

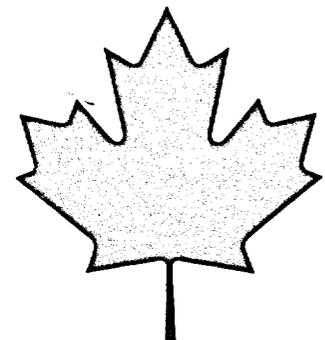
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Market Studies of United States

Review and Assessment of Greater New York City Area
Residential Furniture Market
July 1985



REVIEW AND ASSESSMENT
OF GREATER NEW YORK CITY AREA
RESIDENTIAL FURNITURE MARKET

Prepared For
THE DEPARTMENT OF EXTERNAL AFFAIRS
USA Trade and Investment Development Division (UTT)
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Dept. of External Affairs
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PREFACE

This study was initiated to review and assess the greater New York City area residential furniture market. It is a follow-up to the initial study completed by Ross Associates in 1981. While there have been some changes in the marketplace since the earlier study, many things remain constant. In addition to extensive interviewing of Canadian manufacturers and U.S. retailers, sales representatives were included among the 1985 interviewees. More attention was devoted to U.S. imports from countries other than Canada in the current study. The findings set forth in the report represent a collective effort on the part of various members of the Ross Associates staff. However, the entire study was under the personal direction of Vincent R. Ross. The intent of the report is to present guidelines which will aid Canadian furniture exporters in formulating an effective marketing strategy for penetrating the greater New York City area market.

ACKNOWLEDGEMENTS

Ross Associates wishes to express its gratitude to the many individuals and organizations who participated in this study and who provided advice and counsel. We especially want to convey our appreciation to the following:

Department of External Affairs

Department of Regional Industrial Expansion

Canadian Consulate General, New York City

Canadian furniture manufacturers

New York City area retailers

Sales representatives

Canadian and U.S. trade associations

A special vote of thanks goes to Ms. Susan D. Rich of the Canadian Consulate in New York for her assistance in arranging retailer interviews. These interviews with senior merchandising executives proved to be most informative. Without her assistance, some of these interviews would have been impossible to obtain.

REVIEW AND ASSESSMENT
OF GREATER NEW YORK CITY AREA
RESIDENTIAL FURNITURE MARKET

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I. SUMMARY

This market study is a review and assessment of the greater New York City area residential furniture market. In essence, it is an update of the study of the area completed in April 1981. The current study identifies the changes that have taken place in the market, assesses the degree of penetration achieved by the Canadian manufacturers, and presents recommendations on what is needed to make further inroads in the marketplace.

Canadian manufacturers have made progress in the New York City market in the past four years. Their products are considered to be of excellent quality, and retailers are pleased with the level of service they provide. Also, the prices of Canadian exports are competitive. Revision is needed in Canadian styling, and sales representation and sales inducements need to be strengthened. A comparison of the interviews with Canadian manufacturers and U.S. retailers in both study periods is shown in a table on a separate page immediately following the written portion of this summary.

The potential of the New York City area as a viable outlet for Canadian furniture is as great today as it was in 1981.

Contemporary furniture, the strong suite of Canadian manufacturers, is becoming a more important factor in the sales picture. The rate

of future growth of Canadian exports to the area will depend to a large extent on the effectiveness of the manufacturers' marketing strategies. Imports from all over the world are seen more frequently in U.S. furniture stores today.

Specific recommendations on gaining an increased share of the greater New York city area market are:

1. Design for market.
2. Study the market.
3. Formulate marketing plan.
4. Emphasize strengths.
5. Visit retailers.
6. Follow-up retailer contacts.
7. Provide strong sales representation.
8. Consolidate LTL shipments.

Compliance with the above recommendations will result in greater market penetration of the New York City area.

COMPARISON OF INTERVIEWS WITH CANADIAN MANUFACTURERS
AND U.S. RETAILERS - 1981 and 1985

INTERVIEWEE AND ITEM	Study Year	
	1981	1985
CANADIAN MANUFACTURER INTERVIEWS:		
Number Participating	17	16
Export Sales to NYC Area*	525,000	3,700,000
Optimistic Concerning Exports	75%	75%
Casegoods Manufacturers Interviewed	50%	67%
Payment of Duty by Canadian Firms	100%	100%
Sell Through Multi-Line Reps	75%	69%
Design Changes Made to Accommodate U.S. Market	50%	50%
Utilize Common Carriers	67%	82%
2X-10, Net 30 Sales Terms	70%	65%
Ship f.o.b. Retail Store or Warehouse	2	7
Retail Customers Mentioned	18	18
RETAILER INTERVIEWS:		
Number Stores Represented	105	166
Importing from Canada	67%	90%
Canadian Manufacturers Mentioned by Name	10	30
Need for Improvement in Canadian Design	50%	61%
Canadian Quality--Equal or Better than U.S.	88%	100%
Lower Price for Canadian	6%	50%
Canadian Service--Equal to U.S.	54%	84%
Canadian Sales Inducements Less than U.S.	90%	75%
Canadian Imports Will Increase	100%	97%
Area Preference:		
Traditional Styling	50%	52%
Darker Wood Finishes	60%	13%
Medium Wood Finishes	4%	58%
Lighter Wood Finishes	26%	28%
Velvet Fabric	54%	67%
Oak Wood Species	50%	69%
Purchase Terms of U.S. Manufacturers:		
2% Discount	93%	29%
Net 30	2%	70%
Other	5%	1%
No Import Problems	72%	92%

*Pertains to manufacturers participating in the current study.

II. INTRODUCTION

A proposal for a review and assessment of the greater New York City area residential furniture market was submitted to the Department of External Affairs on February 14, 1985 by Ross Associates, Inc. The proposal was in accordance with Terms of Reference included with the January 24, 1985 letter from the Department requesting a proposal on the project. The Department accepted the Ross proposal on March 1, and Vincent R. Ross attended a pre-project meeting at the Canadian Consulate in New York City on March 12.

An interim report on the progress of the study was discussed at a second meeting at the Canadian Consulate in New York on May 3. On June 26, the New York Consulate was again the site of a third meeting to discuss the draft of the final report. Vincent R. Ross and James A. Bayliss attended both of these meetings.

The objective of the study as stated in the Terms of Reference was "to review the marketing results which have been obtained in light of the evolution of the greater New York City area furniture market and to identify any positive or negative aspects of the Canadian marketing effort which should be continued, reinforced or modified." The purpose of the study, also set forth in the Terms of Reference, was "to provide interested and potential exporters with a practical working document upon which to base a corporate export strategy."

As in the 1981 study of the area, we relied heavily on interviews with Canadian manufacturers and New York City area retailers. Even greater emphasis was placed on interviews with sales representatives in the current study. In addition, the number of retail stores represented in the retailer interviews increased by almost 60% over the earlier study, while the number of Canadian manufacturers contacted was approximately the same. Since both the manufacturer and retailer groups were more familiar with exports of Canadian furniture today, their responses were more knowledgeable and in-depth than in the 1981 study.

Less emphasis is devoted to statistical analysis in the current report for two reasons:

1. The statistical data is not needed to substantiate the fact that the greater NYC area market offers tremendous potential for the Canadian manufacturer. This was well documented in the previous study.
2. Budget constraints dictated that the scope of the initial study be somewhat reduced in the current undertaking. Despite these budgetary limitations, the quality of the study is not diminished and the interviewing phase of the project is more extensive than in the 1981 study.

