

U.S. retailers and manufacturers reason that as prices increase consumers will be less likely to accept products which they must assemble themselves. At the current time KD products are largely restricted to the lower portion of the mid-price range and the promotional price ranges shown in the chart. U.S. retailers would expect paper and vinyl wrapped ranges and much of the painted tube product which is currently on the market to fall into the lower price segment. Lacquered, painted, and real wood veneered KD dining, bedroom, and storage furniture would belong in the mid-priced segment. Leather upholstered high back swivel chairs and some lacquered wall unit systems have currently moved well up into the mid-price range.

2.5 MARKET STYLE SEGMENTATION

The relative market shares which different styles enjoy in the U.S. furniture market are shown in the chart below. Currently contemporary furniture enjoys the fastest growing market share and averages twenty percent in all categories (dining, bedroom, storage etc.). Readers should note that these individual categories often vary from the average shown but these potential differences are not important in the context of this study.

KD products are included in the contemporary segment which includes all modern products from the most to the least expensive. We estimate that KD accounts for 6% -7% of the total