Hudson Yards opened to the public. A luxury shopping mall, interactive art displays, greenery and event spaces, housing and commercial real-estate, all merge to create Hudson Yards. Not defined by one element, the neighborhood encapsulates an energetic lifestyle. What's interesting is that even with all Hudson Yards has to offer, retail expert, Michael J. O'Neill says that its long-term success is dependent on its ability to keep innovating. Hudson Yards used to be a cultural wasteland above the train lines in the very heart of NYC. The important lesson here is that even the most creative ideas can't stand still.

The future will tell if this is the mall replacement of the future. Smaller-scale examples of immersive communities infused with retail are popping up across the country as malls continue to vacate.

Forbes wrote, "Hudson Yards (...) establishes itself as the nucleus of a new counterculture in retail and fine dining. Hudson Yards is a new benchmark for shopping in a dynamic, mixed-use setting."

Retailers looking to open new stores should consider this lifestyle shift when evaluating properties. If your store is not the primary destination, is its location the heartbeat of its community? Is the real-estate where your customers want to be?

HUDSON YARDS



**“WHAT WILL MAKE THIS VENTURE
A SUCCESS ARE UNIQUE ELEMENTS
THAT KEEP PEOPLE COMING BACK.”**

Michael J. O'Neill, Cushman & Wakefield

“COMPLEX CONSUMER HABITS & BROADENING COMMUNICATION CHANNELS NECESSITATES FORWARD-THINKING TECHNOLOGY STRATEGIES TO STAY COMPETITIVE. BY LAYING THE RIGHT GROUNDWORK NOW, BRANDS CAN DELIVER A 2020 CUSTOMER EXPERIENCE.”

Tom Goodmanson on Business 2020

20/20 VISION PLAN



1. *Seamless* EXPERIENCE

It is easy to take modern conveniences for granted. Business2Community wrote, “most people only make the connection between technology and customer experience when tech fails, is slow or disrupts the process.” We often notice lackluster experiences more than we realize what it takes to power flawless ones: when a store doesn’t recognize your online receipt, when a brand’s mobile website doesn’t work right on your phone, or when you build a cart and it disappears when you go to checkout. In 2020 and beyond, technology needs to do the difficult work for your employees, and it needs to do the difficult work for your customers, so all that they notice is a valuable shopping experience.

In 2020, it is important to evaluate where the kinks are along your customer journey. No business is perfect all the time, but that is what we should all be working towards. Is your inventory where your system says it is? Does your staff have the knowledge to service customers? Is your checkout experience expedient? Are you prepping for deliveries as quickly as possible? Can a customer move from browsing to shopping and back-again across your channels? In 2020, the perception of streamlined customer experience will only get increasingly demanding as more businesses move towards that level of perfection.

“SEAMLESS TRANSITION, FROM MOBILE TO DESKTOP TO HUMAN, IS A BASELINE EXPECTATION.” PWC



“90 CENTS OF EVERY RETAIL DOLLAR IN THE U.S. IS SPENT AT A PHYSICAL LOCATION.” [DigitalCommerce360](#)

The most common challenge vocalized by home furnishings retailers in 2019 was how to increase store traffic. While traffic may be down, in theory, the buyers that are walking through your door are more qualified. Customers are browsing online first. Your website needs to entice buyers to include your store among the few destinations they ultimately visit. Customer testimonials aren't just for products. Showcase reviews that highlight the overall experience of your store and staff. It's also imperative that it is easy for your customers to find store location information. Further, consider your online reputation outside of your own website. Your business needs to be optimized on Google My Business and local search.

The good news for store traffic is that 62% of customers want to interact with tactile attributes of a product before buying. For big tickets purchases, touch is a key sensory experience. Each product page should clearly tell the customer where they can find the item on display, backed by reliable inventory data to ensure accuracy.



2. Drive STORE TRAFFIC

3. CHANGE *& Inspire*

“WHAT RETAILERS DO WITH THEIR SPACE AND AUDIENCE IS UP TO THEIR OWN LEVEL OF CREATIVITY.” **Doug Stephens, Retail Prophet**

Home furnishings sales don't always occur when a customer needs a specific product. Style and personal expression are increasingly important motivators. In these cases, the reason to visit a store is inspiration. So how often is your show floor changing? Are you giving customers a reason to make a pit stop? Are they itching to get back to see what your designers created this season, even month? Merchandising intelligence can be used to craft new vignettes that are relevant to your customers. Yes, larger home furnishings purchases have a long-life cycle. Your customers don't need to buy a new mattress that often. Therefore, it becomes critical to supplement your assortment to stay relevant to your customer, so that you are top of mind when they need that next big-ticket item.

