

HOUSEHOLD FURNITURE1. Structure and Performance

The Canadian household furniture manufacturing sector includes establishments primarily engaged in the manufacture of furniture products for residential or household use. The sector is identified as (1980) SIC 261 - Household Furniture Industries - and is further divided into SIC 2611 - Wood Household Furniture Industry -, SIC 2612 - Upholstered Household Furniture Industry - and SIC 2619 - Other Household Furniture Industries.

Wood furniture accounts for about 50% of sector shipments, upholstered furniture about 35%, with the remaining 15% consisting mainly of metal and plastic furniture products. In Canada, the bed spring and mattress industry is a part of SIC 269 - Other Furniture and Fixtures - whereas in the U.S., it is a part of the household furniture grouping.

In total, the sector accounts for annual shipments amounting to \$1.4 billion with employment of about 24,000 persons. The portion of shipments destined for export markets is 6 to 7% while 15% of the domestic market is satisfied by imports.

The activity of the sector is equal to 0.7% of the total of the overall domestic manufacturing sector in terms of annual shipments and 1.4% when measured by employment.

The industry is comprised of 915 establishments located mainly in Quebec (45%) and Ontario (37%). In these two provinces, the plants are more or less equally distributed between metropolitan areas and smaller communities. Over 69% of the establishments employ less than 20 persons and account for 10% of shipments while 7% of establishments employ 100 or more and account for about 50% of shipments. About 5% of industry shipments originate in Manitoba and the sector is important to that Province's economy.

Industry shipments, in constant 1971 dollars, increased 25% during the period 1971 to 1983 representing an average annual growth of 1.8%. Production capacity utilization in 1983 was about 65% after a reduction to 58% in 1982 while the average for 1981 was 80%. During this period, the sector's utilization rate, while following the general trend of all manufacturing, was constantly lower.

The industry has regularly generated annual profits but the resulting financial returns have not made the sector an attractive investment. In general, investment in the industry has been low relative to total investment in manufacturing. In recent years, the long term debt to equity ratio in the furniture industry has been about 0.33.

2. Strengths and Weaknessesa) Structural

Generally, the furniture industries in major furniture producing countries, such as the U.S., Germany, France, the U.K., Sweden, Denmark, Italy and Canada have similar structural characteristics. For example, establishments with fewer than 20 employees are in the majority and plants employing more than 100 are less than 10% of the total but account for more than 50% per cent of total output. Also, in general, furniture shipments account for less than one per cent of the respective GNP. In the U.S., there are some 100 establishments with more than 500 employees whereas in Canada there is one.

Data from both the U.S. and Canada suggest that productivity does not always vary directly with size. There is evidence that efficiencies are also achieved by firms, both large and small, that focus on