

How to respond to COVID-19 in the Home Decoration and Home Textiles sector

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The global outbreak of the COVID-19 virus is having a major impact on international trade, travel and communication. Companies trading in home decoration and home textiles may face considerable challenges, as do many other sectors. At the same time, there may also be new opportunities. This study discusses the impact of the pandemic on the consumer, the market and the trends in this sector. It also shows you the actions you can take to make your business future-proof.

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The virus, society and business

The COVID-19 pandemic has affected life and business worldwide. Governments have taken protective action, resulting in whole or partial lockdowns. To date, different countries are at different stages of the pandemic. Most European countries have started to 'ease' their restrictions. Thus allowing citizens and businesses greater freedom.

The roadmaps towards a 'new normal' vary, but social distancing forms the basis of most strategies. All sectors of the economy need to ensure that citizens keep a safe distance from each other in their roles as employees and consumers. This will slow down trade and business, as fewer customers can be served per time unit, resulting in lower profitability.

The economic damage is unclear. However, the impact on business will increase with the duration of the crisis. This is why the balance between health and the economy is starting to favour the economy. An often-heard notion is that we will face a **90% economy**. This means economies will lose 10% of their Gross Domestic Product (GDP) on average due to lockdown. This will result in increased unemployment, less consumer spending, less corporate investment, greater debt amongst citizens and businesses, and a possible negative impact on interest rates. Major European economies are officially in recession. It is unclear how fast they will recover.

Overall, the business climate will be more fragile and possibly more unfair. Predictions show the lower-educated, female and younger segments of the workforce will be hit hardest. European and national governments are financially supporting business. But this will come at a cost and will soon affect the average consumer's spending power.

1. Phases and your value chain

The disruption of the COVID-19 crisis will affect the short-, medium- and long-term performance of your

business, and the value chain as a whole. Also, even though the disruption as we have experienced through COVID-19 is unprecedented, this will not be the last crisis and/or pandemic we will face. So you must learn to prepare as well as possible for similar situations or crises.

In dealing with the short-, medium- and long-term consequences (and sometimes even opportunities!) of this crisis, we identify 3 different phases, based on insights from [Bain & Company](#):

- the first phase, in which you try to protect your business and run it as well as you can, given the fast-changing circumstances
- the second phase, meant to reboot your business, getting it up to speed again and moving back into production
- the third phase, in which you will need to reinvent or retool (part of) your business to make it future proof. This means preparing for the new circumstances of the international market after COVID-19. It also means getting ready for the consequences for your production and other practical matters

This sounds like a very neat and well-defined process. But in reality, these phases will probably overlap. They will partly progress simultaneously and provide insights for the other parts of the process. The whole process might be a lot more chaotic than you would like.

The main purposes of getting through these phases are twofold. Firstly to help your business survive this crisis. And secondly to learn from the experience, to come out of the crisis stronger and more resilient. After COVID-19, the playing field will definitely be different. It is also likely to be bigger, as the result of similar producers in HDHT going bankrupt.

In the chapters below, each phase will be described in more detail, including relevant recommendations.

Protect your business as a whole and keep it alive

In the early stages of the crisis, it is essential to deal quickly with the most important parts of your business. Speed is more important than perfection in a crisis. If you wait until you have all the information, it could be too late. You have to make the best of the limited information you have. Waiting and doing nothing will have more serious consequences.

Your employees

First of all, the people you work with: your employees, the (individual) artisans you engage in production, producer groups etcetera. The first step is to ensure their safety and wellbeing as much as possible.

Depending on the situation in your country, you may have to stop production in your factory. In that case, you have to ensure that your employees, especially those that depend on their daily wages for survival, will still have money. Ideally, if you have the cash reserves, you want to continue paying their wages. If your government has support measurements in place for this, you should apply as quickly as possible (if you are eligible).

To reassure your employees, you should communicate early and clearly about the steps you will take as a company. Explain more specifically the areas that are of main concern to them. So, transparency and speed of communication are key here.

Your buyers

At the other end, there are your buyers. Although physically further away, they are also an essential part of your business. You need to stay in contact with them and communicate clearly.

