



# Analysis of USA for Trä- och Möbelföretagen (TMF)

October 2021  
Business Sweden – UK, France, Germany and USA



# A global team developed insights into the furniture industry in four key markets



USA

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**Erik Ståhle**  
New York



# The U.S. is a large market and challenging to enter, with much upside for Swedish companies

## COUNTRY CAPABILITIES

- The U.S. market is dominated by a few of the largest producers, while still highly fragmented
- The market segments can be classified into about 5 categories per area
- Low-cost competition has been penetrating the market; mid/high-end interest has increased
- Market trends include tough times for office furniture and the hybridization of office and home furniture, the growth of e-commerce, and increasing European competition in the high-end space

## SALES PROCESS

- Interior designers/architects are important actors in the sales process
- Companies often use intermediaries such as agents or manufacturers reps to reach end-clients
- In both the private and public professional sectors, framework agreements are common
- Public entities have more rigid demands than private businesses
- Local market presence in the U.S. is important, but not necessary

## REQUIREMENTS TO COMPETE

- The market and sustainability frameworks in the U.S. are built around compulsory regulations and optional standards
- Requirements vary based on the type and functionality of the product, the end-user, where it was produced, and the material used to produce it
- There are not many environmental regulations and standards present today, though some consumers and companies are beginning to focus on this more
- Market requirements of furniture feature rules related to fire and chemical compliance

## RECOMMENDATIONS

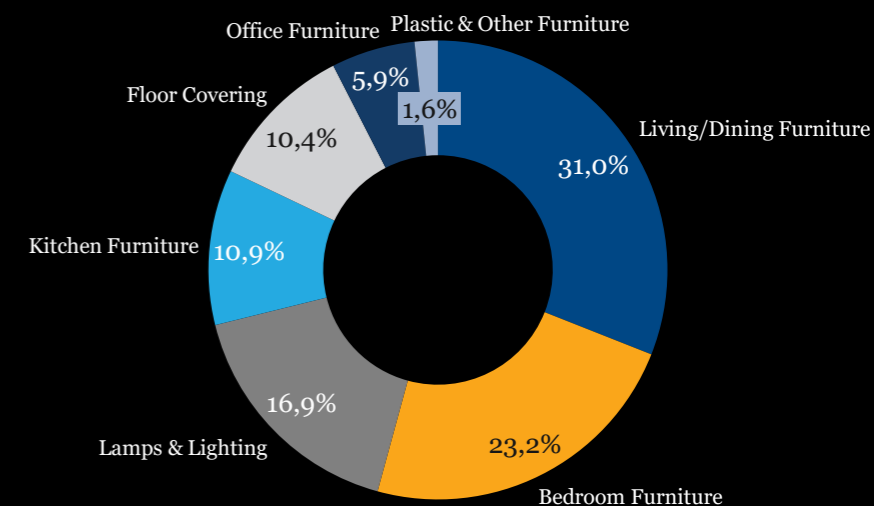
- Focus on marketing and having a local market presence for sales and exposure in the U.S.
- Focus on building presence in other areas before focusing on public spaces
- Establish relationships with intermediaries to reach private buyers efficiently
- Adapt to the business culture by focusing on networking and creating personal contacts

Source: Business Sweden Research, Ibis World, Statista, CommonThread; Exchange rate 2021– 1USD = 8.59 SEK

# 2020



## Revenue by category



# Agenda

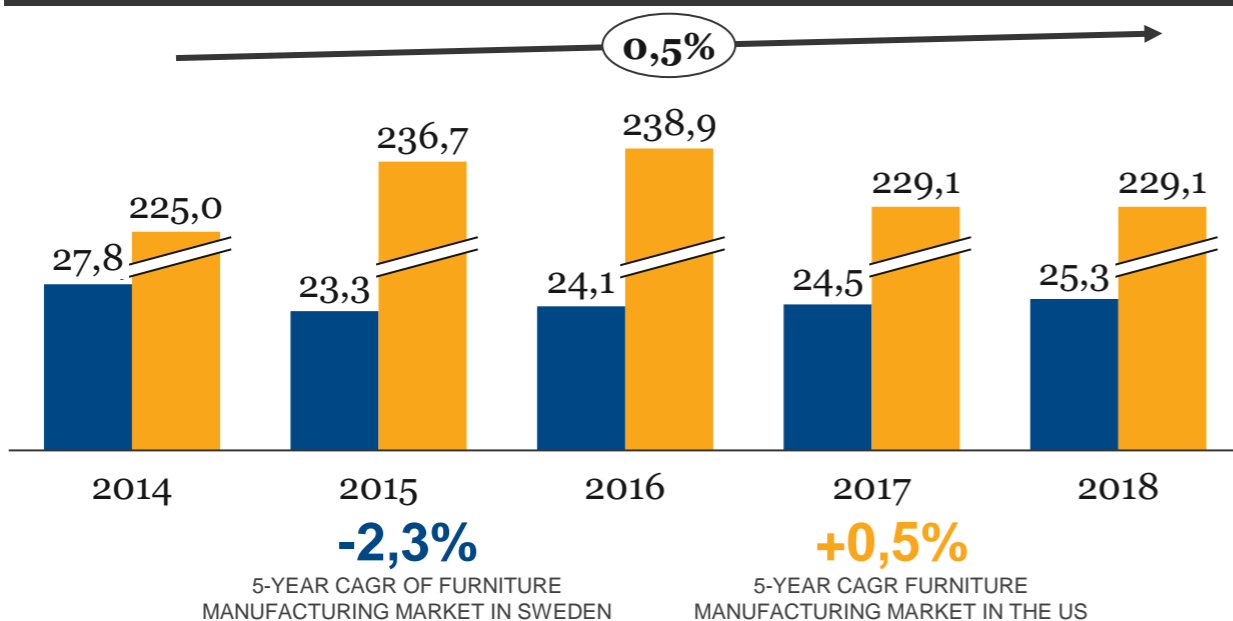
- **Country capabilities - furniture production and trade**
- Sales of furniture
- Requirements to compete
- Recommendations
- Appendix



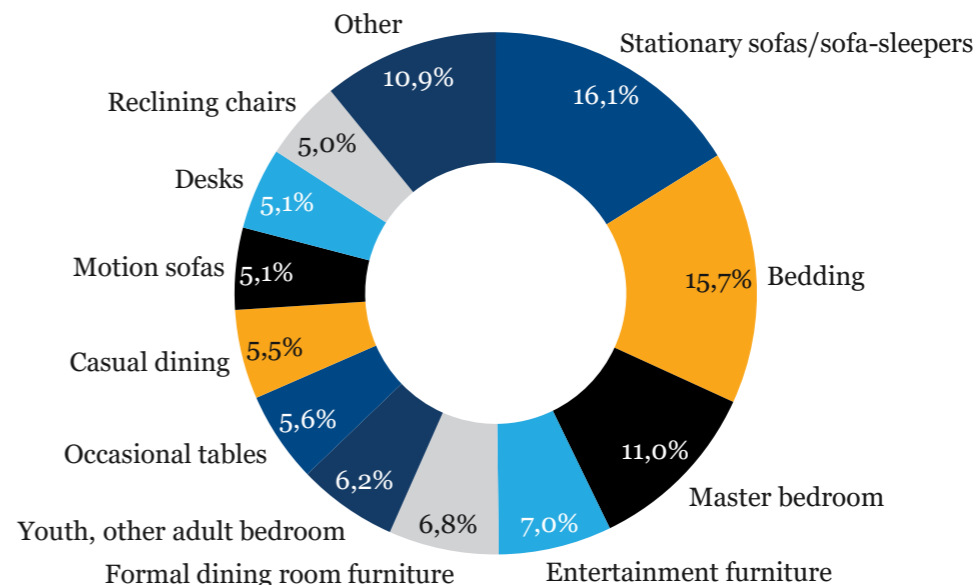


# The furniture manufacturing industry is expected to slowly recover from the impacts of the COVID-19 pandemic, with online bolstering sales for many

## Turnover & growth of the furniture manufacturing market (BSEK)





## Furniture and bedding spending 2020, by category



## Comments

- The furniture industry is expected to experience a strong year in 2021
- Furniture store sales are anticipated to grow by 3.3%, reaching 602 BSEK. Overall furniture and bedding estimates should reach roughly 1 TrSEK, a 4% annual growth. Sales should largely be driven by the growing trends of remote workers and consumers spending more time at home
- The furniture industry increased by 0.6% in 2020
- Strong gains among direct-to-consumer retailers such as Amazon and Wayfair, along with strong sales from “essential” stores, were enough to create slight growth in what would have otherwise been a down year for the industry

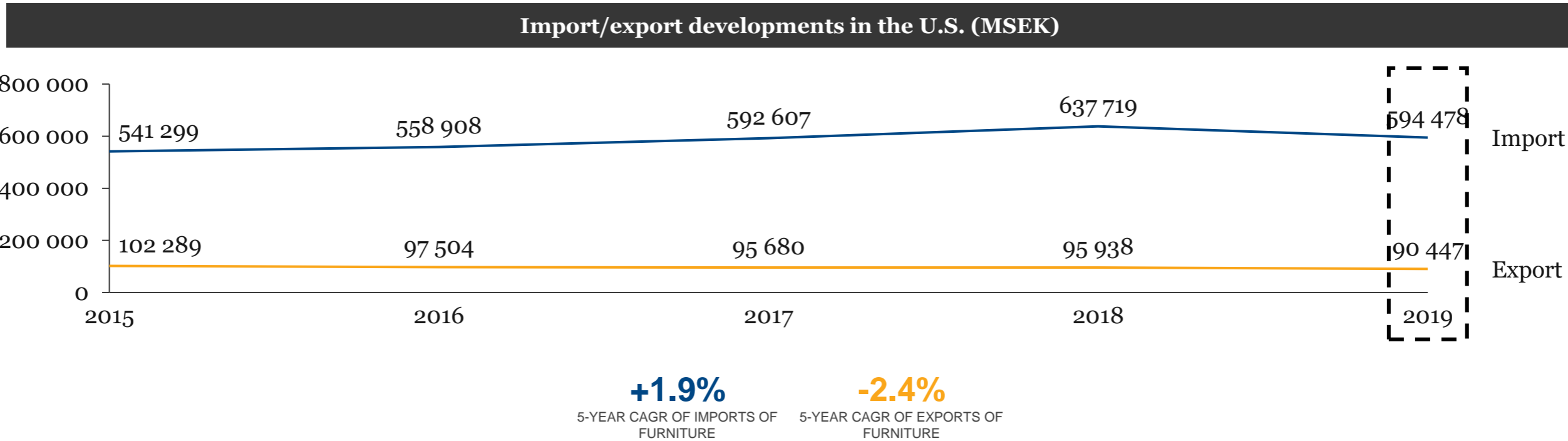
## Characteristics of manufacturers and their produce (MUSD)

		
<b>Number of firms (2020)</b>	16 353	2 142
<b>Persons employed in furniture manufacturing (2020)</b>	218 000	162 38
<b>Avg. number employed per firm (MSEK, 2020)</b>	117.7	67.3
<b>Wages and salaries (MSEK, 2020)</b>	42 480	4 609.1

Source: IBIS World, Business Sweden Research and Analysis, Furniture Today



# Furniture imports have grown steadily, as low-cost competition has entered the market, while exports have decreased over the same period



- Comments**
- Furniture imports have grown at a CAGR of almost 2% from 2015-2019, while furniture exports declined by more than 2% in the same time period
  - Furniture imports are 7 times greater than exports, making up roughly 2.6% of imports and only 0.6% of exports
  - Canada, Mexico, and China are the most common export partners and import partners for the United States

**Top trading partners (2018)**

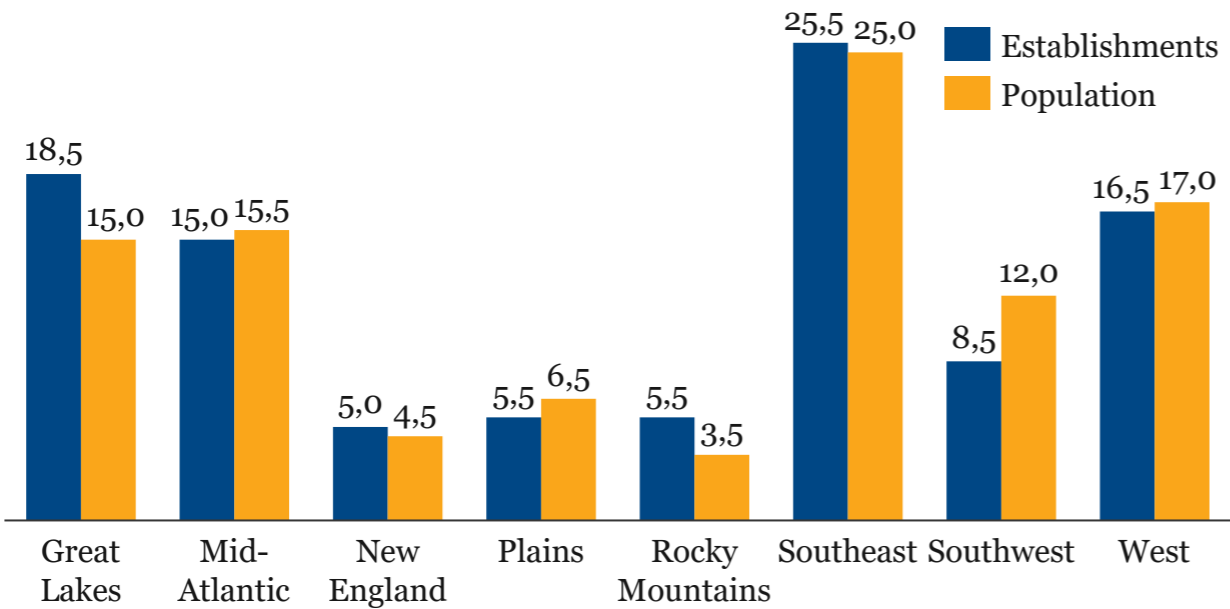
	Exports	Imports
<b>Consumer goods</b>		
<b>Intermediary goods</b>		
<b>Capital goods</b>		

