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STRATEGIC PLANNING
by Steven H. Bullard

THE GEOGRAPHY OF U.S. HOMEFURNISHINGS SALES

Sales by U.S. "furniture and home furnishings" stores were nearly \$75 billion in 1987, the year of the most recent **Census of Retail Trade**. The sales total includes \$26 billion for "furniture" stores, \$16 billion for "homefurnishings" stores, \$8 billion for "household appliance" stores, and \$24 billion for "radio, television, computer, and music" stores (Table 1).

The 1987 **Census of Retail Trade** reports sales for the combined category, furniture and home furnishings, for all U.S. states, counties, and metropolitan

areas. In this article, therefore, the term "furniture and home furnishings" refers to combined sales for all of the store types in Table 1. Combined figures allow sales and growth to be examined in greater detail.

• TOTAL SALES •

Geographic patterns of total sales for furniture and home furnishings stores are illustrated in Figures 1 through 4. Figure 1 includes 3,067 U.S. counties, 43 independent cities, and the District of Columbia. The Figure shows a close relationship between furniture sales and concentrations of population and income in the U.S. Concentrations in total sales are evident, for example, in the Northeast, Midwest, Florida, and California. In areas of the country where sales are less concentrated, counties with sales greater than \$75 million are almost exclusively counties with a population of 200,000 or more. Most U.S. counties have furniture and home furnishings sales which are less than \$25 million per year.

Figure 2 also shows the geographic pattern of sales in 1987, but Figure 2 allows states and regions to be compared based on actual levels of total sales. California, for example, has the greatest level of sales, \$10.4 billion. California and other important western states — Arizona, Washington, and Oregon — represent almost 20 percent of total U.S. sales. The eastern half of the U.S., however, dominates total furniture and home furnishings sales.

Figure 3 presents detailed information on total sales and the relative importance of each of the 48 states and the District of Columbia. Figures 3 and 4 also show the relative dominance of the eastern U.S. While California represents 14 percent of the U.S. sales of furniture and home furnishings in 1987, more than 23 states and the District of Columbia combined, California's total alone is much less than the combined sales of New York, Florida, Illinois, Michigan, and other eastern-half states with relatively high populations and economic activity.

TABLE 1

Furniture Stores (SIC 5712)*	\$25,996,804,000
Homefurnishings Stores (SIC 5713, 4, 9)	9,225,941,000
Floor Coverings Stores (SIC 5713)	1,026,669,000
Drapery and Upholstery Stores (SIC 5714)	6,120,960,000
Misc. Homefurnishings Stores (SIC 5719)	\$16,373,570,000
Household Appliance Stores (SIC 572)	\$8,331,768,000
Radio, TV, Computer, and Music Stores (SIC 573)	15,177,867,000
Radio, TV, and Electronics Stores (SIC 5731)	2,650,893,000
Computer and Software Stores (SIC 5734)	3,930,403,000
Record and Pre-recorded Tape Stores (SIC 5735)	2,321,197,000
Musical Instrument Stores (SIC 5736)	\$24,080,360,000
Total Sales (SIC 57) (50 states and the District of Columbia)	\$74,782,502,000

* The Department of Commerce uses Standard Industrial Classification (SIC) codes to classify U.S. industries. All of the Store types above are included in SIC 57. "Furniture and Homefurnishings."

Table 1. Retail Sales for "Furniture and Homefurnishings" Stores in the U.S. in 1987, by primary type of product (only stores with payroll are included).

