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A BRIEF REVIEW OF THE FINNISH FURNITURE INDUSTRY<sup>1/</sup>

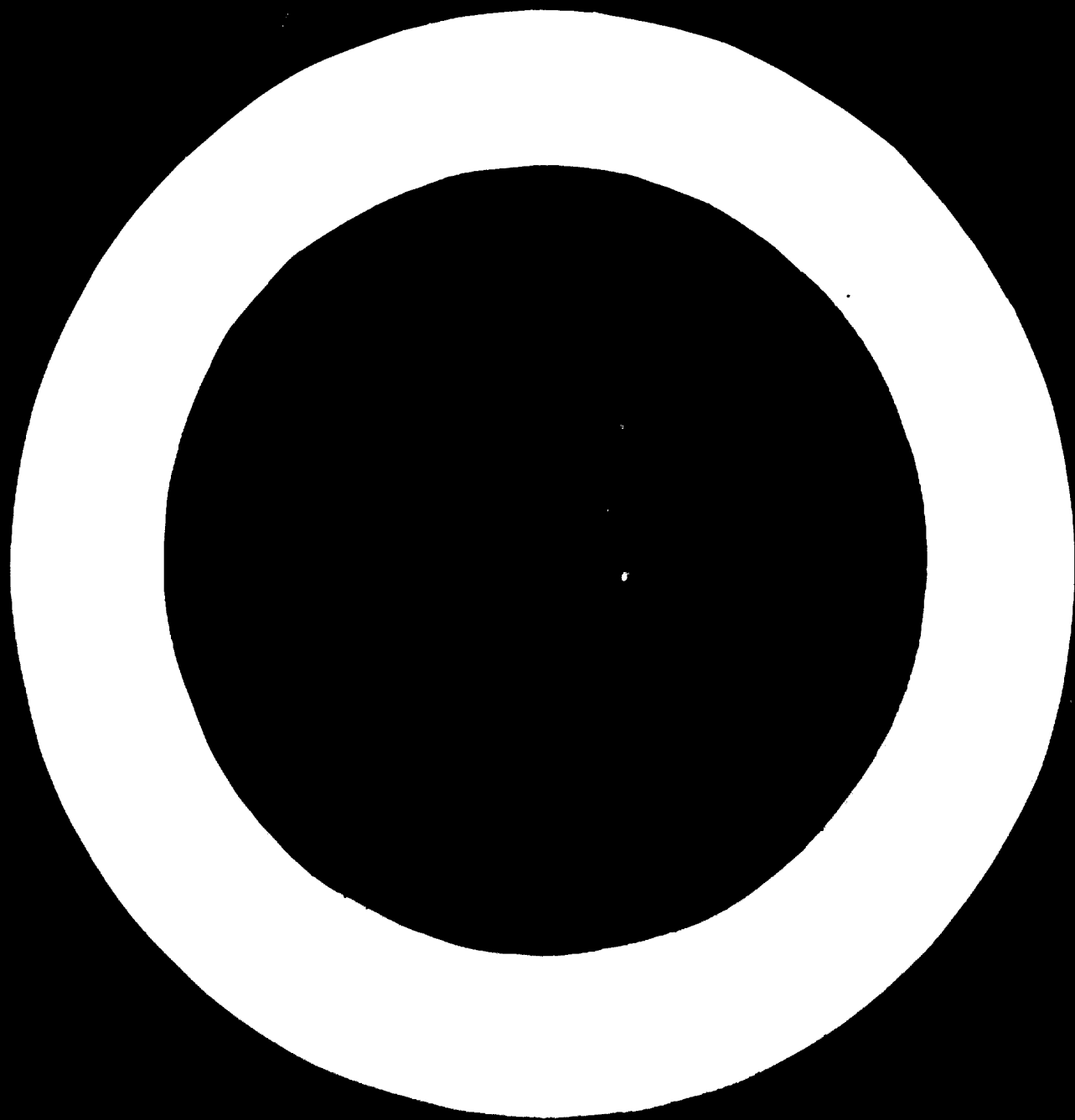
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## A BRIEF REVIEW OF THE FINNISH FURNITURE INDUSTRY

### 1. Introduction

Traditionally the furniture industry has been regarded as a part of the mechanical woodworking industry. Though this definition of branch, which is based on the raw material, is correct in general it should however be understood that the furniture industry also manufactures products made of raw materials others than wood. Steel, fibre glass and plastics today are significant raw materials in the furniture industry.

