TOP TRENDS 2017

Home, Hive & Haven: New Rules for a Changing Consumer

Lifetime Brands

AmericasMart Atlanta
5 VITAL CONSUMER TRENDS 2017

I. New Directions in the American Household
II. The Reinvention of Value
III. Rapid Growth in the Creative Class
IV. Health is the New Wealth
V. Consumers Take Control
New Directions in the American Household

Big changes bring fresh challenges & opportunities
Trend 1: New Directions in the American Household

THERE IS NO AVERAGE HOUSEHOLD?

In the USA, the average adult will now spend more of their life unmarried than married, and single person households (now at 28%) continue to rise. WHY?

... marrying later ... more people not choosing marriage ... higher divorce rate among the over 50 ... increasing longevity

- Households with no kids (+8 pts. from 1970) 57%
- Married couples with kids (-16 pts. from 1970) 28%
- Single-person households (+10 pts. from 1970) 23%
Trend 1: New Directions in the American Household

RISE OF THE RENTER - ACROSS GENERATIONS

The US homeownership rate has tumbled to its lowest level (63%) in nearly a half-century: 37% now rent: the typical first-timer now rents for six years prior to buying, up from 2.6 years in the 1970s.

SHIFT AWAY FROM HOMEOWNERSHIP

Homeownership rate is at a 50-year low, with a 9% decrease since 2004

Home values have risen 5.4% since June 2015, making homes less affordable

SOURCE: TRANSUNION

Baby Boomer Renters:

Number of renters between ages 50 and 60 increased by 4.3 million in the past 10 years, with a decline in homeownership rates.

SOURCE: TRANSUNION
Trend 1: New Directions in the American Household

HOMES ARE GETTING SMALLER BUT MUST LIVE LARGER

Why smaller home size?
- More rentals
- Smaller household size
- Affordability
- Urban living

Source: NAHB

more 'wallscaping' home decor

Size of New Single-Family Homes

Source: NAHB
Trend 1: New Directions in the American Household

DEMOGRAPHIC SHIFTS & SPENDING TRENDS

**BABY BOOMERS** are a source of big spending growth across several major categories, including food and housewares.

Some 47 million households headed by people over the age of 55 will account for the bulk of spending growth in categories such as food (92%), housewares (73%) and apparel (56%).

**HISPANICS** will nearly double their retail spending in the next TEN years.

**MILLENNIALS** will account for one third of all retail spending by 2020.
The stereotype of dads hating shopping doesn’t hold for Millennials: **80% of Millennial dads engage in primary or shared grocery shopping** compared to **45%** in all generations.

**Y&R RESEARCH**
Trend 1: New Directions in the American Household

RENovation AND REINVENTion
CREATE NEW OPPORTUNITIES FOR ENGAGEMENT

2016 Renovation Spend Remains High

Consistent with prior years’ findings, homeowners on Houzz are actively engaged in home projects, such as decorating (65%), renovating (60%), and/or repairing their homes (53%). Homeowners on Houzz spent, on average, $60.4K on 2016 renovations, in line with $59.8K in 2015.

<table>
<thead>
<tr>
<th>Home-Related Activity</th>
<th>2016 Spend</th>
<th>2015 Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorating</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Renovating</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Repairing</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>Purchasing</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Moving</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Selling</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Home building</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

$60.4K
2016

$59.8K
2015
Trend 1: New Directions in the American Household

MULTI-GENERATIONAL HOUSEHOLDS

Changes in house layouts include designs for multiple generations co-existing under one roof. Some designs offer two master suites, while others feature a den or a family room that can be converted into a bedroom and full bathroom on the first floor.

Still others include additional flex spaces to accommodate a wide variety of situations - real life needs mean flexibility.

A Record 60.6 million people, or 19% of the U.S. population, lived with multiple generations under one roof.

2016 PEW RESEARCH CENTER
Trend 1: New Directions in the American Household

Décor becomes important for secondary rooms

Average spend on laundry room and master bedroom remodels grew 24% and 23%

Average spend (in $1,000s) on interior remodels by room (pro + DIY)

- Living/family room: $5.0 (2015), $5.4 (2016)
- Master bedroom: $2.8 (2015), $2.8 (2016)
- Guest/other bedroom: $1.7 (2015), $1.9 (2016)
- Dining room: $2.3 (2015), $2.6 (2016)
- Closet: $1.8 (2015), $1.6 (2016)

YOY change across all rooms: 11%
Trend 1: New Directions in the American Household

**HOME DÉCOR GROWTH CONTINUES (+3-4% CAGR)**

Data from Home Stratasphere shows that Traditional, Contemporary and Transitional represent the top interior design styles for homes.

