

9 tips for going digital in home decoration and home textiles

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Doing business has become increasingly digital in recent years, especially since the COVID-19 pandemic. Lockdowns and travel restrictions have forced both businesses and consumers to accelerate their digitalisation. In this study, we give you some key tips on how to work digitally and how to benefit the most from digitalisation in the home decoration and home textiles (HDHT) sector.

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1. Be aware of digital developments in the sector

We live in an era of digital transformation, with a forceful and increasing impact on consumerism. This trend is fed by a number of powerful drivers, including:

- the spread of information technology (especially mobile phones and wearable technology) and connectivity (internet, 5G)
- the on-demand economy, demanding convenience and quick, relevant and 24/7 service
- the rise of social media, creating new forms of interaction
- the new [millennial](#) and [Gen Z](#) consumer, for whom connectivity is second nature
- the [experience economy](#), the need to play, interact, engage and participate
- wellness, including the potentially positive (expression, sharing) and negative (burnout, cyber insecurity) effects of digitalisation on mental health

Besides these deep-seated drivers, the COVID-19 pandemic has also accelerated digitalisation. After the initial outbreak, [digital adoption among both consumers and businesses made 5 years' worth of progress in just 8 weeks](#). In the HDHT sector, perhaps the most notable change was the shift from physical to digital sales. This is reflected in various aspects of doing business.

Digitalisation is rapidly and fundamentally impacting on consumer needs. To highlight a few effects:

- greater time sensitivity – consumers are less willing to wait for their goods or services
- relevance – consumers are open to relevant, targeted information but have less patience for spam
- convenience – consumers want to order 24/7, and expect accurate and quick delivery
- experience – consumers want to co-create, join in the (brand) conversation, play and have fun

- transparency and trust – consumers are less sensitive to traditional marketing messages, but are still looking for authentic, ethical brands; they will review and follow the opinions of their online peers
- wellness – consumers are looking for peace of mind, security online, positive impact, recognition – in short: wellbeing

This is structurally changing the relationship between the consumer and the reseller (retailer), in HDHT as well as in the consumer goods industry in general. However, you, as a manufacturer/exporter to Europe, with a presence deeper in the distribution chain, will also experience some of these influences as related to digitalisation, although more gradually and indirectly.

The most relevant ones for you, as a small or medium-sized enterprise (SME) from a developing country, include:

Business software

Before the pandemic, business processes were already becoming increasingly digitalised. Companies use software solutions for activities such as orders and invoicing, accounting, human resources (HR), and compliance documentation.

Digital communication

When international travel is restricted, the opportunities to meet (potential) buyers in person are limited. Digital videoconferencing tools such as Zoom, WhatsApp or Skype allow you to still meet your buyers ‘face to face’, online. This way of communicating is continuing after travel restrictions are lifted.

Digital trade fairs

Similarly, many (European) HDHT trade fairs have organised online events to facilitate matchmaking between buyers and sellers, and update participants on the latest trends and developments. In the future, trade fairs are expected to continue offering digital events alongside their physical exhibitions, in a hybrid format.

B2B e-commerce

Another aspect of digital interaction with customers is business-to-business (B2B) e-commerce. The COVID-19 pandemic has boosted the use of digital sales channels, and specialised HDHT platforms such as [MOM](#) and [Nextrade](#) offer you new opportunities.

B2C e-commerce

E-commerce was already a common business-to-consumer (B2C) sales channel before the pandemic. Especially in HDHT, digital B2C sales have soared as a result of recent lockdown measures in Europe.

These topics are discussed more in-depth in the following chapters.

2. Invest in software solutions that suit your company

Using business software offers many benefits, including greater efficiency and more reliable documentation than paper archives. In an increasingly digitalised world, you need to determine what software solutions your company requires to be able to keep up with your buyers’ digital needs.

[Enterprise Resource Planning](#) (ERP) systems are the most comprehensive option. These systems, such as [SAP](#) and [ORACLE](#), offer an integrated set of applications for all your main business processes. Although ERP systems are traditionally associated with large companies, less expensive options are becoming available for SMEs. Most of these are cloud-based.