An interesting article on furniture retailers appeared in a recent issue of the often quoted U.S. publication, Furniture/Today. The fifth annual survey by F/T of the industry's top 100 furniture stores in the U.S. revealed that six of the retailers were located in the greater New York City area. The top 100 retailers accounted for \$5.7 billion, or over one-fourth, of the industry's \$22.5 billion annual revenue. The latest available statistics on the total number of furniture stores in the U.S. was 28,664 in 1982 by the U.S. Census Bureau.

From these figures, the very significant impact of the top 100 stores can be seen. Although the top 100 represent less than one percent of the stores, they constitute over 25% of the volume. The remaining 99% of the U.S. furniture stores still generate respectable revenues of \$16.8 billion annually. Furniture stores as a group showed a 14% sales growth over the previous annual survey, with the top 100 stores gaining 18%.

III. INTERVIEWS

Interviews were conducted with Canadian manufacturers, their customers in the greater NYC area, sales representatives of Canadian furniture firms, and retailers previously interviewed during the 1981 market study. Separate sets of questions or interview forms were developed for each of the four groups of interviewees, and are shown in the following Exhibits:

Exhibit I - Questionnaire For Canadian Manufacturers

Exhibit II - Interview of Present and Former Customers

Exhibit III - Interview of Retailers Previously Interviewed

Exhibit IV - Questions Asked of Sales Representatives

A. Interviews With Canadian Manufacturers

Manufacturers to be interviewed were stipulated in the Terms of Reference for the study. A mutually agreed upon questionnaire was mailed by the Furniture Products Division, Department of Regional Industrial Expansion, Ottawa to these manufacturers. The completed questionnaires were to be mailed directly to Ross Associates by the manufacturers. In addition to the mailed questionnaire, interviews were conducted with 15 of the manufacturers --- five in Ontario, eight in Quebec and two in western Canada. A total of sixteen questionnaires, nine forwarded to Ross Associates by the manufacturers and seven obtained via interviews, were included in the study.

A summary of the manufacturer contacts is as follows:

- Eleven manufacturers (69% of respondents) stated that they had sales in the greater NYC area in 1984. Another manufacturer had sales in 1981, but none in 1984.
- Sales by the manufacturers in the greater New York City area in 1984 approximated \$3.7 million, an increase over 1981 of slightly more than 600%.
- Sales inducements, compared to those currently being offered by U.S. counterparts, are few for many of the firms interviewed. This is similar to what we found in 1981. Only three companies in the current study offered a complete array of sales inducements. However, some manufacturers volunteered that additional sales inducements would be offered if needed to penetrate the New York City market.
- Over 65% of the firms reported sales terms of 2%-10, net 30. Two reported net 30 terms. Others offered terms of 3%-15, net 30; 2%-30, net 31; and 2%-15, net 45. Very few mentioned any credit or collection problems. Collection problems, if any, were mainly with independent retailers or one-store operations. The 1981 survey revealed that in excess of 70% of the manufacturers were offering sales terms of 2%-10, net 30.

- Casegoods manufacturers made up two-thirds of those interviewed, and the balance were metal/glass, upholstered, and occasional furniture producers. An overwhelming majority stated that their furniture was in the medium to high price range. Contemporary styling comprised the bulk of the exports. The proportion of casegoods manufacturers represented in the current survey was higher than the approximate 50% in 1981.
- Approximately 70% of the manufacturers sell through multi-line representatives in the New York area. Only five firms utilized company salesmen or corporate contacts. In 1981, 75% sold through reps.
- Over one-half stated that design changes have been made in their products to specifically accommodate the U.S. market. These changes in design could pertain to size of furniture, color of finish, fabric selection or the overall look of the furniture. We did not query the manufacturers on the specific design changes that were made; we merely asked if changes in design had been made to accommodate the greater New York City area market. The 1981 manufacturer responses registered the same percentage as the current study.

- All companies quoted f.o.b. points in the U.S. However, 36% of the exporting companies quoted f.o.b. points outside the greater New York City area such as Gardner or Athol, Massachusetts and Buffalo, New York. The balance, 64%, quoted f.o.b. retail store or the store's warehouse. This is a vast difference from the 1981 study when by far the greatest majority of firms were shipping f.o.b. a Canadian city or U.S. port of entry.

- Over 80% of the exporting firms utilized common carriers. Two manufacturers mentioned company owned or leased trucks as the alternate mode of transport. Four companies reported that they utilized common carriers specializing in furniture transportation. All companies stated that trucking damage was minimal and negligible. Two-thirds of the interviewees in 1981 utilized common carriers.

- All companies quoting f.o.b. points outside the greater New York City area ship TL to these points. From here, LTL shipment is the responsibility of the retailer. It should be noted that LTL shipments were mentioned more frequently by manufacturing companies quoting f.o.b. points at retailer stores or warehouses in the greater New York City area.

- Fifty-five percent of exporting manufacturers affirmed that the lack of consolidating transport services either from their plant in Canada or at f.o.b. points in the U.S. precluded them from obtaining more sales in the greater New York City area from the smaller accounts that order mainly in LTL quantities. Since LTL shipments do present large problems for many of the manufacturers, an entire section of this report is devoted to the subject of transportation.
- The lack of good sales representation was mentioned by two-thirds of the manufacturers as the major problem of exporting to the greater New York City area. Seven companies who sell through sales representatives have had these reps for a year or less. Design was mentioned by five firms as a problem.
- Relatively few retailers were mentioned by name, 18 in total. One retailer was mentioned by four different manufacturers. Although the same number of retailers were mentioned in 1981, the sales volume has increased significantly.
- Almost all of the companies who were selling in the greater New York City area stated that it takes two to four years to become established in this market. They consider it to be the toughest market to penetrate in the U.S. but, on the other hand, rewarding to those that persevere.

- The only unanimity of response was achieved on the question of who pays the import duty. All Canadian manufacturers pay the U.S. tariff on exports. The 1981 survey produced the same favorable responses.

- As to the difference between Canadian and U.S. furniture, most respondents were of the opinion that Canadian quality was equal or better than U.S. quality. This opinion was shared by the interviewees in the earlier study.

- Most of the firms believed that the overall currency situation has been a contributing factor to the increases in sales over the last year in the greater New York City area. On a long terms basis, they mentioned that Canadian manufacturers are considered more and more as a reliable source of quality products by retailers in the greater New York City area.

- Three manufacturers indicated that they maintain showrooms in High Point. One manufacturer stated that he recently left High Point due to costs and relatively poor results. Only one manufacturer has a sales representative show room in the New York City area. Current practice with two manufacturers is to invite (all expenses paid) buyers to their head offices in Canada.

- Three-quarters of the respondents were optimistic about the U.S. export market. Similar responses were received in 1981. Currently, two manufacturers expressed concern about mounting pressures exercised by U.S. furniture manufacturers on low tariffs on Canadian furniture imported into the U.S.
- One reference was made by a firm to the export insurance available through Export Development Corporation. He indicated that it was cumbersome. Factoring services may be an alternative to export insurance. Since factoring eliminates the need for an in-house credit function, this method of credit investigation and approval appeals to many firms. The cost to maintain a credit department could exceed the factoring fee, especially in a smaller company.
- More than half of the manufacturers have indicated that they have a formal marketing strategy directed towards the New York City area, with the primary objective being to establish and consolidate their presence in this market. Ross Associates did not have an opportunity to review any of these marketing strategies. As previously stated, only three manufacturers offer a complete package of sales inducements, but most of the manufacturers offer some combination of inducements. The marketing strategies vary from targeting sales to a limited number of large accounts to semi-territorial exclusivity to small or specialized stores in the New York City area.