$60 billion - home décor sales
Trend 1: New Directions in the American Household

GOOD NEWS / BAD NEWS: UPTRENDING INDUSTRY = MORE COMPETITION

As apparel dips from 5% of US consumer spending in 2000 to 3.3% in 2015, more retailers such as JC Penney and Urban Outfitters are turning to home décor.

competition for home décor dollars intensifies
NEW ERA OF ACTIVE REDECORATING

According to the Gifts and Decorative Accessories’ Gift Book consumer survey, more than 70% plan to buy decorative accents in the next 12 months.

Decorative accents are the most economical way to liven up living spaces, particularly for younger homeowners who get bored quickly.

*Trend 1: New Directions in the American Household*
Trend 1: New Directions in the American Household

**BRIDAL TRENDS**

- **1.4 MILLION COUPLES REGISTER EVERY YEAR**
- **OVER $10 BILLION SPENT ON TOTAL BRIDAL GIFTS EVERY YEAR**

<table>
<thead>
<tr>
<th>TOP GIFT CATEGORIES Among Those Giving Gifts - Wedding</th>
<th>2016</th>
<th>2014</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Gift</td>
<td>53%</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>Contribution to Honeymoon Fund</td>
<td>27%</td>
<td>10%</td>
<td>63%</td>
</tr>
<tr>
<td>Gift Cards</td>
<td>25%</td>
<td>14%</td>
<td>44%</td>
</tr>
<tr>
<td>Bakeware</td>
<td>23%</td>
<td>14%</td>
<td>39%</td>
</tr>
<tr>
<td>Cookware</td>
<td>19%</td>
<td>10%</td>
<td>47%</td>
</tr>
<tr>
<td>Decorative Home Items</td>
<td>19%</td>
<td>9%</td>
<td>53%</td>
</tr>
<tr>
<td>Kitchen Accessories</td>
<td>18%</td>
<td>11%</td>
<td>39%</td>
</tr>
<tr>
<td>Barware</td>
<td>17%</td>
<td>9%</td>
<td>47%</td>
</tr>
<tr>
<td>Bath Items</td>
<td>17%</td>
<td>8%</td>
<td>53%</td>
</tr>
<tr>
<td>Casual Dinnerware/Every Day China</td>
<td>16%</td>
<td>7%</td>
<td>56%</td>
</tr>
<tr>
<td>Kitchen Appliances</td>
<td>16%</td>
<td>8%</td>
<td>50%</td>
</tr>
<tr>
<td>Contribution to Charity Registry</td>
<td>16%</td>
<td>4%</td>
<td>75%</td>
</tr>
</tbody>
</table>

50% set up a registry exclusively online, 50% in store

**Universal registries continue to gain market share (up to 25% from 5% in 2010)**

Seeing a rise in cutlery but formal china and crystal are down.
Trend 1: New Directions in the American Household

BREAKING THE RULES IN GIFTING

FROM BOUQUET TO BREWQUET-
For $35, including delivery, Brewquets delivers three craft beers wrapped in tissue paper and presented in a string-tied hessian bag with a handwritten note.
**Trend 1: New Directions in the American Household**

<table>
<thead>
<tr>
<th><strong>AGE 20 - 36</strong></th>
<th><strong>AGE 37 - 51</strong></th>
<th><strong>AGE 52 - 70</strong></th>
<th><strong>AGE 71+</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MILLENNIALS</strong></td>
<td><strong>GEN X</strong></td>
<td><strong>BABY BOOMERS</strong></td>
<td><strong>SENIORS</strong></td>
</tr>
<tr>
<td>Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>87 MILLION</td>
<td>49 MILLION</td>
<td>79 MILLION</td>
<td>32 MILLION</td>
</tr>
<tr>
<td>% of Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>15%</td>
<td>23%</td>
<td>10%</td>
</tr>
<tr>
<td>% of Recent Home Buyers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35%</td>
<td>26%</td>
<td>31%</td>
<td>9%</td>
</tr>
<tr>
<td>% Who Are Homeowners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42%</td>
<td>65%</td>
<td>76%</td>
<td>79%</td>
</tr>
<tr>
<td>% of Avg. Household Spending</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31%</td>
<td>25%</td>
<td>36%</td>
<td>8%</td>
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</table>

