



## Delivering a Contextualized Buying Experience

Making the kitchen and bath design and  
renovation process easier, faster, and more  
enjoyable for consumers



## Executive Summary

### **The Situation: Opportunities abound, yet retailers fail to connect with buyers**

Consumers spend most of their renovation dollars on kitchens and bathrooms. For retailers, these renovations mean revenue opportunities in several departments, including cabinetry, countertops, paint, wall ceramics, and plumbing, and present a significant opportunity to cross sell. Retailers without any digital medium to connect with buyers means a lengthy, multi-appointment design and sales process, risking sales conversion and driving down profits. Just as importantly, they have fewer ways to attract would-be buyers into the store.

### **The Problem: Failure to engage and guide the customer through every step of the process**

One of the major challenges retailers face when selling home redesign products and services is they have no way to show consumers a physical representation of their project or their eventual purchases. Uncertainty can cause many buyers to delay contract signing, or to not sign at all. Consumers can quickly get stuck in an endless decision loop trying to visualize all of the possible combinations—changing one item can mean re-evaluating every other selection. Many customers come away from the process frustrated or disappointed.

Retailers may not have enough staff to handle all shoppers during peak periods, leading to long in-store wait times. In-store designers may work only by appointment, leading to lost opportunities with casual shoppers and walk-through traffic. The process can take too long as the customer and designer try to work together toward a final layout, causing the designer to ignore other prospects or for the customer to become disinterested. Staff get bogged down on low value tasks at the wrong point in the sales process, creating further wait times.

The final result can be over budget or items can be out of stock, leading to customer frustration and loss of sales. Customers have plenty of time between visits to change their minds, because they have no way to try out different combinations and explore in their own time.

### **The Solution: Provide a fun, speedy, and painless process for the delivery of a consumer's next dream space**

To stay ahead of competition, forward thinking retailers need to offer shoppers *digital* kitchen and bathroom planning solutions on multiple channels, including in-store, at home, online, and on mobile devices. Digital media helps buyers locate the information they need before entering the store, while in the store, and after leaving the store.

### **The Result: Involved consumers leads to increased sales rates**

Making it easy for consumers to browse design concepts before and during the renovation process can lead to significant improvements in close rates, engagement, upselling and sales cycle reduction. Even small incremental gains in several of these areas can translate into substantial new revenue when applied to multiple stores over time.

### **How Car Dealers Make Buying Decisions Fun by Engaging the Customer Every Step of the Way**

Compare, for a minute, buying a new vehicle with a kitchen or bathroom upgrade. Both can be expensive and emotional decisions. Yet car dealerships make it fun and extremely easy to buy – studies indicate that up to 50% of auto showroom visitors [buy in their first visit](#). How do these automotive companies achieve such a high conversion and short sales cycle for an item with a cost comparable to a kitchen upgrade and a several week buying process? The answer is found by looking at the sales process and steps involved in making such an important buying decision.

Car dealers make it easy to browse and compare their products online, including 360° panoramic views, build-and-price tools, images, videos, and competitive pricing comparatives. Increasingly, consumers are shopping and buying on multiple channels, including in-store, at home, online, and on mobile devices—this is called omni-channel retailing. According to a [2015 study by International Data Corporation](#) (IDC), these shoppers have a 30% higher lifetime value to retailers than those who shop using only one channel. Miya Knights, Senior Research Analyst at IDC, notes that, “Consumers don’t distinguish between channels. They are channel blind; therefore, they expect the same service, products, offers, and pricing online as they do in-store and on mobile. This is why merchants need to make sure that their retail propositions are consistent across all channels.”

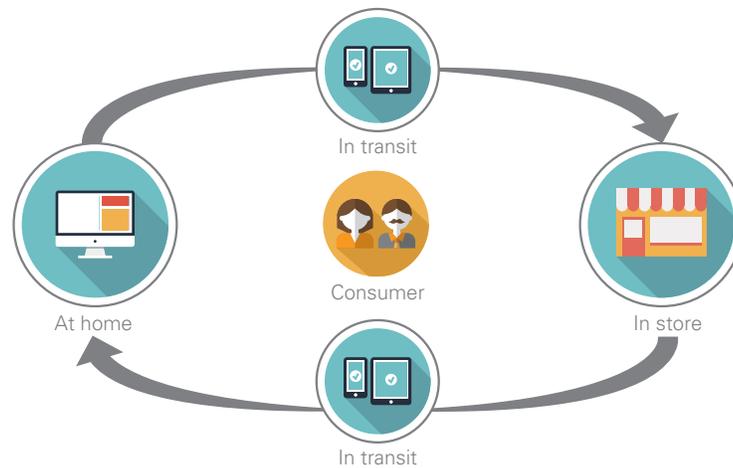
Automotive companies do a good job of ensuring that what you see online is, for the most part, what you get in the dealership. Many consumers have already done a lot of research before entering the dealership and might be ready to buy after a brief test drive. In other words, they have been through prequalification, narrowed down selections, and passed through many of those important steps. The in-store experience is more about refinement and validation than about discovery. Car dealers also guide their customers to products they can afford by categorizing offerings into monthly or biweekly payments.

