

Module Furniture Logistics, Distribution and Sales

Subject: Furniture Marketing and Sales

Learning Unit 1 Furniture Marketing

Authors

Dr Ali Bakir-Buckinghamshire New University-UK Mr. Victor Davis-Buckinghamshire New University-UK

Dr Dorin Festeu-Buckinghamshire New University-UK

Licences

- This training material is subject to Creative Commons licenses. For training material, such as images, subject to another type of license, the license is explicitly stated
- This material is licensed under **Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (CC BY-NC-SA 4.0).**

To see a copy of this license, please visit

<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>

Funding

- This training material has been developed within the framework of the **International Master for the Furniture Sector (IM-FUTURE)** project.
- The project is implemented within the framework of the **Cooperation for Innovation and the Exchange of Good Practices** Key Action and is funded by the **Erasmus+ Programme** of the **European Union**.

Learning outcomes

- This module will enable you to have knowledge of the key historical developments of the furniture design
- Will give you the ability to point out the most important historical developments of the furniture design
- And to be able to correspond related furniture products to historical design movements

How to learn?

- This course could be taken using a “self directed” learning approach.
- For those attending “full time” courses a lecturer will be directing your learning using the learning materials available.
- For those enrolled on a “part time” basis a mixed approach could be employed.
- Please see below recommendations for each of the situations:

How to learn? Self directed approach

- We suggest the following sequence:
- Read the slides, watch the videos and reflect on the content.
- Read the additional text available where information is more detailed.
- If possible discuss with a colleague or register for a “Forum” and express your views.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Full time approach

- Attend all classes and the lecturer will provide explanations while showing the slides.
- Read the additional text available where information is more detailed.
- The lecturer will organise opportunities for you to discuss the content of the course so that you understand.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Mixed approach

- Read the additional text available before attending the face to face classes.
- Attend all classes and the lecturer will provide explanations while showing the slides.
- The lecturer will organise opportunities for you to discuss the content of the course.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

Why study furniture distribution marketing and sales?

- Any engineer who is involved in furniture industry should have a basic understanding of the furniture distribution, marketing and sales.
- This module outlines the main developments, trends and approaches in furniture marketing, distribution and sales.

Video Different types of furniture styles

- Video link: <https://www.youtube.com/watch?v=K9pXMeoeVxc>
- Short description: Without familiarizing yourself with a furniture styles guide, how will you know what type of furniture you're looking for in your home? If you want to go for a classic look, do you choose antique, traditional, or mid-century style furniture? And what is the difference between contemporary and modern? Everyone has a unique taste in the furniture by which they decorate their homes, but it can be hard to find "your look" if you don't know what it's called. A Brief History of Types of Furniture Styles
- Duration: 1.45 min

How is Information Technology influencing the furniture sector?

- Perhaps the most important source of change in furniture and many other industries today is the new ability for suppliers, producers, distributors, and consumers to send and receive “rich” information instantaneously, worldwide, at very low cost.
- Information includes verbal communication, visual images, personal and highly personalised data, as well as interactive communications.
- Information is now widely available at low cost in “real time,” and it can be stored, accessed, and used strategically by furniture producers, sellers, and buyers on a continuing basis.



Video Traditional English oak furniture

- Video link: <https://www.youtube.com/watch?v=tgKrZwyeWtg>
- Short description: Tudor Oak Furniture has a core team of experienced, knowledgeable and passionate people, who take inspiration from history and believe that good design and high quality of craftsmanship should and can complement modern living..
- Duration: 2 min

IT and marketing and sales of furniture

- New information technologies have the potential to dramatically change furniture manufacturing marketing and sales.
- These technologies are encouraging globalization of markets, for example, and in many areas of the world they may result in important shifts in market “power” to consumers.



What is the impact of globalisation?

- “Globalization” has been described as the process of reducing barriers between countries and encouraging closer economic, political, and social interactions (Tabb 1999).
- In broad terms, globalization implies a diminishing importance of national borders, and strengthened identities that stretch beyond particular regions, states, or countries (Berresford 1997).
- According to Trout and Rivkin (2000) ...
“What used to be national markets with local companies competing for business has become a global market with everyone competing for everyone’s business everywhere.



Video mahogany furniture

- Video link: <https://www.youtube.com/watch?v=O9BsHXcnHSY>
- Short description: Mahogany furniture manufacturer in Mandaue City, Philippines, right next to Cebu City, Cebu. Large showroom was well worth the visit. The factory is at the same location. Beds, bed frames, couches, love seats, chairs, storage, cabinets, tables and more.
- Duration: 5.50 min

How to survive in a global market?

- Globalization “pressures” mean that EU furniture firms will need to be continuously innovative in manufacturing and marketing – a statement that is true of raw materials suppliers, final products producers, and furniture distributors and marketers.
- It has long been recognized, however, that in changing, highly competitive markets, *innovation* is necessary for firms to survive.
- Firms must “keep up the pace in innovation” to survive in the long term, but today there is an important difference – the “pace” is much faster.



How to keep up the pace with innovation?

- The following discussion presents some important factors to consider carefully.
- Some of these strategic issues apply mainly to furniture manufacturers, and some of them apply more directly to furniture distributors and retailers.
- As with any discussion of this type, some of these issues are long term while others are short term.
- Successful, innovative firms must have what one writer has called “bifocal vision” – a focus on short and long-term trends and strategies for success (Harari 1999)



The importance of location

- EU furniture manufacturers tend to be geographically concentrated. In 1997 the top four countries in value of shipments accounted for 75% of total
- EU shipments of upholstered household furniture and 50% of non-upholstered household furniture (EU 2016).
- Upholstered household furniture production is primarily concentrated in three geographic areas – The Northern Europe, the Southern Europe and most recently the Eastern Europe



Video collection of 16,17,18 century furniture

- Video link: <https://www.youtube.com/watch?v=19y7TRnqQIY>
- Short description: In the heart of the Périgord Noir, close to the famous Lascaux Cave, come and discover a unique collection of period pottery and furniture, a wealth of veritable chefs-d'œuvre from the different regions of France.
- Duration: 2.33 min

What the input factors are?

- The basic inputs to manufacturing production and competition include land, labour, capital, raw materials, infrastructure, and knowledge.
- In the past, “comparative advantages” in production were held by regions with the lowest costs for manufacturing inputs.
- Today, however, competition in furniture and other industries is more likely to be “productivity” competition, arising from the availability and use of *specialized* inputs like highly skilled workers, specific applied technologies of manufacturing, physical and administrative infrastructure, regulations, legal processes, and sources of capital.