You need to inform all your buyers about the specific situation in your country. Tell them how that may affect your production and delivery in the short term. For buyers with running orders, you need to see if their needs have changed and if so, what the consequences will be for you. This also applies to buyers that were in the

process of ordering. For orders that are not cancelled or postponed, you need to ensure that you can still complete and deliver them. Make sure they are also paid for.

This is also a way of getting in touch with your buyers and ask how they are doing. Getting an accurate picture of the state of your buyer portfolio is key to planning the short- and medium-term outlook for your business. Your buyers may also be in trouble due to the crisis, so you should reach out in a supportive manner. Do not try to market your company and products aggressively. Difficult times call for a more sensitive approach.

Your cash flow

Thirdly, from a business perspective, you need to look at your cash flow first and see how you can ensure that it remains as healthy as possible.

As mentioned earlier, you should try to ensure that all running orders can still be completed, delivered and are paid! If a buyer would like to postpone or even cancel an order, try to work out alternative scenarios with them to avoid losing the order. You can work out an alternative delivery schedule with your buyer. You can also propose to keep stock for them so they can take the order in smaller parts or adjust the order size, etcetera.

When it comes to spending money, you need to distinguish between essential and non-essential expenditure. In other words: where you can cut costs without significant negative consequences for your company, you should. You may be able to negotiate a reduction on fixed costs like office or factory rent with your landlord. Be creative and look at all your costs.

Tips:

Maintain a core team to run the business and respond to the crisis, even if your office staff is working from home. Keep the communication lines short to deal effectively with all aspects of the crisis.

If buyers want to cancel or postpone their (running) orders, try to agree on an alternative approach that does not lead to a loss of money flowing in.

Reduce costs and maximise inflow of money where possible.

When you work with home-based producers, try to continue production with them. If you have no more orders, let your home-based producers make products that you can sell easily. This way you will have stock to sell when the demand increases again.

Reboot your company and start preparing for the next phase

After the initial shock and necessary damage control, the second phase focuses on further ensuring your business continuity and stability. In this phase, you should be able to take a little bit more time to reflect and shift the focus from a reactive attitude to a more proactive approach. This enables you to determine how to improve your company's position for the medium to long term.

Focus on the essentials

As mentioned in the previous chapter, all nonessential activities and investments need to be either postponed or cut altogether. In this second phase, you can analyse what spending is essential for the future of your company, and what is not.

On a global scale, the COVID-19 crisis has accelerated trends that were already there. The same probably applies to your business. Activities or products that have not been profitable will probably become even less profitable. Buyers that have been asking for very thin margins will do so more strongly. Local shops that have

been underperforming will show a further decline in results. However on a positive note, if you also have an online sales channel, it may very well have started to deliver better results since the crisis.

This is the time to analyse which parts of your business you would like to continue in the future. And which parts you may want to drop and which you may need to change or adjust. This focus on essentials and efficient performance can also help you to ensure better margins when the economic situation improves. As a whole, it will make you more financially flexible, better equipped to deal with uncertainty and quicker to respond.

In this stage, you can consider spending some of the money you save on activities that directly help you to prevent losses. Likewise, you can invest in generating turnover in other areas of your business. If you have a domestic market, you could focus on (or create) online channels for promotion and (business-to-consumer – B2C) sales. Internationally, you can also work on your online presence, communication and promotion.

Resume production

In this phase, you will probably come out of a lockdown situation and be allowed to resume production. Of course, there are a lot of practical measures to consider to ensure safe production during COVID-19. Your government and local authorities will communicate these.

Strategically it makes sense to review your production process to make it more flexible. To facilitate social distancing, you will need more space to organise your production. A way to deal with this is to start working in shifts, allowing for more production hours per day. In this way, you can spread out production so that you can limit the number of people on the production floor.

If you have empty space in your factory, you can use it for production. Another option is to start working with home-based producers, if your production process and products allow for that. The distribution of raw materials and the quality control process are a bigger challenge with this type of production. Working from home has proven to be an important measure to fight the spreading of the virus.

You should realise that all these measures and adjustments come at an added cost. This is something that you eventually will have to discuss with your buyers.

You will probably have some time to rethink and reorganise your production process for the longer term. It is unlikely you will be able to return to full production capacity quickly. In China, one of the first countries to lift the lockdown, production is still only functioning at 80-90% of its capacity.

