

ADAPTING FURNITURE BUSINESS MODELS TO NEW WAYS OF LIVING

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Spain



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1. NEW WAYS OF LIVING: HOUSEHOLD EVOLUTION
2. FURNITURE TOWARDS A GREEN ECONOMY: INNOVATION IN PRODUCTS AND BUSINESS



1. NEW WAYS OF LIVING & HOUSEHOLD EVOLUTION





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1. Ancient history: Sedentary lifestyle around fireplace.



2. S XII-XVIII

Convection chimneys as revolutionary technology that allows kitchens to expand space for human activities at home.



3. 1923-1930

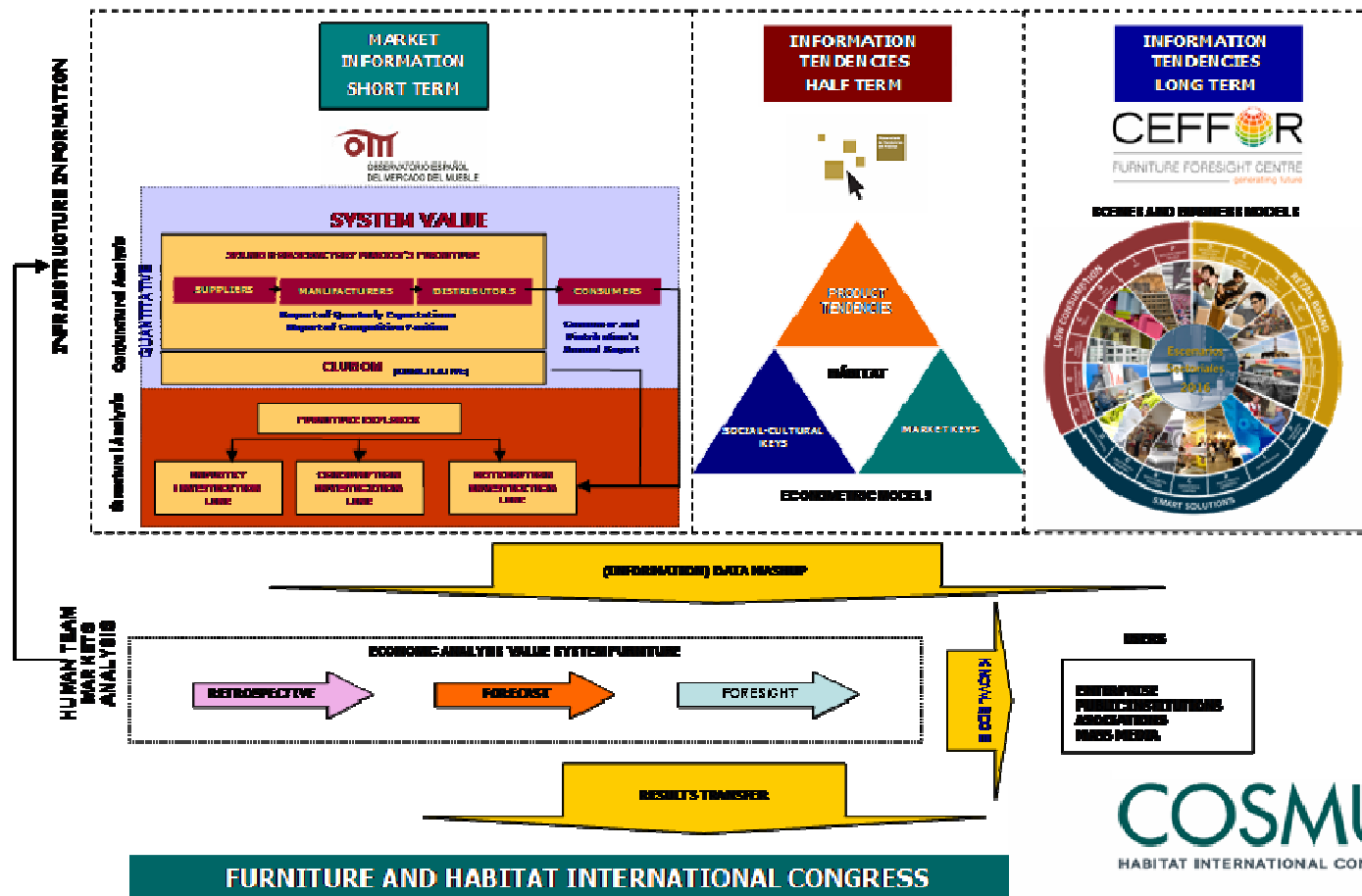
“Frankfurt kitchen” as reflection of modern, technical and efficient society.

