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Mississippi's furniture industry provides a market

By Steven H. Bullard
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If you own timberland in Mississippi that has a hardwood component, you *definitely* should be interested in the furniture industry and the outlook for the use of wood in this market. The furniture industry provides a ready market for high quality hardwoods, as well as for lower quality hardwood timber; the outlook for the use of wood of both types is very favorable — particularly in the production of upholstered and non-upholstered furniture for household use.

Perhaps the most important negative factor in the outlook for furniture markets is the possibility of economic recession. A general economic downturn would affect markets for all timber products in the near term, and would affect furniture markets more than many other markets because furniture purchasing can, in most cases, be postponed. The industry has historically been one of the first to recover from recession, however, and has a very favorable long-term outlook in the U.S.

How Important Are Furniture Markets For Forest Products?

Nationwide, the furniture industry is the largest industrial user of wood products. Of all wood materials used in manufacturing in the U.S., the furniture industry accounts for nearly 60 percent of the lumber, more than 60 percent of the particleboard and almost half of the veneer and plywood. Wood products represent more than half of the cost of materials in the U.S. household furniture industry.

The most important furniture market for wood products is *household* furniture. High quality hardwood timber is in constant demand by U.S. and foreign producers of high quality,

wood household furniture. Lower quality hardwood timber is primarily used as dimension stock and frames for upholstered household furniture.

Furniture markets are especially important to producers of *hardwood* timber. The industry accounts for a small percentage of softwoods used in the U.S. each year, but accounts for more than 25 percent of *all hardwood lumber*. The industry has used about 25 percent of all hardwood lumber every year for more than 30 years.

What Is The Outlook For Wood Use In Furniture?

Wood products have many advantages that cannot be matched by other products. Forests are renewable, for example, and future quantities of wood products can be assured with adequate public and private investment in forest regeneration and management. Wood products also can provide part of the energy necessary for manufacturing. The greatest advantage for wood use in

furniture, however, is its versatility: the ability to use different species, forms, and products which can be substituted over time as furniture designs and styles change.

The dynamic and competitive nature of the industry requires a versatile yet relatively low-cost material such as wood. In contrast, alternative products such as metals and plastics may become increasingly costly in the future as problems arise in their availability, as the costs of energy in manufacturing increase and as environmental issues in production become increasingly important.

The outlook for wood use in household furniture varies by the type of furniture and by the price range of the furniture considered. USDA Forest Service researchers recently concluded that future changes in wood use in furniture are most likely in medium-priced, household furniture. They have proposed the word "interchange" as being more descriptive than "substitution," and feel that "interchange" is likely between wood

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This article comes from the talk that Dr. Bullard gave at MFA's 1989 "Forest Landowner Day."



Furniture produced in Mississippi is primarily upholstered, but it provides a very important market for forest landowners. The industry in Mississippi uses approximately \$150 million of frames, dimension stock and other wood products each year.

and non-wood products as well as between solid wood and reconstituted wood products.

Markets for higher quality hardwood timber and wood products are very likely to be sustained in the future — higher-priced wood furniture will prob-

ably continue to be produced from traditional, solid wood. Current promotional efforts of the Hardwood Manufacturers Association are a fairly recent, very positive factor in the outlook for solid wood furniture in U.S. households.

Promotional efforts and consumer trends can have a significant impact on wood use in the furniture industry. The use of oak provides an excellent example of how wood use in furniture can change dramatically with time. Oak furniture currently is very popular, yet in 1966, the wood was considered by the Mississippi R&D Center to have been "out of style for a long time."

It must be remembered, of course, that most furniture manufacturers have no real interest or "loyalty" to wood as a raw material. A designer in California, for example, has recently produced an aluminum dining room table that has a heated top to keep dinners warm while being served. The industry in general sees this as a very positive development, and the potential for mass production and marketing is being examined with vigor. The overall favorable outlook for wood use comes from the lack of substitute materials at competitive prices, and from the attributes of wood household furniture that U.S. consumers find most appealing.

Futuristic furniture designs of 40 years ago did not include wood as a primary material, yet wood today accounts for half of the costs of raw materials for producing non-upholstered household furniture, and it is the second most costly input in the upholstered furniture industry. Technology in using wood has also made great advances, and in many of the most futuristic of today's furniture designs, wood is a primary, highly visible component, particularly in household furniture.

What Is The Outlook For The Industry?

Although the outlook for the use of wood in furniture is favorable, timberland owners and managers must also assess the outlook for the furniture industry. Hardwood timber demand in the U.S. is very closely related to the "health" of the furniture industry. The following outlook therefore includes

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Furniture industry: A market for forest products

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both a manufacturing outlook and a marketing outlook.

