IHA MARKET WATCH

2023

Consumer Trends
That Drive
Home + Housewares
Success

Following unprecedented demand during the pandemic years, the home and housewares industry finds itself at a unique inflection point in 2023.

Many are wondering how to stay engaged with customers, how to meet their quickly changing needs, and what will inspire them to buy in challenging

To be certain, economic headwinds abound:

Challenges

- Consumer confidence index trending down
- Concerns about inflation continue
- Intent to purchase softened versus previous years

There still are many opportunities for makers and sellers of home and housewares products:

Opportunities

- **54%** of consumers eating at home more often *(Source: CivicScience)*
- **35%** of consumers plan to entertain at home more often *(Source: IHA At-Home Entertaining Survey)*
- Overall occasion plans remain strong

(2023 IHA Occasions Report)

The keys to success in 2023 include four main tenets:

Consumer Centricity

As consumers adjust to a post-pandemic world, one thing is certain: Anyone making or selling home goods needs to begin with a laser-like focus on current consumer values, lifestyles and motivations. Truly understanding today's buyers—and making that your compass—is the foundation for succeeding in today's marketplace.

Product Innovation

New products may not have been a big priority, understandably, during the perfect storm of unprecedented demand, unprecedented supply chain issues and resulting inventory challenges. But today's consumers are craving newness, including new colors, new solutions and new ideas. In spite of—or maybe because of—challenging economic times, newness is exactly what will drive sales.

Positioning or Repositioning

Opportunity doesn't just have to be about completely new products. Sometimes taking a product already on the market and positioning or repositioning it to address a key consumer value or lifestyle is just as effective. Case in point: Air purifiers, which were so popular during the pandemic for preventing virus spread, can now be marketed as a way to reduce airborne allergens from new pets for homeowners or their guests.

Visibility

In some ways, the battle right now isn't so much for share of spend, but share of mind. Consumers now have access to more information online and through social media than ever before. The key is breaking through the clutter and connecting with them on an emotional level. One of the few industries in which sales are up is beauty, which is a leader in utilizing social media to tap emotional responses.

The **2023 IHA Market Watch Report** is designed to assist the home and housewares industry with the first key to success in 2023: consumer centricity. As consumers adjust to a post-pandemic world, this report revisits five key drivers, or motivating factors, in consumer purchase decisions for home and housewares products: Wellness, Time, Space, Experience and Responsibility.

According to the survey conducted by CivicScience, results illustrate how consumers are feeling, what they want, what they need, and what motivates them to buy items for their homes. It also sheds light on what consumers learned during the pandemic, what habits or values endure and how they see their home lives evolving in the coming year.

We invite you to review all five sections focused on each of the consumer drivers or pillars. Each section contains data and analysis, as well as suggestions for ways product developers and retailers can use the findings to connect with consumers in 2023.

**Think of the report findings as a checklist:
The more of these five consumer pillars you can check off on any given product, the more success you'll have.**

About the Authors:

IHA

First launched in 2020, the IHA Market Watch Report is part of the association's efforts to help the home and housewares industry understand and take advantage of the latest information about what's influencing consumers, what's motivating them and what they're looking for.

IHA INTERNATIONAL HOUSEWARES ASSOCIATION THE HOME AUTHORITY

Joe Derochowski

Joe Derochowski is Vice President, Home Industry Advisor for Circana – the new market research firm formed by the merger of IRi and The NPD Group. An expert at parsing data, Joe has been helping product developers and retailers for more than 30 years to identify growth opportunities through innovation, marketing, sales and merchandising.

Circana.

Tom Mirabile

Tom Mirabile is Principal & Founder of Springboard Futures. This former trend forecaster, product developer and merchandiser for Lifetime Brands, Neiman Marcus Group, Macy's and Bloomingdale's now empowers the home + housewares industry with world-class perspective, insights and research on quickly changing consumer trends and aspirations.

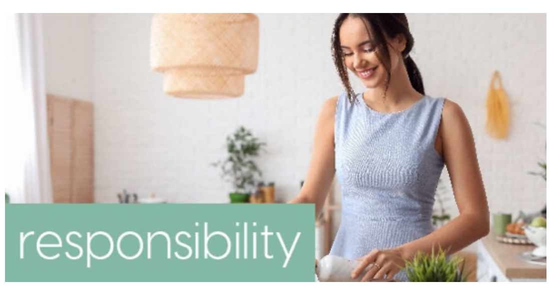
Springboard

Methodology

The 2023 IHA Market Watch Report was conducted by CivicScience between December 13-20, 2022 among a sample range between 2,800-3,400 adults. The interviews were based on age, gender and household income and conducted through partnerships with hundreds of online and mobile content publishers and then aggregated into a centralized proprietary platform.

