



# Holiday Season Insights

## How did home furnishing promotions perform in 2019?

This *Executive Insights* was written by **Jon Weber** and **Chris Randall**, Managing Directors in L.E.K. Consulting's Retail and Consumer Products practices. Jon and Chris are based in Boston.

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L.E.K.



L.E.K. conducted a rigorous analysis of promotional activity across home furnishing retailers during the 2019 holiday period (November and December)

Approach

Gathered and analyzed daily email promotions from retailers during the holiday period of Nov. 15-Dec. 25

Included retailers

Premium retailers

Value retailers

HORCHOW

**Crate&Barrel**

SERENA  
& LILY

west elm



ONE KINGS LANE  
NEW YORK

**POTTERY  
BARN**

BALLARD  
DESIGNS®

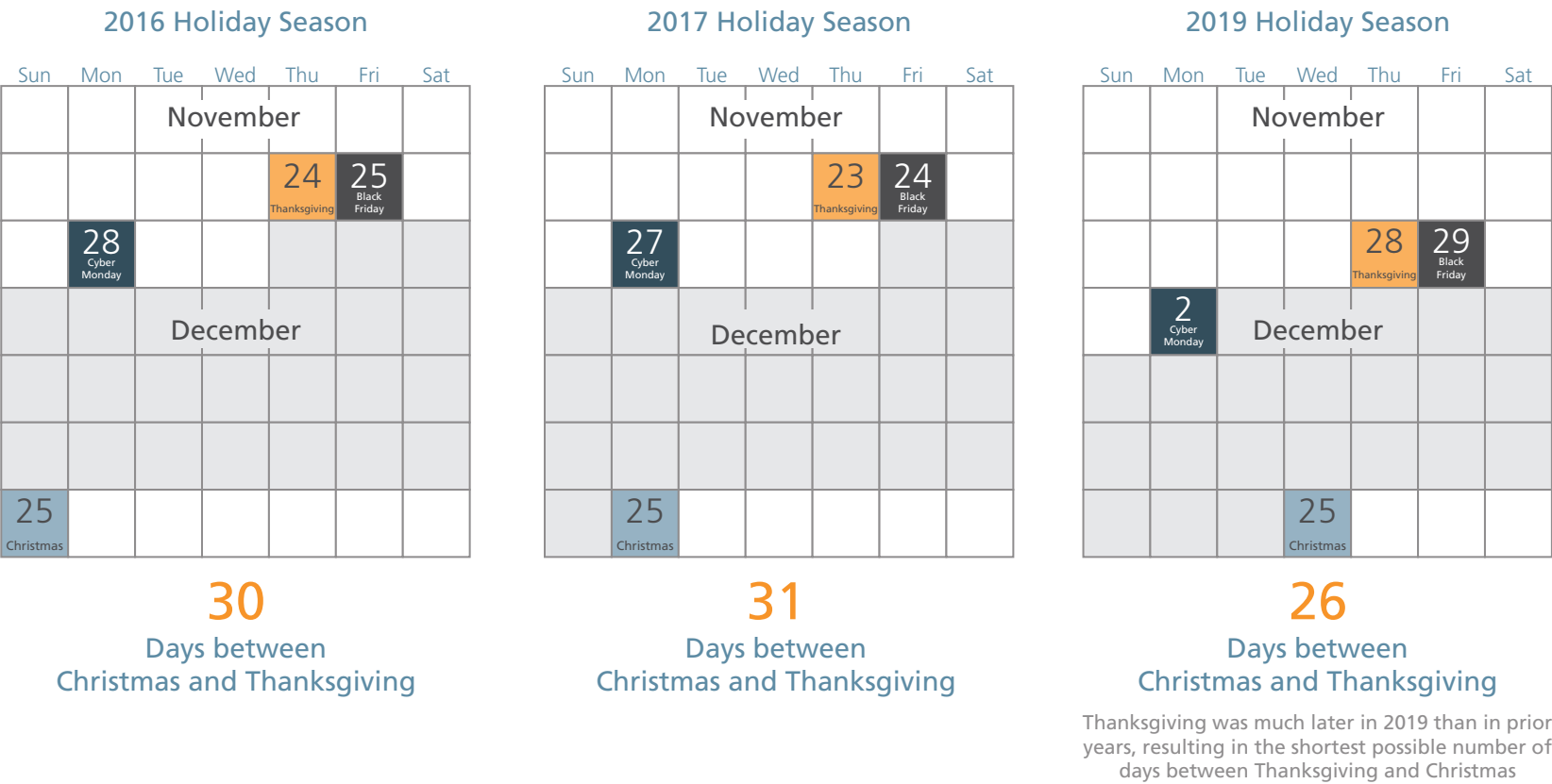
WILLIAMS  
SONOMA

*Jordan's*  
FURNITURE

**CB2**

Source: L.E.K. analysis

The 2019 holiday season between Thanksgiving and Christmas was 26 days, five fewer than in 2017 and four fewer than in 2016



Source: L.E.K. analysis

The 2019 holiday season was characterized by intense promotional activity by home furnishing retailers, as they sought to compensate for lost days

### Nonstop activity

- Home furnishing retailers **aimed to get a head start** on discounting, and once kicked off, brands **promoted around the clock** throughout the holiday season
- For most home furnishing retailers, Black Friday/Cyber Monday **was a weeklong or longer event**
- Email activity **continued to accelerate throughout December** to sustain the shopping period



Average length of Black Friday/Cyber Monday-named promotions offered by home furnishing retailers

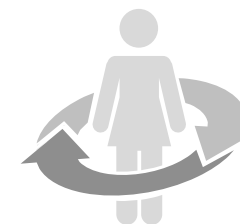
### Increasingly deep promotions

- Average **discounts ramped up** throughout the period to keep consumer anticipation high, reaching a peak of 42% approaching Christmas
- Average **discounts ranged from 21% to 42%** throughout the holiday season



### Omnichannel

- 49% of promotions were full-store; however, home furnishing retailers also promoted key items aggressively to cut through the noise
- Most offers were omnichannel, with retailers likely missing an opportunity to maximize each channel individually