• GROWTH IN RETAIL SALES •

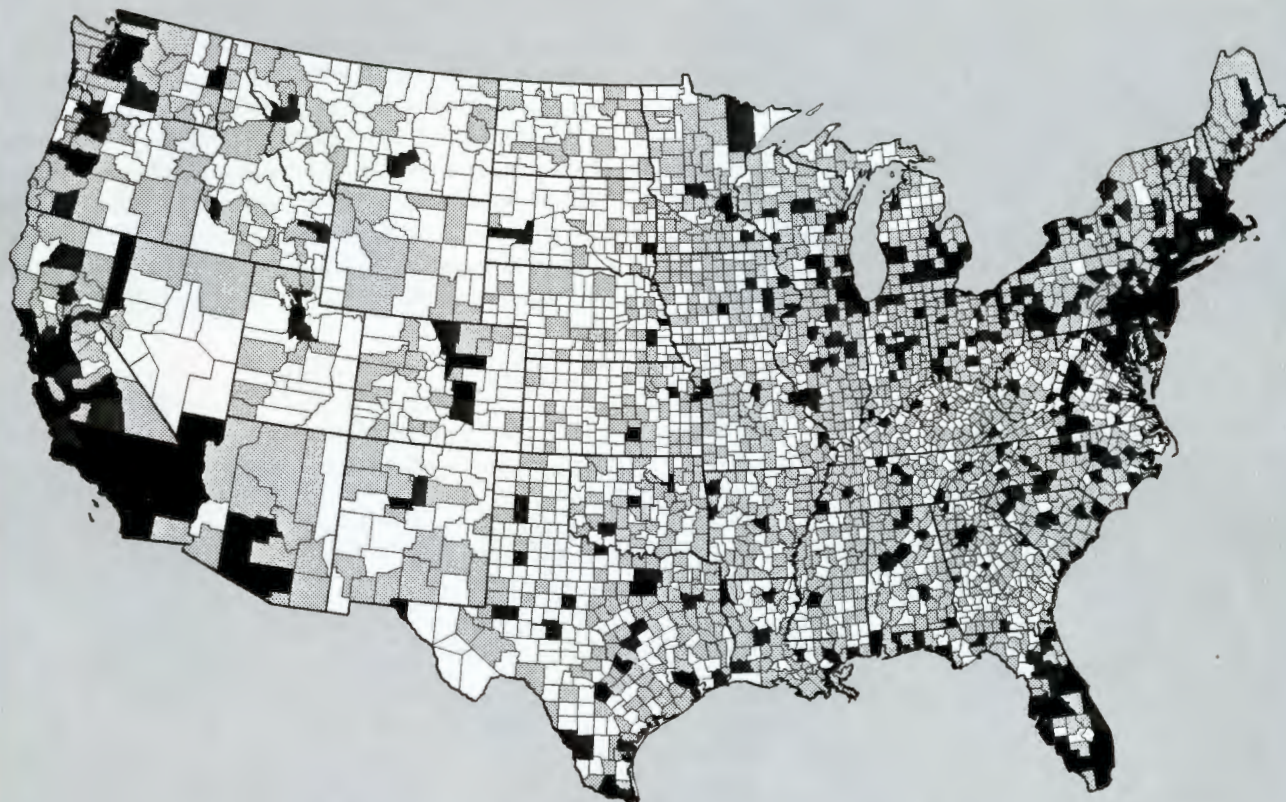
Sales growth from 1982 to 1987 was very dramatic for furniture and home furnishings stores in the

FIGURE 1

Retail Sales of Furniture and Homefurnishings Stores Reflect Concentrations of Population and Income

Counties are Shaded According to Total Sales in 1987

□ Under \$1 million □ \$1-25 million ■ \$25-75 million ■ Over \$75 million



U.S. Sales increased by 65 percent, second only to a 76 percent increase for automotive dealers of the five years. Sixty-five percent is a dramatic increase in sales since the government's index of inflation for homefurnishings increased by a total of only 7 percent from 1982 to 1987. The consumer price index for automobiles, meanwhile, increased by 27 percent for used cars and 18 percent for new cars during the same period.

Furniture and home furnishings stores increased their share of total retail sales in the U.S. from 4.4 percent in 1982 to 5.0 percent in 1987. Only two industries increased their percentage of total retail sales by a greater amount — automotive dealers and stores which specialize in building materials and garden supplies. Changes in retail sales by type of store therefore reflect important shifts in consumer spending between the 1982 economic-recession and

the non-recessionary patterns of spending in 1987. Durable goods like furniture and automobiles increased their share of total consumer spending, while items like food and gasoline accounted for a smaller share of total retail trade in 1987 than in 1982.

