

BORN IN THE USA

AS LABOR AND SHIPPING COSTS IN ASIA INCREASE, VALUE EQUATION IS CHANGING



Homecrest's outdoor pillows fill the boat and represent the work of approximately 100 employees in its Wadena, Minn., plant.

AMERICAN OUTDOOR FURNISHINGS MANUFACTURERS AND RETAILERS say they are fielding more questions about where products are made. They say post-recession consumers are making connections between their product purchases and U.S. jobs.

How that interest correlates into sales is still unknown. The August issue will reveal results of a recent *Casual Living* HGTV Outdoor Spaces survey, which includes the question of how important Made in the USA is in consumer decision-making as they shop for outdoor furnishings.

Most outdoor furnishings manufacturers who produce

in the United States made adjustments for better efficiency during the tough economic times. Meanwhile, imports of outdoor furniture continued to grow by nearly 17% last year, with China accounting for 84% of the \$2.33 billion total. At the same time the U.S. economy began its recovery, the costs were increasing for raw materials, fuel, freight and Asian labor. As a result of these ongoing changes, American-made products are becoming more competitive.

Retailers like Marc Accord, owner of Seasonal Concepts, are finding success with promotions of American-made products. "There is an aware-

ness of buying American-made product and there is a demand for American-made product," he said. "I would say I've probably seen a 50% increase in awareness.

"Throughout the past two years, we've carved out a timeframe, usually around Memorial Day and around Fourth of July, where we promote exclusively the Made in America products," Accord said. "We market it as 'We're committed to keeping America working, come in and get an additional discount on all Made in America products.' We dress up the store in red, white and blue. It's been very, very well-received."

Year-round merchandising

includes American flags and signage with stories about each manufacturer, detailing where their products are made. "It really makes people think about 'I'm not just buying furniture, I'm buying American-made furniture,'" Accord said. "If you walk by those sets at any time on my sales floor, it's going to say 'Proudly made in America.' We promote it two times a year, but it's part of our point-of-sale advertising daily."

Consumers are constantly asking where the product is made, Accord said.

"We're hearing more and more from retailers who are asking if it's made in America," said Todd Evans, Crimson

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Made in the USA is the theme of this Capel Rugs display, which reflects more than 300 employees in Dalton, Ga., and Troy, N.C.

Casual, vice president of sales. “The No. 1 reason is the quality of the product. The other situation is lead times and delivery problems. Here at Crimson Casual, we can tell them 100% of our products are made in the USA and our materials are 100% made in the USA. You’ve got to have discipline to do it, but that was one of our stalwarts when we started, and we’re going to stick to being an American-made company.”

Homecrest Chief Operating Officer Mark Fillhouer said he began hearing talk of consumers asking where product was made about two years ago. “This year, I’m hearing people saying that their customers are making decisions based on it,” he said. “I think everybody lives next door to — or even in the same house with — some-

body who has lost a job or been affected by the economy. People are starting to put two and two together and realizing that the only way we’re going to turn our economy around is to employ people in good jobs.”

Terri Lee Rogers, president of OW Lee, said she began seeing the trend develop in late 2008 as the economic downturn started to grow. “It seems as though the Made in the USA message is becoming more valuable,” said Rogers, whose family-owned company has 100% of its operations in Southern California. “Our dealers are specifically asking us to be more vocal about being manufactured in America in our marketing materials.”

A number of factors are contributing to this trend, according to Rogers. “I don’t

think there is one person in the United States who doesn’t have a friend or family member who has been affected negatively by yet another factory closing its doors and heading across the Pacific,” she said. “People feel that by supporting American-made products they are standing up for companies like OW Lee, who are committed to American manufacturing.”

While national pride plays a role in the re-emergence of desire for American-made product, the movement is occurring simultaneously with changes overseas.

“The costs of doing business overseas have escalated,” said Walter Perkins III, CEO, The HammockSource. “The cost of freight, the cost of fuel to get the stuff over here and Chinese labor costs are trend-

ing upward. People are more interested in Made in America products and traditional products. At the same time, imports are going upward in costs. So the value proposition is getting closer and closer.”