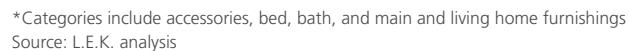


**95%**  
of promotions were omnichannel, rather than in-store or online-only

Source: L.E.K. analysis

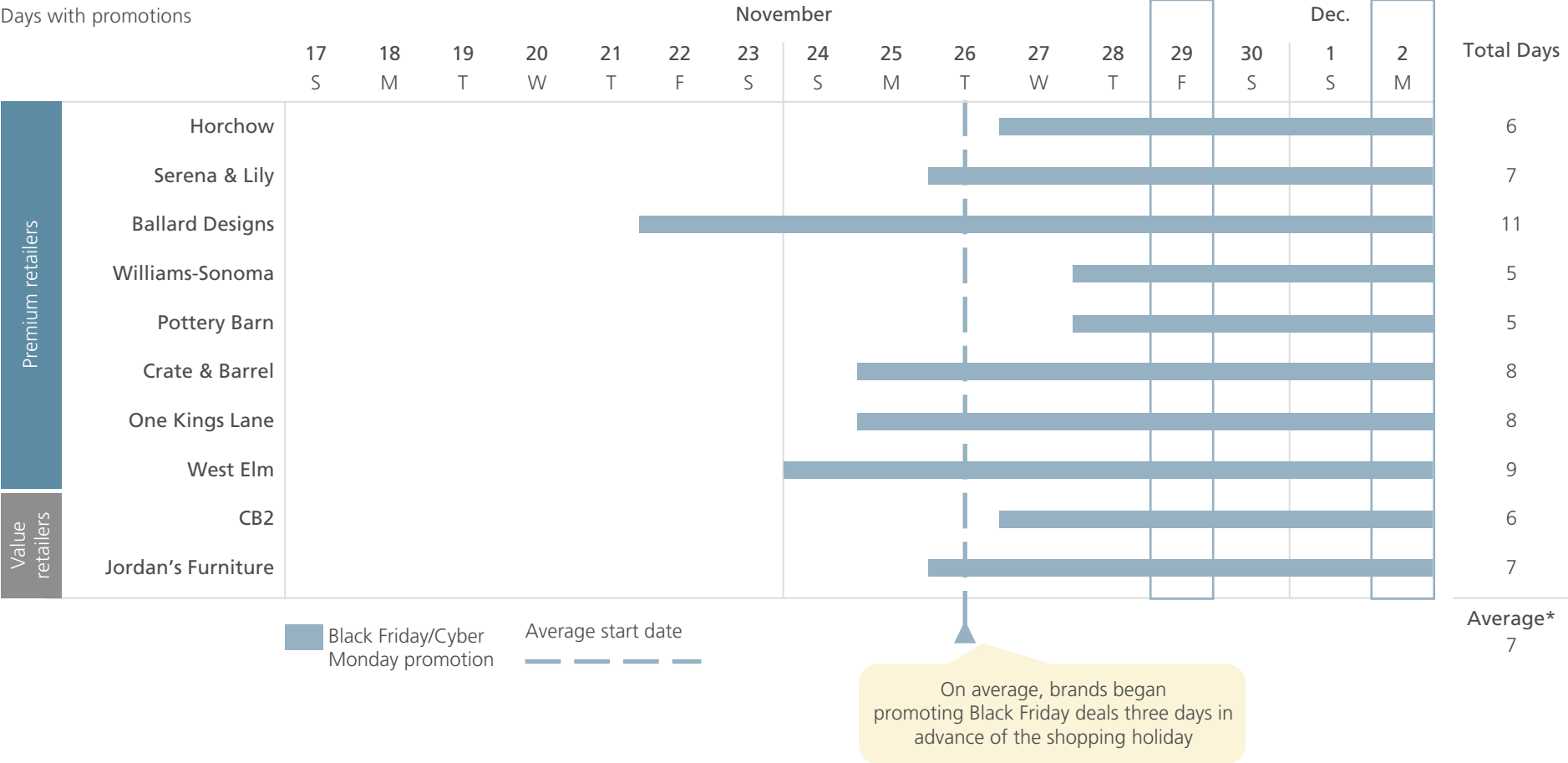
## Retailer promotional offers by category\* (2019)

Number of categories on promotion



## Most home furnishing retailers started deals early in the week of Black Friday to jump-start the holiday season and earn consumer mindshare