**In 2016, Millennials represented 35% of home purchasers. More than any other generation in 2016.**
# Trend 1: New Directions in the American Household

**DIFFERENT GENERATIONS GIFT DIFFERENTLY KNOW WHICH OCCASIONS MATTER TO EACH**

| Occasions consumers are most likely to purchase a gift for in the next 12 months | % by generation |
|---|---|---|
| **Millennials** | **Generation X** | **Baby Boomers** |
| Birthday | 94% | 92% | 95% |
| Christmas/Hanukkah | 71% | 71% | 77% |
| Mother’s/Father’s Day | 60% | 67% | 52% |
| Wedding | 53% | 44% | 41% |
| New Baby | 42% | 47% | 34% |
| Anniversary | 39% | 42% | 40% |
| Just because | 34% | 41% | 41% |
| Graduation | 23% | 34% | 23% |
| New Home | 21% | 26% | 14% |
| Other Holiday (i.e., Halloween, Easter) | 19% | 25% | 25% |
| Get Well | 16% | 27% | 16% |
| Other* | 2% | 2% | 2% |

Millenials continue to postpone marriage. Homeware manufacturers have had to adjust to a world with fewer wedding registries. The result: a shift towards gifting.  

*MERIDIAN LLC*
Trend 1: New Directions in the American Household

MILLENIALS LOVE AUTHENTICITY; VINTAGE FURNISHINGS

According to America’s Research Group, about 16 - 18% of Americans will shop at a thrift store during a given year. For consignment/resale shops, it’s about 12 - 15%. First Research estimates the resale industry in the U.S. to have annual revenues of approximately $17 billion.
Millennials love seasonal celebrations, particularly parties. Halloween spending has gone from $5.1b in 2007 to $8.5b in 2016.

Compared with older home cooks, 56% of Millennials surveyed say they LOVE hosting parties and entertaining at home.
Trend 1: New Directions in the American Household

GEN X TURNS 50; ENTERS PRIME EARNING YEARS

FURNITURE AND BEDDING SPENDING (USD BILLION)

Gen X now has an elevated spending power.
Trend 1: New Directions in the American Household

Gen X - Entering Prime Earning Years

Income versus expenditure for US by age group

Turning 50, entering middle-age, raising families, peaking in income & expenditures

Source: BLS.
According to the Gifts and Decorative Accessories 2017 Gift Book Consumer Survey, **28% of consumers plan to purchase spring-related décor** and consumers are also eager to embrace the outdoors by decorating their homes with garden flags and accessories, floral tabletop patterns and candles in light scents.

**Gen X - raising kids - is honoring traditions of family time by investing in seasonal décor.**

Nostalgia plays a part in shoppers looking to relive their childhood memories and re-creating these moments for their own families.
Trend 1: New Directions in the American Household

GEN X - CHANGING THE MEANING OF MEALTIME

Just over two-thirds of parents (and nearly three-quarters of Millennial parents) said they wish their families had meals together more often.

81% of dinner occasions at home.

WHEN DINNER HAPPENS AT HOME

- 35% of consumers prepare the meal from scratch (using individual ingredients).
- 34% used some prepared or partially prepared foods and some items cooked from scratch.
- 30% are made solely with already-prepared foods.
BABY BOOMERS – WEALTHY & STILL SPENDING

Boomers are set to inherit $15 trillion in the next 20 years!

There are more than 100 million people over the age of fifty

3x The net worth of younger generations

Control 75% of America’s wealth

Outspends other generations by $400 BN/YEAR on consumer goods & services

Age 50+ represents the Web’s largest & fastest-growing group

Boomers represent 45% of overall beer, wine and spirits dollar sales

Trend 1: New Directions in the American Household
Baby Boomers are the wealthiest generation in history, owning roughly 70% of the wealth in the U.S. Not surprisingly, they spend more than any other demographic in an astonishing 94% of consumer goods categories, accounting for 50% of all dollars spent on consumer goods in the U.S.

Boomers are already spending around $92 billion a year remodeling their homes.

