

Retail Planning Guide

2020 has been an uphill battle. Arm yourself with these tools to help achieve higher sales, scale new growth opportunities and develop peak performance strategies as you look ahead to 2021.





Klaussner's Demi sectional offers a clean, casual contemporary look combined with deep comfort seating.

The story on stationary

Sectionals, performance fabrics, expanded leather options couple with consumer behavior for big growth in 2021

By Powell Slaughter
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HIGH POINT— Stationary upholstery resources are bullish about 2021 in anticipation that a pandemic-inspired cocooning trend will have consumers continuing to focus on comfort at home.

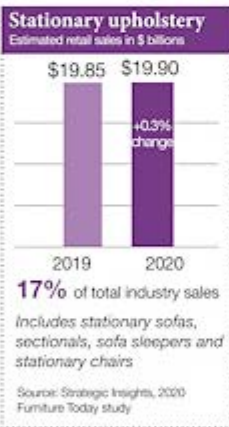
Those who'd give a percentage estimate on business next year expected to see double-digit increases in their stationary seating, and all anticipate solid growth. Ashley, for example, is predicting a 15% rise in category sales in during the next 12 months.

"Our supply chain is continuing to ramp up, and we are continuing to add more capacity to handle our current backlog and the growth anticipated in 2021," said CEO Todd Wanek.

Klaussner expects modest growth for 2021 due to key customer acquisitions in 2020 along with the strong demand in the home category in both e-commerce and brick-and-mortar.

"We also introduced more married combinations marketing more aggressive price points," said Jay Foscue, senior vice president of merchandising.

At higher price points, Huntington House Vice President of Sales Josh Sartino believes momentum generated in 2020's second half will lead to double-digit stationary upholstery growth for the company.



"There's no doubt that 2020 presented a tremendous amount of challenges to our business and our industry at large," he said. "And, no one could have predicted the meteoric rise in our business particularly when you factor the eight- to 10-week window of store closures throughout the country from late spring to early summer. But, here we stand with positive growth for the year in spite of all the challenges."

Other high-end resources expect the same. Vanguard President Andy Bray said a strong finish to 2020 bodes well, especially for custom upholstery at upper price points.

"When we factor in what we

think we would have shipped based on the current order rate, plus the demand we noticed prior to COVID, we anticipate approximately a 25% increase in year-over-year upholstery shipments and about 8% more than what our shipments would have been without COVID," Bray said.

He cited several factors for his optimism. First, incoming orders are tracking at a much higher rate than forecasted. Second, economists predict "excellent economic conditions" for the upper-end consumers, who, during the pandemic, have paid down debt, spending much less on travel and entertainment and much more on renovation and home furnishing's purchases. Third, historically high backlogs provide a head start on 2021 shipments. Finally, Vanguard's wealthy target audience is the least affected by COVID-19 and benefits from a booming stock market.

Also at the high end, Sherrill Furniture Co. expects strong stationary growth to continue, with its U.S.-based manufacturing and supply chain making it well-positioned to accommodate booming demand for furniture during the pandemic.

"Due to our strategic position we gained many new customers as import competitors lead times ballooned, and we expect that our commitment to domestic manufacturing of high-quality station-



The Ballinasloe from Ashley is an example of sectionals driving business across price points.

ary upholstery will drive strong year-over-year results in 2021 as well," said Vice President of Marketing Dax Allen.

Despite the optimism, uncertainty remains about the pandemic's course.

"There is a possibility that COVID-19 could reemerge to the level that would require another shut down," Bray at Vanguard noted. "On the other hand, we do not want to be in a position where business is strong, and we cannot ship because we do not have inventory and parts because we have under-forecasted."

Fabric, leather trends to watch

Virtually every company contacted for this article believes performance will continue as a cover story driving stationary business next year.

"Performance fabrics are the primary driver," Bray said. "We expect base cloth and leathers to continue to be neutral, and (we expect) a wide assortment of decorative fabrics."

Barring supply chain and pricing disruption, fabric will remain

the driving force in Klaussner's domestic upholstery business.

"We did reposition our leather products in terms of pricing and styling that will give our retail partners domestic options vs. imports along with special order options," Foscue added.

In fabric upholstery, Sherrill Furniture's Allen sees comforting colors, new takes on familiar patterns, welcoming texture and performance fabrics growing stationary goods' appeal.

"We have seen a strong reaction from both the design community and furniture retail to these principles in our stationary fabric product designs for new and existing frame styles," he said.

In leather, Allen said the introduction of softer color palettes have enhanced the versatility of Sherrill's line for designers seeking leather with a softer, more feminine aesthetic.

"And to keep driving growth of our core leather business," he added, "we've invested in a new level of customization through artisan hand-wiping techniques that cre-

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Motion

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ment and into the living room' for families to enjoy.

"The idea that style and comfort should co-exist rules our product development process not just in stationary, but now more than ever in motion as well."

The growing demand for leather, more designer styling and stationary-looking motion, and power function also are drivers at Nice Link.