Telescope Casual CEO Kathy Juckett agreed. “We’ve really seen a trend with shoppers being smarter about how they are spending their money,” she said. “It isn’t always about price — it’s about the value equation. And it’s about ‘Is this going to last?’ or ‘Am I going to be throwing it away next year?’ The shopper has had to become a lot smarter and more cautious with their money in the last several years. They’re working hard not only to make better decisions but be proud of their decisions.”

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Lloyd/Flanders President and CEO Dudley Flanders said he often instigates conversation about American-made product. He asks whether retail customers may have seen the recent ABC News segment that featured a photo of Lloyd/Flanders' workers in front of the Menominee, Mich., factory where loom outdoor furniture has been made as far back as 1931.

"The floor salespeople are telling me that it may not be the difference in whether or not they buy, but it's certainly an influence and that they will look harder at that product because it is made in America," Flanders said. "Certainly if all things are equal, they're going to go to that product. Nobody is able to quantify if in fact they'll buy it if it costs 5% or 10% more, but they do say certainly more people are asking the question."

Filming at Woodard Furniture's factory in Owasso, Mich., was expected to take place before the first of this month for another national broadcast featuring U.S. manufacturers. Woodard is the major employer in that town, and second- and third-generation employees work there.

"We still make a lot of our furniture by hand and from the ground up," said Rick Baker, VP, Woodard sales Eastern region. "Of course, all of the fabrication, welding, painting, grinding, fabrics, materials, cut-and-sew and stitching is done there, packaged there and then shipped out. Like other companies, a lot of component parts are bought in China. For instance, we don't have a casting factory that does cast elements. Some of our iron is still made here."

Baker said he first noticed the trend of consumers asking questions about American-made products about two years ago. "It's important to a lot of consumers," he said. "During

this recession, they've seen jobs go overseas and companies closing. I think if given a choice, they would prefer American to something else made out of the country. I think it's coming around. I'd love to have everybody think that way before they purchase, but of course not everybody does."

Shifts in global economics were the primary factor that caused the turn in interest toward products made in the USA, Tropitone Furniture President and CEO Cap Hendrix said. He sees the trend as building rather than abating.

"No matter what kind of sentiment about American-made that consumers or anyone else would have, if it's not economically feasible to do that, people and manufacturers are going to behave in a very financially prudent way," Hendrix said. "Now the circumstances have come together that say it's OK to be made in America and it's financially reasonable to be able to do that."

Tropitone has operated two large manufacturing plants in Sarasota, Fla., and Irvine, Calif., for the past 30 years. "Our strategic plan from the very beginning was that we felt that being close to customers with manufacturing was critical to our strategy, which is short-cycle time manufacturing based upon customer specifications," Hendrix said. "As a result of that, you can't be in the container-load kind of business that China manufacturing actually mandates. We, like other manufacturers, have sourced parts and subassemblies all over the world, including China. But we have always brought those parts and subassemblies into Sarasota and Irvine and actually finished those products to the customer's specifications in a very short period of time.

"The only thing we are doing differently now is being a lot



Uwharrie Chair uses its brochures and printed materials to promote the Made in the USA concept.

more vigorous about make-or-buy decisions," Hendrix said. "We are rigorous about understanding the cost structure of buying a part in China rather than having it made in the United States. In many occasions, we're concluding it's financially reasonable to make it in the United States so we're behaving accordingly. The reality is, when most other manufacturers were heading to China, we stayed in the good old USA. We felt that was important to our strategy; in fact, it is the lynchpin of our strategy."

David Peace, president, Windward Design Group, had worked for Tropitone back in the 1970s. After he started Windward in 1990, he faced the same temptation as other U.S. manufacturers who had opted to go overseas for cheaper

labor. He recognized that as giving away U.S. jobs and held the line. "When you make the product from beginning to end, you control it," he said.

The only products Windward still imports are tabletops and glass tops, which Peace views as commodity items not available domestically at a competitive cost.

"We do exist in a global economy, but I try to keep as many jobs as I can here," Peace said. "We employ about 100 people and we've added 40 positions in the last few months. There is a certain amount of national pride you see when you walk through our factory. There are a lot of different nationalities, but they live here and they spend money here. Our business has increased by double digits for the last three years."

