**Furniture Market 2019**

**A Puzzling Market Reversal**

* According to the US Census Bureau, “furniture stores” (NAICS 4421), had excellent 2018 sales, increasing 6.3%, to a total of $63.68 billion. “Home furnishings stores” (NAICS 4422) didn’t fare as well, with a 1.8% decrease in sales, to $52.94 billion.
* Both categories, however, had flat sales during the first half of 2019. Consumers continue to spend their money, but not enough of it for furniture and furnishings, although some furniture items are exempted from pending tariffs.
* During the latest month (August 2019) for which retail sales data is available, furniture and home furnishings stores increased sales a meager 0.1%, compared to August 2018, or a total of $9.71 billion. Total August 2019 retail sales increased 4.1%.

**Retail Furniture and Home Furnishing Stores Sales, 2017–2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Period | * Furniture Stores | | * Home Furnishings Stores | |
|  | * Total | * Change | * Total | * Change |
| 2017 | * $59.90 B |  | * $53.89 B |  |
| 2018 | * $63.68 B | * +6.3% | * $52.94 B | * -1.8% |
| Q4 2017 | * $15.70 B |  | * $15.59 B |  |
| Q4 2018 | * $16.20 B | * +3.2% | $14.98 B | -3.9% |
| Jan–June 2018 | * $31.09 B |  | * $24.93 B |  |
| Jan–June 2019 | * $30.78 B | * -0.01% | * $24.69 B | * -0.01% |

US Census Bureau, September 2019

**Orders Disorder**

* Data in Smith Leonard’s August 2019 Furniture Insights Report certainly reflects the sluggish market during the first half of 2019, as June was the 5th consecutive month of decreases in new orders for manufacturers/distributors, or 5% less than June 2018.

* During the entire first half of the year, new orders decreased 3%, compared to a 6% increase for the first half of 2018. June 2019 shipments also declined (4%) from June 2018; however, 1H 2019 shipments increased 3%, essentially matching 1H 2018.
* According to Smith Leonard analysis, reducing the backlog of inventory was a primary reason shipments increased during 1H 2019. Another reason is likely the decrease from 6.12 million homes sold during 2017 to 5.96 million during 2018.

**Furniture Industry Business Activity, 2018 and 2019 Comparison**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Metric | May | | June | | Jan–June | |
|  | * 2018 | * 2019 | * 2018 | * 2019 | * 2018 | * 2019 |
| New orders | * 2.54 M | * 2.47 M | * 2.54 M | * 2.38 M | * 14.51 M | * 14.06 M |
| Shipments | * 2.42 M | * 2.36 M | * 2.66 M | * 2.55 M | * 14.18 M | * 14.15 M |
| Backlog | * 2.26 M | * 2.23 M | * 2.14 M | * 2.04 M | * --- | * --- |

Smith Leonard PLLC, June 2018

**A Hot Housing Market Leads to Hot Furniture Sales**

* If fewer homes being sold was a primary reason furniture sales decreased during 1H 2019, then the trend is reflected in US Census Bureau new home sales data, which averaged 593,000/month during 2H 2018, compared to 665,000 during 1H 2019.
* Existing home sales also decreased from 2017’s 5.54 million to 2018’s 5.34 million, and were forecast to decrease more during 2019, to 5.25 million, before rebounding to 5.46 million for 2020. The seasonally adjusted rate for August 2019 was 5.49 million.
* Better recent news is the 12.3% increase in new housing starts during August. The 1.364 million units were the most since June 2007; the August forecast was 1.250 million units. Analysts indicate lower interest rates are driving the market improvement.

