

Michael Knell's

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HGO merchandiser

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Volume Nine, Issue 3

The upholstery issue

A LOOK AT
THE STATE
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INDUSTRY
AND AN
OVERVIEW
OF ITS
PRODUCT
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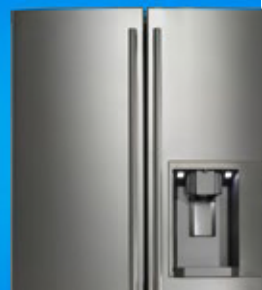
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8



ON OUR COVER: One of the recent bestsellers in the line-up from Canadian stationary upholstery house Brentwood Classics is the Quincy sectional, which is seen here in a velvet fabric called Prestige Pesto. This sectional has wide-angled arms, a loose pillow back and an eco-friendly construction using a sustainable kiln-dried wood frame supporting a sinuous wire spring system surrounded with a soy-based polyfoam cushion. Also available in leather or two other fabric choices. Leg colour options include black, gold and brushed chrome.



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Innovation is the key to the survival of the Canadian upholstery manufacturer. As our editor and publisher Michael Knell explains, in this edition the *HGO Merchandiser* looks at the current state of the industry. Our conclusion, it's a much smaller industry with a bright future but the world in which it completes is different from just a year ago.

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The raw numbers suggest Canadian upholstery manufacturing is fading fast. Even before the pandemic, these mostly small to mid-size enterprises (when compared to other industrial concerns) were facing a range of difficulties, but most producers are optimistic about their individual futures, which they recognise will be vastly different from what they known.

13 STYLES & TRENDS DECORATING IN THE TIME OF COVID

While the pandemic has pulverized many businesses and left entire industries hanging by a thread, the worst health crisis in a century has presented upholstery manufacturers with a unique opportunity to help housebound consumers make their spaces beautiful. Insights from contributing editor Ashley Newport.

19 INDUSTRY CALENDAR

This is a list of scheduled trade events that was valid at press time. The only truly all digital event currently on the calendar is the annual Consumer Electronic Show (CES) that will kick off the year beginning January 12, 2021.

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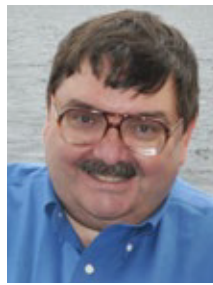


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The upholstery issue



MICHAEL J. KNELL

Innovation is the key to the survival of the Canadian upholstery manufacturer. In this edition, HGO looks at the current state of the industry. Our conclusion, its future is bright but the world in which it completes is different from just a year ago.

LOOKING JUST AT THE NUMBERS GIVES A DEPRESSING VIEW of the Canadian upholstery manufacturing sector. They tell us both the number of producers and the value of their shipments – to retailers here at home and in the United States – are shrinking at an alarming rate. But talking to the two dozen or so companies that account for most of those sales gives credence to the belief they're not going to die out in the immediate future.

In many ways, the pandemic is the proximate cause of their current levels of prosperity. Because of emerging trends, such as the increasing popularity of working from home and government restrictions putting a damper on travel and vacation spending, consumers are spending more money on their homes. Those restrictions have also slowed the flow of imports creating a heightened demand for furniture made in Canada.

How long will this last? That's the question no one can answer. As the fourth quarter of 2020 entered its final weeks, housing starts and consumer confidence – two key drivers of furniture sales – were beginning to falter.

Not long ago there were about 254 upholstery manufacturers. This past June, that number fell to 153 and of those, only about half had more than two employees. If you winnow that number further, it's obvious there are only about two dozen that employ more than 20 people. These folks certainly aren't planning to fade away quietly.

They are embracing technology, both on the factory floor to make their product and in the marketing department as they reach out to consumers to deliver their message of quality, value and flexibility.

And, as contributing editor Ashley Newport reports, they've innovating on the product development side, incorporating technology into fashion-forward designs. These producers are shaking off the price game, focusing instead on the upper price points where customisation is king and quality is the ultimate goal.

This suggests Canadian upholstery producers are here to stay. The challenges they face are difficult but their willingness to adapt and learn are standing them in good stead.

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DOWN BUT NOT OUT

The raw numbers suggest Canadian upholstery manufacturing is fading fast. Even before the pandemic, they were facing a range of difficulties, but most producers are optimistic about their individual futures, which they recognise will be vastly different from what they know. **BY MICHAEL J. KNELL**

IN MANY WAYS, THE PAST FEW months have been a godsend to most Canadian upholstery manufacturers. Despite, or perhaps because of the pandemic their backlogs haven't been this long since the bygone days when the Canadian dollar was trading for 75 cents U.S. or less. This boom isn't going to last forever, something that isn't lost on the men and women who are leading these companies in their fight to survive and thrive in a rapidly changing world.

It's also an open secret there's less Canadian-made upholstery on furniture store floors in this country at this point in 2020 than in the industry's history. An overview of the data published by Statistics Canada and Innovation, Science and Economic Development Canada (formerly Industry Canada) reveals a number of disturbing trends that collectively suggest this country's upholstery manufacturing sector is losing ground both at home and in its sole significant export market – the United States.

