

UNCOVERING MARKET SENTIMENT

IN THE UK FURNITURE SECTOR

Opia's
Retail
Confidence
Survey 2021

Whitepaper
June 2021

As we emerge from lockdown, Opia's survey of furniture buyers reveals the opportunities for manufacturers and retailers to drive sales and gain more market share.

OPIA

EXECUTIVE SUMMARY

Interest in home improvement spiked during the lockdowns, so how can furniture manufacturers and retailers keep this momentum going and continue to drive a sales uplift? Opia conducted a survey to learn more about the current climate, consumer behaviour and sentiment.

Consumers are still visiting stores for in-person purchases, but interest across other channels is also strong. However, with many furniture retailers frequently resorting to traditional discounting to boost sales, there is a lack of trust from consumers towards their promotions. Price and quality remain key driving factors when making a purchase decision, but furniture category managers need to step away from relentless sales and differentiate their offers, as well as build trust and engagement.

Opia has found that consumers are enthusiastic about a range of alternative promotions, so by using these to demonstrate value clearly to their target market, furniture manufacturers and retailers have the opportunity to gain more market share.



8/10 consumers consider more than one retailer before making a purchase.



84% of consumers surveyed agree that furniture retailers seem to always have a sale on. But only **9%** believe they are getting a good deal.



80% of brand conscious consumers would switch brands due to a sales promotion.

Market Context

The pandemic created a year of turbulent sales. Lockdowns forced closures and production slow-downs while interest in home improvement spiked, online sales peaked, and customers' enthusiasm led to long queues when doors periodically opened.

Illustrating this increased interest in home improvement, **leading furniture retailer DFS** saw group revenue jump by 17.3% in the final six months of 2020. Furthermore, DFS's investments in its online capacity proved to be highly worthwhile, with increases in online revenue surging by 66.2% year-on-year, supporting a **4% rise in market share to 28.1%**.

In the past, furniture sales have had a reputation for relentless price reductions, creating a climate where sales are undifferentiated, and customers are overwhelmed. This price discount trap is a phenomenon that Opia explored in a previous blog, '**Why Avoiding the Discounting Trap is Critical for the Profitability of Furniture Retailers**'. However, despite the downfalls, current activity shows that many furniture retailers are sticking to their traditional discounting strategies.

Our Consumer Survey

To gain insight into market sentiment in the furniture sector, Opia carried out a consumer survey.

This whitepaper examines the data from this research and shares our reflections on what the furniture sector can do to keep their customers enthusiastic about their offers and returning to make further purchases.



#1

IN-STORE SHOPPING REMAINS STRONG, BUT OTHER METHODS NEED CONSIDERATION

Top 3 methods of previous furniture purchase:



According to our research, the events of the last 12 months have influenced 49% of consumers' furniture purchasing decisions. It is likely that the enforced lockdowns, resulting in many people working and studying at home, led to consumers seeking to create a nicer environment in which to spend time. With most travel and leisure activities limited, many people also found themselves with a surplus budget, which they may have chosen to invest in their home.

To create compelling promotions that drive action and boost sales, understanding how consumer behaviour has changed over this period is critical, and the resulting strategies must be data-driven.

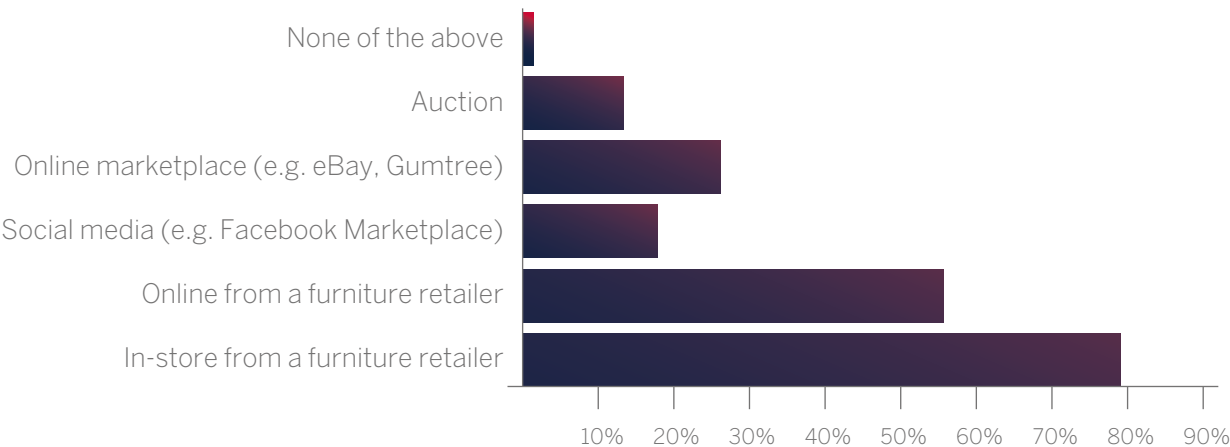
What methods are consumers using when purchasing their furniture?