HOUZZ RESEARCH
Trend 1: New Directions in the American Household

ACROSS THE GENERATIONS: THE LIVE-IN KITCHEN

- The open kitchen format enables families to spend more time together, particularly when it comes to collaborative cooking.
- In turn, we see the formal structure of prepping and eating start to evaporate, with more relaxed, enjoyable and inclusive regimes coming into play.
- The social kitchen that has become part of the living space; also space savings critical.
The Reinvention of Value

Consumers’ perception of value continues to evolve beyond price
Trend 2: The Reinvention of Value

So what are the new value drivers?
Trend 2: The Reinvention of Value

VALUE AND DESIGN ARE MUTUALLY INCLUSIVE

Home décor represents a personalized representation of ‘who we are’

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</tr>
<tr>
<td>Bedding</td>
<td>↑ 26%</td>
<td>14%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Shullman Research shows about one-quarter of all American adults (age 18 and over) made one or more luxury purchases this year and more than half of them are in households earning $100,000 or less.
Trend 2: The Reinvention of Value

THE VALUE OF DESIGN

• **Pretty and functional** (mobile, multi-tasking, smaller profile, folding, etc.)
• **Sensory elements** (color, texture, shape, material)
• **Convenience** (ease of use, ergonomics)
• **Problem solving** (build a better mousetrap)
• **On-trend** (fashion influence)
• **Cultural excitement** (heritage, artisan)
• **Store inspiration and curation**
Trend 2: The Reinvention of Value

LUXURY CAN BE VALUE; VALUE CAN BE LUXURY

In July 2016, two street food stalls in Singapore became the first such stalls in the world to be awarded a Michelin star.

Luxury Under Assault

Old Luxury
- Conspicuous consumption
- Indulgence
- Exclusivity
- Elitism
- Extravagance
- Wealthy 1%

New Luxury
- Practical
- Functional
- Inclusive
- Good quality
- More affordable
- Democratic

HONG KONG SOYA SAUCE CHICKEN RICE AND NOODLE

© Unity Marketing, 2017
Trend 2: The Reinvention of Value

**THE VALUE OF DIY**

**Cast iron cookware on display:** It can withstand high cooking temps, provide a healthy nonstick cooking surface, and lasts for years. **Bonus: If your kitchen is short on space, it looks beautiful displayed on shelves or hanging above your oven.** Searches for cast iron cookware +103% YoY on Pinterest.

Function meets décor as on-display serveware, barware and cookware become home accents within open shelving.
Trend 2: The Reinvention of Value

THE VALUE OF ‘LESS’

Consumers are increasingly embracing the ‘luxury of less’, paring down and pursuing a simpler life filled with fewer but better and more meaningful things.
Trend 2: The Reinvention of Value

The value of 'Brand' matters first at the retailer level, and second at the assortment level.

60% believe that doing good should be part of a brand’s DNA. 

For every soft toy you buy, IKEA Foundation donates $1 to help educate kids.
Trend 2: The Reinvention of Value

THE VALUE OF COMPASSION

A new generation of shoppers sees business as a far more effective vehicle for change than government & they expect companies to step up.

FITCH

Support your favorite charity

On Black Friday, we’re donating 100% of sales to grassroots environmental groups.

patagonia

Want Amazon to donate to your favorite charity (at no cost to you)?

Already selected a charity? Sign in to smile.amazon.com

A new generation of shoppers sees business as a far more effective vehicle for change than government & they expect companies to step up.

FITCH

H OW W ILLY OU #BLOG IT FORWARD?

☐ Compliment the first 3 people you see today.
☐ Buy coffee for the person in line behind you.
☐ Surprise a neighbor with freshly baked treats.

Spreading kindness is a simple act that can transform lives. Learn More »
Trend 2: The Reinvention of Value

THE VALUE OF LOYALTY

Returning customers spend 67% more than new customers!

The new news is Emotional Loyalty - create excitement, success, familiarity, exclusive rewards, community belonging

91% of global survey sample reported that they are a member of a loyalty/reward program

Engaged customers are 23% more profitable than others. The former are six times more likely to try a new product or service from the brand with which they’re engaged.

70% said member-only discounts/offers was top benefit

61% said collecting reward points was a top benefit

58% said free shipping was a top benefit

SOURCES: SOCIAL ANNEX
Those retailers who keep consumers “in the know” offering exclusive insights and products will lead the pack and build lasting loyalty.
Trend 2: The Reinvention of Value

SEAMLESS CONSUMER JOURNEY

CONVENIENCE DRIVES VALUE

As online gains market share of transaction, brick-and-mortar must work harder to deliver immersive experiences that online can’t match today, as well as get on and offline working together for one seamless consumer journey. GFK
Trend 2: The Reinvention of Value

The Value of Story

Story does more than deliver factual info about product, it establishes an emotional connection between consumer and brand.

Blue Q

LOGIN / YOUR CART IS EMPTY

Free Shipping on orders over $75!