According to that data, at the end of 2012 there were 254 businesses in this country identified as upholstery manufacturers. In June 2020, this had fallen to 153 – with less than half declaring they employed more than one person. The overwhelming majority are in Ontario, Quebec and British Columbia. There are a handful in Alberta and Manitoba with one each in Newfoundland & Labrador and Saskatchewan. The sector is dominated by some two dozen firms, which range in size from Palliser – still held to be this country's largest upholstery

manufacturer – to a collection of 20 or so producers most of whom specialise in partnering with independent retailers. Then there are an unknown number of one and two-man shops crafting bespoke sofas that are often found in out-of-the-way places across the country.

An analysis of shipment data suggests by the end of 2019, the average output for a Canadian upholstery manufacturer was valued at \$3.27 million – down from \$5.58 million just a few years before.

Total upholstery shipments by Canadian manufacturers fell for the second consecutive year in 2019 to \$560.4 million – 3.7% below the \$582.2 million in 2018 and 29% off the recent high of \$786.4 million set in 2017. Canadian upholstery shipments to Canadian retailers were valued at \$289.9 million in 2019 – 7.8% down from 2018 and a 40% drop from 2017.

Collectively, Canadian manufacturers accounted for only 19% of the apparent market (the value of industry shipments less exports plus imports) for upholstered furniture at the end of 2019. They have been losing ground for the most of the past 15 years, but they suffered most heavily when the price for Canadian produced oil skyrocketed in the years immediately following the financial crisis of 2008, thereby strengthening the value of the Canadian dollar (particularly against the U.S. greenback) to record heights. This made upholstery exports more expensive and upholstery imports less expensive.

Today, upholstery manufactured and imported from the People's Republic of China accounts for approximately 45% of the apparent market for upholstery in Canada – up from 40% in 2014. Their share of the market is 2½ times larger than that of Canadian producers.

Imports from the United States have fallen in each of five years. In 2014, U.S. upholstery producers accounted for 39.6% of the apparent market – it had fallen to 19.3% by 2018.

Conversely, the United States is the only targeted export market for Canadian upholstery manufacturers. In fact, the retailers in



the U.S. currently consume roughly 45% of all Canadian upholstery production. Shipments to other trading partners – such as the European Union, the United Kingdom and the Middle East – are miniscule in comparison. As the U.S. falls out of favour with Canadian retailers, there are a handful of other countries moving in to compete with China. The most noteworthy of these are Vietnam, Italy, Poland, Malaysia and Mexico.

HOW DID WE GET HERE?

There was widespread agreement among the executives interviewed for this report as to the answer to that question: price. The aftermath of the recession suffered in the early 1980s launched a seemingly never-ceasing drive to push down retail prices across a number of consumer durables but most particularly furniture. Several industry leaders noted the key retail price point for a three-seat fabric stationary sofa has hardly moved over the past 30 years. Over the same period, the price of the typical family automobile has quadrupled, at the very least.

“The driving factor is price,” opined Diana Sisto, creative director for Brentwood Classics. Theodore Homa, general manager of G. Ro-

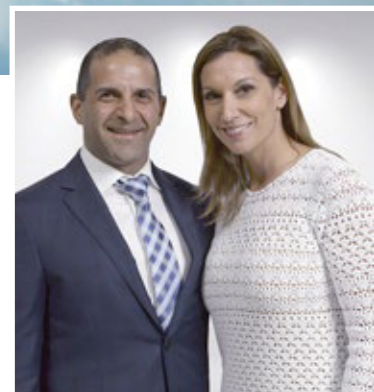
mano agrees. “Price has been the main driver. Our price structure doesn’t compare well with China and Vietnam.

This drive to maintain or lower retail prices is at least partially responsible for the offshoring of manufacturing from Canada and the rest of North America to low wage countries such as the People’s Republic of China, imports from which now account for half of all upholstery sold in this country.

Laine Reynolds, vice president of sales and marketing for Superstyle and its sister brand, Trend-Line, noted the Canadian upholstery sector wasn’t the only one to suffer this fate. The industry’s counterparts in the United States, Europe and other advanced economies lost similar ground.

“Unfortunately, Canada was not alone in allowing Asia to be the dominant force in our industry,” he observed, “China currently supplies approximately 45% of the global furniture market; whereby Canada provides around 2%. China – and more recently Vietnam – are low-cost environments presumably with government subsidies and we simply cannot compete at that level.”

He also noted as the retail landscape in this country changed over the past three decades,



**FAIZEL AND
KARINA SUNDERJI**
Dynasty Furniture



DIANA SISTO
Brentwood Classics



ERIC ABECASSIS
Elran Furniture



LAINE REYNOLDS
Superstyle Furniture

several retailers grew in both size and strength, meaning they could import product directly.

“At one point, we were a significant supplier to Brault & Martineau,” Romano’s Homa added. “As time went on, they began looking for cheaper sources of supply.”

Canadian upholstery producers note the larger Canadian retail furniture and home furnishings chains carry little or none of their product on their floors – especially if the merchant is competing in the promotional, entry level and mid-market price ranges.