Source: UN Comtrade, Worldbank

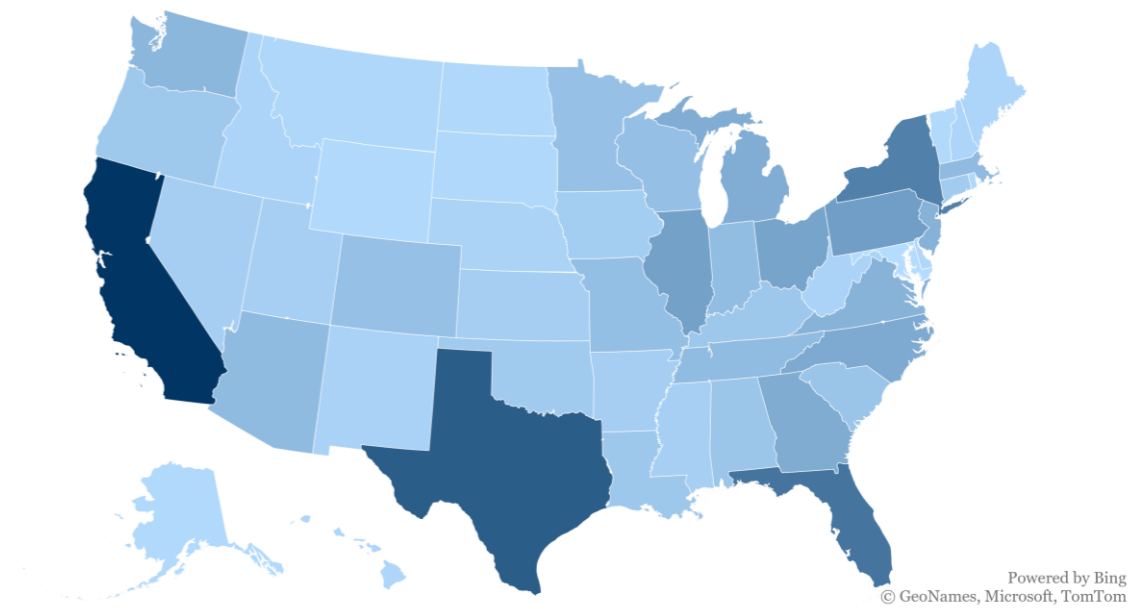


# The Southeast, the Great Lakes, the West, and the Mid-Atlantic regions are most popular for manufacturing, while sales align with population centers

Establishments vs. Population (2020), Furniture Manufacturing



Furniture and Bedding Sales by State (2020)



## Comments

- Over the coming five years, import penetration is expected to increase, forcing many operators to close amid intensifying price competition; the industry's largest players, with vertically integrated retail operations, are expected to fare better against low-cost furniture manufactured abroad
- Furniture sales volumes mainly follow population levels across the country, with California, Texas, Florida, New York, and Pennsylvania having the highest levels of sales
- Other standout regions for sales include the Great Lakes Region (Illinois, Michigan, Ohio), the Southeast, the Northeast, the Mid-Atlantic, and the West Coast

Source: IBIS World, Business Sweden Research and Analysis



The home market is highly saturated in the low-end of furniture while similar international players dominate mid to high-end market in office and public spaces



Source: Business Sweden Research and Analysis



## Competition is more influenced by European players towards high-end products



These most competitive players differ across segments, but are cited to come primarily from within the United States, with some high-end competitors coming from other countries/regions such as Scandinavia and Italy



Local players are spread across the country, and there are many more than in Sweden. Local manufacturing hubs are organized by raw materials, with some standout states such as North Carolina




The homes market is highly saturated in the low-end, driven by large national players like Ashley Homestore, Wayfair, and Raymour & Flanigan, in the high-end segment there are fewer large firms presenting an opportunity



In the office segment competition is more evenly spread with some of the usual suspects topping the list (Herman Miller, Steelcase, Kinnarps)



For public spaces, a few of the large international players are present but this sector is experienced to be less competitive than others due to barriers to entry, though it can be a lucrative market for those that enter it

A close-up photograph of a green corduroy chair seat and a chrome leg. The chair seat is in the foreground, showing the texture of the corduroy fabric. The chrome leg is in the background, reflecting light. The background is a plain, light-colored wall.

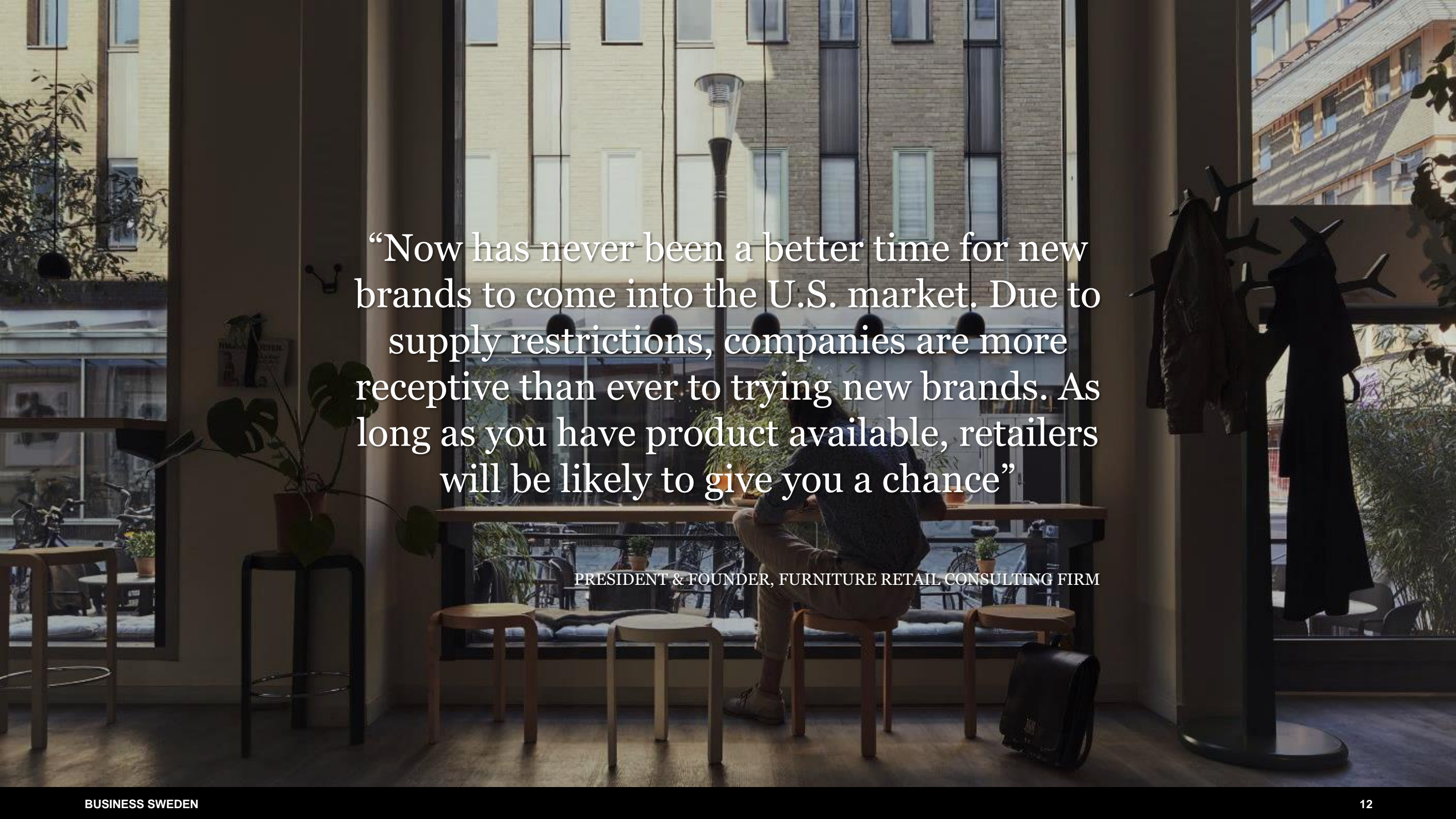
“A lot of U.S. consumers like the style of Scandinavian furniture, which maintains a premium reputation. Due to this reputation, it is likely most interesting for companies to focus their efforts along the coasts, where economic capacity for those purchases are higher.”

CEO, INTERNATIONAL HOME FURNISHING REPRESENTATIVES ASSOCIATION

# Agenda

- Country capabilities - furniture production and trade
- **Sales of furniture**
- Requirements to compete
- Recommendations
- Appendix





“Now has never been a better time for new brands to come into the U.S. market. Due to supply restrictions, companies are more receptive than ever to trying new brands. As long as you have product available, retailers will be likely to give you a chance”

PRESIDENT & FOUNDER, FURNITURE RETAIL CONSULTING FIRM



# Partners in the U.S. market provide several paths to growth, across both retail and direct to consumer

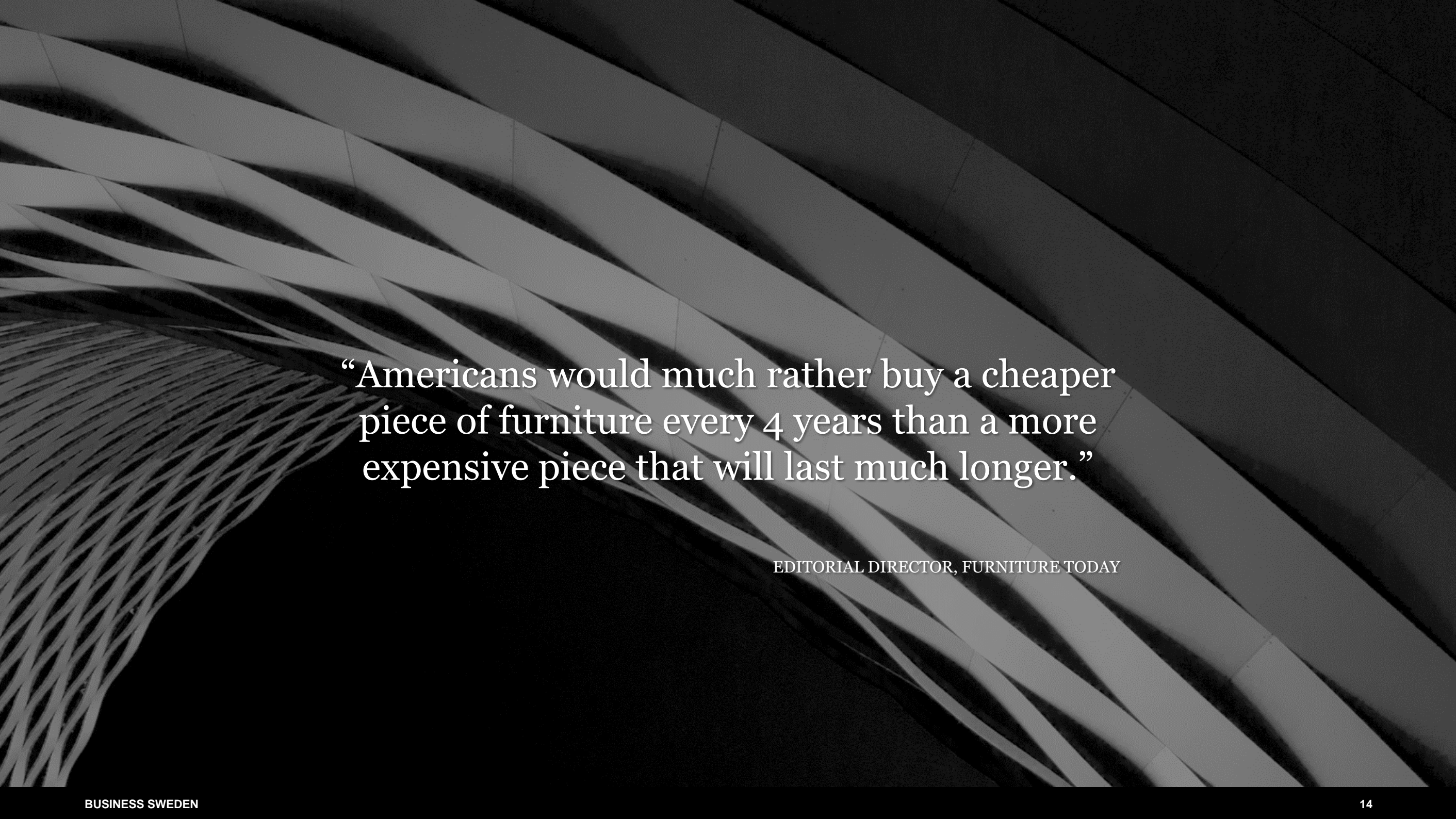
	Description	Importation	Warehousing	Distribution	Sales	Marketing
<b>SALES AGENT/ MANUFACTURER'S REP</b>	<i>Conduct sales towards retailers in specific geographies for a commission. They often have strong retailer networks. Common for new brands. Do not import or distribute products</i>	<b>X</b>	<b>X</b>	<b>X</b>	✓	✓
<b>3PL PROVIDER</b>	<i>Offers storage and distribution solutions. Some offer importing services. No sales or marketing</i>	✓	✓	✓	<b>X</b>	<b>X</b>
<b>DISTRIBUTOR</b>	<i>Sell products for a mark-up to retailers. Niche distributors can offer importation services and some sales. Full-service distributors are rare and very selective with the brands they carry</i>	✓	✓	✓	✓	<b>X</b>
<b>INTERIOR DESIGNERS / ARCHITECTS</b>	<i>Offers storage and distribution solutions. Some offer importing services. No sales or marketing</i>	<b>X</b>	<b>X</b>	<b>X</b>	✓	✓

