

Value Chain Workshop Brief: Furniture and Solid Wood Products

Introduction

The Working Lands Enterprise Board (WLEB) is conducting a systems analysis of Vermont's Forestry Industry to identify opportunities for strategic investments to support and grow this important sector of Vermont's economy. The goals of this work are to identify the most promising opportunities and build relationships within the sector (and beyond) that contribute to prosperity for all participants. The Working Lands Enterprise Board will be using the results of this work to prioritize policy and investments in the wood products industry. Identified strategies will be presented in June at a Statewide Summit of the industry.

The material in this document comes from three separate activities conducted by Yellow Wood Associates as part of the systems analysis work underway (secondary data analysis, key informant interviews, and focus groups). The reports resulting from these activities were all prepared as internal documents for WLEB and are in draft form. Some of them include comments from members of the WLEB committee. This brief includes excerpts of material that seem most relevant to the furniture and solid wood products subsector. This information is provided to you as a participant in the upcoming value chain workshop and is not intended for broad dissemination.

We are sharing this material with you not because it is definitive, but because reading it may stimulate your own thinking with respect to emerging market-driven opportunities in the furniture and solid wood products arena that could be captured by many Vermont firms working together. We will not be spending our time in the workshop debating this information; rather we will be counting on you to provide your own ideas and perspective.

The three sections in this brief are:

1. Part One: Solid Wood Furniture and Furniture Parts, from *Draft Report on Secondary Research*, an internal report on market trends;
2. Part Two: Opportunity: Expanding Markets for Furniture, Furniture Parts, and other Solid Wood Products, based on secondary research and key informant interviews with industry players inside and outside Vermont;
3. Part Three: Positive Developments and Challenges in Vermont, based on four focus groups held in different parts of Vermont in November and December, 2014.

Part One: Solid Wood Furniture and Furniture Partsⁱ

Demand for Solid Wood Furniture and Furniture Parts

Furniture production includes office furniture, contract furniture, and residential furniture. Demand data for these furniture types is often available from different sources, and there may be different design considerations in meeting demand for each type.

Consumer spending for residential furniture and bedding products grew modestly to \$93.9 billion in 2012, dovetailing with the uptick in the housing and remodeling markets.¹ U.S. consumers in the 35–44 age group spend more, on average, for residential furniture than any other age category. Next highest is the 45–54 age group.²

After a basically flat 2012, both the production and consumption of U.S. office furniture grew in 2013, with early forecasts of \$9.6 billion for production, an increase of 4.1%, and \$11.9 billion for consumption, a gain of 5.4%. Likewise, the outlook for 2014 was also positive, with projections showing an increase of 6.1% for production to \$10.2 billion, and a growth of 7.7% to \$12.8 billion for consumption.³

Although China has increased its market share into the U.S., to about 40%, Canada remains the chief trading partner of the U.S. for office furniture, with about 40% of the imports and 50% of the exports.⁴

While national furniture manufacturing production has declined, there is strong demand for Vermont wood furniture. Some say Vermont is becoming the “fine furniture capital of the country.”⁵ Vermont is increasingly recognized as leading the nation in furniture production, with a green twist. Many producers have eco-friendly practices that rely on forest products from sustainable sources. Vermont woodcrafts are also recycling reclaimed wood in their furniture products. A 2006 study of the industry reported 1,000 companies, almost 14,000 employees and products worth over \$1.83 billion.ⁱⁱ “Our Vermont brand is very strong,” Vermont Wood Manufacturers Association executive director Kathleen Wanner, explained. “Quality, integrity, authenticity are just some of the attributes from customers. They definitely help to give Vermont a world-class reputation.”

While there are a lot of Vermonters who like making furniture, there are not a lot of customers in Vermont. Markets are farther afield, like Boston, New York, etc. Vermont Woods Studios is a retail clearinghouse for some of Vermont’s most inspiring and talented independent furniture makers. The business began in 2005. 2012 was the third year in a row that the company doubled their sales. The company’s activities have brought to light the estimated 2,000 independent furniture makers in Vermont.⁶ High profile media attention has come from The New York Times, Wall Street Journal, ABC World News Tonight and Fox News.