“Additionally, those offshore companies gained a presence at the major U.S. furniture markets (such as High Point and Las Vegas), giving them a stronger connection to that marketplace,” Reynolds. This means upholstery has become a global commodity and Canadian manufacturers are competing with these low countries in every market they ship to. Free trade agreements provide no protection in the price wars.

FIXATING ON THE AMERICAN MARKET

Since the signing of the original Free Trade Agreement with the United States more than three decades ago, upholstery manufacturers in Canada have focused on that country as their primary export market. This isn’t to say individual producers didn’t have successful dealings with retailers from other countries, many did. For example, for many years both Superstyle and Brentwood Classics did business with retailers in Japan while Elran sold extensively in France and the Benelux countries and Stylus serviced customers in South Korea. For the past several years, the industry’s second largest export market has been the United Kingdom, but the value of those sales is dwarfs those to Canada’s single largest trading partner.

In 2019, the U.S. accounted not only for 97% of all Canadian upholstery exports, but 45.2% of all Canadian upholstery shipments. Those numbers haven’t varied greatly in recent years.

“The United States is the obvious choice for international expansion due to proximity, freight costs, language, similar design tastes,” Superstyle’s Laine Reynolds points out. “We are, in fact, first cousins with similar cultures. Comparatively speaking, the U.S. offers easier access than pioneering and promoting the brand overseas.”

Most executives concur geographic proximity continues to be the primary reason the industry has focused on that market. But there are other factors. American consumers have similar tastes in style and comfort levels as

their Canadian cousins. What’s more, homes are built to a similar scale on both sides of the border whereas they tend to be smaller in Europe, the United Kingdom and other international markets.

For many of the companies HGO spoke with for this report, the U.S. is their primary market outside of Canada. Angelo “J.R.” Marzilli, president of Décor Rest Furniture gave a typical response when he said, “15% to 20% of our business ships to U.S. and as we continue to grow this will increase to 25% to 30% over the next two years or so.”

While the Toronto-based fabric stationary specialist wants to look for other opportunities, Marzilli noted “We have explored other markets and will continue to grow exports to other countries, however, it will be at a much slower rate mainly due to the costs of freight and duty associated in doing so.”

For the foreseeable future these seasoned industry veterans don’t see much change in this arrangement. Most Canadian upholstery makers will concentrate on selling across the North American market. Pacts such as the free trade deal recently signed with the European Union may one day give a leg up to manufacturers looking to broaden their horizons but most also agree other issues – such as the ever increasing cost of freight – will slow those efforts regardless of when the current public health crisis ends.

CURRENT CHALLENGES

“Labour is our biggest challenge,” Eric Abecassis, president of Elran Furniture, remarked in an oft heard remark. Not just the cost of labour, but the availability of labour is proving difficult to overcome for many Canadian upholstery manufacturers. Most companies report they are losing a sizeable percentage of their most experienced upholsterers to retirement. They are simply aging out of the job. But, as with most other things, the pandemic didn’t help.

“A lot of people didn’t want to come back to work when we re-opened,” Brentwood Classic’s Dianna Sisto said, referring to the period following the provincial government ordered shutdown as part of the effort to contain the COVID-19 pandemic. And it just wasn’t because government benefits were thought too generous. People were also genuinely afraid the close quarters of the factory floor could mean exposure to the disease, however unintentional.

To combat that problem, most upholstery factories took steps to prevent spread of the virus. These actions ran the gambit from ensuring proper distancing between workstations,

providing the appropriate levels of PPE (personal protective equipment) and increasing access to hand sanitizers, among other measures.

“There is definitely a shortage of talent worldwide and it’s not a craft (upholstery) that is easily found,” Décor Rest’s J.R. Marzilli observed. “Finding skilled workers is key.”

“The labour market is highly competitive,” observed Jason Harris, vice president of sales and marketing for Stylus, Made-to-Order Sofas. The industry isn’t really seen as an attractive one to many younger people seeking work and pay scales generally lag behind other sectors of the economy.

In the effort to build a solid team, many Canadian upholstery manufacturers have created their own training programs and several industry executives have noted there has been a distinct upward pressure on wages for trained upholsterers over the past couple of years.

Besides labour, the rising costs and availability of components – such as seating foam, cover fabrics, steel for pocket coils and wood for frames – is also beginning to worry many Canadian producers. Prices rose in the first half of the year and another round of increases is expected in the first quarter of 2021.

Compounding this problem, lead times are

lengthening throughout the supply chain. In a recent report, one leading U.S. furniture industry group said lead times – from component supplier to manufacturer – are now at least 2½ longer in the closing weeks of the year than they were in the months leading up to declaration of the pandemic in March 2020. There are also no signs they will shorten in the immediate future.

Most Canadian manufacturers are actively looking to contain these costs through a variety of measures. For example, Dynasty Furniture. “We are looking at becoming more vertical in our manufacturing processes and getting better at forecasting our needs,” company president Faizel Sunderji explains. “For example, we are buying cut foam and gluing it ourselves. We are also producing our own frames. We can keep our costs down by doing some of these functions ourselves.”

Beyond the factory floor, manufacturers are also adopting new ways of reaching both retailers and consumers.