“Wyoming is another example of a state with increased population, but with furniture store sales which declined by 15 percent.”

Geographically, retail sales growth generally reflects growth in the same factors which influence total sales — population and general economic activity. Figure 5 shows all states with sales growth greater than 65 percent, as well as the “top-ten” states for growth between 1982 and 1987. The Figure shows that population change alone is not a perfect indicator of potential growth in retail sales of furniture and

northeastern states, yet the Northeast’s population has grown at a slower rate than the West or the South. In Oklahoma, meanwhile, population increased by 8.2 percent between 1980 and 1987, yet retail sales for furniture and homefurnishings stores declined by 5 percent from 1982 to 1987. Sales increased by only 1.4 percent in Louisiana during the same period; if inflation was subtracted, sales in constant dollar terms decreased significantly in the state, yet Louisiana’s population increased by more than 6 percent from 1980 to 1987. Wyoming is another example of a state with increased population, but with furniture store sales which declined by 15 percent. Economic activity and income are extremely important in predicting sales growth for retailers of furniture and home furnishings. Accurate projections of potential growth should include economic activity and income in combination with projected changes in population.

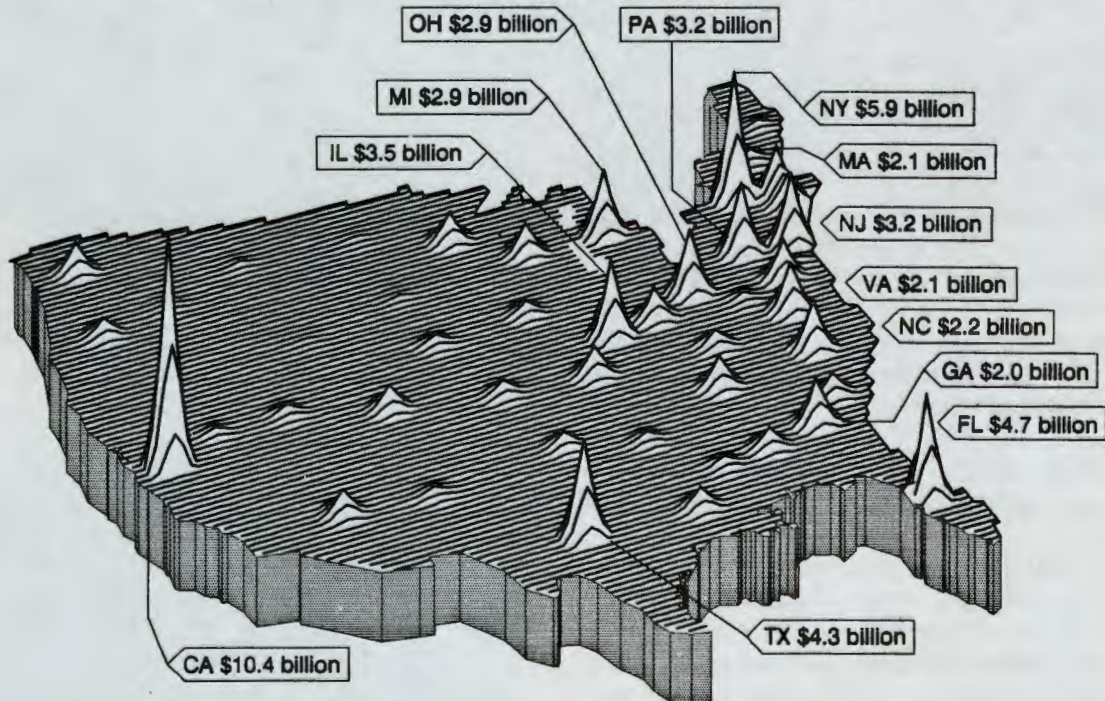
“ Most U.S. counties have furniture and home furnishings sales which are less than \$25 million per year. ”

homefurnishings. States with the greatest rates of growth in furniture and homefurnishings retail sales include New Hampshire, Maine, Vermont, and other

• SOURCES OF FURTHER INFORMATION •

U.S. furniture and home furnishings retailers share

FIGURE 2
California Leads All States in Total Sales of Furniture And Homefurnishings Stores, But Nationwide, Total Sales Are Dominated By The Eastern Half Of The Country



U.S. Total For 1987: \$74.4 billion

(excluding Alaska and Hawaii)

States with totals shown had \$2 billion or more in sales in 1987.