- No high degree of agreement was obtained with companies in terms of finish or fabric preferences in the New York City area. However, three manufacturers did indicate that lacquer or high gloss finishes were the vogue in the New York City area. As with many vogues, this can be short-lived.

B. Analysis of Manufacturer Interviews

Several of the points in the manufacturer interviews warrant additional discussion. These points are:

- Export Sales
- Sales Inducements
- Sales Terms
- Sales Representation
- Quality of Canadian Furniture
- Design
- Transportation

a. Export Sales

Canadian manufacturers participating in the study have increased their exports to the greater New York City area by over 600% since 1981. Also, they are optimistic about future exports to the area.

b. Sales Inducements

Canadian sales inducements are generally less than those offered by U.S. manufacturers. Only three of the interviewees present a comparable sales inducement package. While the inducements have been slightly improved since the initial survey, they are not yet up to U.S. expectations.

c. Sales Terms

Canadian sales terms are presently more liberal than those offered by U.S. firms. Where most U.S. manufacturers have dropped the cash discount and ship f.o.b. their plants, many Canadian companies still give a two percent discount and have turned increasingly to pre-paying freight. These more generous sales terms do partially offset the lack of sales inducements discussed above.

d. Sales Representation

Good sales representation is still a hurdle to many of the Canadian manufacturers. In addition to the problem of quality of sales representation, consistency is also a problem. Seven of the current reps have been employed by Canadian exporters for a year or less. Two-thirds of the interviewees stated that good sales representation was a major problem of exporting. Comments by retailers in the next section of the report confirmed this belief on the part of the manufacturers.

e. Quality of Canadian Furniture

The quality of Canadian furniture was rated as equal or better than U.S. quality by most of the respondents. In subsequent sections of the report, it will be shown that sales representatives and U.S. retailers emphatically agree with the Canadian manufacturers on this point.

f. Design

It was a surprise to hear design of Canadian furniture mentioned as an export problem by almost one-third of the interviewees. This concern on the part of the manufacturers was definitely not evident in the 1981 study. However, the current concern by these manufacturers is well supported by the forthcoming opinions of U.S. retailers and sales representatives on the subject of U.S. tastes in design.

g. Transportation

Over half the Canadian manufacturers experienced problems with LTL shipments. The excessive cost of these shipments and the inability to service many small retailers were the main problems. Due to the significance of the LTL problems, Ross Associates investigated the matter further and devoted an entire later section of this report to the subject of transportation.

C. Retailer Interviews

Interviews of retailers included three distinct groups. These groups were:

1. Present and former customers listed by Canadian manufacturers included in the current study.
2. Retailers interviewed in the 1981 study.
3. Retailers not falling into either of the above categories. The interview form for the second group (Exhibit III) was utilized in these interviews.

The present customers of Canadian furniture manufacturers were most complimentary about the design, price, quality and service of their Canadian suppliers. The few Canadian firms that are now former suppliers occupy this classification primarily because of extremely slow deliveries.

Since many of the same questions were asked of all three groups of retailers, a discussion of the findings from the interviews is more meaningful when the interviews are grouped into a single category -- retailer interviews. Consequently, we discuss the interviews with retailers as if they were one homogeneous group.

As in the 1981 study, we concentrated on stores that carried a mix of styles. Retailers that primarily carried Traditional or Contemporary furniture were also represented in the study, but to a much lesser extent. The number of retail establishments in a given retail firm varied from a single outlet to as many as 40 stores in the greater New York City area. The number of stores in each style category is given below:

<u>Style</u>	<u>Number of Stores</u>
Mixed	128
Mostly Traditional	6
Mostly Contemporary	<u>32</u>
Total	166

Two of the retail establishments (Gertz, and Frankart) we talked with in the 1981 study are no longer in business. However, we more than compensated for the absence of these firms in the current survey by adding the following retailers:

Allied Stores
 Norman Harvey Associates
 Seaman
 J. C. Penney Co.
 Foremost
 Lorraine
 Associated Merchandising Corporation

Because information on retail sales dollars is highly confidential information for most retail establishments and this information is often not readily available, we chose to use the same approach we utilized in 1981 to weight the interviewee responses. Again, the number of stores in a firm formed the basis for weighting, which is an expedient and logical approach to incorporating the size of an organization in the final analysis.

The price range of the retail stores included in the interviews covered a wide spectrum. The retailers classified their merchandise as follows:

Low	11%
Low to Medium	19%
Medium	23%
Medium to High	41%
High	6%

Since the importance of good sales representation and the pre-payment of duty and brokerage fees has been well documented in the previous greater New York City area study and the more recent "Market Study of Residential Furniture in the Northwestern United States," we did not dwell on these subjects in the current interviews. Obviously, these points are still

of the utmost importance to the success of the Canadian furniture exported in gaining a greater share of the U.S. market.

Negative comments on Canadian sales representation, while less than in 1981, are quite significant as evidenced by the following remarks:

"Sales force is not professional."

"Canadian reps carry lines as a sideline. They are still disinterested."

"Proper sales representation is still very important."

"Canadian reps are secondary reps in the U.S."

"No reps call on me."

"Better sales reps are needed. Except for a few companies, it is no better than in 1981."

"There is a tendency for Canadians to have second rate sales reps."

"Canadians still have haphazard sales representation."

"They need on-site reps."

Some of the more significant findings from the retailer interviews were:

- Almost ninety percent of the stores interviewed currently import Canadian furniture. This most impressive statistic is somewhat dampened by the fact we made a concerted effort to select interviewees that imported Canadian furniture and, thus, had some knowledge about the product. However, on the encouraging side, the selection process was no more biased than in the 1981 study when almost two-thirds of the retailers were importing furniture from Canada. While Canadian imports are more prevalent today, the extremely large proportion of importers is not an accurate barometer of the degree of market penetration attained by Canadian furniture manufacturers.

- In the 1981 study, only ten Canadian manufacturers were mentioned by name as sources for furniture. A total of 30 Canadian manufacturers were mentioned by name by New York City area retailers in the current study. The frequency the firms in each study were mentioned is given below:

<u>1981</u>	<u>1985</u>
(1) firm by 5 retailers	(1) firm by 8 retailers
(1) firm by 4 retailers	(1) firm by 5 retailers
(3) firms by 3 retailers	(1) firm by 4 retailers
(2) firms by 2 retailers	(2) firms by 3 retailers
<u>(3) firms</u> by 1 retailer	(6) firms by 2 retailers
	<u>(19) firms</u> by 1 retailer
10 firms	30 firms

- Opinions on Canadian furniture designs in general have not improved significantly since the initial study in the eyes of the retailers. With the exception of products that are currently being imported, design received relatively low marks. We made it a point to have the retailers comment on Canadian offerings as a whole, not just products they imported. Slightly over one-third of the retailers rated Canadian and U.S. designs as equal, and only 3% rated Canadian design as superior. A lower rating was given to Canadian design by 61% of the retailers. Contemporary furniture fared better than Traditional designs by a large margin.
- Over one-half of the interviewees thought the Canadian price for comparable furniture was less than that of U.S. furniture. An almost equal number of respondents

rated the prices of both countries as equal. None thought that Canadian prices were higher.

- Canadian quality again received favorable comments. Almost the same percentage (83% in 1981 and 84% in current survey) rated the quality equal to the U.S., with 16% responding that Canadian quality was better. None stated that Canadian quality was lower than U.S. manufacturers.
- An impressive 84% stated that the service given by Canadian manufacturers was equal to their U.S. counterparts, and only 13% believed service from Canada was less. This is a significant increase over the 46% of the retailers who thought Canadian service was below that of the U.S. in 1981.
- Over three-quarters of the interviewees were of the opinion that Canadian sales inducements are less. This figure is down from 90% in 1981.
- Retailers were almost unanimous in their belief that Canadian imports would increase, with 97% sharing this opinion. Only 3% expected it to decrease.