“We’re addressing all aspects of our business to strengthen our position in the industry, with a key focus of reducing our lead times,” Reynolds said in a commonly heard observation. “This involves strengthening our back of house, rationalizing our product of-



JASON HARRIS
Stylus Made to Order Sofas



THEO HOMA
G. Romano

The Apparent Market for Upholstery in Canada 2015 to 2019

In millions of current Canadian dollars

	2015	2016	2017	2018	2019	1H -2019	1H - 2020
Total Domestic Shipments	630.7	710.4	786.4	582.2	560.4	281.4	218.6
percent change	18.4	12.3	10.7	-26.0	-3.7	-6.0	-22.3
Total Canadian Exports	235.7	263.9	272.3	267.9	261.5	128.2	115.3
percent change	28.9	12.0	3.2	-1.6	-2.4		-10.0
share of shipments	37.4	37.1	34.2	46.0	46.6	45.5	52.7
Exports to the United States	231.6	259.6	267.4	260.2	253.4	124.4	111.7
percent change	30.9	12.1	3.0	-2.7	-2.6		-10.1
share of exports	98.2	98.4	98.2	97.1	97.0	97.0	96.9
Total Canadian Imports	1147.2	1146.4	1231.2	1244.3	1276.5	640.9	484.2
percent change	9.3	0.0	7.4	0.6	4.2		-24.5
Imports from the People's Republic of China	598.9	621.1	690.9	709.4	737.6	379.2	272.0
percent change	7.4	3.7	11.2	2.7	4.0		-28.3
Imports from the United States	389.5	354.7	332.6	301.5	280.1	137.5	96.4
percent change	-28.9	-8.9	-6.2	-9.7	-7.1		-29.9
Imports from the People's Republic of Vietnam	45.6	51.7	73.2	92.2	114.6	50.3	61.1
percent change	19.9	13.2	41.8	21.0	24.2		21.6
Apparent Market	1542.2	1592.9	1745.3	1558.5	1575.4	794.1	587.5
percent change	11.6	3.3	9.6	-10.2	1.1		-26.0
Imports - market share	74.4	72.0	70.5	79.8	81.0	80.7	82.4

Sources: Innovation, Science and Economic Development Canada, Statistics Canada, others
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Featured in this issue

The leadership and senior management of the following Canadian upholstery manufacturers provided us with background information, analysis and insight proving the way for the preparation of this report.



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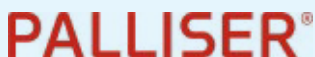
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fering and improving efficiencies throughout the process.”

While most concur their adoption was inevitable, the COVID pandemic forced many manufacturers to accelerate their use of a wide range of digital tools such as virtual showroom tours, sales meetings and trade shows to get their product in front of retail buyers.

LOOKING AHEAD

Despite the disturbing trends of the past decade or so and the uncertainty set off by the pandemic, most Canadian upholstery manufacturers are confident in their ability to weather the current storm. No one sees the sector passing out of existence in the foreseeable future.

Like everyone else, they can't wait for the pandemic to end which will hopefully happen with the introduction of a vaccine over the next few months. Beyond that, they see opportunity.

“Manufacturers have become fewer within North America,” Décor-Rest's Marzilli observes. “The key is to find the right partners – both retailers and suppliers – so we can maintain great value in our offerings.”

“The COVID disruption has to some extent forced retailers to realize the importance of strong and reliable domestic resources, buying Canadian product has at least temporarily become a priority,” Reynolds said. “As long as there are COVID restrictions in place and the consumers are uncomfortable travelling and dining out, our industry will continue to take a larger share of the disposable income.

“The pandemic has also created a migration and movement of people away from the cities and into the suburbs, necessitating furniture purchases,” he continued. “Hopefully, there will be a lasting mindset change toward making the home more comfortable and inviting.”

Many executives note there has been renewed consumer interest in buying locally – a movement they are well positioned to help retailers capitalise on. “Our goal is to focus on helping retailers tell a locally made, quality story,” Romano's Theo Homa said.

Canadian upholstery makers realise there's no simple solution to the challenges induced by a shifting market and the changes accelerated by the pandemic. They're going to use their experience, technology and their wits to create a prosperous future for their individual companies and the industry as a whole. Homa spoke for them all when he said, “We want to be the best Canadian upholstery company.” **HGO**

MICHAEL J. KNELL is the publisher and editor of Home Goods Online

Decorating *in the* COVID ERA

Under the contemporary low profile of the Lotus collection from Palliser are hidden a variety of functions such as in arm and seat storage, USB or optional wireless charging stations and motion elements that include swivel ottomans and bumpers, reclining corners and power headrests.

While COVID-19 has pulverized many businesses and left entire industries hanging by a thread, the worst health crisis in a century has presented upholstery manufacturers with a unique opportunity to help housebound consumers make their spaces beautiful. **BY ASHLEY NEWPORT**

THE LAST TIME THE WORLD ENDURED an economic meltdown, the furniture industry was one of its more significant casualties as it forced nervous consumers to pinch their pennies and put off purchasing that planned new sofa or occasional chair.

The COVID-19 crisis, on the other hand, has created opportunities for many Canadian furniture manufacturers to supply consumers – many of them stuck at home for the foreseeable future – with stylish chairs, cozy sofas and plush, comfortable sectionals.