To get the demand going during the recovery period, try to cater to your buyers as flexibly as you can. Start with your existing buyer portfolio, since their outlook on the market is also insecure. You can, for instance, offer to lower your minimum quantities or try to reduce your lead times. This type of flexibility is relatively easy to achieve in the HDHT sector, since a lot of production is done by hand or with simple machinery. This could help to create a competitive advantage for your business.

If you have no orders for immediate production, you could produce protective equipment. The demand for this type of product has boomed and it allows you to create work for your employees.

Tips:

Continue operating your business as efficiently as possible in good times too. This allows you to create funds for smart investment and buffers for other periods of economic decline.

Save money in areas that underperform and relocate funds to areas that have growth potential.

Reorganise your production to increase flexibility and maximise efficiency, while adhering to the new rules of social distancing.

Reinvent and retool your business for the new reality

For more insights into the development of the market, consumer behaviour and the expectations of buyers, also see chapters 3 and 4. This information is to help you adjust your (marketing) strategies and operating models for the times after COVID-19. This marks the third phase in responding to the current crisis: how to work and thrive in the 'new normal'?

Determine your position

To find out what your position will most likely be after the crisis, you should ask yourself several questions:

- How do you think the needs of your buyers may have changed as a result of COVID-19? Engage in direct conversation with your most valuable customers on this subject.
- What have you learned when responding to the new reality? Analyse what have been the most valuable adjustments you have made so far. See how you can incorporate these adjustments in your longer-term planning, and further build upon them.
- In which areas of your business do you need to improve or change? An important characteristic of crises is that they tend to expose weaknesses.
- Which developments and trends do you think have been accelerated as a result of the crisis? For instance, the major shift to online communication. How can you include this in your strategy?
- In which ways is consumer behaviour expected to change, or has it already changed?
- How can you better prepare for a future crisis? What lessons have you learned so far, and how do you think you can minimise these risks in the future?
- In terms of production, do you expect some of the measures that are currently required to become more permanent? How can you manage these changes in such a way that you would still realise sufficient margins for your business to survive?
- Have you discovered opportunities in the new reality? Maybe some of your buyers have approached you with new types of requests with respect to products, delivery options, etcetera.

Move your promotion online

Most trade fairs in 2020 are expected to be either cancelled or postponed. The organisers are working behind the scenes on protocols on how to conduct a fair during COVID-19. Next to these new rules of engagement, trade fairs are moving into more online promotion and even sales. Examples are the [MOM](#) platform from Maison et Objet that has been around since 2016. Another is the relatively new development [Nextrade](#) from Messe Frankfurt, a business-to-business (B2B) digital platform that made its official debut at Tendence 2019.

This partial shift to online promotion and sales will most likely be further accelerated by COVID-19. This is especially so since it is not at all clear how trade fairs will have to be conducted in future. As a business, you need to take these developments as a clear sign to further engage in online marketing and promotion, if you were not already doing so. Besides increasing your online visibility, more engagement in direct marketing activities should also become part of your future marketing plans.

Tips:

Become more flexible as a business, both financial and in production.

Learn from the adaptations you have had to make due to the crisis, and continue those that have proven to work well for your business.

Connect to the market by identifying the (altered or additional) needs of your buyers.

Connect to the market using online tools and applying direct marketing tactics on a B2B-basis. For more information, see our study on [10 tips to find buyers on the European HDHT market](#).

2. Be connected

The post-COVID market will be highly unpredictable. And yet, companies that systematically scan the past, present and future, are adapting quickly during the crisis. These are the companies which will excel in the new normal. The key question here is: how good are you at anticipating the future? Key to the answer is how you interpret trends in consumer behaviour and pick out those trends that work for your concept. Then how you build an effective marketing mix around them and stick to it.

Predicting consumer behaviour in HDHT is based on assumptions about how the consumer behaves, and most importantly, why. If you follow consumer trends over time, you start to see patterns that can form a fairly objective foundation for your positioning in the market. Marketing research and consulting agencies are constantly researching and publishing consumer behaviour during the pandemic. This provides valuable insights into consumer behaviour during the crisis. On this basis, you can predict the direction of trends in HDHT after it.