- Total sales by retailers were:

Casegoods	42%	Occasional Tables	9%
Upholstered	45%	Metal/Glass	4%

Although the proportion in casegoods is higher than in 1981, the actual change in product mix between 1981 and today is probably not as great due to sampling errors in one or both periods under study.

- The retailers ranked five factors that influence their purchase decisions. Quality was ranked as the most important factor, with price and design in the number two spot. Service was ranked number three, and reputation of the manufacturer brought up the rear. In 1981, design along with quality were tied as the most important factor, and price and service shared the second position in the rankings.
- Again in the current study, retailers were split down the middle on what was the most popular furniture style in the greater New York City area market (52% Traditional vs. 48% Contemporary).

- Area fabric preference was still velvet by an even larger margin of 67%. Prints which registered 24% in 1981 was down to a mere 3% in 1985.
- Currently, medium wood finishes have taken over from darker shades as the most popular finish. The preference for medium shades was voiced by 58% of the retailers, and dark finishes received only 13% of the votes. The preference for lighter colorations was about the same in both surveys -- 28% today as compared to 26% in 1981.
- Oak is still the number one choice for wood species in the area. The approximately 50% preference in the earlier study has now climbed to 69%. Today there is no clear cut choice for second place. Retailers list five other species as being the preferred wood. However, none of these five registered more than 8% of the responses.
- United States manufacturers have tightened their purchase terms in the last four years. Where the most prevalent terms were 2%-10, net 30 in the 1981 survey, today they are mainly net 30. Slightly over 70% of the

respondents reported the dropping of the cash discount in the current study. The remaining retailers were still enjoying a 2% discount by most of their suppliers. The f.o.b. point in both studies was the factory.

- Imports are becoming more important in the greater New York City area stores. According to the retailers we interviewed, imports have grown significantly since 1981. The "import" category includes furniture from Canada as well as other countries. The most dramatic growth has been in wood dining room furniture which has increased from 3% to 25% in the last four years. A tabulation of the growth of overall imports is given below:

<u>Category</u>	<u>Imports as a Percent of Sales</u>	
	<u>1981 Study</u>	<u>1985 Study</u>
Wood Bedroom	4	12
Wood Dining Room	3	25
Wood Occasional	7	23
Upholstered	2	9
Metal/Glass	6	15

We should point out that 27 of the 166 stores represented in this survey were not importing or did not provide data on imports. Therefore, these stores are not included in the above tabulation.

- The Far East was the most frequently mentioned source of furniture imports by the retailers. Canada was the next important source, and Italy was the third. A tabulation of the exporters to the retailers we interviewed is as follows:

<u>Exporters</u>	<u>Stores</u>
Far East	150
Canada	145
Italy	123
Scandinavia	75
Germany	48
Belgium	35
France	27
England	15
Spain	12
Others	12

- Only 8% of the retailers mentioned any import problems whatsoever. This is down appreciably from the 28% mentioning some problems in the earlier study. Ninety-two percent of the retailers recently interviewed replied "none" to the question on import problems.

- Over three-quarters of the stores who were importing from Canada received all or mostly truckload shipments. Stores receiving a significant amount of LTL shipments amounted to 23% of the interviewees.

- The greatest majority (87%) of the importers from Canada had encountered no shipping problems. Only 13% of the respondents reported any shipping problems.

- The responses to our question, "What do you see as future style trends?" surprised us. Eighty-six percent of the retailers stated something to the effect that Contemporary style would continue to grow. We did nothing to evoke such a reply. In fact, we were extremely careful to make no reference to Contemporary, Traditional or any other specific style.

D. Analysis of Retailer Interviews

The similarity of retailer responses to some of the questions asked justify further discussion. Although one may consider retailers to be one homogeneous group and somewhat alike in their thinking, this is not necessarily correct. There is often a vast difference between the philosophies and desires of a major chain furniture executive and those of the owner of a "mom and pop" store. Some of the similar responses pertained to:

- Future sales of Canadian furniture
- Quality of Canadian furniture
- Service of Canadian manufacturers
- Canadian sales-inducements
- Sales terms
- Import problems
- Truckload shipments
- Shipping problems
- Growth of Contemporary
- Sales Representation

a. Future Sales of Canadian Furniture

Retailers were definitely optimistic about the future of Canadian furniture imports. Nearly all of them, 97%, expected the imports to increase. Several respondents did express concern about the future value of Canadian furniture when the Canadian dollar regains its strength in relation to the U.S. dollar.

b. Quality of Canadian Furniture

Canadian quality again received favorable comments in the current survey. Eighty-four percent of the retailers rated the quality equal to the U.S., and 16% placed it above U.S. quality. Of even greater importance, none of the stores thought that Canadian quality was lower than U.S. standards.

c. Service of Canadian Manufacturers

Retailers have changed their thinking on the service given by Canadian manufacturers. In 1981, only 54% stated that it was equal to U.S. manufacturers. Today 84% believed that it was comparable to U.S. service. By coincidence, the exact same percentage of respondents rated Canadian quality and service equal to the U.S.

d. Canadian Sales Inducements

Over three-quarters of the interviewees still believe that Canadian sales inducements lag behind U.S. inducements. While the current belief is not shared by as many retailers as in 1981 when 90% were of this opinion, the majority of the retailers perceive Canadian sales inducements to be less generous. Among the most common sales inducements granted to retailers are:

1. Advertising allowances
2. Extended credit terms
3. Quantity discounts
4. Freight allowances
5. Promotions
6. Cash discounts
7. Selling aids
8. Sales training
9. Warranties on products

e. Sales Terms

There appears to be a trend toward dropping cash discounts by U.S. manufacturers. Over 70% of the retailers stated that sales terms of net 30 were more prevalent today. In the earlier survey, over 79% of the interviewees reported the most common sales terms as 2%-10, net 30. The factory was the f.o.b. point in both studies.

f. Import Problems

The section could be more aptly entitled "the lack of import problems." An impressive 92% of the retailers responded, "none", to the question concerning "type of import problems encountered." Slightly over 70% gave the same reply in 1981.

g. Truckload Shipments

Full truckloads was the most common method of shipping Canadian goods to U.S. retailers. Seventy-seven percent of the retailers reported TL or mostly TL shipments.

h. Shipping Problems

Shipping problems were certainly not a major concern to U.S. importers of Canadian furniture. No shipping problems had been experienced by 87% of the importers. This encouraging finding can probably be attributed to the packaging, on-time delivery and handling of paperwork by the Canadian manufacturers. Unlike the retailers, over half of the Canadian manufacturers interviewed were experiencing problems with LTL shipments as mentioned earlier in the report.

i. Growth of Contemporary

A large majority of the retailers, 86% to be exact, thought that sales of Contemporary furniture would increase in the future. They volunteered this information in reply to a question on future style trends. Even some firms that are known as "Traditional houses" made this comment. Where the retailers could not agree on what was the most popular style in the area, they certainly had agreement on future trends.

j. Sales Representation

Although we did not specifically ask questions pertaining directly to sales representation, many retailers commented on this very important subject. Nearly all of the comments were negative, but in comparison to the 1981 study, they were fewer in number.

E. Interviews With Sales Representatives

In addition to manufacturers and retailers, sales representatives were also interviewed. The comments of the reps were in line with what the retailers had told us -- surprisingly so.

