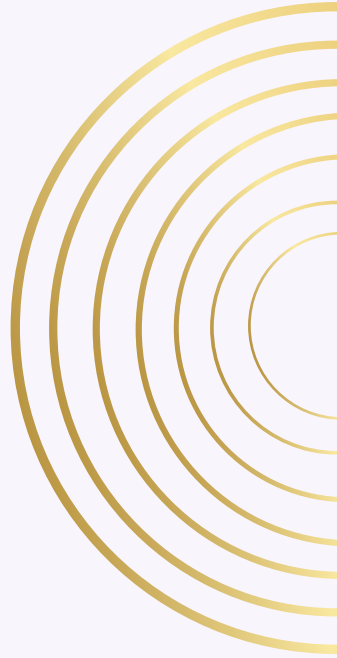


April 2023

MINI INDUSTRY REPORT

Home Decor & Goods



Presented by
Genesis 7 Consulting



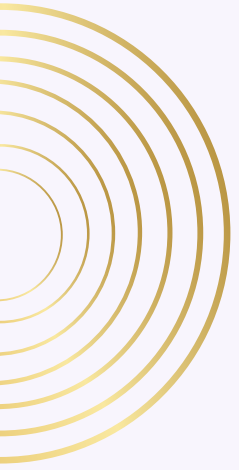


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MARKET OVERVIEW

The home goods industry is an ever-changing industry, one that shifts quickly with emerging trends. It encompasses a wide range of products including furniture, appliances, cookware, electronics, decor and textiles. Research demonstrates that this industry is growing rapidly, with a compound annual growth rate (CAGR) of 5% from 2022 to 2026. The largest share of global sales (35%) is in the North American market, where global sales are expected to reach \$85.75 billion in 2026. This space is dominated by some of the largest global retailers including Walmart, Amazon, TJX Companies, Target, IKEA, and Home Depot. However, there is increasing consumer interest in small business brands that have the advantage of providing more unique products and services, offering more personal interaction with consumers, and more directly supporting local economies and community-oriented consumerism. The future of the industry does have its uncertainties due to its connection to the health of an economy in which supply chains flow freely and where people can afford homes and have the disposable income to furnish them. Overall, the home goods industry is a vibrant and dynamic industry that is constantly evolving. The economic, social, technological, and demographic trends that are currently driving the industry are likely to continue to shape the industry in the years to come. Understanding these trends driving the industry now and in the future is critical to any successful marketing strategy.



MARKET DRIVERS

There are a range of factors currently driving the home goods industry. Seven notable drivers include: economic stability and consistency, increase in disposable income, homeownership rates, growth of the millennial population, rise of e-commerce, personalization, and sustainability.

Economic stability and consistency

The COVID-19 pandemic has highlighted the sensitivity of this industry to economic stability and consistency. The home goods industry is particularly vulnerable to disruptions to the labor supply, climate crises, supply chain issues, record inflation, and geopolitical instability. There are several macro trends in these areas that are having a powerful influence on this market for goods.

Increase in disposable income

As households have more money to spend, they are more likely to invest in their homes and buy home goods such as furniture, decor, electronics, and appliances. In recent years, many American households experienced an increase in disposable income due to pandemic-related financial assistance and due to cuts in other spending areas such as commuting to work or traveling.

Homeownership trends

More people buying homes drives demand for home furnishings and other home goods. Unfortunately, American home ownership rates have been declining overall in recent years. However, in a select few housing markets (particularly the South, Southwest, and some urban areas) homeownership rates are booming and fighting the national trend. Furthermore, demand is driven by increasing household size (particularly in the fast-growing Sunbelt states) and other factors in the new stock of housing.

Growth of the millennial population

With millennials now emerging as the largest generation in the U.S, they are the largest share of home buyers and are driving demand and trends in the home goods industry. Millennials are furnishing their homes in different ways compared to previous generations, including purchasing more electronics, more unique pieces that reflect personal tastes, and more vintage or secondhand items than previous generations.

Rise of e-commerce

Greater numbers of people are shopping for home goods online, compared to strictly brick-and-mortar retail locations. E-commerce has also made it easier and more convenient to buy home goods from small businesses (ex. Etsy). While this industry is currently dominated by offline sales, an increasing share of consumers are making purchases online each year with 36% of sales expected to be made online by 2025.

