



Push the Right Buttons

SHE'S SHOPPING, BUT ARE YOU SPEAKING HER LANGUAGE?

By Lee Brown

There are some big questions floating around in "Retailville" centering around whether or not the consumer is back.

The industry has nosedived from \$19.62 billion in sales in the third quarter of 2007 to \$15.34 billion in the second quarter of 2009, resulting in a loss of nearly 38 million customers in slightly under two years.

Have those 38 million consumers decided that, even though the dining table is scratched and the chairs are unstable, they will never buy dining room furniture again? Is it their resolve to be content to sit on chairs with lumpy seats and torn upholstery for the rest of their lives?

Likely not. Instead, many of those lost customers are out there wandering around in that desert of indecision.

On the positive side, since that time, the industry has gradually climbed upward, but in a fashion that bears a strong resemblance to a mountain range, full of peaks and valleys.

The aim for the retailer is to find the best way to push that orange line in Figure 1 higher and smooth it out over the quarters as much as possible. The problem, however, is a sticky one.

We're not selling bread and milk here. Furniture is a purchase that is not consumed on a weekly basis, is not constantly "used up", and can have a really long lifespan.

At Impact Consulting, we tend to be "research geeks," so we set out to look at the overall consumer landscape and then our goal was to determine the best ways to get the consumer into (or back into) the stores to buy. With us, this naturally led to contacting consumers and asking them questions, which we did via consumer surveys conducted online on a national basis.

To ensure we acquired the most up-to-date input, we asked our survey participants the timing of their most recent fur-

niture purchase. The consumers who took part in our survey were active furniture shoppers. This is supported by Figure 2, which shows that almost half of the survey participants—48.3 percent—had bought furniture within the last year. Half of that number—27 percent—had bought within the past six months.

Another 18.8 percent had bought furniture 12 to 24 months before the survey. Therefore, with 67.1 percent of our survey participants in the furniture retail arena within the past two years, we would

consider them market-aware furniture consumers.

An important path to our goal involved defining the shopping stages that a consumer goes through when shopping for furniture. This allows us to determine if there are more effective ways for retailers to attract consumers—that is by using different methods to communicate different messages to different consumer shopping stages. The chart, shown in Figure 3, presents the breakdown of these stages by consumer percentage. It compares the in-

formation gathered in our 2009 survey with the 2012 survey. Using our segmenting process, we are able to place the furniture consumer into one of the four stages: Active, Considering, Living With or Passive.

We know there is a small group of consumers in an active buying mode. This group has already made the de-



Figure 1

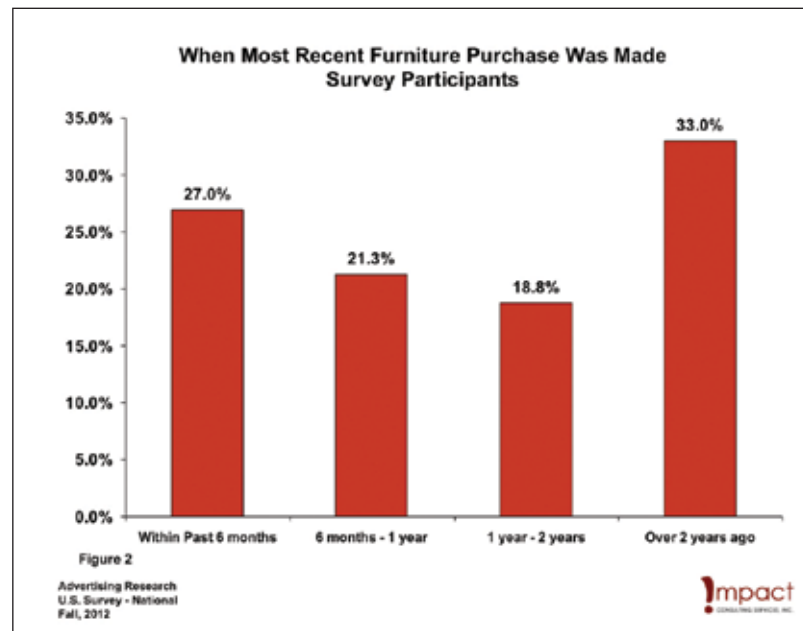


Figure 2

cision to purchase, has done the research, completed the major shopping, and chosen the product to purchase. The only step left is actually going to the check-out lane. That's what takes place in this stage, the shortest phase. We have found that most people consider this the Shopping Process and this is why consumers will indicate that they shopped for two weeks or less.