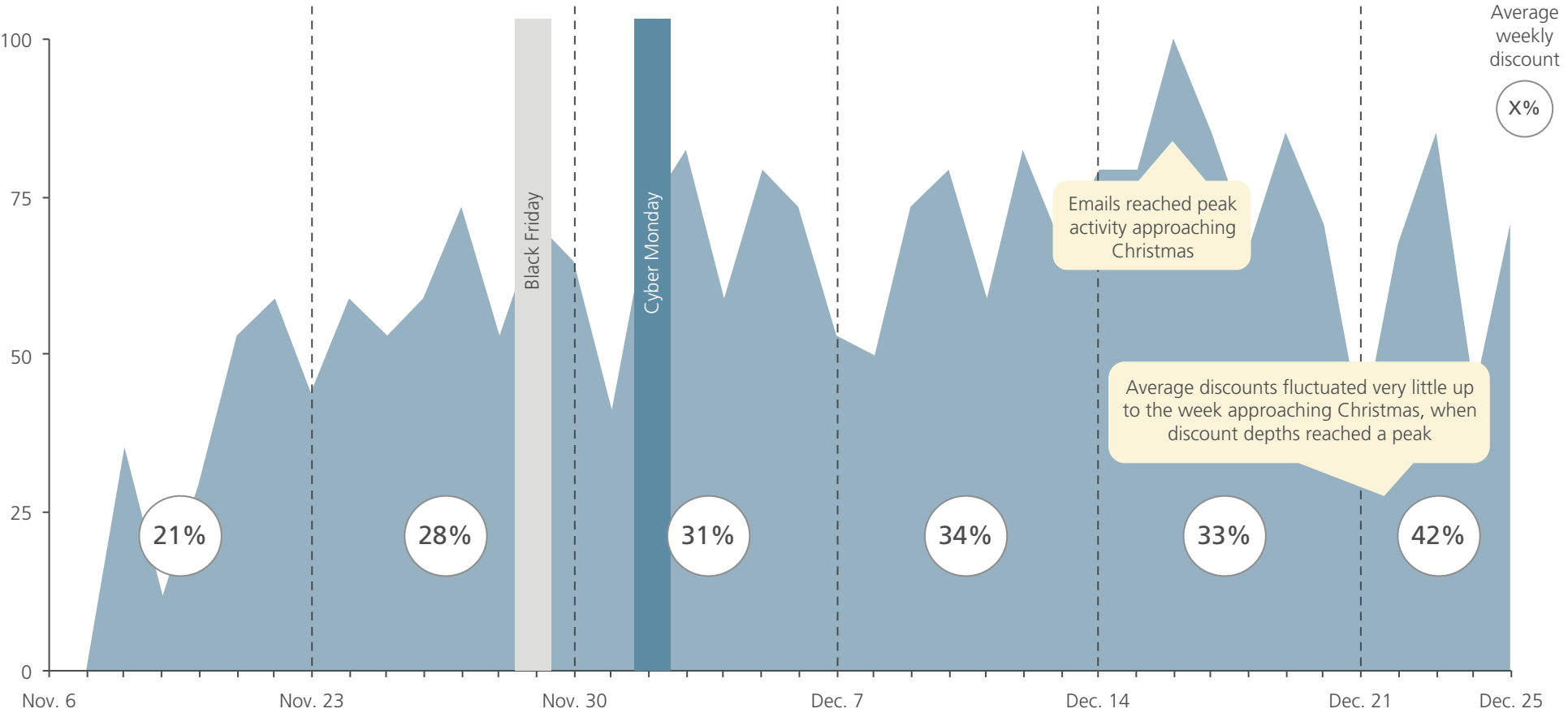
Black Friday and Cyber Monday promotion offering timing, by home furnishing retailer (2019)



\*Straight average of total dates for Black Friday/Cyber Monday sales by retailer  
Source: L.E.K. analysis

## The volume of promotional emails increased leading up to Black Friday; noise and discount depth remained high throughout the holiday period