4. S. XXI Open concept: social activity at home.



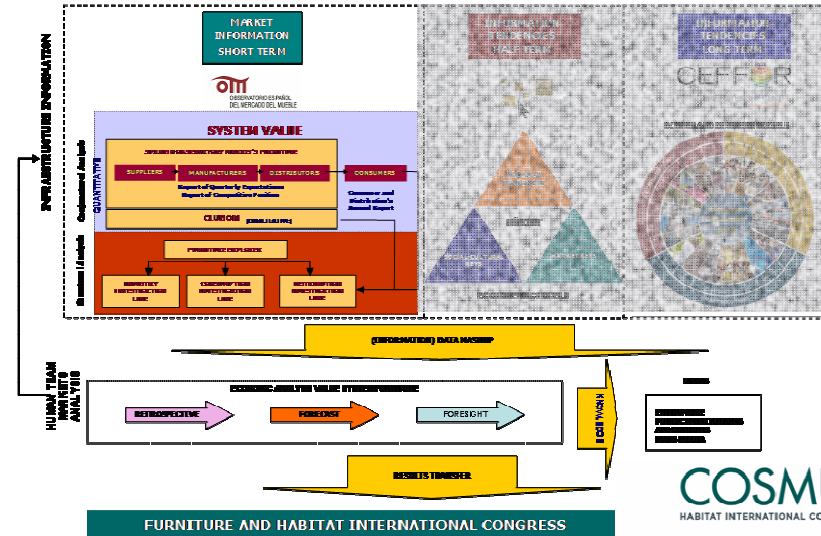


AIDIMA Furniture Business Intelligent System





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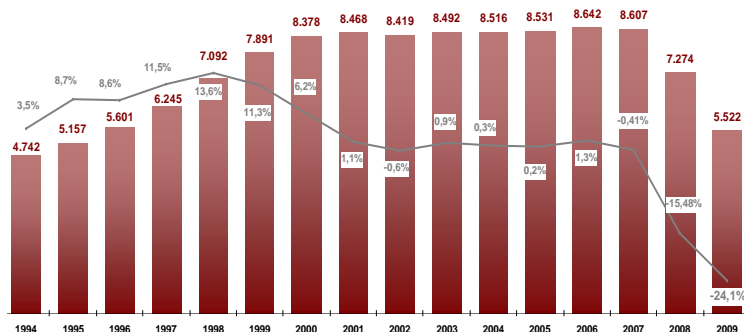
SHORT-TERM ANALYSIS IN THE FURNITURE INDUSTRY

- Current and past situation of key variables in the furniture manufacturing industry of Spain.
- Analysis of furniture consumption and retailing in Spain.
- Business model analysis of leading furniture manufacturer and retailer companies (identification of best practices).



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Evolution of furniture production in Spain.

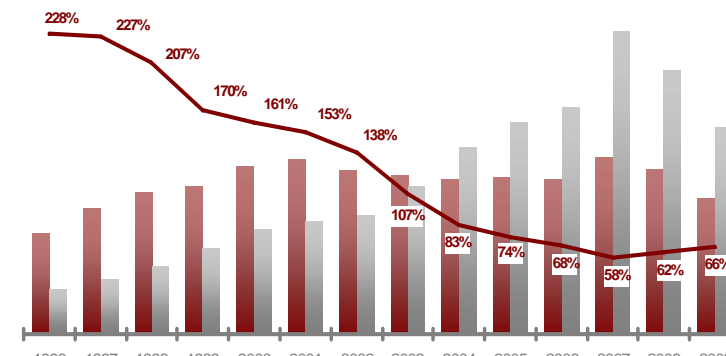


Millions €

% Interannual rate

Source: Spanish Observatory Furniture Market. AIDIMA

Furniture trade balance in Spain.



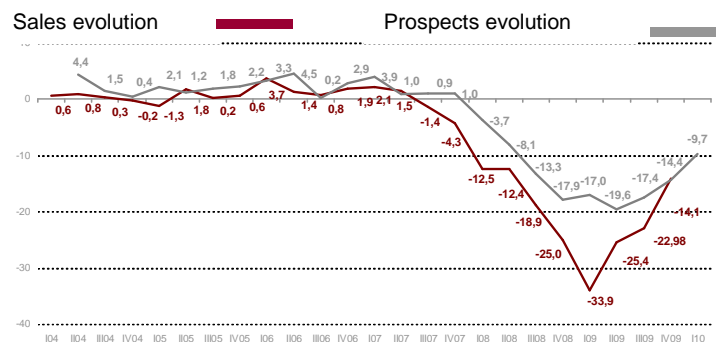
Exports (Mll €)

Imports (Mll €)

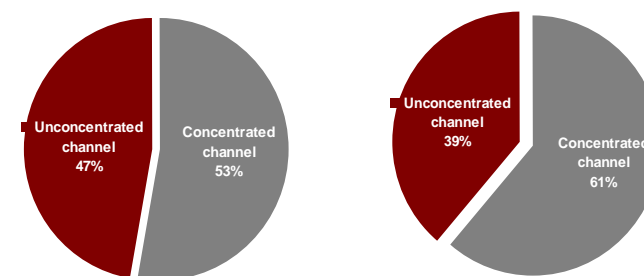
Rate (%)

Source: ICEX

Quarterly evolution of furniture production in Spain



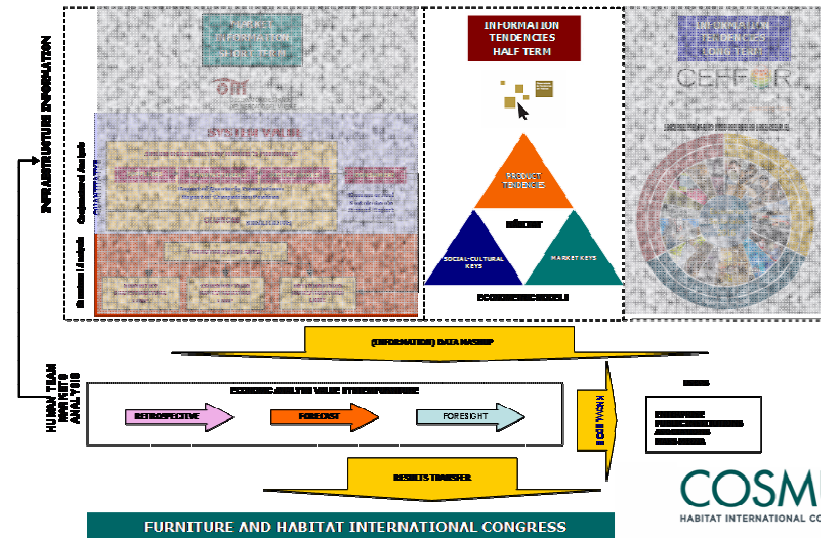
Market share of the different types of retail in Spain



