

Cagatay Tasdemir and Rado Gazo
Department of Forestry and Natural Resources
Purdue University, West Lafayette, IN.

Abstract

The objective of this study was to analyze trends in imports and exports of furniture industry in the U.S. over the last decade. Main competitive strategies of countries exporting furniture to the U.S. are identified and briefly explained within the scope of this study by observing the changes in the values of last five years. Taiwan was one of the most important furniture exporters to the U.S. until 1994. Decreasing trend of Taiwan export values continued in last ten years while Vietnam increased its share of the U.S. furniture market. Since 2004, China was the most important source of imported furniture and currently accounts for over 55% of total imports value. Overall, low-cost structure, government support and advanced technologies in Asia have provided the Asian countries with competitive advantage over their European and American competitors. Therefore, lower price of imported products has been the main influential and decisive factor for furniture consumers in U.S., and set the benchmark for manufacturers in terms of competitive advantages. On the other hand, examples exist where U.S. furniture consumers favor the design, thus customization could be a competitive strategy for U.S. based furniture manufacturers.

Introduction

The total output of the domestic furniture industry of U.S. is now estimated to have a value of US \$68 billion [1]. In the last two decades, furniture industry faced import pressures due to the rapid shifts in market trends among international manufacturing regions [2]. The new economic structure of market has significantly affected trade competitiveness of U.S. manufacturers in the market. Number of establishments in the furniture industry and associated employment rates have experienced a negative trend especially in the last ten years [1]. Past studies revealed that great recession of 2009 played a part in this decline, however its effect seemed to be less crucial when compared to that of international competition factors, given the fact that the decline in establishments and employment rate is ongoing [3,4,5].

Labor typically accounts for 30% to 40% of total furniture manufacturing cost and needs to be tackled to stay on the profitable side [4]. In global industry, companies located in countries with lower labor costs started to take advantage of new market trends and expanded their market share [4,5,6]. Only some of U.S. furniture companies followed the trends well and successfully adjusted themselves to new market environment by adopting new philosophies such as customization and faster order fulfillment strategies, which improved their ability to compete both domestically and intercontinentally [3].