When it comes to the impact of COVID-19 on consumer behaviour, the following observations are relevant.

Consumer needs stay the same

The COVID-19 crisis has affected consumer behaviour for a shorter or longer period. Nevertheless, the underlying, more deep-seated needs that consumers in HDHT have will not be easily affected. Needs such as recognition, entertainment, convenience and self-improvement, which drive purchases in HDHT, will largely stay the same, as they express deeper human values.

The main trends in HDHT (see below) are firmly rooted in such needs. And so, understanding and evaluating the current trends in HDHT will help us to predict which trends will gain importance and which will become less relevant after the pandemic.

Emotion keeps driving demand

Shopping in HDHT is a dynamic mix of rational and emotional criteria, where 'I need this' is as important a driver of consumption as 'I want this'. If disposable income for many consumers is lower after the pandemic, emotional drivers will still have an effect. Consumers may think they cannot afford certain things, but they will still feel the need to treat themselves, give gifts and celebrate. Home goods may be non-essential, but to the consumer, they are never of secondary importance.

Consumer confidence affects consumer behaviour

Although consumer confidence is at an almost historical low, [in Europe, it has recently shown some improvement](#). Consumer confidence is an extremely relevant indicator for HDHT. It informs us about the consumer's expectations for their financial situation, their intent to make major purchases and the overall economic situation. Consumers with low levels of confidence will delay purchases for the home.

Tips:

Follow macro trends by reading business magazines.

Keep track of consumer trends by using social media (follow a few opinion leaders) and subscribing to consumer trend services.

Follow what happens in HDHT (generally and in your segment specifically) by reading Home-magazines, scouting trade fair platforms, following specific brands and studying [CBI's HDHT market information](#).

Talk to your buyer. Because exporters are usually not in direct contact with the European consumer in HDHT, you should ask your buyer about their concept and the consumer benefits it provides. Know your importer's chain and how their marketing mix works.

Create a network for continuous learning. Connect with networks around business skills and market development, such as business associations, consultants and designers. Follow their e-learning sessions and talks or invite them to do assignments for you.

Give the internet a more central place in your daily routine and that of your core team. Invest in a good connection.

Invest in marketing staff, especially post-COVID. Marketers are externally oriented. They connect to customers and the market, look for short-term gains, and are always online. Ideal in combination with owner/managers who have a more strategic look. Because marketing talent is not always easy to find and hold on to, you should offer them a stake in your business to ensure a longer-term commitment. Alternatively, businesses can team up and create joint forms of marketing to create true impact.

3. HDHT consumer trends

Below, we will discuss a number of important [trends in the development of the HDHT market and consumer sentiments and preferences](#). All these trends were already there before the pandemic, but COVID-19 has given them renewed importance. And may even accelerate them further.

An expected outcome after corona is that people will be more focused on the home, having been in lockdown. So essentially, this is good news for the HDHT sector. Furthermore, some of the changes during lockdown may become permanent.

Polarisation

Long before the outbreak of the coronavirus, popular thinkers have already been warning about the increasing gap between rich and poor (also in the rich countries), deep social inequalities and the shortcomings of globalisation. COVID-19 is expected to speed up this process and further widen the gap. This is another example of how the pandemic and the damage done will accelerate trends that already existed.

This will roughly result in two types of consumers – a “polarisation of spending”:

- consumers who are not affected by the crisis because of their secure earnings; as such they are protected from a negative impact on their disposable income
- consumers who will have a lot less to spend as a result of the crisis; through unemployment, a reduced income or other COVID-19-related challenges

As the European market is divided into segments rather than countries, this development is expected to have consequences for the middle segment. This middle segment is expected to disappear further, especially the mid-mid segment. On both sides of the mid-mid segment, the lower-middle and higher-middle segments will become more important. This will lead importers, retailers and brands to re-examine their range of products and the prices that go with these products.

A similar development could take place on the level of retailers. Big corporations like Amazon and Alibaba will continue their growth. This will also be fuelled by increasing online sales. In the HDHT sector, this will be reflected in the further growth of the big players like Zara Home and John Lewis, which successfully combine online sales and physical shops.

At the other end of the spectrum, the more niche-oriented, smaller retailers will try to create a more exclusive experience, to distinguish themselves from the big chains., They will automatically focus on more value-added products in the higher segment.