ⁱ Information in this section excerpted from *Draft Report on Secondary Research* an internal report on market trends.

ⁱⁱ This study is based on pre-recession data and it is likely that the number of businesses and/or employees has changed since that time.

Solid Wood Furniture and Furniture Parts Data and Trends

National and International

Secondary manufacturers⁷ transform lumber and other primary solid products into finished consumer products or parts for them. According to Mike Dugan, author of *The Furniture Wars*,⁸ the U.S. furniture manufacturing industry has lost \$50 billion in market share to Asian countries over the last 10–15 years, resulting in over 300 plant closures in the eastern hardwood region. The trade imbalance has improved since the federal government imposed a 25 percent tariff on hardwood bedroom furniture from China in 2005, but over 70 percent of the un-upholstered wood furniture in the U.S. is still made someplace else.

Research shows approximately 110,000 people work in the contract furniture sector's 3,809 manufacturing businesses.⁹

The Appalachian Hardwood Manufacturer's Inc. (AHMI), a trade association of hardwood lumber suppliers from the 12 states of the Appalachian Mountain region, has been surveying wood usage at the High Point Furniture Market since 1934, tracking wood species and design style trends in home furnishings.

The AHMI's most recent survey, released in November 2012, identified which types of wood were most commonly used for bedroom, dining room, entertainment, and home office furniture. American cherry was the most common wood used in bedroom, dining room, and entertainment furniture; red oak was the most common wood used in home office furniture, and the second most common wood in the other categories. Home office furniture, a "hot category" a few years ago due to the popularity of home computers, declined due to rising tablet sales.

Most common woods used for furniture in each category, as of 2012:¹⁰

- Bedroom: American cherry (14%, down from 18% in 2011 and 20% in 2002), red oak (13%), maple (12%), rubberwood (9%), mahogany (7%), American walnut (6%), white oak (5%), poplar (4%), pine (4%), painted on wood (12%, up from 11% in 2011 and 4% in 2002).
- Dining room: American cherry (15%, the same as in 2011), red oak (10%, up from 8% in 2011), white oak (7%), American walnut (7%), rubberwood (6%), birch (6%), mahogany (6%), followed by American maple, pine, and American ash.
- Entertainment: American cherry (18%, up from 14% in 2011), American walnut (12%), American red oak (10%, down from 14% in 2011); mahogany (7%), birch (6%), American white oak (5%), American maple (5%), pine (3%), ash (3%), and poplar (3%)
- Home office: American red oak (17%), American cherry (12%, down from 19% in 2011), mahogany (11%), American maple (11%), American walnut (7%), followed by birch, American white oak, rubberwood, and alder.

Vermont and Regional

There has been an uptick in the secondary sector with some innovative manufacturers. Newport Furniture Parts, in Newport, Vermont, overhauled the company in 2011, instituted a new lean manufacturing ethos, and saw a 25 percent growth in sales in 2012. Maine Wood Concepts, a Maine wood turning company that recently acquired a line of wooden gourmet kitchen products, hired over 40 people. Timeless Frames in Watertown, New York was nearly bankrupt in 1999 and had 3 employees; a new management team implemented a business model using digital customization of picture frames and grew sales in the new division to \$10 million in 18 months. Today they employ nearly 300 people and use 2 million board feet of northern hardwoods to make wall-hanging picture frames in direct competition with importers.

Vermont products include finished furniture (both production and custom); furniture components; cabinetry and architectural millwork; clapboards and flooring; toys and novelties; lumber, veneer and plywood; pallets, crates and other packing and shipping material; cutlery handles and other component parts; bowls, cutting boards and household accessories; and birdhouses and feeders.