GET NO TAX! CONDENSES US AND CANADA.

She's a badass — and I like it.

Blue Q

OVEN MITTS

100% COTTON
SUPER-INSULATED

See all 10 styles at BlueQ.com
Trend 2: The Reinvention of Value

**THE VALUE OF OMNI-CHANNEL**

Shoppers say promotions account for 83% of unplanned purchases.

“Shoppers want to shop when they are in transit, at work, at home or on holiday. In the past shoppers went to retailers to buy goods but now the roles have reversed and the onus is on retailers to go to shoppers. This means being present at the moment of trigger.”

James Llewellyn, UK Head of Shopper, GfK

Shoppers say that 65% of these unplanned purchases were made in-store.

31% of all online transactions now involve two or more devices.
Trend 2: The Reinvention of Value

The Value of ‘Brand’ Matters First at the Retailer Level, and Second at the Assortment Level

These days the retailer’s mantra should be B.Y.O.B. Be Your Own Brand.

Retailers, when all of these marketing and relevance studies refer to the importance of brand, they’re talking about you.

Today’s consumer, regardless of generation or economic position, is largely disloyal... for all the right reasons. They demand a transparent and nuanced portfolio of attributes.

And whichever brand aligns with their life and world view best will win.
Trend 2: The Reinvention of Value

THE VALUE OF INSPIRATION

When shoppers no longer have to shop in stores, stores must inspire them to want to shop in stores.

TOP 3 REASONS FOR SHOPPING IN-STORE INSTEAD OF ONLINE?

60.5% Ability to see & touch
39.2% Avoid shipping costs
32.4% Inspiration & gift ideas
Trend 2: The Reinvention of Value

The very definition of ‘social’ has become elastic. For some it is face to face, for others digital platforms offer more freedom.
Trend 2: The Reinvention of Value

THE VALUE OF SERVICE

More companies are turning to customer experience to differentiate their brand. However, most companies have no clue what customers want.

WHEN ASKED WHAT IMPRESSES THEM, RESPONDENTS RANKED THEIR TOP FIVE FAVORITE SERVICE OFFERINGS:

1. FREE HOME DELIVERY AND SHIPPING
2. A CUSTOMER LOYALTY PROGRAM
3. A 30-DAY, NO-QUESTION RETURN POLICY
4. EARLY ACCESS TO SALES AND PROMOTIONS
5. A WELL-DESIGNED, EASY-TO-USE WEBSITE
Trend 2: The Reinvention of Value

THE VALUE OF VERSATILITY

MULTI-FUNCTION, MULTI-PURPOSE AND MODULARITY RENEWS
Trend 2: The Reinvention of Value

THE VALUE OF VERSATILITY

MULTI-FUNCTION, MULTI-PURPOSE AND MODULARITY RENEWS
Trend 2: The Reinvention of Value

THE VALUE OF VERSATILITY

MULTI-FUNCTION, MULTI-PURPOSE AND MODULARITY RENEWS
Rapid Growth in the Creative Class

The Maker goes mainstream: grow-your-own, make-your-own, & social sharing
THE CREATIVE CLASS PRIORITIZES HOME

Home is where we choose to spend our discretionary dollars!

2017 is on track to be another boom year for home renovations. More than half of homeowners on Houzz plan to continue or start renovations in 2017 (52%), in line with plans for 2016 as reported in last year’s study. Homeowners plan to spend $27.3K on home renovations in 2017, 4% higher than the planned spend reported for 2016 in last year’s study.

More than 20% of people worldwide buy something new for their home every week. IKEA RESEARCH
Trend 3: Rapid Growth in the Creative Class

Did you know?

90% of Houzz users are homeowners and they use Houzz to renovate and decorate their homes from start to finish.

HOUZZ RESEARCH
Trend 3: Rapid Growth in the Creative Class

MAKE-YOUR-OWN LIFESTYLE
IT’S NOT ABOUT HAVING MORE BUT ‘BEING MORE’

Most popular Pinterest categories in the US as of February 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art, Art Supplies &amp; Hobbies</td>
<td>48%</td>
</tr>
<tr>
<td>Flowers, Food, Drinks &amp; Gifts</td>
<td>47%</td>
</tr>
<tr>
<td>Home, Garden &amp; Pool/Spa</td>
<td>45%</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>45%</td>
</tr>
<tr>
<td>Clothing &amp; Apparel</td>
<td>37%</td>
</tr>
<tr>
<td>Entertainment (Books, Music, etc.)</td>
<td>34%</td>
</tr>
<tr>
<td>Jewelry, Handbags &amp; Accessories</td>
<td>23%</td>
</tr>
</tbody>
</table>

There are about 135 million adult makers in the US (57%); everyone can make something. AMEL CORP.