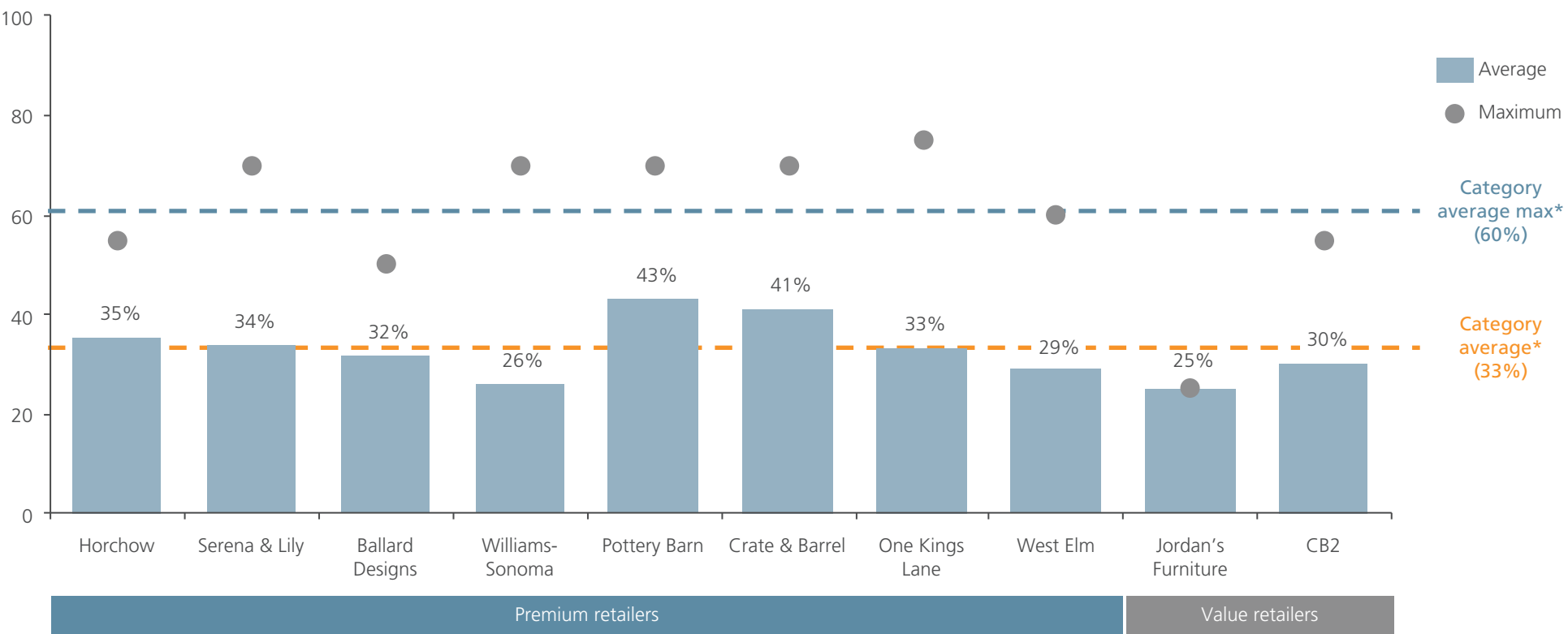
Holiday promotional email volumes and average discount (2019)  
Email volume indexed to 100; percentage average discount offered across all retailers\*



\*Retailers include Horchow, Serena & Lily, Jordan's Furniture, Ballard Designs, Williams-Sonoma, Pottery Barn, Crate & Barrel, One Kings Lane, West Elm and CB2  
Source: L.E.K. analysis

Home furnishing retailers were aggressive with promotions, typically discounting 30%-35%, with key categories up to 60% off to catch attention

Retailer holiday discount depths (2019)  
Average percentage discount; maximum discount