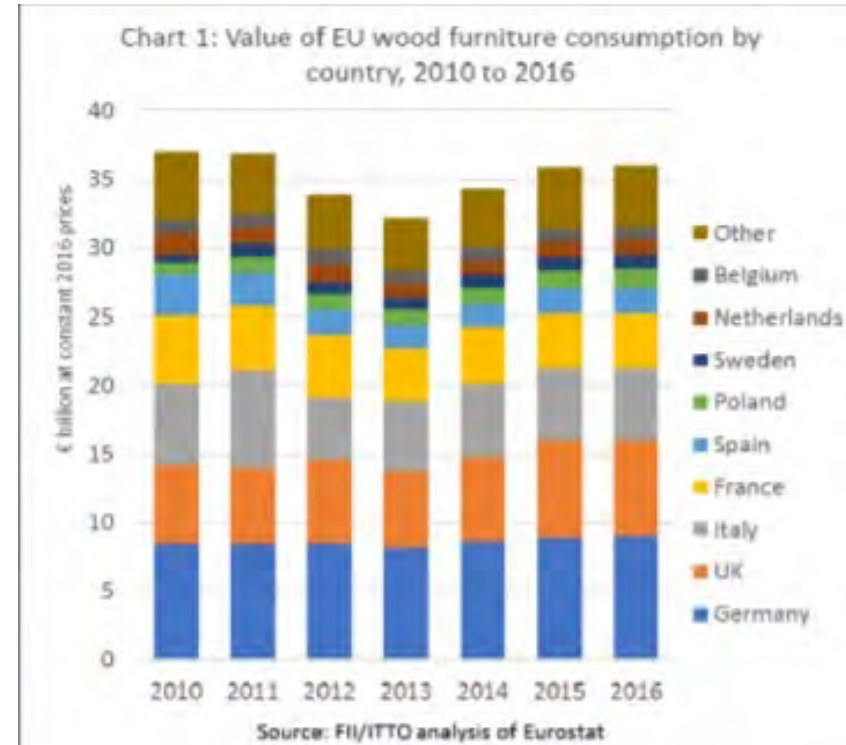
Context for strategy and rivalry

- Another aspect of the business environment that creates locational advantages for furniture production is the overall “context” of production and local competition.
- Local rivalry is an important source of locational advantage in furniture production. Porter (1998) stresses the impact of local rivalry on innovation:
- “Rivalry among a group of locally-based competitors heightens pressure to innovate and upgrade.
- Local rivals, faced with comparable input costs and access to the home market, are forced to seek other ways to compete.”



Demand conditions

- In recent years the EU furniture markets have been strong, mainly due to general economic growth and the aging of 176 million “baby boomers” into peak furniture buying years.
- The nature of this demand, however, has also been important in furniture industry development. EU furniture consumers are generally well informed, and they tend to have relatively high expectations of manufacturers and retailers (Bullard 1989).



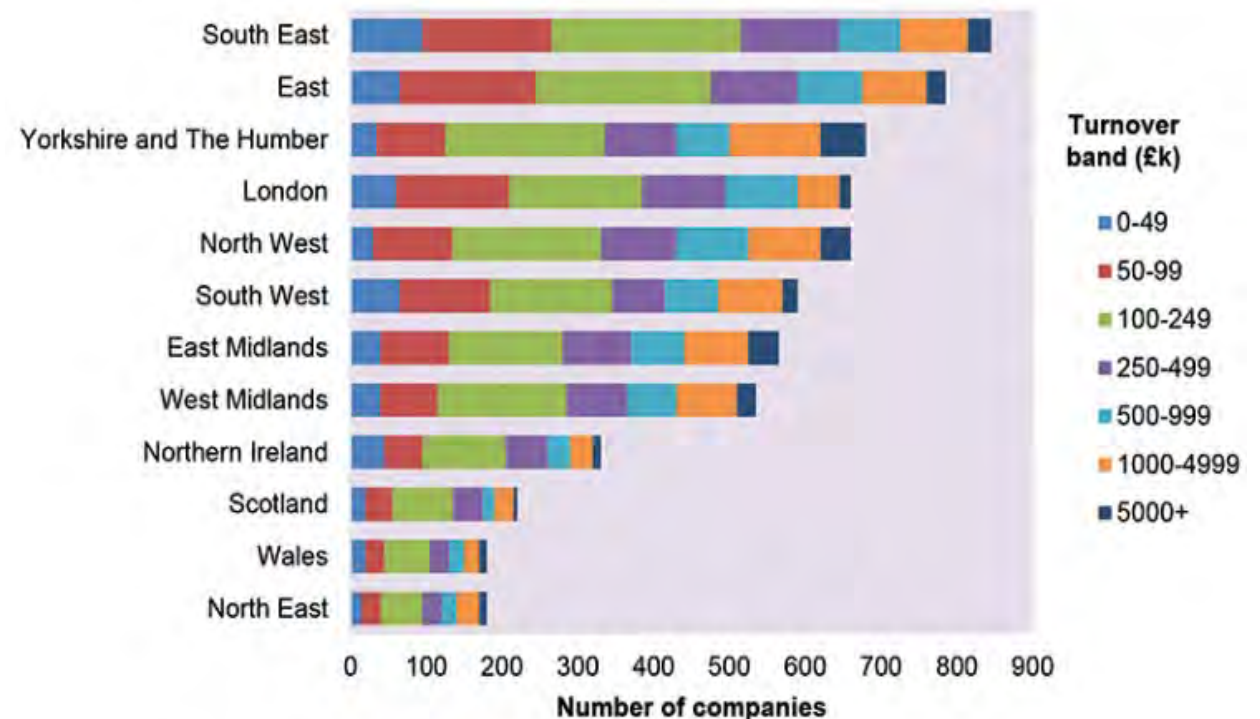
Related and supporting industries

- The geographic concentration of furniture manufacturing has encouraged the growth and success of specialized suppliers and related industries.
- Access to inputs like furniture parts, raw materials, and labour, however, is not the main source of locational advantage in the industry today, since these inputs can be sourced globally.
- The main advantages come from the resulting efficiencies, the exchange of knowledge, and the ease of innovation in the “cluster” of related industries.



Small or big companies?

- In recent years, consolidation has continued in many consumer durables manufacturing industries in the EU, allowing firms to “leverage brands, manufacturing, and distribution to remain competitive in a marketplace that is more exposed to the proliferation of market niches and product lines, international competition, and pressures from large retailers”
- Larger firm size has been advantageous in the furniture industry in the past and the expansion and consolidation of firms may continue in the future.



Firm size and success

- Firm size in general is not an extremely important factor in success in “globalized” markets.
- Half of all firms that operate internationally have fewer than 250 employees.
- This figure includes many industries, of course, and we know of no current studies on optimal firm size for furniture manufacturing competitiveness on a global basis.



Video Art nouveau furniture

- Video link: https://www.youtube.com/watch?v=R3zIlubmw_s
- Short description: the most famous artists are Louis Majorelle, Emile Gallé, Victor Horta, Alfons Mucha, Hector Guimard this is available in Nancy (musée de l'école de Nancy) in Paris (Musée des arts décoratifs, Musée d'Orsay, Musée Carnavalet
- Duration: 17.07 min

Main office furniture players in Europe

- There is a great potential for relatively small firms to manufacture furniture for local consumer preferences, or to take “mass produced” furniture and customize it to meet local consumer preferences.
- New firms may develop to address these markets, or existing firms with an innovative focus may expand product lines.
- Since entry costs are relatively low for product customization, however, and since transportation costs can be relatively high, new firms are likely to develop that are more responsive to local market preferences than relatively large, established firms.



Strategic alliances in furniture

- Many EU furniture manufacturers have focused on improving productivity within the firm – reducing overhead, raw materials and management costs, redesigning and upgrading production processes and equipment for maximum efficiency, and automating processes (Seldon and Bullard 1992).
- The local rivalry under which most EU furniture manufacturers have operated has forced them to be relatively efficient producers and to seek alliances.



Type of strategic alliances

- Strategic alliances can take many forms, and in the furniture industry, basic examples include alliances with suppliers and alliances with furniture producers in other product categories.
- Alliances may also be developed between furniture manufacturers and retailers. In the apparel industry, for example, “lean retailing” is now widespread.

