

By Julie M. Smith

Shifts in Priorities

It's not easy to know what consumers are thinking, needing and wanting when they enter your store. The American Home Furnishings Alliance offered some insights during its annual marketing meeting, Aug. 3-5. A presentation on generational marketing, new trends in home design and an examination of a newer retail operation, Destination Home, were highlights from the conference.

The American Home Furnishings Alliance titled its annual meeting of marketers, held Aug. 3-5 in Charleston, SC, "Marketing Strategies for 2005 and Beyond." Given the lineup of topics discussed during the event—generation-targeted marketing, customer-oriented retail strategies, trend-spotting techniques and award-winning home design—attendees will likely refer to their notes from the conference often in 2006.

Charles Kennedy, Senior Vice President of Social Trends for DYG Inc., gave the morning keynote address on Aug. 4, providing furniture marketers with meaningful data about generational differences and forthcoming changes. He shared his firm's analysis of Generation Y (18- to 29-year-olds), Generation X (30- to 40-year-olds) and Baby Boomers (41- to 59-year-olds).

"Over the next three years, there will be a seismic shift in the three generations," Kennedy told about 60 attendees. "Gen Y will be getting a reality check; Gen Xers' children are aging and in school full time, so Xers will be refocusing on themselves; and Boomers will transform the empty nest into a full plate."

Given the life-stage crossroads to be faced, "we take all our baggage with us," Kennedy said. "And our baggage affects how we rebaggage," as well as the types of messages retailers should send to attract their desired customer base.

Members of Generation Y, for example, came of age in boom times, having experienced both tremendous ups and downs. Gen-Y consumers are obsessed with technology. And they rely on celebrity cues—what Kennedy called "shortcuts"—to



Home Plans

Cheryl O'Brien, President of O'Brien Architects in Bala Cynwyd, PA, is in a position to comment on superior home design—through her own work, of course, but also as a judge for the Best in American Home Living Awards, an annual design competition co-sponsored by the National Assn. of Home Builders and *Professional Builder* magazine. O'Brien shared imagery of the 2004 competition's winners during the American Home Furnishings Alliance's 2005 marketing conference. The finalists span the spectrum from single-family homes measuring more than 4,000 square feet to rental developments with five units or more. (The 2005 winners will be announced in January 2006.)

Some of the major trends O'Brien shared with AHFA attendees include: increased interest in "charming" exterior elements, such as decorative brackets, grill details and traditional Bahama shutters; outdoor living spaces, including porches, balconies and dedicated rooms; flexible floor plans; thematic kitchens with furniture-like islands and cabinetry; ample texturing and layering both inside and outside; and "dynamic" ceilings and floors.

Each year, the competition names a Home of the Year; the 2004 honor went to Bassenian/Lagoni Architects for its Altamura at Nellie Gail Ranch in Laguna Hills, CA. The outdoor entertaining area and master bathroom are shown. The developer and builder was William Lyon Homes, Newport Beach, CA. Design Tec Interiors, also of Newport Beach, is responsible for the interior design. The landscape architect was Urban Arena of Newport Beach. Altamura photography by Eric Figge.



Marketers gathered at Charleston Place in downtown Charleston, SC, Aug. 3-5, for the AHFA's annual marketing conference.

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make decisions about what they want to own and how they want to appear.

“What will be the role of furniture in their life?” Kennedy questioned. “To this generation, it is the prop that brings to life the legend they believe they are.”

For this group of customers, shopping must be fun, “as entertainment is built into everything they know,” Kennedy added.

The Gen Xer is approaching a life stage that pulls her toward family. So how do retailers stay in synch with this shopper, one who, according to DYG Inc., is considered skeptical of business, lacks deep loyalty, and rejects hype in favor of reliability? While Xers have waited longer in life to have children, they place a strong emphasis on family. (A countertrend: About 30 percent of Xers remain single, Kennedy added.) He offered the following suggestions for how retailers can reach out to this audience:

Focus family message on preparing kids, not pampering them.

Address the growing singles market.

Create an environment that reduces stress, tension and time.

Create a space in which Xers believe they can solve problems.

Baby Boomers are interested in family, but grandparenting represents just one of many activities that populate their busy schedules. Travel, hobbies, health, spirituality, second homes and, yes, work are—and will remain—the defining characteristics of the average Boomer.

Retail spaces that “energize” will appeal to the Boomer’s wants and priorities. “Find ways to say ‘health’ in your message, and at every touchpoint, make them feel better,” Kennedy advised.

Despite the differences in the types of “baggage” each generation carries, common cues appeal to all consumers, regardless of age, Kennedy concluded. Three things all retailers should do:

Help make the next life stage fun for customers by being a “cheerleader” and solution provider.

Help customers socialize and reconnect with friends and family.

Help customers enhance their emotional well-being.



Creating an Ideal

Bob Stec, Chairman and CEO of Lexington Home Brands, is known in the furniture industry for offering candid critiques and frank insights that many professionals may not want to hear, but should heed. Here’s an example from the American Home Furnishings Alliance’s marketing meeting: “Demand [for furniture] won’t exceed supply for the foreseeable future,” Stec warned. “Consumers will determine the winners and losers of furniture retail.”

Given this climate, daunting for many, opening a small chain of retail stores would be a risky maverick move. But that is exactly what Stec did in Atlanta in November 2004. During the AHFA meeting, he shared the reasoning for his decision to open Destination Home stores, and hinted at the company’s plans for future growth.

“The unique retail concept is a distinct and idealized approach to furniture retailing,” Stec said. “We wanted to be the most consumer-friendly [store] in the industry . . . we’re not the cheapest, we’re the best.” Destination Home stores—currently in Atlanta and northern San Diego—offer:

A customized, personal approach to shopping.

Exciting, inspiring environments. “Not a racetrack design,” Stec said.

Relevant interactive resources, such as online and in-store personal shopping portfolios for each customer, and SMART Board™ display technology. “Plus, our data base drives follow-ups and event notification,” he added.

A relevant variety of branded product, with new accessories arriving every 60 days; upholstery every 90 days. “We have brand events rather than product ads,” Stec said.

Well-trained, consumer-focused staff, superior delivery service and clear, competitive pricing.

“We’re hitting our numbers,” Stec told AHFA attendees. He added that a second Atlanta location and two more California stores are slated to open in 2006.

Lexington Home Brands boasts powerful brands that resonate with consumers. Lexington dealers and Destination Home stores have access to point-of-purchase materials that send meaningful cues via the expressive imagery used therein. The examples shown are from the (top to bottom) Waverly, Tommy Bahama and Woolrich brands.