Sharing Retail Management Experience since 1928

Paris, 30 August 2021

ANNOUNCEMENT

Home & Decor: a resilient category during the pandemic thanks to its digital-friendly fundamentals

The IADS and NellyRodi regularly take stock of the new trends induced by the Covid-19 pandemic through a series of monthly product category workshops. Their last one was dedicated to Home & Decor. It appeared that the category, in addition to being naturally well-equipped to be resilient in Covid-19 times, has a solid basis to keep on contributing to department stores' growth in the near future.

The department stores' Home & Decor business fared well during the pandemic, as, instead of spending on fashion during lockdowns, consumers bought care, leisure and home-related products. As a result, furniture, homeware and household appliances' global market share increased by +20% between 2019 and 2020[1], mainly online.

On average, IADS members' Home & Decor businesses grew from 15% of their total sales in 2019 to 17% in 2020, with more room for growth. The most important category is, and will remain, Home Accessories (62% of the business), followed by Household Appliances, Furniture and Electronics.

A digital-friendly category by nature

The pandemic-induced forced digitalisation contributed to the acceleration of the category, with the online sales share of the business expected to globally grow from 14% in 2019 to 18% in 2023[2].

It is notable that, when compared to other product categories, Home & Decor has already reached maturity in terms of e-commerce share: members' e-commerce share is currently 39% for Household Appliances (a segment that was historically already distributed by distance) and 24% for Furniture and Home Accessories.

E-commerce will fuel its expansion thanks to new products and innovations from suppliers fully embracing the capabilities developed by department stores: marketplaces, new selling methods bridging digital and physical retail (live streams, drop shipping, click & collect, in-store ordering…).

However, the high level of digitalisation of the category involves the presence of pure players who might trigger a price war, putting in particular Household appliances and Electronics segments at risk.

New trends: handle with care

Taking into consideration economic, environmental and identity issues, consumers want their home to be unique, agile, virtuous and protective. Consequently, sustainability is now a basic expectation.

Beyond that, new and successful product trends were identified during the Covid-19 pandemic, with questions on their durability in time:

- For instance, products such as cookware, kitchen and lifestyle appliances should continue trending but for a limited time, some members are already witnessing a slight decrease because of restaurants reopening,
- Home office related products should continue growing due to renewed Covid-19-related rules,
- Bedding, now considered as a health-related product segment, is growing. In a similar manner, health appliances (air purifiers…) are developing in parallel with wellness products,

[1] Statista, Furniture & Appliances, Consumers Market, 2021

[2] Ibidem

- Gaming products and decoration DIY products are rising.

For retailers, making the most of these new trends implies in-store additional footage, inspirational set-up and an effort on the brand assortment (a mix of lifestyle and trendy brands, smaller niche brands and DNVBs), to enhance customer experience and differentiate from competition.

Brand Panorama

Nelly Rodi introduced 40 brands and/or solutions to be followed and 4 designers to watch:

- Illustrating the agile house: Samsung's Family Hub, Casper, Yano Design's Patchwork solution, Ikea's Rognan, Form Life's connected mirror, Made.com's Sofasizer, Yourse rental platform, Montana, Primary Goods, Tiptoe, Matali Crasset.
- Illustrating the virtuous house: Woodoo, L'Increvable, Ekobo, Bien Fait, Q de Bouteilles, Granby Workshop, Les Résilientes, Aarke, Ames, Bialetti, Alexis Tricoire.
- Illustrating the haven house: Corridor Society, Parnasse, Ikea ThisAbles, Artemide, Glimarka, Terraliving, Emma Smart Mattress, Gabrielle Paris, Partylite, Vanity Boum, Cecilie Manz.
- Illustrating the inspiring house: WebPrinting, The French Vikings, Dulux Valentine, Sessun Alma, Bitossi Home, Create, Artefacto Madrid, Bethan Laura Wood.

IADS members listed 52 successful Furniture brands, 78 in the Decoration & Home Accessories segment, 8 in the Electronics segment and 40 in the Household Appliances segment (list available upon request).

A solid category for the coming years

While the Home & Decor business is expected to continue growing in the future, retailers will be cautious with the type of products being pushed, as it requires significant footage and investment.

Trend durability in time is therefore key: given that some at-home activities such as cooking could slow down with restaurants reopening and life going back to normal, it is less profitable for retailers to capitalize on this segment.

On the contrary, as partial home office appears to be here to stay, the Furniture, Home improvement and Decor segments are areas of investment for retailers. Customers health concerns should also support the business, generating additional cross selling opportunities with the Wellness category, another successful area of business for the IADS members.

About NellyRodi

NellyRodi is a consulting agency in Business and Creative Intelligence.

Based in Paris, Tokyo and New York, it is a global reference for foresight applied to industries and services. Our business, based on understanding new consumer standards and new uses, is to support brands, investment funds and institutions on their desirability and performance levers.

Backed by NellyRodi's international future-forward expertise, we not only provide strategic support at the highest levels, i.e. to senior management and investors, but also at the field and operational level.

Press contact: NellyRodi, Nathalie Rozborski, business@nellyrodi.com, +33 1 42 93 04 06

About IADS - International Association of Department Stores

The IADS is the most exclusive and oldest professional department store think tank in the world. Its uniqueness lies in the close relationship between its member CEOs, making it a very powerful asset for decision-making at the highest level.

Today, the Association gathers a group of 12 members across the world, all leaders or key players on their respective markets, and represents more than €31bn cumulated annual turenover, achieved through more than 490 stores with 233,000 associates in 19 countries. Members are: Centro Beco (Venezuela), Beijing Hualian Group (PRC), Breuninger (Germany), El Corte Inglés (Spain), El Palacio de Hierro (Mexico), Falabella (Chile), Galeries Lafayette (France), Lifestyle International Holding (Hong Kong), Magasin du Nord (Denmark), Manor (Switzerland), The Mall (Thailand), SM (Philippines).

Press Contact: IADS, Christine Montard, press@iads.org, +33 6 45 47 45 14