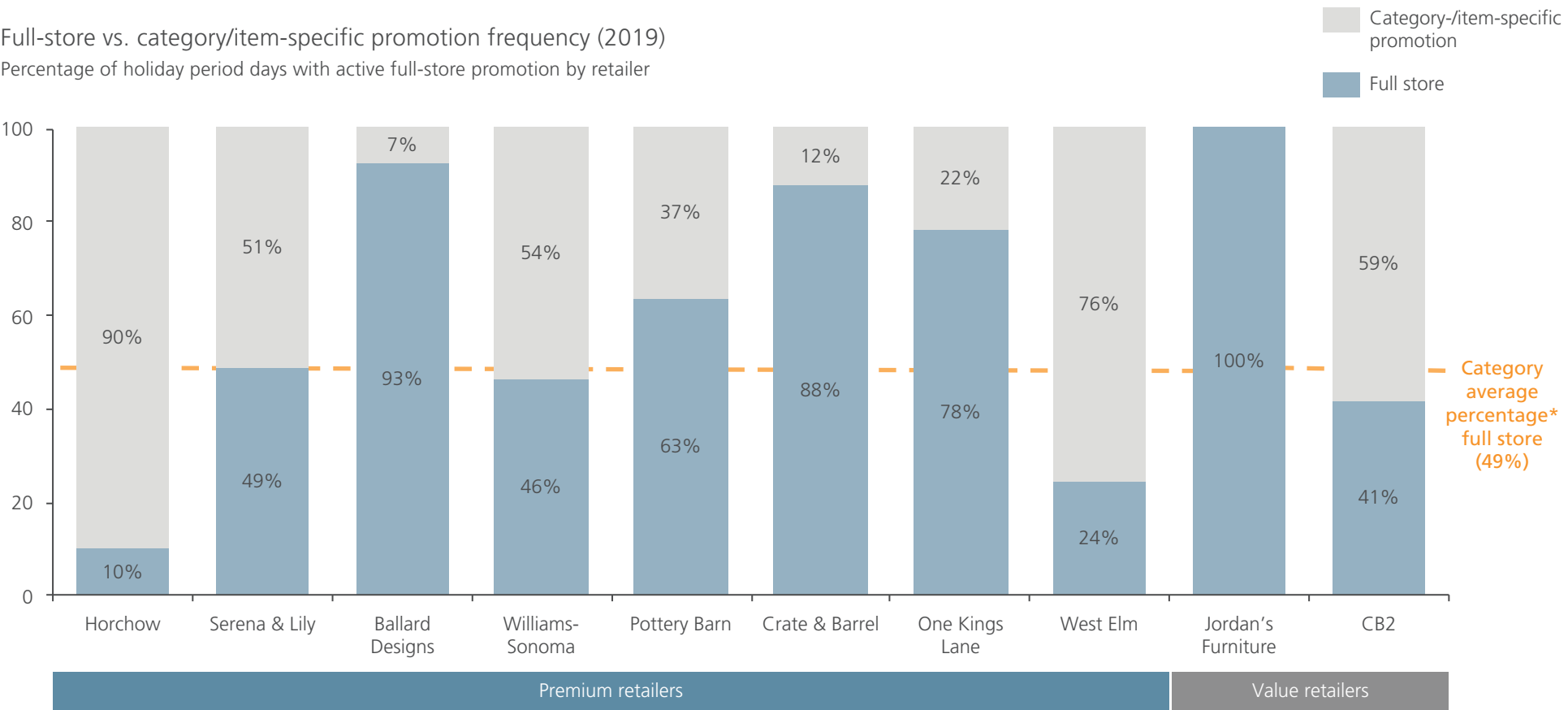


\*Averages are all straight averages of discount rates of stated brands  
Source: L.E.K. analysis



## Full-store promotions were common, with key items promoted aggressively to cut through the noise

Full-store vs. category/item-specific promotion frequency (2019)  
Percentage of holiday period days with active full-store promotion by retailer