Watch the 2023 State of the Housewares Industry Discussion

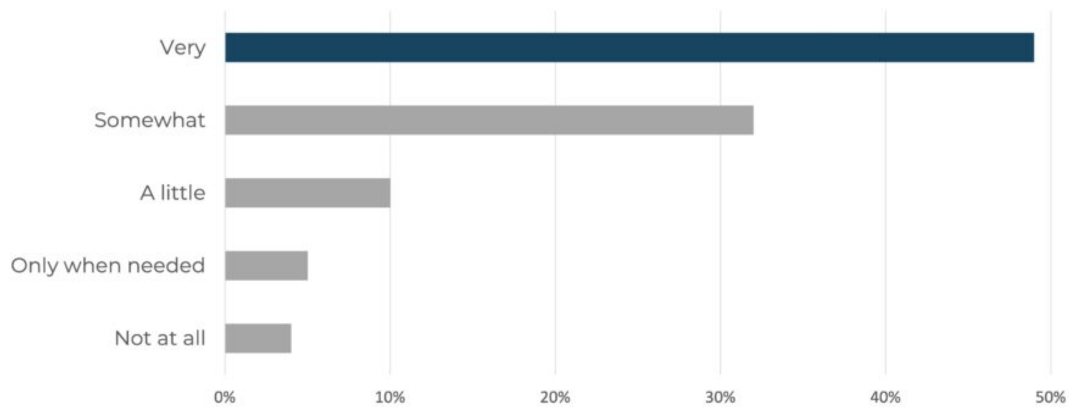
Watch the authors of the 2023 IHA Market Watch Report discuss how these consumer values and demands are driving purchases as we evolve from pandemic to endemic in 2023.



wellness

How important are health and wellness to your daily life at home?

In 2023, wellness is an extremely important driving force in people's lives and a motivating factor in many of their home-related purchase decisions. Of those surveyed, 81% said wellness was very or somewhat important to their daily lives at home.



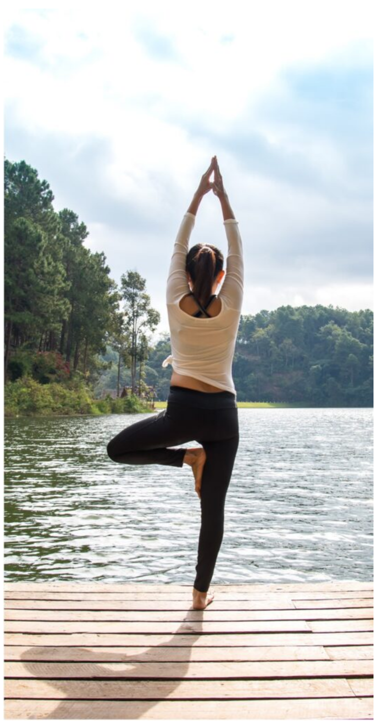
Source: CivicScience

While all five of the survey's pillars, or drivers, are important to respondents, wellness emerged as the overwhelming top priority. When asked which was most important to them at home, 47% said wellness. That was followed by time (19%), experience (14%), space (11%) and responsibility (9%).

Key Demographics of Respondents Answering "Very"

- **55+ years old**
- **$50,000 – $100,000 income level**
- **Bachelor's/associate degree**
- **Suburban**

When asked to rank the many different components of wellness, mental wellness emerged as slightly more important than physical wellness—just as it did in the 2022 survey. That indicates much of what we learned about the importance of mental health during the pandemic has stuck or is not easily forgotten.



Health and Wellness

In fact, the ranked order for each of the wellness components remained the same from 2022. The only notable difference was the increase in financial wellness by 7 points.

78% – Mental wellness
75% – Physical wellness

- 56% – Emotional wellness
- 38% – Spiritual wellness
- 37% – Financial wellness
- 21% – Intellectual wellness

Mental Wellness

78%

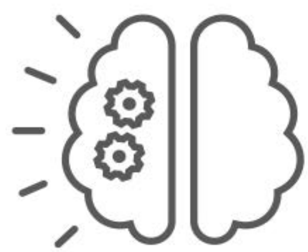
So, what does mental wellness look like to consumers? Good sleep/restfulness and managing anxiety/calmness tied as most important (61%), with mental sharpness (53%) rounding out the top three in ranked order voting. (Want more evidence of how consumers are prioritizing good sleep? See IHA's recent research about couples choosing separate bedrooms.)

61%

SLEEP/
RESTFULNESS

61%

CALMNESS/
MANAGING
ANXIETY



53%

MENTAL
SHARPNESS

Physical Wellness

75%

Looking at physical wellness, respondents felt good nutrition was the most important (56%), followed by cardiovascular fitness (49%) and energy levels (47%). Take note: Weight management (which may have received the most attention in the past) was a survey option, but it didn't make the top three.

