

# ECONOMIC HISTORY

## Going to Market

BY CHARLES GERENA

**Although furniture production has declined in the Piedmont region, buyers and sellers still flock to High Point, N.C.**

Furnitureland, U.S.A.” isn’t a theme park, though within its confines you can find “the world’s largest chair” and two larger-than-life dressers, each built onto the edifice of a building. Rather, it’s a region in the Piedmont of North Carolina and Virginia that once produced more than half of the nation’s wooden bedroom and dining room furniture.

Using a series of interconnected highways roughly shaped like a figure eight, a retailer looking for the latest home furnishings could visit dozens of North Carolina manufacturers in small towns whose names are synonymous with high-quality furniture — Lexington, Thomasville, Hickory, Drexel, Lenoir, and High Point, where a trade show has been held since 1909.

The High Point Market transforms every nook and cranny of the city for one week every spring and fall. Furniture makers exhibit their latest

The High Point Market also brings money — an estimated \$1 billion — into the regional economy annually. About two-thirds of that money is spent on the construction, renovation, and decoration of furniture showrooms. The remainder goes to local restaurants, hotels, retailers, and transportation providers.

Why do so many people cram into this small city twice a year? When Southern manufacturers became prominent players in the furniture industry after World War II, their regional market was located in High Point because it provided a central place for buyers right in their backyard. “It was a market of convenience for manufacturers,” says Wallace “Jerry” Epperson Jr., furniture analyst and managing director of Mann, Armistead & Epperson in Richmond.

Once High Point gave retailers what they wanted, its furniture market expanded in scope and eventually stole the international spotlight from Grand Rapids, Mich., and other centers of furniture marketing in the Northeast and Midwest.

Today, the geographic ties between manufacturers and the High Point Market are much looser. Furniture production has gone overseas and it isn’t as prominent in the Piedmont. Other cities have tried to steal the spotlight from High Point. Las Vegas is the latest contender, using the lure of spanking new showrooms along with its plentiful supply of hotels and entertainment options. Yet High Point remains the largest trade show for the furniture industry in the United States.

“What really makes it unique is the breadth of merchandise” available to buyers, Epperson notes. He and other observers believe it would be difficult for another regional market to reach this critical mass. “High Point has evolved over the last 90 years into



*Twice a year, tens of thousands of buyers and sellers are brought together in showrooms scattered throughout downtown High Point.*

offerings in 12 million square feet of showrooms scattered throughout downtown. Last March, an estimated 85,700 buyers and sellers from around the world came to High Point, almost doubling the city’s estimated population of about 97,800.

what it is today. Las Vegas' [market] began in 2005."

### The Need for Trade Shows

In an era of instant electronic communications, there is still value in the one-on-one interactions provided by trade shows like the High Point Market. By putting lots of buyers and sellers under one roof, they facilitate the exchange of ideas and market knowledge. They also reduce search costs — instead of companies sending out salespeople to chase down leads, interested buyers come to them.

This is especially important for furniture manufacturers. Since their product is large and bulky to transport, sales representatives are usually stuck with showing photographs or catalogs to potential customers. In the past, they carried miniatures to show off their company's workmanship.

"[Buyers] want to sit in the sofa, feel the fabric," says Harley "Buck" Shuford, former president of Century Furniture in Hickory, N.C. "I wouldn't want to buy a sofa without sitting in it."

Trade shows also help fill a vacuum in the distribution of furniture. The industry doesn't have an extensive network of wholesalers to serve as middlemen between retailers and manufacturers. Instead, they deal directly with each other or, in the case of a few companies like Ethan Allen and Ashley Furniture, producers sell directly to consumers.

Marketing has always been a challenge for furniture producers. In the 1870s, several Grand Rapids companies chartered railroad cars to carry their products from town to town for buyers to examine. A salesman or executive from the company would entertain customers and take orders as the car stood on a rail siding. Earlier, Boston manufacturers took their products to neighboring towns by boat, holding auctions at dockside.

Furniture manufacturers in New York and other parts of the Northeast began using warehouses to cooperatively market their products during the 1880s. Still, "buyers had to go from one small display to another at great

expense and inconvenience," wrote David Thomas in a 1967 article on the furniture industry. Eventually, producers recognized the need for a better marketing vehicle and discussed creating a general exposition where they could show their products to a large number of buyers simultaneously.

During the summer of 1891, the first New York furniture market was held in an 89,750 square-foot building in Manhattan's Upper East Side. It attracted more than 1,000 buyers and 79 exhibitors over a four-week period.

Traditionally, furniture markets have formed near centers of production. As manufacturers clustered in certain regions to tap into new supplies of lumber and labor, new markets were created to link buyers and sellers.

The first market in 1874 was held in Boston since many producers were located in New England. Later, Swedish furniture makers that clustered around Jamestown in western New York and Dutch furniture makers near Grand Rapids held their own markets. Several exposition buildings went up in Chicago between 1896 and 1924 to reflect that city's emergence in the furniture industry.

North Carolina manufacturers also attended the furniture markets in New York, Grand Rapids, and Chicago. Though they had mass-produced furniture since the 1880s, it would take several decades for them to form a market of their own.