As before, you need to decide which part of the market you would like to operate in and have a clear proposition. In that sense, this development is not a major revolution. It is more of a continuation and further boost of a process that was already underway.

Tip:

Create your own clearly defined niche, this is more important than ever. Since the mid-market may further decrease or even collapse, you need a well-defined proposition that connects to the right segment for your product.

On demand

The On-Demand Economy had already become a reality before the pandemic. And it will become stronger once it has passed. It is characterised by an 'always-on' culture of consumers, who want to shop whenever they desire without any effort. Four main consumer needs form the basis of the on-demand culture:

- customisation – every consumer wants to feel unique and be served as such
- instant gratification – consumers have short attention spans and will not wait for anything
- convenience – consumers want to order and receive products without any effort
- participation – consumers have a strong desire for control and self-expression and want to be 'involved' in the brands and businesses they buy from by giving feedback, demanding brands to take a stand, or even co-designing. This requires greater transparency in the business and how they do things.

The On-Demand Economy is enabled by increased digital connectivity (such as smartphones and social media), by responding perfectly to **Millennial** lifestyles (the largest global population group), by the fact that consumers are impatient, and by a flexible workforce working on demand to serve them.

COVID-19 has sped up on-demand consumer behaviour. During the crisis, consumers have started ordering online and by delivery. These were no longer just the Millennials, but both urban and rural consumers across the age groups and product categories. Many will keep using this convenient way of shopping once the pandemic is over. Consumers also seem to have become less reluctant to share data with retailers and brands in exchange for a more relevant product and service.

Due to the fear of contamination, consumers generally want to understand more about where a product comes from and how it was produced. This need for greater transparency will also continue post-pandemic.

Due to the economic pressures, businesses have had to reduce their overheads. They are feeling the financial benefits of having flexible contracts. Those with mainly fixed labour have found it hard to cut costs, under the strict labour laws in Europe. Post-COVID, companies will contribute to this aspect of the On-Demand Economy and opt for a flexible workforce.

So how can you join the On-Demand Economy?

Reduce time-to-market

In a more time-sensitive market, shorter delivery times will give you a competitive advantage. Technology can help you increase productivity (even in hand-made offers, part of the process can be done mechanically). It can

also optimise order communication and stock management, improve financial management, and facilitate design and marketing communication. This has been true for any export business and has now become a necessity. The more effective you are, the greater your impact on customer loyalty.

Be clear and attractive

Businesses should stand for something, especially post-COVID. During the pandemic, certain businesses have been quick to show their human side. They have introduced new policies for worker safety, provided medical goods for the community, or shown acts of charity. This has created goodwill that may have changed their company image and may have contributed new values to their mission.

Post-COVID consumers will demand greater transparency, not just for safety reasons. Generally, HDHT items are not the type of products that consumers fear may carry a virus. In this sector, transparency will relate to consumers' need to spend their money more selectively. At the same time, it will support businesses with a great product as well as genuine values.

Are the workers treated fairly? Do women and minorities have equal rights? Are circumstances in production safe and healthy? Such questions will need clear answers, documentation, stories and certification, now more than ever.

Be Millennial-proof

Part of this need for greater transparency comes from the new consumer, and soon the new professional buyer: the Millennial. To appeal to Millennials, you need to support your chain partners with online content that is visual, 'instagrammable', and entertaining. The most important concern of Millennials is climate change. They prefer products with sustainable values. They are generally price-sensitive and not necessarily loyal in their consumer behaviour. So brands need to do intensive marketing, helped by your marketing and design support.

Close the gap

Shorter distribution chains can lead to faster service and lower cost across the chain, and result in lasting consumer preference. As an exporter to Europe, you will remain dependent on chain partners that serve the end consumer. If post-pandemic consumers are ordering online more, that does not mean you will sell B2C to them, for instance through [e-tailing](#).

For the mid-term, issues related to profitability, logistics, trust and customer service prevent exporters from selling to individual consumers internationally. However, exporters can come closer to that end consumer by targeting multiple or independent retail more. This requires a dedicated business model, with dedicated Terms of Trading.