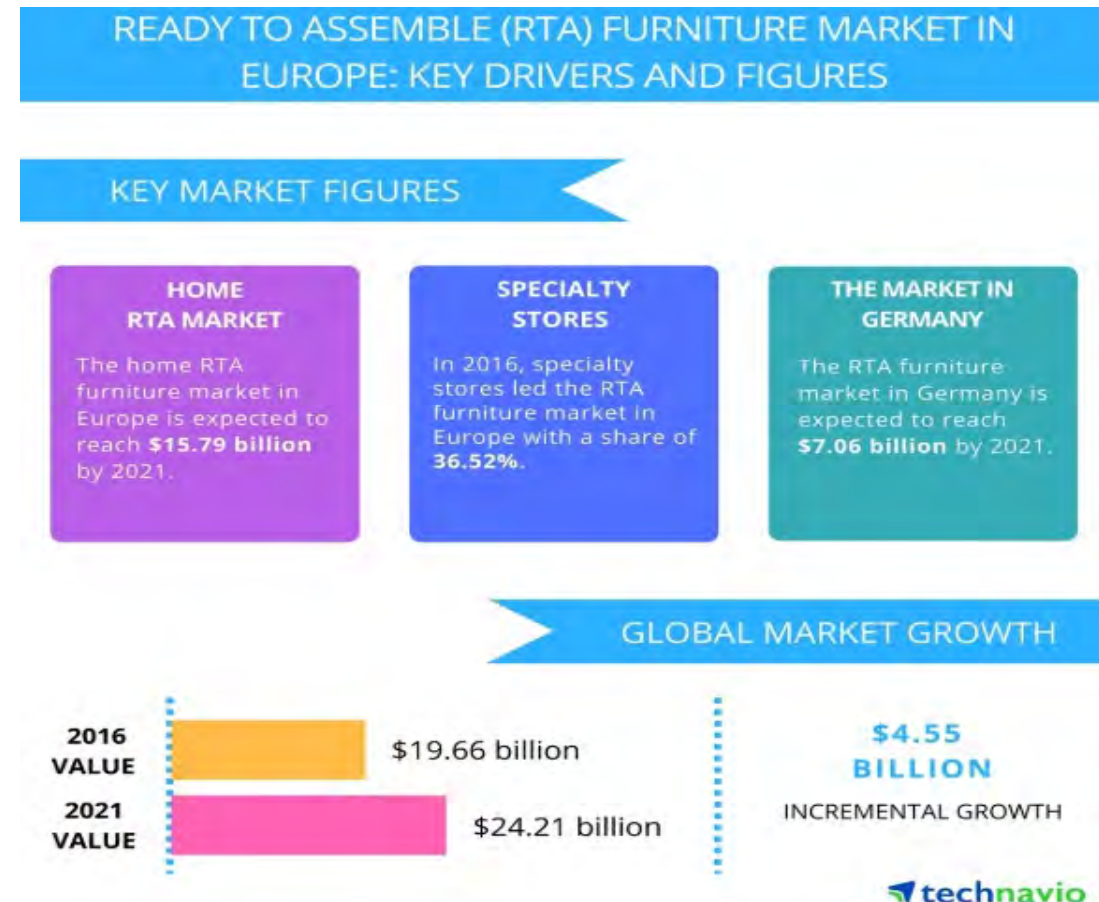


Video Art Deco furniture

- Video link: <https://www.youtube.com/watch?v=NHsajqogmNI>
- Short description: art deco this and that wonder if those items but there is a style of furniture made in america primarily during shop furniture, decor at great prices on chairish. Art deco furniture history & style achieving the parisian art emily henderson. The art deco movement arose in the early 20 th century following 1925.
- Duration: 1 min

Long term furniture demand in Europe

- Demand for household furniture in the EU was generally strong during the 2010- and 2015, as shown by the overall level of sales of furniture and home furnishings stores in constant Euro terms.
- Important, demand-related points are evident by comparing EU Gross Domestic Product (GDP) and furniture store sales, and by considering population age classes and other trends.



The history of Bauhaus

- Video link: <https://www.youtube.com/watch?v=yZXOgqXlyUI>
- Short description: Bauhaus is a school of design established by Walter Gropius in Weimar in 1919, best known for its designs of objects based on Functionalism and simplicity that combined crafts and the fine Arts.
- Duration: 13 min

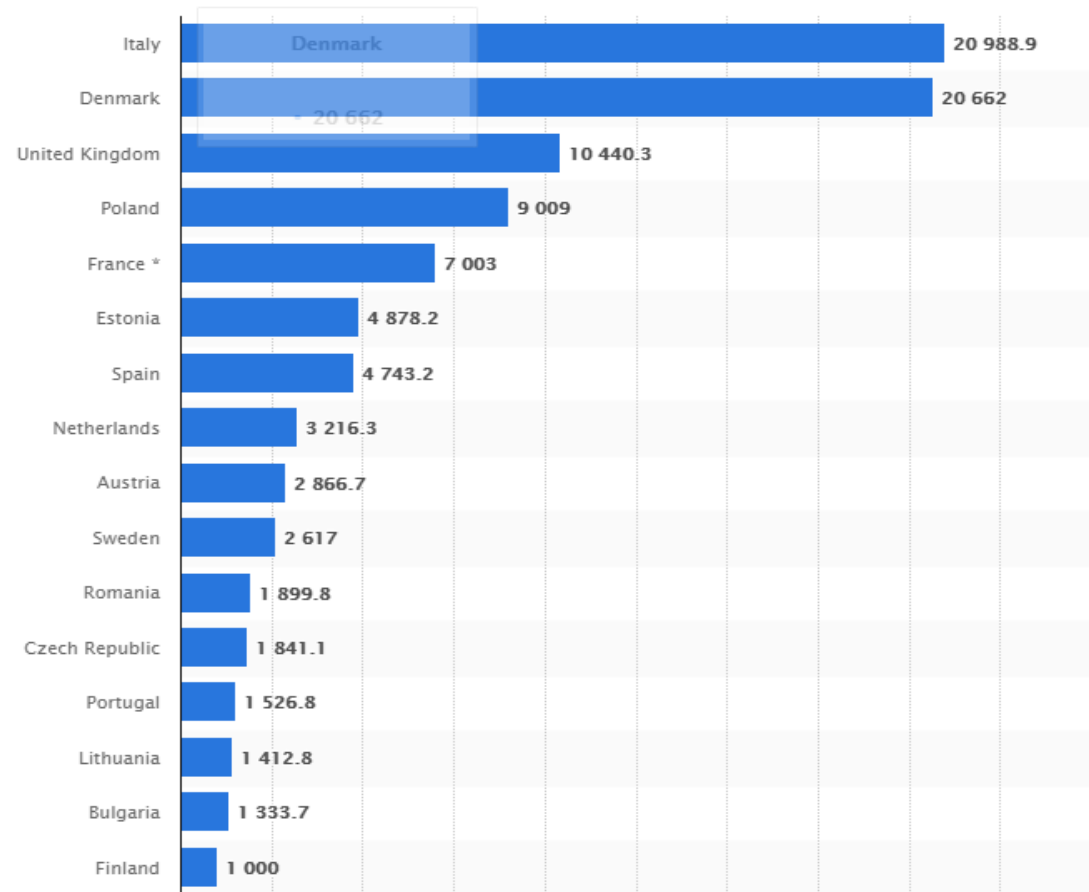
Economic activity and furniture demand

- There is a very strong positive correlation between GDP and furniture demand. GDP is a broad measure of general economic activity, which directly influences the demand for furniture and most other goods and services.
- There is clear evidence of the positive impact of general economic activity on furniture sales over a 30-year period. There is also a drop in furniture and home furnishings sales during three economic recessions, or periods when EU GDP decreased – 1975, 1982, and 1991



Future demand in Europe

- Well-known economic forecaster Harry Dent contends that the “spending wave” of the millions of EU consumers born between 1946 and 1964 created the economic expansion of the 1990s, and that their spending will continue to dominate EU markets in the first part of the 21st century.



