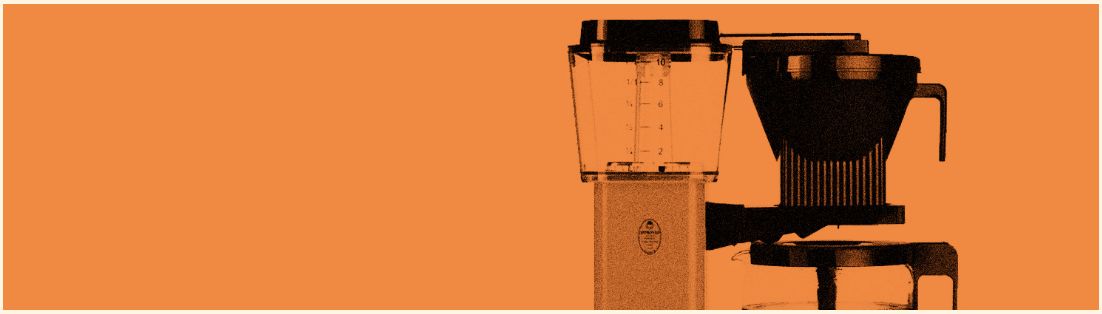
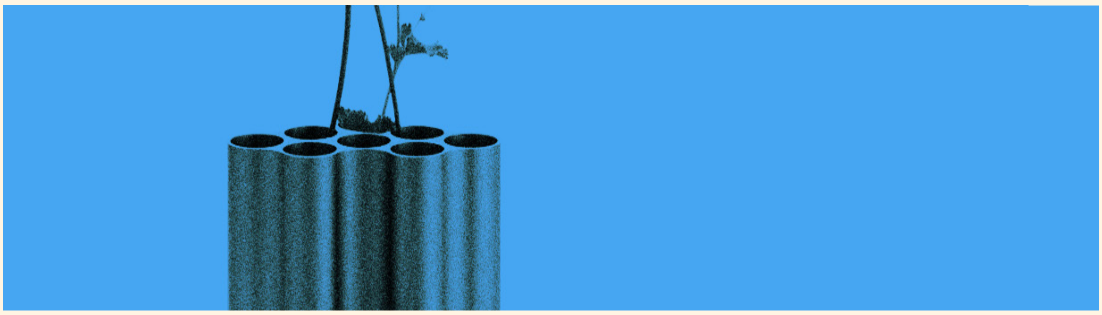
# HOME RETAIL'S GO-TO INDUSTRY REPORT

Data and psychology for home furnishings, home decor, and DIY brands





Crobox

# THIS IS CROBOX

As experts in the fields of eCommerce, data, and consumer behavior, the Crobox team has a unique set of skills and knowledge. With this, we want to help brands stay on top of the market, and make retailers into industry leaders. How? Through the years, we've helped top home retailers sell their products online in what we consider a more human way (vis a vis guided selling and zero-party data).

Today, our home industry report covers top trends, consumer buying behavior, and guided selling tools you can use to sell your products with more relevancy. Throughout, we'll give you a glimpse of Crobox data to help you deep-dive and get a grip on your industry as a whole.

Get stuck in. Here's your industry report!

**Rodger Buyvoets**
Crobox CEO & Founder

# TABLE OF CONTENTS

# INTRODUCTION

In Ancient Rome, aristocrats invested in home furnishings to show wealth and make their homes more comfortable. Fast forward past the renaissance and the industrial revolution, and modern home furnishings today are **attribute-rich products** that consumers across all socioeconomic statuses have access to. And yet, many of these products are still bought for the same psychological reasons: To display wealth, make a house into a home, and invest in comfort.

In the last decade, home improvement has also been on the rise. More and more consumers are carrying out do-it-yourself (DIY) projects, especially during the COVID-19 pandemic. Also as a result of lockdown restrictions, the home became not just where the heart is, but where all of life played out from private to professional (and, in many cases, places where we worked out).

In 2022, the home market saw $29.6 billion in revenue. The US ($87.4 billion) and China ($181.8 billion) hold the biggest share. In fact, both the **US and China lead the market by a landslide.** For larger home brands, this means expanding in two opportunistic markets, while keeping fragmentation at bay.

The challenge for **all home and DIY brands** (irrespective of being market leaders or laggards) is how to communicate and sell attribute-rich products in the right way, to the right customer. In stores, this is easy: Sales assistants and well-defined categories lead the product discovery journey. IKEA's entire brick-and-mortar experience is an excellent example of how well home furnishing products perform in-store. The IKEA Effect demonstrates how DIY projects can foster intimacy between shoppers and products. However, selling the same products through eCommerce, in the same way, is a major bottleneck.

Hooking home and DIY shoppers online starts with information (content, content, content). But keeping the same shoppers **coming back** continues with **personalization** and that **human** touch that many home brands still lack when selling online.

This report aims to analyze the home furnishings and DIY industry from these three angles:

- **State of the Home market today**
- **Consumer demographics and psychographics**
- **Product discovery experiences for Home products**

The industry is anticipated to have a healthy growth rate of 5.2% in revenue in 2026 alone. The speed of the market represents a huge opportunity for both emerging and legacy brands to make their comeback. In this report, we merge DIY and home furnishing/decor brands under the umbrella term 'Home', although we are aware that both can have very different product categories. Ultimately, the goal of this report is to help home brands discover their industry from many perspectives such as challenges, trends, and data, but above all the needs of their customers.

By placing an emphasis on how customers make shopping decisions in this market, we can help your guided selling solutions become more human, in turn helping your brand become a successful player in the digital space.

# 01
# CHAPTER ONE: MAKE YOURSELF AT HOME

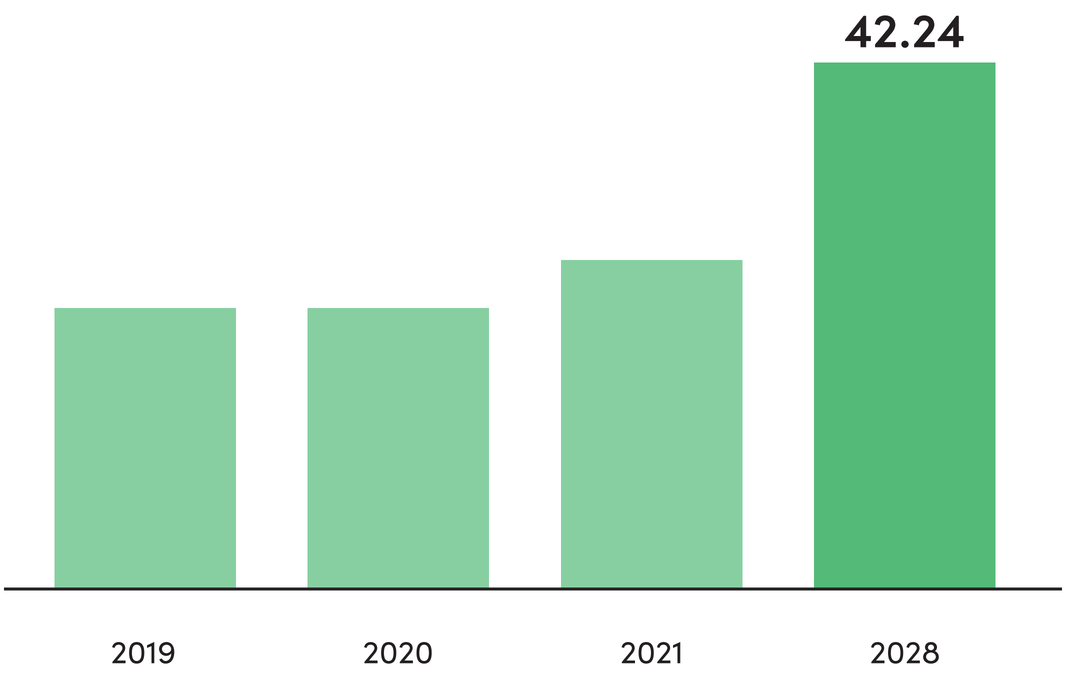
# CHALLENGES

## Top Challenges Facing The Home Industry

If you're a home brand, we don't have to tell you that the market you're operating within comes with many challenges.
Products have little differentiation, and it's up to you to sell them with confidence to a customer who – more often than not – doesn't **know or understand what they're buying**. Based on our industry research, here are the top challenges home and DIY brands are currently facing:

1. New buying behavior
2. Little to no product differentiation for DIY
3. Taste and preferences rule home decor purchases
4. Competitive landscape
5. Bringing high-touch guidance online

### Global DIY Home Market, 2020-2029, in USD Billion




Source: Exactitude Consultancy

## 1. New buying behavior

According to Statista, the reason for home improvements during the pandemic was "finally having time for it". The COVID-19 pandemic saw a huge change, not just in home and DIY purchases, but in buying behavior in general. Customers **finally had time and money** saved from extracurricular activities to buy things they otherwise wouldn't.

For instance, over the first months of lockdown in 2020, Moda Operandi saw a 97% increase in homeware items sold. Wayfair shares increased by 37% during the same period (with sales of office and home decor products surging).

Store closures during the COVID-19 pandemic forced more people to shop online than ever before. Psychologically, however, the pandemic also made people feel the urge toward **'nesting': the desire to make one's surroundings comfortable, clean, and aesthetically pleasurable.**

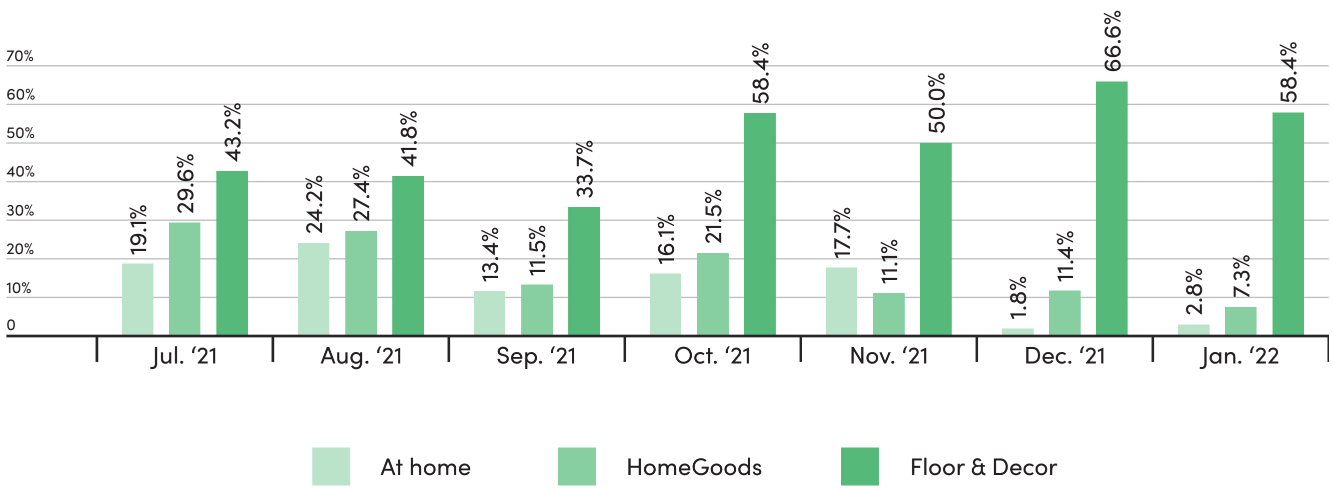
Today, home and DIY brands can circumvent the growing demand from the pandemic (and manufacturing issues the supply chain experienced) to seize opportunities from this new buying behavior. For example, buying online and picking up in-store (**BOPIS, or click-and-collect**) was in huge demand, changing the traditional path to purchase. Now, post-pandemic, retailers can actually make good on their BOPIS promises, along with other innovative ways to supply demand.