Source: Spanish Observatory Furniture Market. AIDIMA



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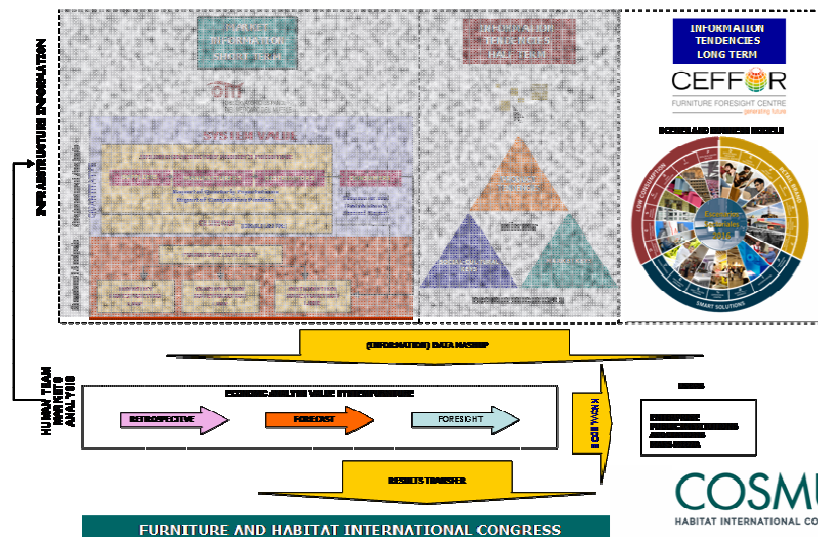


TREND ANALYSIS IN THE FURNITURE/ HABITAT INDUSTRY:

- Mid-term evolution of consumers and implications for furniture supply chain.
- Mid-term evolution of values and lifestyles in Europe and Spain
- Mid-term socio-demographic trends in Spain.
- Mid-term retail trends worldwide.
- Mid-term habitat products trends worldwide.



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FORESIGHT RESEARCH IN THE FURNITURE INDUSTRY:

- Foresight of global macro-trends: globalization, retailing consolidation and consumption evolution.
- Foresight of furniture Business Models: identification of key variables and definition of future scenarios.
- Foresight of variables related to supporting processes (planning and management) and business processes (marketing, etc) in furniture companies.
- Sustainable development of furniture industry: definition of desirable future.





SOCIOCULTURAL DRIVING FACTORS 2013



Three kind of responses to Economic Crisis

- Grasp to Consumption (when affordable)
- Life is game (escapism)
- Vital Alternatives & Supportive Responses (lifestyle change)

New habits & behaviour due to Digital Revolution:

- Digital Reality (Internet pervades real life)
- Massive Creativity (collaborative projects)
- Augmented Human-Being (personal widgets for living)



**... + DEMOGRAPHIC
CHANGES...**



Grasp to consumption

- Keep the consumption paradigm previous to the economic crisis.
- Used to consumism, difficult to rationalize consumption behaviour.
- If affordable, people keep consuming in spite of crisis.
- Even when decreasing household budget, still selected indulging purchases.



People waiting for purchasing new iPhone5 in front of Apple store in New York.
Picture: Steve Rhodes.



Life is game

- Escapism versus crisis.
- Ignore bad times.
- Gamification of life: videogames, online games, games for adults, APPs...
- Return to domestic hobbies: cooking, garage beer, camping...