Customers also indicate that events motivate them to get off the sofa and into your showroom. NRF research noted each of these event types as having +70% “interest in attending”: exclusive/early access to products/sales, parties, product demonstrations, games/competitions, and interaction with a brand ambassador.

“ONLY 7% OF RETAILERS CURRENTLY OFFER THE SHARED CART CONCEPT.” **Boston Retail Partners**

It is increasingly important that customers have fluidity in their shopping journey. Real-time, bi-directionally integrated shopping carts are the glue that holds your customer experience together. In the BRP study, 56% of customers noted the importance of cart accessibility on various technological devices and within a retailer's store. Mobile is particularly critical. Customers are converting on smartphones; in fact, this device's share grew +21% YOY during the 2019 Black Friday season. (Adobe) If customers are logged into a retail website, they expect their cart to move with them. Your sales staff should become comfortable with sending customers home with a shopping cart to complete in order to increase conversions. Offering the option for customers to select a sales associate at checkout gets your team onboard with embracing cross-channel technology, without the fear of losing commission within their own ecosystem. In 2020, cart continuity is a form of the convenience customers are demanding.



4. *Shared* SHOPPING CARTS

5. MOBILE Checkout

“THE MOBILE PAYMENTS INDUSTRY IS PROJECTED TO REACH \$503 BILLION BY 2020.” *Mobile Payments Today*

Amazon Prime is moving towards single day delivery. Americans are hooked on the instant gratification of their mobile devices. 30% of online sales occur via a smartphone. Customers are more mobile and impatient. So the last thing your customers want to do is stand on a long line and then take another 15 minutes to checkout. We have all been there. Waiting in a long line as buyer’s remorse starts to creep in until we eventually get off that line and walk out the door empty-handed.

Mobile POS greatly enhances the customer experience by expediting checkout from anywhere on your showroom floor. Your customers can continue working with their sales associates and avoid getting on a line. The associate can take the cart they have already built on their tablet and simply check the customer out from anywhere in the store. From a staffing perspective, your team is infinitely more productive with their time and can service more customers; a win-win for all.



“WITHOUT EARLY IDENTIFICATION, RETAILERS MISS ENGAGEMENT OPPORTUNITIES, SUCH AS CLIENTELING & GUIDED SELLING, WHICH CAN INCREASE SALES.” *Chain Store Age*

Identifying in-store customers is one of retail’s most significant challenges. Customers crave personalized experiences, but it is difficult to craft personalization around an anonymous shopper. According to Forbes by the start of 2020, 75% of retailers had planned to identify customers when they walk in their showrooms via Wi-Fi, but the execution has fallen short. Retailers need to define a strategy for enticing customers to reveal their identities early in the sales cycle vs. at checkout.

Ross Ely of ProLogic Retail Services stated, “shoppers will be willing to allow retailers to identify them in the store if they feel they are getting fair value from the retailer in return, such as special promotions and personalized offers.” Ways to achieve this include sending enticing mobile offerings to customers’ smartphones, fostering loyalty program signups, or empowering sales associates to offer value-added services. Further, 60% of retailers can identify an online customer before they checkout. Customers respond well to personalization online. They are growing accustomed to personalization and expect retailers to tailor in-store experiences as well.



6. Customer IDENTIFICATION

7. Personal EXPERIENCES

“CONSUMERS EXPECT CONSISTENT AND RELEVANT EXPERIENCES, OFFER MANAGEMENT, PERSONALIZED RECOMMENDATIONS & MARKETING ACTIONS THAT RELY ON AN ACCURATE CUSTOMER VIEW.” **TotalRetail**



Once a retailer identifies a customer, they need access to rich history and personalized data to make that identification valuable. Customer Experience Management is a rising area of technology that provides retailers with a centralized repository of the information they need to better serve their customers.