With a so-called 'new normal' post-COVID-19, the challenge for home furnishings brands is to:

- Keep product sales up
- Maintain consistent revenue streams

Which means unpacking the 'new' behavior that drives purchases. We'll take a look at the top buying behaviors behind home and DIY purchasing decisions later on.

### Home Furnishings Monthly Visits - Year over Two year




Source: Placer.ai

## 2. Little to no product differentiation for DIY

Another huge challenge is **differentiating between similar products**, especially in the DIY market. For instance, there are thirty-six different types of screws out there. Yet, looking at an image of screws and they all look very similar, with product names that consumers wouldn't necessarily have at the tip of their tongues.

Unless you're a screw-connoisseur (or have a screw loose), you probably won't remember all of the names of these screws. Many DIY shoppers need **a lot of education and guidance in order to differentiate between products**. The same principle applies to purchasing home furnishings.

## 3. Taste and preferences rule home decor purchases

Where the challenge for DIY products is limited knowledge, the challenge for home furnishings and decor is a matter of taste.

Take products like couches, curtains, or even throw pillows (Wayfair has 3k+ results for the search term 'throw pillow'). Unless you are a connoisseur, you won't know which pillow is right for you beyond, perhaps, its **aesthetics or fit**. And the fact of the matter is: There are **thousands** of pillows, couches, or curtains you could choose from. With hundreds of brands offering similar aesthetics or fits.

Home furnishings have the **biggest price range** of any other vertical. What product does the shopper choose? Choice overload saturates the market.

## 4. Competitive landscape

As choice overload is abundant, consumers will opt to shop from the brands they've already heard of. Which is only really a handful, making the landscape very competitive for emerging brands.

Only eleven brands **command 55% of the market**. In the US, IKEA, Wayfair, Walmart, and Amazon take home (pun intended) a big chunk of the pie. Lower prices overseas have also contributed to increasing competition.

Making it harder and harder for smaller or emerging brands to compete. Not only that, but **luxury home brands** can easily differentiate from the competition with products that are of superior quality, and marketing material that tells perfectly crafted stories on every channel their customers shop from.

For example, Louis Vuitton and Gucci both sell 'chic home decor'. And even fast fashion brands have started selling home products. You may have heard of Zara and even H&M's home collections. But brands like Forever 21 and Urban Outfitters also now have home furnishing lines. With shifting demographics and purchasing powers (see our section on Trends below), the landscape is becoming more competitive.

Luxury home furnishings brands Boca Do Lobo can easily boast of their fine craftsmanship. All of their content supports this brand narrative, from their blog to catalog to editorials.

## 5. Bringing high-touch guidance online

*"One of the many challenges a home and DIY brand will face is that they are high-touch (which means lots of guidance and information is needed). Online, brands need to make this high-touch approach scalable, with as few resources as possible to save time and money. This is no easy feat."*

*– Rodger Buyvoets, CEO at Crobox*

In 2021, home furniture sales accounted for almost **12% of total retail eCommerce sales in the US**. People aren't going to forgo these products, but they will continue to buy them online.

In-store shopping for home and DIY products caters to both:

- **Goal-oriented shoppers** (e.g., a plumber worker who needs to buy a specific type of screwdriver to finish a job).
- **Browsers** (e.g., a couple who just moved into a new house and are looking to style their home according to their needs).

As an in-store sales clerk, it's very easy to spot both these behaviors and guide your shoppers to the collection or product/s that fits their needs.

But spotting this behavior online and finding the **right way to guide the sale** will prove more challenging. Online, you simply don't have the capacity to guide your shoppers in the same high-touch way. Guided selling applies to all home products across multiple categories.

This is why big players like IKEA and Wayfair are investing in virtual or augmented reality (VR/AR) technologies to decrease the gap between consumer and product and bring guided selling online. But these technologies are often **expensive and take time to adapt** (both on an eCommerce platform, but also for the consumer).

To facilitate the product discovery experience online, guided selling needs to be **adaptable and easy to scale** by even smaller home and DIY brands. Separating the leaders from the laggards isn't an issue of who has the most money to buy what: Technology is never your silver bullet.

It's how well you can combine **your offline and online approaches** (investing smartly in omnichannel) and optimize guided selling at crucial **touchpoints** across the customer journey. Consumers may not need a VR tool if they're searching for inspiration. But if they're **choosing** between two products, VR may come in handy to visualize how the product will fit into their home spaces.

Source: Wayfair

*"Right now, AR and VR technologies are more of a gimmick and many aren't as optimized as they could be. Brands should think about leveraging these technologies based on the customer's decision-making phase. With that level of personalization, I think these are technologies that will definitely make a difference. But there's still a long way to go."*

*– Joris Fonteijn, Chief Product Officer (CPO) at Crobox*

# TRENDS

## Top Home and DIY Industry Trends

On the flip side of your home industry challenges are your **trends**. As we've already witnessed, this is a fast-moving industry, with the world's economic situation and consumers' mental health playing a huge role in defining retail trends. According to our market research, here are the top trends today:

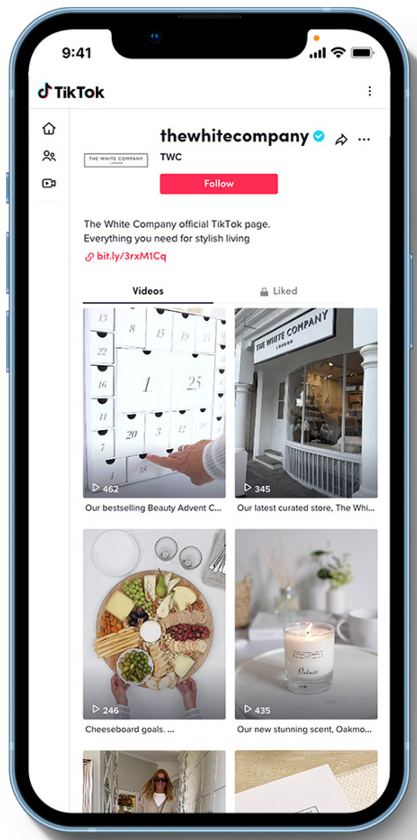
1. Investing in omnichannel content
2. Eco-friendly purchasing habits
3. Smart home upgrades

## 1. Content, content, content, oh and, content

Pinterest saw a 36% boost in home decor board creation in 2020. Sure, individuals may have had more time to curate their Pinterest boards and get lost in their imaginations during the months of lockdown. But this trend proved that home buyers do **want options to imagine**, and product content is one way brands can cater to this need. Plus, 90% of weekly 'Pinners' make purchase decisions on the platform itself.

What does this mean? The idea behind board creation is to help shoppers **imagine what their ideal homes could look like**. This is something that's been an obvious customer interest since the rise in popularity of the home-building game The Sims.

Sims 1 home building – who remembers?




The White Company on TikTok

The home and DIY industry is especially ripe for content. IKEA's catalog, for instance, is easy, and digestible, leveraging text content to help shoppers imagine what different rooms could become using IKEA products.

AR is also being leveraged to show how products fit within spaces, much like IKEA's App called Place.


IKEA catalog

The high-end home decor brand The White Company uses TikTok to share **how-to and DIY videos**. Luxury and TikTok may sound like an antithesis, but The White Company's success as the second-best home decor brand on TikTok proves that their customers do want to explore **tutorial-style content**. And that they're using TikTok to do this.

Many brands are **stretching their social media strategies** to bring guided selling online. The more brands can show products in context using content across channels (AR, social media platforms, email marketing, pop-up stores, etc.), the more they can decrease returns and foster additional brand loyalty.

## 2. The move to eco is friendlier than ever

As climate change becomes a collective and political issue, sustainable shopping practices are top of mind for consumers. The home industry is no exception, with the recent explosion of **furniture resale and the vintage market** demonstrating this. As well as the number of Millennials that are now moving into home buying: 42% of Millennials are willing to pay for sustainability, compared to 31% of Gen X.

Kaiyo, a platform for reselling furniture, managed to **raise $35 million in seed funding**. According to their founder, furniture is one of the largest waste categories. In the US, 12 million tonnes of furniture waste ends up in landfills.

IKEA also refined their sustainability focus with their FY21 Sustainability Report, intent on transforming their retailing into a **circular business by 2030**. Etsy's popular upcycled marketplace Etsy Reclaimed Furniture puts 'people and the planet at the forefront'.

Consumers want **durability in their home furnishings**. Especially as home investments become more permanent. Sustainable furniture means durable furniture. Furniture, kitchenware, or any home-related items are purchases customers don't make often (especially if they're big and expensive). The move to purchasing more eco-friendly and the core of home industry products make great bedfellows for sustainable shopping practices.


Source: Kaiyo

> **Crobox**
>
> For one of our home and DIY retailers, we tested Sustainability messages to see which sustainable attributes drove purchase behavior better. 'Energy saving' had a conversion uplift of +15%, making it the highest performing sustainability attribute. In a recent survey, 95.1% of respondents agreed with the statement 'I expect my furniture to last for many years'.