A larger group consists of consumers who have furniture shopping in the back of their minds, but it's not their main concern. Let Thanksgiving or Christmas roll around, however, and suddenly urgency raises its head. Family celebrations are going to be at their home this year and they really need a decent dining table and chairs to accommodate the relatives. In other instances, some have finally decided they can't look any longer at the sofa with the torn upholstered arm and the skirt that the dog chewed. Self-respect wins over lethargy.

These become the "Considerers." In this group, need or desire changes from a laid-back state to a more energetic one and now the shopping begins. The consumer will do research on the Internet, browse stores, examine product displays, and look at pictures and articles in shelter magazines. Included also are advertisements found in the media, such as newspapers, radio and television advertisements, direct mail pieces, and interaction within the social media framework. In this Considering stage the consumers are, in fact, shopping the market.

furniture and are temporarily out of the market. This is not to say that they won't be back soon. Their absence may only last from six months to a year. In this stage they are still a viable consumer target, especially for the sales associate who handled their most recent purchase. This underscores the importance of sales personnel staying in touch with their customers. Once they decide it's time for more decorating, they will go back into the Considering stage and are again in a shopping frame of mind. It is important to keep working with this consumer because, if they do not begin the shopping process within a year's time, they will be placed in the largest consumer classification, the Passives.

Our fourth stage contains our problem crowd, the "out of markets." They are the largest group representing 51 percent of all consumers and 52.3 percent of our 2012 survey takers. They are Passive about the whole furniture-buying

The final two stages are those consumers who are not currently in the market to purchase furniture. They represent two distinct groups that we may call "out of markets." The first are those consumers who are living with their furniture. They recently bought

process. Definitely not ardent "furniture fashionistas," these consumers are inclined to ignore the furnishing landscape of their homes until, for whatever reason, they are forced to confront the obvious—they need to liven up things a bit, perhaps a little redecorating. They may be tired of, or bored with, the way their homes look and short of buying a new house, they find that a less expensive way to change things up a bit is to get the ugly out and bring the pretty in. We know there are times that a consumer's "I really need to replace some of that old, worn-out furniture" really means "I'm sick of looking at this stuff and I really want new furniture." This Passive stage contains these two concepts—Need and Desire—maybe at a relatively low level of urgency, not as high as the Considering or the Active, but there just the same.

The task of the furniture retailers and manufacturers is to evaluate the most effective way to target these current and potential customers at each of these shopping stages, especially the Considering consumers. In Impact Consulting's Advertising Report, we have looked in depth at the way the consumer reacts to various methods of advertising from e-mails to print ads to social networking. We will briefly look at two methods—the influence advertising media has on the consumer's intent to purchase and the advertising method that would encourage the consumer to go quickly to a retailer to shop for furniture. The results are part of a larger survey conducted in the fall of 2012.