The Finnish furniture industry constitutes 1 per cent of the value of the industrial production and 4.5 per cent of the labour force. The wages constitute about 30 per cent of the value of the production, compared to 17 in industry as a whole. In 1968 there were 154 establishments in the furniture industry. They employed about 8000 people. However the six biggest establishments covered not less than 78 per cent of total production. The two biggest furniture factories in Finland are also the biggest ones in Scandinavia.

Traditionally the furniture industry has been a domestic market industry. The exports of furniture have however increased very rapidly during the last ten years. Exports in 1970 were 77 million marks, which is about 25 per cent of the production.

### 2. Production

The mean increase in the value of the production of the furniture industry (taxes and discounts deducted) was from 1960 - 68 annually 11 per cent which exceeds the mean growth

in the industry (9.8 per cent/year). The average growth of the wood furniture factories was 11.1, of the upholsterics 7.6 and of the steel furniture factories 10.5 per cent annually.

The Finnish furniture industry is concentrated to the middle and southern parts of the country. The biggest establishments are situated in Lahti and its vicinity.

### 3. Raw materials

The main raw material for the furniture industry is still birch. The second most common raw material is pine. The use of different kinds of fine woods vary according to fashion. Oak and teak were in fashion during the 1950's and 1960's. Mahogany and walnut are used in the manufacture of traditional furniture.

The use of plastic as raw material has increased rapidly in recent years.

Steel sheets and pipes constitute the main raw material for the metal furniture industry.

### 4. Marketing

The marketing in Finland of furniture is organized rather unusually. The big manufacturers have their own retail outlet chains. Some producers also have a few retail outlets.

In 1959 several small manufacturers and furniture retailers formed an organization to compete with the big manufacturers.

It now has about 20 per cent of the domestic sales. Independent retailers have a market share of about 30 per cent.

5. Exports

The annual increases in the exports of furniture have during the 1960's been very substantial. Total exports in 1970 were 77 million mark Major export countries where Sweden, the Soviet Union, the German Federal Republic and the United States.

6. Imports

Imports of furniture to Finland have never reached any significant totals. Imports in 1970 were 30.6 million marks.

7. Cost structure

The furniture industry is more labour intensive than industry in general. The cost of the raw materials are because of the high degree of refinement less than in the industry in average.

The returns on capital investments exceed those of the industry in general.

Statistical supplement

1. Number of establishments

	1960	1968
Wood furniture factories	121	116
Upholsteries	22	16
Steel furniture factories	<u>14</u>	<u>22</u>
	157	154

2. Gross value of production (million marks)

	1960	1968	1969
Wood furniture factories	74	172	
Upholsteries	5	9	
Steel furniture factories	<u>13</u>	<u>29</u>	<u>1</u>
	92	210	260

1) preliminary figure

3. Exports (million marks)

1960	7.4
1966	20.6
1967	30.5
1968	45.2
1969	65.5
1970	77.1

4. Exports by country, million marks (1970)

Sweden	26.1
Soviet Union	19.4
Germany (GFR)	7.9
USA	6.2
Denmark	3.5
Great Britain	2.5
Norway	2.0



5. Imports (million marks)

1961	2.1
1966	12.3
1967	16.0
1968	15.7
1969	19.1
1970	30.6

6. Cost structure (per cent of gross value of production)

	Industrial production		Wood furniture		Upholsteries		Steel furniture	
	1960	1968	1960	1968	1960	1968	1960	1968
Wages	16	17	31	32	27	23	34	30
Raw materials	66	63	47	49	55	54	43	40
Gross coverage	<u>18</u>	<u>20</u>	<u>22</u>	<u>19</u>	<u>18</u>	<u>23</u>	<u>23</u>	<u>30</u>
	100	100	100	100	100	100	100	100

7. Wages per annum, marks (1968)

Wood furniture factories	8 200
Upholsteries	7 600
Steel furniture factories	8 600
All furniture manufacturers	8 300
Industry	10 000

8. Capital goods per labourer, marks (1968)

Wood furniture factories	13 300
Upholsteries	7 200
Steel furniture factories	12 800
All furniture manufacturers	13 000
Industry (1967)	(45 600)

9. Number of people working in the furniture industry

	1967	1968	1969 <sup>1)</sup>
Owners working in the establishment	91	82	96
Salaried employees	1162	1180	1212
Wage earners	6247	6330	7680