## 3. Homes are getting smarter

Home improvement spending took off during the pandemic, but in 2022 was still projected to hit a high of 19.17%. More consumers started spending to improve their home spaces, and this also came with the **rise of smart home tech**. According to Forbes,

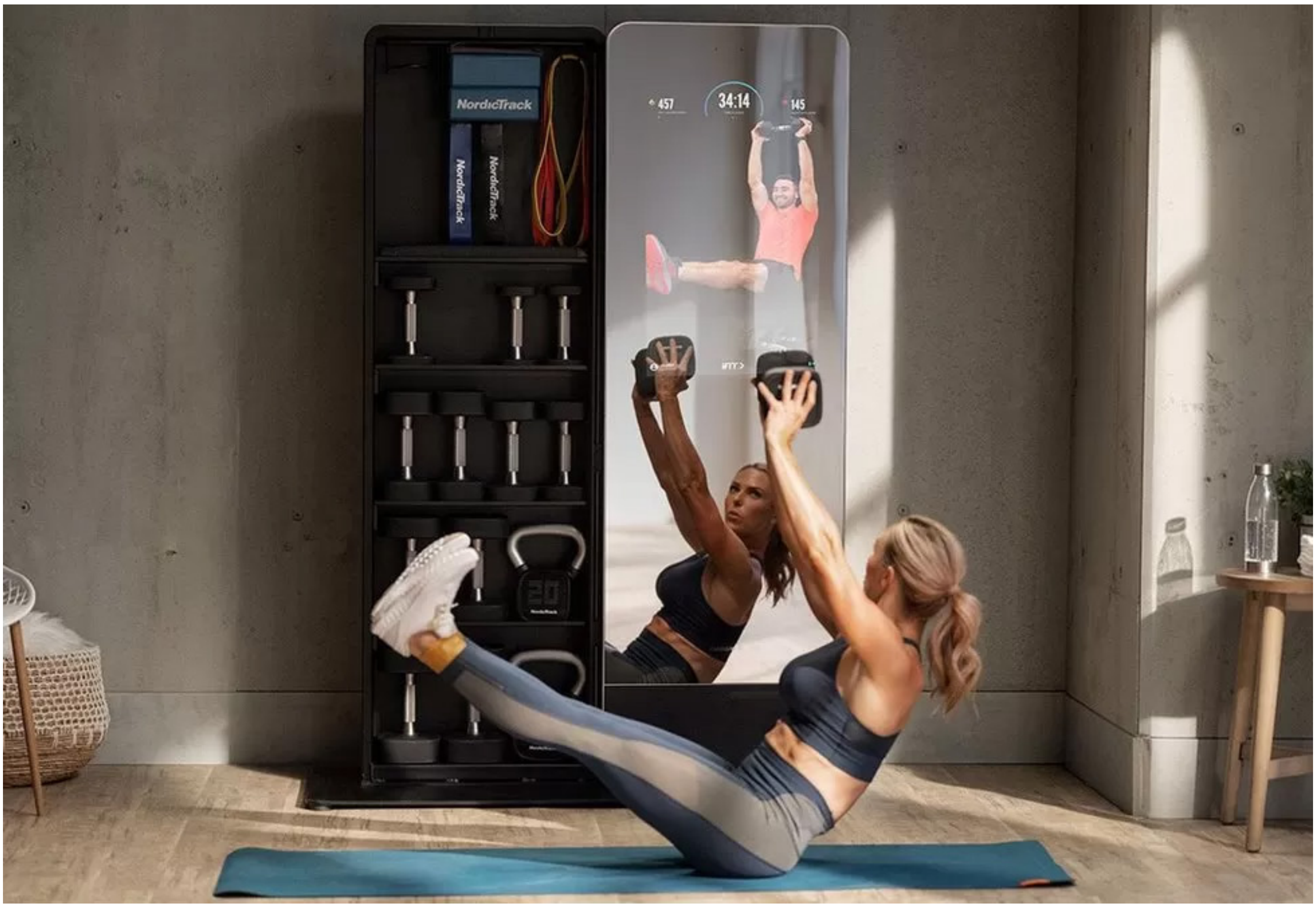
*'Smart trends are no longer reserved for the most high-end homes or saved for an upgrade years down the line – people are actually buying homes today with an eye on the existing smart home tech that's already included.'*

The formalizing of the Internet of Things (IoT) means that consumers can now switch an oven timer on from work through a watch. Curtains can be drawn at the same time every night, without someone doing it manualllly.

The desire to automate home habits and chores offers the consumer **convenience, comfort, and connectivity**, but is also simply cool. Since the rise of at-home exercise, many higher-earning consumers have also opted for technologies like Mirror or Peloton.

Home security has also now been optimized with smarter tech. As consumers who can afford it seek **automation**, this is a trend that is here to stay. In addition to this, home offices will also stay and become smarter, easing workers into convenience.

**39% of remote workers** who choose to go to the office say it's because their home spaces don't have adequate technology. With equipment like screens, standing desks, and comfortable chairs taking a chunk of product sales, this is a category that home brands will continue to invest in.




Source: Ifit

# 02
# CHAPTER TWO: HOME IS WHERE THE HEART IS

# WHO ARE MY HOME SHOPPERS?

## Demographics & psychographics

In this chapter, we aim to contextualize home shoppers by looking at their demographics and psychographics.

- **Demographics** feature the what and who of your customer segments, with things like income, race, gender, and socioeconomic status playing a big role in purchasing decisions.
- **Psychographics**, on the other hand, answer the **why behind the buy**. This encompasses things like lifestyle, likes and dislikes, values, and opinions. Which is why it's so important to understand the psychological motives behind your customers' purchasing decisions.

Source: Getty Images Stock

# HOME SHOPPER DEMOGRAPHICS

According to Business Insider, the typical Home Depot shopper is a white male who earns $80K. However, for Walmart, their typical customer is a 59-year-old woman. The latter is also **white and high-earning** (the average income of a Walmarter is over $100,000 a year) but is buying home consumer goods as opposed to supplies. Zippia supports this ratio, saying **70% of home shoppers are indeed White**.

In the home furnishings industry, typical shoppers run from their mid-20s to early 30s. **73% of DIY shoppers are Millennials**. In a study by Vox, consumers at the age of 34 tend to stop shopping at IKEA. Mid-30s shoppers look towards brands like Bed Bath & Beyond, Crate & Barrel, and West Elm instead.

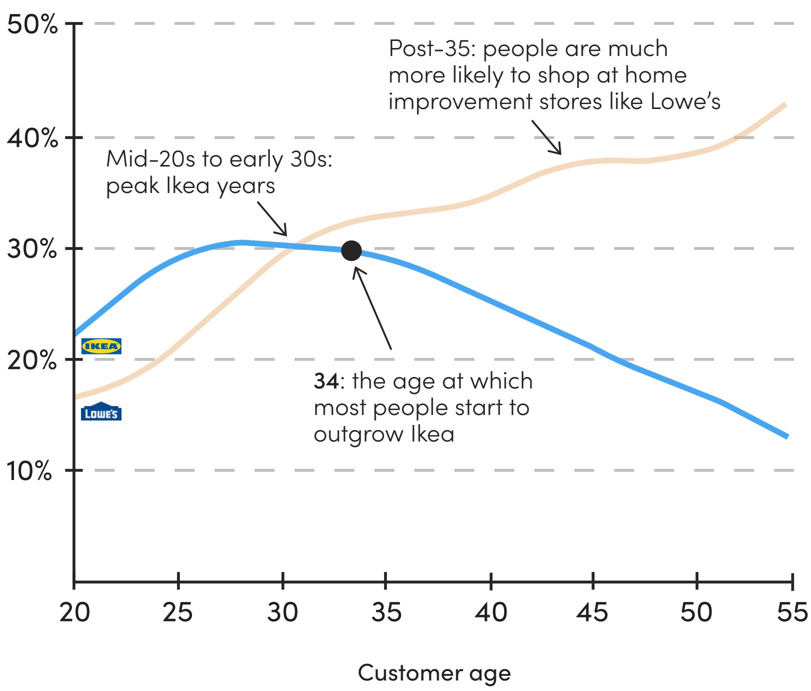
DIY shoppers, on the other hand, are largely Millennials. 73% of Millennials take on DIY projects, especially with the rise of crafts and home improvements during the pandemic. After all, when confined to our houses, we make projects out of our surroundings.

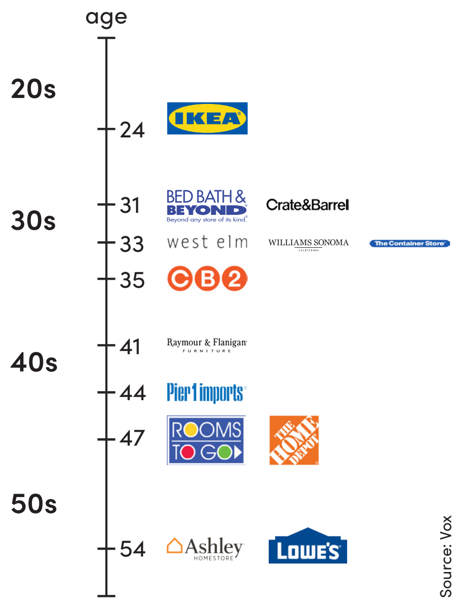
Today, Millennials shopping at IKEA in their mid-20s have a salary bracket where they can afford to buy **stylish, contemporary, and quality** home items and furnishings. IKEA's primary salary segment requirement is that they target the 'middle-class consumer, averaging $35k - $80k salary'.

These are also shoppers that have either a high school diploma or more advanced education. They also shop on the internet **at least once a week**. And althought DIY shoppers are predominantly male, according to Vogue, the home decor and furnishings shopper is 'at its core female'. In this, psychographics become crucial.

## People stop shopping at Ikea in their 30s

Percent of people at each age who shop at Ikea and Lowe's




Age at which most people report shopping at each store

# HOME SHOPPER PSYCHOGRAPHICS

Where demographics answer the what, psychographics answer the why. Why do home shoppers buy one couch over another? What nudges prompt their purchase behavior, especially online where they **can't make decisions based on haptics** (e.g., taste, touch, feel)?

What kinds of messages drive their decision-making? And what **shopping states** do these individuals have? With the help of Crobox's in-house behavioral specialists, we discover the why behind the buy, for home and DIY.

## Why do customers shop for home products?

There are many reasons why someone would want to buy a home product. Every individual has a **unique set of behaviors that lead to their shopping choices**. However, we can still group these behaviors into common clusters, based on similar behavioral patterns. With the help of our in-house behavioral psychologists, here are some common reasons why.