Since the majority of the sales representatives with whom we spoke were relatively recent additions to the Canadian marketing effort in the U.S., they could not in all honesty respond to all of our questions. On the very important series of questions concerning comparison of Canadian to U.S. furniture, they were asked to comment on Canadian furniture in general and not on their particular lines.

The following is a summary of the interviews with the sales representatives:

- Most reps reported sales terms of their lines as 2%-30. The net period varied from 31 to 60 days.
- There was no clear cut majority in the method of shipment. Both TL and LTL shipments were utilized.
- While a few delivery problems were mentioned (time and damage), the majority of the reps stated that there were none.
- A large proportion of the reps were pleased with the sales inducements of the Canadian firms they represented.
- Canadian furniture designs received even lower marks with the reps than with the retailers. We must emphasize that they were commenting on Canadian offerings in general and not on the lines they carried.
- The price of Canadian furniture also received excellent comments from the reps. As with the retailers, most of the reps thought Canadian furniture was lower priced than comparable U.S. furniture.
- Canadian quality was judged to be equal or better than U.S. quality by the majority of the reps.

- Too few of the reps could comment on the service given by Canadian firms to reach any conclusions. This is probably due to the fact that many of them are new reps.
- A small majority of the reps thought that Canadian sales inducements were less than those offered by U.S. manufacturers.
- As to what Canadian firms need to do to better penetrate the greater New York City market, the sales representatives showed little agreement, except in the area of design. Some of their random responses were:

"Canadians need to increase U.S. awareness by advertising in U.S. design and trade publications."

"Canadian manufacturers are quite small. They lack sophistication, and they need to become more professional. They have been trying to sell Canadian styles in the U.S."

"They have to know what the market is, make a concerted effort to service the market, and style to New York tastes."

"Canadians are making European type goods. Case pieces are too small, and many are using solid woods."

"They must hire good reps -- ones they can trust."

F. Analysis of Sales Representative Interviews

Due to the brevity of the interviews with the sales representatives, there are not a number of points on which further comment is necessary. Two points that should be emphasized are:

- Canadian design
- Canadian quality

a. Canadian Design

The sales reps were the least charitable of all the interviewees on the question of the acceptability of Canadian furniture designs in the U.S. market. Most of them stated that Canadian designs were not in keeping with U.S. tastes. Of course, the reps were not evaluating the Canadian lines they were carrying; they were commenting on Canadian design in general.

b. Canadian Quality

Sales reps expressed favorable comments on Canadian furniture quality. The majority of the reps rated the quality equal to or better than the quality of the U.S. furniture.

IV. STRENGTHS AND WEAKNESSES OF CANADIAN FURNITURE MANUFACTURERS

Canadian furniture manufacturers have strengths which will enable them to better penetrate the greater New York City area market. Also, they have some weaknesses which need to be improved if they are to gain a significantly larger share of the market.

A. Strengths

1. Contemporary Furniture

Contemporary continues to be the strong suite of Canadian furniture design. With the trend toward an ever increasing amount of Contemporary furniture, the Canadian manufacturer should exploit this demand to the fullest. Some of the favorable comments concerning Canadian Contemporary designs were:

"Equivalent to U.S."

"On par with the States."

"Contemporary is fine."

"Modern is equal or better."

"Contemporary excels."

"Have upgraded Contemporary to a large degree."

Similar comments were heard from retailers during the 1981 study.

2. Dollar Valuation

The strong position of the U.S. dollar in relation to the Canadian dollar brings about an excellent value for the U.S. retailer. Now is the time to gain a solid foothold in the U.S. market. Therefore, every effort should be made to penetrate the market at this time if the Canadian manufacturer truly desires to export to the U.S.

3. Collaborative Design and Exclusivity

For the most part, Canadian manufacturers can better participate in collaborative design efforts and exclusive arrangements than their larger U.S. competitors. Smaller Canadian firms should have more flexibility in their manufacturing processes, and their distribution pattern within a given area need not be as great. Every retailer likes something that is different and cannot be readily comparison-shopped by the consumer.

4. Quality

Greater New York City area retailers and sales representatives agree on the high quality of Canadian furniture. Quality ranked first of five factors that influenced buying decisions of the retailers. Canadian firms and their sales reps should emphasize the quality aspect to the retailers.

B. Weaknesses

1. Design

In general terms, Canadian furniture design needs to be more in line with the tastes of the greater New York City area market. Despite the complimentary comments on Contemporary design mentioned earlier, there were also some not too glowing comments. Most of the negative comments pertained to design in general or Traditional design. The more significant quotes by retailers and sales representatives were:

RETAILERS

"It's borax."

"Traditional is very weak--bulky and clumsy."

"Not at all impressed with casegoods."

"Haven't changed to accommodate American market."

"Behind U.S., especially upholstered."

"They're playing catch up."

"Traditional is wanting."

"Terrible Traditional."

"Traditional finish and proportions not right."

"Not up to U.S. and Europe."

"Traditional is a far cry from being good."

"Leaves a lot to be desired, especially casegoods."

SALES REPS

"Off scale. Casegoods too heavy. Upholstered clunky looking."

"A lot of catching up to do."

"Not comparable to U.S."

"Not as up-to-date. They are copiers, not originators."

"Very far behind -- trend followers, not trend setters."

While it is not our intent to belabor this point, we want to emphasize how Canadian design is perceived in the greater New York City area marketplace.

2. Marketing Plan

All the elements of a well-conceived marketing plan need to be in place before real success can be achieved in any targeted market. The elements of a marketing plan should include:

- Size of potential sales area and type of stores targeted
- Strong sales representation
- Sales inducements
- Pricing
- Showing product
- Customer service

Many Canadian manufacturers have done an excellent job in pricing and customer service, but improvement is needed on the remaining elements. As evidenced by their success in the U.S. market, some Canadian firms have formulated and implemented an entire marketing plan. There are still many Canadian firms that need to devote more attention to the development of a sound marketing plan. Sales representation has been discussed earlier in this report so we will refrain from further discussion here (see page 19). Interviewee comments concerning marketing were:

"There is a marketing opportunity for Canadian firms. Generally, most don't have any product and marketing skills."

"Canadians need to improve communications at service inquiry level."

"Canadians need to be more aggressive in price and design."

"Canadian firms still need market research."

"Canadian companies are not as visible as they should be."

"Canadian companies should survey the market and formulate a sales plan."

"They need a professional approach to the market."

V. TRANSPORTATION

While the greater New York City retailers had experienced few transportation problems, over half the Canadian furniture manufacturers referred to problems associated with LTL shipments. Undoubtedly, the number of manufacturers mentioning LTL problems would have been greater had it not been for the fact that many of them only ship truckload quantities to the New York area.

The Canadian manufacturers are doing an excellent job in servicing the New York area retailers. In addition to few transportation problems for the retailers, other import problems are virtually non-existent and service is regarded as most satisfactory. Almost two-thirds of the manufacturers ship f.o.b. destination, an attractive but costly sales incentive. The cost of freight for LTL shipments is bordering on being prohibitive. Yet, there are many retailers that cannot order truckload quantities of furniture.

Because of the import and magnitude of the LTL problem, Ross Associates deemed it advisable to go beyond the investigation called for in the Terms of Reference for the project and look into the LTL question. Members of the Ross staff personally visited the following companies or organizations:

1. Ontario Furniture Manufacturers' Association
2. Consolidex
3. New England Furniture Express, Inc.

These visits confirmed the manufacturers' statements about the high cost of LTL shipments.

A. LTL Problems

Neither trucking damage nor the time required for the delivery of merchandise are considered to be problems. However, the excessive cost of LTL shipments and the inability to service many small retailers are major obstacles to be overcome. The elimination of these problems could result in much greater penetration into the greater New York City area market.