56%

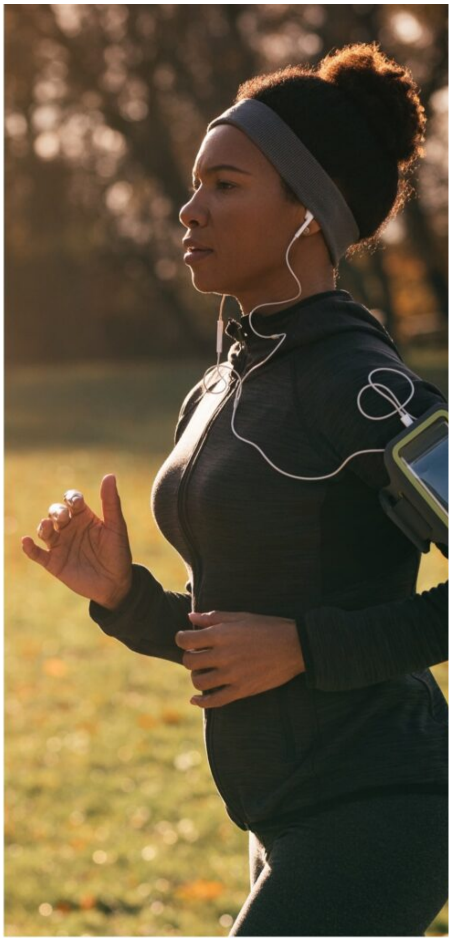
NUTRITION

49%

CARDIOVASCULAR FITNESS

47%

ENERGY LEVEL



Analysis

Think of wellness as the overarching or all-encompassing theme. Not only did it get the most votes as the most important issue, but it's also a factor in each of the four other pillars. Consider the impacts to wellness when you have more time to do the things you love, when you can maximize whatever living space you have, when you learn a new skill or gather friends and family at your home, and when you know you're helping to make the world a better place.

In other words, wellness can be addressed with much, much more in home and housewares than traditional personal care items.

While it's easier to communicate tangible benefits, those who find ways to communicate and engage consumers on their products' intangible wellness benefits are likely to succeed.

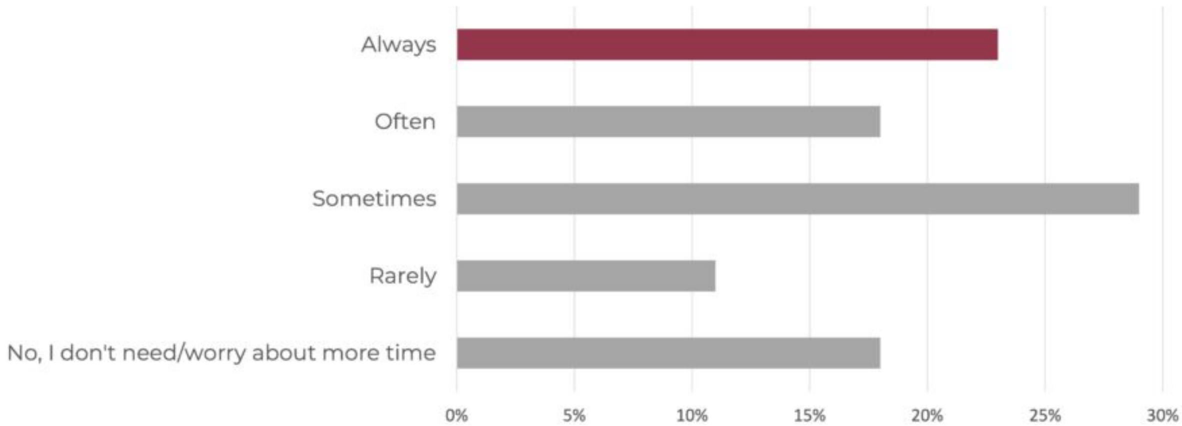
Other Specific Opportunities for Suppliers and Retailers

- Look for ways to position products as involving an aspect of self-care. (Once again, something the high-performing beauty industry is doing well.) Consumers may have varying financial situations, but we all value a small indulgence, whether it's a lovely new dish towel, a solution for an over-flowing cabinet shelf or a better can opener.
- Consider marketing and merchandising opportunities for anything to do with cooking. Eating at home generally is almost always healthier than eating out—a message that can be applied to any cookware, kitchen appliance or tool regardless of whether the item offers a specific health advantage. What's more, the mental benefits of preparing a meal together and/or enjoying it with others should be emphasized.
- Don't forget activities such as home organizing and cleaning that have scientific links to improving mental wellness—and incorporate these into your marketing and inventory.

Time

When at home, do you wish you had more time/more resources to save time?

As consumers try to find their way in a post-pandemic world, many are feeling as if time is not on their side. More people are returning to the office for work, and commutes are cutting into their days. Others have hybrid work arrangements, juggling two profoundly different types of workdays and time considerations. What's more, kids are back to school and all their activities, which brings a different set of time-related challenges.



Source: CivicScience

Of those surveyed, 70% said they wished they had more time or more resources to save time. In fact, 23% said they always wished they had more time—18% said often and 29% said sometimes.

Key Demographics of Respondents Answering "Always"

- **25-44 years old**
- **Evenly split across income levels**
- **Bachelors/associate degree**
- **Suburban**

Consumers who are most driven by time concerns are those 25-44 years old. This tends to be the age group that juggles busy work schedules and kids' activities. It's a common issue across all income levels.

