

Those who came; came to buy: TCHFM exhibitors

TORONTO - Attendance was visibly off from prior years, but industry sources exhibiting at last week's Canadian Home Furnishings Market here reported those retailers who took the time to walk the halls of the International Centre were willing and ready to book new floor placements as they struggle to earn a share of what many believe will be a shrinking consumer dollar.



The Canadian Home Furnishings Alliance honoured its 2009 Retailer of the Year at a gala celebration to kick-off this year's TCHFM. Hugh Owen (right), CHFA vice chairman, presents the award to Christine Magee, president, and Stephen Gunn, chairman and chief executive officer of Sleep Country Canada.

More than one exhibitor noted that while the number of stores hosted during the four-day event was definitely down - by between five and 10 per cent by most estimates - the actual head count was off by an even greater margin. Exhibitors attributed this to cost cutting on the part of independent retailers.

"The people who are walking the floors are the buyers," said Jean François Michaud, president of the Quebec Furniture Manufacturers Association, owners and operators of TCHFM.

The attendance drop shouldn't be viewed as a lessening of the market's importance to the economy of the Canadian furniture industry. The QFMA believes, thanks to a research project it did in 2008 that more than 75 per cent of all purchase orders placed with Canadian furniture store vendors - manufacturers, importers or other members of the supply chain - come from retailers who attend TCHFM.

Although the major importer/distributors all reported their business was also fairly brisk, almost every Canadian manufacturer exhibiting was enthusiastically reporting that independent retailers, in particular, were "coming home." Although most execs note this movement away from the imports was first spotted in Toronto a year ago, it picked up speed in 2009 driven by several different factors.

"The how has actually been very good for us," reported Faizel Sunderji, vice president of upholstery specialist Dynasty Furniture. "Retailers are coming back and asking for Canadian made product."

Several retailers noted that customers in their stores are increasingly suspicious about the quality of Asia-made furniture and are beginning to ask more frequently about where a product is made before making a purchase decision.

On the economic side, many exhibitors cited both the value of the Canadian dollar and the emerging credit crunch as other key contributors to this move home. For example, Dynasty circulated a note to retailers telling them that the cost of imports - since these transactions are almost always in U.S. dollars - has risen 31 per cent in the past year alone. "A sofa that a deal paid US\$300 for in February 2008 now costs C\$393," the company said. "If they purchased a domestically manufactured sofa from Dynasty for C\$300, it still costs them C\$300."



The Canadian Home Furnishings Awards gala was the social highlight of this year's TCHFM. Here Laine Reynolds (left), chairman of the Canadian Home Furnishings Alliance, presents the Lifetime Achievement Award to Larry Rogers, president and chief executive officer of bedding major Sealy Corp.

Casual conversations with both exhibitors and retailers alike throughout the halls of the International Centre and in permanent showrooms offsite revealed that the banks are going to keep the industry - at all points along the supply chain from manufacturing through distribution to retail - on a very short leash at least for the coming months, if not longer depending on the depth and length of the anticipated recession.

This means independent retailers will be unlikely to tie up available cash in letters of credit to fund container loads of product from offshore. It may also dampen the urge to slash prices at retail to boost both store traffic and item turnover, even if Canadian consumer confidence continues to erode over the coming months.

"Overall, retailers are looking to buy more Canadian," Daniel Walker, president of case goods specialist BDM+ Furniture, said. BDM+ is the parent company of casual dining specialists Bermex and MI-DI as well as case goods producer Dinec. "They are adding floor placements."

Events around the market were well received. For example, the QFMA introduced two new conference sessions for this year's event, both of which were well attended. The Canadian Home Furnishings Alliance hosted its annual awards gala honouring both the 2009 Retailer of the Year and

the 2009 recipient of the Lifetime Achievement Award - who were Sleep Country Canada and Larry Rogers, president and chief executive officer of mattress major Sealy Corp., respectively.

With an uncertain environment, very few TCHFM exhibitors - or attending retailers, for that matter - were willing to forecast a banner 2009. Few industry execs are looking for any sort of significant turnaround before the opening of the second half. By that time, the new product unveiled at this year's Toronto market will be on the floor, hopefully ready to earn the consumer's blessing.

Written by Michael J. Knell. This story was first published on www.HomeGoodsOnline.ca on 20 January 2009. Copyright 2009 Windsor Bay Communications Inc. All rights reserved. Used with permission.