

TOTAL HOME RETAIL INNOVATION & INSPIRATION

HFN

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OUTLOOK 2019

From economics to travel trends, industry experts address what's on the horizon this year

the rug
consumer
speaks

WHAT DRIVES RUG BUYS

80%

OF CONSUMERS
OWN AN AREA RUG



Surya's Amélie

by Lauren Argetsinger

What drives consumers when buying rugs? HFN's Consumer Speaks: Area Rugs report examines the shopping behaviors and attitudes consumers have when looking for area rugs, including the qualities they look for, which retailers and websites they are most likely to shop, and future purchasing plans.

Eight out of 10 consumers own at least one area rug, according to HFN's newest survey. The living room is the most common place for an area rug, at 71 percent. Thirty-five percent of consumers have an area rug in their entryway and 28 percent have one in their dining room, master bedroom or hallway. More consumers living in the West have living room area rugs than other regions, 76 percent versus 67 percent in the Northeast, 62 percent in the Midwest, and 59 percent in the South.

The life cycle of an area rug varies. While 45 percent of consumers say that they typically replace their area rug every three or more years, 23 percent replace them every two to three years, 21 percent replace them every one to two years, and just 11 percent replace their area rugs annually. Baby Boomers tend to keep their area rugs longer: 40 percent say they replace their rugs every four or more years, more than the 18 percent of Millennials and 27 percent of Generation X who have the same replacement cycle.

In general, "the younger customer isn't as concerned with the longevity" of a rug, and has more of a disposable perception about it, unlike Baby Boomers who may have grown up with the "family rug," said Jonathan Witt, president, Oriental Weavers. With Millennials just starting out in their careers and living in rentals, they have more of a "short-term mindset."

Sixty-nine percent of consumers plan to purchase a new area rug within the next year. When asked which factors they considered most important during the purchase process, 76 percent said price. Color and size tie for second on the list for important fac-

Where consumers have area rugs

Location	Percentage
Living room	71%
Entryway	35%
Dining room	28%
Master bedroom	28%
Hallway	28%
Family room/den	24%
Kitchen	23%
Home office	13%
Youth bedroom	12%
Outdoor living area	12%
Other adult/guest bedroom	14%

Planning to purchase an area rug

Yes, plan to buy within the next 6 months	39%
Yes, plan to buy within the next year	30%
No plans to buy within the next year	31%

Source: FBM Strategic Insights, November 2018 HFN study

tors, each chosen by 73 percent of consumers. While the top three important factors are consistent across generations, Baby Boomers regard color over price, 77 percent and 74 percent, respectively. Generation X is most concerned with the size of a new area rug, at 77 percent, compared to 76 percent for price and 74 percent for color.

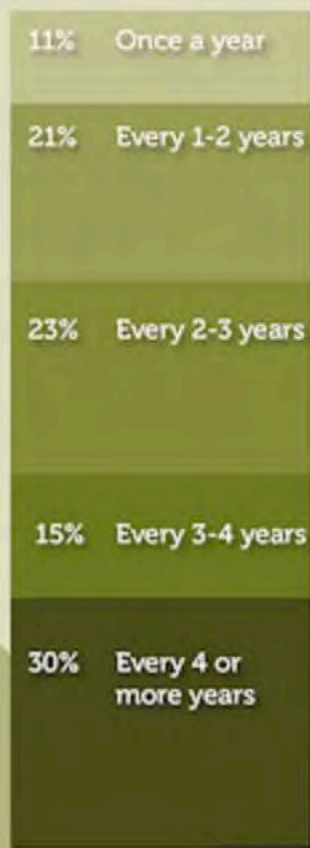
The most popular price point for area rugs ranges from \$100 to \$500, with 54 percent of consumers saying this range is ideal for them. Thirty-six percent of consumers would prefer to pay under \$100 and only 10 percent say their ideal price point is above \$500.

Price points continue to get depressed and there are still challenges in the retail environment, such as the brick-and-mortar channel, which is not experiencing growth, Bart Hill, senior vice president of operations, Mohawk Home, told HFN for its State of the Industry report in Sept. 2018.