FIGURE 3

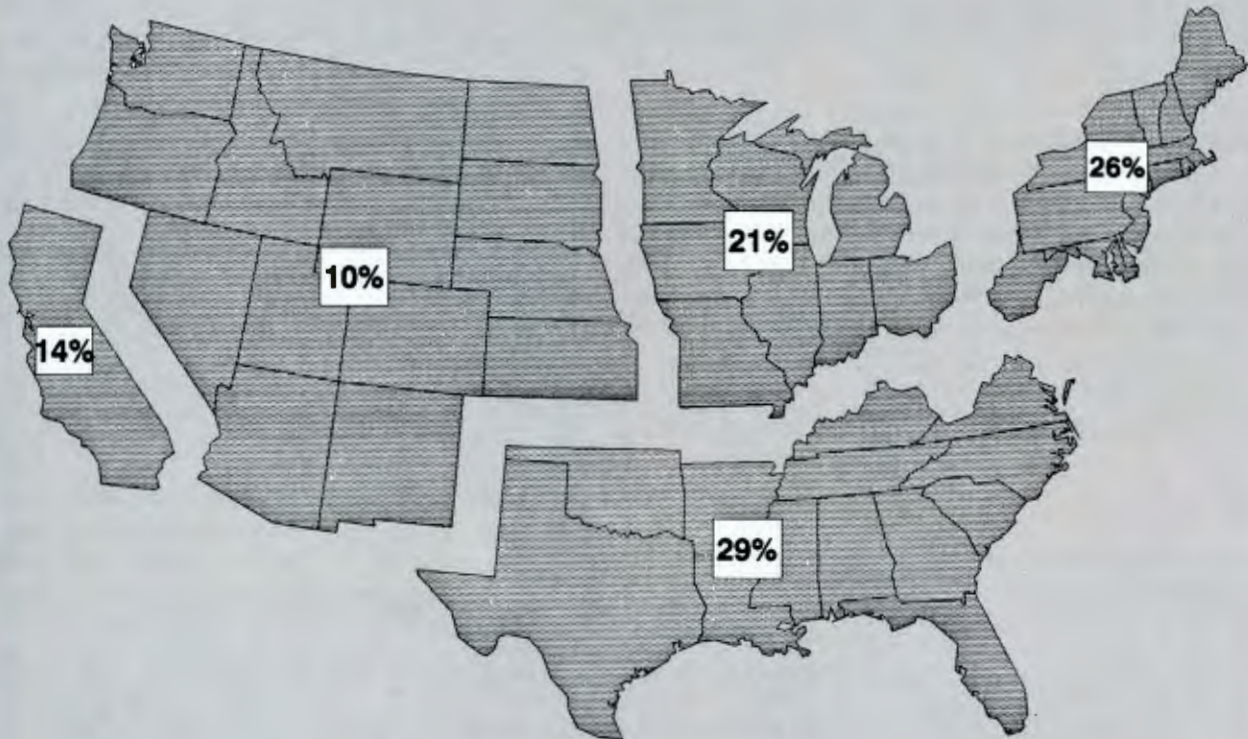
States Ranked by Sales

	1987 Sales*	Percentage Increase 1982 - 1987	Percent of Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. California	\$10,446,777,000	76.6	14.0	CA													
2. New York	5,923,382,000	70.0	8.0	NY													
3. Florida	4,676,518,000	73.0	6.3	FL													
4. Texas	4,295,509,000	19.8	5.8	TX													
5. Illinois	3,525,834,000	65.6	4.7	IL													
6. New Jersey	3,220,032,000	90.7	4.3	NJ													
7. Pennsylvania	3,163,224,000	66.8	4.3	PA													
8. Michigan	2,917,258,000	78.8	3.9	MI													
9. Ohio	2,889,137,000	65.1	3.9	OH													
10. North Carolina	2,217,401,000	91.8	3.0	NC													
11. Virginia	2,148,159,000	89.2	2.9	VA													
12. Massachusetts	2,097,555,000	85.7	2.8	MA													
13. Georgia	2,023,382,000	101.3	2.7	GA													
14. Maryland	1,769,464,000	90.5	2.4	MD													
15. Indiana	1,430,315,000	65.5	1.9	IN													
16. Wisconsin	1,398,004,000	66.1	1.9	WI													
17. Minnesota	1,367,255,000	83.8	1.8	MN													
18. Washington	1,356,708,000	66.0	1.8	WA													
19. Tennessee	1,347,652,000	74.4	1.8	TN													
20. Connecticut	1,319,217,000	105.7	1.8	CT													
21. Missouri	1,279,569,000	64.0	1.7	MO													
22. Arizona	1,102,885,000	73.3	1.5	AZ													
23. Colorado	1,056,464,000	37.1	1.4	CO													
24. South Carolina	972,861,000	74.9	1.3	SC													
25. Louisiana	907,773,000	1.4	1.2	LA													
26. Alabama	893,418,000	63.7	1.2	AL													
27. Kentucky	781,351,000	58.2	1.1	KY													
28. Oregon	781,253,000	58.5	1.1	OR													
29. Oklahoma	658,552,000	-5.0	0.9	OK													
30. Kansas	629,262,000	41.0	0.8	KS													
31. Iowa	609,305,000	31.6	0.8	IA													
32. New Hampshire	519,889,000	170.1	0.7	NH													