Challenges of online retailers

- On-line sales of furniture and home furnishings are expected to grow dramatically
- Internet and other information-related technologies can have fundamental impacts on furniture marketing by: a) providing a means for customer direct sales; b) providing new opportunities for manufacturers and marketers to develop relationships with customers; and by c) shifting market “power” to consumers.



Customer direct e-commerce

- To traditional “bricks and mortar” retailers, on-line retailing is a “disruptive” technology, with the potential to fundamentally change business practices and transactions (Christensen 1997).
- Today there are many Web sites offering furniture products for sale, but Internet-based customer-direct sales, have not been embraced by major manufacturers of household furniture in the EU



Developing relationships with customers

- New information technologies also, however, allow manufacturing and marketing firms to develop relationships directly with customers.
- In the past, when a customer bought a furniture product from a “bricks and mortar” retailer, the retailer had the opportunity to develop a relationship with the customer; the manufacturer may have had an opportunity through product registration or warranty cards.
- .



Shifting market power to consumers

- An extremely important impact of the Internet and other new information technologies is that consumers will have increasing “power” in the market for nearly all goods and services.
- The “power” comes from two sources: consumers’ now have the ability to compare products and prices easily; and consumers can easily communicate, individually and in the aggregate, information about their needs and their satisfaction with the products and services of individual manufacturers and retailers.



Strategies for long term survival of furniture companies in Europe

- At the factory level, for example, producers should carefully assess ways to replace inventory with information, including evaluating and implementing “lean” production techniques where they are most applicable within product lines.
- At the enterprise level, firms must assess the need for strategic alliances with retailers as well as with suppliers to enhance competitive positions.
- At the policy level, meanwhile, strategies are needed for economic development, and for research, education and technology transfer efforts that promote long-term competitiveness.



Module Furniture Logistics, Distribution and Sales

Subject: Furniture Marketing and Sales

LU 2 Ethics in Marketing



Authors

Dr Ali Bakir-Buckinghamshire New University-UK Mr. Victor Davis-Buckinghamshire New University-UK

Dr Dorin Festeu-Buckinghamshire New University-UK

Licences

- This training material is subject to Creative Commons licenses. For training material, such as images, subject to another type of license, the license is explicitly stated
- This material is licensed under **Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (CC BY-NC-SA 4.0).**

To see a copy of this license, please visit

<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>

Funding

- This training material has been developed within the framework of the **International Master for the Furniture Sector (IM-FUTURE)** project.
- The project is implemented within the framework of the **Cooperation for Innovation and the Exchange of Good Practices** Key Action and is funded by the **Erasmus+ Programme** of the **European Union**.

Learning outcomes

- This module will enable you to have knowledge of the key historical developments of the furniture design
- Will give you the ability to point out the most important historical developments of the furniture design
- And to be able to correspond related furniture products to historical design movements

How to learn?

- This course could be taken using a “self directed” learning approach.
- For those attending “full time” courses a lecturer will be directing your learning using the learning materials available.
- For those enrolled on a “part time” basis a mixed approach could be employed.
- Please see below recommendations for each of the situations:

How to learn? Self directed approach

- We suggest the following sequence:
- Read the slides, watch the videos and reflect on the content.
- Read the additional text available where information is more detailed.
- If possible discuss with a colleague or register for a “Forum” and express your views.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Full time approach

- Attend all classes and the lecturer will provide explanations while showing the slides.
- Read the additional text available where information is more detailed.
- The lecturer will organise opportunities for you to discuss the content of the course so that you understand.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Mixed approach

- Read the additional text available before attending the face to face classes.
- Attend all classes and the lecturer will provide explanations while showing the slides.
- The lecturer will organise opportunities for you to discuss the content of the course.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

Why study furniture distribution marketing and sales?

- Any engineer who is involved in furniture industry should have a basic understanding of the furniture distribution, marketing and sales.
- This module outlines the main developments, trends and approaches in furniture marketing, distribution and sales.

Video Different types of furniture styles

- Video link: <https://www.youtube.com/watch?v=K9pXMeoeVxc>
- Short description: Without familiarizing yourself with a furniture styles guide, how will you know what type of furniture you're looking for in your home? If you want to go for a classic look, do you choose antique, traditional, or mid-century style furniture? And what is the difference between contemporary and modern? Everyone has a unique taste in the furniture by which they decorate their homes, but it can be hard to find "your look" if you don't know what it's called. A Brief History of Types of Furniture Styles
- Duration: 1.45 min

What responsible business is?

- This unit introduces the idea of responsible business marketing in furniture sector; that is, commercial marketing practices that take into account business responsibilities towards society and the environment.
- Such practices are based on considerations of marketing ethics, meaning that ethical considerations inform what responsible marketers should do in practice.
- However, a desire to do the right thing is not the only reason why firms have embraced responsible marketing; it is also because it is increasingly seen as a commercially successful strategy.



Video Traditional English oak furniture

- Video link: <https://www.youtube.com/watch?v=tgKrZwyeWtg>
- Short description: Tudor Oak Furniture has a core team of experienced, knowledgeable and passionate people, who take inspiration from history and believe that good design and high quality of craftsmanship should and can complement modern living..
- Duration: 2 min

Profitability and ethics

- There is a market segment of ethical consumers as well as a growing awareness of ethical issues among furniture consumers in general.
- Companies can therefore find it advantageous to try to build a brand image and consumer loyalty around some form of ethically responsible marketing practice.
- The two areas where responsible marketing practices are most developed are green marketing and fair trade marketing, and this unit focuses on them to a significant extent.

The case for responsible marketing

- Responsible marketing, at its most fundamental, means to consider carefully and deal responsibly with any ethical issue arising from marketing practice.
- At one level, it can be viewed in terms of the duty furniture manufacturers have towards their customers to ensure their products are safe and reliable and live up to the promises made before sale.



Video mahogany furniture

- Video link: <https://www.youtube.com/watch?v=O9BsHXcnHSY>
- Short description: Mahogany furniture manufacturer in Mandaue City, Philippines, right next to Cebu City, Cebu. Large showroom was well worth the visit. The factory is at the same location. Beds, bed frames, couches, love seats, chairs, storage, cabinets, tables and more.
- Duration: 5.50 min

Key concepts in responsible marketing

- Responsible marketing can be considered as a subset of CSR; and the basic rationale that applies to CSR also applies to responsible marketing. It is this aspect of responsible marketing that we will consider next.
- We will start, then, by asking, ‘What do we mean by responsible marketing?’ before looking at the rationale for—and key dimensions of— CSR.



What responsible marketing is?

- The organisation should determine the needs, wants and interests of target markets. It should then deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and the society's well-being.