Vermont's primary native species include maple, birch, spruce and pine, and other species include red oak, ash and cherry. Cherry, oak, and maple in particular are in high national demand for furniture production. There are also significant supplies of reclaimed wood from old barns and buildings in Vermont and other New England states that are in high demand from a growing number of woodcraft artisans who specialize in "200 years new" products, such as hutches, buffets, cabinets, tables and benches.

Many furniture and millwork companies in Vermont belong to at least one of three groups: Guild of Vermont Furniture Makers, Vermont WoodNet, and the Vermont Wood Manufacturers Association. We

Innovation in Vermont

According to Dave Allard, owner of Lyndon Furniture,ⁱ Lyndon Furniture has stayed viable, despite the U.S. furniture industry losing \$50 billion in market share over the past few decades, due to design. "Design is a key part to success. If you make a distinctive new piece of furniture with interesting material, it will be sought after by the consumer. This is true in every market, but especially true with furniture. The connection is another vital part. There's the connection between the brand, the retailer, and the consumer. But there's also a larger connection between the company and the place where it's located. The local craftspeople. The local economy. The forest. These connections support each other."

"People definitely appreciate the fact that our furniture is made from domestic sources. But it's the local jobs angle they're responding to, for the most part. "Made in the USA" still carries a lot of clout. On the environmental side, we promote the fact that our domestic wood is a managed, renewable resource and grown within a 500 mile radius of the factory, which cuts down on our carbon footprint. We've also made energy efficiency upgrades, and recycle all of our wood by-products."

Northern Woodlands. 2013. Bucking the Trend at Lyndon Furniture. Autumn 2013.
<http://northernwoodlands.org/articles/article/lyndon-furniture>

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do not know the full extent of this sector, since there may well be other firms that do not belong to any of the above organizations.

The making of furniture, moldings, turnings, and similar products employs nearly 1,600 Vermont workers, which is down from a high of approximately 3,350 in 2000. As in other sectors, worker productivity has increased rapidly over the last 20 years. In 2011, it required only 75% of the workers to produce a unit of value as it did in 1990. The payroll in this sector is approximately \$49 million annually. It has decreased from a high of \$82 million in 2000 but has been steady in the last several years. Annual economic output, in the form of sales or value of shipments for the secondary wood products sector, is approximately \$143 million in Vermont.

Vermont's furniture manufacturing sector can be classified in a three-tiered system:

- (1) The Ethan Allen furniture company and other large manufacturers.
- (2) A small group of well-known, upscale specialty furniture and related product manufacturers.
- (3) A larger group of self-employed, small-scale furniture and related product makers.

The manufacture of wood products, which experienced a slight increase in value added sales, saw a decline in employment with almost 800 jobs lost between 1998 and 2006. Employment¹¹ in furniture manufacturing declined from 3,341 jobs in 2001 to 2,320 in 2006 (with a third of these job losses due to the closing of Ethan Allen's Beecher Falls plant). Ethan Allen still employed 900 furniture workers in Vermont in 2006, or almost 40% of the state's total workers in this sector.¹² Ethan Allen, a \$600 million a year company, is still a major player in the Vermont furniture industry. It turns out almost \$380,000 worth of furniture each day. One quarter of the company's wood furniture products are made in the Orleans facility, which has over 350 employees. That's down from a high of 700 a decade ago.¹³ Ethan Allen is the dominant furniture manufacturer in Vermont, and as such, it might mask other trends that are emerging in the industry.

According to the U.S. Department of Commerce, in 2002, Vermont had 93 furniture manufacturers with 3,111 employees and sales of over \$405 million.¹⁴ Most of the 93 firms were relatively small entrepreneurial furniture manufacturers. Companies like Lyndon Furniture, Vermont Furniture Design, Pompanoosuc Mills, Shackleton Thomas Furniture, Vermont Folk Rocker, and Copeland Furniture are high-end producers and rely extensively on local hardwoods and marketing their Vermont connections. Lastly, the state also has a large number of self-employed furniture makers and producers of various wood related products. In 2002, 122 self-employed furniture and related product makers generated sales of \$4,267,000 or an average of almost \$35,000 per person. By 2006, the number had grown to 140 with sales of \$5,442,000, for an average of almost \$39,000 per person.