**New Privately-Owned Homes Sold, by Sales Price, Jan–June 2019**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Month | <$150K | $150K–$199,999 | $200K–$299,999 | $300K–$399,999 | $400K–$499,999 | $500K–$749,999 | $750K and More | Total |
| January | * 1,000 | * 3,000 | * 19,000 | * 12,000 | * 6,000 | * 5,000 | * 2,000 | * 49,000 |
| February | * 1,000 | * 4,000 | * 19,000 | * 15,000 | * 8,000 | * 8,000 | * 2,000 | * 57,000 |
| March | * 2,000 | * 6,000 | * 23,000 | * 16,000 | * 11,000 | * 8,000 | * 3,000 | * 68,000 |
| April | * 1,000 | * 4,000 | * 18,000 | * 18,000 | * 10,000 | * 9,000 | * 3,000 | * 64,000 |
| May | * 1,000 | * 4,000 | * 21,000 | * 13,000 | * 8,000 | * 8,000 | * 3,000 | * 58,000 |
| June | * 1,000 | * 6,000 | * 24,000 | * 18,000 | * 8,000 | * 5,000 | * 3,000 | * 66,000 |

US Census Bureau, August 2019

**Deals Drive Consumers to Purchase Furniture**

* Every furniture retailer is eager for any insights about how to attract more furniture buyers, and Valassis’ Awareness-to-Activation Study found offers, deals and promotions are what receive the serious attention of 91% of consumers.
* Not surprisingly, 59% researched their furniture purchasing online while 68% made their purchases in-store. More surprisingly, the combination of print and digital ads would motivate 61% of consumers to visit a new furniture store or buy online.
* Even larger percentages of Millennial parents, 96%, are drawn to furniture deals, and 52% said they would purchase furniture within the next year, which data from The Media Audit’s 2019 Aggregate Report supports.

**“Stages in Life” of Adults 25–44 Who Plan to Buy**

**New Furniture During the Next 12 Months, 2019**

|  |  |  |
| --- | --- | --- |
| Stage in Life | * Percent | * Index |
| Single, younger than 35, no children | * 12.9% | * 80 |
| Married, younger than 35, no children | * 5.5% | * 104 |
| Children at home, any age | * 66.9% | * 113 |
| Any children, younger than 6 | * 33.6% | * 114 |
| Children, any age, 6–12 | * 37.4% | * 117 |
| Children, any age, 13–17 | * 20.1% | * 119 |

The Media Audit February 2019 Aggregate Report (66 markets, 143 million adults)

**Consumers Aren’t Resistant to Buying Furniture Online**

* As cited in Media Group Online’s September 2019 New Media Insights Report, Big Ticket Purchases Crash the Internet, a Walker Sands Communications March 2019 survey found 33% of consumers browsed and 20% purchased furniture online.
* eMarketer reports e-commerce retail sales of furniture and home furnishings increased 16.4% during 2018, to $56.14 billion, and will increase at a double-digit rate through 2022, when sales will total $97.46 million.
* More and more direct-to-consumer (DTC) brands, including furniture and home furnishings, are using TV advertising. The top 125 DTC brands, according to a VAB study, spent $3.8 billion on TV during 2018, a 60% YOY increase.

**Top 10 Stores Where Adults 25–44 Who Plan to Buy New Furniture**

**During the Next 12 Months Shop for Furniture/Mattress, February 2019**

|  |  |  |
| --- | --- | --- |
| Store | Percent | Index |
| Amazon.com | 32.5% | 141 |
| Ikea | 27.8% | 160 |
| Walmart | 23.4% | 140 |
| Ashley Furniture Homestore | 17.5% | 147 |
| Target | 17.1% | 169 |
| Big Lots | 13.6% | 151 |
| Bed, Bath & Beyond | 12.9% | 166 |
| Mattress Firm | 12.5% | 135 |
| Costco Wholesale | 9.1% | 147 |
| Craigslist.org | 8.0% | 161 |

Based on The Media Audit’s Rolling Aggregate Survey, February 2019

**Consumer Options: Rentals and Subscriptions**

* The furniture rental market has been active for many years, primarily Cort Furniture Rental and Rent-A-Center; however, they have a target audience quite different from the audience for the newer, “disrupter” furniture rental companies.
* Millennials (who else!) are driving this new market with their “non-ownership” lifestyle attitude. Not only has Fernish and DTC brand Feather entered this market, but also West Elm and Ikea, which will begin leasing furniture in 30 more markets.
* Furniture subscription services are even newer. Companies, such as The Everset, in New York City, is one of the first, offering furniture sets for $20 to $150/month and contracts of three to 14 months.

**Additional Analysis**

*Furniture Today* is very protective of its data, especially its annual Top 100 US Furniture Stores report. It has release a sprinkling of data and insights that could be valuable to your prospects and clients.