**SOCIALLY
RESPONSIBLE
MARKETING**

Responsible marketing

- Responsible marketing can be seen simply as CSR related to marketing activities.
- In other words, it is firms voluntarily taking on responsibility for the wider social and environmental impacts of their marketing strategies.
- This is not actually a new idea. Just like the concept of CSR, the idea of socially responsible marketing dates back to the 1970s.

Video collection of 16,17,18 century furniture

- Video link: <https://www.youtube.com/watch?v=19y7TRnqQIY>
- Short description: In the heart of the Périgord Noir, close to the famous Lascaux Cave, come and discover a unique collection of period pottery and furniture, a wealth of veritable chefs-d'œuvre from the different regions of France.
- Duration: 2.33 min

What Corporate Social Responsibility is?

- From an ethical perspective, companies are now widely thought to have moral obligations towards their wider stakeholders and society in general, not just towards their shareholders. In addition to these moral reasons, there are strategic reasons why companies may want to engage in responsible business and marketing practice. This is the 'business case' for CSR.



Why engage in CSR?

- One of the reasons why companies should engage in CSR or responsible marketing is, of course, because it is the right thing to do.
- From an ethical perspective, companies are now widely thought to have moral obligations towards their wider stakeholders and society in general, not just towards their shareholders.
- In addition to these moral reasons, there are strategic reasons why companies may want to engage in responsible business and marketing practice. This is the 'business case' for CSR.

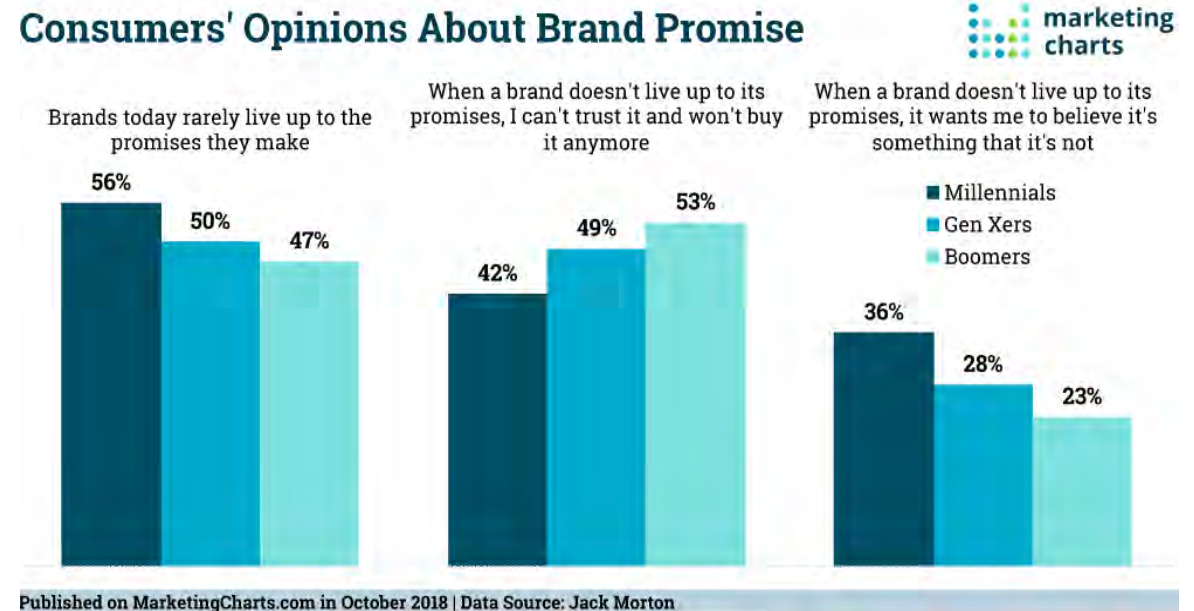
Reputation, brand image and responsible marketing

- Many, if not most, companies trade to a large extent on their reputation, or their 'good name'. In consumer marketing terms, a firm's reputation is often expressed in the image of the brands they own.
- Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands of their products.
- Consumers view a brand as an important part of a product, and branding can add value to a product



The importance of socially responsible reputation

- When making judgements about a brand's image or reputation, consumers obviously take into account the perceived quality, value, durability, functionality and style of the brand.
- Increasingly a company's reputation for social responsibility can impact on both company and brand image.
- Today's consumers care about more than price and quality, although these are still obviously important



Reputation and brand image

- Harris and Chernatony (2000) define brand reputation in terms of stakeholder perceptions of what the brand stands for and the extent to which expectations have been met over time.
- Internal and external stakeholders identify a similar set of factors as relevant to a brand's reputation, but that the two groups emphasised different factors as the most important.
- Internal stakeholders emphasise mostly customer related criteria, notably how well known a brand is, customer service, volume of business and how well the brand compares with its competitors.
- External stakeholders put more emphasis on performance, integrity and reliability, but also place importance on the internal stakeholders' criteria.

What the views on responsible marketing are?

- Companies can adopt different approaches vis-à-vis CSR.
- These positions were: 'reaction', 'defence', 'accommodation' and 'pro-action'.
- In a slightly different categorisation, we might distinguish between the three main attitudes that companies may display towards CSR



Video Art nouveau furniture

- Video link: https://www.youtube.com/watch?v=R3zIlubmw_s
- Short description: the most famous artists are Louis Majorelle, Emile Gallé, Victor Horta, Alfons Mucha, Hector Guimard this is available in Nancy (musée de l'école de Nancy) in Paris (Musée des arts décoratifs, Musée d'Orsay, Musée Carnavalet
- Duration: 17.07 min

Minimum compliance

- Companies that do the legal minimum in terms of compliance. They see CSR as costly and bringing to them and their shareholders few, if any, benefits.
- Accordingly they keep within the law, but do little more than that. This is commonly the view of companies providing commodity type products like timber or plastics or agricultural products like wheat.
- For producers of such commodities, (which tend not to have brand names), their reputation with the consumer is of less importance, since consumers are not aware of the corporate origin of the products.

Enthousiastic looking CSR

- Companies that realise that enthusiastic adoption of CSR principles is important for the sake of their reputation, but whose heart is not committed to the concept.
- They generally have full and glossy CSR reports that they market ostentatiously.
- However, when CSR is considered in major decision-making regarding resource allocation or corporate behaviour, its voice in the boardroom is not very loud or consistent.



Genuine CSRs

- Companies genuinely committed to CSR, and in which it is a key factor in all major decisions. Innocent are a company which appears to remain simultaneously commercial and altruistic; strong ethical values are at the core of Innocent as a company.
- The products are made from quality ingredients—for example no chemicals, preservatives, or stabilisers.

Video Art Deco furniture

- Video link: <https://www.youtube.com/watch?v=NHsajqogmNI>
- Short description: art deco this and that wonder if those items but there is a style of furniture made in america primarily during shop furniture, decor at great prices on chairish. Art deco furniture history & style achieving the parisian art emily henderson. The art deco movement arose in the early 20 th century following 1925.
- Duration: 1 min

Key ethical concept-sustainability

- Sustainable development is, perhaps, the most significant and yet the most difficult problem that marketing – and human economic activity in general – faces at the beginning of the third millennium.
- Modern production methods and marketing systems have brought unparalleled material comforts to most people in affluent societies, to many in the so-called emerging economies, as well as to some in less-developed economies. In this sense affluent consumers have never had it so good.