33. Nebraska	458,284,000	39.8	0.6	NE													
34. Utah	456,818,000	49.8	0.6	UT													
35. Arkansas	423,555,000	36.7	0.6	AR													
36. Mississippi	412,017,000	31.7	0.6	MS													
37. West Virginia	341,925,000	24.6	0.5	WV													
38. New Mexico	330,826,000	37.4	0.4	NM													
39. Nevada	321,370,000	58.0	0.4	NV													
40. Maine	295,984,000	122.7	0.4	ME													
41. Delaware	266,889,000	102.4	0.4	DE													
42. Rhode Island	254,086,000	84.1	0.3	RI													
43. Idaho	212,821,000	29.6	0.3	ID													
44. Dist. of Columbia	197,135,000	52.5	0.3	DC													
45. Montana	177,182,000	7.8	0.2	MT													
46. Vermont	160,782,000	112.1	0.2	VT													
47. South Dakota	144,725,000	35.7	0.2	SD													
48. North Dakota	134,174,000	1.9	0.2	ND													
49. Wyoming	78,517,000	-15.4	0.1	WY													
Total	\$74,392,455,000*		100.0														

* 1987 Sales are for SIC 57, Furniture and Homefurnishings Stores. The total refers to the 48 states and the District of Columbia, a lower total than shown in Table 1 since the Table includes Alaska and Hawaii.

FIGURE 4

The Mid-West, Northeast, and South Accounted for 76 Percent of Total Sales in 1987



Percentages for each state are in Figure 3.

a positive, long-term outlook for sales growth in the 1990s, and planning for market growth and change has become increasingly important. A wealth of economic and demographic information is available from

“There is a close relationship between furniture sales and concentrations of population and income in the U.S.”

the Bureau of the Census and other government agencies — information which can be extremely useful for assessing advertising strategies, or longer-term plans for marketing or manufacturing expansion or relocation.