A potentially more manageable (and affordable) option is to start with individual software applications for specific business processes such as accounting, customer relationship management (CRM), invoicing, inventory

and order management, HR, or compliance management. There are (local) suppliers that specialise in solutions for SMEs, such as [SME Vai](#) from Bangladesh, who offer digital solutions for accounting, marketing and legal services for SMEs.

For many business processes, you can even use free applications. Although they may have relatively limited functionality, they can be a good way to try out these types of software and determine if you need to invest in a more elaborate tool.

In export logistics, procedures are also increasingly cloud-based, such as in Europe's [Registered Exporter \(REX\) system](#). Registration in this system allows you to certify your products' origin based on self-certification, via a so-called statement on origin. You can then include this statement on origin on your invoices, so you do not need to apply for issue of a certificate of origin upon each export.

Tips:

For more information on business software and how it can benefit your company, see for example NI Business Info's [guide to computer software for business](#), AFON's [ultimate SME guide to ERP systems](#) and Terillium's [starter guide to ERP for small business](#).

Study which business software solutions are most suitable for your needs. For example, see rankings such as the best [accounting and invoicing](#) and [inventory management](#) software for small businesses.

Prepare your staff for the new digital tools by providing training. Your supplier may offer (online) training, and [LinkedIn Learning](#), for example, offers online courses in various types of ERP and other software.

For more information on the REX system, see the accompanying [links and documents](#), including an e-learning module and a guidance document.

3. Use digital communication tools

The COVID-19 pandemic has drastically changed the way buyers and sellers do business. Where face-to-face meetings and company visits used to be the standard, such interactions became nigh-on impossible in 2020. Companies have learned that when international travel is restricted and the opportunities to meet in person are limited, you have to conduct your business online.

In fact, McKinsey confirms that not only has B2B business moved towards digital sales models during the pandemic, but [70-80% of European buyers actually prefer digital interactions and self-service](#) to in-person interactions. Unsurprisingly then, most companies expect the shift towards digital channels to persist after the pandemic.

These figures show that remote human interactions are particularly popular among European buyers, during both orientation and the actual ordering process. Their main motivations are ease of scheduling, savings on travel expenses and safety. This suggests that, while you should be available for in-person interactions with some buyers, your digital communication channels will be key to doing business in Europe even after restrictions are lifted.

Global figures for 2021 confirm that [B2B buyers continue to use an omnichannel strategy](#), with about two thirds

of them opting for remote human interactions or digital self-service. About 70% of B2B suppliers think their adjusted sales model is (much) more effective than their pre-pandemic model – both in doing business with existing customers and in prospecting.

Indispensable communications tools today include an attractive website with proper search engine optimisation, as well as a broad use of social media. Professional buyers are looking for stories they can use in their marketing towards resellers. The more topical, lively and interactive the maker and making stories, the more they offer added value down the distribution chain. These stories can also inspire followers to contribute financially to companies and projects that resonate with them. They can do so, for instance, through [crowdfunding](#) initiatives where large numbers of people (the ‘crowd’) can put in money to finance (the ‘funding’) a particular cause via online platforms such as [Kickstarter](#).

Tips:

Use tools such as Zoom, WhatsApp or Skype to conduct online meetings with your (potential) buyers.

For information on buyer preferences for sales channels in specific markets, see McKinsey’s [surveys among B2B decision makers per country](#).

Create virtual stories or even experiences across your communication platforms (website, social media). Try to engage followers through design (feedback and new creation), storytelling (sharing user and cultural experiences around your products), or even through crowdfunding. Environmental and social accounting has become a definite added value in the distribution chain. Any impact data related to meaningful employment, recycling or a reduction of your footprint are much appreciated in marketing.