The history of Bauhaus

- Video link: <https://www.youtube.com/watch?v=yZXOgqXlyUI>
- Short description: Bauhaus is a school of design established by Walter Gropius in Weimar in 1919, best known for its designs of objects based on Functionalism and simplicity that combined crafts and the fine Arts.
- Duration: 13 min

The goals of sustainability

- Most commentators on sustainability see it as a three-part concept embracing environmental, economic and social goals which need to be brought into some kind of harmony.
- The relationship between the main goals of sustainability can be depicted in the figure



The truth about sustainable marketing

- The main criticisms are that marketing promotes excessive consumption and materialism; and that product design is often environmentally wasteful if products are designed to have only short durability, are not designed for recycling, or use an unnecessarily large quantity of raw materials.
- No part of the marketing chain is without criticism. Excessive packaging, production of marketing materials and the transportation of finished goods often over long distances are all criticised as being wasteful of resources (Velasquez, 1998).
- In this sense, marketing and environmental sustainability are often seen as directly opposed and the notion of sustainable marketing is considered by many to be a contradiction in terms.

Fair trade

- Economic theory argues that under conditions of perfect competition the benefits will be fairly distributed, as people will not want to enter economic transactions which they feel do not give them adequate benefits for their efforts.
- However, it is widely accepted that perfect competition exists in very few markets. In most marketing situations the different organisations and people involved have different levels of power, and for this reason the benefits of trade are often rather unequally distributed.



Consumption of fair-trade

- The fair trade movement attempts to rectify this situation by paying fair prices to producers, cutting out large profits to intermediaries, and charging slightly higher prices to Western consumers.

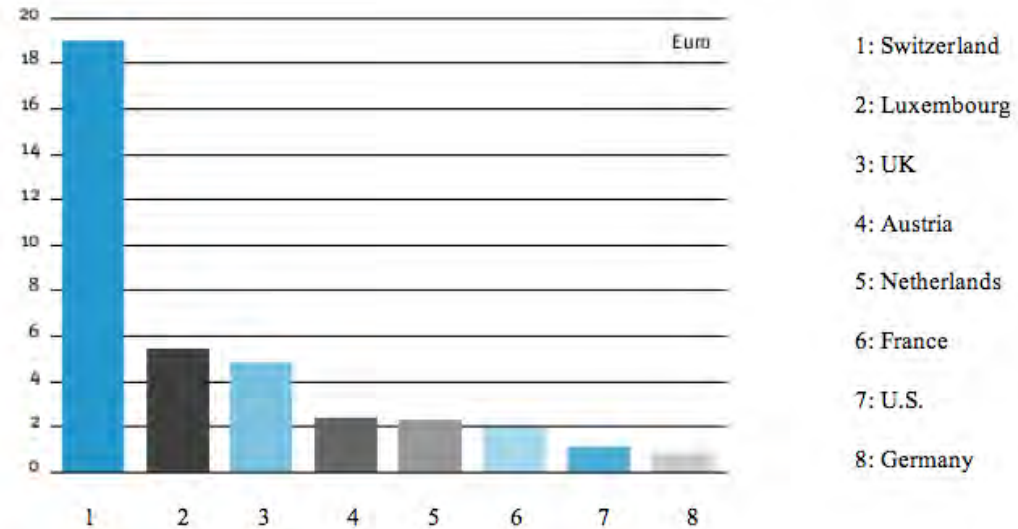


Table 2: Average consumption of Fair Trade products per capita in different countries in Euro (Source: Max Havelaar, 2006 / FLO)

Key problems with fair trade

- The key problem identified in the fair trade movement is that small producers (such as of foods or crafts) often do not appear to be receiving a 'fair' price for their goods, while intermediaries (such as exporting firms and retailers) are seen to make very good profits and consumers have the luxury of paying only moderate prices for these goods. The problem is thought to be particularly significant in areas of international trade.

Free trade and fair trade

- UK Labour Party leader, wrote an article called 'Beyond Free Trade to Fair Trade' pleading for a world trade system that promotes not only free trade, but also fair trade.
- Setting out his vision for what the next international trade agreement should contain, he argued that when an international trade agreement is being negotiated, it should make sure, among other matters, that producers in Third World countries get a fair deal.

Consumer protection

- One of the most established concerns for marketing ethics and responsible marketing practice is that of consumer protection.
- The 'free market' view would hold that consumers enter into purchasing agreements of their own free will and can be trusted to work out for themselves if a product is safe, fit for purpose or meets their needs, and make a purchasing decision accordingly.
- The argument is that if consumers want more product safety (or other benefits) they choose products which provide this safety and pay any extra cost that is associated with it.



Markets and consumer protection

- The issues surrounding consumer protection and marketing responsibilities are discussed below, drawing upon Velasquez (1998, pp. 321–5) who highlights some of the challenges involved in consumer protection.
- Consider the following questions:
- 1 According to the free market view, how does the operation of the free market ensure that consumers are protected from injury?
- 2 What are the problems with this approach?



Module Furniture Logistics, Distribution and Sales

Subject: Furniture Marketing and Sales

LU 3 Case Study



Authors

Dr Ali Bakir-Buckinghamshire New University-UK Mr. Victor Davis-Buckinghamshire New University-UK

Dr Dorin Festeu-Buckinghamshire New University-UK

Licences

- This training material is subject to Creative Commons licenses. For training material, such as images, subject to another type of license, the license is explicitly stated
- This material is licensed under **Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (CC BY-NC-SA 4.0).**

To see a copy of this license, please visit

<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.en>

Funding

- This training material has been developed within the framework of the **International Master for the Furniture Sector (IM-FUTURE)** project.
- The project is implemented within the framework of the **Cooperation for Innovation and the Exchange of Good Practices** Key Action and is funded by the **Erasmus+ Programme** of the **European Union**.

Learning outcomes

- This module will enable you to have knowledge of the key historical developments of the furniture design
- Will give you the ability to point out the most important historical developments of the furniture design
- And to be able to correspond related furniture products to historical design movements

How to learn?

- This course could be taken using a “self directed” learning approach.
- For those attending “full time” courses a lecturer will be directing your learning using the learning materials available.
- For those enrolled on a “part time” basis a mixed approach could be employed.
- Please see below recommendations for each of the situations:

How to learn? Self directed approach

- We suggest the following sequence:
- Read the slides, watch the videos and reflect on the content.
- Read the additional text available where information is more detailed.
- If possible discuss with a colleague or register for a “Forum” and express your views.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Full time approach

- Attend all classes and the lecturer will provide explanations while showing the slides.
- Read the additional text available where information is more detailed.
- The lecturer will organise opportunities for you to discuss the content of the course so that you understand.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

How to learn? Mixed approach

- Read the additional text available before attending the face to face classes.
- Attend all classes and the lecturer will provide explanations while showing the slides.
- The lecturer will organise opportunities for you to discuss the content of the course.
- Test your understanding by taking the test at the end of the PowerPoint Presentation. Aim to score at least 70%
- The lecturer will present a task for you to complete that will enable you to better understand the topic. The nature of the task depends on particular circumstances.
- If there are aspects that you find interesting and want to explore further access one of the texts recommended in the Bibliography

Why study furniture distribution marketing and sales?

- Any engineer who is involved in furniture industry should have a basic understanding of the furniture distribution, marketing and sales.
- This module outlines the main developments, trends and approaches in furniture marketing, distribution and sales.