"These are things Nice Link does very well, and as a result we have continued to win more slots on the retail floors," Carlson said. "Leather motion has exploded with many retailers offering a lot of choices in that category. We are seeing a new category of motion with more designer looks that appeal to the female buyer — and less of the man-cave look — including more high-leg, wood-to-floor, stationary looks, designer fabrics and the addition of pillows."



Nice Link's 4172 power motion sectional captures Nice Link's direction in the leather motion niche with large scale, clean lines and channeling detail.

Modular momentum

Furniture Today also asked which pieces — i.e., chairs, recliners, sofas, loveseats, sectionals — will be most important in the new year for the motion category, and how that mix might change.

As in stationary, sectionals and modular configurations should continue growing in 2021. Sectionals are the most important configuration in Nice Link's line, for example, currently at 60% of its motion business.

"As consumers are moving out to the suburbs and into larger homes and spaces, they are look-

ing for the large motion sectional with high design look and all the comfort features of power recline, headrest, footrest, USB charging and more," Carlson said, noting some differences between retail channels. "Brick-and-mortar retailers are still serving those larger home consumers in the suburbs.

"The traditional living room group with sofa, love and chair tend to be seen in the smaller spaces and urban areas, and this is what is doing well in the e-comm business," he continued. "As Nice Link serves both brick

and mortar and e-comm, we're seeing strong growth with this (60/40) mix."

On our stationary side of Jackson's business, Teague pointed out that modular groups are driving volume, and that will reflect in the Catnapper motion segment.

"As we continue to blur the lines between stationary and motion, it makes sense that our biggest emphasis in the Catnapper reclining line will be on motion sectionals," he said. "There are so many opportunities to expand in the sectional arena: custom-friendly true modular sectionals,

price-point oriented single-configuration sectionals, top-grain Italian leather, stationary-looks featuring space saver sectionals. The opportunities are broad for sure."

Modulars have been a growing category within La-Z-Boy's motion line, and Hoyas does not see that changing.

"Consumers can customize the exact configuration that best fits their room and their family," she said. "Movie watching with the family on super comfortable motion modular covered in a performance fabric is hard to beat: comfort, function and peace of mind in case the popcorn or soda spills."

That said, not every household can accommodate a large modular configuration, so power-motion sofas remain very relevant.

"The beauty of decorating one's home with a sofa is that you can then choose to have complementary recliners, or perhaps loveseats with consoles, be part of decorating plan," Hoyas said. **1**

Stationary

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ate an amazing aged leather look and feel on brand-new leather upholstery."

While fabric covers will always drive Huntington House's upholstery business, leather and outdoor-rated fabric are two fast-growing sub-categories that should thrive in the new year.

"Leather upholstery is available on every non-skirted style in our catalog and represents nearly 25% of our overall business," Sartino said, noting that 100-plus leathers are complemented by more than 1,000 fabric options for accents. "This is important because we include toss pillows with every leather sofa and sectional and offer dozens of complimentary options including contrasting fabrics on your pillows allowing the consumer to pull color and texture through their toss pillows to soften their room."

More upholstery manufacturers are getting into outdoor goods, and Huntington House's customers have been very recep-



While fabric predominates at Huntington House, leathers are coming on strong, especially when complemented with 1,000-plus fabric options for accent pillows.

tive to the vibrant textiles there in livable colors and patterns now available. The company's Outdoor Living brand also features waterproof ticking vs. a drain-through cushion so the fabric never absorbs water in the first place. Sartino called that a "game changer."

Ashley sees strong momentum for both fabric and leathers.

"Demand for fabrics has been very strong, and the quality of fabrics and leathers today is the best we have ever seen in terms

of hand feel and overall quality," Wanek said.

Picking the pieces

Which configurations — i.e., chairs, sofas, sectionals, loveseats — will be most important in the stationary category? No surprise at this point that sectionals lead the way.

"Sectionals have taken out-sized market share over the past 12 months, and we expect this to continue based upon family gatherings and larger great rooms in



Sherrill's DC80 gives a casual, modernized take on classic Chesterfield styling, shown here in a fabric textured for comfort.

new construction," Wanek noted.

Klaussner's Foscue pointed to the ongoing prevalence of cocooning.

"With the change in the way consumers are spending more time in their home we expect strong growth to continue in the sectional category," he said. "Add on features such as our new APEX cushions will help drive the stationary category as well."

Allen at Sherrill Furniture agreed sectionals will be a key next year.

"In 2021, the ability to configure, customize and accessorize sectional upholstery will con-

tinue to be very well-received, as families will be doing more living, working, schooling, dining and stay-cationing in the home than ever before," he said.

Sectionals make up almost 40% of Huntington House's business, followed by sofas, chairs and recliners.

"Designing and developing thoughtful styles that resonate with the consumer is at the heart of what we do," Sartino noted. "In most cases, we introduce a full collection around new styles to incorporate every popular configuration a consumer might desire within the style." **1**