Technology also helps, as digital platforms are slowly becoming available for manufacturer-to-retailer or -brand marketing. In your local market, e-tailing and social media marketing are highly recommended. The pandemic also teaches us that a greater diversity of markets and segments will reduce risk.

The multifunctional home

Driven by increased urbanisation and smaller living spaces, there is already a strong trend towards multifunctional and multipurpose HDHT items. This invites a broader use around the house, for different tasks and times of the day, for different family members or users. Such products can also allow for a more economic use of space and help keeping the home tidy.

During the COVID-19 lockdown, families and individuals have worked, studied and relaxed in the home. As working from home is expected to continue for many, the home is predicted to permanently become more multi-functional. Product groups that may be particularly in demand in the multifunctional home are kitchenware, furniture and lighting, storage, and any items in the To Office and To School category.

Tip:

Study your category in HDHT and consider options that make your products multi-functional, multi-purpose, modular, stackable, collapsible, etcetera.

Buying local

A hot trend before the pandemic, which is peaking during the crisis, is buying local products. Especially in sensitive categories such as food and drinks, a fear of contamination has made the consumer want to make sure they were buying a safe product. A transparent chain, but especially a short chain, would ensure that. This has stimulated the trend for buying local. In the longer term, transparency over the chain, material flows, handling and packing and packaging features will become the norm, also in HDHT.

During the pandemic, consumers wanted to support local manufacturers and retailers, who they saw losing their business. Even after the fear of contracting the virus through products has gone, the 'buy local' trend will continue to influence the consumer out of solidarity with local businesses. In essence, this creates additional European competition for you.

Generally, HDHT products are mainly produced in the Far East and Asia. For many product groups, there are no European manufacturing alternatives. For products that can be produced in Europe (such as wooden furniture and some textiles), you can expect some negative impact on the offer by manufacturers in developing countries. However, since in HDHT most trade is in the hands of European importers, brands and retailers, consumers will also feel sympathy towards them.

Tips:

Communicate clearly your procedures to protect humans and products in the value chain, as well as how the chain works.

Where possible, add certifications.

Help your European chain partners to (re-)gain confidence and credibility from consumers by making sure your offer is flawless and in time. And by telling making and maker stories. Service components such as supporting your chain partner will help them survive. Especially in times when consumers will be more selective in their purchases.

Wellness

As a huge and upcoming trend before the crisis, wellness will be a main driver of sales in HDHT after the pandemic. Wellness is the desire to improve one's physical and mental health, knowledge and skills. It has driven European consumers into many categories of HDHT, including spa and body care, yoga products, cooking and gardening. Lately, the wellness trend has incorporated the consumer's wish to improve their moral health. As a result, they are becoming more aware of the social and environmental impact of consumption and making sustainable choices.

The COVID-19 pandemic has exposed human vulnerability. It has emphasised the need for improved health and safety practices in global trade. Moreover, people have felt severe stresses caused by a fear of contamination, being locked inside the home, loss of work, combining work and family care, etcetera. Mental health and how to

relax will be a major topic, post-pandemic.

On the other hand, many people have made an effort to stay fit during the lockdowns, which may become a continuing habit. Some have taken the time at home to gain new practical knowledge. Many have taken up cooking, gardening and Do-It-Yourself - DIY using e-learnings, podcasts, webinars and other online tools. Again, much of this may continue to be part of their lifestyle after the crisis and influence their shopping behaviour.

Tips:

Invest design and marketing efforts into wellness-related product areas, including spa, body care, all textile areas and yoga.

Consider offering products consisting of components, mix and match options, or the opportunity to really co-create or finish a product. Consumers have already expressed a need for greater participation in the end product they buy. This will be strengthened post-COVID.

Home Sweet Home

This trend has been around in HDHT for a while, with two directions. Firstly, consumers are finding shelter inside their homes. Here they take refuge from for instance economic or political stressors, or more literally for example from a polluted inner city. Secondly, the home is a place of warmth and closeness to loved ones - a place to 'cocoon' in. Both have led to consumers considering the home as their castle. A home they have carefully curated to suit their specific atmosphere, style and comfort.