Smart Home Adoption

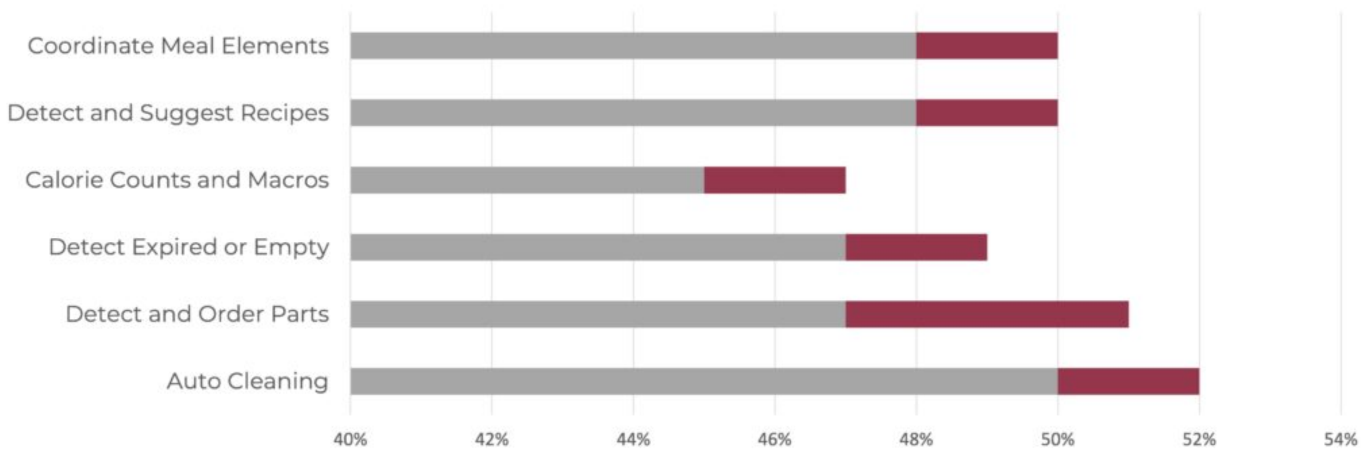
Smart Products	Currently Own	Intend to Buy in 2023
Meal Prep	17% (+3)	**29% (+5)**
Security	33% (+2)	**43% (+1)**
Home Environment	29% (+1)	**41% (+3)**
Cleaning	25% (+1)	**36% (+4)**
Health	22% (+2)	**34% (+5)**
Smart Home Hubs	37% (0)	**43% (+7)**

Source: CivicScience

Smart home products have incredible potential to help consumers save time and energy. The survey found consumers now own slightly more smart home products than in 2022, and they plan to buy more this year than last. In addition, the percentages of people who said they currently own or intend to buy smart home products are much higher for Millennials, Generation Z and parents in any age group.

Consumers Want Smart Home to Solve Their Problems

(Very/Somewhat Interested)



Source: CivicScience

There are so many challenges related to time that are ripe for smart home innovation. Most of all, consumers want smart home products to solve problems: They're not interested in "smart" for the sake of it. Similar to last year's survey (though in higher percentages across the board), respondents would be most interested in products that could auto clean, detect/order parts, coordinate meal elements and detect foods/suggest recipes.

Analysis

Time has always been an important commodity, but it may be we're feeling the pinch a little more profoundly after getting the gift of more free time during the pandemic. People who didn't have to travel to work for a while may feel like time has been taken away from them by going into the office. There's also significant friction in the lives of those who now have permanent hybrid work arrangements: They're craving time and routine on their two very different workday situations.

What's more, an increasing number of consumers are looking for time to spend with family and friends, and they also understand the importance of devoting time to self-care.

Despite slow adoption rates so far, smart home products may be ready to hit their stride. Smart technology itself has improved in the last few years, and the new Matter standards are making it easier for different devices and products to work together, eliminating many of the early issues consumers had with smart products.

Other Specific Opportunities for Suppliers and Retailers

- Emphasize products, marketing and merchandising that speak to consumers who are getting back into the swing of going into the office for work or juggling hybrid work arrangements. Think single-serving beverage makers, portable drinkware, food containers and carrying solutions, smart cooking appliances and anything that helps with making large batches of food/storing leftovers for later in the week.
- When enhancing assortments or considering new product development, remember that time-saving home and housewares products don't necessarily need to be high-tech or smart. They can be as simple as cleaning gadgets that cut down on timely tasks or cookware that is dishwasher safe. Make sure to communicate time-saving benefits well.
- Helping customers save time isn't just about product benefits. Product manufacturers and retailers can show how they value consumers' time by helping them compare products digitally, improving access to and quality of customer service, and making it easier for them to use stores for pick-ups and returns.

space

Do you experience any challenges regarding space at your home?

We might not be as cramped for space as we were during the height of pandemic shutdowns, but space challenges remain now that some consumers have permanent work-from-home arrangements every day or on some days of the week. And now that we've spent so much time at home—and have come to understand the incredible impact that our living space has on our wellbeing—consumers are craving affordable and easy ways to update, change or improve their living areas.