Opportunities and Challenges

In the long run, creating a brand identity may provide some protection for Vermont furniture manufacturers from low cost global producers. But the unanswered question is whether the state's numerous small producers, along with Ethan Allen, can expand into new markets by working

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together and whether new relationships can be forged with landowners and the existing network of commercial forestry operations to sustain the industry in the long run.

Opportunities

Sustainable/green manufacturing is a driving force. Workspace flexibility continues to be the overriding design trend, with movable walls and furniture that enable networking. Technology needs, such as power and data hubs, also continue to impact design, not only on desks and tables, but in the way we conduct business — in person and virtually. This is very important because it suggests that wood products manufacturers have an opportunity to partner with other types of manufacturers to make “smart” products and products that meet consumer needs.¹⁵

Challenges

The re-shoring of domestic manufacturers is helping slow the tide of imports and grow business. Although imports accounted for 62.7% of total household furniture sold in the U.S. in 2011, it looks to decrease in the coming years as U.S. manufacturers ramp up business and become more price competitive.

In addition to low-cost imports, furniture flammability, formaldehyde emissions and sustainability/Lacey Act are among the issues impacting the estimated 4,000 furniture manufacturing firms nationally.¹⁶

Part Two: Opportunity: Expanding Markets for Furniture, Furniture Parts, and other Solid Wood Productsⁱⁱⁱ

Although the U.S. furniture manufacturing industry as a whole lost market share to Asian countries over the last 10–15 years, some innovative manufacturers in Vermont, including self-employed craftspeople and larger companies with employees, continue to grow their sales and increase their labor productivity. This means that the value produced per worker continues to increase as fewer workers are employed. Several Vermont businesses (Copeland Furniture, Lyndon Furniture, Pompanoosuc Mills, Newport Furniture Parts) started small and have grown based on unique core strengths. Each firm has created its own market niches: there is some, but not much, overlap.

Several firms are reaching or have already reached the point of an ownership/leadership transition and others will be facing it relatively soon. Newport Furniture Parts, in particular, benefitted substantially from technical assistance provided through the Northern Forest Center in completing a successful transition. There are also small firms in the state today that could become larger players in the wood furniture industry if they could connect with larger market opportunities. There may be opportunities for partnering among existing small and large firms to expand their customer base for mutual benefit.

ⁱⁱⁱ From *Draft Market Sector Analysis Summary and Recommendations*, based on secondary research and key informant interviews with industry players inside and outside Vermont. All quotes in this section are from key informant interviews conducted in the Fall of 2014 with approximately 30 businesses working in the forestry and wood products sector in Vermont.

Customer Relations and Related Investments

The most successful firms treat their customers as partners. Their customers want to do business with companies that are willing and able to introduce new products on a regular basis and mass customize for different market segments. The capacity to innovate and meet buyer specifications for quality, quantity and timeliness is essential. Relationships are personal and not just long distance. Companies must be able and willing to invest in ongoing communications, meetings, marketing, collaborative design, and joint forecasting. Vermont's larger furniture companies already collaborate to an extent. The question, from the point of view of growing the sector, is whether there are opportunities for smaller firms to participate in reaching larger markets, how those firms might best learn from the experience of the firms that have been successful, and what kinds of support will be most effective in helping smaller firms grow to meet market expectations. Investments in developing customer relationships, new processing equipment, new supplier relationships, new information technology, and training for workers and management are all likely areas to address if Vermont firms are to become and remain competitive. One area in which greater collaboration could provide mutual benefit is in coordinating transportation of inputs and products.

It is likely that many of the smaller firms in the sector (and some larger ones as well) could benefit from basic business assistance like that offered by the Vermont Farm and Forest Viability Program. It would be interesting to know how many firms are aware of its existence, how many have participated, and what they would say about their experience. A value chain in which firms work together to produce a specific product or service is one approach but not the only one.