HOW COVID IS IMPACTING DEMAND?

Although furniture makers were forced to suspend operations throughout most of the spring, many – if not most – reopened to find significant demand from retailers who couldn't keep inventory on the floor.

Hidden inside the sleek modern profile of the Apex from Palliser are a number of features and functions. There is in-arm and seat storage as well as USB and optional wireless charging stations. It also boasts cutting edge motion features such as reclining corners, swivel bumpers and power headrests.



The 7000 series is part of Elran's Art of Options collection. It includes four arm, two seat and three back styles with memory form and lumbar support. Power is also available on the motion pieces and can be covered in either fabric or leather.



The 4022 Finn collection from Elran has a contemporary design with clean lines and a full lounge seat. Covered in either fabric or leather, consumers can choose either power recliners and headrest or manual recliners with a ratchet headrest.

"I would have to say we're busier than ever right now, we can't keep up with the demand," says Theodore Homa, general manager at G Romano, a Montreal-based manufacturer specializing in contemporary stationary upholstery.

"People are spending more time in their homes, so they want good furniture now," he says, adding that people are also gravitating to locally made products. "I think consumers value locally-made products over imported products. There's always a segment of the population that is more price conscious, but those who can afford it are opting for locally-made products."

Homa says the uptick in orders makes sense, as people (many of whom are working from home indefinitely) are no longer spending on travel, restaurants, entertainment or many of the other items that usually took precedence over furniture.

"Some professionals have more disposable income right now, so the demand for our products is really high. It's a combination of more income, a desire for local products and the need to change up their environment," he observes.

The sudden uptick in demand surprised quite a few

Bench made by Brentwood Classics, the Wesley boasts scooped, cutaway arms that frame this deep sturdy sofa with a delicate row of nail head details on the sides. Built on an eco-friendly kiln-dried wood frame, the seat is made of a feather blend wrapped soy-based polyfoam on a web and coil spring system wrapped in a Crypton Home fabric.



manufacturers who weren't necessarily anticipating such a surge following the initial lockdown.

"From March until probably June, we saw a downturn in incoming orders, but after June we saw orders we haven't seen in the history of the company," says Bryan W. Rach, vice president of product technical and innovation development at the Winnipeg-based Palliser Furniture, which is the country's largest upholstery maker. "All of our retailers are experiencing the best retail they've seen in a long time. People are making decisions quicker when buying upholstery."

Other manufacturers agree business has rarely been better.

"There's pent up demand from consumers searching for better goods made locally," says Angelo Marzilli Jr., executive vice-president at Décor-Rest Furniture, a Woodbridge, Ontario-based stationary upholstery manufacturer. "The pandemic is reminding consumers that home is paramount and they're searching for long-lasting value price point items."

Most industry insiders concur both retailers and manufacturers are benefiting from reallocated vacation budgets.

"It seems like everyone is taking their vacation budget and putting it into their home. Whether it be renovations or moving, our industry is booming right now. We are so grateful and know how lucky we are to be experiencing this in the middle of a global pandemic," says Diana Sisto, creative director of Brentwood Classics, the stationary upholstery specialist based in Concord, Ontario.

Sisto says people are spending a lot more time at home and want to make their space as comfortable and attractive as possible. "People are spending a lot of time on their

sofas, whether it be working on their couch, having meals on their couch or having their kids using their upholstery much more since they've been home."

WHAT ARE PEOPLE BUYING?

Although people are spending a lot more time at home, they're not all looking to enliven their recreation rooms and living rooms with dramatic or daring pieces. Instead, many people are looking for comfortable pieces covered in classic and durable fabrics in warm, earthy tones.

"Sectional and modular seating remain a strong segment of the market. Sofa-chaise designs are included in this and continue to grow in popularity. Large scale designs and exceptional comfort is also key," says Laine Reynolds, vice-president of sales and marketing for the Woodbridge-based Superstyle Furniture and its sister brand, Trend-Line Furni-



The Axis group from G. Romano includes both chair (seen here) and condo sofa. The large feather seat and back provides comfort and the modern slip covered frame makes them ideal for a dynamic lifestyle. The slipcover is easy to change and additional covers are sold separately. Available in a range of fabrics with an optional swivel base for the armchair.



Seen here as a sectional, the Cove collection from G. Romano features smooth, clean, modern lines, highlighted by seamless seat and back. The contours are enhanced by a fabric flange, giving it a strong character and modern presence. Available in a wide variety of fabrics.



Josie, a stationary fabric covered sofa, is one of the latest additions to the line-up from Stylus Made-to-Order. Its seating features a stain barrier to make cleaning easier.



The Damon is one of the latest additions to Stylus Made to Order Sofas sectional offerings. Built on a solid wood frame with seats of high-quality polyurethane foam.

ture. “Occasional chairs with swivel bases are also in great demand today, along with recliners in both manual and power models.”

In a more conservative country where trends change slowly over time and consumers gravitate to neutral, on-trend colours and more classic designs (although this can vary by region), people appear to be looking for softness and comfort – two things people need at a time when a serious pandemic is keeping so many residents at home.

“We’re seeing a bit of an evolution in colour, but greys are still strong,” says Karina Sunderji, vice-president of Dynasty Furniture, whose home base is Calgary but with a satellite factory in the Toronto suburb of Mississauga.