✓ Typical service offered

✓ Service sometimes offered

**X** Service not offered

Source: Business Sweden Interviews and Analysis

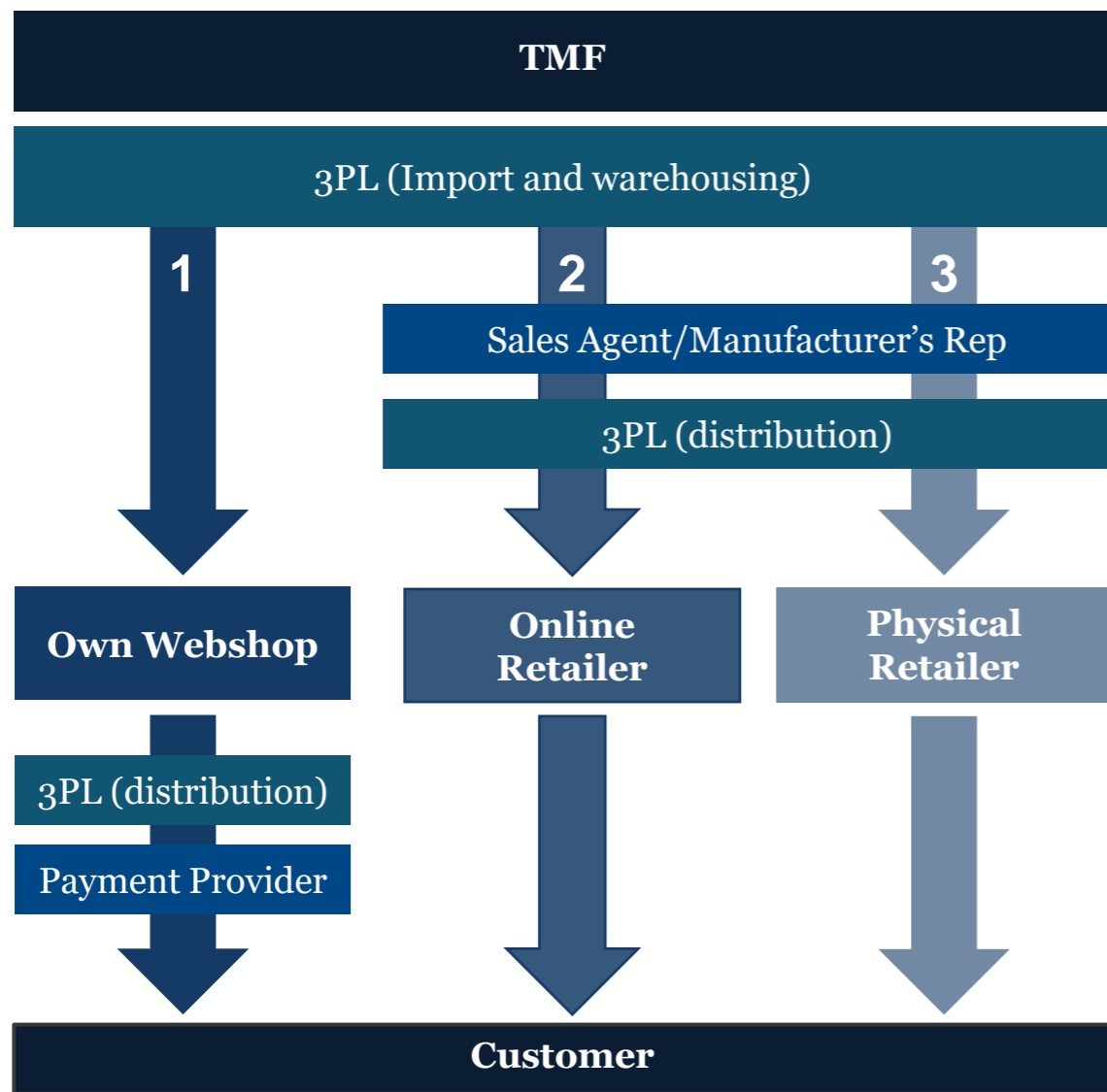


“Americans would much rather buy a cheaper piece of furniture every 4 years than a more expensive piece that will last much longer.”

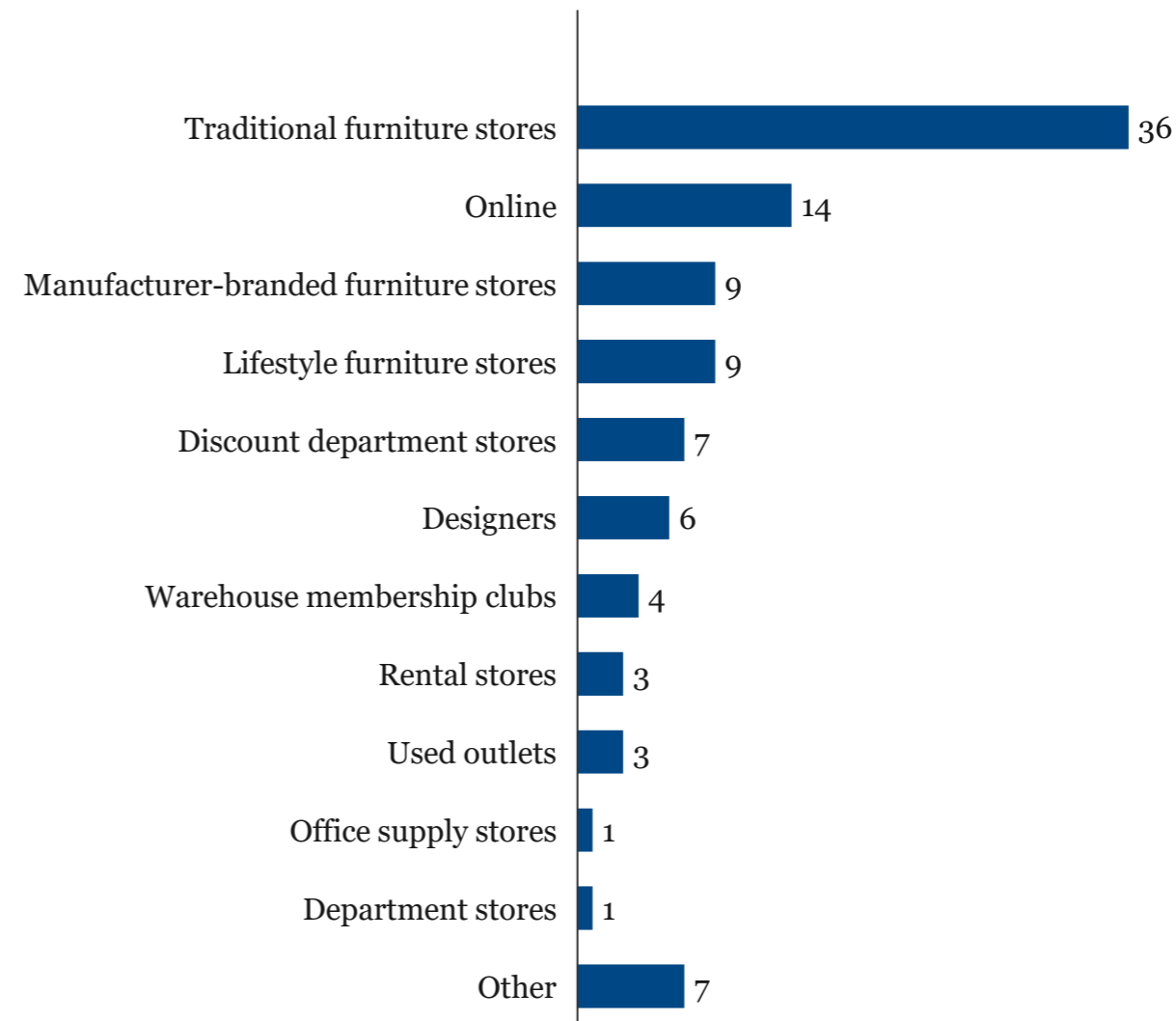
EDITORIAL DIRECTOR, FURNITURE TODAY



# There are three main ways to sell furniture, all which require different partners



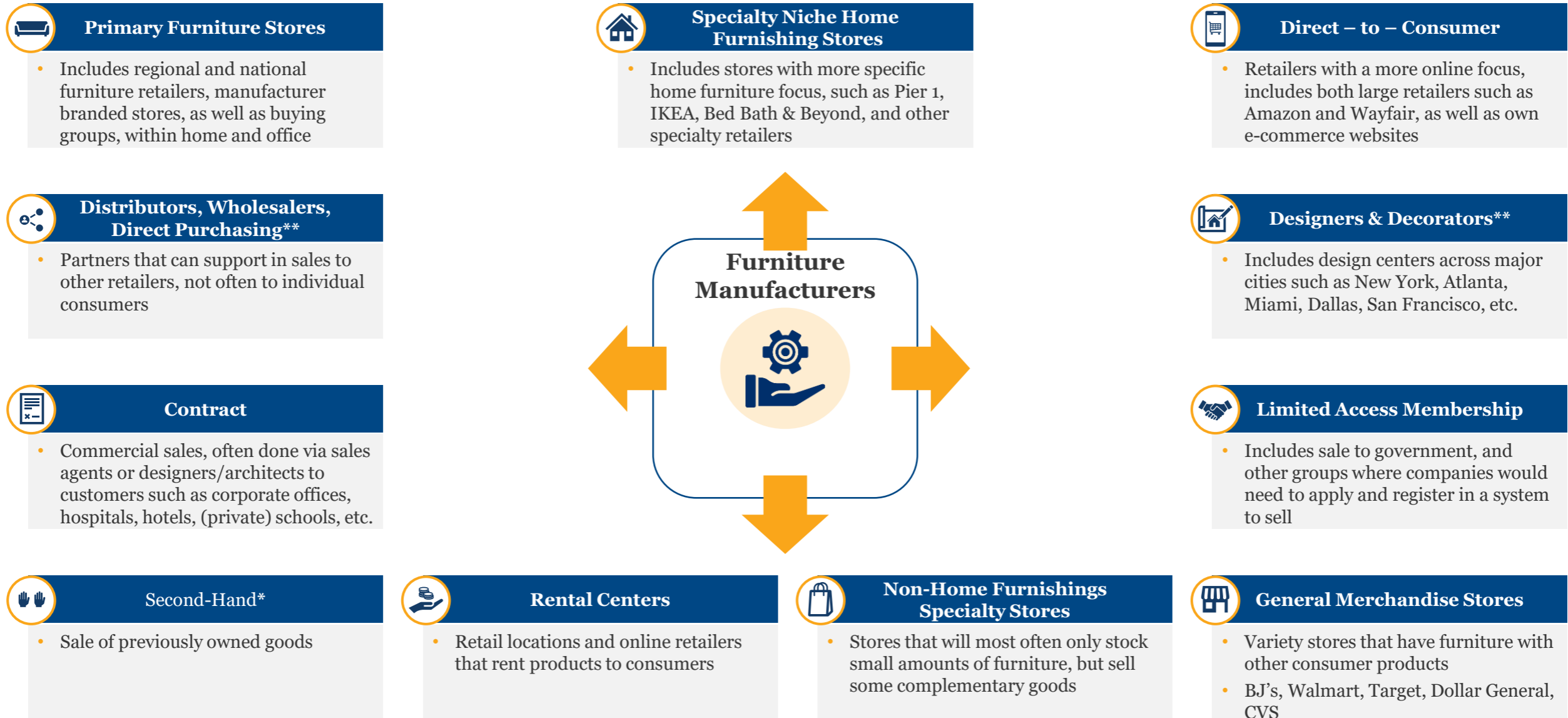
Distribution of sales of the U.S. furniture and bedding industry, 2019



Source: Business Sweden Interviews and Analysis



# There are several access points to consumers across the furniture industry, with varying focus and relevance for Swedish furniture companies



Source: Furniture Today \* Not immediately relevant for new Swedish entrants \*\*Can be partners towards end consumer or consumers themselves



***Active market presence, whether digitally (communications, social media) or in person (trade shows, showrooms) is essential to stay relevant to multiple consumer segments***

## There are many considerations companies should take into account when beginning to sell in the U.S.

- **To build awareness as a new entrant in the U.S, Swedish companies should:**
  - Establish a presence at major tradeshows (High Point Market in particular), in addition to showrooms, so that buyers, agents, architects, and designers can see product and provide feedback on product market fit
  - Swedish companies may also need local partners that can help with installation if an architect is not present
- Due to COVID-19 and supply chain impacts, companies are **more willing than ever to look at new brands**, given that new entrants have supply available to sell in the U.S.
- **Assuming what works in Sweden will work for the U.S. market is one of the biggest mistakes that companies can make;** as companies are planning launch for the U.S, input and feedback should be collected from U.S. partners
- **Government and Education have more stringent guidelines:** Swedish Companies may need to pass through Government Services Administration (GSA), and other public procurement media to get to certain customers; companies must meet specific standards in order to sell to these groups
- **Architects and interior designers should be the focus for high-end, high quality furniture, where capacity to pay is higher despite lower volumes;** larger retailers care much more about price point over brand story or quality
- **Swedish companies should invest in communication and social media** to attract both residential and private market segments; industry specific media, catalogues, and social media are relevant channels for companies
- (Online) distributors and sales agents are main sales channels to reach the residential sector



# Architects and Interior Designers serve as important intermediaries and point-of-contacts to projects

- Architects and interior designers serve as important gateways to both the commercial furniture market and the high end home furniture market
- They often take care of complete projects: from design to the installation of furniture, and will even they will select furniture, place orders, and pay for it, in agreement with the end client. They may ask manufacturers to accompany them to make sure that the furniture is installed correctly
- Architects can work with distributors, or direct with producers
  - Distributors/Sales agents/Manufacturers reps are often responsible for reaching out to architects and interior designers, providing relevant marketing material and convincing them it is a good fit
  - Having product present in a showroom is one of the best paths to be seen, to provide a sense of how the products may fit into an end customer’s space
- Architects/interior designers may prefer working directly with manufacturers to avoid losing a margin from the commission charged by distributors
  - Architects communicate amongst each other and can serve as good reference points as soon as contact is established

“  
*Designers will not give you second chances. If you do not respond to them immediately when they get back to you, then they will move on to the next company*  
 ”  
 Retailer, Texas

“  
*While interior designers and architects may not purchase in volumes as high as retailers, they will often order more premium products, and are generally less price sensitive.*  
 ”  
 Association, North Carolina

While Swedish companies can be in contact with the final client, e.g., an hotel owner, they should consider the architect/interior designer as their main point-of-contact

If dialogues are taken with the client, it is common courtesy that the architect is “kept in the loop” as he/she is responsible for the project as a whole



# When selling to architects/interior designers, Swedish companies should maintain a personal approach and be persistent in follow-up

