

ANALYSIS



Are the January Sales dead for furniture?

Following a disappointing start to the year for many furniture retailers, **Emily Hardy** asks whether the post-Christmas Sales period has had its day in this big-ticket sector

For traditional furniture retailers, the January Sales have long been the equivalent of a toy shop's Christmas.

While families unwrap presents and polish off turkey dinners, big-ticket retailers plaster shop windows with red and white signage, dreaming of shifting sofas and beds aplenty from Boxing Day onwards.

However, both anecdotal and statistical evidence suggests that shoppers didn't show up this year, sparking a disappointing January in an already sluggish furniture market.

Commenting on declining non-food sales in January – furniture and household appliances were the worst-performing categories – KPMG head of retail Paul Martin says: "Bigger-ticket items, such as furniture, traditionally rely on strong post-Christmas trade, but this year [retailers] seem to have struggled to woo consumers with the lure of a Sale sign."

Bensons for Beds and Harveys boss Stuart Machin suspects January was a "challenging month for many retailers, especially in the

furniture sector. And we were no exception," he admits.

Carpentry issued a profit warning after footfall nosedived in the first week after Christmas and John Lewis reported year-on-year declines in its home category.

A blip or a trend?

It's possible that last month's disappointing performance is just a blip – a one-off lacklustre Sales period fitting the narrative of ongoing consumer uncertainty in the market.

But it could also be a trend, pointing to the diminishing appeal of the traditional promotional period.

A proliferation of discounting over the past few years – ramped up further by the emergence of Black Friday – has taken some of the urgency out of Sales shopping and stripped the uniqueness away from the January extravaganza of the past.

Consumers may be fed up with relentless promotional activity, and accustomed to the

idea that there will be another Sale just around the corner.

Online furniture sellers have also upset the apple cart. A few years ago, for example, there was only one way to buy a mattress. The rise of mattress-in-a-box retailers, such as Eve Sleep, has turned this idea on its head.

As more shoppers migrate online, even to buy big-ticket items, they may be breaking with tradition altogether and buying furniture whenever and however they wish.

If the latter is true, the chasm between traditional furniture retailers and the industry's nimble disruptors will widen, threatening to swallow whole those operating an outmoded model.

Sales inertia

Machin believes that the increasingly shouty furniture sector has prompted doubt in shoppers' minds about the veracity of Sales.

"I'm convinced that, in our sector, Sale fatigue has set in among consumers as it seems so many of us are on Sale all year round, 24/7," he says.

"Of course, it is an increasingly competitive and challenging market and we have all become reliant on Sales and promotions to continue to drive customers to our brands.

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ScS boss David Knight

"But I have no doubt that chaotic pricing has caused inertia in the customers' minds, while adding complexity and high costs in businesses as more and more time is taken in the planning and execution of promotional activity."

Keen to combat this "Sale fatigue", Machin has commenced the long process of stripping out red and white signage and implementing a simplified pricing model.

For example, Harveys has already reduced the number of price points on its occasional range from 29 to eight, while Bensons removed 13,000 product options that had never been purchased by a customer.

He is confident that this new approach will bring "more consistent" sales and will increase shoppers' trust in its prices.

"It's a difficult task but we need to be bold and start somewhere in sourcing the right products and selling them for the right prices," Machin says.

"It will pay off in the medium to longer term in more ways than one."

No sign of a January Sale slump

However, ScS boss David Knight disagrees that shoppers are fed up with promotions and claims that demand for the Boxing Day Sale event is as high as ever.

The sofa and carpet specialist, which shrugged off any signs of a downturn with growing like-for-like sales during its first half, argues that the post-Christmas period remains a "very important time" for its customers as they refresh their homes for the year ahead.

"Our core customer is the salt of the earth and very family-orientated," Knight says. "I don't think the dynamics of that family shopping are changing."

Knight says he "definitely" envisages that being the case for at least the next five years. He puts the resilience of the business – operating

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David Knight, ScS

a traditional model spearheaded by 101 stores, although it does have a transactional website – down to its value proposition.

"If people are worried at all about the economy, they are looking for value and we've built a business on value."

Likewise, DFS boss Ian Filby doesn't see consumers falling out of love with the January Sales any time soon.

After issuing a profit warning last year, Filby says he was "satisfied" with performance over peak, during which it ran an early-man-themed "mammoth" winter Sale.

"There's been no change in the salience of the winter Sale for us," he says. "It is still recognised as a norm and furniture is still a category people move onto after Christmas."

Filby acknowledges, however, that because the customer journey – even during Sale – starts online, and shoppers can compare prices with ease on the internet, the promotional value that businesses are offering "has got to undergo scrutiny".

Excellent Sales will prevail

For Dreams boss Mike Logue, the January Sale remains as important as ever.

The beds specialist, which like ScS is seemingly bucking the big-ticket blues, told

Retail Week it had a "very strong" Boxing Day and a "good month", outperforming targets.

Logue believes that while Black Friday has taken the shine off the January Sales in other categories, it has not had the same impact on furniture. And, while footfall is down, the customers that do visit stores are "determined buyers".

However, like Filby, he warns that poor execution will no longer wash with today's discerning shoppers.

Logue, who was drafted in to turn Dreams around three years ago, says: "I don't think over-promotion is putting customers off, but they are more canny than ever, so Sales need to be better executed."

"Shoppers are doing research online and being savvy about who can deliver a good service and who can't. It's not about confusion on price, it's about shoppers now having better clarity on quality of service."

For Dreams, the key to successful Sales events is to remain responsive. "We constantly adjust the profile of our promotions based on what works. If [the customers] don't respond well, we don't repeat."

"As long as you've got a lot of really good items on sale – good product and a genuinely good deal – the customer gets it."

He warns that retailers without a strong Sale "are going to struggle".

"Any company that is inefficient and trying to pull the wool over shoppers' eyes is being caught out now by the internet. Shoppers will not put up with it – their money is too precious."

That, according to Logue, is what is separating the wheat from the chaff, and driving the changes in the furniture market.

For now at least, the January Sale remains relevant in furniture retail. But, as always, when times are tough, only those executing it well will reap the benefit. **rw**