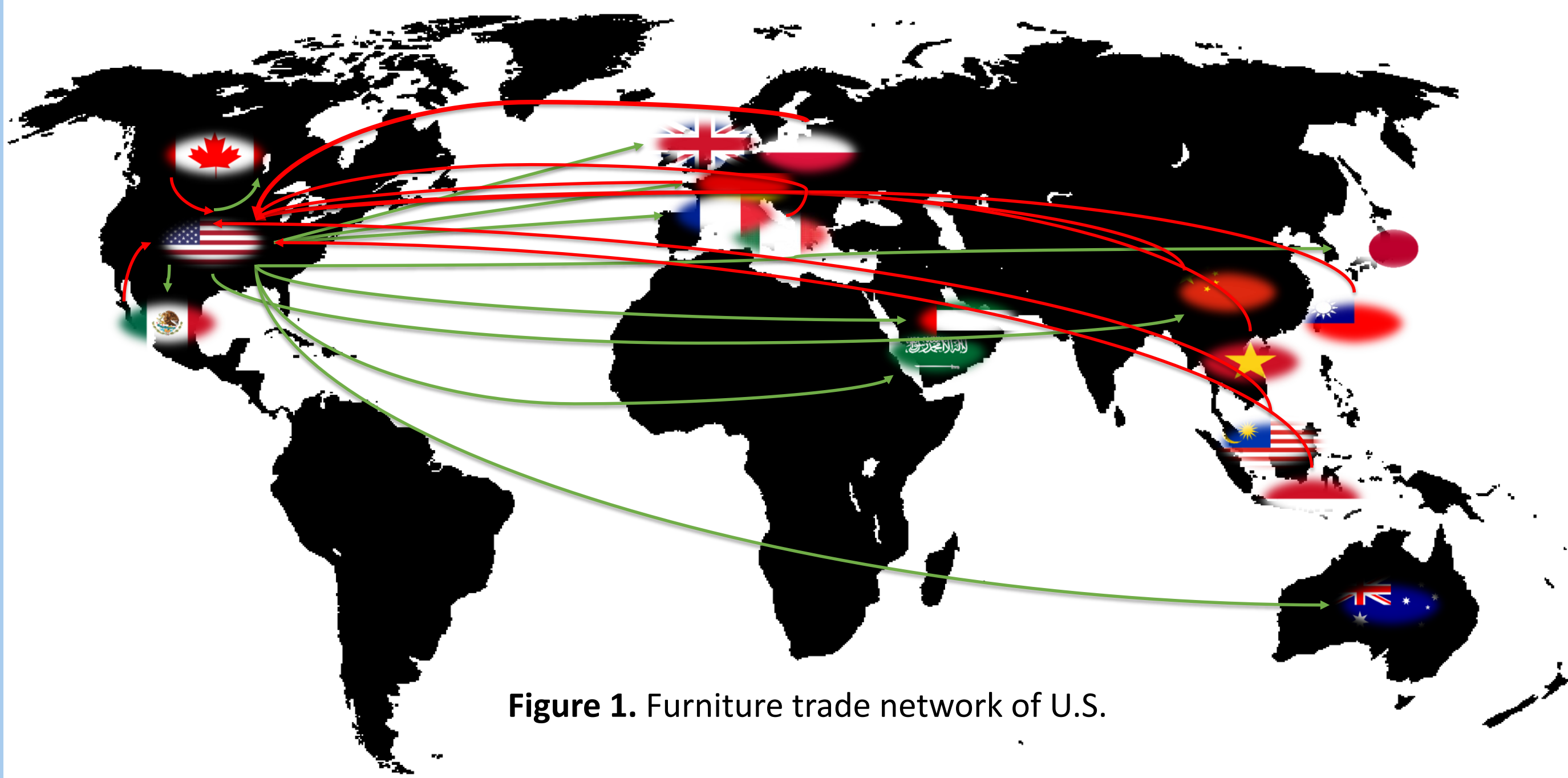


Figure 1. Furniture trade network of U.S.

Top 10 Largest Source Countries of U.S. Furniture Imports by 2014 (in thousands of dollars)			Top 10 Largest Buyer Countries of U.S. Furniture Exports by 2014 (in thousands of dollars)				
	2009	2014	% change from 2009		2009	2014	% change from 2009
China	12,416,868	18,462,783	48.69%	Canada	2,072,105	3,005,877	45.06%
Vietnam	1,369,928	3,119,860	127.74%	Mexico	374,774	732,819	95.54%
Canada	2,126,461	2,612,203	22.84%	China	70,386	216,933	208.20%
Mexico	1,100,497	2,329,827	111.71%	United Kingdom	147,438	193,038	30.93%
Taiwan	638,457	964,007	50.99%	Saudi Arabia	107,792	151,152	40.23%
Italy	530,940	875,850	64.96%	Japan	105,938	116,834	10.29%
Malaysia	641,236	751,465	17.19%	Australia	56,010	100,615	79.64%
Indonesia	475,255	680,980	43.29%	U.A.B.	52,649	98,398	86.89%
Poland	213,209	389,884	82.86%	Germany	58,134	89,898	54.64%
Germany	220,549	374,002	69.58%	France	36,960	83,550	126.06%
TOTAL	19,733,400	30,560,861	54.87%	TOTAL	3,082,186	4,789,114	55.38%

Table 1. Top 10 source/buyer countries of U.S furniture trade [1,7].