## 1) Initiate contact

- As a first step, invest time in understanding the style of the architect to evaluate potential interest
- Contact by email, follow up by phone. Make sure to have marketing material that presents your products.
- Architects and interior designers also like to network, visit trade fairs and show rooms to be inspired. These are good meeting places for these buyers
- Invite to inspiring webinars where they can be intrigued to "know more" by hearing about your creative processes

## 2) Personal meeting

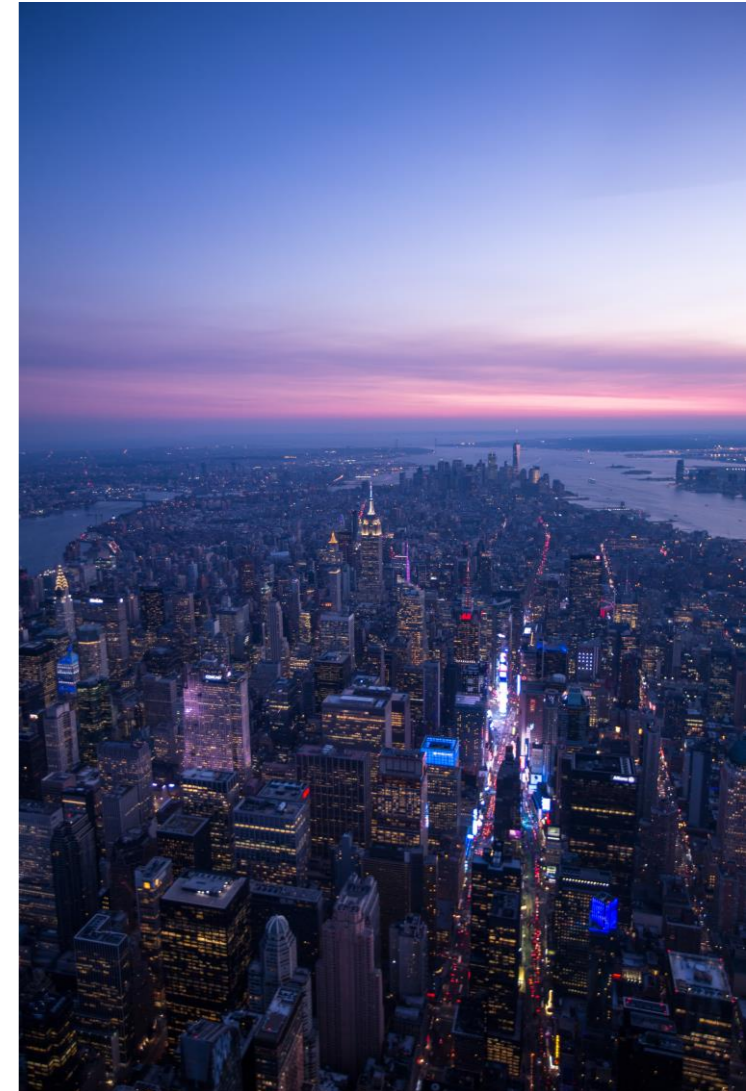
- Architects and interior designers will often take meetings with furniture companies where the companies are expected to bring food and refreshments, even wine, where companies will be given the chance to present the product in more detail
- See is as an opportunity where the architect can get to know the company a bit better: who you are, how you work and the purpose of your business
- Make sure to bring relevant marketing materials or smaller samples (fabric/materials used)

## 3) Follow up

- Invite to a trade show or showroom to exhibit products and production
  - It is important to see the quality of the products and how they would fit into an assortment of furniture
- Interior designers work with different departments of a company
  - This includes the sales representative but also marketing and production.
  - For them, understanding the “whole package” of an organization is important
- It is common for sales reps to stop by offices of architects and interior designers to update catalogs or samples

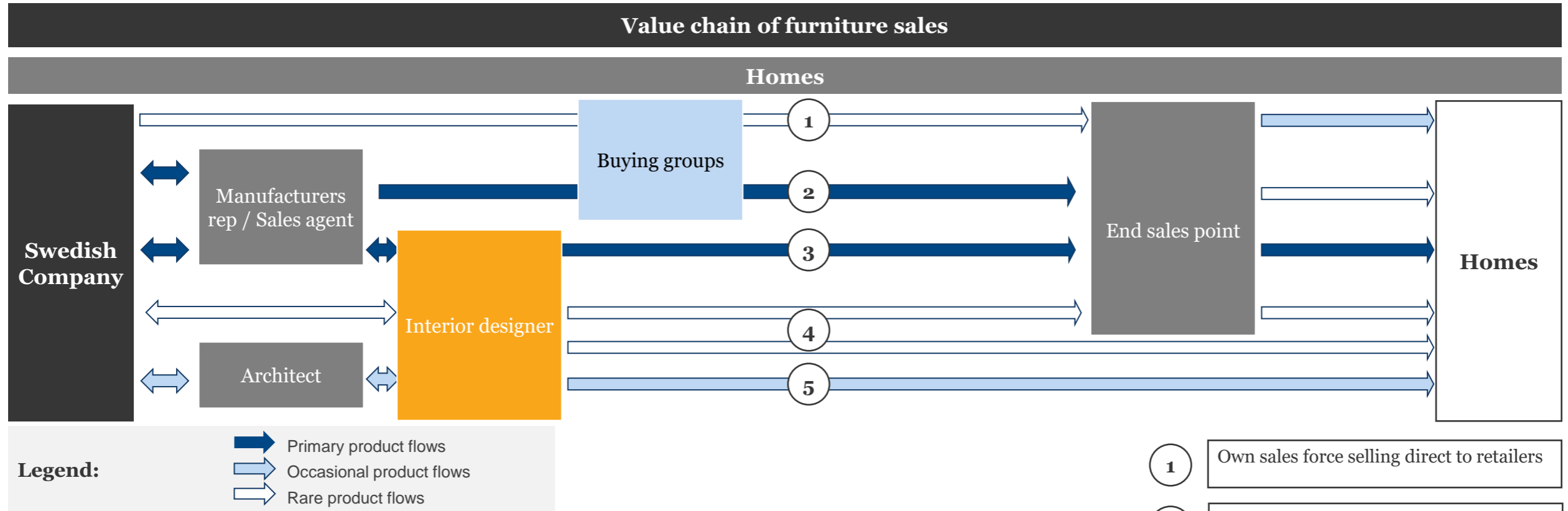
## 4) Sales

- Architects and interior designers will sometimes purchase furniture with a specific project in mind, usually if they work with commercial furniture
- Sometimes they will buy product to be presented in their own showroom, to be shown to end customers (more common with home furniture)





# Manufacturers reps and agents are the main path to working with furniture retailers, architects and interior designers offer a path directly into the home



### Key insights from interviews:

- ~80% of business in housewares is done in fewer than 10 retailers, meaning companies need to deliver higher volumes with strict price levels; designers/architects will often purchase in smaller quantities
- Hiring a manufacturers representative to represent core lines in key territories is a proven practice to grow when entering the U.S. market, leveraging existing relationships of the manufacturers reps
- Buying groups are another alternative path to growth

- 1 Own sales force selling direct to retailers
- 2 Manufacturers reps / sales agents sell products on behalf of company
- 3 Manufacturers reps / sales agents will also target interior designers
- 4 Interior designers can curate product, either for retailers or to end consumer
- 5 Architects will often work to purchase furniture on behalf of end consumers

Source: Business Sweden Research and Analysis, Business Sweden Interviews



# The home furniture industry is heavily trend driven stylistically, while consumers are often most driven by low prices

- Innovative furniture, as convertible sofas and tables with several (sometimes changeable) functions, are demanded for consumers for space optimization; in fact, ‘convertible furniture’ as a category is expected to exceed 7.5% growth in the coming years
- Consumers are heavily influenced by social media today. Marketing and media exposure in U.S. media is important to be seen
  - Online and social network presence, websites, marketing, sponsored ads, and influencers are important ways to reach consumer demand in the residential sector
  - Consumers are very interested in ‘shopping the look’ following and purchasing what they see online
- When selling online, the User Experience (UX) is important to optimize the customer journey from choosing furniture to purchasing methods and delivery options
  - Use an adapted (catalogue-friendly) site structure, invest in high-quality visuals and communication tools
  - If possible, manufacturers should offer a virtual application that dynamically can present the product (E.g., 3D graphic design and “Place” application by IKEA)

“  
*Despite the growth of e-commerce in recent years, many customers still want to see furniture in person. Essentially, the more expensive the product is, the more likely they are to want to see it in person before buying.*  
 ”  
 Furniture Trade Show Rep, North Carolina

“  
*Home furniture is the most price sensitive distribution channel. Depending on what segment you are targeting, companies may not have as much space to create a story around the brand.*  
 ”  
 Industry Publication, North Carolina

**Consumers will often prioritize price over the longevity of the product itself when making purchasing decisions**

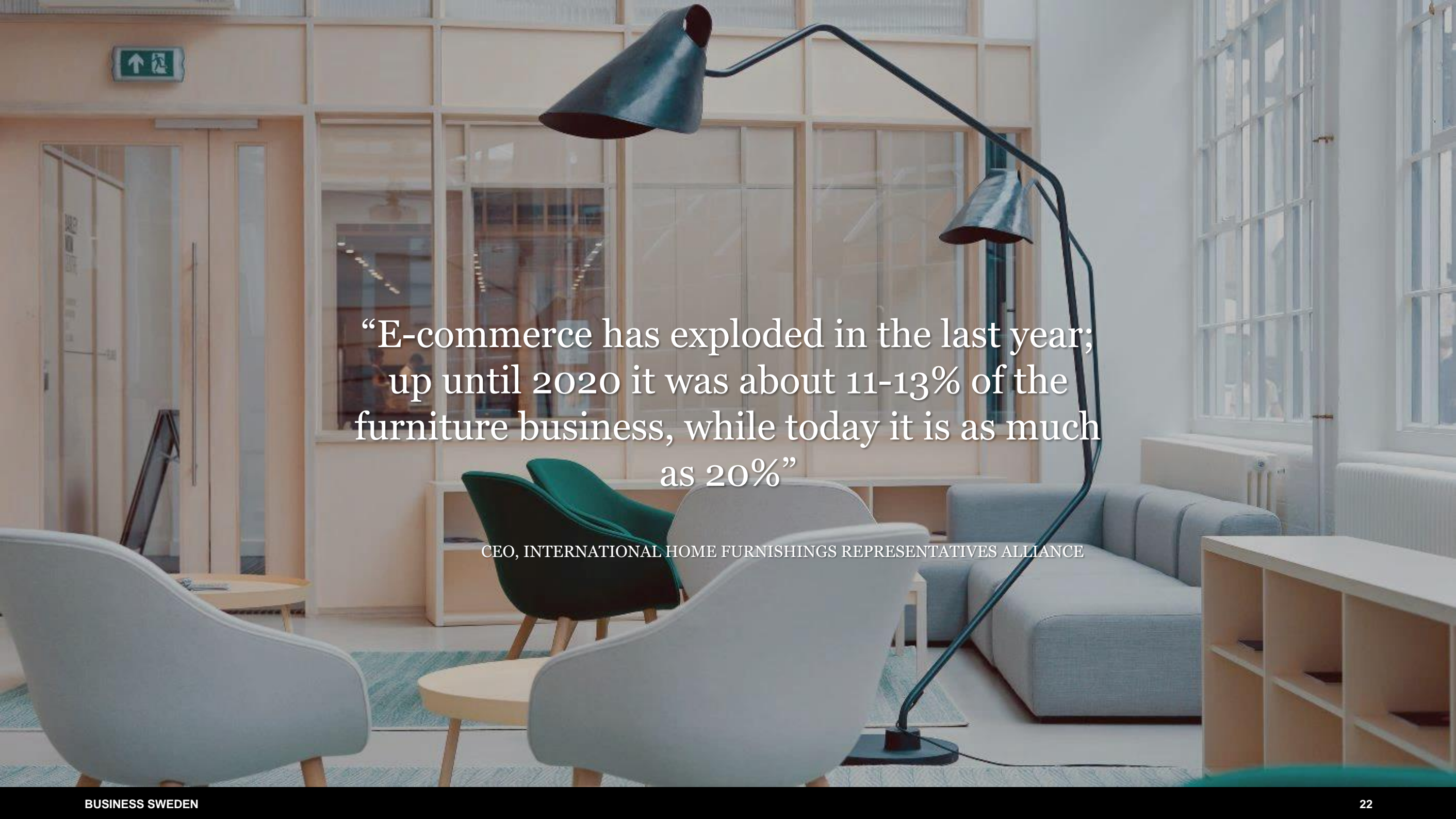
**More consumers than ever are buying home furniture products online**

- 58% of U.S. Millennials and 37% of Baby Boomers are more likely to buy furniture online now than they were pre-pandemic

**As of 2018, 90% of consumers were interested in ‘green furniture’**

- However, industry sources state that this is still not enough to drive purchases over other factors

Source: Business Sweden research, TBRC Blog, Business Sweden Interviews

A modern, bright interior space, likely a lounge or office area. The room features large windows on the right side, providing natural light. In the foreground, there is a light blue armchair and a small round wooden table. In the middle ground, a green armchair and a light blue sofa are visible. A tall, black floor lamp with two adjustable shades is positioned near the sofa. The background shows a glass-walled office or meeting area with a door and an exit sign.