## Reason #1: Just purchased a new home

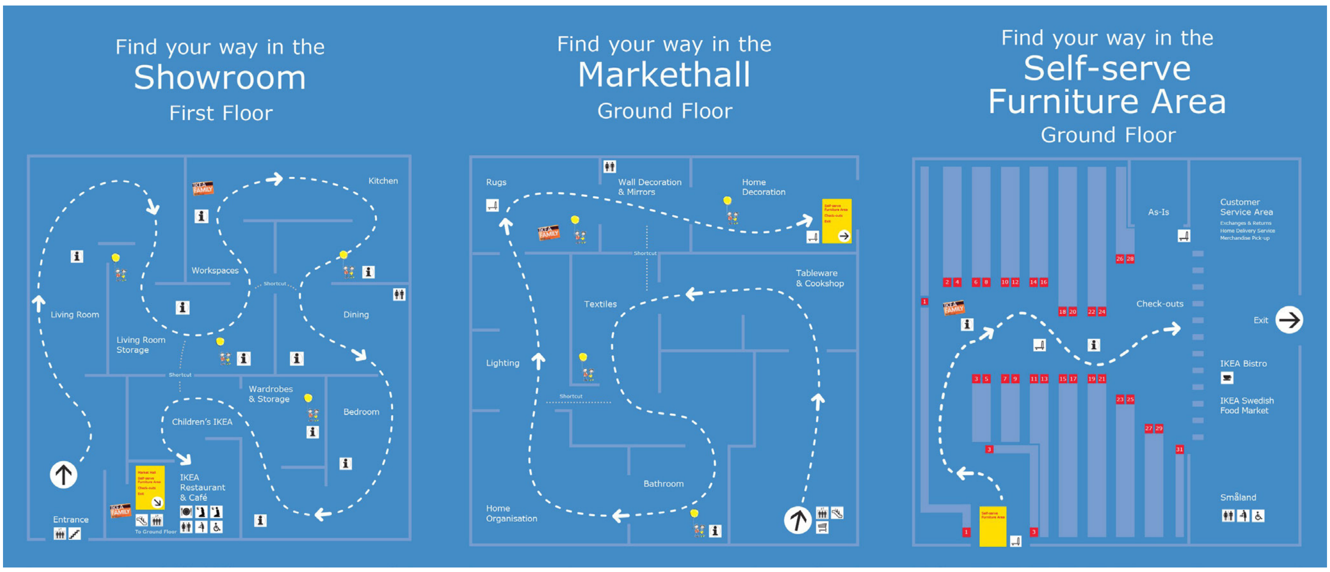
Consumers that have just purchased a new home will be very distinct in their shopping behavior. New homeowners may have just spent a lot, and will either:

- Be financially frugal in light of this new spending.
- Continue to spend more as a result of mental accounting (i.e., I've already made a significant purchase, so let's make more to match the category of expense. This is, of course, a psychological bias).

Buying a new home could also come with additional life changes like:

- getting married
- having children
- receiving a work bonus
- downsizing

A recent study on home shoppers found that **31.7% of respondents** said children influence their decision to buy a house. In any event, buying a house marks a huge event in your customers' lives, and should be treated as such. Understanding what kinds of life events (i.e., needs) your customers are going through will help you tailor your product offering with more relevancy.




Source: Pinterest

Source: IKEA's floor map proves that shopping for home products in this way is a high-committed experience that takes time to complete (often a day out).

## Reason #2: Redecorating or remodeling home

*"A saw will help you cut down a tree. A saw with a higher price point may help you do this faster. DIY products have a specific function to fill that will help the consumer complete their job to be done in a more efficient way, but what the shopper chooses always depends on their current mindset and context."*

*- Joris Fonteijn, Chief Product Office at Crobox*

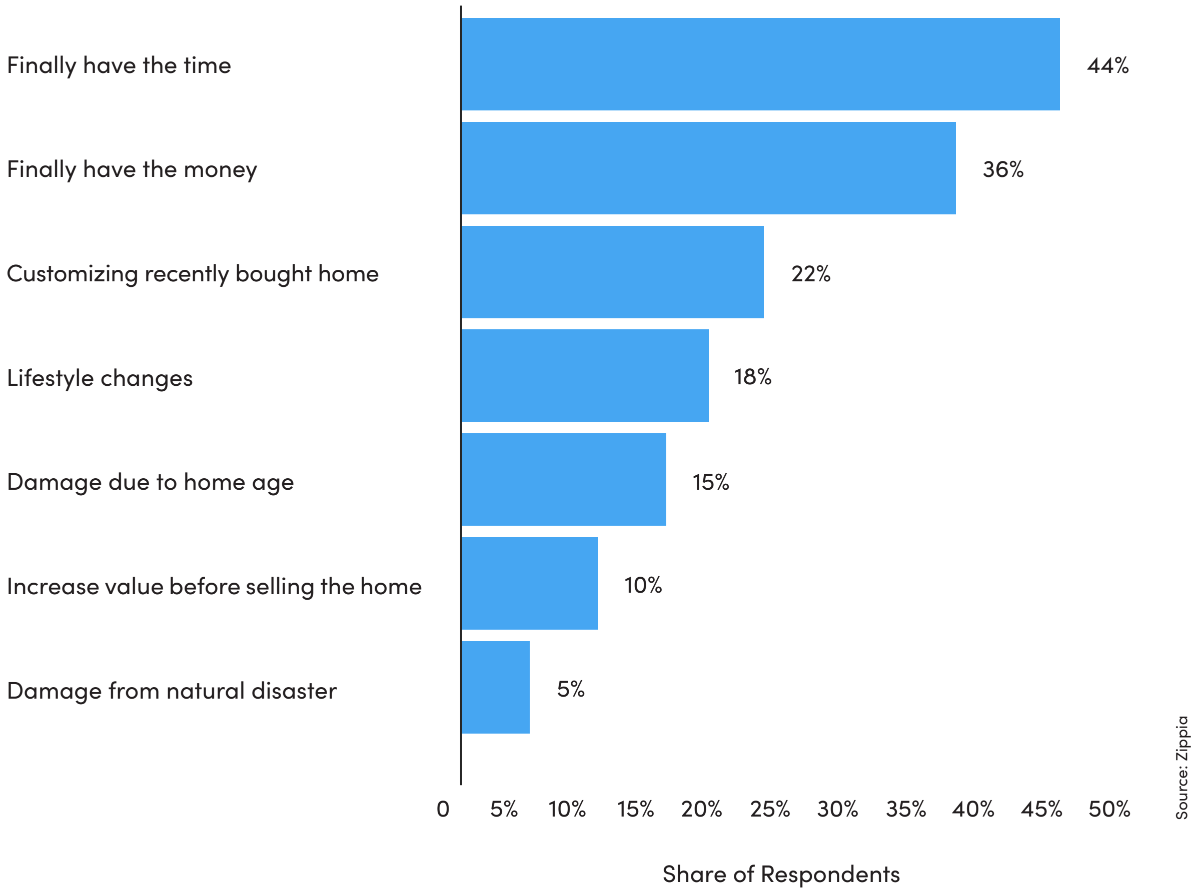
The next reason is almost as important in terms of **financial spending and change**. Perhaps not to the caliber of buying a house, but in many instances, the decision to redecorate or remodel a home will rely on similar factors;

- Financial stability
- Change in career
- Change in family dynamics
- Change in taste
- Upgrading

Psychologically speaking, remodeling or redecorating will be a choice designed to make the individual feel better. Products with the aim to **upgrade, improve, or change** someone's home release **dopamine**.

But there are also rational reasons to upgrade a home. For example, increasing the return on investment of the house itself, while raising its market value. This is where hedonic and utilitarian shopping states merge, something we'll discuss later on.

### Top reasons for renovations in the U.S.



## Reason #3: Looking for inspiration

You don't buy a bed or a couch as often as you'd buy a t-shirt. Physically, this kind of home product is a **bigger purchase** than you normally make. You also wouldn't **buy multiple variations of a big purchase** – you'll buy one couch and one bed that should last a set period of years.

Shoppers looking for inspiration will **take their time**. Which is one of the reasons why buyer's remorse is reduced in the home industry. Making returns rarer; It's much harder to send a couch back than a T-shirt.

Moreover, consumers can wait a long time for delivery, making the return on investment higher. As a result, the thought process and decision-making become longer and more strenuous, which is why content is King to keep shoppers well-informed and up to date. Consumers will put a lot of effort into their decision-making, usually consulting others, but more often than not consulting the retailer's content, especially online.

If you're a home brand, it's important you identify both buying behaviors:

- Inspiration driven
- Goal-oriented

Supplying each decision-making phase with relevant content will help drive purchase behavior. For inspiration, home brands are leveraging **social media, AR, catalogs, and blogs** to inform and hook shoppers at the awareness phase of the customer journey.

## Reason #4: Gift-giving

Another big factor that drives the decision to buy home products is a gift-giving mentality. Home products in the categories of **living or kitchen are often easy gifts to give** because they are utilitarian. Plus, shoppers don't necessarily buy expensive living or kitchen products themselves, due to high price points. Many of these home products are also 'nice to have' rather than 'need to have', such as a blender or a premium kitchen knife).

Our behavioral psychologists support this, saying the best kind of gifts have value on:

- a use level and/or,
- relevance

*"For example, if you're buying a ceramic serving bowl for your friends, this signifies you want to support their kitchen aesthetics in their new state of life. This is why home products are mostly bought for weddings – they signify change and are a great way to merge utilitarian gifts with something that is also thoughtful."*

*– Patrick Oberstadt, Behavioral Designer at Crobox*

**Understanding these needs** is how you can turn your product attributes into benefits, and guide the sale in a more relevant way. We'll discuss this theory with reference to guided selling tools in chapter three.

Crobox

For one of our home furnishing retailers, we built a Gift Finder during the Christmas period. Our data showed two things:

1. Using a Gift Finder doubled the average site conversion rate (where the webshop's average order value was 170 euros, the Gift Finder's average order value was 200 euros).
2. Shoppers like to gift products from the category 'Living' as opposed to 'Cooking', 'Bathroom', or 'Linen'. In fact, for the Gift Finder, the category Living was the worst performing category for gift-giving.

*"Psychologically speaking, the data from the Gift Finder make sense. Shoppers either lack inspiration during these golden retail moments, or they are buying for others and want to get it right. In both cases, they will be more motivated to browse a webshop's products and collections through a product/gift finder."*

*– Leonard Wolters, CDO at Crobox*

# WHAT PSYCHOLOGICAL PRINCIPLES ARE BEHIND HOME AND DIY PURCHASING DECISIONS?

Based on research and information from Crobox's behavioral experts, we found **three ways to explain the psychology behind home purchasing decisions**. Here, we again group together home furnishings, decor, and DIY products. These three models can be used to understand home shoppers' needs:

1. Hedonic and utilitarian shopping states
2. Maslov's Hierarchy of Needs
3. The IKEA Effect

## How hedonic and utilitarian shopping states meet

### 1 Job-to-be-done

*"When shopping for DIY products, consumers have a specific job to be done. At this phase of their decision-making, they need guidance towards the solution that fits their needs best."*

*- Rodger Buyvoets, CEO at Crobox*

An individual walks into Walmart. They are looking for a drill. Why? They want to put a painting up. This is a utilitarian shopping state, where the consumer has a specific job-to-be-done. This kind of DIY project (putting a painting up) is **functional**, and the shopper is looking for a product to fulfill this function. Simple, right?