It is critical to maintain a single profile view with information from both in-store and online experiences. Otherwise, the customer profile only paints half of a picture, which can lead to inaccurate communications and timing. 56% of customers want retailers to build data around them to ensure a more productive shopping experience. This information includes previous purchases, style profiles, desired brands, and price points. At the individual level, mobilizing this data and placing it into the hands of your salesforce delivers an effective in-store experience. However, one-to-one may be restricted to time in store. Using business intelligence and data mining helps retailers to target consistent and effective marketing messaging on a regular basis.

“THE LIKELIHOOD OF CONVERTING AN EXISTING CUSTOMER TO BUY AGAIN IS 60-70% WHILE THE LIKELIHOOD OF CONVERTING A NEW PROSPECT TO BUY IS ONLY 5-20%.” **Business Over Broadway**

Delivering personalized experiences fosters brand loyalty. Returning customers are more cost-effective to re-engage and deliver the highest percentage of your company's revenue. Customer retention, churn, and lifetime value should all be key performance indicators you are actively measuring in 2020. The first step to customer retention is devising a post-purchase engagement strategy. Closing that first sale is a big win, especially since the odds are against you. Take advantage of the newly raised odds by nurturing these relationships. Send a hand-written, personalized thank you note to the customer. Set a call reminder to check-in and ensure they were satisfied. Email an incentive on their next purchase, if they leave a review. Re-engage with designer recommended products that complement their purchase. Further, it is important to train your sales team to actively listen for the next opportunity and use their technology resources to ensure they don't miss the next sale.



8. LIFETIME *Value*

9. Membership PROGRAMS

Once again, an Amazon model is diffusing across retail. Prime Members spend 2x more than non-Prime customers and every retailer wants those results. Therefore, retailers in the home furnishings industry are launching Membership Programs to instill customer loyalty. Key players such as Wayfair, RH, and Ethan Allen are setting the stage, especially with programs that require customers to pay to join. Psychology shows that we value things we pay for more than those that are free. If you are paying for a Membership, you are more likely to milk it for what it is worth and think twice about shopping elsewhere. The possibilities of what retailers can package are abundant: from everyday low pricing and early access to sales to services such as free delivery or design consultations. As more retailers offer these programs, the services need to be worth the customer's while. Execution of these programs requires technology, especially to ensure that a Member is identified in-store and online. Transactional POS Systems and eCommerce Platforms also need to manage payment renewals and ensure appropriate discounts or service waivers are applied. Membership may be something to consider in 2020 as they add a source of value to the customer and reoccurring revenue to your business.

"54% PERCENT OF 25-34-YEAR-OLDS SURVEYED SAID REWARDS IN FEE-BASED PROGRAMS ARE BETTER THAN THOSE OF FREE PROGRAMS." Clarus Commerce



“MILLENNIALS TEND TO MOVE MORE OFTEN THAN PREVIOUS GENERATIONS AND ASPIRE TO LIVE MINIMALLY. RENTAL FURNITURE HELPS TO ACCOMPLISH THAT.” *Ankur Agrawal of Inhabitr at Furniture Today Next*



Rentals are making a wave in home furnishings to cater to customers renting homes or apartments. An alternative to purchasing inexpensive, disposable furniture, rentals give customers access to the style and quality of goods they desire while accommodating their flexible lifestyle. Partnering with apartment or housing complexes to become a recommended rental provider or stager of model units can be an effective way to reach a new audience. Rentals can be translated into a popular reoccurring revenue model, subscriptions. When your customer is ready to move, they can enroll in a new rental cycle to fit the functional, size, and aesthetic needs of their new space. Subscription boxes for home décor items are also popular and can provide a supplemental service for furniture retailers. In an experience economy, consumers are less attached to the sentimental value of physical goods. Offering services that align with the experience of reinvigorating their home and updating to current design trends can be attractive.