“E-commerce has exploded in the last year;  
up until 2020 it was about 11-13% of the  
furniture business, while today it is as much  
as 20%”

CEO, INTERNATIONAL HOME FURNISHINGS REPRESENTATIVES ALLIANCE





# The office furniture industry has undergone many changes over the past few years; as more and more workers stay at home, companies with have to adapt

- The COVID-19 pandemic through the commercial/contract furniture sector into a new world, something that companies are still struggling to adapt with; a major shift has been the hybridization of office furniture
  - While the office furniture industry is still far away from where it was pre-COVID, there has been some slight recovery as companies contemplate a return to the office
- As the office furniture industry has typically been a rather traditional industry, offering updated technology, such as real time quoting software, can help to differentiate companies from the competition
- Looking to the future, as offices become shared spaces with the home office, office furniture companies will have to provide more niche services, where designers/architects and Direct-to-Consumer channels may provide a more customized consumer experience
  - Offering e-commerce and DTC options for the commercial customer has become increasingly popular
- As with home furniture online, the User Experience (UX) is important to optimize the customer journey from choosing furniture to purchasing methods and delivery options
  - If possible, manufacturers should offer a virtual application that dynamically can present the product (E.g., 3D graphic design and “Place” application by IKEA)

“

*The new generation of designer and manufacturers are not going into the old model of B2B when they can just do things online and bypass those traditional methods*

”

Technical Director, BIFMA

“

*The office furniture industry is rather distinct from home furniture and B2G. Many companies will have a dedicated sales staff and showrooms for customers, and then use a distributor to reach the end consumer*

”

Manufacturer’s Representative

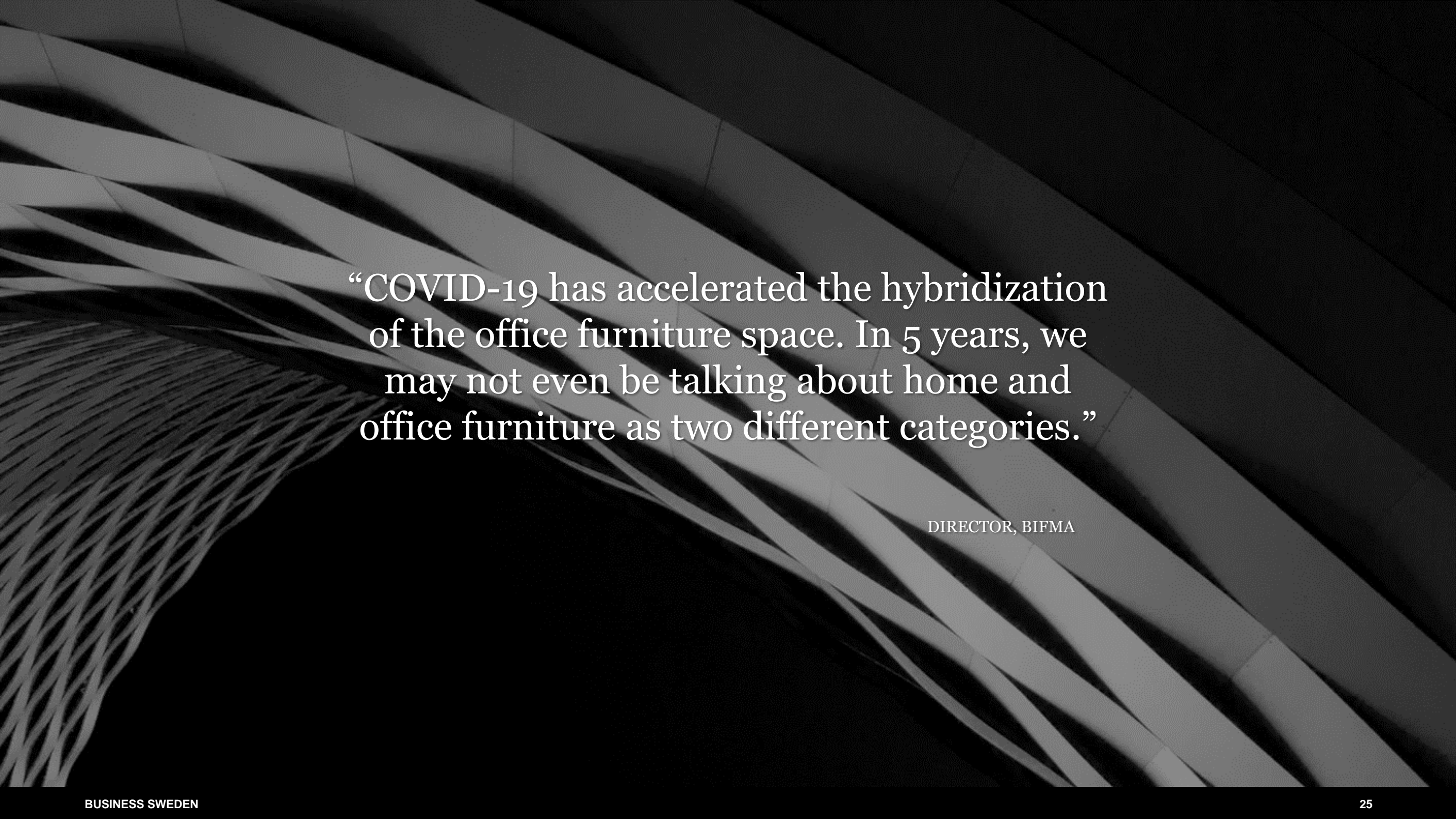
**Many employers offered \$200 – \$2,000 expense reimbursements for any equipment their workers have needed to buy in**

- The average reported stipend for home office upgrading appears to be around \$1,000

**Many major employers have already announced that they expect one-half to two-thirds of their desk workers to remain “WFH” indefinitely**

- 54% of desk workers want to continue to work from home full time, and 75% would like to do so part time

Source: Business Sweden research, Forbes, Reuters, IBM



“COVID-19 has accelerated the hybridization of the office furniture space. In 5 years, we may not even be talking about home and office furniture as two different categories.”

DIRECTOR, BIFMA



# Home and office furniture are increasingly being distributed through the same channels

SALES CHANNELS WHICH SHOULD BE OF FOCUS – HOME AND OFFICE



### Online shops both pure furniture and generalist

Online is a channel that has grown quickly over 2020. 58% of U.S. millennials and 37% of Baby Boomers are more likely to buy furniture online now than they were pre-pandemic



### High-end pure furniture and other boutiques

High-end boutiques provide similar purchasing opportunities to concept stores/showrooms via interior designers and architects, though they also cater to affluent consumers



### Big retail stores (Ashley Homestore/Williams Sonoma)

Will provide access to the widest range of customers. These stores are highly cost driven, focusing more on low-cost, mass-produced goods with some high-end options



### Concept store/ Showroom

Concept stores and showrooms are an opportunity to target interior designers and architects, who can be a key part of the purchasing process in B2B sales



### Pure furniture stores

Provides access to a wide range of customers. These stores are highly cost driven, focusing more on low-cost, mass-produced goods with some high-end options



Source: Business Sweden Interviews and Analysis



# Home and office furniture require similar adaptations for success in the U.S. market

THE AVERAGE FURNITURE CONSUMER (across the 10 major metropolitan markets)

Male/Female



Female

Age



50-54

Income



50 -75  
KUSD

Living



Single  
Family

Marital



Single

## Important product considerations for new entrants to the U.S. market



### Style

Visual appeal is an important part of the purchasing process, as well as the feel of a product, making furniture an industry where seeing and touching the product makes a real difference



### Comfort / Shape

Consumers in the U.S. will have different expectations in terms of shape, size, and comfort level in furniture more generally



### Price

U.S. customers and retailers can often be rather price sensitive. Define a price range for your product, and learn which retail/distribution/sales partners would be best for this price level

A black dog is sitting on a wooden deck in front of a red wooden wall. The wall has a window with a red frame. Below the window is a black table with a potted plant and some green vegetables on it. Under the table are several pairs of boots. To the right of the table are some tools, including a shovel and a pitchfork. The scene is lit with warm, golden light, suggesting late afternoon or early morning.

“Foreign companies will often assume what worked in their home market will also work in the U.S. market, but this is a big mistake. Companies need to adapt their product to the U.S. market”

FOUNDER, SCANDINAVIAN SPACES




“One of the best places to get attention from potential furniture industry partners / other players is the High Point Furniture Market. The tried-and-true path to market entry in this industry is to show at High Point and adapt based on what you learn there.”

MANAGING DIRECTOR, HIGH POINT EXHIBITIONS




# Type of distribution partner will vary greatly and depends on the type of furniture product being sold; independent reps can be a good fit for smaller companies



 **IHFRA**  
 INTERNATIONAL HOME FURNISHINGS REPRESENTATIVES ASSOCIATION

New entrants to the U.S. market can approach individual sales reps via organizations such as IHFRA

Source: Business Sweden Research and Analysis, List of distributors indicative due to size of market

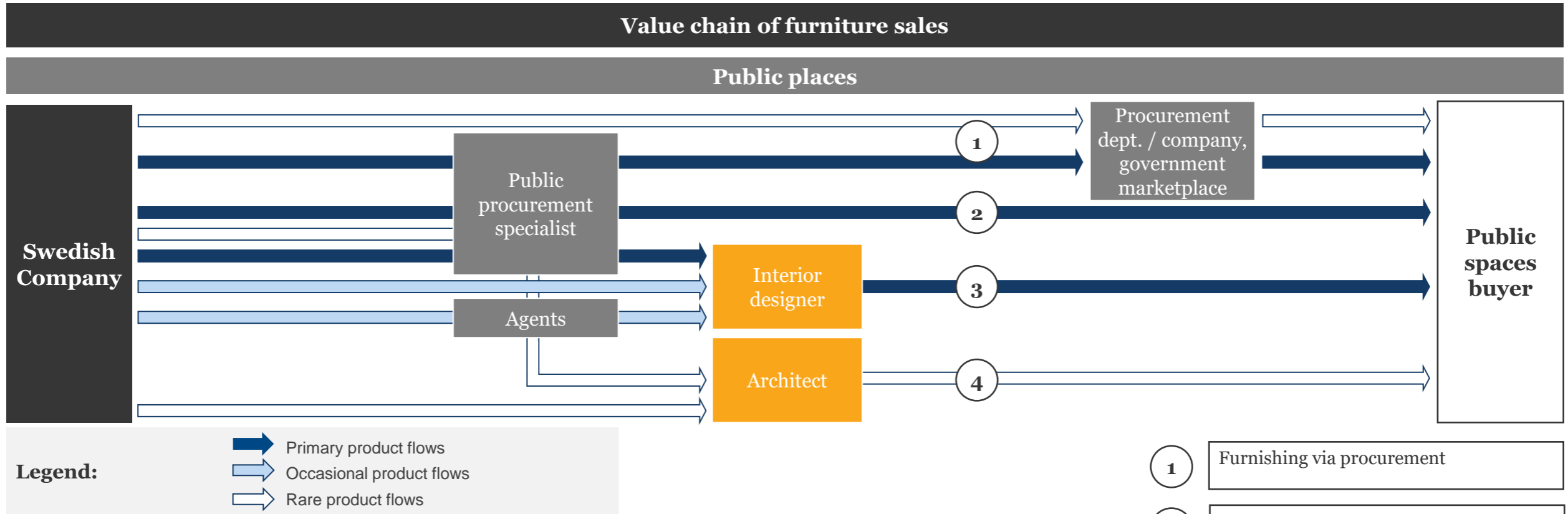
A modern, minimalist office space. In the center is a wooden desk with a computer monitor, a lamp, and a cup. To the left is a wooden armchair with a white cushion. To the right is a wooden stool. A large potted plant is on the far left. The floor is dark wood, and the wall is light gray with a framed abstract artwork.

“Selling to government can be very complex, so I would recommend finding a partner that is well versed in this space in order to succeed.”

CEO, SCANDINAVIAN SPACES



# For public sector in the U.S, furniture is bought either via procurement or through the interior designer who makes the decision about what to use in the project



**Legend:**

- Primary product flows
- Occasional product flows
- Rare product flows

- 1** Furnishing via procurement
- 2** Furnishing via procurement dept. straight from the agent/specialist
- 3** Furnishing via contractor through an interior designer
- 4** Furnishing for new builds via contractor through an architect

**Key insights from interviews:**

- Architects rarely buy furniture while interior designers are central in the furniture purchasing decision for new-builds; however for public sector projects it is recommended to work directly with the contractor
- It is recommended that companies work with procurement specialist agents in order to have the highest chance of success in the public tender process
- The procurement process will often vary on a federal level vs. state to state, and even from city to city; for each of the categories, companies will often have to go through unique registration and vetting processes

Source: Business Sweden Research and Analysis, GSA.gov



# The U.S. General Services Administration is the main path to sell to the government; it is recommended to enlist an experience GSA consultant

## GENERAL

### Types of contracts

One of the main ways to sell to the government is via a 'schedule' (also referred to as Multiple Award Schedules and Federal Supply Schedules). These contracts provide access to over 11 million commercial supplies, products, and services'

Under this program, a contract holder can sell to any government agency with just one source.

**Schedule purchases amount to approximately 36 BUSD per year**

### Price levels

Companies that receive a 'schedule' contract are required to provide a full price list, and is available for the public to view

### Software used

The Federal Procurement Data System (FDPS) allows companies to identify: who is buying your product or service in the federal market, how much they are buying, who your key competitors are, and what contracts are set to expire and can become opportunities

### How to register

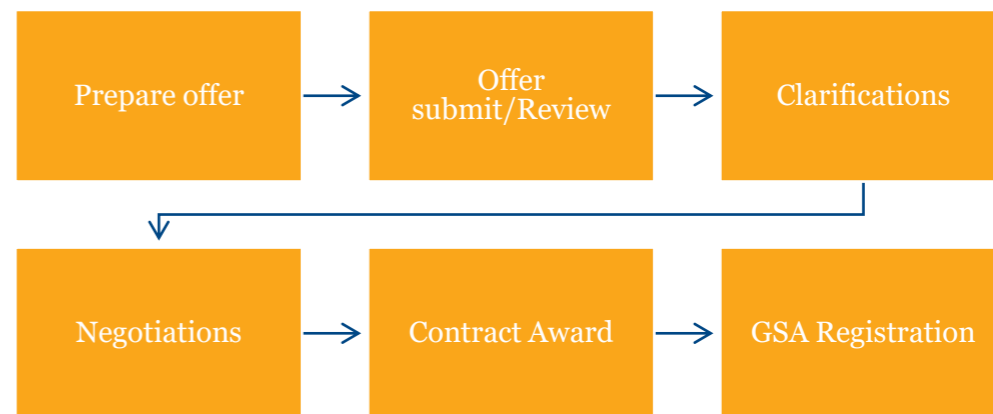
To be eligible for a 'schedule' contract, you must have been in business for 2 years and provide 2 years of financial statements. The application and award process may take up to 12 months. Other eligibility requirements include: proof of sale to commercial businesses, proof of manufacture in TAA compliant country, active D&B and Sam.Gov registration

The GSA offers trainings for companies wanting to sell to the government

### Other paths to government

Companies can sell to government without a 'schedule' contract via the System for Award Management (Sam.Gov) and is recommended for learning before applying to GSA. It is even possible to sell via awarded online marketplaces such as Amazon, or even purchasing groups

## Process



## Organizations





# Meeting points to consider include both physical and virtual options; new tech has made it easier than ever to work without a physical presence

## Information:

### ● Digital activities:

- Invite to webinars that present the products but also the conception. Should be from a creative with an intellectual angle, not only commercial.