Source: CivicScience

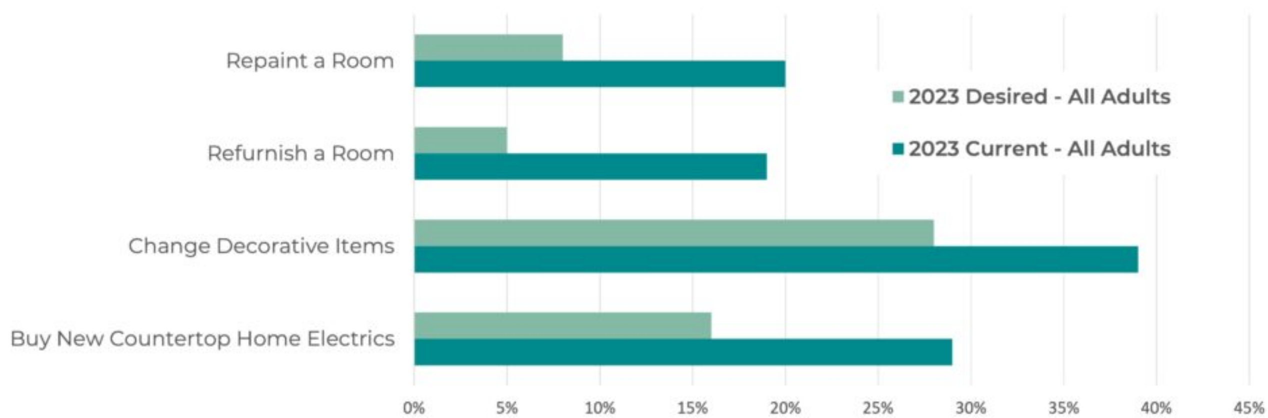
60% of survey respondents said they experience some kind of space-related challenge at home: 17% said "many," 21% said "a few" and 22% said "sometimes."

Key Demographics of Respondents Answering "Yes, many"

- **35-44 years old**
- **$50,000 and under income level**
- **Bachelor's/associate degree**
- **Suburban**

Consumers who are most challenged by their living space tend to be 35-44 years old with household income under $50,000.

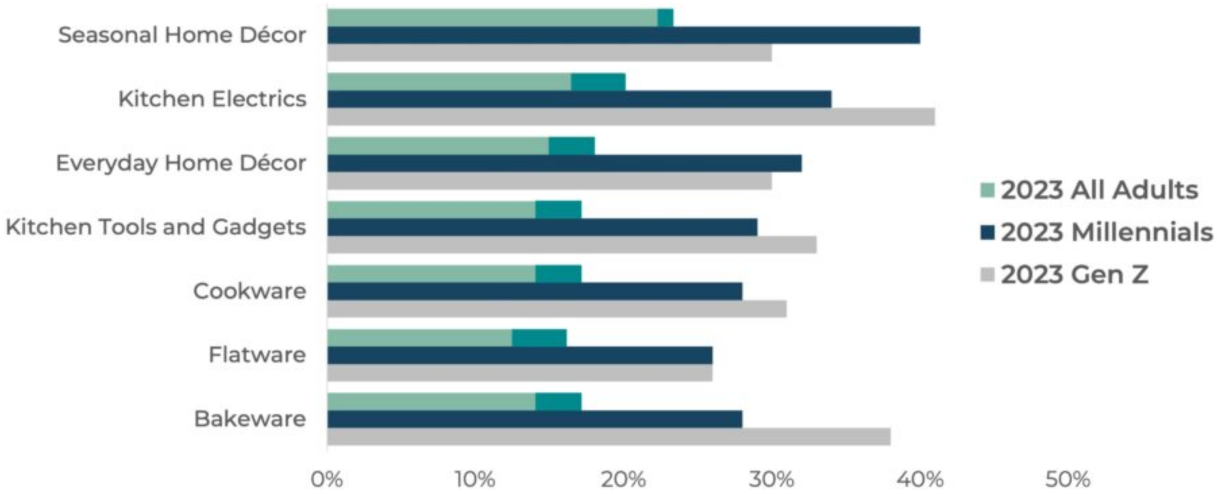
Desire for Frequent Change



Source: CivicScience

Survey respondents said they wished they refreshed their living spaces more than they actually do. Changing decorative items was the most popular update (39%), and it also had the highest opportunity gap—an additional 28% said they would like to. Updating countertop appliances ranked second, with 29% already doing this at least once a year and another 16% saying they would like to.

Interest in Rental



Source: CivicScience

Consumers are increasingly interested in renting home and housewares products. (The darker green portions represent increases from the 2022 survey.) Younger generations are especially attracted to rental because it's a way for them to try new things and express themselves in different ways while not contributing to space challenges. Access—not ownership—is important to them, as are the environmental benefits of renting/reusing. Seasonal décor and kitchen electrics top the list.

Analysis

In recent years, the home and housewares industry has done well addressing consumers' space-saving concerns with solutions such as multi-function products, collapsible items and items that nest and store well. Some of those needs still remain.

Consumers are also increasingly looking for ways to update or refresh their spaces affordably and easily. Younger generations have a strong desire to try new things and express themselves in different ways. Home décor is perhaps the most traditional way to update living space, but this is a perfect opportunity to innovate in many other home and housewares categories. (Think color-changing features, designs that can be customized at purchase and functional items that double as décor.)

While new product sales are obviously important, there are significant prospects for home and housewares brands and retailers that can figure out ways to capitalize on consumers' growing interest in renting and purchasing refurbished items. (Trade-in and rental programs have already become very successful for smartphones and clothing.) They're excellent ways to tap into consumers' interest in updating their spaces, and they will also attract attention and build brand loyalty, especially with young generations.