Needless to say, COVID-19 has forced consumers inside much more than anybody ever intended. Consumers have started playing (board) games, keeping fit together, and embracing any form of off- and online entertainment. The Home Sweet Home trend originally applied to traditional, elderly couples and families. Now it includes the young, in their hugely diverse relationships. Although consumers are generally glad when lockdowns are eased, they also regret that the cocooning may be over. They believe it deserves to become a structural aspect of their lifestyle.

So, although the trend has clearly peaked during the crisis, it will also become a lifestyle option for many consumers.

Tips:

Focus on this trend if you are good at creating coherent styles that bring atmosphere to the home. This can range from a more Scandinavian look to 'colonial' styles and anything that the consumer can embrace as a style for their rooms. It also offers opportunities if you are in product groups that are atmosphere bringers in themselves, such as candles or decorative basketry.

Create a coherent 'look' or 'concept' using such design aspects as colour, shape and pattern. In this trend, the overall look and feel is more important than individual products, although they will need to fit in perfectly.

Study the history of European (or global) design and the currently dominant styles, to create looks that fit the Home Sweet Home trend. These are based on a sense of nostalgia. They remind the consumer of a time when they think the world was more peaceful, stylish and balanced. Trade fairs, design books and magazines, or interior décor TV-shows can offer you direction.

The Millennials

Millennials (born between 1981 and 1996) are already the largest global population group, with the biggest spending power. They are both the new consumer and the upcoming professional buyer, also in HDHT. Millennials are urban consumers who are always online, looking for new experiences with an on-demand mentality. They deeply care about the environment and diversity, and prefer companies that reflect their values.

Coming of age during the 2009 financial crisis, the COVID-19 pandemic is the second major event in the lives of these young consumers. A young and healthy age group, the Millennials have felt less fear for the virus than the older generations. As such will adjust to the new normal quite quickly (and move on). The more permanent effects on their lives are economic: they already have limited assets, high student debts, small networks and little prospect of permanent jobs. So their consumption patterns will certainly be affected. Despite all this, they are the new consumer in HDHT and will require tailor-made marketing, also post-pandemic.

Tips:

Cater to the trend of 'sharing not owning'. As Millennials often prefer to borrow or rent products instead of owning them. For instance, offer rental services or sell products to other parties that do.

Offer solutions for the [shared-living trend](#), in which consumers (often Millennials) use their limited urban space in various forms of cohabitation, which include unconventional groupings. These products should save both space and time, and be affordable and durable.

Make sure you have a clear and attractive mission, are true to your word, and communicate well (online) to appeal to Millennials that demand ethical business and diversity in business.

Help your distribution partners catering to Millennials by creating stories, which are both true, visual and interactive.

Sustainability

Socially and environmentally sustainable values have become mainstream for most categories in HDHT and its marketing. Driven by the realities of climate change, recent natural disasters and Millennial activism, sustainable designs have been refined and a greater variety in the offer has emerged, along with a wider presence in more categories and segments of HDHT.

This is accompanied by a change in the tone of voice towards 'eco-shaming' of brands and businesses, which could/should improve their sustainability performance. As such, sustainability is business and is becoming a consumer need rather than a trend. Sustainability provides status as a part of the wellness value set.

Now, the key question has become: will the COVID-19 pandemic help or hinder the growth of sustainable offers in HDHT?

Opinions on this issue vary greatly. They seem to be related to whether or not one sees a connection to COVID-19 and possible unsustainable global lifestyles, how one balances economic and sustainable values, one's age group, and whether one considers sustainability an urgent post-COVID consumer need. Finally, the climate issue has become thoroughly politicised and objective sources are hard to find.

Tips:

Be active when it comes to working conditions, health and safety standards and practices, and consumer protection. Post-pandemic, there will be greater attention to the safety of workers and producers, as well as for the transparency and effectivity of the value chain.

Stay up to date on the discussion around sustainability. Check what is happening on the digital platforms of the main trade fairs in our industry. See how the main brands are tackling the issue, and how much attention the consumer magazines pay to the topic.

For more information, see our special study about [sustainability in HDHT](#).

4. Views from buyers

How soon and to what extent the chain in HDHT will resume depends on factors like the overall economic climate, consumer confidence and, upstream, the adaptation of the supply chains. This section discusses the downstream end of the value chain, the retailers and importers. How have they experienced the crisis so far, how soon do they expect a recovery of the HDHT market, and what is their vision on the 'new normal' in our industry? Maison et Objet has surveyed more than 2000 HDHT professionals on [the effects of COVID-19 on their business](#).