$2.5b in sales in 2015; 28.6m buyers; 81% of sales come from repeat purchasers
Trend 3: Rapid Growth in the Creative Class

CREATIVE MAKERS INSPIRE EACH OTHER

Did you know?
Over the last year, people saved nearly 50,000 comfort food ideas **every day** to more than 14 million Pinterest boards, a **140% increase** from the previous year.

FOSTER FARMS

Did you know?
Over **60% of Instagrammers log in daily**, making it the second most engaged network after Facebook. **30% of internet users are now on Instagram** and **90% of users are under age 35**.

BRANDWATCH
Trend 3: Rapid Growth in the Creative Class

DESIGN - YOUR - OWN ENVIRONMENTS

WHY?
... we crave physical activity to offset the influence of technology ... the maker culture is a democracy - open to everyone ... 21st century is an era of personalization ...

Makers look for 3 types of experiences:

Experience of **Creation** (do-it-with-me)
Experience of **Learning** (upskilling)
Experience of **Sharing** (Houzz, Pinterest, Mobile)
Trend 3: Rapid Growth in the Creative Class

THE ‘SOCIAL’ MAKER

Focus on creative exploration and personal development
Most ‘making’ is done for family & friends
Social sharing, both social media and in-person gatherings
Achievement most often defined by creative and aesthetic innovation

FRAMING  ENTERTAINING  CRAFTING  DÉCOR GIFTING
Trend 3: Rapid Growth in the Creative Class

Craft and Artforms that deliver one-of-a-kind products such as mouth-blown glass are making a comeback - but in updated forms, materials and colors for modern tastes.

Arturo Erbsman’s ‘Chroma’ lamp includes hued screens which can be used interchangeably to create a stained glass effect in various colors.
Between 2013 and 2015, the number of meals eaten at another person’s home wavered between 32 and 33 meals per person each year, on average. In 2016, this figure jumped by 19% to an average of 38 meals eaten at another person’s home over the course of the year. NPD

Did you know?

Over 50% of Housewares dollar expenditures come from consumers who said they enjoy entertaining in their home?
Trend 3: Rapid Growth in the Creative Class

**THE CREATIVE CLASS IS CASUAL, NOT FORMAL**

- **59% of home cooks report hosting casual get-togethers at their home in the past year.**
  - ALLRECIPE.COM

- Older home cooks are more likely to host holiday and special celebrations, while **younger cooks are more likely than older cooks to have friends over for sporting events, TV and movie nights, and group events.**
  - ALLRECIPE.COM

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**How often do you host gatherings at your home?**

- **35%** Monthly +
- **26%** Every few months
- **29%** Occasionally (4 or fewer times per year)
- **24%** A few times per year
- **13%** Rarely/never
- **8%** Rarely/never

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ALLRECIPE.COM
Trend 3: Rapid Growth in the Creative Class

FOOD IS NOW A CREATIVE STATUS SYMBOL

Young adults love the culinary process as much as the finished dish.

• Across all age groups, the key reason to host gatherings is to hang out with friends and family.

• Inventive younger adults consider cooking, baking and cocktail making the top incentives for home entertaining.

FAVORITE PARTS OF HOSTING GATHERINGS

- **Seeing friends & family**
  - Millennials: 91%
  - GenXers: 94%
  - Baby Boomers: 94%

- **Preparing desserts**
  - Millennials: 84%
  - GenXers: 79%
  - Baby Boomers: 63%

- **Preparing new dishes**
  - Millennials: 84%
  - GenXers: 85%
  - Baby Boomers: 70%

- **Sharing beverages**
  - Millennials: 79%
  - GenXers: 76%
  - Baby Boomers: 53%

Millennials stand out as over-achievers on all aspects of entertaining.
Trend 3: Rapid Growth in the Creative Class

WHO IS INFLUENCING THE MAKER?

SOCIAL NETWORKS
- Pinterest

TV
- Fixer Upper

YOUTUBE
- YouTube

BLOGS
- Apartment Therapy

SOCIAL MEDIA
- LinkedIn
- Twitter
- Instagram
- Facebook

WEBSITES
- Houzz
Health is the New Wealth
A lifestyle obsession that’s changing how we work, rest, play, eat and live
Trend 4: Health is the New Wealth

‘Lifetime health is linked to 60% from our behavior and environment, 30% to genetics and 10% to healthcare…’

That means everyone is in the Health and Wellness business.