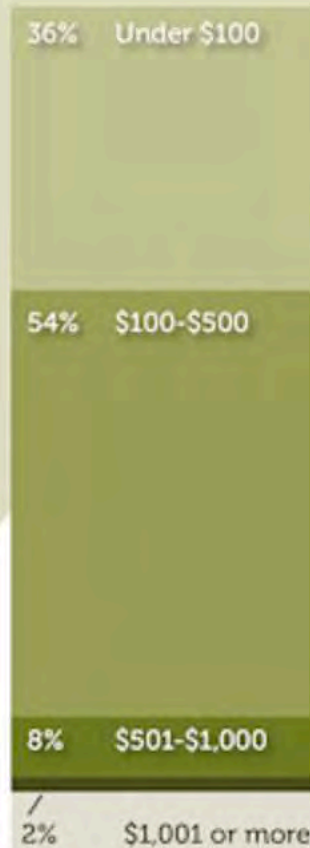
Oriental Weavers has seen success with the price points it has introduced, and "the \$499 and even \$599 [for a 5-by-8] in better machine-mades is driving that increase in average ticket," Witt told HFN for its State of the Industry report. Above \$599,

CONSUMER SPEAKS: AREA RUGS

How often consumers replace area rugs

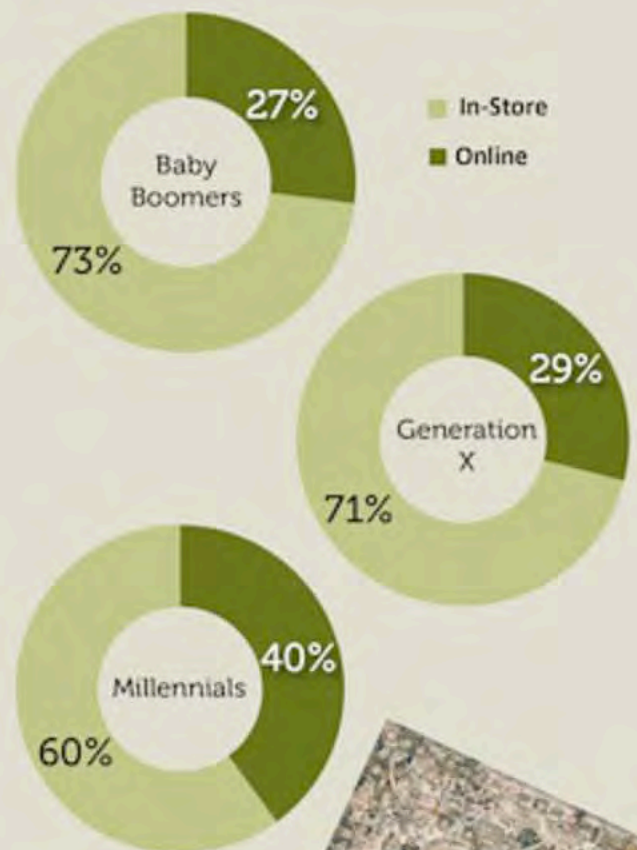


What price point consumers are willing to pay

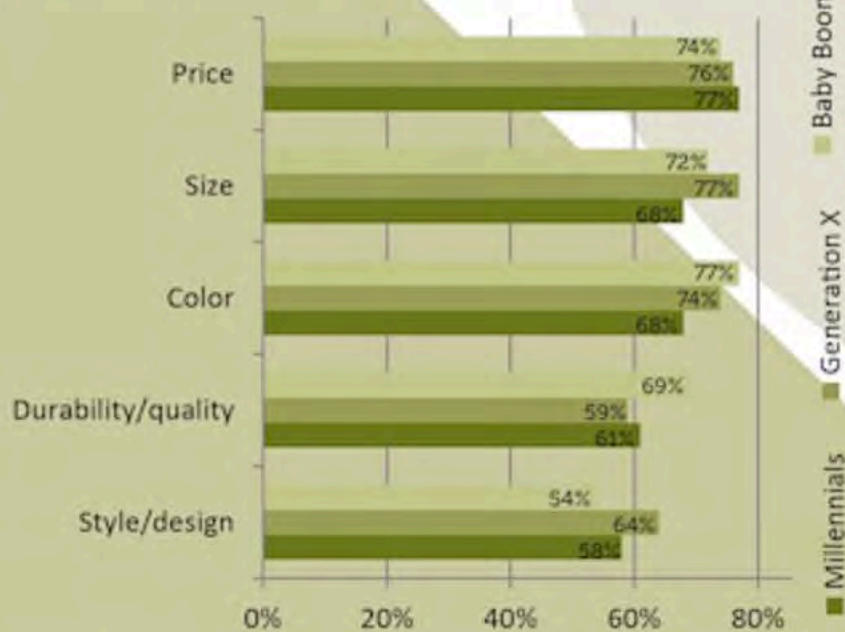


Capel's Finesse

Where consumers purchase area rugs (by generation)



Most important factors when shopping for area rugs (by generation)



Source: PBM Strategic Insights, November 2018 HFN study



Safavieh's Winston

CONSUMER SPEAKS: AREA RUGS

Karastan's Meraki

however, the market is very limited regardless of construction, he said.

Consumers as a whole are more likely to purchase area rugs in a brick-and-mortar store, as 69 percent indicate in-store as their preference. Millennials are more willing to buy area rugs online than their older counterparts. Four in 10 Millennials say they would purchase an area rug online, compared to 29 percent of Generation X and 27 percent of Baby Boomers.

The most popular brick-and-mortar retailer for area rugs is Bed Bath & Beyond, with 31 percent of consumers saying they would be likely to visit the specialty store for a purchase. Twenty-eight percent of consumers say they would choose Target and one-quarter would also opt for HomeGoods. For online retailers, Amazon reigns supreme, with 79 percent of consumers saying they would visit the online giant to shop for area rugs. Wayfair is at a distant second at 43 percent, while another 30 percent of consumers would browse Overstock for an area rug purchase. —Andrea Lillo contributed to this report. €