4. Participate in digital trade fairs to find new buyers

As various pandemic-related restrictions made it impossible to organise physical (international) trade fairs, many organisers took their trade show partially or wholly online in 2020 and 2021. The Indian trade fair [IHGF](#) pioneered this approach in our sector, holding [the first virtual IHGF Delhi Fair](#) in July 2020. The 7-day digital show was attended by more than 4,000 buyers and 1,300 exhibitors, and offered 3D booths, virtual showrooms, live chats, webinars and craft demonstrations.

The leading European HDHT trade fairs also presented online alternatives. [Maison & Objet](#) hosted a [Digital Fair](#) in September 2020 and the so-called [Digital Days](#) from January until March 2021. In addition, its online platform [MOM](#) offers a kind of year-round digital trade fair booths. In April 2021, the Messe Frankfurt consumer goods fairs ([Ambiente](#), [Christmasworld](#), [Creativeworld](#) and [Paperworld](#)) organised a [Consumer Goods Digital Day](#) as a digital meeting point for the industry.

Figure 2: [Maison & Objet’s Digital Fair 2020](#)

Source: [Maison & Objet @ Vimeo](#)

While the travel restrictions that spurred this digitalisation are not permanent, the COVID-19 pandemic has emphasised the importance of online solutions. Digital trade fair participation provides flexibility, cost savings and a sustainable alternative to business travel. These benefits mean that, even post-pandemic, a combination of digital and physical access to trade fairs could prove to be the way forward.

This would allow you to physically attend the trade fairs that offer you the most opportunities, and virtually participate in others. It also makes it easier to try out (new) events of which you are unsure whether they are a good fit, without investing too much time and money.

Tips:

Study your options in physical and virtual trade fair attendance.

For more information, see our [tips for finding buyers on the European HDHT market](#).

5. Showcase your products on digital B2B marketplaces

Another way to attract new buyers online is to use B2B HDHT marketplaces, often related to trade fairs. A good example is [MOM](#), the aforementioned digital platform of the [Maison & Objet](#) trade fair. Traffic on this platform has increased by 50% during the pandemic.

For an annual fee, MOM offers you a dedicated 'mini site' where you can use digital showrooms to showcase your products, upload a company video and highlight your collections, projects and news stories. Interested buyers can contact you directly, so you can do business outside of the platform. You can expand your package to add products, showrooms and advertising options.

Another option is [Nextrade](#), a European HDHT marketplace that is now rolling out globally. This platform is linked to Messe Frankfurt, the organisation behind HDHT fairs such as [Ambiente](#) and [Heimtextil](#). Unlike MOM, Nextrade allows buyers to order your products directly via your Nextrade shop. For this service, it charges a provision per realised order, in addition to its annual fee. The newly launched [IHA Connect COMMERCE](#) has a similar business model. It offers a marketplace for members of the International Housewares Association, which mainly focuses on North America.

Marketplaces such as [Orderchamp](#), [Ankorstore](#) and [Create](#) not only process orders via their platforms, but also handle the payments. They are currently only available to suppliers from Europe (and the USA for Create), but you should be aware of their existence.

Tips:

Study your options at online marketplaces such as [MOM](#) and [Nextrade](#). For example, you could opt for MOM's cheapest 'essential' package to start with.

Search for online marketplaces that facilitate trade in other markets as well, such as your own region.

When selecting an online marketplace, make sure that it caters to your preferred buyer type. If you produce large volumes, it does not make sense to use a marketplace that targets small retailers. Platforms such as MOM and Nextrade mainly focus on retailers (including sole traders) and the project market as buyers, so they are not suitable for container business.

Use high-quality product images to showcase your products online, both on your own website and on digital marketplaces. See for example Conzoom Solutions' [guide to product photography](#) to learn more.

For more information on the pros and cons of online B2C sales, see our [webinar on channels and segments of the European market for home decoration and home textiles](#) and our study on [alternative distribution channels](#).

6. Study how you can tap into the digital B2C sales market

E-commerce in the HDHT sector is increasing and can help you reach a broader range of customers. European consumers have spent a lot more time at home due to various rounds of pandemic-related lockdowns and other social distancing measures. This has led them to invest in making their home (and garden) more comfortable, efficient, and suitable for remote working. With brick-and-mortar stores often being closed, many European consumers turned to e-commerce to fulfil their HDHT needs.