1) preliminary figure

10. Wages mk/hour

	Men	Women
1961	2.39	1.68
1962	2.53	1.76
1963	2.69	1.94
1964	3.09	2.25
1965	3.36	2.47
1966	3.52	2.61
1967	3.79	2.91
1968	4.08	3.14
1969	4.60	3.58
1970	5.15	4.01
1971 (February)	5.56	4.47

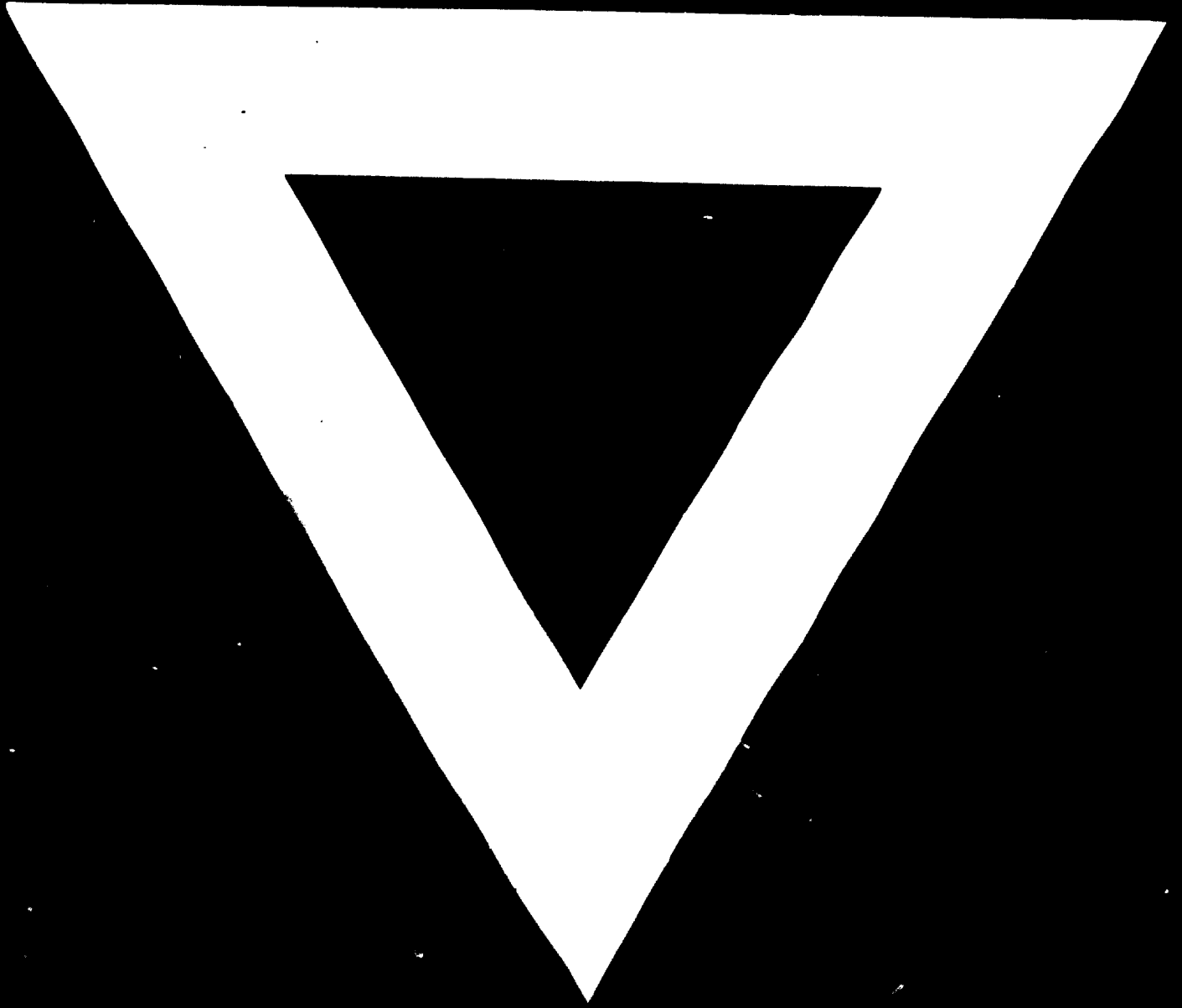
**Sources:**

Central Statistical Office

National Board of Customs,  
Statistical Office

Federation of Finnish Employers





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