### The Early Years

Furniture had been made in North Carolina as far back as the 1700s. Craftsmen who immigrated to the Tar Heel State used the skills and tools they brought with them to transform oak, cherry, maple, and other native hardwoods into fine handmade chairs, tables, and beds. Only limited quantities of furniture were made and only for local consumption.

But by 1900, 44 plants churned out furniture in North Carolina, many of which had their own showrooms. More than a dozen of these large-scale, mechanized factories were located in

High Point, making it a natural location for Southern manufacturers to market their goods centrally.

A small showroom was financed by a group of High Point's leading producers in 1905. Another larger showroom was opened by a rival exposition company in 1906. For three years, both facilities stayed open year-round to entertain the buyers who occasionally visited High Point. Then, the two companies joined forces to stage a trade show to rival the big events in New York, Chicago, and Grand Rapids. The first formal furniture market in High Point was held in March 1909, followed by a second event in the summer.

Both shows failed to meet people's lofty expectations and plans to hold a biannual market were scuttled. "Southern production of furniture had not by that time reached a level high enough to attract buyers in large numbers" to a regional market, David Thomas noted in his article. The establishment of such a market "was a vast undertaking for a producing center only 20 years old." Instead, individual manufacturers continued to display goods at their factory showrooms and in exhibition spaces throughout High Point as their business continued to grow.

The idea of a large formal market came up again four years later. High Point manufacturers chipped in \$2,000 to hold the Southern Furniture Exposition in showrooms scattered throughout eight buildings. For a little more than two weeks during the summer of 1913, the exposition attracted about 100 exhibitors from throughout the South — mostly from North Carolina — as well as a few Northern producers. But the attendance of 300 to 400 people was below projections. Another exposition took place in January 1914 with similarly disappointing results. World War I put future events on hold as furniture production shifted to satisfying wartime needs.

In 1919, Southern furniture manufacturers tried again to capture the industry's attention. This time,

the Southern Furniture Exposition Company purchased property on South Main Street and invested \$1 million to build a permanent exhibition center two blocks south of the railroad station. The building opened in June 1921, presenting the wares of 149 manufacturers in 249,000 square feet of showrooms.

By the end of that month's market, 700 buyers from 100 cities had placed more than \$2 million in orders. This success was, in part, attributable to the wider variety of grades and price points available from Piedmont furniture producers in the 1920s.

Over the next decade, High Point's trade show became known as the Southern Furniture Market. It remained primarily a regional event, though department stores like Macy's and Marshall Fields sent representatives and most of the country's furniture-producing centers put some goods on display. The growth of the market's breadth and depth reflected the continued expansion of the furniture industry in North Carolina and elsewhere in the South, while the industry itself benefited from rising incomes and booming home construction nationwide. By 1931, about two-thirds of Southern furniture was sold in other regions.

### **The World Comes to High Point**

The Great Depression interrupted the furniture industry's growth. In High Point, attendance at the Southern Furniture Market fell in the early 1930s as manufacturers went bankrupt or consolidated.

The market recovered with the economy in the latter part of the decade. More buyers stopped in High Point on their way to or from the larger markets in Chicago, New York, and Grand Rapids. Not only did Southern manufacturers give them more of what they wanted — North Carolina and Virginia accounted for about one-third of all bedroom and dining room furniture made in the United States by 1937 — but it was easier to get to High Point due to enhancements in rail and

road transportation. The result was a record-setting 2,485 buyers crowding the Southern Furniture Exposition Building in 1936, the facility's 15th anniversary.

The regional market in High Point was suspended during World War II. It didn't reopen until January 1947.

In the meantime, people began to worry about losing the market to another Southern city. A May 7, 1945, editorial in the *High Point Enterprise* discussed the possibility of the market moving to Atlanta or Roanoke, Va. Buyers were complaining that High Point was a "hick town" where there was nothing to do but stay cooped up in a hotel. Atlanta also had more entertainment choices and hotel rooms than High Point at the time. The editorial's writer suggested that the city boost its entertainment offerings by staging a golf tournament, a nightly cabaret show, or other events during market season.

Despite these fears, the first postwar Southern Furniture Market drew 5,000 buyers from 34 states, almost double the number expected. Attendance grew to 6,500 in 1950, thanks in part to a 10-story addition to the Southern Furniture Exposition Building.

The regional market continued to be held every January and July, the same months as the larger furniture trade shows in Chicago, Grand Rapids, and New York City. In addition, a growing number of buyers visited Southern manufacturers in between these selling periods, prompting producers to maintain permanent exhibition space. Producers eventually held informal showings every April and October.

Roy Briggs, a furniture consultant who has attended every furniture market in High Point since 1936, recalls this period in the market's evolution. In the late 1940s, Burt Tuxford, a salesman for Drexel Furniture, started getting complaints from the large department stores that were his key customers. The July markets gave them little lead time in advance of their traditional August promotions for new furniture lines.

Tuxford invited buyers to see his company's products at its factory in April, Briggs continues. They could ask for different handles or other design changes and have their orders filled. At first, Macy's, Bloomingdales, and a few other retailers accepted Tuxford's offer. Eventually, most of the major buyers started coming in April instead of July. While they were in town, they would stop at other firms nearby.