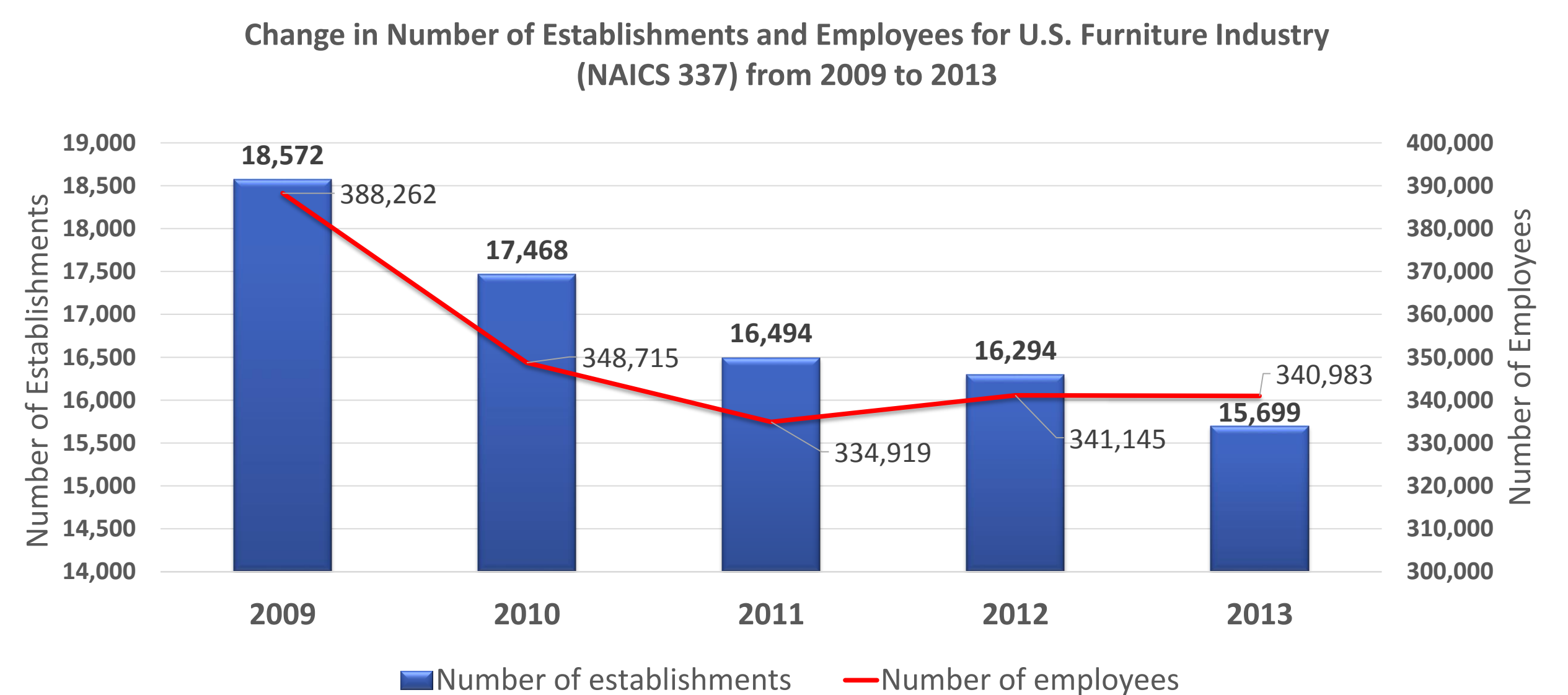


Figure 3. Number of establishments and employees for U.S. furniture industry in a 5 year period [1,7].