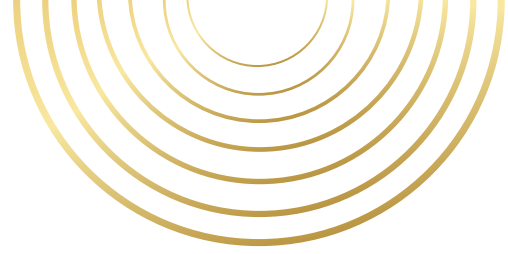
Trends toward personalization

Furnishing a home is personal. People are looking beyond legacy retailer advertisements and showrooms for inspiration. Consumers increasingly seek out home goods that reflect their personal style, are customizable, and/or unique. Brands in the home goods space are playing a key role allowing people to celebrate their individuality and self-expression through their decor and the products they use daily.

Focus on sustainability

As environmentally conscious consumption continues to trend, people are looking for home goods that are sustainably produced, secondhand, designed to be eco-friendly, or made from environmentally friendly materials. This trend is driven by a range of factors, including the growing awareness of climate change and the increasing popularity of eco-friendly living.

FUTURE IMPACTS



Increase
**SOCIAL MEDIA TO
SHAPE THE BRAND**



Young adults are looking
**FOR SECOND HAND
OR VINTAGE**



Increase in
VIRTUAL REALITY

Naturally, homeownership trends are one of the biggest impacts on this industry. The ability of consumers to own homes or afford property will impact the health of the market for goods. Similarly, the overall economic outlook (i.e., possible recession) will shape consumer spending habits. Some economic research points to a trend of younger consumers “downsizing” their lifestyles due to unaffordable costs of living in many metro areas. Trends such as these may have a harmful impact on sales within this industry. Nevertheless, they may also accelerate existing trends toward purchasing second hand or vintage home goods and decor – an opportunity for some brands. Technological advances will also impact how consumers interact with new brands and products. In a society where e-commerce is on the rise, there’s a need for ways for consumers to interact with brands and shop for products that are more efficient than in-person shopping and also more engaging than traditional e-commerce shopping which commonly involves the simple browsing of product images. Virtual reality, augmented reality, the metaverse and other tech advances will allow consumers to explore products on a more detailed level and envision products in their own homes before purchase. Social media will also continue to give consumers more power among their favorite brands. Consumers on social media are increasingly using their voices to shape brands, according to market research firm Mintel, allowing them to function as de facto “co-creators” that influence change alongside brands.

MARKETING SUGGESTIONS

Any marketing strategy in this industry must include e-commerce. However, due to the personal nature of furnishing a home, brands need to make every effort to give consumers an experience where they can see and “feel” the product without actually having it in-hand. Augmented reality and other technologies may be a promising way to offer this experience in the digital world. An e-commerce marketing strategy should also include ensuring consumers that their digital data and online privacy are protected. Social media marketing strategy is also critical. It is no longer sufficient to simply have a social media presence. The power of the consumer on social media is only growing with the appeal of platforms like TikTok, where users regularly engage with their favorite brands and their followers. For some brands, it may be wise to embrace your consumers as “co-creators” and encourage their role in product development and marketing efforts. This is an easy way to allow your existing customers to showcase to other potential customers how they use your products in a more personal way. However, it also requires that brands be active in monitoring the online discourse surrounding their products. As millennials continue to buy homes, it will be necessary to cater to this particular generation and their buying power and trendsetting potential. Demographic changes toward a more diverse and inclusive society also necessitate engaging diverse consumers that may have historically been ignored by large legacy firms in this space. Consumer interest in sustainability isn’t going away. Find ways to highlight sustainable practices in your business, and don’t hesitate to educate your customers on the ways you’re trying to do good for the environment. Given the “post-pandemic” consumer emphasis on personal expression and wellness, it would benefit brands to demonstrate in their marketing how their everyday products can contribute to consumers’ wellness goals or be customized to fit their personal styles..

INCLUDE

Digital
Products

EXPAND

Social Media

OFFER

Privacy

BE

More Inclusive

USE

your
consumers as
“co-creators”



WHAT WE LOVE ABOUT THE INDUSTRY

At Genesis 7 Consulting, most of us are contracted to freelance projects and work from home. During 2020 especially we were in the house and started to pay more attention to what we put in our homes. Our love for home décor, goods, and gadgets really kicked into gear during that time like many other people. We've had clients in this industry that have also sparked our passion for home goods. [Click here](#) to learn more about our favorite home goods and gadgets brands in our latest blog.



Shani Michelle

Owner & Lead
Consultant



Aaron

Research
Analyst



Nicole

Brand
Manager



Amber

Content Creator
for Austin



Keyanna

Content Creator for
Houston



Jasmine

Copywriter & Creative
Consultant



Mica

Marketing
Assistant