Demand Driven Opportunities

This list of opportunities is not definitive, but it suggests that there are areas that may be worth further exploration. It will be up to the businesses themselves to determine which, if any, opportunities may be worth pursuing and how and whether it makes sense to work together to do so. However, a few relatively unexplored opportunities for Vermont furniture and furniture parts producers seem to exist in the hospitality sector, including resort development, offices, libraries and museums. Each of these opportunities would focus on the higher price points in the commercial market. Cross-promotion/marketing with the agriculture and food products sector may provide additional opportunities.

Upholstered furniture made in Vermont is another relatively unfilled niche that could be directed toward a number of customers, possibly including some of those already served successfully by Vermont wood furniture companies. Another niche is furniture mixing wood and metal or stone, like a wooden table with metal legs or a table with wooden legs and marble or granite tabletops; this would build on Vermont's wood and granite traditions. Another niche is furniture that incorporates electronics, a market already being tapped by some Vermont firms.

Given the decrease in spending power of the average American, there is increased demand from customers for “value wood options” that could take advantage of some underutilized Vermont species. What are the opportunities for filling a market need for low-priced Vermont made wood products for everyday life for young families who already want to buy wood, want to buy local, want

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to support good stewardship and working lands, but cannot afford what is currently manufactured? For example, tamarack has natural insect resistance. Could it be heat treated and used in a line of outdoor furniture for outdoor use? Are there other species of trees growing in Vermont that could be available in sufficient quantity at a lower cost than maple or oak and would be well-suited to furniture making or other products made either from solid wood or engineered wood components? It is important to remember that the raw material is typically only a small portion of the actual cost of a piece of furniture. Species like red maple are already used as a substitute for sugar maple, and ash is substituted for oak. The reason many species are of lower value is typically because they produce less quality lumber due to the presence of defects. There is also opportunity in engineered wood products, which can use defective wood in furniture more effectively, by allowing the better pieces of wood to be cut and glued together. Finding ways to improve utilization of and add value to low-value wood could have implications for the value of standing timber and returns to landowners as well as others in the value chain.

Vermont furniture (and other wood products) producers tell us that there is an appeal to products that are “Made in the USA,” and made in Vermont (whether or not they are made from Vermont wood). Although the majority of end consumers do not pay attention to specific certifications, knowing that the product they buy has been made from materials that have been sustainably harvested and manufactured by a responsible business that saves energy, recycles, treats its workers well, etc. is part of a story that has value. Vermont Wood Studios fills a gap in the value chain, by buying furniture from a variety of Vermont furniture makers and then marketing and selling it online and in person to individual homeowners as well as designers and interior decorators. Vermont Wood Studios also handles non-furniture items, such as wooden bowls, cutting boards and other table and kitchenware.

Another opportunity outside the furniture realm identified by interviewees is in the production of oak barrels for craft distilleries. There has been a significant increase in the number of craft distilleries in the United States in recent years, due, in part, to changes in state laws allowing distillers to offer tasting and direct sales to consumers. According to the American Craft Spirits Association, there are now around 350 craft distilleries in legal operation with continued growth in numbers anticipated. Vermont has seen an increase in the number of distilleries also. Distilleries need oak barrels to age spirits. Oak barrels may be a demand-driven opportunity for a small number of manufacturers; however, like all opportunities, it will require cooperation all along the value chain to secure the appropriate raw materials, properly cut, dried, shaped and fastened to meet market demand. There are limitations to consider including the fact that the material needs to be free of defects and quarter-sawn, requiring larger diameter logs. In addition, the demand is for white oak, which is not common in Vermont. In order to reach a critical mass in producing these barrels, a quantity much greater than Vermont will use, means that Vermont would be importing lumber to export a product.

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According to interviewees, additional opportunities exist to expand maple syrup markets through sales to food manufacturers and through different packaging and placement at grocery stores, primarily outside of Vermont.