Example: HDHT e-commerce in the Netherlands

In 2020 Dutch online Home & Living spending surged by 83% – the largest increase of all Dutch ecommerce categories. This translated to 23% of all Home & Living expenditure. Although such a surge in demand is unlikely to continue long term, the shift towards online sales is here to stay. In 2021 Dutch online spending on Home & Living grew with another 24%, resulting in a market share of 26%.

Supplying to online retailers

This strong rise in e-commerce actually has fairly little effect on the way you should conduct your business as an exporter. Because European HDHT retailers often sell their products both in stores and online, the way you supply to them stays the same. Even ‘digital-first’ retailers such as [MADE](#) and [Wehkamp](#) need to take stock before they can sell to consumers. This means that supplying to online retail is not a separate market channel in itself.

Selling your own products online

Another way to tap into the trend of online sales is by opening your own web shop. However, this is not easy.

Selling directly to consumers via your own website would mean:

- supplying small batches and/or individually packaged items
- being prepared to pre-stock and offer more just-in-time supply concepts
- arranging effective consumer payment systems
- competing with experienced and well-known European and producer-country wholesalers/retailers
- dealing with aftersales on a business-to-consumer (B2C) level, including returns and replacements

Because consumers often like to try out furniture, many digital-first retailers have physical showrooms in their target markets. This allows consumers to experience the items in person and avoid having to arrange returns for large home-delivered furniture pieces if they do not meet expectations.

In addition, the new European [Market Surveillance Regulation](#) came into force in July 2021. Non-European manufacturers of products such as toys or energy-related products must now have an ‘economic operator’ in Europe, often the importer. [New European VAT rules for e-commerce](#) also apply from July 2021. VAT must now be paid for all imports, in the European Union Member State where the goods are to be delivered – either via the new [Import One-Stop Shop \(IOSS\)](#) or via a full import declaration.

Because all this is rather complicated and can be costly, direct online sales to European consumers are not feasible for most exporters from developing countries.

Tips:

Focus on [finding a European importing wholesaler or retailer](#) with a strong online presence to supply to.

If you do decide to sell to consumers via your own webstore, see Conzoom Solutions' [step-by-step guide to creating your own online shop](#).

Check out the International Trade Centre's [ecomConnect programme](#) and its community platform [ecomConnect](#). This programme facilitates shared learning, innovative solutions, cooperation and partnership to help small businesses in developing and least developed countries on the way to selling online. Use the [readiness quiz](#) to check your readiness to engage in international e-commerce and see where you need to concentrate your efforts.

Study the information offered by [eTrade for All](#), a multi-stakeholder initiative helping developing countries harness e-commerce and digital trade for development. [eTrade for Women](#) focuses on empowering women entrepreneurs in developing countries through masterclasses, communities and policy dialogues.

7. Use big data for market research

To familiarise yourself with the European HDHT market and find out which markets or segments are best suited for your offer, you have to invest time and effort in market research. The European market is sophisticated and segmented, so to be successful you must match your offer to a corresponding segment. Our [market information for the HDHT sector](#) is a great start, giving you information on topics such as trends, requirements and market segments.

For a deeper dive into the specific trade flows for Europe and your country or product, you can use international trade data from tools such as [Trade Map](#). These can provide you with insights into country or product performance, demand, alternative markets and the role of competitors.

Focus on market segments

When looking at trade data and statistics, you will find that the larger Western European economies are generally the main importers of HDHT products. However, importers in these countries generally sell their products across Europe. This explains why, in HDHT, small countries like Denmark and the Netherlands often import much more than the demand in their own domestic market. Your best strategy therefore is to focus on a particular segment, rather than a specific country.