79% of our participants reported purchasing an item of furniture from a store retailer in the past. These percentages increased with age, with a significant majority of over 55s (89% aged 55-64 & 93% aged 65+) using this purchase method at least once.

In-store shopping for large purchases, where physical touch and feel is paramount, may still be resilient in the digital age. However, there is undoubtedly an omnichannel experience that furniture brands need to factor into their strategy. While the highest number of furniture purchases are made in-person, there are many touch points along the customer journey that could dictate where customers choose to visit.

Online purchase of furniture has grown significantly and is a significant runner-up in our study. 56% reported using methods online to make their purchase, with an increase to 69% in the 25-34 age category.

In which of the following ways have you bought furniture in the past?



The 18% of consumers who used social media to purchase furniture and the 26% using online market platforms, including eBay and Gumtree, are also worthy of note. These positive responses are highest in the 25-34 age category. Are millennials more tech-savvy and therefore more likely to use more contemporary methods of furniture purchase? Alternatively, perhaps they are more likely to widen their search for good deals and second-hand options, being in a position of just setting up a new home and needing more items for their budget.

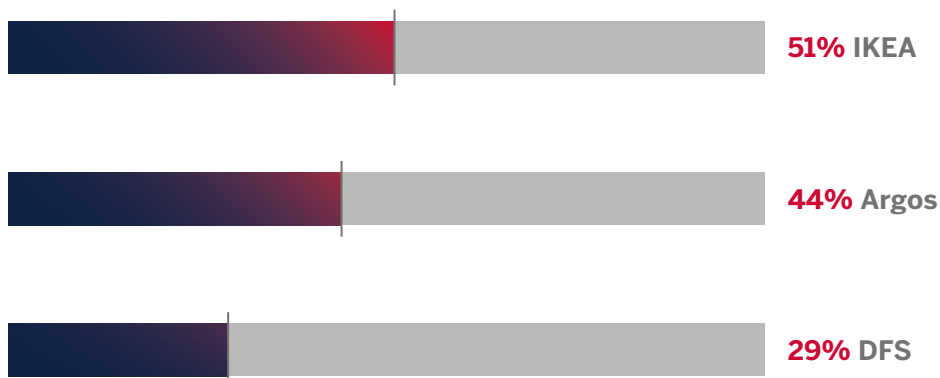
CONSUMERS ARE CONSIDERING MULTIPLE BRANDS WHEN MAKING A PURCHASE

To learn more about where consumers are shopping, their brand preferences and shopping behaviour, we asked our survey participants to state how many retailers they visited when making a purchase and to select from a list of 18 leading brands the retailers that they had bought from in the past.

8 in 10 consumers report looking at more than one retailer, with 16% considering more than five different retailers before purchase.

With a compelling 8 in 10 consumers considering more than one furniture retailer, it is clear that the trend to shop around when making large purchases is strong. Ensure your brand is on their radar with a powerful offer, and there is a huge opportunity to influence these consumers in the consideration phase.

Top 3 stores from which the consumers surveyed most frequently purchased:



IKEA secured the top position as the most-considered retailer for purchase with a substantial 51% purchasing at least one piece of furniture from them directly. Nonetheless, nearly half of all the 18 retailers listed had at least one in 5 people report purchasing items from their store, indicating there is still a significant opportunity to gain market share.

When breaking down the data by age, the 25–34-year-old age category reported considering the most and widest variety of retailers.

Likely to be new home-makers, this age category represents the largest target market for furniture sales and includes individuals who are most open to considering a range of options. This target market, therefore, is an excellent place for furniture retailers to focus when looking to drive sales.