Value Chain Gaps and Bottlenecks

Gaps or bottlenecks affecting furniture (and other wood products) manufacturers throughout the sector include the high costs of transportation for raw materials and finished goods. There is a perception that there is substantial room for improved efficiencies in transportation through better information and coordination of shipments.

“This is our biggest opportunity as an industry within the state: the opportunity to make things more efficient through shipping. This is a huge part of our cost and a big part of our chore. If we all had a central logistical place where we could go to see who was doing shipping, where are they, where are they going. A shipping aggregator would be really helpful to the whole industry. This could be a physical facility or it could be a database online that would be accessible to everyone.”

Smaller manufacturers are challenged by the need to move raw materials out of state for custom kiln drying at a commercial scale. While the kilns may be out of state, some are owned by Vermont businesses. There are other large kilns available, but there may be limited knowledge of their availability. There does seem to be, however, a shortage of kilns that can custom dry small quantities of wood. Obtaining non-wood inputs like drawer hardware and acrylic sheeting is also a challenge for some producers.

Workforce readiness is also an issue. This includes skills training in wood products manufacturing.

“No secondary school has a good woodworking program where I could hire someone out of high school. The Vermont Woodworking School is positioning themselves but they are training for craft production, not assembly production where they work together as a team. VTC could design an assembly production program in woodworking to learn machinery and tooling. There is nothing that does that here.”

In addition to skills training, some Vermont forestry and wood products manufacturers are finding it difficult to hire employees that have a clear understanding of what is expected of them in terms of getting to work on time, performance, and other “soft” skills. This can impact turnover rates, which, in turn, substantially increase the costs of doing business. Community College of Vermont recently received funding to expand its work with Vermont manufacturers. Wood products manufacturers should be included in the mix of businesses served under that program.

Other bottlenecks that may hinder the development of value chains within the sector include high rates of workers’ compensation insurance (particularly for loggers), sales taxes applied to the industry,^{iv} and public perceptions^{iv} of the industry, which, particularly in conjunction with local and state regulations like Act 250, may be making it difficult for forestry and wood products businesses

^{iv} While wood is often considered an “agricultural product,” unlike many agricultural products and supplies which are tax-exempt forestry products and equipment are subject to the State’s sales tax.

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to create and expand needed infrastructure. Gaps that may need to be filled along the way include, but are not limited to, new or expanded sawmills, flooring mills and dry kilns. On the service side, when asked in the survey about which important services businesses in the industry have trouble accessing, survey respondents identified marketing, insurance (health and other), and equipment including parts and services as important gaps, along with challenges obtaining inputs.

Vermont Branding

There is a difference between a Vermont “brand” and the use of Vermont forestry and wood products in Vermont manufacturing. There are some firms, like Vermont Wood Studios (furniture), Vermont Good Wood (firewood), and D’Aiello Vermont Tree Farm (Christmas trees) that target retail customers who have a positive association with Vermont. The Vermont name is not the primary factor, though. It’s product quality, performance, style. In the maple syrup market, the Vermont brand no longer commands a premium price at wholesale, but it is more likely to go to market first.

At the wholesale level, to non-Vermont buyers, Made in the USA is more important than “Made in Vermont.” There are some exceptions. Some local buyers and some non-local buyers favor Vermont wood. Some buyers are attracted to the color and/or density of Vermont wood. Some foreign buyers are aware of the superior quality of Vermont maple and red oak as raw materials and in products and will specify it in their orders. Vermont-based furniture firms like Copeland Furniture and Lyndon Furniture as well as smaller firms successfully use their Vermont location as a part of their marketing story, even though the products they make are often made from imported materials. The Vermont “name” is associated with good forestry practices and/or a high standard of craftsmanship.

“Vermont brand is only occasionally a little bit important – because if it is sawn here in Vermont you know it is sustainable; that is true in the whole northeast.”

Just 9% of survey respondents, all of which produce secondary wood products, participate in the “Vermont Quality Wood Products” brand. Several respondents reported using other Vermont brands such as “Guild of Vermont Furniture Makers” and “Vermont Woodlands Association.” Less than a third of survey respondents were interested in participating in a state or regional branding initiative.