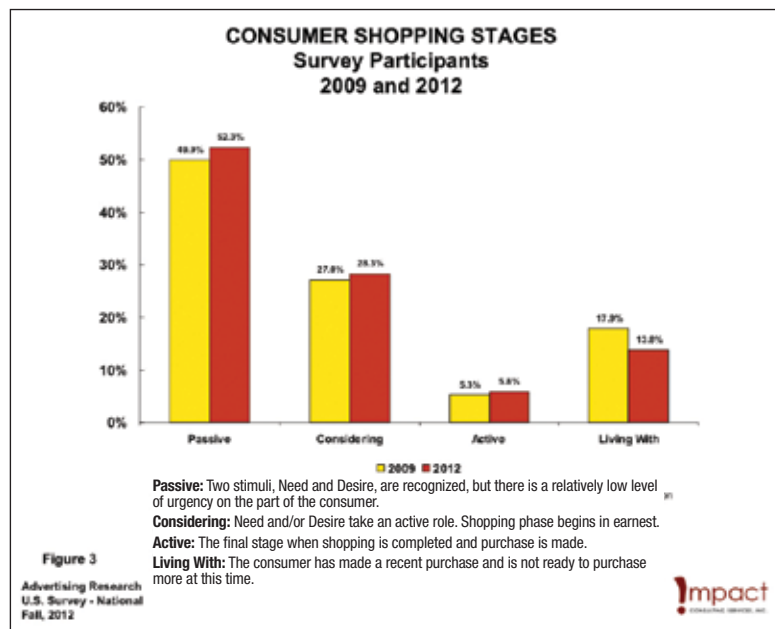


Figure 3

Passive: Two stimuli, Need and Desire, are recognized, but there is a relatively low level of urgency on the part of the consumer.
Considering: Need and/or Desire take an active role. Shopping phase begins in earnest.
Active: The final stage when shopping is completed and purchase is made.
Living With: The consumer has made a recent purchase and is not ready to purchase more at this time.

INFLUENCE ON INTENT TO PURCHASE

In order to make those advertising dollars count, it is critical to understand what arouses the consumer's interest and makes him or her think of opening the wallet. We looked at five message vehicles that are most frequently used to influence the consumer's intent to purchase. They were e-mail, local newspaper ads, direct mail, television and radio ads, and social networks.

We asked consumers to rate each on the influence it would have in making a furniture purchase. Next we segmented the responses by the shopping stage of the consumer. The top three messages for each stage are shown below. Figure 4 presents these findings graphically.

There is no doubt that newspapers continue to have an important role in attracting the furniture consumer. It is found in each shopping stage and is obviously a requirement in the information-gathering process. It is not as crucial in the Active stage, however, since one would expect that the shopping decision had already been made.

Direct mail is also a key player in advertising. It is in the No. 2 position for the Passive and Considering consumers and No. 1 in those living with their purchases. It is an important tool to stay connected with the customer.

A magazine is the most important vehicle to attract an Active consumer to purchase (No. 1 position). It is also found in the Considering and Living With stages. Such magazines could be national home decorating/design magazines or style catalogues (such as magalogs) self-published by manufacturers or retailers. It is a way to attract the Living With back into the market within that all-important year.