For questions about this research, please contact PBM Strategic Insights at mliliczalis@pbmbrands.com

Top websites for area rug purchases

- Amazon
- Wayfair
- Overstock
- Target
- Walmart

Top retailers for area rug purchases

- Bed Bath & Beyond
- Target
- HomeGoods
- Walmart
- Home Depot

Source: PBM Strategic Insights, November 2018 HFN study



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- 1 **Orian Rugs** debuts the Cross Thatch Taupe design in the Cotton Tail collection, which showcases fresh modern style in plush shags. *Atlanta, Las Vegas*
- 2 **Nourison's** Artworks collection features contemporary rugs with rich, abstract colors. *Atlanta, Las Vegas*
- 3 **F.J. Kashanian** will debut the Sari Wool Liam rug, from its Sari Wool collection. *Atlanta, Las Vegas, New York*
- 4 In distressed looks, the Shiraz collection from **Linon** is made of a dense frieze polypropylene yarn and is power-loomed in Turkey. *Atlanta, Las Vegas*
- 5 **Surya's** new Falcon rug design is handtufted of viscose and wool in a modern geometric style and neutral colors. *Atlanta, Dallas*
- 6 Handwoven of jute and polyester, the Prairie collection from **Amer Rugs** is printed. *Atlanta, Las Vegas*
- 7 In **Capel's** Kevin O'Brien collection, Fiore is a Wilton-woven, machine-made design with a paisley motif in three colorways, made of polyester and olefin. *Atlanta, Las Vegas*
- 8 **Oriental Weavers'** Xanadu collection is machine-woven in Egypt of polypropylene. *Atlanta, Las Vegas*
- 9 Justina Blakeney continues her partnership with **Loloi** with the Symbology handtufted collection, a modern and eclectic group made in India. *Atlanta, Dallas, Las Vegas*