10. *Rentals* & SUBSCRIPTIONS ²³

11. INFORMATION *Transparency*

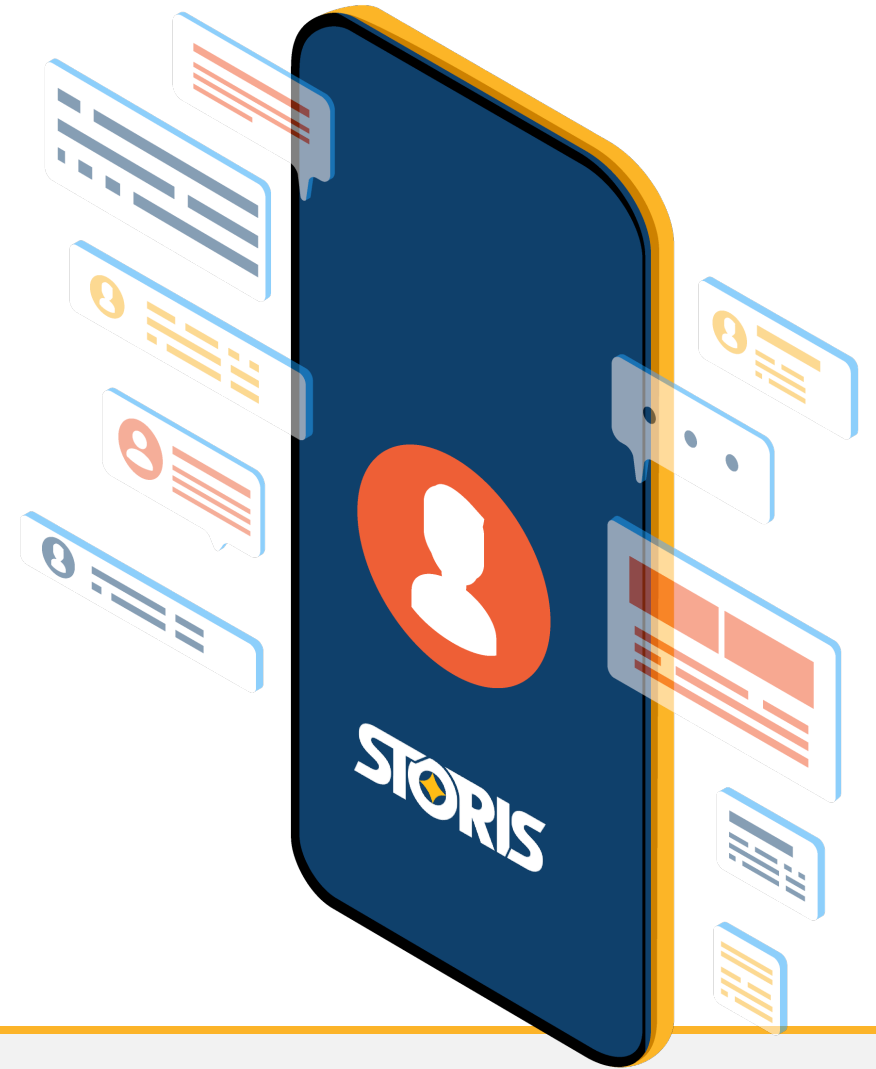


Most of us have stared at our phones, watching as our Uber driver rounds the corner to pick us up. We've all run to the door as the notification from Amazon lets us know the exact moment our package arrives. Retailers hold an infinite amount of data. Customers know this and are demanding information transparency in ways that improve their experience. According to NRF, it isn't just along the last mile. Customers want to be empowered to make the best decisions they can pre-purchase. In 2020, it will be important to build up your product content and review libraries to craft value-added pages on your website and provide resources to your in-store teams. Retailers can use merchandising analytics to provide alternative product recommendations and facilitate "People Also Viewed" ribbons online. Offering concrete inventory accuracy, cross-channel pricing, fulfillment capabilities, and even return options is valued by customers. Customers are seeking this information across multiple sources. The Transparency Imperative Report from Label Insight and Food Marketing Institute found that 75% of customers switch to brands that provide in-depth product knowledge, including in retail. It's advantageous to be a retailer that provides this to them.

“CONSUMERS FIND THE STEPS LEADING UP TO A PURCHASE WHEN THEY ARE FIRST RESEARCHING PRODUCTS, COMPARING REVIEWS, AND CHECKING PRICES TO BE THE MOST FRUSTRATING.” NRF

One of the best ways to facilitate information transparency is by providing your customers with a centralized online portal for all their key interactions. They want to easily view their transactional history and track pending deliveries from one convenient place. Customer Account Pages can reduce friction and make the conversion process simple. Enable customers to store frequently used credit cards and ship-to addresses to checkout quickly. Financing is also a primary form of payment for many home furnishings purchases. A Customer's Account is their center to manage in-house loans and payment plans with ease. If customers need to make a change to their information, the more they can self-service, the happier they'll be. Need to reschedule a delivery? Let them facilitate that online with the click of a button. Other Account Page features that add value are the ability to check loyalty programs, create design boards, and start wish lists. These efforts all result in the goal of fostering information transparency.