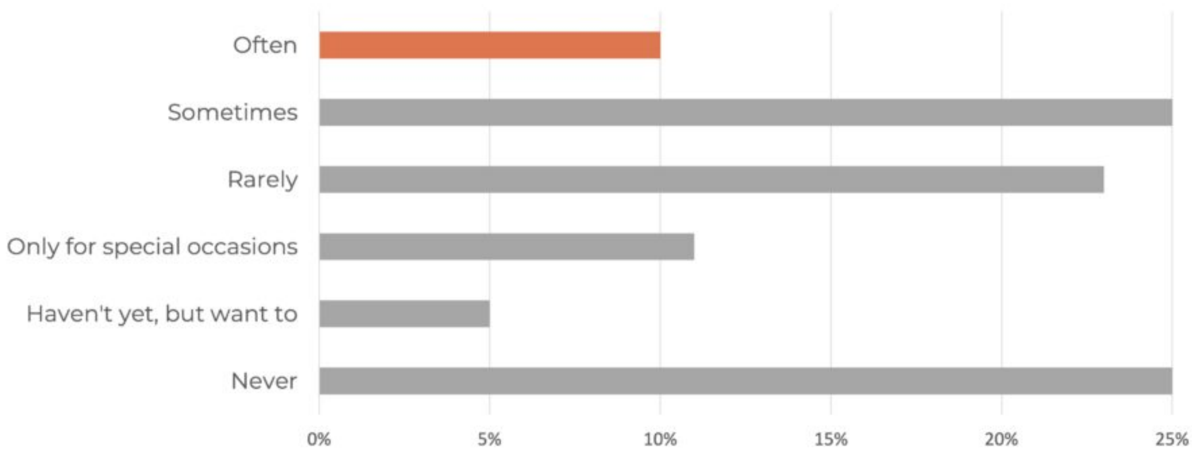
Other Specific Opportunities for Suppliers and Retailers

- Emphasize home décor items as an affordable way to refresh living spaces. Especially in challenging economic times, consumers will see items such as new throw pillows, artwork and candles as small indulgences that will improve their living spaces and sense of well-being.
- Continue to expand storage and organization lines and assortments, which are still selling well… partly because of our space needs and partly because of the recognized wellness benefits of having living spaces clean and uncluttered. Offer aesthetically pleasing products at a variety of price points. (See data above about the income of people most challenged by space.)
- Don't abandon space-related solutions related to work-from-home. As more of these arrangements become permanent, consumers are looking for ways to improve their home work spaces. They also are dealing with other issues related to working from home including purchasing more food and beverages, more at-home food preparation and more mess.

experience

How often do you try to create new experiences at your home, such as meals, social gatherings or replicating paid activities (spa, movies, etc.)?

No question: People are craving experiences after the pandemic limited so many of them. Yet while many predicted this would drive spending away from home and housewares, the current economic climate is making restaurants, travel and other out-of-home experiences cost-prohibitive for some consumers… and making other consumers think twice. As a result, it's a perfect time to promote home-based experiences that can be enjoyed at a fraction of the price. There's also significant pent-up demand for at-home entertaining.



Source: CivicScience

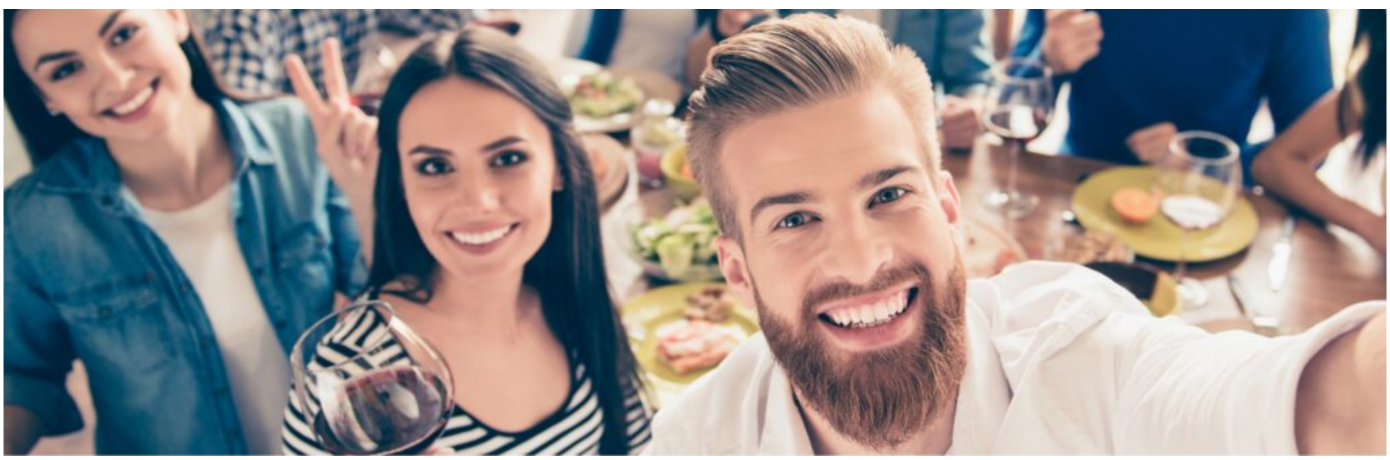
Of those surveyed, 10% of consumers "often" try to create new experiences at home, such as meals, social gatherings and replicating paid activities such as going to a spa or movie theater. However, the survey indicates there is an opportunity to engage with consumers who are interested in these experiences but may have barriers such as time, money or simply feeling out of practice or unsure of how to get started. (See especially those who said, "only for special occasions" and "not yet, but want to".)