### ● Physical events:

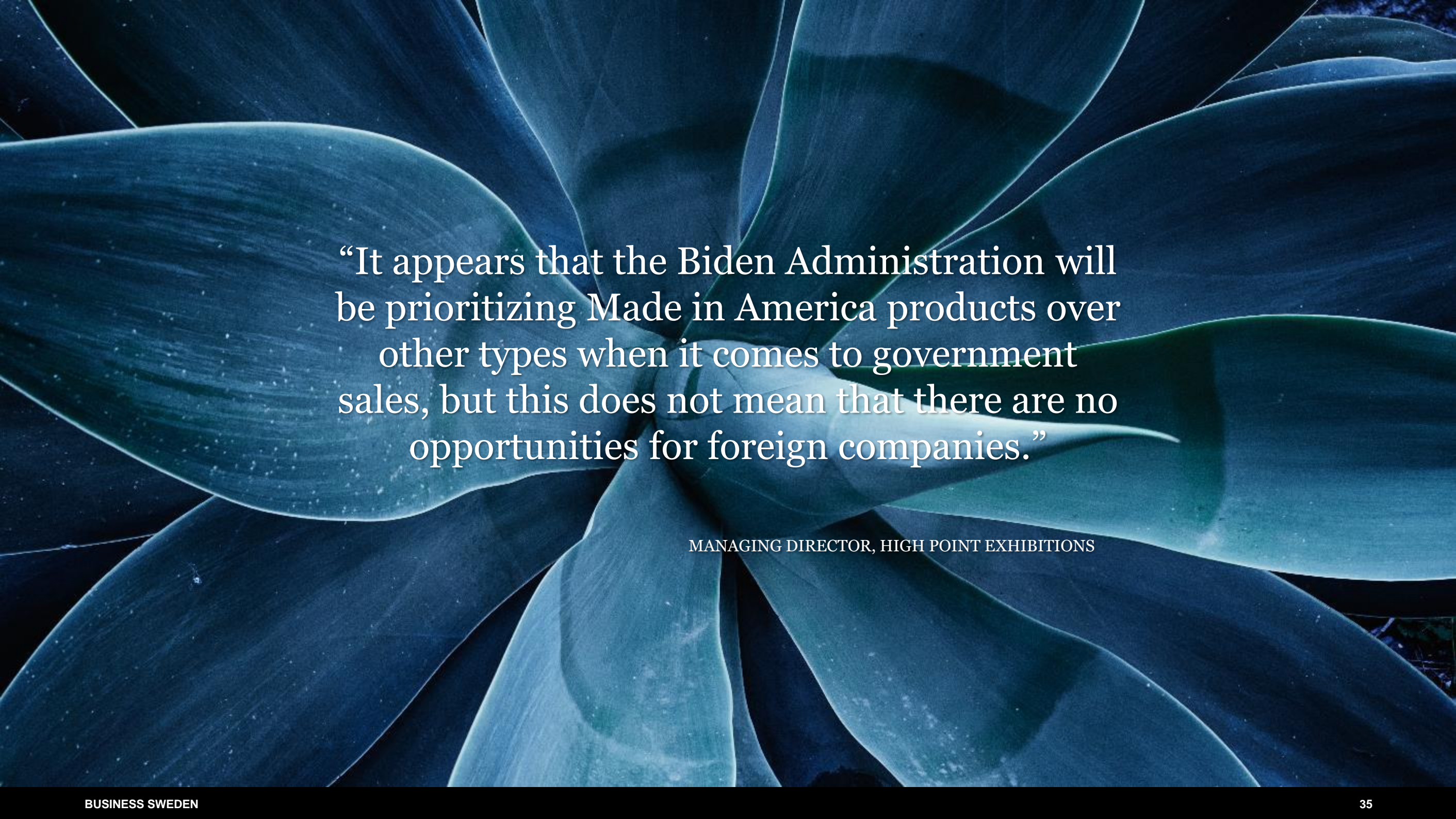
- Trade fairs: to see and touch the products, finishes, types of wood and materials, shows have begun offering virtual and hybrid options for this as well
- Expositions/show rooms: locations in major cities giving a place to show products and materials. Can be organized directly by company or via sales agent/designer

### ● New trends emerged due to Covid

- E-services (3D Virtual Design) to facilitate customer/agency conceptions, showing details as depth and light in various applications.
  - Suppliers offering online services for custom-cut, furniture body design where architects or agencies can communicate directly with manufacturers
- Virtual showroom tours so that customers can at least see the furniture and how it would look in a space even if they can't be physically present

## Exhibitions and events connected to the furniture industry

<b>High Point Furniture Market</b>		<b>Recurring date:</b> Fall and Spring <b>Location:</b> High Point, NC <b>Focus:</b> Furniture <a href="#">Website</a>
<b>Las Vegas Market</b>		<b>Recurring date:</b> Late August <b>Location:</b> Las Vegas, NV <b>Focus:</b> Home furniture <a href="#">Website</a>
<b>Atlanta Market</b>		<b>Recurring date:</b> January and July <b>Location:</b> Atlanta, GA <b>Focus:</b> Home and outdoors <a href="#">Website</a>
<b>International Home &amp; Housewares Show</b>		<b>Recurring date:</b> March <b>Location:</b> Chicago, IL <b>Focus:</b> Home furniture <a href="#">Website</a>
<b>International Contemporary Furniture Fair</b>		<b>Recurring date:</b> November <b>Location:</b> New York, NY <b>Focus:</b> Furniture <a href="#">Website</a>
<b>NeoCon</b>		<b>Recurring date:</b> October <b>Location:</b> Chicago, IL <b>Focus:</b> Commercial furniture <a href="#">Website</a>



“It appears that the Biden Administration will be prioritizing Made in America products over other types when it comes to government sales, but this does not mean that there are no opportunities for foreign companies.”

MANAGING DIRECTOR, HIGH POINT EXHIBITIONS

# Agenda

- Country capabilities - furniture production and trade
- Sales of furniture
- **Requirements to compete**
- Recommendations
- Appendix



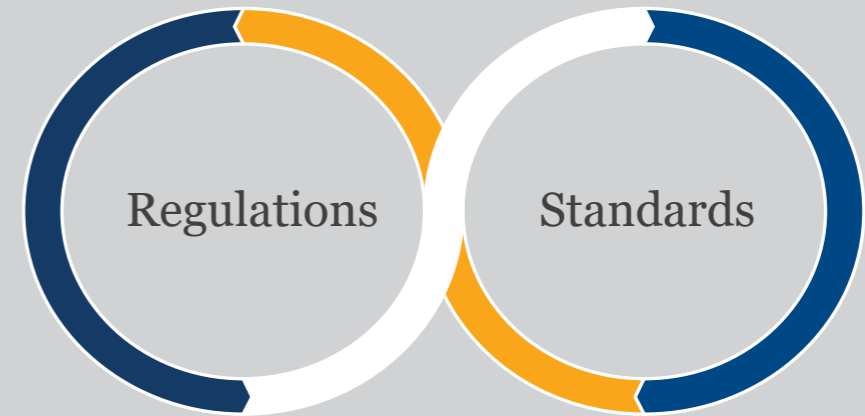


## Requirements to compete:

When working with the U.S. market, there are various elements to consider.

### Consumer preferences/demand are based on:

1. The type and functionality of the product
2. The final end-user: where the product destined to be used
  - For instance for nurseries, the product has to respect specific regulations adopted for children. (Children's Product Certificate)
3. The location where the product was produced (NAFTA/U.S. or outside of the immediate region)
  1. Country of Origin labelling must be attached to all furniture sold in the U.S.
4. The material used for the product (not harmonized)
  - With wooden furniture, the manufacturer must be on the United States Department of Agriculture Animal and Plant Health Inspection Service (USDA APHIS)
  - In addition, the product must meet California Proposition 65, which places restrictions on over 800 chemical and heavy metals in all consumer products sold in the state



- In the United States, the regulatory framework is built around having **regulations**, which are requirements, and **standards**, which are voluntary.
- **The private sector** is free to choose what standards they want to follow, which generally is determined in function of the preferences of the final client. Standards can vary from state to state as well
- **The public sector** is more demanding: it is bureaucratic and more regulated. In addition to the non-voluntary requirements, they may require that products fulfill certain accessibility standards or environmental impacts.



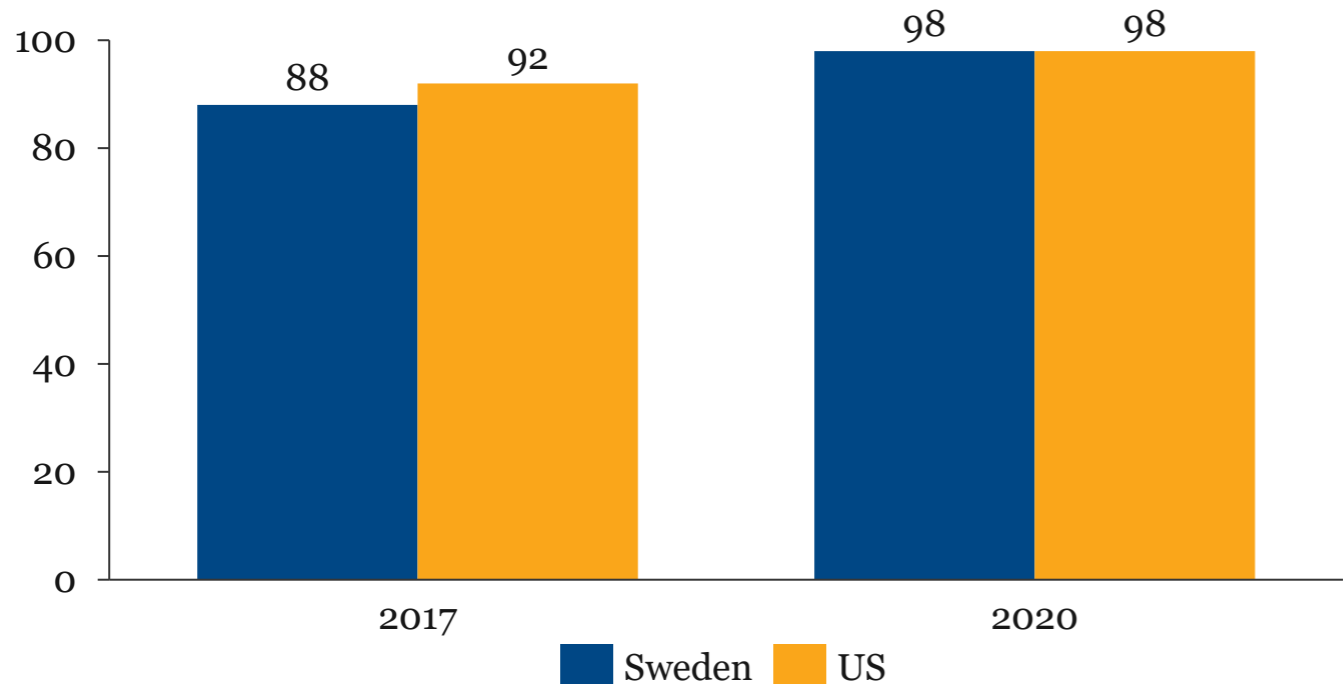
“If you want to sell in the U.S. without any worries of regulations, you should make sure that you comply with California state regulations. If you meet their standards and regulations, selling into the rest of the country is no problem”

CEO, AMERICAN HOME FURNISHINGS ALLIANCE



# Sweden has a strong sustainability reputation in the U.S; though sustainability itself does not drive sales, companies should adopt sustainable practices

Sustainability reporting trends 2017-2020



**+10%**

SUSTAINABILITY REPORTING RATE 2020 VS. 2017

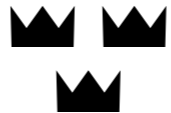
**+6%**

SUSTAINABILITY REPORTING RATE 2020 VS. 2017

Sustainability trends affecting the furniture sector



**Sustainability certifications are growing in significance**  
Voluntary certifications such as the American Home Furnishings Association's Enhancing Furniture's Environmental Culture certificate and UL's Greenguard are becoming more widely adopted



**Sweden looked upon as a leader in sustainability**  
Being regarded as a leader in sustainability, Swedish furniture manufacturers would not have to adjust much to position themselves in the U.S. and should use this in their marketing.




**Delivery requirements are becoming more sustainable**  
Packaging and delivery of furniture are becoming more sustainable, where regulations force retailers to disclose their packaging use and materials like cardboard is being used more in the U.S.



**Sustainability generally sells and is growing in importance**  
While sustainability is not the main criteria for purchasing furniture, a sustainable story sells and it is good to be an early adopter to the reality that will imposed on the U.S. in the near future.

Swedish furniture companies looking to trade with the U.S. should be **early adopters of sustainable practices** to capitalize on their **own strengths and the growing importance of sustainability** in the coming years.

