



## ARE YOU RETHINKING YOUR APPROACH TO INVENTORY?

With many uncertainties continuing to impact the supply chain, furniture retailers may find themselves wondering how to adjust their inventory strategy. According to a recent study by Furniture Today Strategic Insights, 40% of retailers describe their inventory position as “weak” or “desperate.”

Even though consumers are experiencing longer waits for many products and services, store owners are understandably eager to capitalize on the current demand. As a result, businesses that had moved toward just-in-time ordering processes have been reevaluating their approach.

Unfortunately, nobody can predict what the “new normal” will look like. Likewise, it is unclear how long the boom in the home furnishings market will last. What we do know is that businesses that remain nimble and develop effective strategies now will likely be the winners when the dust starts to settle.

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## AS YOU PLAN FOR THE YEARS AHEAD, HERE ARE 5 WAYS TO STAY ON TRACK:

### 1 Strengthen Inventory Management

Not only does inventory tie up cash flow, it introduces the opportunity for items to be lost or damaged, takes up warehouse space and adds to administrative work. Before you take the step of bringing more items in stock, take a long, hard look at your inventory management practices to wring out as much waste as possible.

### 2 Keep Your Supply Chain Short

Promises of faster, cheaper production had lured some buyers to overseas markets. However, many are now questioning the sustainability of that approach as they feel the ripple effects of the pandemic, labor shortages and geopolitical crises. By reducing the number of steps in the process, companies that source their products closer to home are in a better position to insulate themselves from issues beyond their control.

### 3 Expand Your Supplier Base

Facing longer lead times on all fronts, consumers may be more flexible on their preferred furniture styles and designs if they can get the product quickly. The wider your supplier base, the more options you can give your customers when supply challenges arise.

### 4 Plan For Price Increases

Many manufacturers have absorbed at least some of the recent increases in the costs of labor, materials and transportation, but consumers are now starting to see this reflected in the price tag. With rising inflation, be prepared for how higher prices will affect your bottom line as well as how you will continue to communicate value to your customers.

### 5 Build Relationships

By creating strong supplier relationships, you not only gain an edge in sourcing products, you open a line of communication that can help each of you understand trends, emerging challenges and ways to better meet consumer needs.

## MAKING THE RIGHT INVESTMENT IN MARKETING

Demand is strong. Supplies are tight. So is now the right time to invest in marketing? Like so many business decisions, this depends on your long term goals, but there are some things to keep in mind.

*Marketing is not something you simply turn on or off. It takes a sustained investment to gain traction.*

Now may be the time to put foundations in place that will deliver results in the coming months and years. Also, remember that your competitors are likely in a similar position as you, whether they purchase items domestically or overseas. When supply eventually catches up to demand, you'll want to be at the top of mind of consumers who have been waiting to make a purchase.

If you're thinking about upgrading your website, it's important to start with a clear idea of what you want to accomplish. Cassel Bear, the marketing partner of the Ohio Hardwood Furniture Market, has created a guide to help small businesses understand the costs, process and options. Visit [casselbear.com/journal](https://casselbear.com/journal) to access the guide.

## WHEN CUSTOMERS ARE WAITING, COMMUNICATION IS KEY

Even though consumers acknowledge longer lead times at the time of sale, feelings of frustration can still arise, especially if delivery dates are extended. Adding to the challenges, they may begin to change their mind on their selected style or forget the details of what they ordered.

*Now, more than ever, creating a successful customer experience is about clear communication and setting the right expectations.*

In many cases, it's better to underpromise and overdeliver. No salesperson wants to talk about a six-month lead time, but getting your customer their product sooner than they were told is certainly preferable to the alternative. The important thing is to not keep the customer in the dark during their wait and to be transparent about any challenges that arise.

At the same time, don't make contact only when something goes wrong. Whether it's through texts, automated emails or physical mailers, reach out to let them know their order is still on track and reaffirm their purchase. This is also a great opportunity to provide helpful information such as maintenance instructions or style tips.

By planning simple communications, you can use this time to build anticipation and excitement, remind your customer of the value of quality hardwood furniture and establish trust that will pay off in the future.



## HAS THE PANDEMIC PERMANENTLY CHANGED EXPECTATIONS?

In a survey conducted by the retail software company Storis, furniture store owners said the pandemic has led to several shifts in consumer behavior. These include expanded category interest, buying via ecommerce, virtual store appointments and less time spent in store.



IN RESPONSE TO THESE TRENDS, 43% OF RETAILERS SAID E-COMMERCE IS THEIR BIGGEST GROWTH OPPORTUNITY THIS YEAR.

According to the Storis report, "2022 will be the year of investment and new partnerships as retailers position their business models, strategy, marketing, stores, and operations to flourish in a post-pandemic world."

Source: *The 2022 Furniture Industry Trend Guide*, storis.com

## WITH HIGHER PRICES, DETAILS WILL MAKE THE DIFFERENCE

According to the treasury department, Americans should brace for a year of "uncomfortably high" inflation. While rising wages have offset some of the initial effects, furniture retailers are left to wonder if consumers will be forced to forgo premium products in favor of lower-cost alternatives.

The result is that store owners may need to find new ways to add value throughout the buying process.

*From the showroom to sales support to delivery, businesses that offer a premium experience will have an easier time justifying a premium price.*

This may require retailers more carefully define their target customers in order to better invest their limited resources. Apply the 80/20 rule: 80 percent of your desired results will likely come from effectively engaging 20 percent of your audience.

## IN THEIR WORDS

"If you think about the size of an iPhone and how many of those you could fit in a container and you think of the size of our things, the cost per product really does shoot up."

Steve Carson, chief executive of sofa retailer ScS, in a *Financial Times* article discussing the rising costs of sourcing furniture overseas.

Source: Ian Johnston and Harry Dempsey/*Financial Times*

"In addition to inflation issues, owners are also raising compensation at record high rates to attract qualified employees to their open positions."

National Federation of Independent Business Chief Economist Bill Dunkelberg. In a recent survey, 26% of small business owners cited inflation as their single most important problem.

Source: NFIB

## | MAKING CONNECTIONS AT THE MARKET

The Hardwood Furniture Guild thanks everyone who made the Spring 2022 Ohio Hardwood Furniture Market a success. In recent years, we've witnessed the importance of a strong domestic supply chain, and we're proud to help you deliver value to your customers.



As always, our members are committed to building relationships in order to make our industry more resilient, prosperous and open to new opportunities.



Have suggestions for future markets? Keep an eye out for the show survey in your inbox, or simply visit [ohiohardwoodfurnituremarket.com](https://ohiohardwoodfurnituremarket.com), click on *Inquiries* and send us your thoughts.



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