The Outlook For Furniture Manufacturing

Two of the most important issues facing U.S. furniture manufacturers today are environmental issues and imports. Environmental issues include new wood dust and wood finishing regulations, as well as non-wood issues such as the use of ozone-damaging propellants in producing polyurethane foam. Ozone-related issues, however, are apparently being successfully addressed through new technologies in manufacturing.

New standards for wood dust levels inside manufacturing plants have been set by the Occupational Safety and Health Administration (OSHA), and therefore apply to all U.S. manufacturers. Many furniture companies are currently testing the current levels of wood dust in their facilities and are evaluating options to filter the air and remove the dust to "collector" containers. In finishing processes, as well as in gluing and woodworking, furniture companies must currently monitor about 40 chemicals in addition to wood dust, and must prevent them from being discharged into the atmosphere. Environmental regulations may, over time, re-orient furniture production in the U.S. toward more upholstered products, toward greater emphasis on relatively high-valued wood furniture, and toward larger manufacturing facilities.

Imports also are a major issue for furniture manufacturers in the U.S., and also are resulting in reorientation toward upholstered furniture and larger companies. Imports of wood household furniture have risen steadily since the early 1970s, and growth has been very strong since the 1982 recession. Imports currently account for 25 percent of the market for wood household furniture in the U.S. In many cases, timber that is

grown in Mississippi and other southern states, and that is processed and exported as lumber or other products eventually returns to the U.S. as furniture. Imports have risen for many reasons, but perhaps the most important ones in the furniture industry have been the relative value of the U.S. dollar and innovations in shipping.

Upholstered furniture is not imported in large volumes, because of its bulkiness and the difficulties in

producing and shipping fabric combinations to meet U.S. demand. The domestic long-term outlook for upholstered furniture production is very favorable because of the relative degree of insulation of the U.S. market.

The Outlook For Furniture Marketing

Furniture industry analysts are calling the years since the 1982 recession the "golden age" of

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furniture in the U.S. The demand for furniture in the U.S. is very closely related to population, housing and general economic activity. Demographic trends are extremely favorable for furniture markets – 76 million people in the U.S. are between the ages of 25 and 44, ages where incomes and lifestyle patterns contribute to relatively high levels of furniture buying. One prominent analyst has stated that the industry is “approaching its healthiest moment demographically.”

Recession, or economic downturn, is perhaps the only important factor that would have a negative impact on U.S. furniture markets. Economic recessions affect almost all industries negatively, yet furniture purchases are typically much more volatile in the short-term than many consumer products.

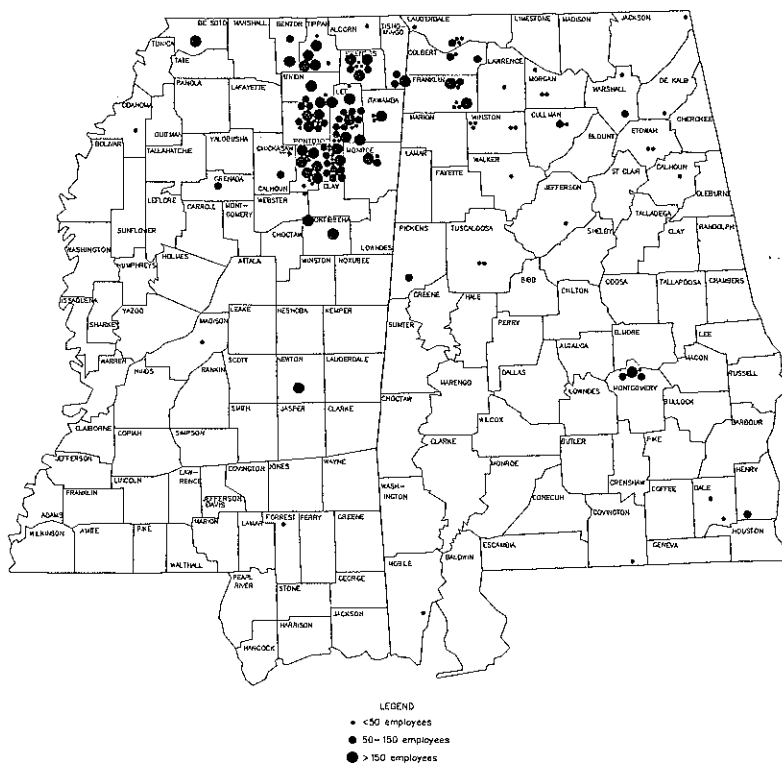
Consumers tend to postpone buying “durable” goods during economic recessions, but demand usually is very strong when the economy begins expanding. Also, the impact of a recession would be temporary rather than long-term. Because of the demographic patterns in the U.S., furniture markets are projected to expand by two to three percent per year by the International Trade Administration of the U.S. Department of Commerce.

How Are Mississippi Forest Landowners Affected By The Furniture Industry?