Certification

In the wood products/furniture sector, several Vermont firms have moved away from certification.

“We’re under a group certification through WoodNet. It’s probable we would let it lapse. We haven’t used it in 5 years.”

“We tried it... got FSC certification and it didn’t make a difference.”

“We carry no certifications at all now. If you carry it, you have to carry it across the board because how do you explain your uncertified products. It is easier not to do it and educate people on the fact that American hardwoods are very well managed.”

At the retail level, relatively few customers inquire about where the wood comes from and how it was harvested. Vermont firms are able to craft compelling sustainability narratives without incurring the costs of certification.

Part Three: Positive Developments and Challenges in Vermont^v

Selected Positive Developments

Demand for VT/Sustainable Wood

Demand for Vermont wood and sustainable wood was mentioned as a positive development in the Northwest and Southern regions. In the retail lumber side of things, for example, more and more people are thinking about buying local for raised beds, instead of pressure treated wood. This demand is also being seen in the market for wood furniture. In addition, institutions are starting to demand locally sourced wood in construction and renovation projects. Wood has also been included as a sustainable material in the LEED credit system

Wood Product Markets

There has been more competition for loggers. Loggers and foresters reported having more lowgrade wood products markets available to them, which is improving prices for loggers. This may be as a result of more and better markets for low-grade wood products. Markets are strong and there are plenty of places to sell wood. More markets are using forestry and wood products. There has been more demand for secondary products made from local wood. This was mentioned specifically in the Central region. More and more people are seeking character wood, or wood with imperfections; the story helps to promote this kind of wood. Another example given was firewood, which is being sold for \$100 per cord on the landing, as opposed to four years ago, when a cord was being sold for \$5–6. The competition between firewood and wood chips was felt to be beneficial. The energy market, which uses low-grade wood, was also believed to be helping to support higher prices.

The popularity of hard maple and sugar maple was mentioned as a positive development in the furniture and wood products sector. When maple became the species of choice, Vermont was lucky enough to be the maple state. Everyone wants rustic now. People are enjoying holes in the wood, stains, etc. There is greater appreciation of character wood.

Participants perceive that Vermont has become the place to go for high quality wood products. It's become a destination as other areas have gone out and people want the smaller company connection. One participant mentioned that, even though he doesn't sell wholesale, wholesale companies are trying to get him to sell to them. The cachet of the Vermont brand has increased.

Made in the USA is a stronger brand, but Made in Vermont does have added cachet in certain markets.

^v Excerpts from *Draft Focus Group Summary*, based on four focus groups held throughout Vermont to bring together a variety of perspectives throughout the forestry and wood products industry. The information in this section is based on the opinions and perceptions of the approximately 50 focus group participants.

Marketing and Internet Use

The use of the internet was mentioned as a sales tool for people making secondary wood products, allowing them to bring these products to market without having a store. The internet was also mentioned as a way to connect those in the forestry industry more easily. People are able to make a living as a result. Marketing through Vermont interstate rest areas was mentioned also; brochure racks at the rest areas and welcome centers have wood manufacturers displaying their rack cards alongside tourist brochures.

Selected Challenges

Cost/Price Squeeze

Global pressure on price was a challenge that was mentioned, specifically by those in secondary production, which is “mostly out of our hands,” but is an issue because of the high costs of production in Vermont. High energy costs relative to Canada was also mentioned as a challenge.

Small Scale of Wood Products Manufacturers

There has been a loss of major manufacturers of secondary products. Right now, these manufacturers are small in relation to the industry overall. There were once larger manufacturers in Vermont. However, this production has left. “What we are left with are niche markets, which we need to grow.”

It is challenging to maintain an inventory of grades and species to satisfy the needs of secondary manufacturers. Participants felt that Vermont is lacking kiln drying facilities. As a result, it is hard for secondary product manufacturers to source the wood they need from locally grown and harvested trees.