“Canadians think more long-term when they buy, so they’ll look for a classic style with a neutral base. We’re seeing a large push on the creams, and blues are resoundingly strong. I think when people come into a store, their focus is on comfort,” she continues, adding buyers tend to look for something they can relax on.

“Maybe a wide track arm, maybe a lower, more contemporary look. People want more plush chenille fabrics, more softness. Not too formal, but not too rec room-like either.”

Pallier’s Rach says some trends that pre-dated COVID are still going strong, including stylish and sleek motion upholstery. “I don’t think this just started because the con-

The Escape is an occasional chair and ottoman from Stylus Made to Order Sofas. Its part of the company’s Architect collection which offers more luxurious and bigger backs to meet consumer demand for greater comfort.



sumer has always been looking for a La-Z-Boy-type recliner that goes in the basement, but motion furniture has become a centerpiece of people’s living areas now,” he explains, adding Palliser has spent the better part of the last decade designing motion products that look like stationary ones.

“We make it look like it belongs in a family room. We’ll give it legs or make it a sectional. We’re one of the first who started creating contemporary-looking products that look as good from behind as they look from the front.”

Rach’s colleague William Doherty, who’s in charge of furniture design, development and category management, points out consumer demand for motion upholstery hasn’t been hampered by the pandemic.

“One of the biggest trends in the upholstery category is motion upholstery. Both manual, but especially power motion upholstery has seen a tremendous surge in demand,” he says. “In addition to reclining seats, integrated technology (phone chargers, USB ports, etc.) has become very important.”

But while many consumers are opting for higher-tech pieces that complement their higher-tech lives, both Rach and Doherty say Palliser’s sofas and chairs are anything but mechanical in appearance.

“In contrast to the technology craze and the need to be connected we’re also seeing a continuation of the hygge trend/lifestyle,” Doherty says, adding people tend to prefer colours rooted in nature, such as warm whites, soft desert tones (clay, cactus, pottery and warm browns that lean grey/black) and neutral blues. People are also looking for jewelled-toned pieces.

“Muted jewel tones add a soothing and visually comforting feel,” he says, adding consumers also tend to connect with rounder-looking pieces made with natural materials, such as cotton and linen fabrics and light-toned wooden elements.

Those looking for funkier pieces tend to gravitate towards floral fabrics and pieces that pay homage to nature.

“Bringing the outdoors in with plants and floral/vine patterns adds to the sense of calm and helps us connect with the outdoors,” Doherty says.

Others say fabrics need to be as durable and family friendly as they are beautiful.

“Performance fabrics are also a hot trend,” says Brentwood’s Sisto, adding *Crypton* fabric, which is stain and spill



The L707 is the newest addition to the LeatherBrand collection from Superstyle. Its understated design features padded arms, tapered legs and detailed stitching. Seen here in a rich top-grain leather in a soothing Bluewater colourway.



The 4797 sectional is the latest addition to 'Living-Large Comfortably Chic' collection from Trend-Line, a division of Superstyle. The scale provides deep seating comfort and the multiple dramatic toss cushions along with the bold sweeping arms add to the look. Shown in an attractive contemporary combination of a grey-tone texture with subtle accents colours.

resistant, is popular. "We are selling a lot of Crypton Home fabrics, mostly in white. White furniture is a huge trend and people love that they can have white upholstery and feel confident that it can stay clean with little effort."

Sisto calls the use of the fabric 'a no brainer'. "It has great value and the looks are beautiful. It gives customers a piece of mind."

Other manufacturers agree customers are looking for fabrics that can withstand a spill or two.

"We're seeing the heavier texture coming back in with heavier chenilles. People also like our stain barrier because it makes the fabric easier to clean," says Jason Harris, vice-president of sales at Vancouver-based Stylus Made-to-Order Sofas, adding warmer beiges are making a comeback and he's seeing a shift away from browns.

"We're seeing people looking for cleaner accent patterns, a little less busy, a little more muted," he says. "One area of growth that we're seeing is in our *Architect* collection – bigger style, more luxurious, bigger backs, more tossed pillows. People are looking for comfort."

Eric Abecassis, president & chief executive officer of Elran Furniture, which produces both stationary and motion at its Montreal factory, says comfort and variety are key. "I would say that the primary goal in motion is total comfort."

"Our customers want one-stop shopping with an immense selection of fabric and leather," he continues. "People want clean, straight lines. Leather is still 50% of demand and we're strong in retail at all categories. Everything is selling right now. Every retailer has clientele and if I had to do a whole summary, I'd say the trend leans towards a transitional contemporary look."

Another interesting COVID-related trend, which is more apparent in the real estate market, is the renewed popularity of larger rural and suburban homes with spacious rooms and more outdoor space. Not unexpectedly, the thirst for the suburbs has translated to a desire for larger furniture.

"With the migration of the younger generation from the cities to the suburbs there is a renewed interest in 'big space' furniture," says Superstyle's Reynolds. "Trend-Line has expanded this category with our *Living Large* product category and our selection of fashionable, oversized designs capitalize on this trend."