“ACCOUNT PAGES MATTER BECAUSE THEY BUILD TRUST, HOLD USEFUL INFORMATION, MAKE IT EASIER TO BUY AGAIN, SAVE THINGS TO BUY IN THE FUTURE, AND OFFER DISCOUNTS & REWARDS.” Trellis



12. Account PAGES

13. CROSS-CHANNEL *Fulfillment*

Consumers are heavily motivated by both convenience and price. Therefore, it's critical to evaluate if your business should be offering increasingly accepted forms of fulfillment that blur channel lines. Buy Online, Pickup In-Store (BOPIS) has been widely adopted across retail. Like Amazon, Wayfair has been shaping consumer perception of free delivery, even for heavy furniture pieces. Offering BOPIS is a strategic way to allow customers to avoid delivery charges, but also save your business delivery expenses. This mode of fulfillment has grown 50%+ YOY according to Adobe research and those who utilize it regard it as a positive experience.

Also important for home furnishings retailers is Browse In-Store, Buy Online. Purchasing a new piece of furniture is a significant decision. Retailers that make it easy for their customers to sleep on a decision and conveniently order on their website are key. Offering the ability to let a commissioned salesperson get credit for an online sale helps your sales staff to be comfortable encouraging this behavior too.

**“64% OF CONSUMERS SITE
AVOIDING SHIPPING FEES AS THEIR
REASON FOR USING BOPIS.”**

NRF Consumer View



It's imperative for retailers to make the physical process of completing an order as painless as possible. This is true even for complex order types often seen in the home furnishings industry. The ability to streamline multiple fulfillment types on a single order cuts down the time it takes to checkout drastically. Customers expect the capability of completing an order with multiple payment types, ship to addresses, recipients, and order fulfillment methods.

The efficiency of your online checkout process is critical as well. Do some internal testing to evaluate the UX design of your cart. Are there areas where you can cut back on the information required? What data can be saved on account for use on the next purchase and even faster checkout? These are good exercises as 27% of online carts are abandoned, because the process is too cumbersome; money you don't want to leave on the table.

"THE QUEST IS TO PROVIDE A CHECKOUT EXPERIENCE WHICH IS AS SEAMLESS AS POSSIBLE (...) AND REDUCE FRICTION AND INCREASE CHECKOUT SPEED." Medium



14. Order CONVENIENCE

15. PRODUCT Customizations

“AROUND 40% OF FURNITURE AND HOMEWARE CONSUMERS EXPRESSED INTEREST IN PURCHASING CUSTOMIZED PRODUCTS.” **Deloitte**



It is no secret that special order merchandise is the bread and butter of many home furnishings retail operations. More competitors focusing on the custom-order niche have entered the market and at accessible price points with quick turnaround times. Therefore, the execution, accuracy, and timeliness around producing special order options for your customers are of the utmost importance. Technology needs to provide a streamlined and precise model for special orders. Each step needs to maintain accuracy to deliver what the customer envisioned from sales order entry, transmission of purchase orders, receipt and fulfillment of merchandise, costing and pricing of goods, and post-sale merchandise analysis. As trends in personal and stylistic expression increase in value to the customer, being able to offer customizable products remains a viable part of home furnishing assortments.

16. ONLINE *Imagery*



“IT TAKES ABOUT .05 SECONDS FOR USERS TO FORM AN OPINION ABOUT YOUR WEBSITE THAT DETERMINES WHETHER THEY’LL STAY OR LEAVE.” **CXL Institute**

To entice the online shopper to buy and motivate the in-store shopper to visit your store, impeccable product photography is no longer an option. Perhaps one of the most critical digital marketing investments you can make in 2020 is in outstanding product photography. The reasons why are endless. Customers take only milliseconds to decide whether to stay on your site. In a visual industry like home furnishings, first impressions count and a picture might actually be worth a thousand dollars. Ensure you have crisp, detailed images on white backdrops from multi-angles, as well as vignettes to show the product in a lifestyle setting. Take the time to both size images consistently and to optimize the image files for site speed. Further, retailers are getting creative with their use of product imagery. 3D modeling is more cost-effective and widely used in the market including in AR and Room Planning applications. Quality photography has the power to convert more buyers and reduce returns.