* The Top 100 stores accounted for 40% of 2018 sales through brick-and-mortar stores, but 78% of 2018 sales via all distribution channels.
* Sales at small furniture stores increased 6.8% during 2018, compared to 4.4% for the entire market (according to *Furniture Today*’s statistics and calculations).
* Sales at conventional furniture stores in the Top 100 increased 4.4% during 2018, compared to a 1.9% increase for specialty store chains.

Additional data from The Media Audit’s 2019 Aggregate Report reveals media exposure for adults 18+ and adults 25–44 who plan to buy furniture during the next 12 months.

**Media Exposure for Adults 18+ and Adults 25–44 Who Plan to Buy**

**New Furniture During the Next 12 Months, February 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Media Exposure | Adults 18+ | | Adults 25–44 | |
|  | * Percent | * Index | * Percent | * Index |
| Radio (heavy: 180+ min. avg. day) | * 24.9% | * 118 | * 29.0% | * 112 |
| Radio (medium: 60–179 min. avg. day) | * 42.7% | * 115 | * 43.9% | * 109 |
| Radio (light: 1–59 min. avg. day) | * 13.4% | * 94 | * 13.0% | * 100 |
| Radio (no exposure) | * 19.0% | * 69 | * 14.1% | * 68 |
| TV (heavy: 300+ min. avg. day) | * 29.7% | * 101 | * 25.4% | * 106 |
| TV (medium: 180–299 min. avg. day) | * 25.2% | * 99 | * 26.0% | * 104 |
| TV (light: 1–179 min. avg. day) | * 38.7% | * 102 | * 42.2% | * 97 |
| TV (no exposure) | * 6.4% | * 91 | * 6.4% | * 88 |
| Newspaper (heavy: 60+ min. avg. day) | * 22.1% | * 129 | * 23.5% | * 140 |
| Newspaper (medium: 30–59 min. avg. day) | * 9.0% | * 112 | * 7.5% | * 118 |
| Newspaper (light: 1–29 min. avg. day) | * 7.3% | * 100 | * 7.3% | * 118 |
| Newspaper (no exposure) | * 61.7% | * 91 | * 61.7% | * 87 |
| Outdoor (heavy: 200+ miles avg. day) | * 30.5% | * 119 | * 32.9% | * 109 |
| Outdoor (medium: 100–199 miles avg. day) | * 20.7% | * 111 | * 20.3% | * 111 |
| Outdoor (light: 1–99 miles avg. day) | * 45.1% | * 90 | * 43.1% | * 94 |
| Outdoor (no exposure) | * 3.6% | * 65 | * 3.7% | * 66 |
| Direct Mail (heavy: 75%+ read weekly) | * 37.0% | * 126 | * 36.3% | * 132 |
| Direct Mail (medium: 25–74% read weekly) | * 28.4% | * 118 | * 28.8% | * 120 |
| Direct Mail (light: 1–24% read weekly) | * 22.7% | * 90 | * 21.4% | * 89 |
| Direct Mail (no exposure) | * 11.9% | * 56 | * 13.6% | * 55 |
| Internet (heavy: 180+ min. avg. day) | * 55.3% | * 118 | * 61.7% | * 111 |
| Internet (medium: 60–179 min. avg. day) | * 37.2% | * 91 | * 32.9% | * 91 |
| Internet (light: 1–59 min. avg. day) | * 6.6% | * 65 | * 4.7% | * 71 |
| Internet (no exposure) | * 0.8% | * 41 | * 0.7% | * 38 |

Based on The Media Audit’s 2019 Rolling Aggregate Survey, February 2019

*Sources:* US Census Bureau Website, 9/19; *Furniture Today* Website, 9/19; Smith Leonard Website, 9/19; Statista Website, 9/19; CNBC Website, 9/19; National Association of Realtors Website, 9/19; Valassis Website, 9/19; The Media Audit Website, 9/19; Walker Sands Communications Website, 9/19; *ADWEEK* Website, 9/19; eMarketer Website, 9/19; Retail Dive Website, 9/19.

*Updated*: September 2019

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**For Your Local and Station Information**