

2.2 KD FURNITURE AND FUTURE INDUSTRY TRENDS

Leading trade analysts stated publicly during 1985 that the furniture industry's future looks extremely promising.

Their predictions are based on the growth rate (could be as high as four and a half percent a year over the next ten to twelve years), and on the fact that demographics are changing in the U.S. market. It is a fact that there will be more single family homes and more split households with an increasing number of divorces. Trade analysts are not however presenting the complete picture.

The facts are that there is a two to four percent growth rate and that changing demographics should theoretically stimulate more sales in the furniture industry. Offsetting these "plus" factors are negative factors:

- o A four percent growth rate by itself will not ensure that all U.S. factories can remain viable and profitable faced by raw materials and labour increases which may cost substantially more than four percent.
- o As we have said the factories are in the main old fashioned and inefficient and cannot counter increasing competition with advanced technology.