

Pivot Furniture: A better way to Furnish Your Home

Pivot Furniture¹ is a Canadian-based furniture company applying a new business model to an old problem: people need to furnish their homes. However, rather than sell furniture to customers, Pivot rents it to them. A customer begins by browsing Pivot's website, adding furniture to their cart, and checking out. They select date when Pivot's crew arrives to deliver, assemble, and install the furniture for free. The customer pays a monthly subscription fee to keep the furniture. The customer may return or exchange the furniture for a small fee, but if they choose not to then after approximately 3 years they own the furniture and stop paying the subscription fee.

To understand Pivot's *value proposition* (the "V" in the VARS framework) we can compare it to that of their primary competition: traditional furniture retailers. Pivot creates new value in several ways. First, they offer a low-commitment way for customers to get started. Pivot both delivers their product to the customer's home and removes it when the customer no longer wants it. Pivot allows customers to exchange their furniture or return it entirely. Pivot will handle moving their furniture if their customer moves to a new home. Pivot's business model also creates value by introducing cost savings. When furniture is returned, Pivot renovates it back to a good-as-new state, so it can be re-issued to another customer. Pivot has no physical store for customers to go into, so they don't have to lease or rent retail space. Pivot designs all their furniture to disassemble and pack well, enabling easier storage, transport, and installation.

To *realize* (the "R" in the VARS framework) or capture some of the value they create, Pivot employs a subscription model. A subscription model affords several benefits compared to a traditional sales model, including that it mutes swings in the sales cycle, delivering a more predictable revenue stream. By including free initial delivery, Pivot provides a low-friction way for customers to get started, thus fueling customer acquisition. And by charging a small fee to

¹ <https://www.pivotfurniture.com/>

return their furniture, Pivot incentivizes customers not to drop the service, thus improving their customer retention. While Pivot's subscription model has many similarities to a classic digital subscription model, it differs in that when a customer initiates a subscription, Pivot must provide that customer with a large amount of value up-front via the furniture itself, its delivery and installation. With each new customer, Pivot realizes an initial loss that is then recovered (and more) via the monthly subscription fee.

If some part of Pivot's business model isn't performing well, they could apply a targeted pivot. For example, they may find their web presence isn't attracting new customers as well as they hoped. If so, they could try adjusting their *activities, resources, and capabilities* (the "A" in VARS) by opening a physical retail location, where customers could physically view and try out their furniture.