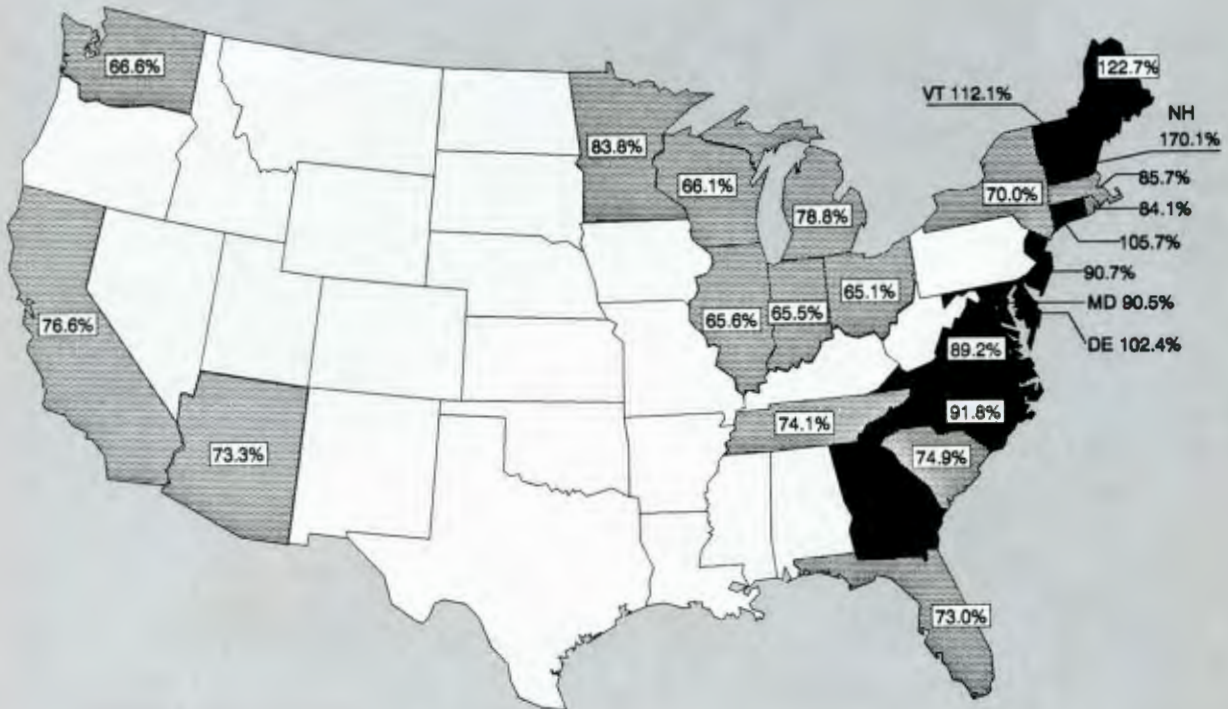
Retailers or corporate planners interested in specific products or specific geographic areas can obtain many types of detailed information. The 1987 Census of Retail Trade, Geographic Area Series, for ex-

ample, includes a U.S. summary report, as well as the individual state reports necessary to examine patterns of retail trade in specific counties, groups of counties, or metropolitan areas. Many sources of economic and demographic information, including projections for specific geographic areas, are listed in the 300-plus page **Census Catalog & Guide**, prepared each year by the Bureau of the Census. These and many other government publications are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 202/783-3238.

Steven H. Bullard, associate professor of forest economics, Mississippi State University, is principal investigator for a Mississippi Agricultural and Forestry Experiment Station research project titled “Economics of the Furniture Industry.” The project is funded by the Mississippi Forest Products Utilization Laboratory. Information for this article was obtained from the f00321987 Census of Retail Trade. Questions regarding any aspect of this article can be directed to Mr. Bullard care of FURNITURE WORLD, 530 Fifth Ave., Pelham, NY 10803

FIGURE 5

States with Sales Growth Greater than 65 percent
Between 1982 and 1987 Are States Where Both
Population and Economic Activity Have Increased Significantly



States in black are the "top-ten" in percentage sales growth between 1982 and 1987. Growth percentages for all states are in Figure 3.

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