Dynasty's Sunderji agrees that the shift to the suburb has translated to increased demand. "People are working from home a lot so they don't have to live downtown and they want to enjoy bigger spaces, so people are buying bigger homes and therefore more furniture. With larger spaces, more furniture is required," she says.

WHAT CHALLENGES DOES COVID CONTINUE TO POSE?

Although COVID has actually had a positive effect on the industry, it has posed some significant challenges in terms of securing raw materials, finding workers and ensuring that physical distancing can be maintained inside of manufacturing facilities.

"We were closed for 10 weeks and now labour and raw materials are in short supply, but thankfully business has been great for retailers across Canada and the U.S.," says Elran's Abecassis, adding, "We're hiring people now and we need to hire at least 100 people in the next four months," he says.

Faisal Sunderji, president of Dynasty Furniture, says there were some slight hiccups throughout the industry because retailers had to start firing on all cylinders to meet demand when consumers came running through the doors.

"Retailers weren't expecting this uptick and a lot of them had cancelled orders, especially from overseas manufacturers," he says, adding this created an opportunity for Canadian companies. "When we reopened, retail wasn't quite ready to re-fill orders but when there's uncertainty in the market, domestic manufacturers are there to ease that burden."

Karina Sunderji says that because of the increase in orders, delivery times are slightly longer than usual. "We've seen an increase in orders and in our lead time as a result. Fortunately, we only closed for a short time so we're able to plan ahead and we didn't have extensive lead times off the bat, so we're still running at a reasonable timeline."

Other companies have needed all hands on deck to keep up with demand from retailers.

"First and foremost, we're still working on fulfilling orders and we will feel the pressure to get our lead times back down, so we're dedicating as much capacity as possible to fulfilling our orders," says G Romano's Homa. "We shut

The 3900 sectional from Décor Rest features sinuous spring construction in either fabric or leather with a semi-attached back and box seat. The legs can be either wood or chrome and the sofa bed version is offered with a premium memory gel foam mattress.



The model 2963 from Décor Rest is a stationary group complete with sofa, loveseat, chair and ottoman. It features a sinuous spring construction with standard foam cushioning its tight back and box seat. Wood legs can be either turned or tapered.

down entirely for nearly two months. Everything we do is made to order, so people who were waiting two months for furniture had to wait four months. People have been very understanding for the most part and accepted that this is the market and this is what's going on. We stopped all development work on new models so we could dedicate our capacity to getting as much product out as fast as possible."

HOW HAS THE CRISIS IMPACTED MERCHANDISING?

With physical distancing measures in effect at retail outlets across Canada, the shopping experience has changed quite dramatically. That said, manufacturers aren't seeing a huge difference on their end when it comes to merchandising or their role in determining how their goods can be presented.

"Merchandising hasn't changed much other than many of our dealers are using our high-resolution images from our websites to populate their own," says Decor-Rest's Marzilli. "Consumers are shopping online for what they want and visiting their dealer of choice in their areas to finalize their order."

Other manufacturers agree they haven't had to provide retailers with any specific instructions in terms of staging, but all say the ways in which they show their pieces have had to change at a time when Zoom meetings are king and furniture shows are all but non-existent.

"Our showroom is now strictly appointment-only in order to keep our employees and customers safe. We are continuing to develop new products on our showroom floor, but we are being more proactive about providing point of purchase and sales tools so that our sales force can present to buyers virtually," says Brentwood's Sisto. "Fabrics introductions are sent directly to stores so they can touch and feel and our reps can follow up on floor placements virtually."

Stylus's Harris says the crisis has, in many ways, driven innovation. "We really focused on improving our web site experience and we invested in technology to help people visualize fabric on sofas. We've recently started adding

new product introductions to our YouTube channel. The sales team says YouTube is helpful."

Dynasty's team agrees. "I think it's a matter of being creative. We've sent pieces to warehouses and done Zoom calls to have them presented," says Karina Sunderji.

"Zoom has been a great thing even for fabric selections, as it lets buyers preview the product. We'll show fabric or frame over Zoom and we'll do a 360 video," she continues. "We have an in-house studio so we can send pictures of various angles and give the buyer a good sense of the piece. We'll let the client narrow down their selection and then send them a fabric."

Manufacturers also believe there's little risk of showroom floors being cluttered with excess product because goods are selling rapidly and consumers know exactly what they want when they walk into a retail store.

"Consumers are doing research beforehand," says G Romano's Homa, adding that even though his company doesn't sell directly to the end consumer, its web site is seeing an increase in traffic.

"Our web site has been an important part of our business. People are coming into stores with certain things in mind and they want to validate that the piece is comfortable and can be configured (as a sectional, etc.). People want to try in-store, but they do get educated online about our products," he says.

As for whether the high sales volume will persist into 2021, companies say while it's impossible to predict the future, there's no sign things are about to slow down as North America navigates the second wave of the pandemic.