Where 'big data' is increasingly being used by 'big business' and public services, smaller companies would do well to create a greater focus on measuring and adopting a more systematic approach to production and marketing. Keeping track of your reject percentages, input and output data in production, and doing detailed sales analysis will help you become a more effective business and a more relevant partner in the distribution chain.

Data security

The potentially negative side effects of digitalisation are becoming clear. Consumers feel overloaded and are cautious about being spammed or hacked. What is more, privacy issues are the order of the day, both in

business and in private communication. Processing data comes with the responsibility of keeping those data safe, so you should not collect more information than you need.

Tips:

See Trade Map's [video tutorials](#) to learn how to use it.

For more information on HDHT market segments, see our study on [channels and segments](#).

Protect your data from internal or external abuse, for example via strong and frequently changing passwords, through staff awareness training, and by making backups. Procedures involving cyber protection should be written up and shared with staff.

Make sure your customers' secrets are safe: their order admin, designs and any other exclusive arrangements should be honoured and treasured. Dedicate a limited number of staff members to specific customers and make sure this is frequently checked by top management.

If you handle personal data of European consumers, make sure to comply with the European [General Data Protection Regulation](#).

8. Stay up to date on the use of new technologies in HDHT

The latest technologies are often used by large companies before they become accessible to SMEs. Keeping track of developments in the HDHT sector allows you to prepare for when they become more mainstream. An example of a new technology that is increasingly used in HDHT is Augmented Reality (AR).

AR applications overlay digital content onto the real world. In HDHT, they are increasingly used to let consumers visualise items in their home via an app on their smartphone or tablet. After selecting a product, consumers scan a space in their home using the camera on their device. A 3D visualisation of the product, often a piece of furniture, is then virtually placed in the room. The app allows consumers to move the item around, change features such as colours or materials, or choose a different item altogether.

This virtual 'try-before-you-buy' experience helps consumers make a well-informed decision. In the Netherlands, [7% of online home and garden purchases are returned](#). The main reasons are that the product does not meet expectations or that consumers ordered several versions to choose from at home. Using AR visualisations before a purchase could prevent this. According to ARise, [AR and 3D technology can result in 30% more conversion and 50% fewer returns](#). This means less hassle for both the retailer and the consumer, and a smaller impact on the environment.

Examples of European companies with AR apps are IKEA and Tylko. [IKEA Place](#) lets consumers virtually place 3D renderings of IKEA products in their home, from large furniture pieces like sofas and tables to furnishings such as lamps and rugs. In the [Tylko App](#) of Polish on-demand storage furniture manufacturer Tylko, consumers can customise storage solutions and virtually preview them in their room, to ensure a perfect fit.

Figure 3: [IKEA Place](#)

Source: [IKEA @ YouTube](#)

Apps such as Finnish [Sayduck](#) and Dutch [Amikasa](#) allow users to virtually decorate their living spaces with products from a wide range of brands. For the actual purchase, they redirect consumers to the seller's website. These types of parties can create 3D models for you, for use on your own website or in their app. In 2022, social media platform [Pinterest introduced its AR Try On for Home Decor](#), which allows users to place items from US retailers in their home virtually. This illustrates how the technology is becoming increasingly common.

Tip:

Keep up to date on emerging technologies in the HDHT sector, for example by discussing developments with your European buyers and performing internet searches on terms such as 'digitalisation'. Use this to determine whether a technology such as AR is (or could become) relevant for your company.

9. Use the help of specialists in your digital transformation

For more information and help with your digitalisation process, you can contact organisations such as:

- [OECD](#) – the Digital for SMEs (D4SMES) Global Initiative is a platform aimed at knowledge sharing and learning, where governments, businesses and experts cooperate on the digital transformation of SMEs
- [Siemens](#) – provides digitalisation consultancy services to determine the right digital transformation strategy for your company
- [Protiviti](#) – consultancy company with member firms around the world
- [SME Vai](#) – digital solutions for accounting, marketing and legal services in Bangladesh

This study was carried out on behalf of CBI by [Globally Cool B.V.](#) in cooperation with GO! Good Opportunity and Remco Kemper.

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