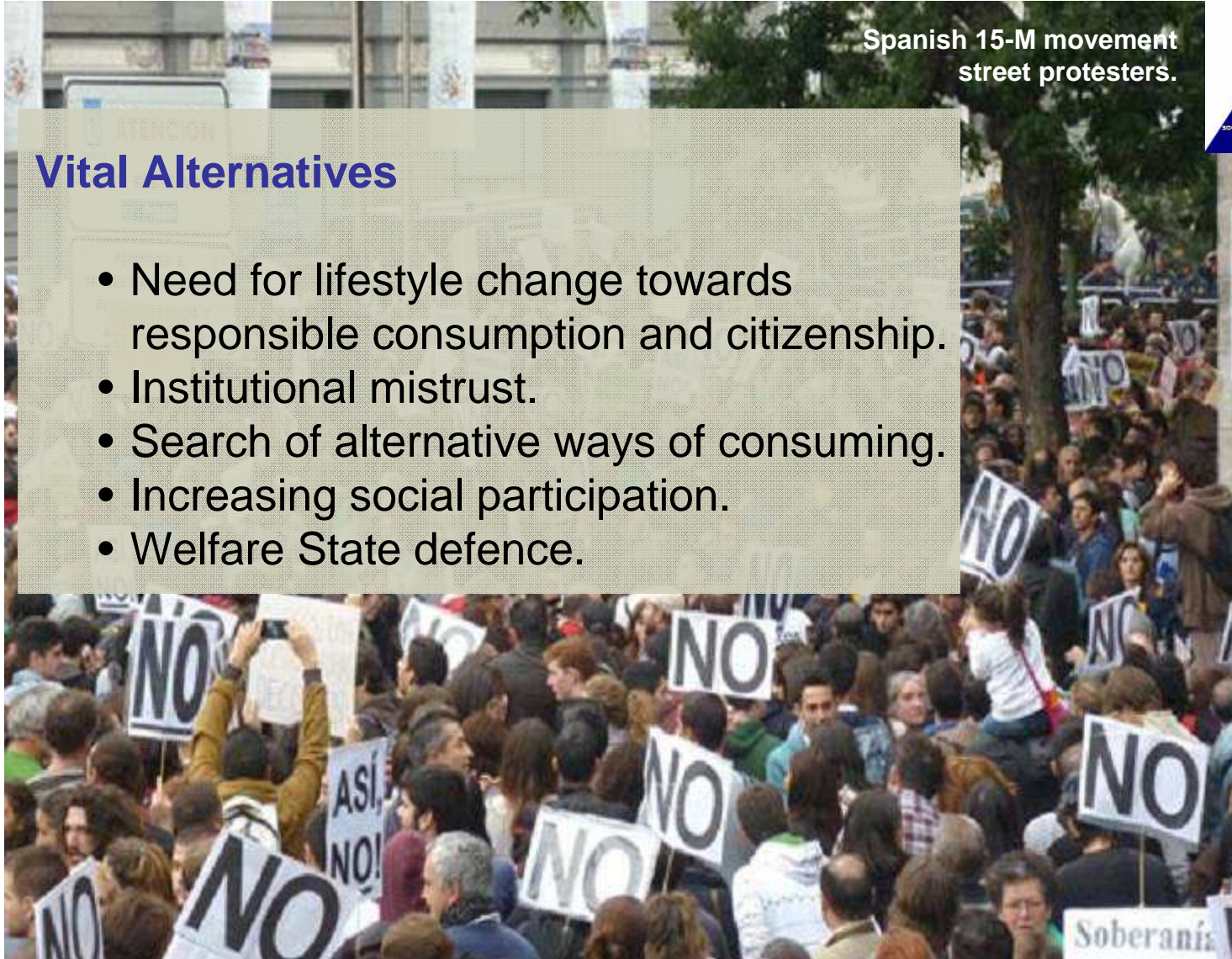
Lunch Beat (Berlín). Informal meetings for dancing during lunchtime at work. Picture: goStockholmGoeteborg.

Spanish 15-M movement
street protesters.



Vital Alternatives

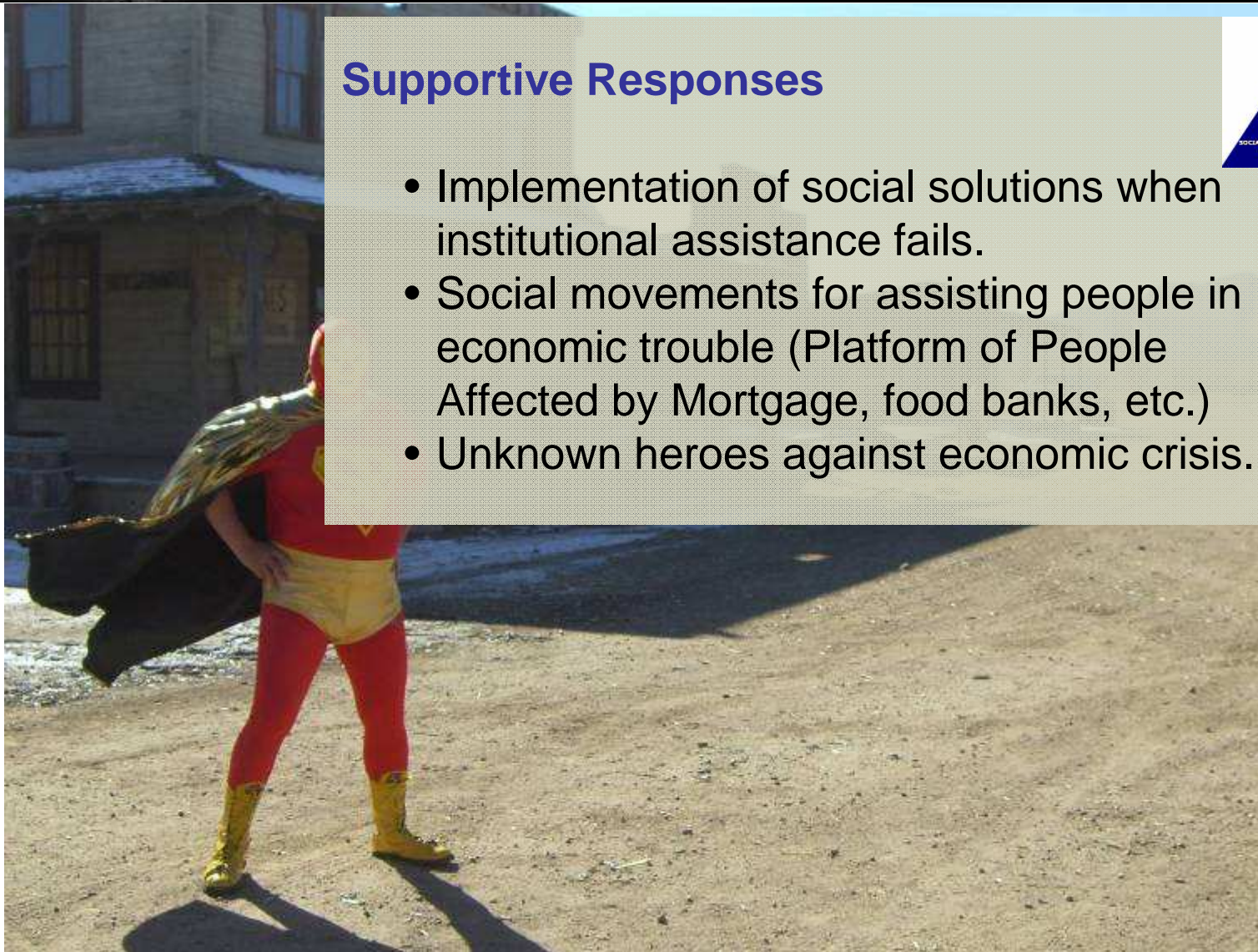
- Need for lifestyle change towards responsible consumption and citizenship.
- Institutional mistrust.
- Search of alternative ways of consuming.
- Increasing social participation.
- Welfare State defence.