Key Demographics of Respondents Answering "Often"

- **18-24 years old**
- **$50,000 – $100,000 income level**
- **Bachelor's/associate degree**
- **Suburban**

Not surprisingly, the people who "often" create new experiences at home tended to be 18-24 years old. Their income range is $50,000-$100,000.

At-Home Entertaining Is Back



82% expect to entertain at home in 2023

35% ↑ from 2022

IHA conducted a special survey in late 2022 to focus on the return of at-home entertaining. Pent-up demand for inviting family members, neighbors and friends to gather at our homes was clear: 82% of respondents said they planned to entertain at home in 2023; 35% said more often than 2022.

Typical At-Home Gathering

IHA's at-home entertaining survey found consumers expect these gatherings to be small and informal. Still, respondents said their biggest challenges tied to at-home entertaining involve clean-up, getting everything ready at the same time and food prep in general. Fourth quarter is the most popular period for at-home gatherings, and first quarter is second most popular—an untapped prospect for the industry since it's not tied to any big holidays.

- **Most in-home gatherings take place in October – December. Next is January – March**
- **10 or fewer guests**
- **Buffet/self-serve meal**
- **Self-serve/mix drinks**

The biggest challenges that consumers cite when entertaining in their homes are:

30% — Post-event clean-up

22% — Preparing everything to be ready at the same time

15% — General meal prep

Analysis

Our collective desire for experiences is an incredible opportunity for home and housewares, especially as so many people are feeling the pinch of inflation. It doesn't cost much to invite a few friends over for an informal movie night, but we've all learned how important even a simple experience like that is for our health and wellbeing. At-home meals and experiences are always cheaper than at restaurants and other venues.

When it comes to at-home entertaining, items that support informal gatherings are expected to be popular in the coming year. Think slow cookers, casual serving platters, coolers/mini fridges/beverage tubs and cocktail accessories.

There's also continuing interest in items that help replicate a paid activity outside the home such as going to a restaurant, movie theater or spa. Products for making specialty coffee drinks are selling well, as are hand-held massagers. Make sure to communicate the cost savings in addition to the personal benefits of creating an at-home experience for oneself and/or others.

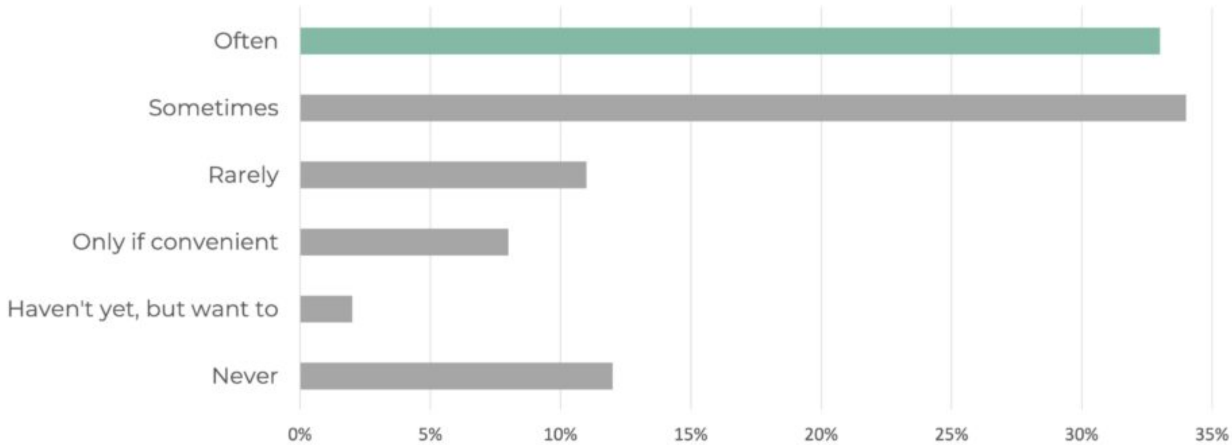
Other Specific Opportunities for Suppliers and Retailers

- Provide inspiration and ideas for everyday gatherings not tied to specific occasions and smaller informal reasons to gather, such as Galentine's Day, college football weekends or the summer solstice. Use social media and store end caps, special displays and windows to help make this type of entertaining feel easy, affordable and attainable.
- Enhance your assortments, marketing and merchandising with items that address consumers' top challenges when it comes to entertaining: clean-up, getting food ready at same time and overall food prop. Consider partnerships, cross-promotions and educational events that offer solutions.
- Support consumers who may feel out of practice entertaining or who aren't sure how to go about trying to replicate an outside experience at home. Whether it's in-store or online, these people are sure to appreciate recipes, hacks, themes and ideas, not to mention a little encouragement.