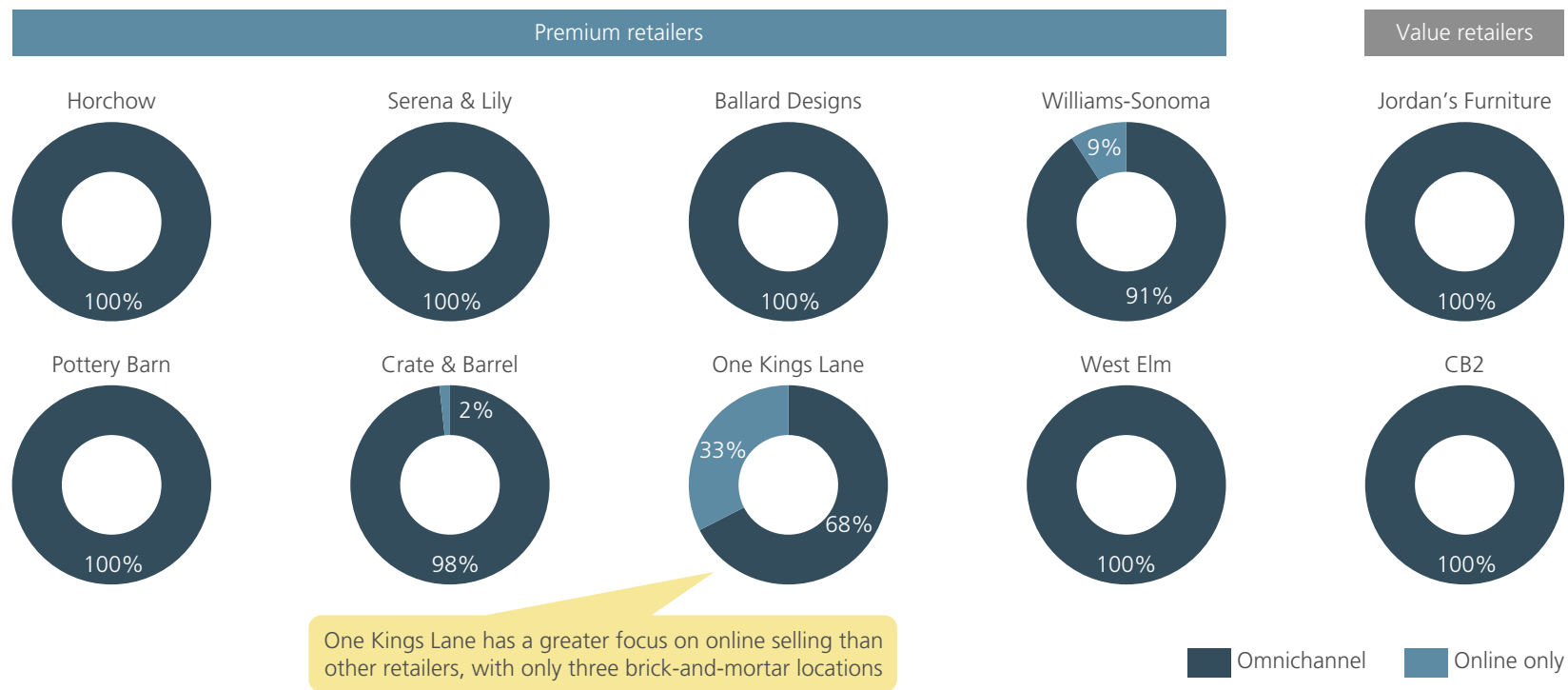


\*Averages are all straight averages across retailers  
Source: L.E.K. analysis

## Omnichannel promotions were most common, signaling retailers are likely not taking advantage of different consumer behaviors across channels

Retailer promotions, by channel (2019)

Percentage of promotions\*



\*Promotions not explicitly marked as in-store or online are assumed to be omnichannel