As anybody else in the chain, HDHT retailers and wholesaler-importers also follow the 3-step approach of protect, reboot and retool, offered in Part 1.

Protect

- The impact on HDHT retailers has been severe, with over 90% having been closed for a period of time.
- Most have had to reduce staff time and/or lay off staff.
- The HDHT project market - specifically interior design - has continued business to an extent. Roughly 50% of this segment has carried out assignments during the crisis. This seems in line with the observation that consumers have spent time doing DIY work and/or used the easing period to start renovating.

Reboot

- Around one in 3 HDHT retailers have kept a level of stock for online sales, and some have seen their online sales increase. Over 20% have actually started selling online for the first time during the pandemic.
- Attempts to continue sales and/or clear stocks have involved intensified marketing communication, product adaptation and delivery to the end consumer.
- All have been facilitating social distancing by preparing a safe workplace and outlet for staff and consumers.

Retool

- HDHT wholesalers are forging a closer relationship to the retailers by offering them financial assistance (discounts, payment plans, loans).
- Interior design has been looking at new design solutions for the 'new normal'. This will include a vision on such consumer trends as wellness, home sweet home and a more multifunctional home.

Sector confidence

The levels of confidence are mixed. Over 20% of HDHT retailers are optimistic or neutral. They consider the crisis an opportunity to reinvent themselves, or foresee a return to 'business as usual'. An equal portion feels the crisis will have a strong negative impact on their business.

Most buyers see consumers favouring online sales, stronger social and environmental values, being outdoor more, feeling good inside the home and investing in interior design.

Tips:

Ask your buyer how they experience the crisis, how optimistic they are about the market recovery, and what their vision is on consumer trends, post-pandemic.

Find ways to collaborate with your main buyers to ensure their short- and longer-term commitment to you as a supplier. Consider smaller, more just-in-time delivery and more favourable terms. Provide your buyer with stories, and improve your traceability and sustainability.

5. Future proofing

The COVID-19 crisis is another example of the fact that we cannot control the world. At present, it is hard to predict the damage in the market, how long this crisis will last, the exact behaviour of consumers (and your buyers) and if there will be a new corona wave or other crisis. However, this crisis does allow you to rethink your business operation as a whole. As such, it is also an opportunity to prepare for the future. Your business in itself is something that you can control.

In addition to the damage already done, the current crisis would be a complete waste for your business if you do not learn from it. As described, there are probably a lot of areas in your business that you can improve and change.

The conclusion is that the 'new normal' is actually not a completely different situation when it comes to common business sense. The pandemic has accelerated a lot of trends and developments that were already there. However, the main principles of running your business have not changed. Lessons learned during this crisis may help you in the rest of your working life. So despite the damage, try to come out of it stronger than before.

Tips:

Ensure a healthy cash flow, especially in times of crisis. However, a lean and low-cost operation also allows you to create a financial buffer during economically better periods. Stop activities/products that were not working (well enough) anyway, and optimise and capitalise on things that do work well for you.

See where you can become more efficient and flexible when you are restarting your production. Maybe you need to consider new production methods, collaboration with others, working in shifts, etcetera.

Be connected to the (business)world around you and stay up to date on what is going on. This will allow you to pick up on developments that are relevant for you and that connect to what you are good at. It can also help you identify future markets.

Stay close to your existing buyers, since they will likely be responsible for the largest part of your turnover in the short to medium term. Buyers are less likely to form new business relations with suppliers in times of insecurity. Increase your service level with your buyers to become even closer.

Create your own clearly defined niche – this is more important than ever. The mid-market may further decrease or even collapse. So you will need a well-defined proposition that connects to the right segment for your product.

Further engage in online marketing and promotion, if you were not already doing so. Next to increasing your online visibility, you also need to engage more in direct marketing activities at B2B

level to compensate for the current absence of trade fairs and keep in line with digital developments in general.

This study was carried out on behalf of CBI by Kees Bronk of GO! Good Opportunity and Remco Kemper.

Please review our [market information disclaimer](#).