responsibility

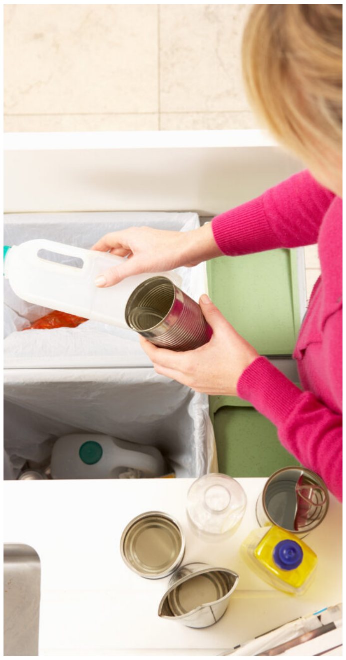
How often do you try to be socially/environmentally conscious at your home?

Responsibility has historically focused on environmental issues, but consumers are increasingly concerned about social responsibility. Many expect the companies they buy from to be committed to environmental and social solutions. This is partly due to the sense of global community created during the COVID-19 pandemic, but is also a result of consumers becoming more educated and informed.



Source: CivicScience

Of those surveyed, 67% of respondents said they're socially/environmentally conscious at home, either often (33%) or sometimes (34%). There's an opportunity to lower some barriers to entry—namely price and convenience—in order to connect with more consumers, especially those who answered "only if convenient" and "not yet, but want to."



Key Demographics of Respondents Answering "Often"

- **55+ years old**
- **$100,000+ income level**
- **Bachelor’s/associate degree**
- **Suburban**

Those who said they are often socially/environmentally conscious tended to be older than you might expect: 55 years old and up, with an income level of $100,000 or more. Digging a little deeper, this makes more sense, because this is the age group who is most likely to have the time and resources to put their desires into action. Younger people are heavily represented in the “only if convenient” and “not yet, but want to” categories.

Social Responsibility

82% – Favorable working conditions for employees

70% – Development of sustainable products

66% – Environmental stewardship

65% – Diversity and inclusion

58% – Charitable initiatives

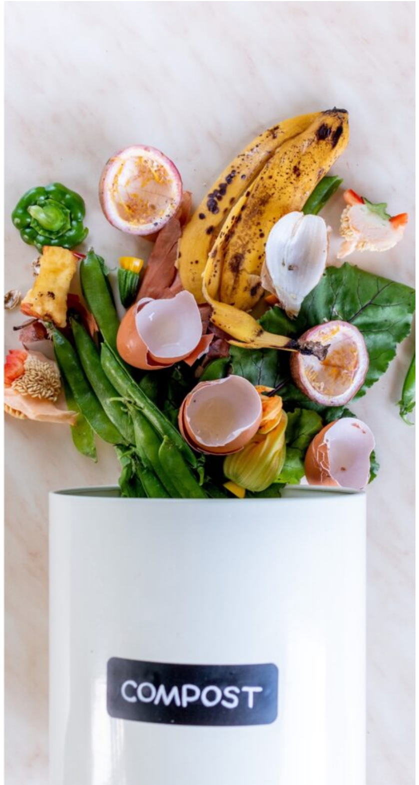
43% – Social activism

35% – Political affiliation

30% – Political activism

Source: CivicScience

Again this year, favorable working conditions for employees was the top area of responsibility respondents are looking for in the brands they purchase from (82%). That was followed by development of sustainable products (70%), environmental stewardship (66%), diversity and inclusion (65%) and charitable initiatives (58%). Environmental stewardship and political affiliation increased from 2022.



Analysis

Responsibility can be a tricky issue, but it's not one to ignore. Consumers value responsible products and companies, and they are increasingly sensitive to greenwashing. It's imperative to be authentic when communicating responsible initiatives and to look at a totality of issues, not just one. Social and environmental issues are often intertwined.

Price and convenience remain barriers for some consumers when choosing environmentally friendly products and brands, especially in the current economic climate. That said, when given a choice between two different retailers, brands or products where one is understood to be environmentally friendly and the other is not, consumers almost always will choose the responsible one. The same can increasingly be said for social responsibility.

Despite the current economic environment, home and housewares retailers and brands should continue looking for new responsible solutions. This is an issue that's only going to increase in importance as younger generations influence and educate older ones—and as they gain more purchasing power themselves.

Other Specific Opportunities for Suppliers and Retailers

- Social and/or corporate responsibility initiatives are probably easiest to put into place quickly. Reflect on how to tap into your company's DNA and truly live responsible programs. There are many ways to improve working conditions or add employee perks at no or low cost. Consider options to impact charitable initiatives in your community and show your support for social causes.
- Move favorable working conditions out of the sole realm of employee recruitment and include it in your consumer marketing. What do you do to support employees, whether in offices, manufacturing facilities or retail stores? Showcase those initiatives—and your valued employees—to consumers as part of your responsibility messaging.
- Even if don't have all the answers right now for environmental issues, be transparent and demonstrate your commitment to working toward solutions. Consider rental and resale/trade-in programs as a way to promote environmental stewardship. Show progress, even if in small steps.