To find out where your brand ranked in our top 18 retailers, please follow the link below:

[Contact Us](#)

#3

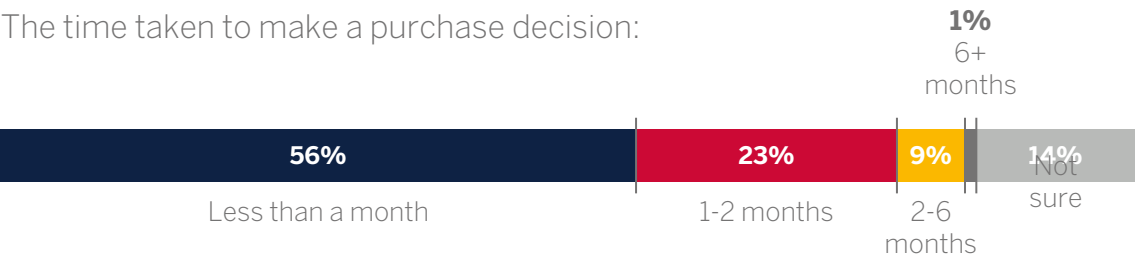
ACT FAST; THE WINDOW OF OPPORTUNITY IS SHORT

When aiming to engage customers with your furniture promotions, the window of consideration is relatively short.

56% of people asked said they made their decision in less than a month.

This time to make a purchase decision was consistent across age ranges and household incomes.

The time taken to make a purchase decision:



With most consumers making reasonably quick decisions on these large purchases, promotions need to be engaging to attract attention and powerful enough to drive action towards purchasing your products over other options.

#4

RELENTLESS SALES MAY BE CREATING A LACK OF TRUST

To test our theory that there is the perception of furniture retailers always having sales on, we asked our survey participants. And a massive 84% agreed!

84% of consumers surveyed agree that furniture retailers seem to be constantly running sales.

Through holding this belief, very few of the consumers asked believed they were getting a good deal when buying large items of furniture in a sale. Just 9% strongly believed that they were saving money from the promotions they were offered, with an equally small percentage trusting that they were getting a true discount from sales in furniture shops.

Perhaps surprisingly, it was the younger generation that demonstrated the highest degree of trust. 22% of savvy 25–34-year-olds believed they were always receiving a good deal when buying furniture, with 23% of this age bracket strongly trusting the discounted price they were offered.

These findings present an opportunity for driving sales through effective brand building. By gaining trust from your target audience, you can remove purchase barriers, boost sales and achieve a better customer lifetime value.



PRICE AND QUALITY ARE THE KEY DRIVING FACTORS IN THE PURCHASE DECISION

Despite our survey respondents being wary of furniture sales and the actual value received when offered discounts, price remains one of the most significant driving factors when deciding to buy furniture.

69% of consumers asked stated that price was an important consideration when purchasing an item of furniture. This figure increases to nearly 8 in 10 of all 55–64-year-olds.

The constant discounting seen by furniture retailers may be trying to serve this need, but the question remains, 'How effective are these discounts when they are not truly believed?' In a battle to attract consumers by price alone, retailers may only be damaging consumer trust and their own longer-term profitability.

Furniture retailers need to look at other ways of engaging with their target market. And a focus on quality - the other highly rated factor in our survey - is likely to be a successful approach. 60% of our participants included quality as an important influencing factor, rising to nearly ¾ of all those aged 55 and over.

Driving sales through quality can be achieved in several ways. As well as having a high-quality product for purchase, retailers can imply quality through their promotional messages. Using mechanics, such as 'Buy and Try' or satisfaction guaranteed, reassures customers of the quality of the product, builds confidence and removes a purchase barrier. Add into this promotion free collection if the product is to be returned and customers' worry about purchasing a large item of furniture is significantly reduced.

A third significant factor for consumers when purchasing an item of furniture, which received a high positive response in our survey (40%), was free delivery. This result integrates with the importance of price to consumers and also suggests that customers seek convenient and hassle-free ways of buying new furniture items.

SALES PROMOTIONS ARE POWERFUL IN CHANGING CONSUMER DECISIONS

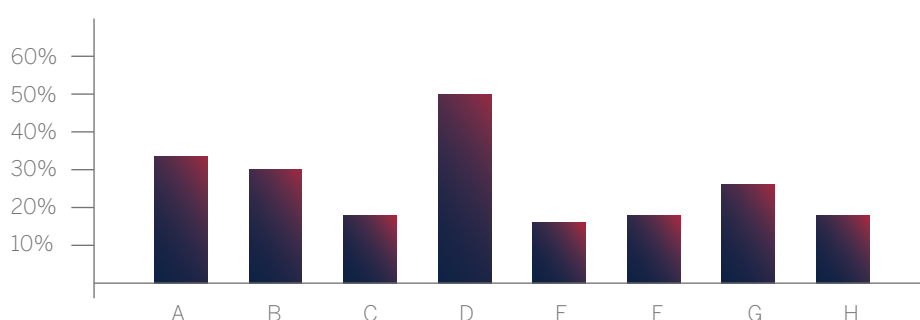
The power of sales promotions came through strongly in our survey.