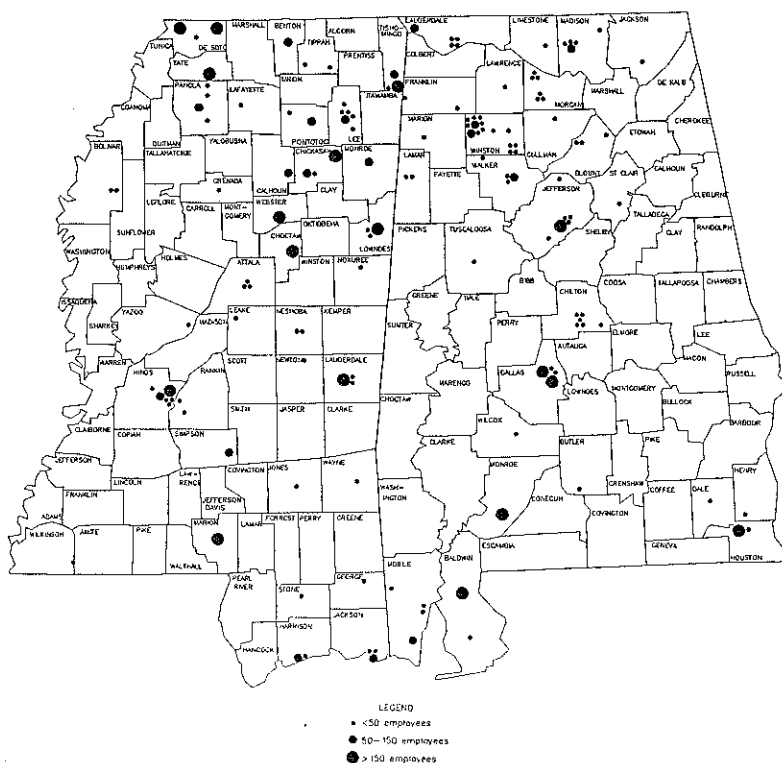
Furniture manufacturing is one of the most important industries in Mississippi, and one of the most critical factors in the industry’s development has been the availability of hardwood timber in the state (see attached figures for upholstered and non-upholstered furniture industry locations in Mississippi and Alabama in 1988). According to a recent survey by the Mississippi R&D Center, the upholstered furniture industry uses approximately \$150 million per year in wood-based materials. Although specific estimates are not currently available on the industry’s use of wood raw materials grown and

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Upholstered Wood Household Furniture Industries in Mississippi and Alabama, 1988



Non-Upholstered Wood Household Furniture Industries in Mississippi and Alabama, 1988



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processed within the state, the industry has been estimated to use \$74 million of wood furniture frames and \$28 million of oak lumber each year. The industry also uses an estimated \$16 million of plywood each year, and pine lumber, particle board, poplar and gum lumber, and wood trim at less than \$5 million each.

One of the most important attributes of the industry for Mississippi forest landowners, particularly in the northern half of the state where more than 200 furniture companies are located, is that the industry is here to stay. The industry has a very bright long-term future in the state, and furniture markets for forest products should be sustained and expanded in the future. In a 1966 publication titled

"Mississippi's Advantages for the Manufacture of Upholstered Furniture," the R&D Center presented eight "major advantages" for the state and predicted continued strong growth for this particular industry. The industry has grown dramatically in Mississippi, in part because of strong demand in the U.S. since 1982. All of the major advantages cited for Mississippi and this industry remain evident today, and the favorable outlook for the upholstered furniture industry in the U.S. bodes well for manufacturers in Mississippi, as well as for Mississippi landowners with hardwood timber.

Mississippi landowners will enjoy increasingly competitive markets for hardwoods in most areas of the state. Historically, demand has been strong for relatively high quality hardwoods, but not for the much more abundant,

lower quality timber. New demands are being made on the hardwood resource in several areas of the state, however, and landowners may look forward to increased competition for hardwoods for pulp chips, furniture parts and frames, as well as other products. Furniture markets for forest products are only one part of the picture for forest landowners, but the industry's role is very important and is increasing in relative terms across the state.

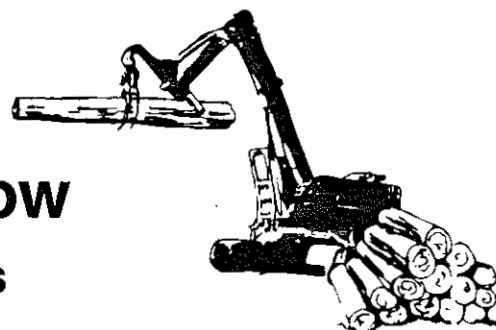
[For a more complete description of the furniture industry in Mississippi, *Tree Talk* readers may obtain a free copy of a report titled *The Mississippi Furniture Industry and Its Use of Wood-Based Materials* by writing to the author at the MSU Department of Forestry, P. O. Drawer FR, Mississippi State, MS 39762.]

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