What if a shopper is looking to buy a decorative pillow? This is very different from a functional job-to-be-done. This kind of shopping state is more **hedonic**, a state of mind that **values aesthetics over function**.

In the home industry, many buying behaviors will actually see these two shopping states merge. You want to buy a lounge chair to sit on (functional). But you also want it to be made out of bamboo so it fits in with the rest of your furniture (aesthetic). In fact, it's no longer enough to sell DIY products like drills or screws purely based on their attributes. Home brands first need to **understand what the shopper needs the drill for** to effectively personalize their experience. This is something we'll discuss in relation to guided selling later on.

But to recap, you can usually group shopping behaviors into these two shopping states:

- **Utilitarian**: Shopping that is directed toward satisfying a functional or economic need.
- **Hedonic**: Shopping that is directed toward satisfying a positive emotional need.

According to our behavioral psychologists, for home and DIY shopping states, it's **more difficult to separate needs from wants**. Buying a table is just as much a utilitarian purchase as it is hedonic. Where DIY projects could be utilitarian, home decor could be hedonic, and vice versa.

Which is why it's more important than ever that you understand your product's attributes based on how they benefit the lives of your customers. What do your customers need when shopping for home products? Answering this question will help you build out better experiences, guiding your customers in a more human way.

## 2 From functional to feng shui

Maslov's hierarchy of needs explains home buying behavior in this way: individuals will first seek a roof (shelter). When they have secured this, then they will start to seek comfort, like a couch to sit on. When the **functional needs of the house are met**, the consumer starts making the house **emotionally ready**.

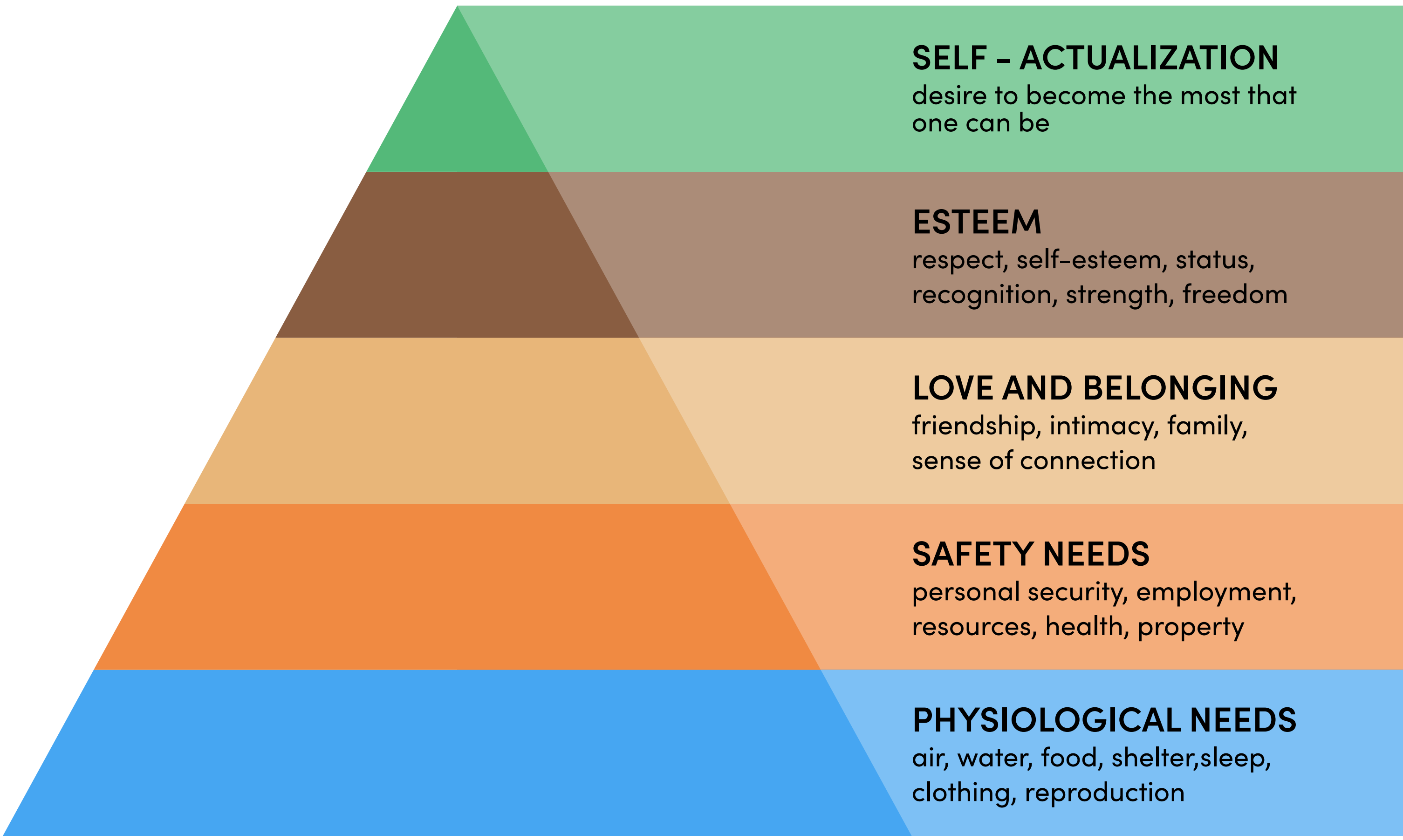
This hierarchy also explains how hedonic and utilitarian shopping states merge in the home space. Many practical products can also be emotional, but this emotional state can only occur when the physiological needs are met.

*"Feng Shui is a practice of arranging the pieces in living spaces to create balance with the natural world. This is what it means to feng shui your home. The goal is to harness energy forces and establish harmony between an individual and their environment."*

*- The Spruce*

It's also why many brands can have such a **range in their prices, product offerings, and target demographics**. Each part of Maslov's pyramid caters to a different socioeconomic segment. When we get to products that influence the individual's **esteem and self-actualization**, you could say we enter the realm of luxury home furnishings and home decor.

And when a home starts to **represent a spiritual space** (as in the practice of Feng Shui), products start to take on symbolic meanings. When you reach the top of Maslov's hierarchy, products begin to express the Self.




Source: SimplyPsychology

## Consumers express the Self through their homes

You know how some people have a blankie or teddy bear they've kept since childhood?

People will get attached to things they own over a long period of time. However, this attachment can happen almost instantaneously, either through **touching and/or interacting with a product**. This is a psychological principle called The Endowment Effect and is part of the reason why IKEA makes you build your own products, people give you free samples, and many consumers are prone to hoarding objects they **attach sentimental value to**.

The same effect rules home industry buying behavior. Because of the investment in a home – and by mere virtue of having to interact with all the products in your home several times a day – **products become endowed with more personal significance**. Consumers start to feel ownership over their home products.

And rightly so; Imagine you buy that chair with your own money, sit in it every night to read and wind down, so that maybe now it's become your special chair. And if we're talking about your bed, well, you sleep in it every single night. Endowment here comes naturally.

Taking this one step further (as with Maslov's hierarchy of needs), consumers will start to **express their personalities through their homes**. Similarly because:

1. They live in it and want to make it more catered to their personalities (**self-image**)
2. They want to show off to others who come visit ('Keeping up with the Joneses')
3. They want to be as comfortable as possible

If you think back to the home improvements during the renaissance, the same philosophies applied: **Signaling the self, wealth, and being comfortable**. In a recent study, 72% of respondents agreed that 'the design of my furniture reflects my personality'. In effect, where the dining table may represent family coming together, the bedroom could equate to relaxation and privacy.

As soon as products take on a **sentimental meaning**, we enter the realm of expressing the Self. The same study says, 'furniture can create happy memories with friends and families'. Products that were once utilitarian are now hedonic: The house becomes a home.

Crobox

For one of our home clients, we tested different behavioral messages grouped under common psychological principles like Authority, Social Proof, and Novelty. Our data found that the best-performing behavioral message group for our home client was Social Proof, with a click-through-rate uplift of **+14.79%**. The Social Proof messages that performed the best were:

**VERY POPULAR (+18%)**

**MOST BOUGHT (+18%)**

**HIGH RATING (13%)**

## The IKEA Effect

Expressing the self is also why the IKEA effect is so strong. This is the psychological bias where people place a **higher value on things they assemble or make themselves**.

*"In the end, the whole home becomes endowed with the 'IKEA Effect'. You've put time and money into your house, making the whole home your kind of continuous pet project. This will make it harder to give up, and endow more emotional attachment to the products within it."*

*- Patrick Oberstadt, Behavioral Designer at Crobox*

Within the IKEA Effect, we can also say that DIY projects leverage the Sunk Cost Fallacy. This is the psychological bias that the more time, money, and effort you put into something, the less likely you'll be to give it up. The Sunk Cost Fallacy explains why people continue to stand in very long lines, or will find it difficult to resell a concert ticket for the same price (they usually resell for higher).

When people spend time assembling an IKEA wardrobe, they **invest part of themselves into the process**. This will make the product more durable because it's less likely the individual will give it up, based on the premise of Sunk Cost. The same goes for DIY projects. If you are using your hands to build something, you endow the end-product with **ownership** (I built that with my own sweat, blood, and tears) and **significance** (this is a personal project of mine that took time, effort, and energy).

Assembling a bed leverages the IKEA Effect.

Crobox

One of our home and DIY clients reported that after Social Proof, Authority messaging was the next best performing message group. 'Our Favorite' had a click-through-rate uplift of +13%, meaning customers see this message as persuasive and are more likely to click on a product favored by the brand. This shows that shoppers have trust in the authority of the brand's product choices.