Supportive Responses

- Implementation of social solutions when institutional assistance fails.
- Social movements for assisting people in economic trouble (Platform of People Affected by Mortgage, food banks, etc.)
- Unknown heroes against economic crisis.





Digital Reality

- Internet is not a parallel world anymore.
- Internet invasion of real life.
- Social initiatives and entrepreneurship in Internet as economic emerging forces.
- Mixing real life with Internet possibilities (foursquare, twitter, etc.).

LOCK UP YOUR PHONE AT THE WORLD'S FIRST EVER SOCIAL REHAB. COME DOWN TO POKE YOUR BOSS & TWEET YOUR EX IN REAL LIFE.

SATURDAY 4 AUGUST 7 - 11PM

UP TO 40% OFF DRINKS

HOW LONG CAN YOU LAST? FOR EVERY HOUR YOUR PHONE IS LOCKED UP, TAKE AN EXTRA 10% OFF.

GET YOUR FREE SOCIAL REHAB TOOLKIT

Social Rehab Toolkit for simulating online actions in real life.

Massive Creativity

- Collaborative projects.
- Internet as field for experimenting in group.
- Open Data and Collective Intelligence (i.e. Wikipedia).
- Change in paradigm of copyright exploitation.
- *Crowdfunding*: projects funded by individuals' contribution.



“El Cosmonauta”: movie funded with *crowdfunding*.

Augmented Human-Being

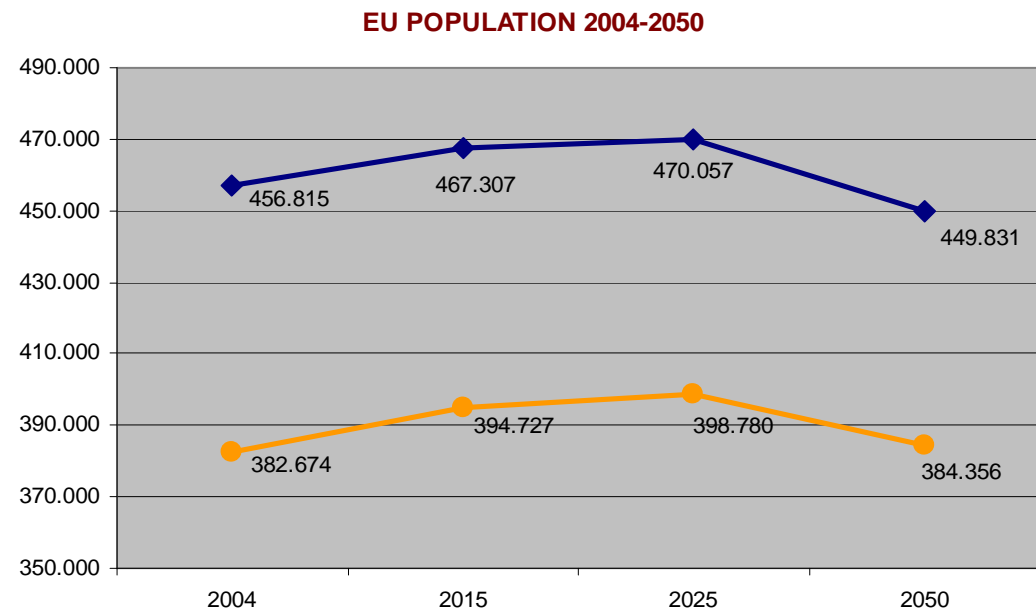
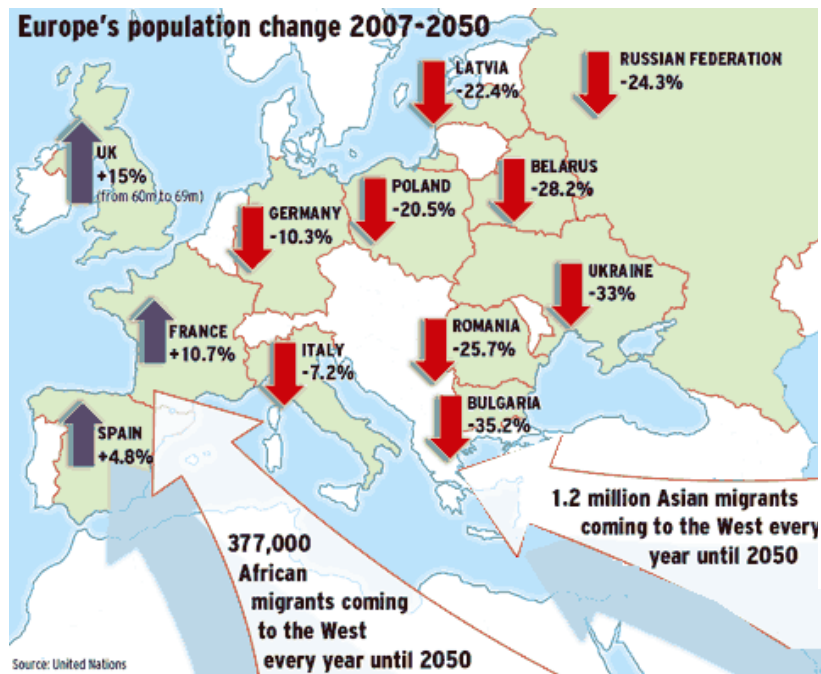
- Immersive and interactive technology allows new human skills.
- Microelectronic widgets for personal use (Google glasses, health sensors...).
- World as a interactive playground.
- Medical uses for diagnosis and prevention.