Video Different types of furniture styles

- Video link: <https://www.youtube.com/watch?v=K9pXMeoeVxc>
- Short description: Without familiarizing yourself with a furniture styles guide, how will you know what type of furniture you're looking for in your home? If you want to go for a classic look, do you choose antique, traditional, or mid-century style furniture? And what is the difference between contemporary and modern? Everyone has a unique taste in the furniture by which they decorate their homes, but it can be hard to find "your look" if you don't know what it's called. A Brief History of Types of Furniture Styles
- Duration: 1.45 min

Example of marketing strategy-Danish furniture industry

- Over the years, the Danish furniture industry has been object of attention in several occasions, not least due to the industry's competitive strength.
- A measure repeatedly used to indicate the significance of this strength is the export intensity of the industry.

Digital Trends



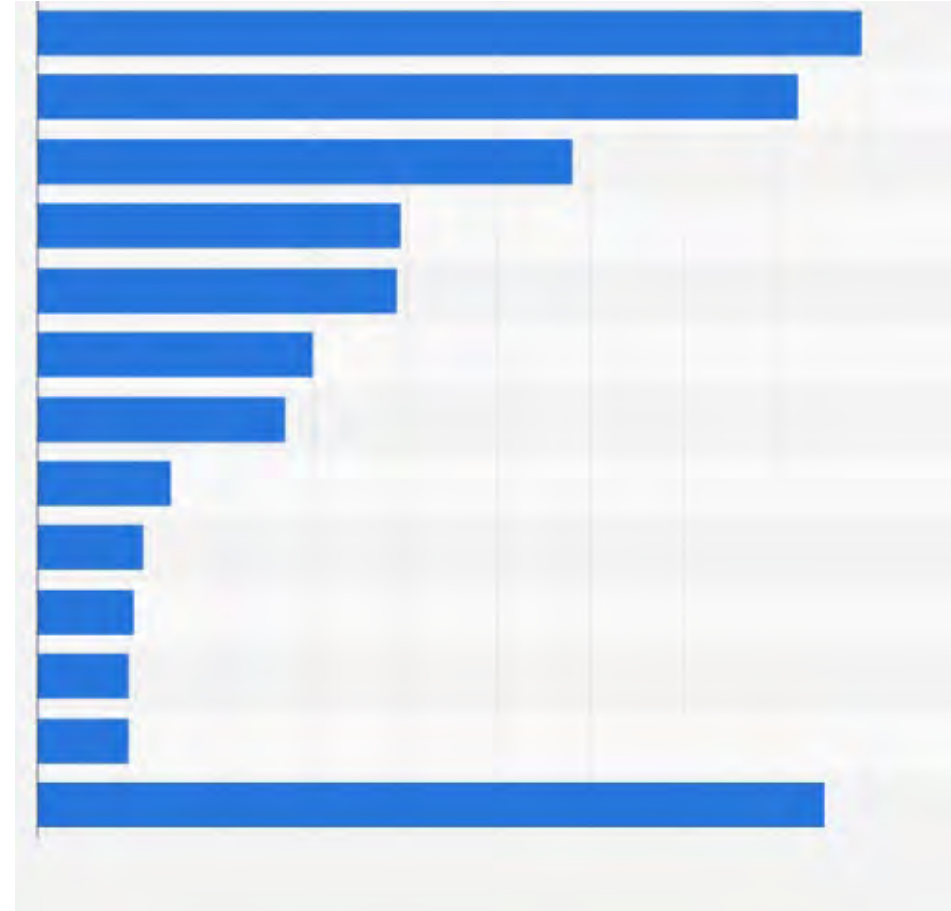
In the Danish Furniture Industry

Video Traditional English oak furniture

- Video link: <https://www.youtube.com/watch?v=tgKrZwyeWtg>
- Short description: Tudor Oak Furniture has a core team of experienced, knowledgeable and passionate people, who take inspiration from history and believe that good design and high quality of craftsmanship should and can complement modern living..
- Duration: 2 min

Export of furniture

- Export intensity signifies the percentage of production accounted for by Exports, and in the case of the Danish furniture industry the export intensity has since 2015 permanently been above 50 per cent.



Denmark case

- The development of the industry toward this exorbitant export level, in a low-tech industry located in a high labour cost country, is characterized by continuous restructurings and a process of structural change.
- From being an industry dominated by small and medium sized manufacturing companies, a low number of large international companies today dominate the industry.



Video mahogany furniture

- Video link: <https://www.youtube.com/watch?v=O9BsHXcnHSY>
- Short description: Mahogany furniture manufacturer in Mandaue City, Philippines, right next to Cebu City, Cebu. Large showroom was well worth the visit. The factory is at the same location. Beds, bed frames, couches, love seats, chairs, storage, cabinets, tables and more.
- Duration: 5.50 min

Internationalisation of Danish furniture

- A classic model in explaining the process of internationalization is the one of Johanson and Vahlne according to whom there are two directions, or steps of internationalization;
- 1) an increasing involvement of the firm in the individual foreign country via sales and
- 2) a successive establishment of operations in new countries. In respect to the first direction, furniture in general proved a product category that exhibited strong export growth as international trade started to grow in the 1980s



How did Denmark become international player?

- The strong international reputation of Danish furniture is believed to be linked to two aspects;
- the foreign promotion of Danish furniture in the 1950s - and the consumption trends prevailing at this time.
- Per H. Hansen describes how Danish furniture already at an early stage was intensely marketed abroad, and via a well-organized promotion tour in the US in the 1950s the notion of “Danish Modern” was established



Danish furniture designers

- Danish furniture was closely related to several very influential Danish architects as Kaare Klint, Børge Mogensen, Hans Wegner and Arne Jacobsen.
- Hereby a conception of Danish furniture was established as a product of “high quality craftsmanship and design”.
- Combined with the trend of consumption prevailing in the middle of the twentieth century where the social status related to furniture made up an important feature of competitiveness.



Video collection of 16,17,18 century furniture

- Video link: <https://www.youtube.com/watch?v=19y7TRnqQIY>
- Short description: In the heart of the Périgord Noir, close to the famous Lascaux Cave, come and discover a unique collection of period pottery and furniture, a wealth of veritable chefs-d'œuvre from the different regions of France.
- Duration: 2.33 min

Importance of quality?

- Wedell Pedersen, explained that the export boom was based on quality, design and functionality. In the journal his views repeatedly were supported by financing and manufacturing experts.
- However, an important part of the explanation behind the increasing export of furniture was that Danish furniture companies already in the 1970s invested in efficient production facilities, which made Denmark very cost competitive.
- That being said, the production of wooden and upholstery furniture falls under the category of labor intensive activities and thus, it would seem obvious that the early involvement at foreign markets for the Danish furniture industry would facilitate a “full internationalization” as Danish labor costs started to rise in comparison to other countries.