# 03
# CHAPTER THREE: IT'S ON THE HOUSE

# HOW TO ADAPT THE PRODUCT DISCOVERY EXPERIENCE FOR HOME PRODUCTS

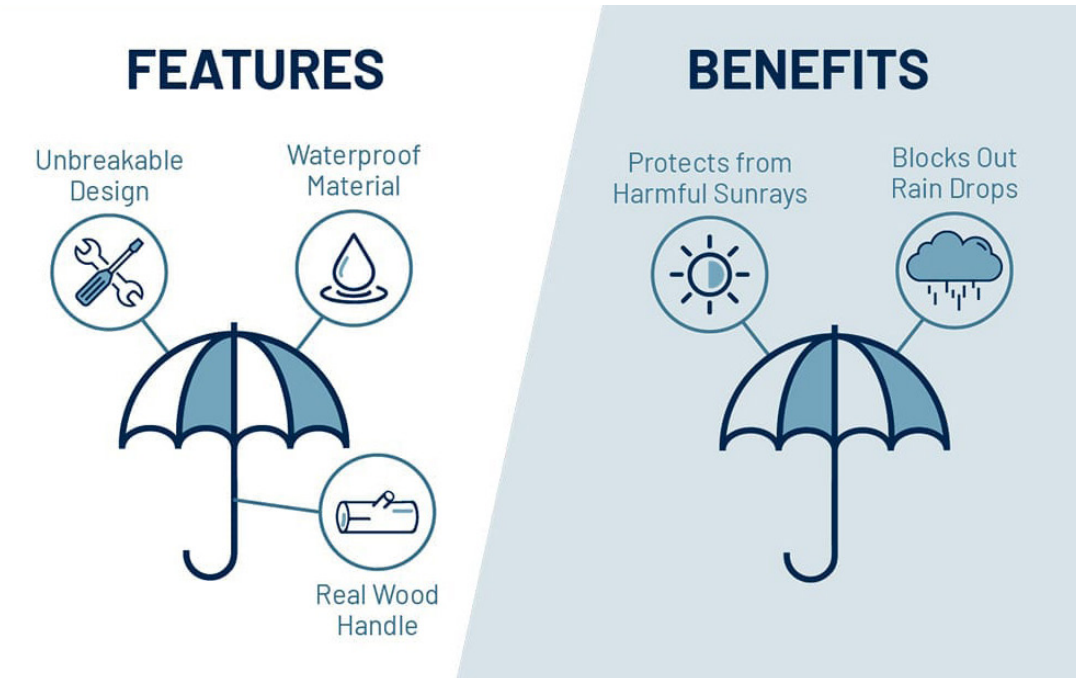
The value of understanding the psychological principles from the previous chapter is clear. Home products are often sold based on their attributes, with brands differentiating between utilitarian and hedonic shopping states.

But when a product's attributes **translate into personal benefits for the customer**, the shopping experience goes a long way. Coming to terms with Maslov's Hierarchy and the needs behind each product sale is important not only to understand your customers better but also to sell your products better.

In this chapter, we consider 'selling products better' to mean:

- Having a more personalized product discovery journey
- Facilitating shopper decision-making
- Reducing returns

Part of translating attributes into benefits relies on guided selling. How do brands educate their audience, and personalize the products they show while also putting the **right products** in front of the **right customers**? This chapter aims to address these challenges in an actionable way, giving three guided selling tools specifically useful for the home industry.




Source: Lightstream group

# PRODUCT DISCOVERY FOR HOME PRODUCTS: QUICK DEFINITIONS

## Turning product attributes into benefits

As a retailer, you might sell your home products:

1. Based on their attributes
2. Based on how they contribute your customer's lives

For example, if you're selling a fridge based on its **attributes** you will promote:

1. Energy label E, ice-maker, glass doors

But selling these attributes **into benefits** can look like this:

2. Sustainable choice, unlimited ice potential, fits in with your stylish modern home decor.

**Product attributes** are the **components of a product that describes its features**. They are concrete, objective, and can be observed. The attributes of a product don't change, but which attributes you choose to show and promote to your customers will vary depending on your campaign, customer, or brand. **Product benefits**, on the other hand, are the attributes of your product that are **most important to the customer**. These are conceptual and change according to the individual shopper or customer segment.

According to Wu, Day, and MacKay (1988), distinguishing between attributes and benefits offers opportunities to study consumer preferences. In Hernandez, Wright, and Rodrigues's 2014 paper on Attributes Versus Benefits, they differentiate between 'benefit-appeal copy' (e.g., values, abstraction, and ends) versus 'attribute-appeal copy' (e.g., details, concreteness, and means).

According to them,

- Attributes are **detailed/objective facts** like color, price, material, shape, etc.
- Benefits are often **imagined effects** like paying rent in the future, satisfaction, happiness, status, beauty, etc.

However, to understand both your shoppers and products better, it's important to **turn attributes into benefits**. This empathizes with the needs your customers have to demonstrate a clear solution.

In effect, brands that communicate product benefits connect better with their shoppers and sell their products more efficiently. For more on combining attributes and benefits, you can enrich your product content. Product data enrichment is a great first step for turning attributes into benefits. Check out the blog for more.

## Bringing guided selling online

In retail, guided selling is the process of **helping and advising your customers** through their shopping journeys. In some cases, this means facilitating their product discovery journeys as they **search and navigate** your product collection. For more goal-oriented shoppers, guided selling can look like **recommendations, including post-purchase education and further cross and up-sells**.

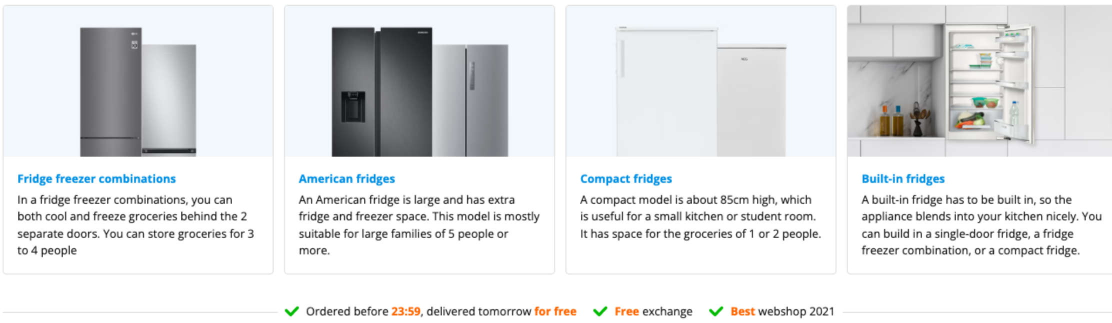
For home brick-and-mortar stores, guided selling is basically an in-store sales clerk. But bringing guided selling online often lacks the human. According to Martin Faith from Top4Sport,

*"[Brands] can't just be retailers who provide goods, we need to provide an additional service, including advice. That's why using a Product Finder is a very high priority and one of the major tools for customer assistance at the moment."*

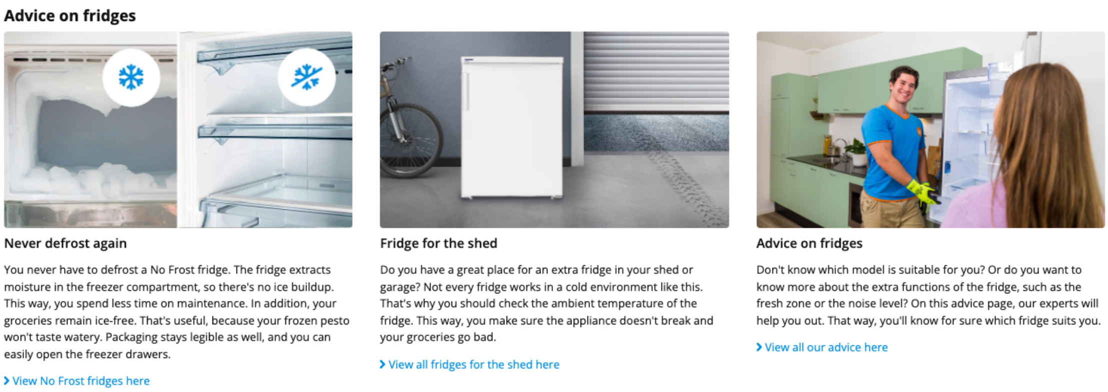
As a home brand, you facilitate the online guided selling experience by having categories, optimizing your taxonomy, and adopting some clever merchandising techniques. But to succeed in the future of digital shopping, this simply isn't enough.

Home and DIY shoppers want **personalization and high-touch guidance** when they shop online. To stand out from the competition, your categories should be dynamic, taxonomy optimized per individual, and on-site merchandising smart and reactive.

This again starts by assessing your shoppers' needs, and turning your product attributes into benefits. At Crobox, we take a data-driven approach to assessing what kinds of needs home customers have as they shop online. We do this by collecting product data and turning your products' attributes into benefits. This approach is then translated into your guided selling tools to make this experience both **optimized** with data and **relevant to the customer**. With that, here are three guided selling tools to get you started.




Coolblue's fridge categories are based on their attributes (size).



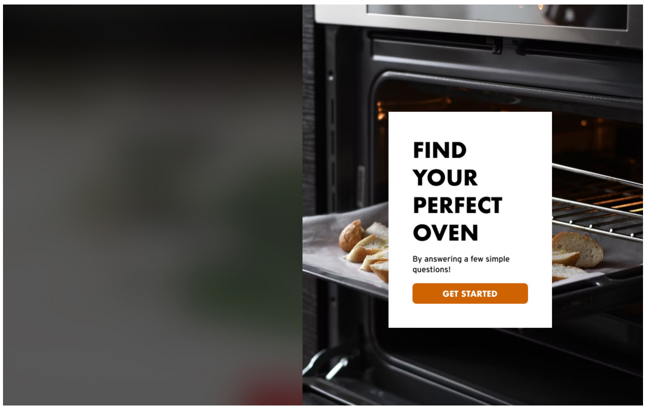

Coolblue also has a section 'Advice on fridges' where essentially they turn their product attributes into benefits for the customer (e.g., size = 'fridge for the shed').

## 3 guided selling tools to get you started: Product Finder, Search, & Filtering for better product discovery experiences

## 1 Product Finders

An eCommerce Product Finder is basically a quiz wizard that asks the shopper questions to **identify their needs and wants**. Based on the shopper's answers, the finder recommends the perfect product(s).

eCommerce Product Finders **create a dialogue with your customers** so that you can help them make better decisions throughout their customer journeys and as they navigate your webshop funnel.