'A day made of glass 2' (video). Corning.



... + EUROPEAN DEMOGRAPHIC CHANGES...



Population scale: x1000 inhabitants

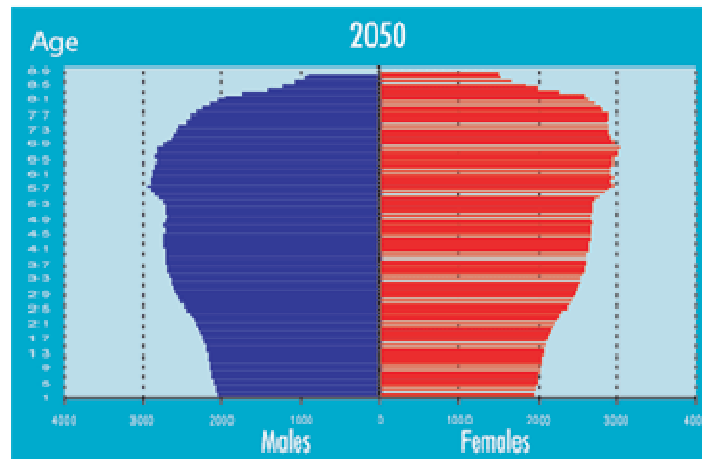
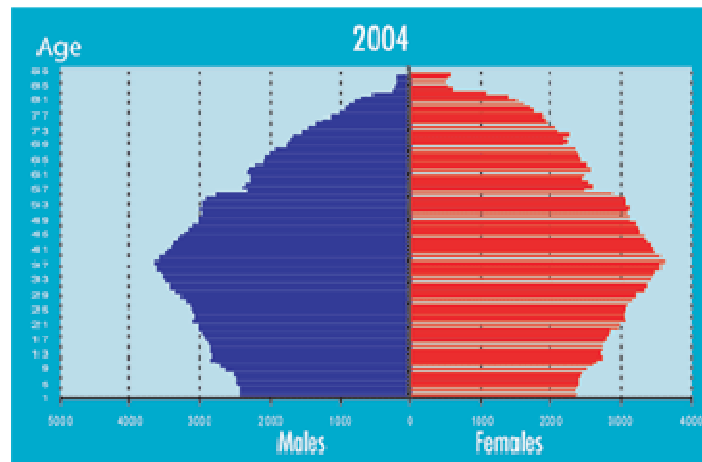
Source: Eurostat Press Office.