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
Trend 4: Health is the New Wealth

Health evolves to a holistic lifestyle... that means entering the home space.

In every other aspect of our lives we are social and connected... and yet, we’re approaching well-being in isolation. The new evolution is a social approach to wellbeing.
Trend 4: Health is the New Wealth

WELLBEING IS CONSUMED DAILY

The Global Wellness Economy exceeds $3.4 Trillion. Home and Housewares have large and growing presence here, which demands constant innovation and awareness of the consumer mindset.

ENABLE WELLNESS:
- educate
- inspire
- time savings
- lifestyle solutions
- mental health as well as physical
- using technology
- reduce stress

GLOBAL TREND & DESIGN © 2017
Trend 4: Health is the New Wealth

If trends hold, a baby born today might easily live to be 110 years old. The next cohort, born after 2030, might live to 150.

QUANTUMRUN.COM
Trend 4: Health is the New Wealth

... AND WELLNESS CAN BE LUXE.

Luxury items are often more easily justified consumer expenditures when they are directly related to well-being and have higher frequency of use, such as a luxe shower head which is used daily.
Trend 4: Health is the New Wealth

SPLIT PERSPECTIVES / DIVERSE NEEDS

The top two Wellness Attitudes are shared across ALL GENERATIONS

- “The choices I make today have a big impact on my future”
- “Good nutrition and regular physical activity can help me be more productive at work.”

AMERICAN INSTITUTE FOR PREVENTATIVE MEDICINE

<table>
<thead>
<tr>
<th>MILLENNIALS</th>
<th>GEN X / BOOMERS</th>
</tr>
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<tr>
<td>Age 18-32</td>
<td>Age 33-69</td>
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**APPROACH**
- Proactive
- Attentive/Preservative/Reactive

**WELLNESS FOCUS**
- Healthy Cooking Skills
- Nutrition
- Physical Activity/Exercise
- Stress Management

- Prevent Injury/Chronic Pain
- Nutrition
- Physical Activity/Exercise
- Disease Prevention
Trend 4: Health is the New Wealth

SENSORY ENVIRONMENTS (SMELL, SIGHT, SOUND, TOUCH)

Customers most likely to buy in the next 12 months

- Candles: 80%
- Fragrances: 62%
- Diffusers: 40%
- Wax Melts: 69%
- Flameless Candles: 21%

Gifts and Decorative Accessories 2017 Consumer Survey

$3.2 billion US candle industry. Candles are used in 7 out of 10 households.

GIFTS & DEC.COM
Trend 4: Health is the New Wealth

‘INSPIRATIONAL’ DECORATIVE ACCENTS

Wellbeing encompasses many things, including mental as well as physical health. The trend toward inspirational home décor with emotional messaging continues, with sentimental sayings, encouraging thoughts and humor.
Trend 4: Health is the New Wealth

As the world becomes more complex, a growing number of consumers are turning inward—craving the warmth and comforts of food, friends and home that the Danish call hygge. This work has a deeper meaning, inferring a sense of longing for harmonious relationships, simple pleasures are simple and easy living.

U.S. board game sales have increased by 28% in the last year, which the NPD Group says has much to do with the “nesting trend:”
Consumers Take Control

Demand rises for innovation, differentiation, experiences, personalization & technology
The demand for less distractions will be a key priority for two main reasons:

- we've reached critical mass with anxiety
- the majority of consumers want to dedicate more time to things that matter.

GOOD NEWS: WE ARE IN THE BUSINESS OF THINGS THAT MATTER!
Trend 5: Consumers Take Control

SHOPPERS THAT ENGAGE WITH RETAILERS ON MULTIPLE CHANNELS MAKE PURCHASES MORE OFTEN

Number of channels engaged

- 1-4: 21%, 25%
- 5-9: 28%, 32%, 36%
- 10+: 52%, 43%, 14%

Once a week or more  | At least once a month, less than once a week  | Less than once a month
Trend 1: New Directions in the American Household

GROWTH ON ONLINE HOME FURNISHING'S SALES

E-commerce accounts for 18% of housewares and home furnishings sales. (INTERNET RETAILER)

Roughly one-fifth of digital furniture & home goods purchases take place via mobile, as consumers become more comfortable with buying on smartphones and tablets. (eMARKETER)

Online sales of housewares and home furnishings grew to $18.67 billion in 2015, with home goods growing (21.6%). Revenues are expected to grow at a five-year CAGR of 7.6% to US$31 billion in 2020. (STATISTA)
Trend 3: Rapid Growth in the Creative Class

STAYING STRONG MEANS STAYING UNIQUE

Why do we still shop local?