Feeling bypassed by High Point's informal markets, Chicago began holding spring and fall markets in 1955. In response, the organizers of the Southern Furniture Market set dates for the April and October gatherings the following year. This expanded their formal market to a quarterly affair until the January and July editions, which declined in importance, were discontinued in 1982.

Despite resistance from some furniture makers, the spring and fall markets grew in importance during the 1950s and '60s. Department stores wanted a first look at the latest designs since they had to plan and purchase their goods well in advance of their traditional August and February sales. A broad range of producers from around the country came to High Point to do business with these stores and other buyers.

Foreign buyers and producers also started attending the markets. This reflected the globalization of the furniture industry as a whole, facilitated by the introduction of containerized shipping in the 1950s.

Interest waned in other furniture markets. Grand Rapids held its last market in 1965, while Chicago and New York markets lost their "big show" status. Articles published by the *High Point Enterprise* in October 1960 captured the changing preferences of buyers. "Chicago has become no more than a courtesy call for our buyers," noted an executive from a small department store chain in Milwaukee. "I don't go to Chicago anymore. Everything I need is in the South," said another buyer from Massachusetts.

Indeed, market timing was only one factor behind this shift in preferences. Furniture manufacturing in North Carolina continued to expand in volume and scope, yielding distinctive, stylish pieces that matched the quality of Northern manufacturers. "Southern firms literally leaped a giant step from a small regional industry to one selling nationally," noted Isadore Barmash, editor of *Home Furnishings Daily*, in an Oct. 24, 1960, *Enterprise* feature. Additionally, some Northern producers opened plants in the South to tap the cheaper, nonunionized labor force.

In 1989, the event was renamed the International Home Furnishings Market to reflect its role in the global furniture industry.

### Now What?

Today, High Point hosts *the* trade show for the furniture industry, but it's not the only one. Buyers and sellers gather at regional markets throughout the United States, including Atlanta, Chicago, Dallas, Las Vegas, New York, San Francisco, Seattle, and Tupelo, Miss.

Overseas, regional markets are held in Birmingham, England; Guadalajara, Mexico; Tokyo, Japan; and Dubai in the United Arab Emirates. Cologne, Germany, attracted 115,000 visitors to its furniture trade show last January, but 34,000 were from the general public so it's still slightly smaller than High Point's business-to-business-only event.

Srinath Gopalakrishna, a marketing professor at University of Missouri-Columbia, explains why there are so many trade shows. Producers may send their best salesmen to smaller regional shows because they are more

likely to meet up with their local customers and less likely to be overlooked. At the same time, an international show like the High Point Market can demonstrate a producer's prominence in an industry.

Before Buck Shuford retired from Century Furniture in the 1990s, the company operated showrooms in Dallas, Chicago, and San Francisco in addition to High Point. It was an added expense for Century, but "there were a certain number of customers who didn't want to come to High Point," Shuford says. Some local retailers prefer to attend the regional shows that are the closest to them in order to save time and travel expenses. Also, "a lot of retailers do business with a limited number of resources. They don't feel the need to look at hundreds of potential resources in a big market."

Nevertheless, High Point remains a leading choice for most major furniture manufacturers. Attendees still complain about the lack of hotel rooms during market season — they often rent houses from residents or stay at hotels as far away as Charlotte. The nearest airport, Piedmont Triad International, serves fewer cities and has far fewer flights than other airports in North Carolina. And High Point has never had a happening nightlife. But showroom space in High Point is about one-third to one-quarter of the cost of space at the emerging Las Vegas Market, according to Greensboro-based furniture industry consultant and blogger Ivan Saul Cutler.

This may give High Point an edge over Las Vegas, which drew more than 60,000 people to its 3.5 million square feet of showrooms last winter. "They have nice facilities and a lot to offer

that High Point doesn't have," Shuford admits. But he doesn't think Las Vegas will become a competing national market because showroom space is more expensive. "You get twice as much space for a lot less money in High Point."

On the other hand, the Las Vegas Market is held several months earlier than the High Point Market, giving buyers the same advance access they enjoyed when coming to High Point instead of Chicago decades ago. Some furniture manufacturers have responded to this trend by keeping their High Point showrooms open all year long.

Furniture manufacturers have spent much of their careers and millions of dollars in High Point. That's no guarantee some won't opt for the glitz of Las Vegas in the long run, however. Last spring, the High Point Market drew 14 percent fewer attendees than spring 2006, the first time that market organizers used a central registration system to obtain an accurate headcount. Meanwhile, the estimated attendance at the last Las Vegas Market was 20 percent above the average attendance for the previous three shows. And, Vegas' furniture showroom space could match High Point's 12 million square feet by 2013.

Given the pressure on some buyers and sellers to attend fewer trade shows, some observers believe the industry may end up with two major markets: one in High Point to serve the East Coast and one in Las Vegas for the West Coast. In the meantime, the High Point Market fights an increasingly competitive battle to keep its status as the world's pre-eminent furniture trade show. **RF**

### READINGS

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