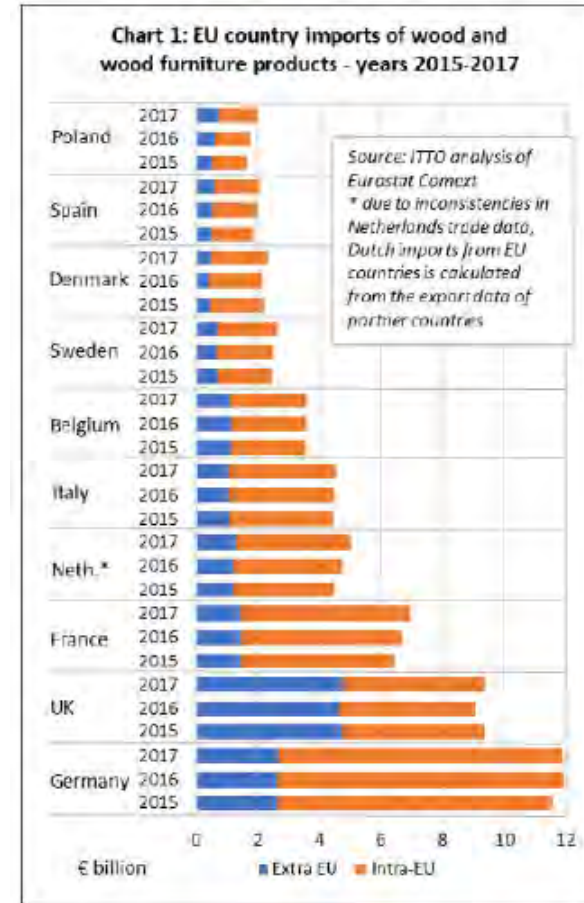
Outsourcing as a strategy

- Danish furniture companies, inspired by the textile industry, started to experiment with the use of manufacturing facilities located in Eastern Europe.
- For the majority of the Danish furniture companies making use of this option, this happened via outsourcing to foreign sub suppliers, but also a few Danish furniture companies established their own operation sites in Poland or the Baltic States in the latter part of the 1990s following an offshoring strategy.
- The reason behind this development being caused by the fact that the Danish furniture industry was characterized by very small producers, which did not have the financial power or the necessary international knowledge to establish their own operation sites in Poland or the Baltic states.



Import of furniture in Denmark 2015-2017

- As the figure illustrates, the import of furniture to Denmark, including both part manufactured
- The value of furniture import started to rise continuously, and breaking down the statistics behind this development indicates that this is a sign of increased outsourcing of production.
- More specifically this is visible when looking at the five most significant nations in terms of Danish furniture import; Italy, Poland, Germany, Sweden and China.



Historical reconfiguration of value chain strategies

- Pre-2000: Local manufacturing pushed to international markets
- Several types of furniture companies exists within the furniture industry, serving different product niches and consequently several variations of business models and value chain strategies apply.
- In their work from the late 1980s, Pade et. Al. looked into this matter, and from their analysis of the industry five categories of business models emerged

Business model	Value chain activity			
	Idea development	Manufacturing	Marketing	Sale
Integrated companies	Own development of new products, for instance in collaboration with international distribution channel	Own manufacturing of parts + Own assembly	Own marketing department	Own sales and distribution organization on the largest markets
Disintegrated companies	Involved in the new product development process, but in collaboration with external designers	Parts are manufactured by local subcontractors, but assembled at the premises of the company	Own marketing department	Own sales and distribution organization in Denmark, and typically a sales agent on foreign markets
Design consultancies	Development of new furniture designs for several companies			
Manufactures and Subcontractors		Manufacturing of complete furniture, or semi-manufactures for further processing or assembly		
Export agents			Works for several companies as marketing and distribution channel.	

Integrated companies

- Among the furniture companies, the integrated companies made up for the majority of companies in this period, serving the discount, the basis and the design segment.
- Characteristic for this type of companies in this period was that they altered their relation to the upstream activities. These were in this period represented by suppliers of raw materials, technology and labour.
- The raw materials were primarily imported from Norway, Sweden, Finland and Asian countries, and the sourcing started in this period to be made by the companies themselves, whereby this demonstrates an integration of the specialized supplier function.



Desintegrated companies

- Two distribution channels evolved; sales directly to the wholesaler or sale via a distributor, normally an export agent.
- The tendency with export agent was enforced by a Government initiative, financially supporting the remuneration of export specialists, with the consequence of an indirect disintegration of the distribution activities.
- Export associations were continuously established, and an example of a successful export association was FUMAC which still exists today, under a different concept though.



Video Art nouveau furniture

- Video link: https://www.youtube.com/watch?v=R3zIlubmw_s
- Short description: the most famous artists are Louis Majorelle, Emile Gallé, Victor Horta, Alfons Mucha, Hector Guimard this is available in Nancy (musée de l'école de Nancy) in Paris (Musée des arts décoratifs, Musée d'Orsay, Musée Carnavalet
- Duration: 17.07 min

Integrated companies-offshoring

- Offshoring refers to the relocation of a business process from one country to another, and in relation to furniture the business process moved out is typically manufacturing, which is then kept in control of the company via ownership of the production facilities.
- This allows the company to reduce manufacturing costs by making use of employees accepting a lower unit labour cost than it is the case at the home country.
- Hereby the economic logic is the one of comparative advantage.



Integrated companies-Automation

- Due to the increasing Danish labour costs, the companies pursuing local production, already at an early stage were forced to identify how to make up for burden of high Danish labour costs, and one option was to reduce labour costs via automation.
- The first companies started to experiment with automated production, for instance Tvilum Møbelfabrik and Scanbirk Møbler.
- For these companies automated production technology proved successful in making a new type of products, flat packed do-it-yourself' (DIY) furniture.



Integrated companies-high quality niche-production

- An alternative to low cost automated production for integrated companies is high quality niche-production of products with a high margin.
- Hereby this type of furniture naturally lends itself to the international conception of Danish furniture, as a product of high quality, and design-wise developed in a close collaboration between furniture architect and craftsman.
- The type of companies exploiting this niche is typically old companies having a long history of manufacturing in Denmark and possessing the design rights of some of the classic Danish furniture designs from golden age of the industry in the 1930-1950s.



Video Art Deco furniture

- Video link: <https://www.youtube.com/watch?v=NHsajqogmNI>
- Short description: art deco this and that wonder if those items but there is a style of furniture made in america primarily during shop furniture, decor at great prices on chairish. Art deco furniture history & style achieving the parisian art emily henderson. The art deco movement arose in the early 20 th century following 1925.
- Duration: 1 min

Why desintegrated companies?

- Due to the high Danish labour costs, several Danish furniture companies have made the strategic decision to outsource manufacturing, as this part of the value chain typically is the one most vulnerable to competition.
- Danish furniture companies, previously thriving due to strong competencies in manufacturing, have been challenged to identify other key competences.



The history of Bauhaus

- Video link: <https://www.youtube.com/watch?v=yZXOgqXlyUI>
- Short description: Bauhaus is a school of design established by Walter Gropius in Weimar in 1919, best known for its designs of objects based on Functionalism and simplicity that combined crafts and the fine Arts.
- Duration: 13 min

Production controller specialisation

- The furniture companies applying a production controller specialization strategy bridge the gap between design and manufacturing, which has evolved as outsourcing have grown to dominate.
- To this type of companies their competencies are anchored in their connection to, and control of foreign sub-suppliers.
- An example of a company who at an early state saw this market opening up, due to the problems many companies faced in finding reliable manufacturing partners was the company Zan Z, which ended up representing around 30 furniture- and interior-manufactures located in The Baltic States, Poland and China.



Branding specialisation

- Of the three types of disintegrated value chain specialization strategies, the one sharing most similarities to what is happening in the furniture industry's classic source of inspiration, the textile and fashion industry, is the branding specialists.
- The main focus of companies following a “brand specialist” strategy is branding and sales, while idea development and manufacturing is outsourced.
- Branding proved an important driver of furniture company survival in the transformation of the industry, from local production into global sourcing.