http://europa.eu/rapid/press-release_STAT-05-48_en.htm

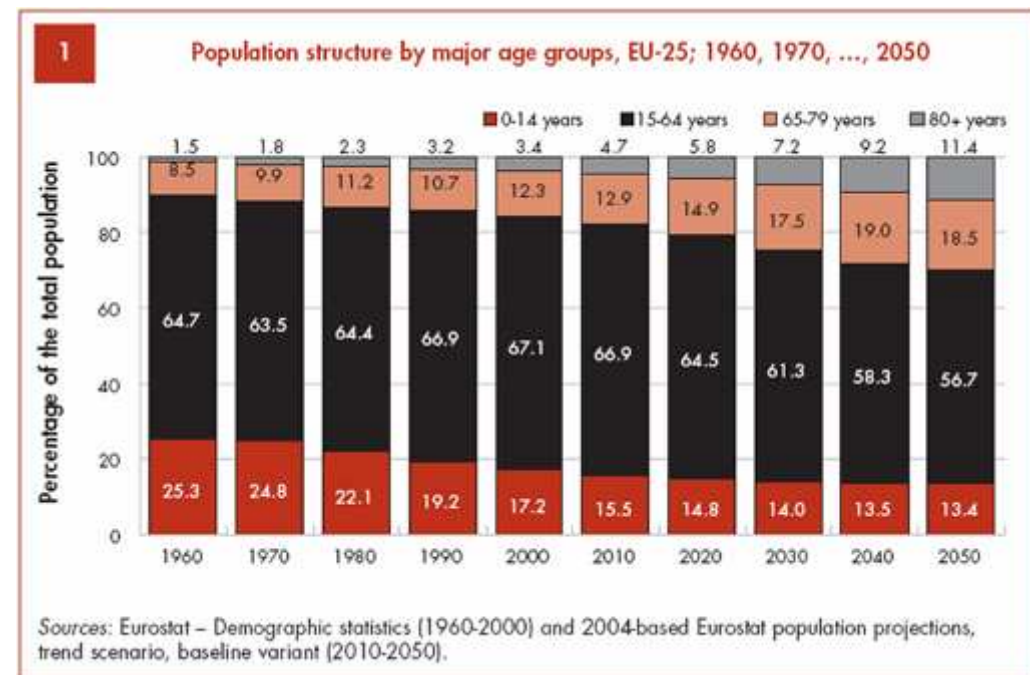
INMIGRATION and POPULATION LOSS



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Source: EPC and European Commission (2005)



AGEING and ELDERLY SOCIETY



EUROPEAN HOUSEHOLDS LIFESTYLES CHANGES INCREASING PRESENCE IN SPANISH CONTEXT



**Single
households**



**Negotiator
families**



**Lone mothers
by choice**



**Reconstructed
families**



Couples



Shared houses

Source: Home Trends Observatory. AIDIMA-ITC-AITEX, 2009.



Single households

People living **on their own** at will and **independently**.

Young people between **25 and 35**, mainly **men**.

13% of Spanish expenditure of mass consumption products.

Source: TNS World Panel

1 out of 4 households in Europe.

+ 54 million of Europeans live alone.

Source: Family evolution in Europe. 2008. Instituto de Política Familiar.



Lone mothers by choice

Women driven by
willingness of **being
mother.**

Lone mothers, between **35
and 45** years, with
university studies and
economic solvency.

Superior income than lone
parents who didn't choose it.

Source: Jiménez, González y Morgado, 2005

+ 40% in between
1991-2001 in Spain

+ 1,3 mill.

Source: Spanish Census 1991 y 2001, INE.

x 10% births and
adoptions out of
marriage in last 30
years.

Source: Home Trends Observatory. AIDIMA-ITC-AITEX, 2009.



Couples

Couples between **25 and 40 years**, **medium-high purchasing power**, looking for **self-fulfilment**, **professional and economic success**.

Being parents as **an option**, not a destiny for the couple.

dinkies = *double-income no kids yet*

Source: Wikipedia

+ 25% between

1991-2001 (couples with no kids).

almost **1/5** of households.

+ 2 millones.

Source: Spanish Census 1991 y 2001, INE



Negotiator families

Couples with children where familiar relationship is based on **trust and communication.**

Loss of family hierarchy, children taking part in decisions.

+ 60% children influence in families consumption decisions.

Fuente: Trend Survey. Kids Today. By Mark Kurth and Jennifer Dewing. October-2008

43,5% of Spanish households.

Source: Spanish Census 1991 y 2001, INE.

13%: European households with 1 child.

52,3% of Spaniards between 25-29 years living with parents.



Reconstructed families

Couple where at least one comes from a **former relationship** and brings **non-common children** to the household.

Between **35 and 55** years.

Families with larger proportion of working women with paid jobs.

Source: Gerardo Meil, sociologist.

8% of Spanish families with children correspond to women in second mating.

Source: Spanish Survey on Fertility, Family and Values. CIS, 2006.

2'3% of Spanish households.

Source: estimates based on CIS, 2006. Lence y Guzmán, 2007



Shared houses

People **living together** with
no family relationship.

Usually, a **temporary situation** due to work,
studies, elder necessities,
etc.

**Intergenerational cooperation
between elder and young
people.**

x2 in between
1991 - 2001 in
Spain.

3% of Spanish
households (almost
400.000).

Source: Spanish Census 1991 y 2001, INE.

2. FURNITURE TOWARDS A GREEN ECONOMY: INNOVATION IN PRODUCTS AND BUSINESS





There is a **time lag** between social/ technology change and firm response. Change usually goes ahead of business innovation.

SOCIAL CHANGE TECHNOLOGY TRENDS



ADVERTISING



PRODUCT INNOVATION



BUSINESS INNOVATION



What if we stand up?
Coca-Cola's advertising campaign in Spain, Spring 2013, two years after 15-M street protests.



multifunctional and versatile products

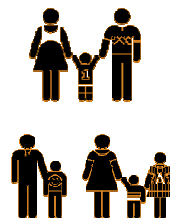


Bulthaup B2.





Intuitive and
facilitator products



Creative and non
usual products



Crater Lake de 24^o Studio, wood instalation in Kobe (Japan).
www.24d-studio.com



Miss Sissi bio-on Lamp (Philippe Starck).
www.starck.com



Efficient and responsible products



Interactive and participative products



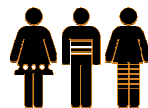
W+W. Roca. Innovation Lab de Roca y diseñada por Gabriele y Oscar Buratti.