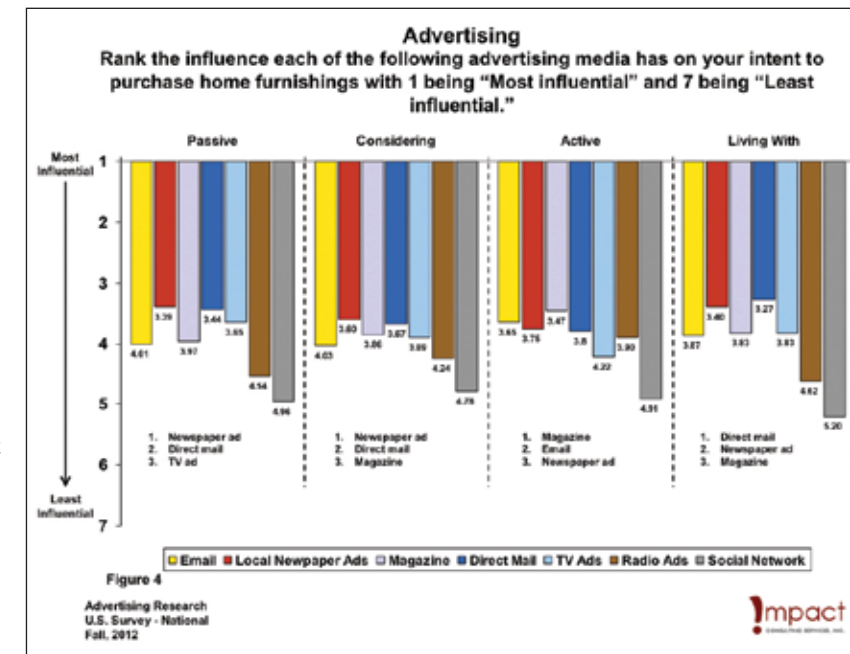


Figure 4

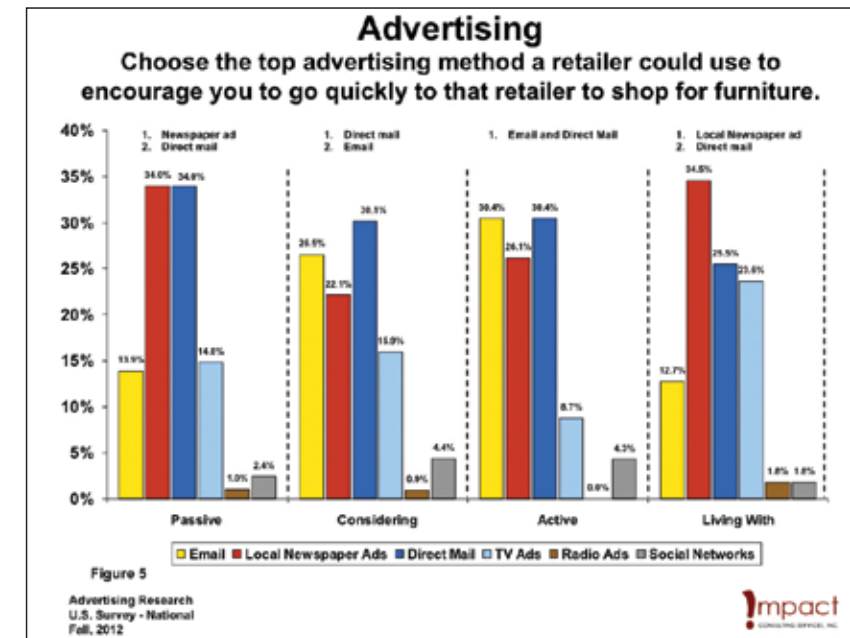


Figure 5

ENCOURAGING A QUICK SHOPPING CYCLE

Everyone wants a quick sale so we asked our consumers what advertising method would cause them to go to a retailer and shop for furniture—and do it QUICKLY! And now we know. Look at your direct mail list and put it to work.

Consumers in all shopping stages men-

SHOPPING STAGES

Mention	Passive	Considering	Active	Living With
1.	Newspaper Ad	Newspaper Ad	Magazine	Direct Mail
2.	Direct Mail	Direct Mail	Email	Newspaper Ad
3.	TV	Magazine	Newspaper Ad	Magazine

tioned direct mail as either the most important way or the second most important way to get them to the store. It was voted the No. 1 way by those in the very important Considering stage. Remember, these are the people who are currently out in the market doing the picking and choosing.

The Active consumers showed no favorites giving No. 1 position to both the swiftness of e-mail AND the mailbox presence of direct mail. For the Passive and Living With consumers newspapers were the most important methods with direct mail in second position.

The message of this article is "Forget the shotgun. Use the rifle instead." Throwing it up against the wall and seeing if it sticks is old school. Whether it's the focused vehicle, such as direct mail or e-mail or the local newspaper for reaching a wider market, the message must be a targeted one that seeks to bring those 38 million prospective shoppers back into the stores.

Set up an active follow-up program for that gold mine—the Considerers who are currently in the furniture-buying mode and have shopped your store. Keep in scheduled contact with the Living Withs who purchased from you. One never knows when they

will buy a couple of lamp tables to use with the sofa they bought from your store. And don't forget that large group of Passives who will eventually get tired of the coffee table that sports the magic marker drawings produced by their four-year-old Picasso.

Don't forget that everybody does need what you have to sell! **HFB**