

COLUMNS

Marketing, not quality, new revenue driver for disrupted interior design biz

September 9, 2016



Waterworks taps desire

By **Pam Danziger**

In preparation for my Sept. 12 talk at the New York International Carpet Show (NYICS), I have been digging into the interior design industry, one that leads the consumer market in home design trends.

ASID (American Society of Interior Designers) just released a new **state of the industry report** that documents many positive trends such as a 12 percent growth in the number of interior designers since 2015. The report says, "The business of design [is] quite good over the last twelve months, and we expect that to continue."

But behind the numbers are other trends that are changing the dynamics, competitive landscape and customer mindset about design. These shifts are causing problems, particularly for the traditional to-the-trade manufacturers, as well as interior designers relying on traditional means of finding new customers.

The ASID report states, "It seems that we are not only in a period of tremendous change for both the business and practice of design, but the pace of change is accelerating, with no signs of slowing. This complex, dynamic and accelerating environment is difficult to navigate."

To which, I agree.

To help me understand why on the surface the business of interior design looks so bright, but why so many suppliers to the trade are not feeling the love, I asked my go-to home expert, Chris Ramey, to help me understand.



Chris Ramey

Formerly president of International Design Guild, the world's largest chain of decorative floor covering showrooms, Mr. Ramey leads the Affluent Insights consultancy and The Home Trust International, a consortium of companies

and designers that provide products and services for luxury homes.

Mr. Ramey has his finger on the pulse of what is really going on in the interior design industry, both from the supplier and the service side of the business.

Fight fire with fire as better-marketed brands disrupt

Mr. Ramey said that "the challenges are profound," when asked about the future of the interior design business.

"Brand awareness is very low," he said. "There are few well-known design brands. Then add the disruptive influence of the Internet, HGTV, Houzz and other media that allow mass brands to pose as luxury.

"The result is a very different and unique path to purchase for consumers. And very little is good for traditional resources or professional interior designers who aren't, by and large, properly leveraging the Internet or executing luxury strategies.

"And since so much of the noise is dumbing-down the design industry, I don't think it's particularly good for consumers who possess the capacity for the best and deserve better."

Not only that.

"Amazingly, there remains a strange and misguided sense of entitlement among design professionals and design resources that they needn't do what the rest of luxury industry understands is necessary to find new clients and drive business," Mr. Ramey pointed out.

Part of the entitlement he refers to is the notion that the design trade has a lock on the luxury and affluent clientele. And, as a result, they are losing share of wallet to other categories that clients care about. And they care because those brands and categories are investing in luxury marketing and branding strategies to create awareness and desire.

Case in point is RH and its new sister brand Waterworks, both of which have attracted designers thanks to the branding targeted to the affluent clients.

"Interior designers increasingly shop at RH and Waterworks and therefore are less loyal to the to-the-trade brands that traditionally served them," Mr. Ramey said. "It's proof that quality doesn't drive revenue. Marketing drives revenue.

"These brands have done a very good job of tapping this upper-end market," he said.

In other words, the clients want RH or Waterworks brands because these brands have built awareness and desire.

The result is that clients may request these brands from their interior designers or simply side-step designers all together and go direct to the source.

The brand identities that RH and Waterworks have built in the mind of the consumers gives them confidence to make their own purchase decision, as well as pride of ownership that they have made a good choice.

This, in effect, has disintermediated the design professionals. RH and Waterworks' sales strategies undermine the interior design profession.

"The brands in the home say something about your sophistication as a home owner," Mr. Ramey said.

"A sophisticated and informed buyer acquires a Steinway piano, whereas a Yamaha piano provides different cues," he said. "A Subzero refrigerator says something about the home owner."



Pam Danziger is president of Unity Marketing

Powerful luxury branding has established its presence of place in the affluent consumer's home.

Mr. Ramey said that the traditional design industry has been disrupted by better-marketed brands that are more focused on branding and marketing.

yet too many to-the-trade designer brands have not invested in such consumer-focused branding, and so have become increasingly commoditized as better-marketed brands capture market share. This is in spite of the fact that the to-the-trade brands offer better quality, superior style, longer life and performance.

In marketing, customer perception is reality.

The most successful brands are almost always the ones that invest most heavily in branding and marketing.

If the customer thinks her new RH-designed living room is state of the art in luxury and design, who can tell her differently? RH has already convinced her.

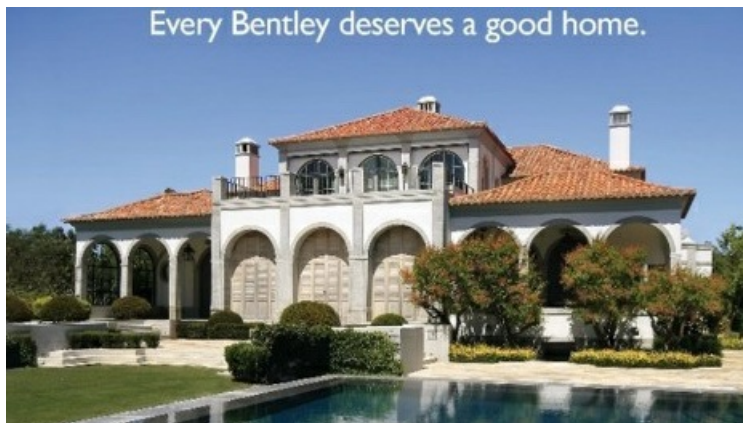
Talk directly to the clientele through branding

"As interior designers' responsibilities to clients evolve, it is more important than ever to market directly to consumers," Mr. Ramey recommends.

