CONSUMER PRODUCTS: FURNITURE

The soaring yen has greatly increased the cost of manufacturing in Japan, and manufacturers are finding it frequently difficult to recruit well trained workers. These factors, combined with the increasing price-consciousness of Japanese consumers, have prompted many Japanese furniture makers to shift at least some of their production offshore and to increase imports from Southeast Asia, Europe and North America.

Canadian furniture exports to Japan rose from $4 million to $6.9 million between 1992 and 1994. In 1995, exports of furniture and fixtures to Japan totalled $13 million, an increase of 95.2 per cent over the previous year. The increase is credited to increased Japanese interest in North American products, the low value of the Canadian dollar, and the high cost of manufacturing in Japan.

The Canadian furniture industry, with its approximately 90 per cent domestic ownership, has developed strong export capabilities in the past few years. Statistics for 1995 show the residential furniture industry to consist of about 575 companies employing 19 550 people and producing goods valued at $1.8 billion, $728 million of which was exported. (Wooden furniture dominates the export market, with approximately 75 per cent of shipments.)

In office furniture, sales for 1995 were $1.2 billion, with employment of up to 10 500 people in 150 establishments. Exports rose to $529 million. On the institutional side, there were 225 establishments employing approximately 8600 people, with shipments of $920 million. Exports of hotel, restaurant and institutional furniture totalled $594 million in 1995.

With the elimination of tariffs under the Canada-U.S. Free Trade Agreement (continued under the North America Free Trade Agreement), Canadian manufacturers have become more competitive domestically and internationally. Companies interested in exploiting their competitive advantage are exporting to off-shore markets with increasing frequency.

Market Opportunities and Trends

Japan has an ambitious goal of improving housing and the quality of life for its citizens. Given the shortage of space to devote to extensive new housing, improvements in the existing stock and its contents are being emphasized. This bodes well for the long-term growth of the residential furniture market in Japan. However, consumers have turned away from the highest-priced items in favour of products one price range lower, but still of good quality.

The total market for residential furniture in Japan is estimated at 2 trillion yen (based on actual figures from large manufacturers and estimates of production from small and custom manufacturers). Imports currently represent a 10 per cent share (230.3 billion yen) of the residential furniture market in Japan (1995 figures). The residential furniture market increased 10.3 per cent over 1994 (source: IDAFIJ).

Wooden furniture represents the largest share of the import market at 122.5 billion yen (an increase of 15.9 per cent over 1994 figures). Lower-cost rattan furniture (total sales 13.4 billion yen, a decrease of 8.8 per cent from 1994 figures) and metal furniture (42.2 billion yen, a 17.6 per cent increase over 1994) generally are sourced from Taiwan,