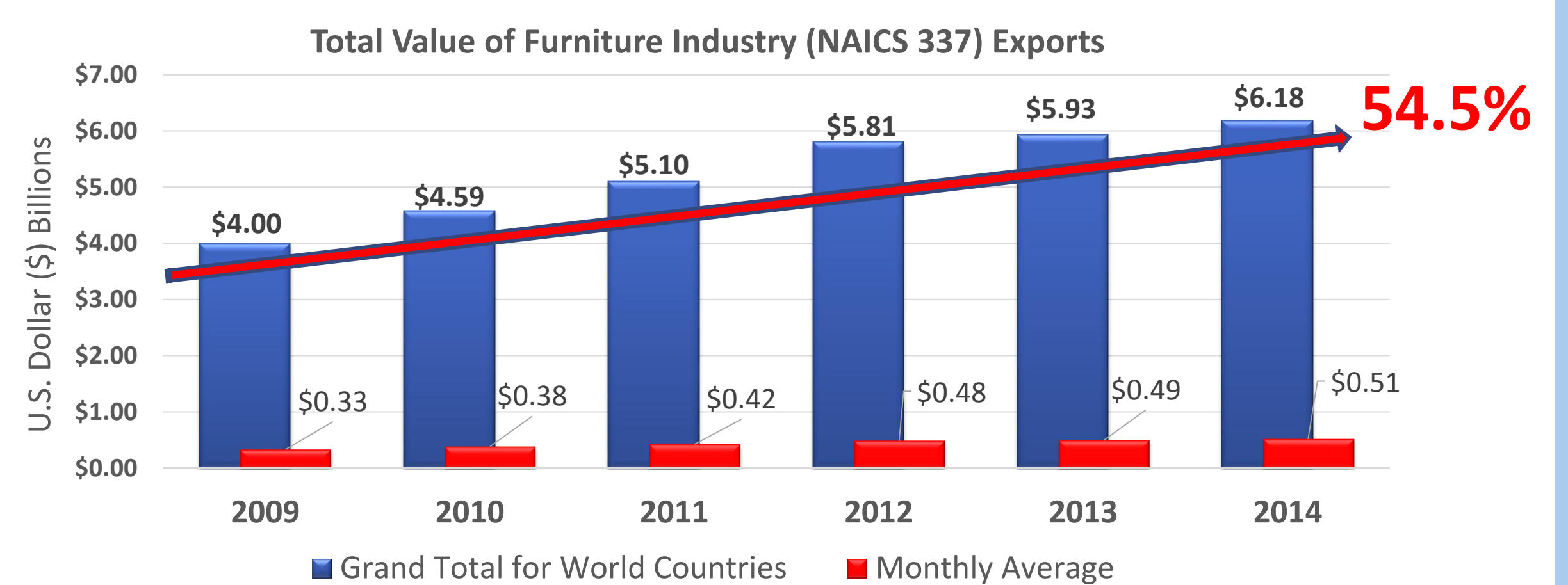


Figure 4. Total value of U.S. furniture industry exports [1,7].