"RH and Waterworks prove this point," he said. "Today's affluent consumer holds all the power. I am not suggesting [that] to-the-trade companies bypass designers. But no stakeholder in a firm should subordinate their brand equity and future to a gatekeeper, in this case, designers, to position and sell the brand.

"We have to create desire for brands and need to do that by communicating directly to the consumers. Brands lubricate a design professional's specifications for the product.

"Any offering that is void of brand lacks value to the luxury consumers, since interior designers have primarily built their business around craftsmanship, quality and an aesthetic that most customers don't necessarily understand. But they understand brand [as RH and Waterworks' rise proves]."



Driving the point home

The solution, therefore, is to bring brand forward in the interior design industry and position the brand's values directly to the consumer, even if interior designers remain the conduit through which the brand is delivered.

This advice is given to both the to-the-trade marketers and designers, who have traditionally relied upon word-of-mouth and recommendations as their chief marketing tool.

"When someone tells me they get their business from word of mouth (WOM), that is code for I don't know how to market," Mr. Ramey said.

WOM may be favored, but designers need a solid foundation in branding and marketing to be truly successful.

"For virtually every successful interior designer and every successful luxury brand or company, it is brand first, not product," Mr. Ramey points out.

"Star architects and star interior designers are stars because their marketing and PR preceded them," he said.

"If you want to be very successful, you have to become marketers first."

Need more proof? Look at the NYICS' keynote speaker, potter and designer Jonathan Adler.

THE GOAL OF MARKETING, both for to-the-trade companies and interior designers, is to expand their range of influence and communicate their value propositions directly to the people that most matter. In this industry, it is the affluent and high-net-worth individuals.

"You have to think more strategically," Mr. Ramey said. "You have to expand your prospect base with marketing if you want to grow."

3 thoughts on “Marketing, not quality, new revenue driver for disrupted interior design biz”

1.  Mark Michaud says:

September 9, 2016 at 7:23 am

Worth a double take. This is the most important point: "You have to think more strategically," Mr. Ramey said. "You have to expand your prospect base with marketing if you want to grow."

[Reply](#)

2.  Jessica M. says:

September 9, 2016 at 3:52 pm

I agree with nearly everything in this article, but am a bit perplexed by the author's reference to Waterworks as “new”. They've been around for over 30 years. Did RH recently acquire them? Or were they recently re-branded? A few days ago I saw a sponsored post from Waterworks show up in my Instagram feed, so they are definitely marketing successfully. I'd just like to know more about their brand's story and how it relates to the trends cited in this article!

[Reply](#)

3.  Steve Nobel says:

September 11, 2016 at 9:19 pm

Pity those at NYICS having to endure this tiresome trope. Pam and Chris are languishing in this article still rubbing the genie's bottle. Even though they are both professional colleagues, I am afraid that their collective lament and presumptuous prescript for therapeutic remedies to market better' and thereby thwart DIY are pass. Their provocative title blares that marketing trumps' quality (pun intended), and extols hollow claims to just believe the fanciful imagery. Sound familiar?

What's now and forever current is that the best of the best in design at home — interior design professionals and their trade resources — have for decades been leaders in the market for those who appreciate the finest. And now through design magazines, show houses and countless open-houses featuring innovative design and decor, these consumer advocates continue to inspire and inform design enthusiasts with even more appeal and authenticity. Pam and Chris seem to be cheering from the sidelines.

Their wishful thinking argues that mass retail can somehow market their way into class and custom decor. RH is only the latest aspirant — a gateway drug that pushes consumers to rehab after the buzz wears off and professional designers come in to remedy the mess. No bilious brand blather will mitigate failures in product quality. Yes, Chris, quality still matters no matter how much branding is spread between the lines. And are you really suggesting that consumer confidence can be captured on the backs of mail carriers trying to deliver those bricks of banality from RH?

You're missing it. The code you misread is the difference between RH, other mass DIY platforms and the community of designers and their trade resources. The retail brands strike their pose by stage-crafting facsimiles of original designer's work and then go about selling commodities to impulse buyers. Sure, there's a market for that. But the design ecosystem of designers, makers, showrooms, design centers, magazines and innovative online sources of knowledge, on the other hand, doesn't keep gates as you suggest. It does afford homeowners a carefully considered choice: to think before they buy and customize furnishings around their life style. And when they do, trade resources win big, too. That's a value added system that drives business. That's marketing.

And so is word of mouth. This form of magical messaging isn't code for ignorance as you suggest. It is for those in the know, a nuanced-abbreviation for sophisticated strategies involving prosumers,' key influencers,' clienttelling' and sincere referral mechanisms to forge intimate and long-lasting relationships with active sources of new business (strategies this newsletter reports on frequently).

What consumers want is a luxurious design experience, one that is unique to them designed for them with carefully curated selections. Uniqueness a hallmark of luxury that's what's new. And what's new, too, is a national marketing campaign aimed squarely at consumers' desire to DoltFor ... themselves by hiring a designer.

Your solution' to "bring brands forward" without taking an upright position on any strategies worth considering other than to "do better marketing" lands with the same thud that those RH bricks do.

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