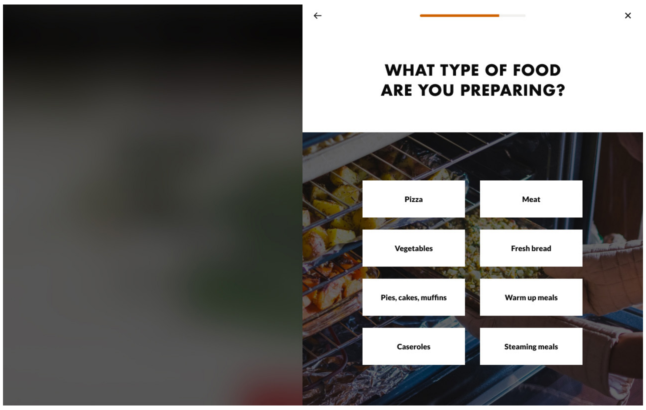


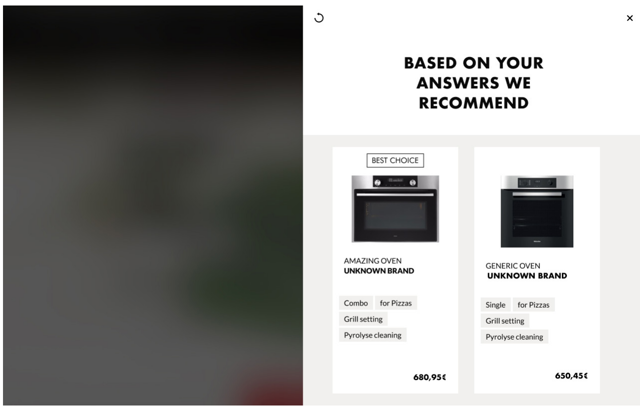

### Crobox Example: Oven Finder

For example, we built a mock-oven Finder for a home brand. We did this by looking first at the brand's product data: e.g., what kind of attributes does the oven have? Secondly, **we turn attributes into benefits** through a needs assessment. This sets the foundation for creating fully optimized Finder questions and an experience that is **dynamic, based on real customer needs, and will result in better recommendations**.

On the surface, Product Finders are a great way to guide your customers to the right products for them. But as a home brand there is so much more you can do with this kind of guided selling, from using the data to enrich your product feed, to **building more natural conversations** with shoppers online. Leveraging data from the Finder will be equally beneficial for product developers, brand managers, and merchandisers.

Product Finders emulate your in-store sales clerk, and shoppers are matched to the products they might not find for themselves, in the right way at the right time.



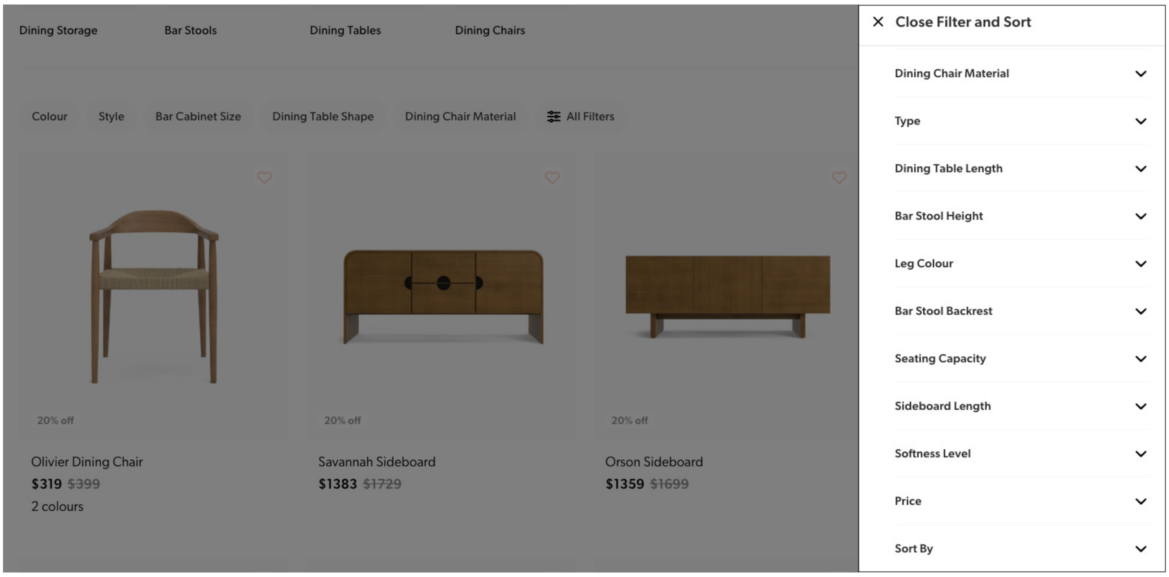



## 2 Search

Right now, Walmart's search functionality gives a large range of possible product choices, across multiple categories. This doesn't make it easy for the customer to find or explore exactly what they're looking for.

Another way product discovery in the home industry can be improved is by optimizing your search functionalities. Remember how difficult it is for non-product connoisseurs to find the right product for them (e.g., screws, drills utilitarian)?

**Advanced search** is a good way to start. But taking this one step further and you can make your autocomplete and all searches (i.e., query suggestions) **in line with the shopper's needs**. Meaning, people can use their own needs-based keywords to search for products. For example, imagine a customer is searching for an oven for small apartments, or a sustainable oven. The keywords would be based on solving needs rather than specifically looking for the product itself.



Source: Brosa

## 3 Filtering based on benefits

Filtering in home eCommerce, like Brosa does above, is largely based on product attributes. Many home brands have this kind of 'technical' filtering, which could lead to **indecisiveness** in the customer.

Even non-technical attributes could cause friction. For example, when looking for a chair, shoppers might not know what kind of 'Bar Stool Height' they want. To check this against their homes, they would have to use measuring tape which makes the quick-win of a filter redundant. Instead, **filters should also be needs-based**. 'Child safe' or 'Ergonomic', for example.

Using benefits as filters will lead to faster results. Ultimately, because home products can be quite technical and customers have little prior knowledge, filtering on a product USP is tricky. Imagine, for example, you are looking for that drill and all you can filter on are:

- Chuck type
- Variable speed
- Power source

To find out what **customers actually need the drill for**, you need to be able to turn your product data into benefits. At Crobox, we rely on your product feeds to make this happen. With the right type of data, your attributes can automatically be turned into benefits to optimize your filtering tool and guide your customers to the right products made for them.

# 04
# CHAPTER FOUR: FUTURE HOMES

# THE FUTURE OF SELLING HOME PRODUCTS ONLINE

Now that you've seen the home industry's current challenges, trends, and how to apply the needs of your shoppers into actionable guided selling experiences online, what does the future hold?

According to our data, behavioral, and market research, here's how to get ready for the future of digital shopping in the home industry.

## 1 Brands will bring high-touch guidance online with guided selling

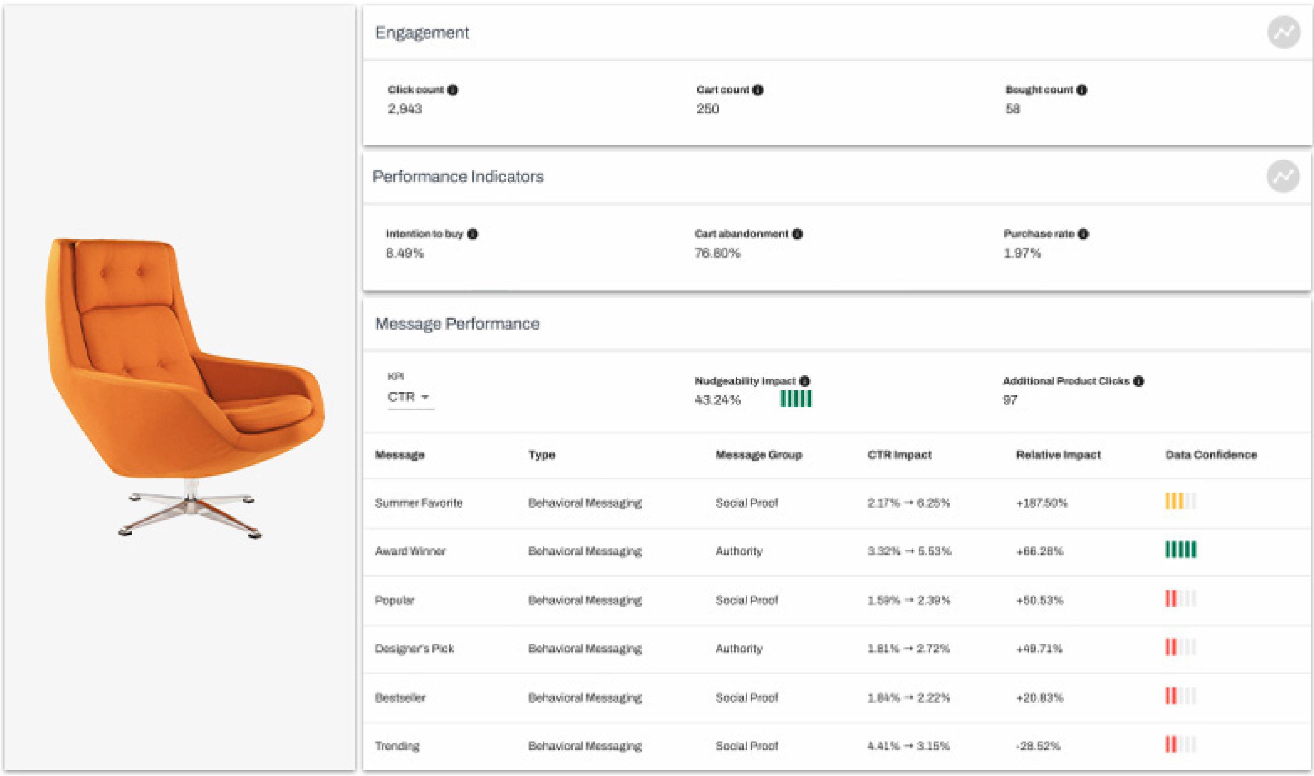
As we've covered throughout this report, home shoppers need education and guidance. According to CISCO, **70% of consumers conduct research online** before making a purchase. Yet home is one of the industries with the most complex product attributes, with currently limited omnichannel content. Activewear and Beauty brands are already leveraging content across opportune platforms, but the home industry seems far behind digital leaders like Nike or Glossier.

Instead, many home brands are starting (and will continue) to invest in trends like **AR and VR**. We will also see more **Product Finders, smarter search functionalities, and hyper-targeting in session**. Guided selling will be used in smart ways to optimize discovery journeys.

VR and AR will have their place in the future of home shopping, but only at the right point in the **customer's decision-making process**. Brands should deploy apps to simulate a journey from awareness to consideration, and VR/ AR technologies will **serve the customer at specific touchpoints**. Meaning that your guided selling solution won't just be one tool, but a whole subset of tools targeting the customer at different points of the individual's shopping journey (and let's not forget – from anywhere. Shopping should be experience-driven, convenient, and therefore on multiple channels).

Source: Wayfair

## 2 Product attribute and benefit feedback loop




Crobox's Product Profiles show product data in one centralized dashboard, merging analytics data with what messages drive click behavior on the webshop.

In an **industry rich with product attributes**, we will continue to see product data being mapped out and optimized per brand (with smarter product feed integrations in the back-end). Product feeds will be supplanted with enriched customer and product insights, merging attributes and benefits into a seamless data profile that can serve home brands across multiple channels.

Crobox's Product Profiles show product data in one centralized dashboard, merging analytics data with what messages drive click behavior on the webshop.