B. Cost of LTL Shipments

A well-respected Registered ICC Practitioner with whom we visited stated that very significant cost reductions could be obtained by consolidating LTL shipments to the U.S. His estimates of the savings were:

<u>Furniture Category</u>	<u>Percent Cost Reduction</u>
Upholstery	25-50*
Casegoods	35
Chairs	50

*Large variation due to method of packing --
cartoned or blanket-wrapped.

C. Domestic Shipments

The Quebec Furniture Manufacturers' Association through Consolidex and the Ontario Furniture Manufacturers' Association through an associated forwarding company are presently offering consolidating services for their member companies in the domestic market. Consolidating shipments enables the manufacturers to obtain much more favorable truckload rates to points throughout Canada.

D. Solution

An expansion of the consolidation principle utilized in the Canadian domestic market could vastly reduce the transportation costs of LTL shipments to the greater New York City area, as well as to open up the smaller retailer market. Although the establishment of a consolidating service or services would require a significant amount of planning, the rewards to the Canadian manufacturers would be well worth the effort.

E. Warehousing

Centrally located warehouses in Canada are a necessity for the successful operation of an export consolidation program. Here the merchandise would be consolidated and shipped in truckload quantities to the New York area market. The establishment of U.S. warehouses by individual Canadian companies would not be cost-effective. Local U.S. warehouses would permit economical

truckload shipments to a single location, but the cost of carrying additional inventory and the cost of staffing and maintaining the warehouses would soon exceed the freight savings. A consolidating service could achieve significant freight savings and keep the cost of providing this service to a minimum.

VI. CONCLUSIONS

Some Canadian furniture manufacturers are doing an excellent job in the greater New York City area market. They have an effective marketing plan, good sales representation, adequate sales inducements, designs that appeal to New York tastes, and products that are good values.

As evidenced by the increase in the number of Canadian firms mentioned by U.S. retailers, Canadian manufacturers are making inroads in the New York City area marketplace. Where only ten firms were mentioned by retailers in the earlier study, today there are 30 exporters enjoying a share of the market. The manufacturers we interviewed reported that sales had increased by over 600% between 1981 and 1985. The optimistic forecast for increased Canadian shipments to the New York City area by both Canadian manufacturers and U.S. retailers is encouraging.

The quality of Canadian furniture and the service of the manufacturers was rated very highly by U.S. retailers. While the Canadian sales inducements are less than those offered by U.S. manufacturers for the most part, the Canadian sales terms are generally more generous and the selling prices are attractive. A large majority of the retailers thought that the future sales of Contemporary furniture would increase significantly in the area.

The biggest stumbling blocks to many Canadian manufacturers are designs that are not totally acceptable in the New York area market coupled with poor sales representation. Unfortunately, Canadian designs, especially Traditional styling, are not perceived by the majority of the retailers and sales representatives interviewed to be in keeping with New York tastes. It should be noted that this opinion has not improved since the initial study. In fact, there were more unfavorable comments on Canadian design today than there were in 1981. Good sales representation is a problem that continues to plague many Canadian manufacturers. In order to be successful in the New York market, good sales representation is an absolute necessity.

Another deterrent to gaining a foothold in the greater New York City area market is the absence of a carefully formulated marketing plan by all but a few Canadian manufacturers. Although good sales representation is a part of a sound marketing plan, it is of such vital importance that we chose to discuss it as a separate item in the preceding paragraph. Other elements of a marketing plan are adequate sales inducements, effectively displaying the product, determining what products will sell and in which stores, competitive pricing, and attentive service to customers. Retailer interviews indicate that most Canadian manufacturers have done an outstanding job in only the last two elements mentioned -- pricing and customer service. A truly effective marketing strategy requires addressing

all elements of the marketing plan, and the plan should not be cast in concrete. Timely revision to the marketing plan is needed as the market changes.

Many Canadian exporters are experiencing abnormally high freight costs for LTL shipments to the greater New York area market. In addition, other problems associated with LTL shipments have precluded some manufacturers from obtaining more sales in the area.

Imports are becoming a more important factor of New York area retail offerings. There has been a significant increase in imports in the period between the two studies. The Far East, Canada, Italy and the Scandinavian countries are the prime area exporters. In most instances, the Canadian furniture currently being exported compares favorably to other U.S. imports. However, some Canadian manufacturers will find it increasingly difficult to compete with the favorably-priced, high-styled Italian designs. Also, German leather upholstered pieces will continue to offer stiff competition to upholstering manufacturers in this price range. Many countries are taking aim at the U.S. market. Those enjoying the greatest success will offer a well-designed product that represents good value.

It is important to be aware of pending developments that could affect a manufacturer's ability to properly service an account. Tele-electronics and other methods of communication will allow a retailer to know inventory levels instantly at the manufacturing level, place orders electronically, and get delivery commitments electronically. These are some of the developments on the horizon that will help to assure the success of manufacturer and retailer -- if they are positioned to take advantage of the technology.

The greater New York City area market, despite the difficulty encountered in penetrating the market, offers fertile ground for Canadian furniture manufacturers. The sheer size of the market and the large variety of retailers in a relatively small area somewhat simplifies the selling and distribution of Canadian products. Progress has been made by Canadian exporters since the 1981 study, but the potential of the area is still virtually untapped. A concerted marketing effort is required to gain a larger share of the greater New York City area market.

VII. RECOMMENDATIONS

Many of the recommendations in this report are very similar to those we made in the earlier study of the greater New York City area market. While a few Canadian manufacturers have adhered to our 1981 suggestions and prospered in the New York area, many have failed to make a dent in the market.

Exporting successfully is not a part-time, piecemeal effort that can function on a spasmodic basis. On the contrary, it requires a concerted, continuing effort to achieve a high degree of success. Unless there is a sincere desire to enter the export market and a willingness to put forth the necessary effort, a Canadian manufacturer would probably get a higher return on his investment by concentrating on expanding in the domestic market.

There is a difference between the Canadian and greater New York City area markets. Sales inducements, methods of selling, design preferences, and the level of competition are not the same in both markets. Effective exporters recognize the differences and tailor their marketing strategies accordingly. A Canadian firm contemplating selling the New York retailers must be aware of the subtle and not so subtle differences in product design and marketing techniques. Recommendations on how to gain an increased share of the New York City area market are:

A. Design for Market

A best seller in Canada may not necessarily be a winner in New York. Consumer tastes are different in the two markets. Consequently, Canadian manufacturers must design furniture that appeals to the New York consumer. If in-house original design capability does not exist, adaptations of successful sellers can be added to the line specifically for the export market. The not too complimentary term "knock-off" is used to describe the practice of borrowing designs from another firm.

B. Study the Market

Before embarking on an export program, a manufacturer should first study the market. Some of the questions to which answers are needed are:

- * Which styles sell best in the area?
- * What are the most common sales terms?
- * What are the prevailing sales inducements?
- * Who pays the freight?
- * Are my prices competitive?
- * Will my product design sell in this market?
- * What service level is expected?
- * Which fabrics and finishes sell best in the area?
- * Who are my competitors?
- * What type of retailer is likely to be my prime customer (price point, style similarity, etc.)?

- * Are only TL shipments acceptable?
- * What amount of my production will be earmarked for export?
- * How will I ship -- common carrier, leased trucks or company trucks?
- * Are exclusivity arrangements necessary?

While some of these questions can be answered at the corporate headquarters through diligent research, others will require on-site investigation in the area targeted for export. It is possible that the answers to some of these questions may indicate that a manufacturer should revise or discontinue his plans for export. After all, the ultimate question is, "Can I export and make a profit?"