# 50%



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The IDC study also shows that many consumers want to spend as little time as possible in front of a sales person, use the stores and dealerships to validate the information they find on the web, and use unmanned in-store devices such as kiosks and digital displays. Automotive companies make it easy to browse, visualize, customize, compare, share, and price and (in some cases) order a new vehicle online.



## The Renovation Bounty

Upgrading a kitchen or bathroom can be one of the most important and expensive projects a consumer undertakes in his or her lifetime. The average price of a kitchen upgrade in North America is roughly \$25,000 and **can surpass \$110,000** for larger, more upscale residences. In Europe, where kitchens are typically smaller, costs start as low as €1,000 and **can surpass €100,000**, with an **average price tag of €8,000**.

In recent years, the kitchen has transitioned from a strictly utilitarian space into an integral area of the home where homeowners spend a great deal of time. Ensuring that this space provides the right mood, utility, comfort, and style can be a challenge, given all of the products and combinations available today.

Knowing all of this, one might expect that retailers would ensure a fun, speedy, and painless process for the delivery of their customers' next dream space. However, many large retailers struggle to delight their target audience in this domain, and many homeowners still come away from the process disappointed.

### Average cost of kitchen upgrade

North America  
**\$25,000**

Europe  
**€8,000**

## The Mobile Impact



One might deduce that the dramatic increase in mobile devices and the growth of e-commerce is only good news for online retailers. Recent research by Google, Ipsos Media CT, and Sterling Brands indicates that the relationship between digital and in-store shopping is both nuanced and interconnected. Their article [\*New Research Shows How Digital Connects Shoppers to Local Stores\*](#) notes that **two in three** shoppers do not find the information they need in store, leading to a whopping **43%** of visitors leaving the store. For a complex project such as a kitchen or bathroom renovation, the percentage of consumers not finding what they need is likely even higher. The article also states that 71% of in-store shoppers who use smartphones for online research say their device has become *more important* to their in-store experience. Furthermore, the same study notes that **42%** of in-store shoppers use their mobile device to browse products.

Retailers without any digital media to connect with buyers force a lengthy, multi-appointment design and sales process, adding risk to sales conversion, driving down profits, and attracting fewer would-be buyers into the store. What's more this approach also leads to a less compelling in-store experience where shoppers also use their mobile devices to find products and product choices.

Retailers need to leverage digital spaces and mobile usage to complement in-store offerings and to engage would-be shoppers through every step of the renovation process.

## How Retailers Can Leverage Digital Spaces

### Digital Planning Solutions

To stay ahead of competition, forward thinking retailers need to offer shoppers *digital* kitchen and bathroom planning solutions that help buyers get the information they need before entering the store, while in store, and after exiting the store.

A high-quality digital solution helps consumers visualize their new space, dramatically reducing buyer uncertainty and shortening the sales cycle.



To stay ahead of competition, forward thinking retailers need to cater to shoppers and offer digital kitchen and bathroom planning solutions. Digital media helps buyers obtain the information they need before entering the store, while in the store, and after leaving the store.

Another major advantage of an online planning solution is that the designer or consumer can easily change elements of the design and immediately see the effects. For example, accessories can be added or moved, cabinet styles can be changed, and appliance positions can be switched, all in a matter of seconds. This contextualized buying experience is critical in providing the consumer with the visual baseline needed to confirm their selections with the designer, given all of the possible permutations and combinations that exist.

Many designers use professional desktop design software to provide clients with iterative feedback and some level of context. However, true contextualized buying occurs when the consumer is in full control (this is why automotive companies spend an enormous amount of time and money to ensure that configuration tools are available online for consumers to build and price on their own time, without the pressure of a salesperson). This offloads basic tasks to the consumer so the designer is free to focus on higher return-on-investment tasks, such as final design prep and order placement. The designer can handle more clients simultaneously and generate more sales for the retailer.

#### **Social Media's Impact**

Social media can also significantly impact sales. A recent [study by KPMG](#) shows that 71% of retail executives believe social media is having a significant impact on their business, the highest result of all technology-related trends polled. Giving consumers the tools to share their designs and concepts with friends and family to validate is another important part of providing effective kitchen and bath design services. In the process of sharing their designs, consumers become unwitting marketing ambassadors for the retailer.