Source: KPMG, Interviews

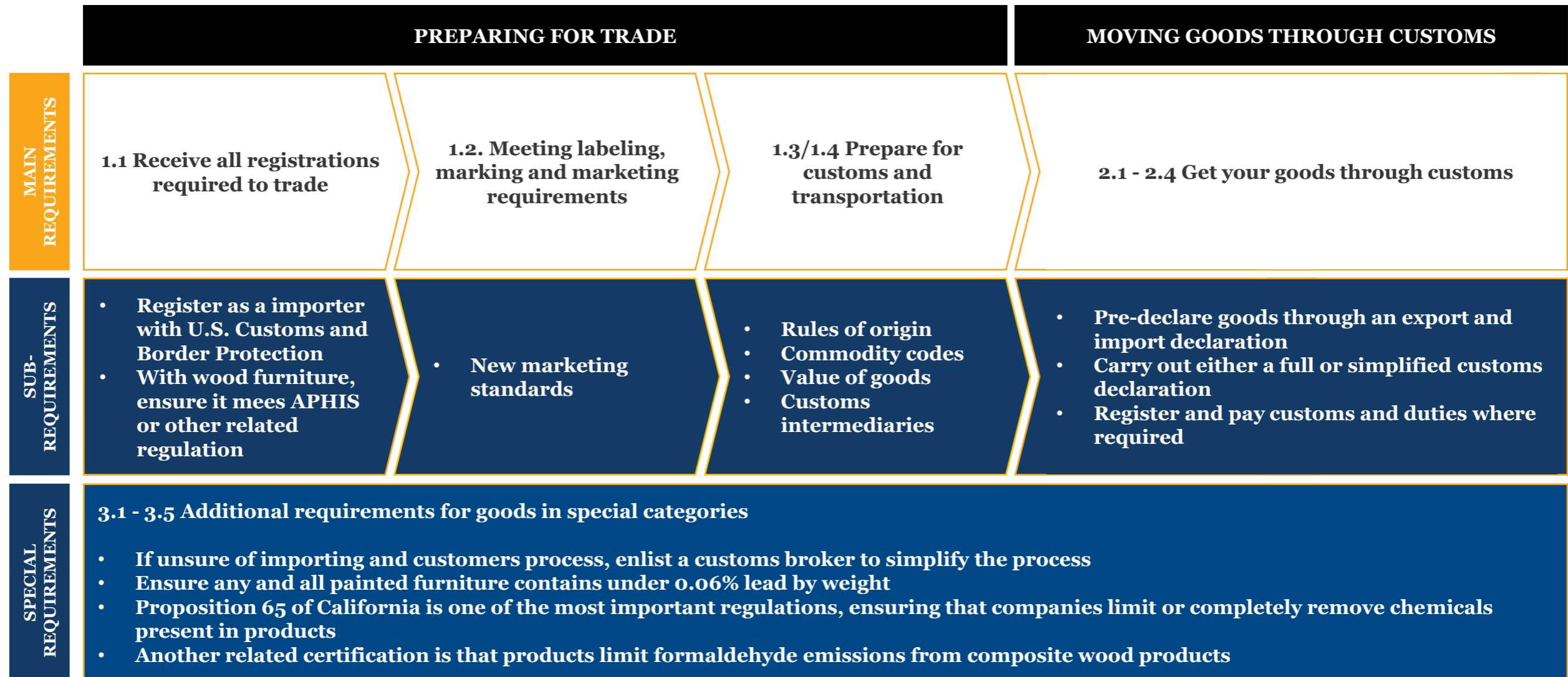
A top-down photograph of a person's hands cupped together, holding a small amount of dark soil with a tiny green sprout growing from it. The background is a dense field of green and brown leaves, suggesting a natural, outdoor setting. The lighting is soft and natural, highlighting the texture of the soil and the delicate leaves of the plant.

“Sustainability is still in the early stages of importance in the United States, though it is becoming more important. This is something that should be thought of in conjunction with price and branding considerations. I would say 95% of manufacturers aren’t talking about it today.”

FOUNDER, FURNITURE CONSULTING FIRM



# For sending goods from Sweden to the U.S., TMF companies should prepare to meet the requirements to trade and move goods through customs



Source: U.S. Customs and Border Protection, Business Sweden Research and Analysis



# The U.S. has a one of the most business friendly environments when comparing 190 different global economies

## SWEDEN AND THE U.S. HAVE COMPARABLE SCORES WHEN CONSIDERING EASE OF DOING BUSINESS

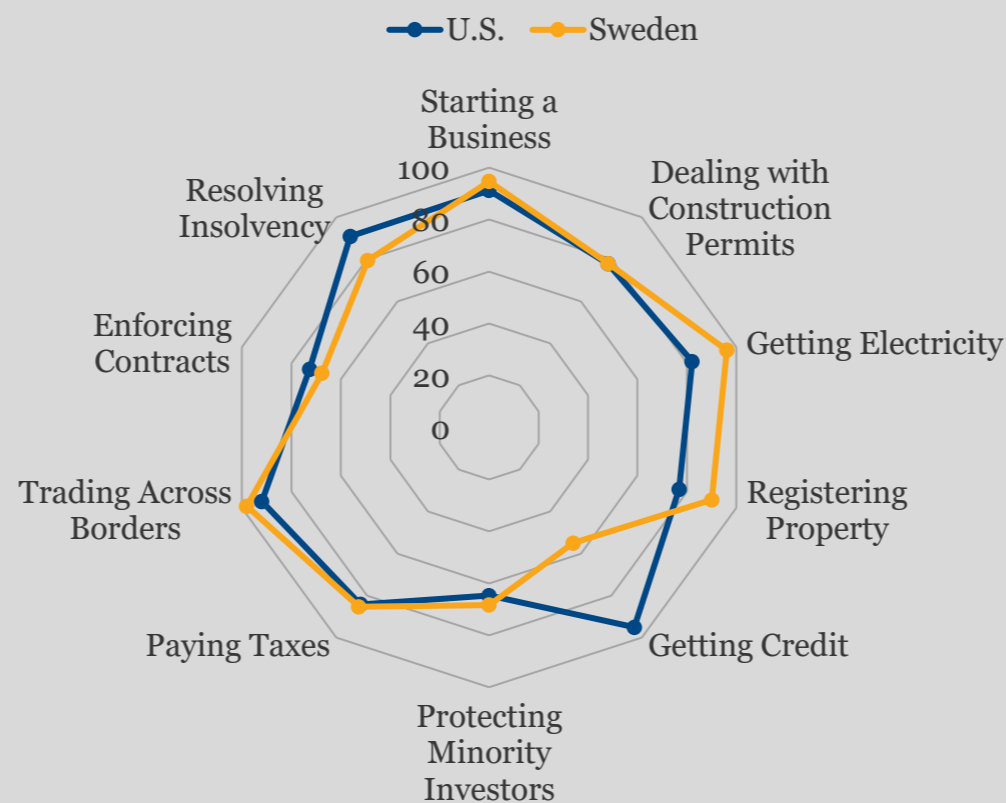
### Ease of Doing Business - U.S. Ranking

In 2019 USA ranked **8th** out of 190 countries\*



U.K , Sweden, and Germany rank 9<sup>th</sup>, 12<sup>th</sup>, and 25<sup>th</sup> place respectively

### Comparison of Ease of Doing Business in U.S. and Sweden



Score of 1-100, with 100 being highest score among countries

- ▶ Overall, the U.S. and Sweden are **very similar** when it comes to the complexity of doing business
- ▶ The two countries are have a lot of overlapping scores, where **starting a business, paying taxes and dealing with construction permits** are comparable
- ▶ Areas where the two countries differ can clearly be seen in the **ease of getting credit**, where the U.S. leads considerably
- ▶ Getting access to **electricity and registering properties** scored as being somewhat easier in Sweden

Source: World Bank, Euromonitor  
Note: \*Based on World Bank Group's 2019 Doing Business Study



# American and Swedish business cultures emphasize different areas

AMERICAN BUSINESS CULTURE IS LESS RISK AVERSE THAN SWEDISH BUSINESS CULTURE



- ▶ Language of caution (“98%”)
- ▶ Negotiate fairly, offer best price first
- ▶ Emphasis on credibility, quality, facts
- ▶ Focus on product, technical excellence
- ▶ Detailed literature and product brochures
- ▶ Risk adverse, detailed internal discussions



- ▶ Language of certainty (“110%”)
- ▶ Discounts – negotiate “good deals”
- ▶ Adjectives used strongly
- ▶ Higher focus on solution than product
- ▶ Bring attention to product – create some noise
- ▶ Risk takers and action oriented

SOURCE: BUSINESS SWEDEN ESTABLISHMENT SURVEY



# Swedish companies tend to have certain preconceptions about how to enter the U.S. market

HAVING REALISTIC EXPECTATIONS WHEN ENTERING THE MARKET WILL ENSURE A SMOOTHER LANDING

## COMMON PITFALLS

- 1 Overreaching U.S. market scope**  
Trying to conquer everything at once
- 2 Underestimating required resources**  
Customer and partner relations
- 3 Swedish lawyers, contracts used in the U.S.**  
A must for all legal aspects
- 4 Not choosing partner with care**  
Make or break

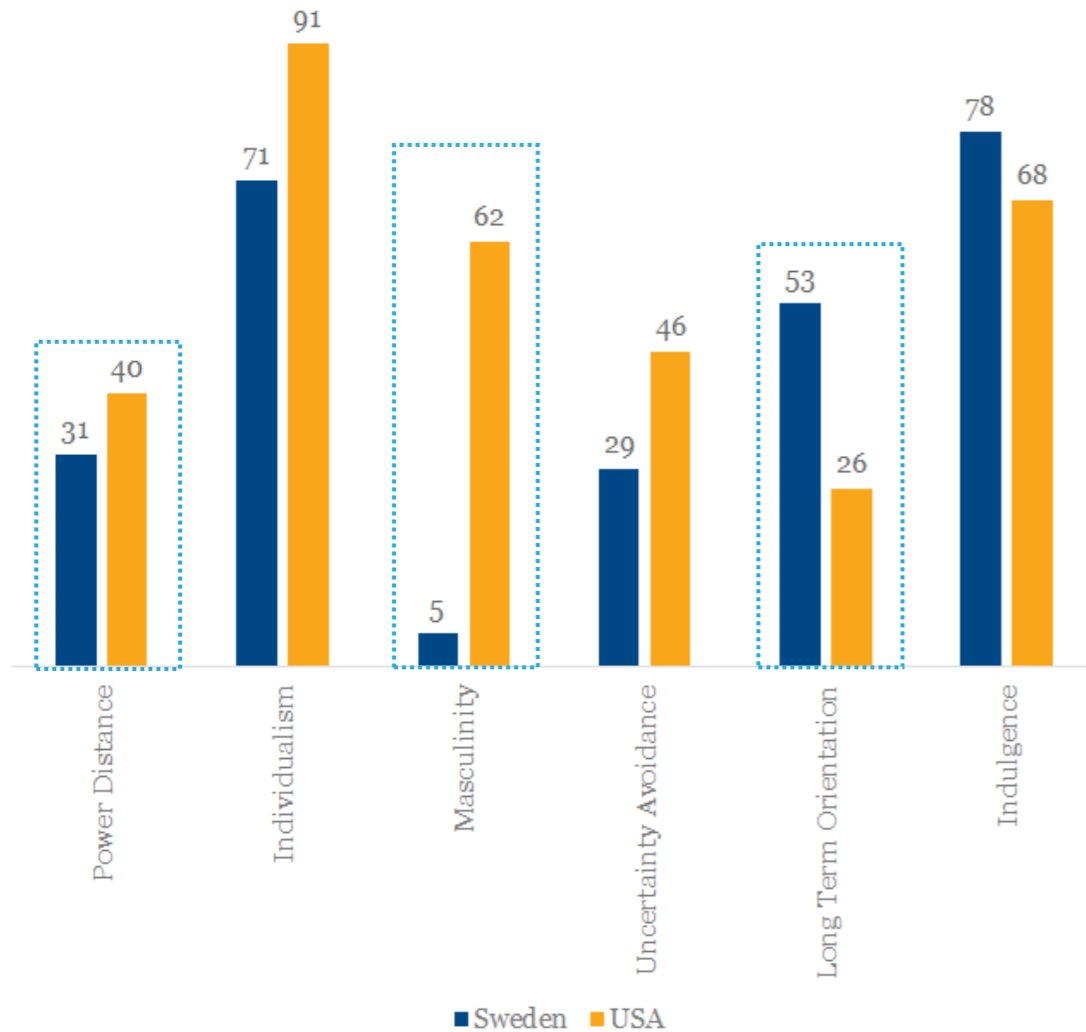
## KEY SUCCESS FACTORS

- 1 Focus resources**  
Geographical or specific customer segment
- 2 Dedicate the right funds—and time**  
Independent of establishing model
- 3 Use U.S. lawyers, U.S. contracts**  
The initial investment pays back
- 4 Decide on establishment model**  
Sales and distribution



# Differences of values impacts the preferred way of communication

## Country Comparison



## Cultural Differences

- The biggest cultural difference here would be Masculinity – USA is driven by competition, achievement and success, where success is 'winner/best'
- The USA and Sweden are close in terms of Power Distance – both countries give importance to being independent, hierarchy for convenience only, and believe in empowering individuals
- The USA's low score on Long Term Orientation - would indicate the society prefers to maintain time-honoured traditions and norms while viewing societal change with suspicion

## Cultural Definitions

- **Power Distance**  
The extent to which the less powerful members of organisations within a country expect and accept that power is distributed unequally.
- **Individualism**  
The degree of interdependence a society maintains among its members (I or We).
- **Masculinity**  
The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine).
- **Uncertainty avoidance**  
The extent to which the members of a culture feel threatened by unknown situations and have created beliefs and institutions that try to avoid these.
- **Long term orientation**  
How every society has to maintain some links with its own past while dealing with the challenges of the present and future.
- **Indulgence**  
The extent to which people try to control their desires and impulses.

Source: <https://www.hofstede-insights.com/country-comparison/sweden,the-usa/>

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# Trends and market requirements set the way in which products should be marketed and sold in the U.S.