According to Weebly Research, visual content is more than 40x likely to get shared across social media than other content. And social media continues to gain traction as a place for product discovery, brand awareness, and even purchasing. Instagram, the 2nd most used social media platform, rolled out “Checkout on Instagram” this year, making the step from inspiration to ownership that much easier. To add hype, brands can use the “Drop” feature to create urgency around product launches and co-market releases with Instagram influencers. And it is effective. Glossy reported that more than 90 million people tap on shopping tags on Instagram posts each month.

Pinterest may be the 4th most used social media platform, but it packs a punch in home furnishings. This platform is leading the charge in visual search. Users can either take pictures of products or pin images that Pinterest matches with their Lens photo library. As the user Pins this content, Pinterest will use machine learning to show them content that resembles their visual preferences. Customers can also use search functionality within an individual Pin to identify products within the image and see where the exact or comparable options are sold. They can then link directly to the retailer’s website to purchase. It’s a good opportunity to explore these platforms as digital marketing resources and see how they can work for your business.

“RETAIL BRANDS SAW A 2X HIGHER RETURN ON AD SPEND FROM PINTEREST THAN FROM OTHER SOCIAL MEDIA SITE.” Neustar



17. INSTAGRAM + Pinterest 30

Google has undergone significant transformation in 2019 with features like Local Search Packs, Listing Reviews, Google My Business, Featured Snippets, and People Also Ask boxes. Getting Search Engine Result Pages (SERPs) with only 10 blue links is becoming an anomaly. There are more content types competing for your attention on Google. To earn local visitors, your priority should be optimizing your Google My Business profile and checking it regularly, as they are always adding new types of content for you to provide. Google's local listing for your business is robust and can add a lot of value to your customer, without the need for them to ever visit your site. It's also important to ensure that Google is a top place that you are asking customers to review their post-purchase experiences, as reviews are a local ranking factor. Google Shopping Ads are another dynamic part of SERPs and can increase online sales and conversion rates. Google Shopping Ads are a great way for customers to find information and compare products, a key attribute of a positive shopping experience. Like social sites, Google is using Artificial Intelligence to generate ad content. It's important to make a habit of staying on top of Google's changes.

"YOUR HOMEPAGE IS NO LONGER YOUR HOMEPAGE, GOOGLE IS."

Rand Fishkin



18. GOOGLE SERPs

19. REPUTATION *Management*



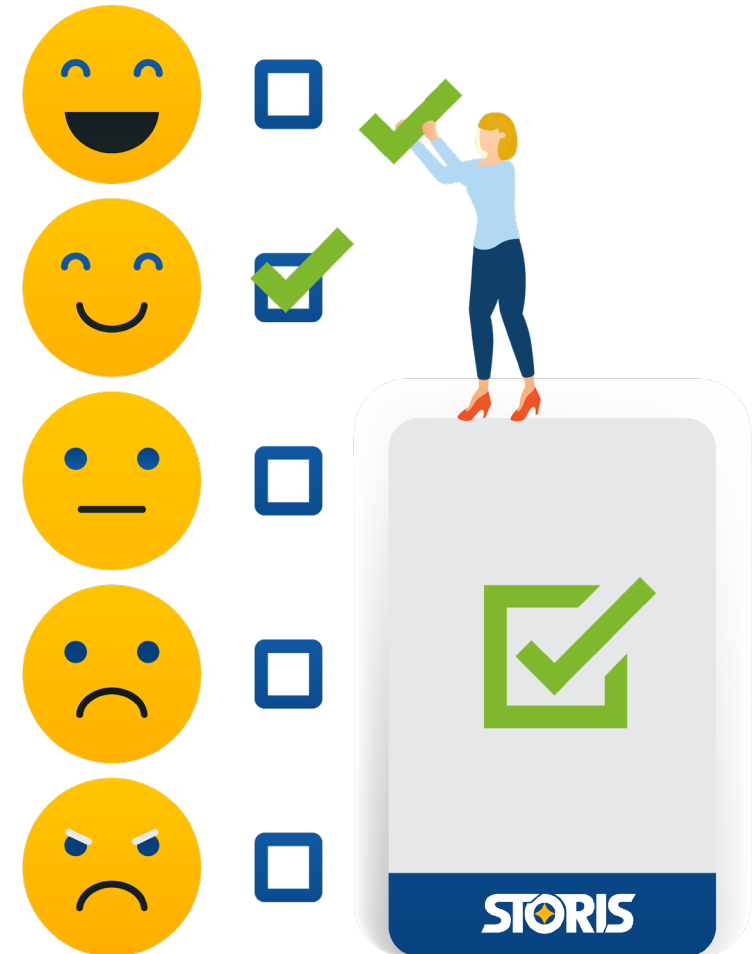
“THE AVERAGE CONSUMER READS 10 REVIEWS BEFORE FEELING ABLE TO TRUST A LOCAL BUSINESS, SO BUSINESSES WITH LOWER REVIEW COUNTS OR NEGATIVE FEEDBACK WITHIN THEIR TOP REVIEWS RISK LOSING A SIGNIFICANT PROPORTION OF POTENTIAL CUSTOMERS.” **BrightLocal**