#### **The Role of Manufacturers**

Retailers that offer full renovation services aren't the only ones who can benefit from space visualization tools and an in-depth digital presence. Most manufacturers that sell kitchen and bath products don't provide a means for consumers to visualize products within the context of their new space. Buyers must use their imaginations to predict how products will look when installed. Common examples include pairing appliances with backsplash tile, or paint color combinations with cabinet colors.

According to IDC, the key customer interaction characteristics to focus on in 2015 are relationship, relevance, reciprocity, and – new this year— participation. In the [2015 Worldwide Retail Predictions report](#), Leslie Hand, vice president, IDC Retail Insights, states, "Relentless technology innovation underpins consumers' participatory behavior and expectations. The most successful companies will find opportunities by putting mobility, analytics, cloud, and social to work in their customer and operations strategies, adopting omni-channel integration technologies and IT governance."

In other words, manufacturers that actively seek out ways to connect with buyers and get them participating in various digital experiences will outperform those with no buyer participation. Manufacturers and retailers that leverage cloud technologies and use the web as a differentiator will set themselves apart from their competitors.

Simply listing a photo and price of an item on a website is no longer sufficient. Buyers will seek out ways to visualize how they will use the product in their own context and to share it with friends and family for ultimate validation—in a contextualized shopping experience.

Manufacturers with a retail presence are ideally positioned to provide this experience to consumers, since they have a deep knowledge of their products and access to all of the product specifications, making it easier to create detailed virtual models for use in digital mediums like the web.

### Expanding the Scale

Many retailers selling kitchen and bath design products and services do not do enough to leverage the potential of upselling and cross selling in store. For example, they will sell cabinets to a customer but leave the customer to browse the store for plumbing and other items, providing ample opportunity for the customer to shop elsewhere. For a kitchen or bath redesign, upselling and cross selling can translate into significantly greater revenue per customer.

Online retailers often do a good job of cross selling and upselling on their websites, since they can store a limitless combination of items. According to a [Forrester research analyst](#), product recommendations like upsells and cross-sells are responsible for an average of 10-30% of e-commerce revenues. A well-known example of an online retailer that cross sells very well is Amazon.com. Most automotive companies upsell via options and engine upgrades through their online build-and-price configurators.

Suggesting item combinations and pairing isn't just a nice-to-have feature for kitchen and bath design. It's actually an integral part of the design process. Despite this fact, brick and mortar retailers struggle when it comes to kitchen and bathroom redesign upselling, particularly because of the physical limitations of storing every possible item combination in store. They are forced to carry only small sample sizes, but as styles change, even those can quickly become out of date. The possibility of showing decorative items, such as draperies, art, and accent lighting is essentially impossible.

An effective solution is to create electronic catalogs of the design elements so that in-store designers can easily pair them within a space planning solution and show them side by side to their prospects. The ideal solution is to allow consumers to mix and match within an online tool, in their own time, and to bring the desired outcome to the designer for final design and quoting within a professional design tool. Giving consumers the tools to add to their own project cost total, and have fun while doing it, is a retailer's dream.



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Some retailers shy away from upselling, cross selling, and using multiple manufacturers' products for fear of quoting the wrong price. In fact, accurate budgeting remains one of the biggest challenges for retailers when many manufacturers' products are in the final design. Nothing can disappoint a client more than to be excited about a given design only to find out late in the project that the final cost far exceeds the budget and drastic changes need to be made. Both retailers and manufacturers need to ensure that updated electronic catalogs exist for products and that retailers are using those catalogs in their design tools.

A solution provider must then have a deep and broad source of digital catalogs available across multiple product domains and geographies, as well as a dedicated team of catalog creators who can generate accurate versions of any manufacturer product line that works with a retailer's back-end IT infrastructure. This helps to ensure designers, self-serve consumer stations and independent consumer shopping tools are quoting the right prices.

### Concluding Summary

Ultimately, making the decision to invest in digital media and catalogues, online planning solutions, and a contextualized shopping and buying experience comes down to sales and profitability. What kind of impact can providing consumers the ability to browse, visualize, customize, compare, share, and price in-store and at home make on the bottom line? Enough of an impact that one of the world's largest kitchen and bath retailers, IKEA, has made its [online virtual planning solution](#) an integral part of its selling and ordering processes. In the UK, B&Q also recently made the switch. Using [B&Q Spaces](#), customers design their spaces before they ever reach the store.

Providing a digital space where consumers can browse design concepts can lead to significant improvements in browsing, close rates, engagement, upselling and sales cycle reduction.

For more information about 2020's online solutions for retailers and manufacturers, visit [www.2020spaces.com/2020IdealSpaces](http://www.2020spaces.com/2020IdealSpaces).