Source: L.E.K. analysis

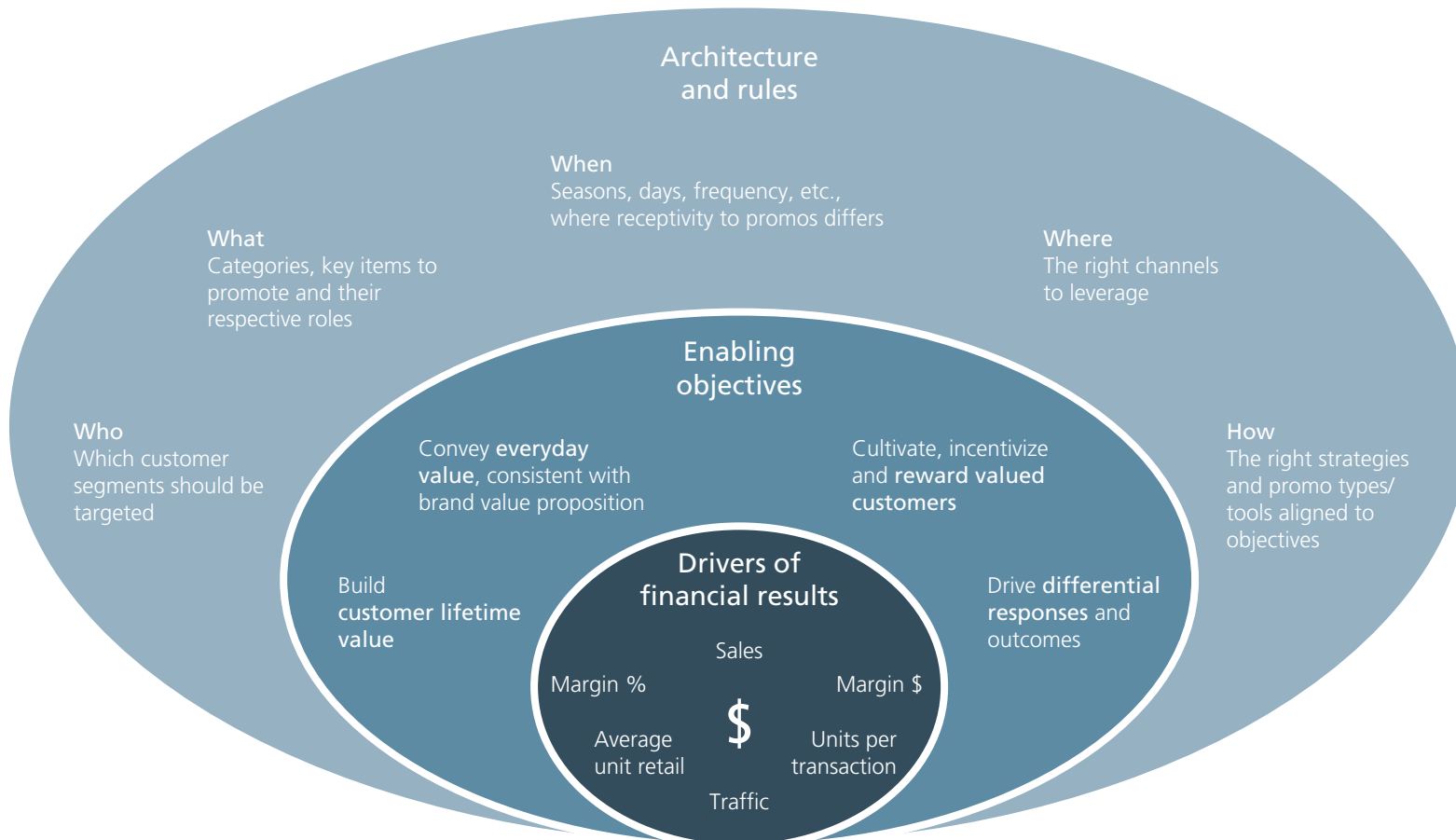
### Summary and strategic considerations

Home furnishing retailers have the opportunity to employ greater promotional differentiation to drive more value

- The holiday season between Thanksgiving and Christmas was 26 days in 2019, its shortest possible length
- This led to a high level of promotional activity and a lack of focused promotions, as retailers sought to compensate for the shortened holiday season and to win mindshare
- A high level of noise led to deep discounts and a focus on omnichannel promotions, indicating that retailers are promoting without a clear understanding of the nuances of what drives consumer response
- This “nonstop, increasingly deep” approach is unsustainable for retailers
- Our observations of the 2019 holiday season point to several areas for home furnishing retailers to explore:
  - Integrate more variation in promotional activity, including promotions that emphasize key product categories
  - Protect your core: Promote marquee product lines and other key assets more selectively and strategically to avoid losing their impact and margin benefit, and build stories and merchandise around them to cut through the noise
  - Use full-store promotions more selectively, as they can unnecessarily erode margins
  - Deploy targeted, channel-specific promotions where and when they can drive value beyond pure omnichannel promos
  - Use big data and analytics to develop a better understanding of promotional response and create a value-maximizing day-to-day promotional calendar to break the paradigm

### We employ a proven framework to define winning promotional strategies

L.E.K.'s approach to pricing and promotional strategy





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### About the Authors



Jon Weber is a Managing Director and Partner in L.E.K. Consulting's Boston office. He is a member of L.E.K.'s Global Leadership Team and led the firm's Retail and Consumer Products practices for nearly a decade. Jon has extensive experience working across retail channels and with worldwide consumer brands, and he is a leading advisor to the apparel and footwear industries.



Chris Randall is a Managing Director and Partner in L.E.K. Consulting's Boston office and leads L.E.K.'s Pricing and Promotions practice. He advises clients on a range of critical strategic issues, including growth strategy, promotional effectiveness, retail format and network strategy, brand and marketing strategy, organizational strategy, and mergers and acquisitions.

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