Digital’s influence makes it vital to invest in your online reputation in 2020. Reviews are a foundational part of reputation management that also includes your strategy for responding to positive and negative feedback across review platforms and social media channels. It’s also how you utilize and amplify strong brand messaging. Luckily, customers don’t expect you to be perfect. In fact, they often distrust a precise 5-star result. They would rather see a more realistic number supported by high review volume. What is important is how you handle and respond to negativity. Technology platforms and services are using transactional triggers to ensure that you are maximizing your opportunity to get consistent volume and fresh review content, as well as stay on top of your brand. In a world where retailers sell the same SKUs, generating original review content at the product level is another way to outrank competitors and add value to the consumer to support their conversion on your website. 32

20. BE YOUR *Customer*

"RETAIL LABS ARE A GROWING TREND, ALLOWING RETAILERS TO WORK OUT KINKS IN TECHNOLOGY AND SEND UP TRIAL BALLOONS FOR AN INCREASINGLY FICKLE, TECH-SAVVY AND DEMANDING CONSUMER." **Star Tribune**

It's the final step in our 2020 vision plan. You've done all the hard work and now it's time to shop. The most critical aspect of any initiative is testing. When was the last time you shopped your brand as today's customer would: in-store, online, via mobile? The hard question to ask yourself is, would I be my own customer? If the answer right now has you on the fence, don't panic! You now have a pulse of your current state. It's time to set goals and create an action plan to get your business where you want it to be. After all, it's all about continuous progress. Many retailers and consulting firms have opened test store environments in order to experiment with their concepts of the future and implement new technologies. We have many retailers at STORIS that lead technology pilot programs before rolling out new technologies across their entire retail environment. Getting comfortable with the cycle of experimentation and innovation will keep your business on the cutting edge.



On to the NEXT DECADE

With your 2020 vision plan in hand and insights from industry experts to guide you forward, the new decade is yours to grab by the horns. While the future may seem out of reach, for retail customers it's about going back to the fundamentals. What we've learned is that using data to understand your customers should translate to building connections. It's about using technology, not in ways that shock and awe, but to make the lives of your customers easier and more convenient as they shop your brand.



“SPEED. CONVENIENCE. CONSISTENCY. FRIENDLINESS. AND ONE BIG CONNECTOR: HUMAN TOUCH. THAT IS, CREATING REAL CONNECTIONS BY MAKING TECHNOLOGY FEEL MORE HUMAN AND GIVING EMPLOYEES WHAT THEY NEED TO CREATE BETTER CUSTOMER EXPERIENCES.” PwC



20/20

The Year Is Yours

Does your existing technology platform support your customer experience goals for 2020 & beyond?

Both future-facing research and today's marketplace demand expert technology solutions to deliver upon strategic business initiatives and positive customer experiences. STORIS has been committed to the home furnishings industry for over 30 years. We consistently make a significant investment in developing our technology to ensure our clients have proven technological solutions in order to excel at providing the ultimate customer experience.

Discover STORIS' seamless solutions for POS, eCommerce, Inventory, Customer Experience Management, Mobile and BI this year.

**VISIT [STORIS.COM](https://www.storis.com) OR
CALL 1.888.4.STORIS TODAY.**