$\frac{3}{4}$ of consumers asked would buy something different than intended given the right sales promotions.

This figure is higher amongst the younger age categories, ranging from 18-44 years old. Again, this highlights that this large section of the market is open to different options and given a promotion that resonates with them, they may switch their purchase decision.

Furniture category managers need to get creative with their **sales promotions** because, according to our survey, as shown below, consumers are open to a variety of attractive promotions. There is a wide range of methods that can be used, outside of discounting, to engage and drive action from your target market. Understanding your audience and their motivations and using data-driven strategies to create a sales promotion that differentiates you from your competitors will likely deliver a strong ROI.

Which sales promotions are the most appealing?



- A** 100% refund on the furniture protection cover if not claimed within the first year of ownership
- B** A desirable free gift with the purchase
- C** A redundancy refund policy where 50% of the cost can be claimed back if made redundant
- D** Cashback for trading in your old furniture
- E** Cashback reward for referring a friend
- F** Instant wins, prize draws or competitions with attractive prizes e.g. tickets, flights abroad etc.
- G** Try before you buy e.g. 90-day no obligation trial of the furniture
- H** Upgrade incentive for replacing furniture every 3 years

Opia has partnered with numerous global leading brands to create a wide range of highly responsive and unique sales promotions, driving their sales and increasing their market share. To learn more about how sales promotions can help achieve your commercial goals, please follow the link below:

The Advantages of Sales Promotions

#7

BRAND LOYALTY DOES NOT SEEM TO BE STRONG IN THE FURNITURE SECTOR

Our survey also showed convincing potential for encouraging consumers to switch brands via a strong sales promotion. Brand loyalty is not high in the furniture industry, with 80% of consumers ready to buy from an alternative brand following an attractive deal. The trend of younger buyers being more flexible in their purchases is reinforced in the results here, with those aged 44 and younger even more likely to switch brands based on a promotion.

#8

CREATE A POINT OF DIFFERENCE THAT DEMONSTRATES VALUE TO DRIVE SALES

Although more than a quarter of our respondents were excited when comparing deals and searching for furniture, an equal number were bored with the ongoing discounts. We also found a strong feeling (40%) of confusion in the market about whether they were getting a good deal. These feelings tie in with the distrust of discounts identified earlier and, combined, these consumer sentiments create an excellent opportunity to try something different.

We've worked with **numerous global brands** to develop promotions that stand apart from the market with a clear point of difference from their competitors and, crucially, clearly demonstrating the value received when making a purchase. If furniture retailers can mirror this approach, they will likely gain more engagement from their promotions.

THE TAKEAWAY FOR FURNITURE RETAILERS

Consumers are keen to get back into stores to make their furniture purchases, and for large items like this, demand for an in-person shopping experience is still strong. However, retailers must recognise that this should not be their sole method of engaging consumers.

Raising brand awareness and visibility across multiple touchpoints, both online and offline, will encourage customers to visit the stores and make purchases.

When addressing the methods of promotions, our data suggests that furniture retailers need to move away from their traditional discounting methods that are causing distrust, disengagement and confusion in the market. Instead, more success can be found with alternative approaches that can still focus on value but also include other factors, such as quality and convenience. With the feedback from the consumers asked, we are convinced that furniture retailers will generate better engagement by moving away from traditional discounting and, instead, seeking to stand apart from competitors by clearly demonstrating value through other types of promotion. Building trust through these methods will also help foster brand loyalty and increase customer lifetime value, which is currently lacking in the furniture sector.

Please contact our team at Opia to find out how we can create a smart alternative to traditional discounting that delivers results for your business.



ABOUT OPIA

Throughout our extensive experience of partnering with global brands to deliver smart solutions for their sales promotions, Opia has handled over 3 million claims across 41 countries and in 22 languages.

Our creative, market disruptive, digital promotions sites have been viewed by over 15 million visitors, motivating high levels of customer action and increasing product sales.

Our ethos is one of mutual value, innovation and partnership. Opia has changed the landscape of sales promotions by putting our clients and their customers at the centre of everything we do. Our ingenious, customised promotions can eliminate the need for costly discounting, improving profitability and offering a smart alternative to our clients.

We are strategic promotional partners, and we're there every step of the way.

INTERESTED IN FINDING OUT MORE?

[Contact Us](#)