C. Formulate Marketing Plan

When the study of the market has been completed, then the development of a marketing plan can begin. A well-conceived marketing plan is essential to the success of an export program. Therefore, an effective plan must be formulated and implemented. U.S. retailers and sales reps were in agreement that Canadian marketing plans needed to be strengthened. Earlier in this report the elements of a marketing plan were mentioned. These elements should be reviewed, studied, and used as a basis for a well-conceived marketing plan. They are listed below for convenience:

1. Sales Representation

Sales representatives should be recruited as carefully as corporate executives. Recommendations from other manufacturers (Canadian and U.S.) on sales representatives is frequently an excellent source. If a line currently carried by a rep does not conflict with a new line, he may be willing to take on a new, non-competing line. Advertisements in U.S. trade publications are another means of recruiting reps.

If a manufacturer wants to represent itself as a professionally run company, capable of providing the retailer with the furniture he needs and wants, the manufacturer must have experienced, well-trained reps who know the product, know the finishes, know quality, and can sell intelligently.

2. Showing Product

Retailers want to see the actual product before they place an order, and catalogs or photographs alone are not sufficient. Therefore, Canadian manufacturers must display their product. High Point, North Carolina is the number one furniture market in the U.S. This market provides the greatest exposure of a manufacturer's products. It is

conceivable that a Canadian manufacturer with less ambitious export plans does not want or need this high degree of exposure. In addition, a manufacturer may not want to commit an expenditure of this magnitude to a furniture showroom.

Although other available alternatives provide less exposure, they are also more cost effective. Some of the more desirable alternatives are:

- * U.S. regional furniture markets and shows
- * Canadian furniture markets
- * Retailer visits to manufacturer plants or showroom

Mass merchandizers and multi-unit furniture chains rely heavily on the High Point market, and to a lesser extent the Dallas market, for their purchases or decisions to purchase. The smaller retailers tend to gravitate more to the regional markets, a less expensive and time consuming visit.

3. Sales Inducements

Canadian firms should review their present policies on sales inducements to U.S. retailers. Earlier in the report, we mentioned that the majority of the retailers interviewed stated that Canadian sales inducements are less than those offered by U.S. counterparts. There has been some improvement in Canadian inducements since 1981, but there is still a wide gap that needs to be appreciably narrowed.

D. Emphasize Strengths

The attributes of buying Canadian furniture should be emphasized. There are many positive aspects of purchasing Canadian furniture that surfaced during the latest round of interviews. Some of the points that should be emphasized are:

- * Excellent quality
- * Superior service
- * Competitive prices
- * Full or partially pre-paid freight
- * Exclusive sales arrangements
- * Discounts for early payment of invoices
- * Willingness to participate in collaborative designs
- * Payment of duty and brokerage fees

Many greater New York City area retailers know little about Canadian furniture. The advantages of purchasing Canadian offerings must be spelled out to them.

E. Visit Retailers

Canadian furniture executives should initially visit targeted accounts to acquaint the retailers with the company products, exhibit a desire to obtain the accounts, and extend an

invitation to attend the next showing of the company's furniture. If there is a relatively long period of time between the initial visit to the retailers and the date of the product showing, a second visit would be in order. Personal contact is much more effective than correspondence or telephone communication.

F. Follow-Up Retailer Contacts

Follow-up is extremely important in developing a lasting business relationship with retailers. It would certainly be appropriate to send a letter or telephone the retailers initially visited to reiterate the desire for their business and thank them for the visit. This approach should also be taken with the retailers who visit showings of the firm's furniture. Up to this point the follow-up we have been discussing pertains solely to the executives of Canadian firms. Sales representatives, in the course of their normal sales activities, should without question visit the retailers initially, as well as just prior to the furniture showing and also immediately thereafter.

A glaring example of an almost complete lack of follow-up came to light during the retailer interviews. An executive of a prominent New York retailing firm visited the January 1985 furniture show in Toronto, left his business card with over a

dozen manufacturers, and asked that each of these firms contact him. One of the companies telephoned the merchandising executive, and another manufacturer sent a sales brochure. The remaining Canadian manufacturers made no effort to contact this extremely high-volume retailer. Needless to say, the retailer is disappointed in the response he received from the furniture manufacturers, and he probably will be reluctant to attend future Canadian furniture shows.

G. Consolidate LTL Shipments

Consolidation of LTL shipments at centrally located points in Canada will greatly reduce current freight costs to the greater New York City market. A consolidating service could combine the LTL shipments of several manufacturers into a truckload shipment and bring about significant freight savings.

These recommendations would be applicable to other markets in the U.S., as well as the greater New York City area marketplace. While there may be differences in product preference between regions in the U.S., the methods used to penetrate the markets would be the same.

Table of Exhibits

- Exhibit I - Questionnaire for Canadian Manufacturers Concerning Export
of Residential Furniture to Greater New York City Area.
- Exhibit II - Interview of Present and Former Customers of Canadian
Residential Furniture Manufacturers
- Exhibit III - Interview of Greater New York City Retailers
Previously Interviewed
- Exhibit IV - Questions Asked Sales Representatives
- Exhibit V - Major Canadian Manufacturers Interviewed

QUESTIONNAIRE FOR CANADIAN MANUFACTURERS
CONCERNING EXPORT OF RESIDENTIAL FURNITURE
TO GREATER NEW YORK CITY AREA
(All Export Questions Pertain to Greater New York City Area Only)

Firm Name: _____ Date: _____
 Address: _____ Phone No.: _____
 Name of individual completing form: _____ Title: _____
 Products manufactured: _____

Are products now exported? (Yes or No): _____ When did exports begin? _____
 Products exported: _____

Style furniture exported. (Contemporary, Traditional, etc.): _____
 Were initial export efforts successful? (Yes or No): _____ Explain why: _____

Dollar volume of exports (U.S. \$):

	<u>1981</u>	<u>1984</u>		<u>1981</u>	<u>1984</u>
Wood Bedroom	_____	_____	Upholstered	_____	_____
Wood Dining Room	_____	_____	Metal/Glass	_____	_____
Wood Occasional	_____	_____	Other (Explain)	_____	_____

How export products sold? (sales representatives, company salesmen, or corporate contacts): _____

Export problems encountered: _____

Sales terms on exports (e.g. 2%-10, net 30): _____

Export sales inducements. (Yes or No -- explain if necessary):

Quantity Discounts _____ Freight allowances _____
 Co-Op Advertising _____ Selling aids (literature and/or training) _____

Sales Promotions _____ Payment of duties and brokerage fees _____

Others _____

Export fabric and/or finish preference: _____

Design changes to accommodate export market: _____

Mode of export shipments: _____

Present and former export customers. (Use additional sheet if necessary):

1. Customer Name: _____ Name of contact: _____

Address: _____

Phone No.: _____ 1984 Dollar Volume (U.S. \$): _____

Present or former customer: _____

2. Customer Name: _____ Name of contact: _____

Address: _____

Phone No.: _____ 1984 Dollar Volume (U.S. \$): _____

Present or former customer: _____

3. Customer Name: _____ Name of contact: _____

Address: _____

Phone No.: _____ 1984 Dollar Volume (U.S. \$): _____

Present or former customer: _____

4. Customer Name: _____ Name of contact: _____

Address: _____

Phone No. _____ 1984 Dollar Volume (U.S. \$): _____

Present or former customer: _____

Location of U. S. showrooms: _____

Other comments: _____

INTERVIEW OF PRESENT AND FORMER CUSTOMERS
OF CANADIAN RESIDENTIAL FURNITURE MANUFACTURERS

Store Name: _____ Date: _____

Address: _____

Phone No.: _____ Interviewee: _____

Canadian Manufacturer: _____

Why purchases started (or discontinued): _____

Comparison of Canadian manufacturer to other manufacturers:

Design: _____

Price: _____

Quality: _____

Service: _____

Sales Inducements: _____

Other Canadian furniture imports: _____

Advantages and disadvantages of purchasing Canadian furniture: _____

Expectations for growth or decline of Canadian purchases: _____

Import problems: _____

Approximate % of Total Sales:

Casegoods _____

Upholstered _____

Occasional Tables _____

Metal/Glass _____

All Others _____

Rank of factors influencing purchasing:

Price _____ Service _____

Quality _____ Reputation of Mfgr. _____

Design _____

Most popular style(s) in area: _____

Area consumer preference:

Fabric _____ Finish _____ Wood Species _____

Most prevalent U.S. Mfgr. purchase terms: _____ f.o.b. _____

Recent changes in terms: _____

INTERVIEW OF GREATER NEW YORK CITY RETAILERS
PREVIOUSLY INTERVIEWED

Store Name: _____ Date: _____

Address: _____

Phone No.: _____ Interviewee: _____

Location of Area Branch Stores: _____

Primary Style Furniture Carried: _____

Price Range (Low, Medium, or High): _____

Most Popular Style(s) in Area: _____

Area Consumer Preference:

Fabric _____ Finish _____ Wood Species _____

Canadian Furniture Imports: _____

If None, Why and Would You Consider: _____

Comparison of Canadian to Other Furniture:

Design _____

Price _____

Quality _____

Service _____

Sales Inducements _____

Expectations for Growth or Decline of Canadian Purchases: _____

Advantages and Disadvantages of Purchasing Canadian Furniture: _____

Import Problems: _____

Most Prevalent U.S. Mfgr. Purchase Terms: _____ f.o.b. _____

Recent Changes in Terms: _____

QUESTIONS ASKED SALES REPRESENTATIVES

1. Canadian lines carried and how long representing each.
2. Present customers in greater New York City area.
3. Sales terms (e.g. 2%-10, net 30 f.o.b. _____)
of Canadian firms represented.
4. How is furniture shipped -- TL or LTL.
5. Delivery problems pertaining to time, cost or damage.
6. Sales inducements offered.
7. Percent growth in sales -- preferably between 1981 and present.
8. Comparison of Canadian to U.S. furniture in terms of design, price, quality, service, and sales inducements.
9. How Canadian firms can better penetrate the greater New York City area market.

MAJOR CANADIAN FURNITURE MANUFACTURERS
INTERVIEWED BY ROSS ASSOCIATES, INC.

GERARD COLLIN, INC.
Montmagny, Québec

KAUFMAN OF COLLINGWOOD
Collingwood, Ontario

LAURIER FURNITURE LTD.
Laurier Station, Québec

LIBERTY FURNITURE INDUSTRIES
Concord, Ontario

MAURICE LEPINE LTD.
Joliette, Québec

MEUBLES MORIGEAU LTÉE
Montmagny, Québec

NADEAU & NADEAU CORPORATION

Montreal, Québec

PALLISER FURNITURE LTD.

Winnipeg, Manitoba

PLYDESIGNS

Orono, Ontario

COOPER BROTHERS

Toronto, Ontario

FOURNIER STANDS

Winnipeg, Manitoba

H.P.L. FURNITURE

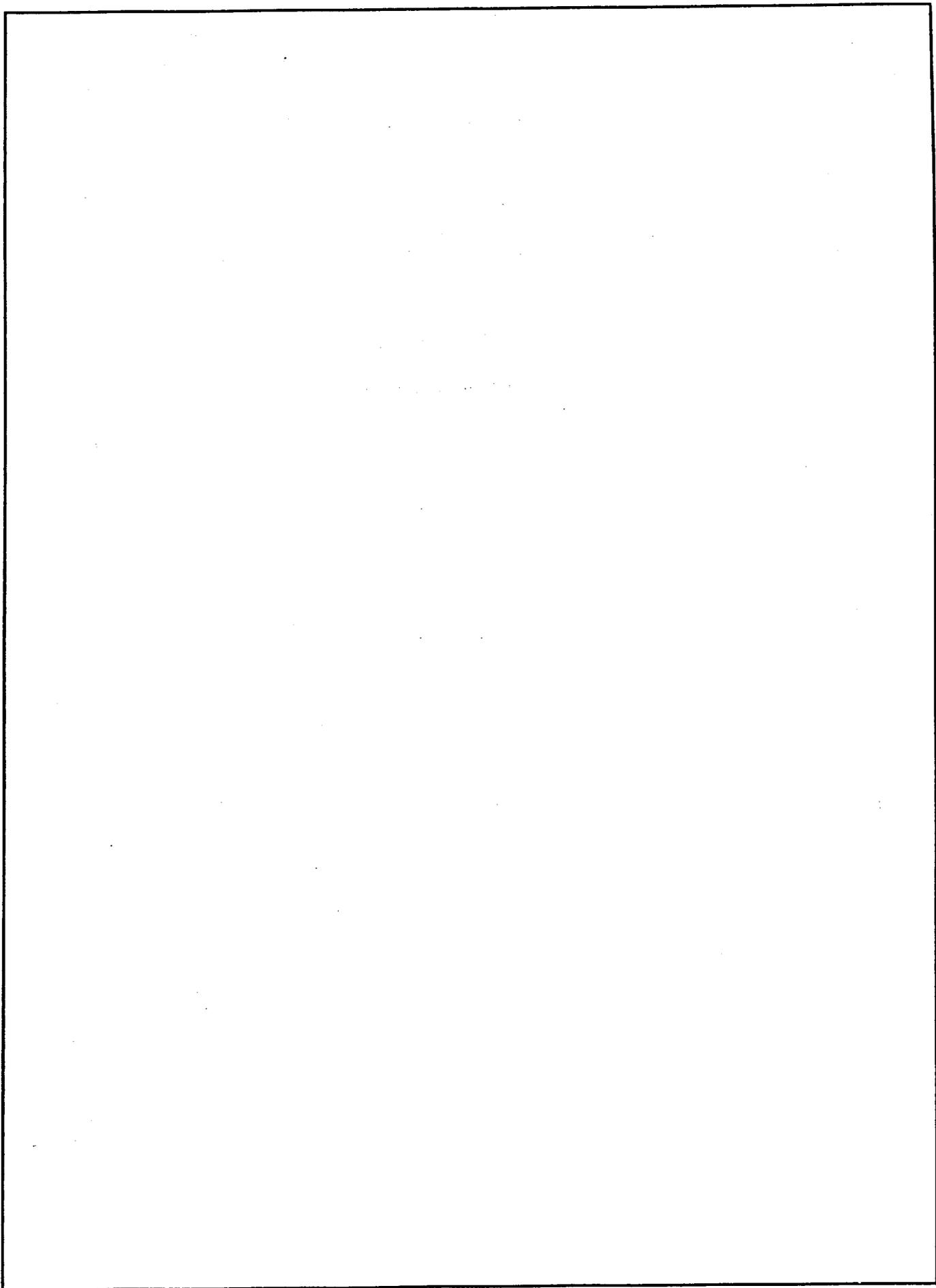
Arthabaska, Québec

DUTAILIER

St.-Pie, Québec

MARBLE ART
Toronto, Ontario

SHERMAG
Sherbrooke, Québec



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New York City area residential
furniture market
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