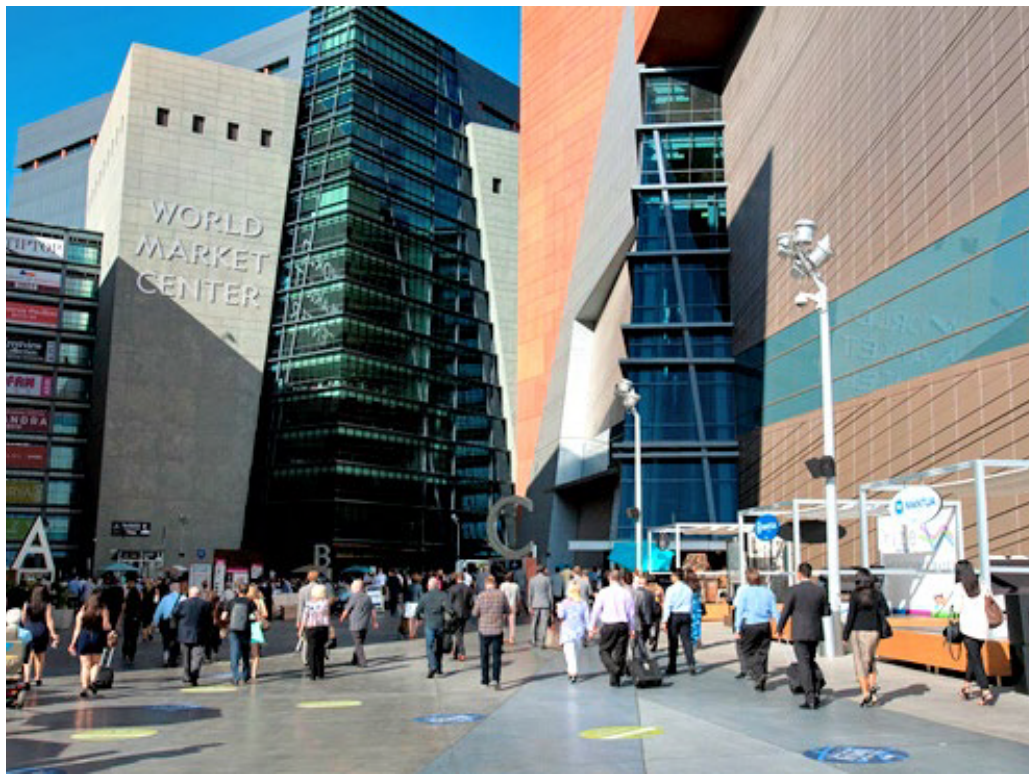
"Confidence has returned to the market because retailers have accommodated safety protocols. Customers feel comfortable, there's no overcrowding or anything," says Elran's Abecassis. "I hope that COVID-19 passes and we keep people supporting our business for another 150 years." **HGO**

A contributing editor to HGO Merchandiser, ASHLEY NEWPORT is a Toronto-based freelance journalist who writes primarily for trade and business publications. Her specialties include food, hospitality and emerging social/business trends

INDUSTRY CALENDAR

A view of the World Market Centre, home of the twice-yearly Las Vegas Market.

EDITOR'S NOTE: The following is a list of published dates for trade events of interest to Canadian furniture, mattress and major appliance retailers. Because of ongoing trade restrictions stemming from the COVID-19 pandemic, it is strongly urged interested travellers visit the organiser's web site before making any travel arrangements. The dates are subject to change and were accurate when this issue of the *Merchandise* went to press.



January 12 to 14

CES 2021

Digital Access Only
Consumer Technology
Association
ces.tech

January 24 to 28, 2021

LAS VEGAS MARKET

World Market Center
Las Vegas, NV
lasvegasmarket.com

January 31 to February 4, 2021

TORONTO WINTER FURNITURE SHOW

Canadian Home
Furnishings Alliance
Toronto, ON
chfaweb.ca

March 2 to 5, 2021

DX3 2020

Metro Toronto
Convention Centre
Toronto
dx3canada.com

March 8 to 11, 2021

MALAYSIAN INTERNATIONAL FURNITURE FAIR

Putra World Trade Centre
Kuala Lumpur, Malaysia
miff.com.my

April 17 to 21, 2021

HIGH POINT MARKET

High Point, NC
highpointmarket.org

April 18 to 21, 2021

ALBERTA GIFT & HOME FAIR

Canadian Gift Assn.
Edmonton Expo Centre
Edmonton, AB
cangift.org

May 13 to 16, 2021

INTERIOR DESIGN SHOW

Metro Convention Centre
Toronto, ON
interiordesignshow.com

May 23 to 26, 2021

SHOWTIME

International Textile
Marketing Assn.
High Point, NC
showtime-market.com

July 25 to 29, 2021

LAS VEGAS MARKET

World Market Center
Las Vegas, NV
lasvegasmarket.com

August 8 to 10, 2021

TORONTO GIFT & HOME FAIR

Canadian Gift Assn.
Toronto Congress Centre
Mississauga, ON
cangift.org

September 21 to 24, 2021

CASUAL MARKET CHICAGO

International Casual
Furnishings Assn.
The Mart
Chicago
casualmarket.com

September 28 to 30, 2021

INTERIOR DESIGN SHOW VANCOUVER

Vancouver Convention Centre
(West Building)
vancouver.interiordesignshow.com

March 8 to 10, 2022

ISPA EXPO

International Sleep Products
Assn.
Orlando, FL
sleepproducts.org



HomeGoodsOnline.ca

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