After filling out, for example, a Product Finder, their product recommendations and associated benefits will be badged throughout the journey. For example, let's imagine a customer uses a Mattress Finder because they are looking to upgrade their mattress to support back pain. Using Finder data, the home brand then places smart notifications, product badges, or overlays across their webshop **pointing out other products** that support bad backs (e.g., office chairs, ergonomic pillows, etc.).

Then, post-purchase, the customer is delivered targeted email campaigns every time new products are released to help the customer with their back issues. The retailers can also send them relevant content to help the customer understand how to deal with back pain better.

This kind of personalization won't just **make home shoppers loyal**, but actually help them with their needs. In turn, products will be optimized through this needs analysis. For example, if data shows a large customer segment of shoppers have bad backs, the brand can create more products in line with this need and communicate the need more widely in their communications. This will create a continuous **feedback loop between the customer and products**, always optimizing both the customer experience and product innovation, while reusing zero-party data.

## 3 Zero-party data for personalization

Once we talk about the data feedback loop from the customer to the product, we enter the realm of **personalization**. And with personalization comes the challenge of collecting data in a **conscious, private, and safe way**.

The future of personalization, in the home industry but also across all eCommerce companies, **is zero-party data**. This is data that the customer is conscious of providing to the brand. For example, when answering questions in a Product Finder to find a recommendation, the customer is giving their data away **knowingly and freely**.

Zero-party data can also look like customer research you get from focus groups, interviews, or surveys. Brands can simulate collecting this kind of customer data by bringing guided selling online. Keeping this data **anonymized** and **in session** is another way to make the customer feel safe.

In a world where **third-party tracking is being called out** (such as third-party tracking across platforms like ad targeting), customers will demand more **privacy**. Home brands that can stay in line with data protection laws while still providing superior experiences will win. And this can start by implementing guided selling tools that place data privacy at the core of their personalization practices.

### Differences between zero, first, second and third - party data

**Zero-party data**

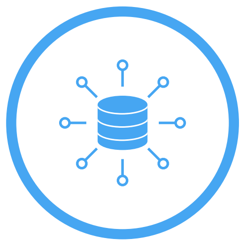
Data that a customer shared actively and freely with a brand.

**First-party data**

Data collected directly by a company about customers when they interact with a brand.

**Second-party data**

Data collected directly by a company about customers when they interact with a brand.



**Third-party data**

Aggregated data from public/non-public sources that the customer may not have given consesually

## Where do we go from here?

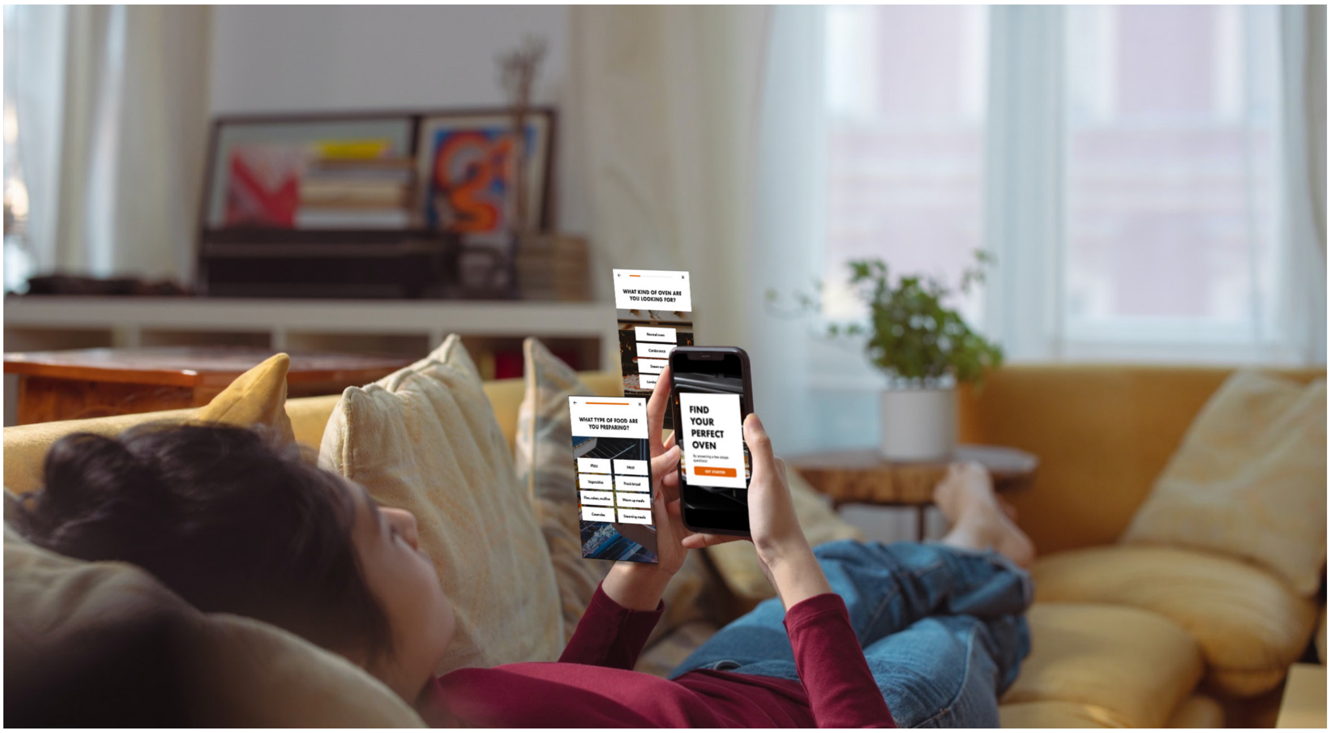
After the pandemic, many home retailers scrambled to keep up with digital innovation. With more people shopping online than ever before, this meant bringing the in-store experience to their eCommerce channels. Digital shoppers who require ease and convenience, now also require personalization when searching and discovering products.

When shopping for home products, taste rules. Beyond aesthetics and fit, the question for many home retailers is how to make their product attributes stand out in a relevant and human way. Home brands that can merge utilitarian and hedonic shopping impulses – and sell products in line with the needs of their customers – will win.

This approach is something on-site guided selling will continue to optimize. In this report, we've looked at the home industry from the perspective of:

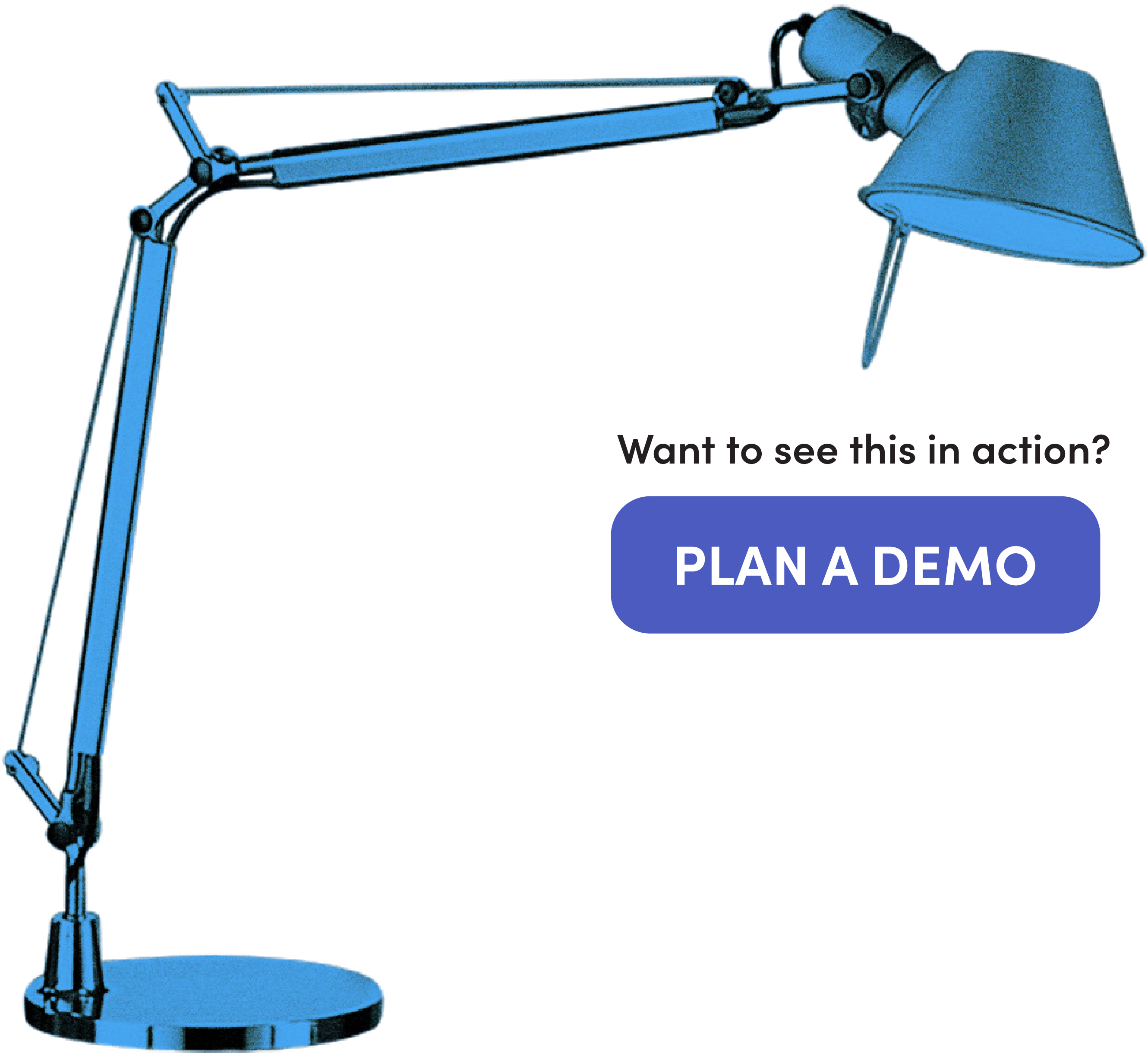
- The current state of the market
- Consumer behavior
- Adapting product discovery for home products

Through these three angles, you'll by now be able to set up a foundation to participate in the future of home. This opportunistic and creative market will only continue to grow. Keep your finger on the pulse of trends and consumer behavior. Keep tracking trends in the industry and data. And always be open to adopting new tools and innovation to keep your brand afloat.



# CROBOX'S GUIDED SELLING SOLUTION FOR HOME INDUSTRY BRANDS

1. Bring your sales assistance online
2. Get access to all your product attributes and benefits in one centralized dashboard
3. Collect zero-party data to personalize the customer experience



Want to see this in action?

PLAN A DEMO