Spline Chair (Unto This Last)



Easy and remade products



Trash Me Lamp (Victor Vetterlein for &Tradition). Egg packaging lamp. www.victorvetterlein.com



Newspaperwood (Vij5).
Wood made from
newspapers.
www.vij5.nl



Furniture Business Model Innovation



CEFFOR[®]
FURNITURE FORESIGHT CENTRE
generating future





Furniture Business Model Innovation



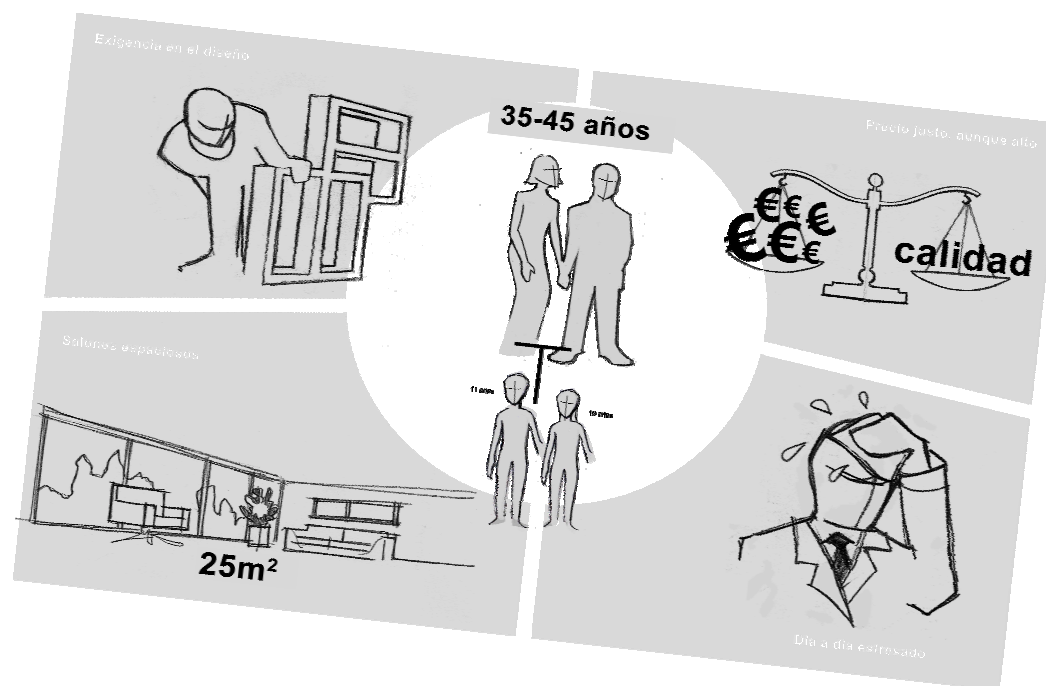


Furniture Business Model Innovation

CASE: UPHOLSTERY MANUFACTURER

Who is the target user?

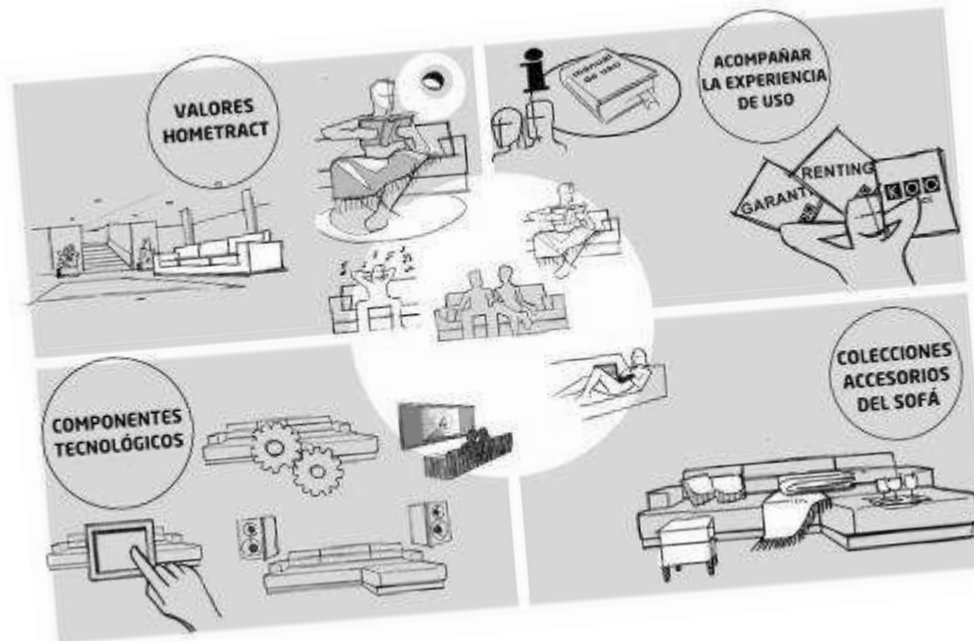
- Families, 35-45 years with children over 10 years.
- Renovation of sofa.
- Values design.
- Large dining-rooms.
- Willing to pay for quality.
- Stressed life, need for relax and leisure at home.





Furniture Business Model Innovation

CASE: UPHOLSTERY MANUFACTURER



What could be an innovative value proposal for this target?

- Quality of contract furniture for home use.
- Technology components for leisure (i.e. home cinema and music inside the sofa).
- Offering services during sofa life cycle (redecorating, maintenance, etc.).
- Complements collections (cushions, blankets, etc.).

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Business Innovation

Andrew World



Flexa chair

Red Dot Design Award 2013



KOO
International



Interactive used-centred prototype couch



- LEED® Certification
- The Building Exchange BEX Award (Germany)
- Green Good Design (Chicago)



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Thank you!