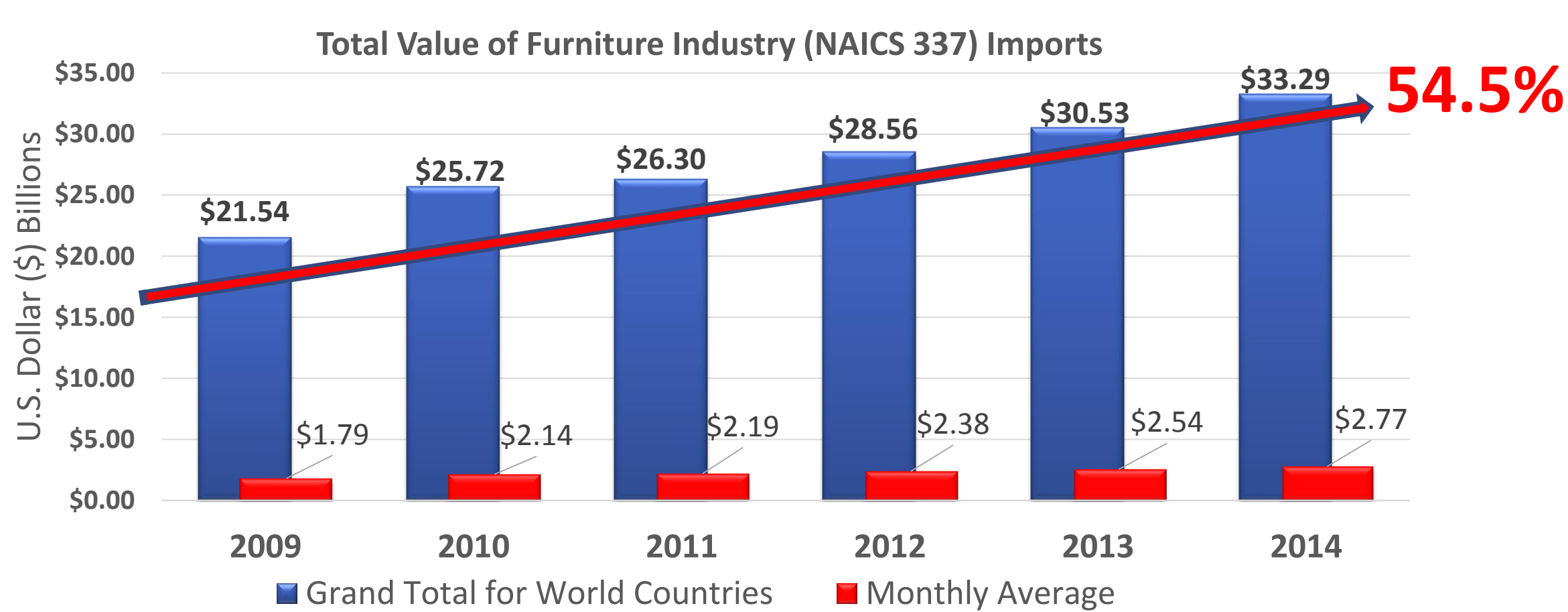


Figure 2. Total value of U.S. furniture industry imports [1,7].

Methods and Materials

This analysis utilized data reported by U.S. Census Bureau and International Trade Administration to determine the current trend changes in international trade within the scope of U.S. furniture industry (NAICS 337) from 2009 to 2014. In this study, no product classification was taken into consideration and the snapshot of the entire industry coded NAICS 337 was of primary interest. In addition to all comparisons of top 10 importers and exporters of the U.S., change in number of establishments in U.S. furniture industry and number of employees of the same establishments was briefly explored in order to provide a better understanding of effects of global furniture market trends.

Results

U.S. furniture imports increased in value by 54.87% from 2009 to 2014 as a function of total number of shipments from China, Vietnam and Canada as well as other players such as Mexico, Taiwan and Italy. Vietnam, Mexico and Poland had the most aggressive growth rates, 128%, 112% and 83%, respectively. On the other hand, Malaysia was reported to be trying to cope with challenges such as increased labor costs, thus the country experienced a slow growth rate of export with a value of 17% in the recent years. Furniture shipments to U.S. rose to \$33.29 billion in 2014 whereas it was around \$30.53 billion the year before. Top 10 exporters created approximately 92% of the total import volume by the end of 2014.

The value of U.S. furniture exports reached \$4.8 billion level, which was 55.38% and \$250 million higher than the figures of 2009 and 2013, respectively. Canada was the top buyer of U.S. furniture items with a value of \$3 billion, which turned out to be almost 50% of whole export volume for the last year. Although Canada was followed by Mexico and China, corresponding trade values significantly fell down beginning from the second place by at least \$2.3 billion.

Conclusions

Competitive advantages such as lower labor cost, advanced manufacturing technologies, government support and flexibility to adjust for current trends altered the global furniture industry balance in favor of foreign manufacturers. Import and export rates are expected to keep increasing in the future as well. Thus, domestic manufacturers should be more innovative in order to regain their competitive advantage and reverse declining trend in U.S. furniture industry. Increased government support could be another key factor for domestic establishments and their global market share.

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