Market description	Recommendations
 <p>Growing importance of sustainability and Sweden is a leader</p>	<ul style="list-style-type: none"> <li>Develop and push an authentic sustainable story, where the product is still price competitive</li> </ul>
 <p>Furniture must meet specified fire and labelling requirements</p>	<ul style="list-style-type: none"> <li>Make sure to meet fire regulations in order to avoid penalties from the trading standards authority</li> <li>Review and meet California regulations in order to be safe across the whole United States</li> </ul>
 <p>Discounts expected in home furniture and public spaces</p>	<ul style="list-style-type: none"> <li>Price your products accordingly to be competitive based on the different customer targeted</li> </ul>
 <p>Across segments, lead time is a big point of competition</p>	<ul style="list-style-type: none"> <li>Use fast lead time as an advantage to get a foot in the door with potential customers or partners that would not have considered a new company otherwise</li> </ul>
 <p>Differences in language, business culture and law</p>	<ul style="list-style-type: none"> <li>Be compliant with the local requirements of different states and do not underestimate cultural differences between the U.S. and Sweden</li> </ul>

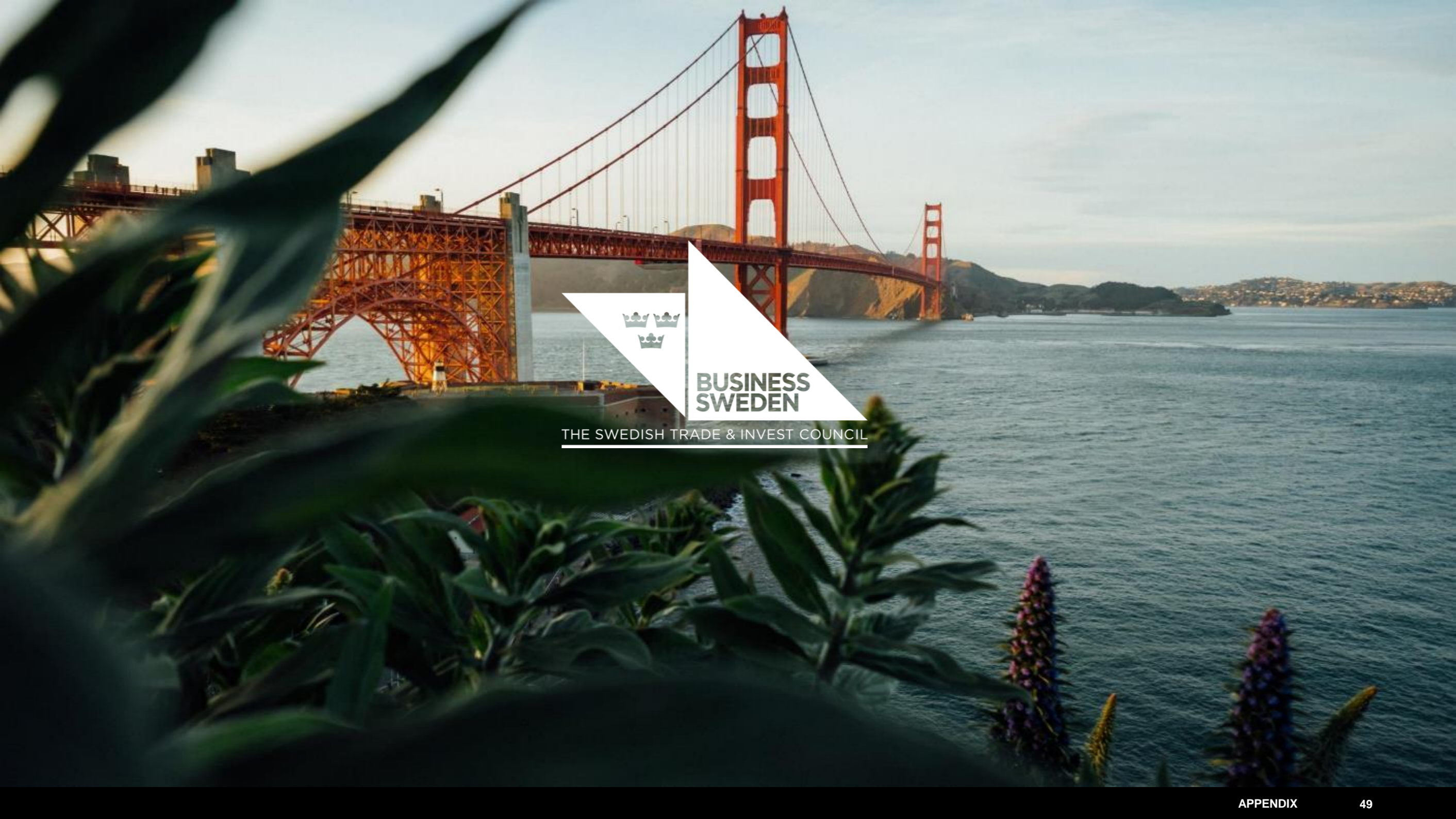


# The U.S. is a difficult market to gain a foothold in, and requires detailed preparation, but if done correctly, can be very rewarding for companies

Market description	Recommendations
 <p>Home market is driven by domestic players, with some low-cost competition from Asia</p>	<ul style="list-style-type: none"> <li>• Focus on targeting the high-end market</li> <li>• Target interior designers, architects, and retailers</li> <li>• Use intermediaries like sales agents/manufacturers reps</li> <li>• Push sustainability and make sure to meet fire regulations</li> </ul>
 <p>Office market is driven by domestic players alongside large international players</p>	<ul style="list-style-type: none"> <li>• Target interior designers and commercial real estate companies</li> <li>• Utilize sales agents/manufacturers reps or buying groups</li> <li>• Focus offerings on brand story and build on design niche over price</li> <li>• Push sustainability and make sure to meet fire regulations</li> </ul>
 <p>Government procurement is mainly driven by large domestic players</p>	<ul style="list-style-type: none"> <li>• Target interior designers and or approved procurement platforms</li> <li>• Utilize sales agents/manufacturers reps, buying groups</li> <li>• Tailor your offerings to be competitive on price and lead time</li> <li>• Push sustainability and make sure to meet fire regulations</li> </ul>



**A tailored approach** for each **customer segment** based on which **intermediaries** to target, **market requirements** and **trends**



**BUSINESS  
SWEDEN**

THE SWEDISH TRADE & INVEST COUNCIL

# Agenda

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## The study has been carried out by a mix of desktop research and the following qualitative interviews

<b>Organization</b>	<b>Person</b>	<b>Type</b>	<b>Website</b>
<b>Furniture Today</b>	Bill McLoughlin	Industry Publication	<a href="https://www.furnituretoday.com/">https://www.furnituretoday.com/</a>
<b>High Point Exhibitions</b>	Al Bolton	Exhibition	<a href="http://www.highpointexhibitions.com/">http://www.highpointexhibitions.com/</a>
<b>Wood Product Manufacturers Association</b>	Philip Bibeau	Association	<a href="https://www.wpma.org/">https://www.wpma.org/</a>
<b>Riley Consulting Group</b>	Stephen Riley	Consulting Firm	
<b>International Home Furnishings Representatives Association</b>	Ray & Steve Allegrezza	Association	<a href="https://ihfra.org/">https://ihfra.org/</a>
<b>American Home Furnishings Alliance</b>	Andy Counts	Association	<a href="https://www.ahfa.us/">https://www.ahfa.us/</a>
<b>Scandinavian Spaces</b>	Thomas Jonsson	Retailer	<a href="https://www.scandinavianspaces.com/">https://www.scandinavianspaces.com/</a>
<b>Pinion's Wonderworld</b>	John Pinion	Manufacturer's Rep	
<b>IM Centers</b>	Bob Maricich	Trade Show	<a href="https://www.imcenters.com/">https://www.imcenters.com/</a>
<b>High Point Market</b>	Tom Conley	Trade Show	<a href="https://www.highpointmarket.org/">https://www.highpointmarket.org/</a>
<b>BIFMA</b>	Steve Kooy	Association	<a href="https://www.bifma.org/">https://www.bifma.org/</a>

# Competitors and their distribution channels

## - Information for all markets

Company	Origin	Legal trading name and UK presence	Legal trading name and DE presence	Legal trading name and FR presence	Legal trading name and US presence	Target Customer	Comments	Website
Zanotta	Italy	Simon Cook Agencies (agent)	Renè Kaven, Frank Reimann, Stefan Treuer (agent)	100x100 Design Srl (agent)	Zanotta US / Canada (subsidiary)	Upmarket	The commercial distribution is supported by 4 Flagship Stores and more than 800 selected resellers, with a presence in over 60 countries and a quota of exports exceeding 80% of turnover.	<a href="https://www.zanotta.it/">https://www.zanotta.it/</a>
Knoll	US	Aram Store (premium dealer), Chaplins (premium dealer), Conran Shop Fulham (premium dealer), Living Space (premium dealer)	Behr Einrichtung GmbH (premium dealer), Bohmler Einrichtungshaus GmbH (premium dealer), Dopo Domani (premium dealer), Estivale GmbH Dresden (premium dealer)	2B Design (premium dealer), Agora Mobilier (premium dealer), Arrivetz (premium dealer), Belle Epoque (premium dealer), By Loft (premium dealer)	B. Stanley Gill, Inc. (workplace dealer), Design Within Reach (residential retailer), Debner+Company (workplace dealer), CI Select (workplace dealer)	Upmarket (residential and workplace)	Knoll offer classic and contemporary furniture and accessories for living, dining and working. They also offer products and resources for planning a workplace for a commercial, education, healthcare or government organisation.	<a href="https://www.knoll.com/">https://www.knoll.com/</a>
Wittmann	Germany	Alveena Casa (dealer)	Behr Einrichtung (dealer), Oliver Von Zepelin (premium partner), Einrichten Schweigert (dealer)	N/A	INEX (dealer), Scott & Cooner (premium partner), Switch Modern (premium partner)	Mid to upmarket	Wittmann combine distinctive design with craftsmanship - they offer products within the realms of novelties, living, sleeping and material	<a href="https://www.wittmann.at/en/">https://www.wittmann.at/en/</a>
&tradition	Denmark	Ahrend (professional stockist), By Form (professional stockist), Aram (professional stockist),	Connox GmbH (private stockist), Dopo Domani International Interior Design e.K. (private stockist), Behr Einrichtung (private stockist)	Alibabette (private stockist), Aussih (private stockist), Bel Oeil (private stockist)		Upmarket	Professional, private and online distributors - worldwide	<a href="https://www.andtradition.com/">https://www.andtradition.com/</a>
Vitra	Switzerland	Heal's (showroom), The Conran Shop (distributor), Nest (official stockist)	Ambiente Direct (international distributor)	N/A	N/A	Upmarket	Vitra focuses on long lasting relationships with clients. The Vira Campus and the Vitra Design Museum provide exhibiting opportunities.	<a href="https://www.vitra.com/en-de/home">https://www.vitra.com/en-de/home</a>
Fritz Hansen	Denmark	No concept store in the UK. 37 local retail stores as dealers	No concept store in Germany. Around 150 retail stores as dealers.	No concept store in France. Around 55 retail stores as dealers.	Regional office in New York, as well as concept stores in New York and San Francisco. Around 50 retail stores as dealers.	Upmarket	Works mainly with own concept stores, regional sales offices and a quite well covered range of inhouse sales reps.	<a href="https://www.fritzhansen.com/">https://www.fritzhansen.com/</a>

# Competitors and their distribution channels cont.

## - Information for all markets

Company	Origin	Legal trading name and UK presence	Legal trading name and DE presence	Legal trading name and FR presence	Legal trading name and US presence	Target Customer	Comments	Website
e15	Germany	Utility Retail Ltd (retailer), Atomic Interiors Ltd (retailer), The Conran Shop Ltd	Handelsagentur Lothar Vollert (representative), Wohnstudio Wonnemann (retailer), Andrea Busch Inneneinrichtung (retailer)	Comédi Sarl (representative), Angle Droit (retailer)	Studio Como (retailer), Centro Modern Furnishings (retailer), Scott + Cooner Inc. (retailer)	Mid to upmarket	Large global presence - high quality materials (mainly within the realm of fine woods)	<a href="https://www.e15.com/en/">https://www.e15.com/en/</a>
Carl Hansen & Son	Denmark	Holloways of Ludlow (dealer), Bulthaup Winchester (dealer), Heals & Son (dealer)	Mooris.de (dealer), Minimum einrichten (dealer), smow Berlin (dealer), Andreas Murkudis (dealer)	2B Design-Galvani (dealer), Andre Gilbert (dealer)	Design within reach (dealer)	Upmarket	2020 - pre tax profits of DKK 93 million. 13 flagship stores which account for 7% of revenue.	<a href="https://www.carlhansen.com/en">https://www.carlhansen.com/en</a>
Gubi	Denmark	Clippings (store), Haus (store), Twenty Twenty One (store)	The Qvest Shop (store), Light11 (store), Loeser Braunschweig (store)	Piece Unik (store), le bon marché (store), fleux (store), silvera (store)	SMINK Art + Design (dealer), Wilder (dealer), Design Lab (dealer)	Upmarket	In excess of 100 locations across the world - flagship store in Copenhagen	<a href="https://www.gubi.com/">https://www.gubi.com/</a>
Muuto	Denmark	Tea and Kate (store), Vanil (store), Papillon (store)	Stoll Forum (store), Goldkant (store), Smow Dusseldorf (store)	Le Cédre Rouge Seclin (store), Le Bon Marche (store), Muuto (flagship store)	Design Within Reach (store) Ember Audio + Design (store)		132 stores worldwide including a flagship store in Paris, France, 56 contract dealers worldwide and 100+ online stores	<a href="https://www.muuto.com/">https://www.muuto.com/</a>
Ercol	United Kingdom	Choice Furniture (store), Martin & Frost (store), John Lewis (store), Forrest Furnishing (store), Barker & Stonehouse (showroom), Elys of Wimbledon (showroom)	N/A	N/A	N/A	Midmarket-upmarket	Stores across the UK - not beyond this	<a href="https://www.ercol.com/">https://www.ercol.com/</a>
Artifort	Netherlands	Urbansuite Manchester (dealer), Jane Richards (dealer), Catalog Interiors (dealer), Crest Contract Interiors (Agent and Import)	Designfunktion GmbH Essen (dealer), Das Moebel GmbH (dealer)	Forma Design (dealer), Lignes (dealer)	N/A	Midmarket	Dealers, Agents & Import and showrooms across Europe	<a href="https://www.artifort.com/">https://www.artifort.com/</a>
La Palma	Italy	Caroline Calvert (agent)	Oliver Scherdel (agent), Peter Wulff (agent), René Willberg (agent)	Laurence Decoulibeouf (agent), Daniel Wagemans (agent)	N/A	Midmarket	Agents and dealers across Europe and Canada	<a href="https://www.lapalma.it/en">https://www.lapalma.it/en</a>
Rolf Benz	Germany	hulsta Bournemouth (retail partner), hulsta Esher (retail partner), Tamaru (retail partner)	Rolf Benz World, Nagold (Showroom)	SAS Henri Canu (retail partner)	studio 2b (retail partner), Divine Design Center (retail partner), Rolf Benz Flagship by STUDIOANISE (flagship retail store)	Upmarket	Retail Partners in parts of Europe and US	