56% say it is to find a one-of-a-kind gift

60% say to support the local economy.

DELOITTE 2017 HOLIDAY SURVEY

“What types of new/different stores or online retailers are you likely to try?”

Will shop new/different stores or online retailers

- 66% Local store/business
- 52% New websites I have not visited before
- 24% Festivals or fairs
- 22% Temporary/seasonal store or on-location pop-up
- 10% Social marketing/home-based businesses
- 8% Workplace vendors

Source: Deloitte 2016 Holiday Survey.

Graphic: Deloitte University Press | dupress.deloitte.com
Retail ecommerce sales of furniture and home furnishings grew 12.6% in 2016 to $26.1 billion. While stores are still the preferred channel for buying furniture, digital sources are popular during the research stage.
Trend 5: Consumers Take Control

REDEFINING HOW BRANDS SHOWCASE DECOR

It takes time to decorate an entire room, according to the consumers answering Furniture/Today and Apartment Therapy’s 2016 Home Decorating Survey. Per the data, six out of 10 consumers spend two or more months to decorate both an entire living room and master bedroom.

For the living room, three out of four look at retailer websites when researching product; 68% perform a generic online search, such as Google; 56% look at Pinterest; 53% read online blogs; and 46% read online product reviews. A full 84% of consumers visit a brick-and-mortar store.
Trend 5: Consumers Take Control

EMOTIONAL STORYTELLING: BREAK THROUGH THE CLUTTER

NEW LIMITED EDITION:
My Favorite Mug
Perk up your daily caffeine fix with our special artisan mugs. While we love a bottomless cup, quantities are limited. Find Your Favorite Mug ›

A Few of Our Team’s Favorites

Crate&Barrel

“I always have cold hands so I love cradling my mug to warm them.”

Mary Beth
Associate Manager, Installations
Black Swirl Mug $12.95

“For me, mugs are a nighttime thing. I drink orange oolong tea while binge-watching TV with my wife. It's calming.”

Leicester
Visual Designer
Artist Blue and

Each mug is handcrafted in Portugal.

The daily media content consumption of U.S. adults, recently estimated at 10 hours 39 minutes, rose an entire hour in just one year.

FJORD TRENDS
Trend 5: Consumers Take Control

STORYTELLING: EXPERTISE & PERSONALIZED SERVICE

The aptly named service ArtMail identifies museum-quality prints from international artists and mails them to subscribers’ doors. The Millennial founder recognized that many members of her generation found purchasing art to be too intimidating and wanted to provide a more welcoming entry point.

Your Personal Curator Has Arrived

ArtMail searches the world for the best international artists and brings them straight to your door. Our curators hand-pick art to suit your style preferences while you sit back and relax.
Trend 5: Consumers Take Control

Retailers are turning to completely new avenues to showcase products. Both West Elm and Restoration Hardware are opening hotels to feature their home décor via the ultimate product demonstration.
ATTENTION TO INTANGIBLES

The 21st century is not about buying as much as we can but rather doing as much as we can. Products have to excite consumers while retailers have to enhance the inspirational shopping experience.

ANTHROPOLOgie is more than doubling the size of key stores to showcase home and beauty.

“The feeling of Anthropologie like walking into a hug from your kindergarten art teacher.”

EUROMONITOR ARTICLE
RETAIL GETS INTERESTING AGAIN

29% of consumers are shopping more at neighborhood stores now vs. three years ago.

Roughly half of consumers say local stores now account for at least 50% of their shopping trips.

Source: Kurt Salmon research
Today’s consumer is looking for more than just products and functions; they are looking for:

- Guidance / Knowledge
- New Experiences
- Creating New Memories and Traditions
- Expertise / Bragging rights
- “In-speriences”
- Ways to connect with family & friends
- Flawless mobility
- Savings of Space & Time
- Relevance for their lifestyle
- Inspiration for ‘my’ style statement

YOU ARE IN THE HAPPINESS BUSINESS

HAPPINESS AS A BUSINESS MODEL

PURPOSEFUL COMPANY

LEADERSHIP

RELATIONSHIP

ENGAGED TEAM

THE HAPPY STARTUP SCHOOL
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