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2008 American Home Furnishings Alliance (AHFA) Sales Planning Guide
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Introduction to the Sales Planning Guide

The 2008 Sales Planning Guide is the twenty-fifth edition of this book for the American Home Furnishings Alliance. Many members consider it one of the most valuable member services.

Because every year there are first-time users of this guide, some background material has been included to underscore the usefulness and potential of this service. Research methodology, basic terminology, and general applications of the Sales Planning Guide are discussed below in the introductory section. Section I contains summary tables for different product lines. The first table in this section contains total household furniture sales ranked by metropolitan area. States are ranked according to sales volume by major retail outlet for each product line in the next 12 tables in Section I. Since the state rankings represent summary data, all of these tables are grouped together.

Section II also contains state-ranked summary tables for different product lines. The sales information in this section, however, is calculated on a per household basis. Also included is a Market Index which calculates each state's per household sales as compared to the national average (U.S. Index = 100)

Detailed figures for metropolitan areas are found in Section III. The tables in this section contain figures for the metropolitan areas in each state for total household furniture sales and then for the various product lines.

METHODOLOGY

The data contained in Sections I and II of the Sales Planning Guide are estimates of retail sales of household furniture expressed in terms of the retailer's cost. Estimates of total sales of department stores and furniture stores of metropolitan areas are obtained from the Devonshire Econometric Data Series. AHFA sales factors are used to disaggregate the totals.

The estimates for retail stores are separated into basic product lines and the gross profit realized on household furniture is deducted. The final figures and those which appear in the Sales Planning Guide represent the expenditures by furniture retailers for the merchandise they sold. Inventories are not included in the base data nor are they part of the figures in the Guide. Therefore, the sales estimates found in Section I, II, and III provide a measure of replacement potential and not sales which might go directly into inventory. Subtracting gross profit from the retail sales figures leaves sales figures which are not directly comparable with sales of a furniture manufacturer.

SUMMER AND CASUAL SECTION

Sales of Summer and Casual furniture are included in the Guide. You will note that the amount listed in Summer and Casual is less than half of the generally accepted total. Sales through pool and patio shops, variety stores, hardware stores, etc. account for the bulk of casual furniture sales. Discount department stores, and other stores, are included in a special supplement for all SCFMA division members.

TYPE OF STORES COVERED

As shown above, the major retail outlets for household furniture are Furniture Stores and Department Stores. In terms of the database used to construct the Sales Planning Guide, a Department Store is defined as an establishment primarily engaged in retailing a wide range of the following new products with no one merchandise line predominating: apparel, furniture, appliances and home furnishings; and selected additional items, such as paint, hardware, toiletries, cosmetics, photographic equipment, jewelry, toys, and sporting goods. Merchandise lines are normally arranged in separate departments.

A Furniture Store retails new furniture and home furnishings from a fixed point-of-sale location. Establishments usually operate from showrooms and have substantial areas for the presentation of their products.

Section IV contains retail sales totals for household furniture sold through Non-Store Retailers. Non-Store Retailers include electronic shopping, mail-order houses, and direct selling establishments.

COUNTY SALES OF HOUSEHOLD FURNITURE

This Sales Planning Guide includes a list of the total sales of household furniture by metropolitan area and county for all 3,141 counties in the United States. Unlike the other figures in the Sales Planning Guide, these numbers are estimates of the retail value of the total furniture sold in these areas – the other numbers in the book (with the exception of Section IV) are all at Manufacturers' Invoice value.

The County Data Section is broken out by Metropolitan Area within each state, followed by a complete listing of counties within the state. In addition to providing valuable retail sales data, the county listing defines the precise composition of each metro area used in the Sales Planning Guide.

A complete alphabetic listing of Metropolitan Statistical Areas and their county-based definitions is included in the Appendix.

CATEGORIES OF FURNITURE COVERED

Estimates of furniture sales presented in the Sales Planning Guide are separated into a number of furniture categories/product lines. The categories are identified as follows.

1. Upholstered – All living room upholstered furniture except dual purpose sleep equipment.
2. Dual Purpose Sleep Equipment – Sofa beds, studio couches, etc., which can be converted into sleeping equipment.
3. Recliners.
4. Living Room Wood – (Tables): Occasional tables and other wood living room and den furniture, including wall units and desks.
5. Dining Room – Dining tables, chairs, buffets, servers, etc.
6. Bedroom (excluding Juvenile) – Headboards, dressers, chests, etc.
7. Casegoods – Total of dining room and bedroom furniture as defined above.
8. Other – Total of kitchen, dinette, juvenile, and unfinished furniture.
9. Summer and Casual – Porch, patio, and other outdoor furniture.

METROPOLITAN AREAS

The metropolitan areas listed in the Sales Planning Guide are individual Metropolitan Statistical Areas (MSAs) as defined by the Office of Management and Budget of the Federal government. Please note that the MSA designations included in the Sales Planning Guide have changed from previous years. In June 2003, the Office of Management and Budget announced revisions to its geographic Census definitions. The previous Metropolitan Statistical Area standards were replaced by Core Based Statistical Areas (CBSAs). The CBSAs contain both metropolitan and micropolitan statistical areas.

These Metropolitan Areas, which are prime targets because of the concentration of consumers in a relatively small geographic area, generally contain a central city or urbanized area with a population of 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting. The boundary lines of official MSAs follow county lines except in New England, where towns and cities are used. However, to standardize the Sales Planning Guide database, the New England MSAs are defined along county lines as well.

SUGGESTED USES OF THE SALES PLANNING GUIDE

The Sales Planning Guide provides a broad spectrum of data covering retail furniture activity for metropolitan areas and product lines. The Guide is an indispensable and unique management tool which can be used in a number of ways. Some suggested uses of the Guide are:

1. Setting Sales Quotas – Realistic estimates of your expected sales by cities, states, sales representatives, and in total.
2. Evaluating Sales Representatives – A fair and equitable method of judging your sales representatives and their sales efforts, based on total available business.
3. Sales Territories – Equalizing sales opportunities, improving coverage, fringe territory possibilities, new territories.
4. Bonus Quotas – Bonuses based on quality of performance. Equalizing bonus opportunities.
5. Changes in Sales Potentials – Sales emphasis adjusted to fluctuations in potential sales. New expanding markets receive special attention.
6. Advertising and Sales Efforts – Measurement of the effects of advertising and sales efforts, apportioning advertising appropriations, determining areas which need or merit greater sales effort.
7. Selecting Outlets – Relative importance of department and furniture stores, weaknesses in coverage.
8. Testing sales of new products or lines against known potentials.