Certification / Local Wood

Certification seems to be a challenge. Participants felt like better practices are happening already, without certification. The cost to maintain certification has gone up. People want certified lumber, but are not willing to pay extra for it. Some participants reported that their recent experience with local institutions was that they are now more interested in local Vermont grown or sawn product. One person mentioned that he can get more for his furniture if he can say it is locally grown wood. This can be a challenge but also an opportunity.

Often furniture makers can tell the story of how a product was made, but can't substantiate where the wood comes from. There are disconnects in the supply chain for Vermont products. Some buyers want to know it comes from Vermont. Some producers want to be able to say that they're using Vermont material, but there is not a predictable supply. There is an opportunity for collaborative purchasing for sawyers and wood product businesses. There is also an opportunity to differentiate between sustainable and certified sustainable.

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¹ Residential Furniture: Market Trends. 2013. <http://www.woodworkingnetwork.com/resources/market-data/Residential-Furniture-Market-Trends-234305051.html#sthash.C2hDuNjC.BuQg79dK.dpbs>

² Furniture Buying: Who's Spending and How Much? 2014. Woodworking Network.

³ Contract Furniture: Market Trends. 2013. <http://www.woodworkingnetwork.com/resources/market-data/Contract-Furniture-Market-Trends-234278171.html#sthash.Msb6afDn.gB9Gcdlu.dpbs>

⁴ Contract Furniture: Market Trends. 2013. <http://www.woodworkingnetwork.com/resources/market-data/Contract-Furniture-Market-Trends-234278171.html#sthash.Msb6afDn.gB9Gcdlu.dpbs>

⁵ Mills, S. 2012. When it comes to furniture making, Vermont is a player. Burlington Free Press. January 26, 2012. <http://archive.burlingtonfreepress.com/article/20120126/BUSINESS08/120125035/When-comes-furniture-making-Vermont-player>

⁶ <http://vermontwoodsstudios.com/content/Vermont-Furniture-Encyclopedia>

⁷ North East State Foresters Association. 2013. The Economic Importance of Vermont's Forest-Based Economy 2013.

⁸ Mance, D. 2013. The Multiplier Effect: Rebuilding the Wood Product Manufacturing Base in the Northeast. Northern Woodlands. Autumn 2013. <http://northernwoodlands.org/articles/article/wood-product-manufacturing>

⁹ See more at: <http://www.woodworkingnetwork.com/resources/market-data/Contract-Furniture-Market-Trends-234278171.html#sthash.Msb6afDn.gB9Gcdlu.dpuf>

¹⁰ <http://www.woodworkingnetwork.com/wood/hardwood-softwood-species/Trending-Wood-Species-Styles-Finishes-for-Cabinets-Furniture-234234061.html#sthash.hJgz5tNe.dpuf>

¹¹ Bolduc, V. and Kessel, H. Center for Social Science Research at St. Michael's College. 2008. Vermont in Transition: A Study of Social Economic and Environmental Trends.

¹² Bolduc, V. and Kessel, H. Center for Social Science Research at St. Michael's College. 2008. Vermont in Transition: A Study of Social Economic and Environmental Trends.

¹³ Bullard, G. 2012. Ethan Allen furniture celebrates a milestone in Vermont. WCAX. <http://www.wcax.com/story/19638699/ethan-allen-furniture-celebrates-a-milestone-in-vermont>

¹⁴ Bolduc, V. and Kessel, H. Center for Social Science Research at St. Michael's College. 2008. Vermont in Transition: A Study of Social Economic and Environmental Trends.

¹⁵ See more at: <http://www.woodworkingnetwork.com/resources/market-data/Contract-Furniture-Market-Trends-234278171.html#sthash.Msb6afDn.gB9Gcdlu.dpuf>

¹⁶ Residential Furniture: Market Trends. 2013. <http://www.woodworkingnetwork.com/resources/market-data/Residential-Furniture-Market-Trends-234305051.html#sthash.C2hDuNjC.BuQg79dK.dpbs>