Homecrest began sourc-

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ing all of its frame materials, cast components and fabrics domestically three years ago. Umbrella poles and glass for tabletops are the only two things the Wadena, Minn.-based manufacturer still imports. To make sure customers understand and can explain why its American-made message is a benefit, Homecrest kicked off a training program in April that included more than 500 retail salespeople.

"It's not just about price, it's about having a story," said Todd Wingrove, Homecrest, director of sales.

Richey Smith, owner of Richey Industries' Great American Woodies, said he hears more about the Made in the USA trend in the media than he does directly from customers. "I have heard from some people in New England, one or two good accounts, that they were having trouble with deliveries from overseas and those weren't as dependable as they used to be," Smith said. "But I haven't seen any rush to come to America because we're made in America. I've been encouraged to put a flag on our boxes though. On some of the things we do for large customers, we do have flags on three sides."

Smith said it has been an uphill battle for his Medina, Ohio-based company to compete against the lower costs of overseas manufacturers, but he's beginning to see customers that recognize the value of U.S. manufacturers.

"First of all, you don't have to buy container-loads so you don't have an inventory situation," Smith said. "You're going to get delivery within 10 days to two or three weeks max during the season. You don't have any problems with returns because the customer is here. You don't have a problem with something if there is a defect; the American manufacturer has the parts and they can send it to the consumer so either they can fix



With red, white and blue finishes, Three Coins Castings' Windsor Chairs illustrate their production in Newnan, Ga.

it themselves or send it back and get it fixed. Those things, to me, have to do with the total cost of doing business with an importer versus an American manufacturer. If it gets down to 10% or 15%, why then I think we're pretty darned competitive. I do think we're making a decent product and you're getting a fair margin. You don't have the headaches; you don't have the LCs; you're not putting money up-front, it's whatever you can work out on your dating program. So there are a lot of advantages."

Rebecca Ly, president, Uwharrie Chair Company, said she is seeing more interest from customers seeking those advantages at recent tradeshows. "We saw people at the High Point show in April asking if we are made in the USA just because they need it quickly and could not wait for product to come in from overseas," she said. "At the HD Expo, many of the buyers were looking for Made in USA product. In fact, we noticed

some of the other vendors around us also picked up on the buyers wanting Made in the USA. One of the vendors was stopping people and asking, 'Do you want Made in USA?' They were carrying little flags in their showroom. That is the first time we've seen buyers at the contract show asking for Made in the USA. They were looking to put Made in USA product in their hotels and restaurants."

Uwharrie's printed brochures say Made in USA. The message is also part of its website and Facebook networking. "The product itself does not, but in anything printed we have Made in USA," Ly said. "We are just trying to communicate it more. We are making sure that it is on any piece of material that is going out. It's something unique and very important right now."

Joel D. Joseph, chairman of the Made in the USA Foundation, attended the HD Expo to encourage one or more hotel companies to use all

American-made products and U.S. manufacturers to share their stories with consumers. "People are looking for the Made in the USA label more than they were five years ago," Joseph said. "I think people are happy also with 'Assembled in the USA.' They understand that the economy is global and they're going to get some components from other places. I think people understand that, but they are making the connection between jobs and imports."

Manufacturers are mixed in their approach to labeling and marketing to express how much of their product is made domestically.

"TUUCI's marketing certainly reflects our USA manufacturing. For example, one of our tag lines is 'Inspired by the world, made in Miami,'" said Ward Usmar, TUUCI senior VP, sales. He added packaging and the shade products themselves reflect that they are designed and manufactured at TUUCI's Miami headquarters.

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Usmar said customers seem genuinely pleased to hear that TUUCI's products are made in the USA. "Our customers worldwide have always been drawn to our Made in Miami roots," he added. "Our story is authentic as are our marine-industry roots made in Miami, Fla. Although the market is global in nearly every way, TUUCI will remain focused on localized manufacturing and the unique abilities that allow us to respond to customized client needs in every locality.

"Generally, components that are made abroad make up a very low percentage of overall product value," Usmar said. "TUUCI shade products are made primarily from USA tubing, fabric and components. We do own and operate TUUCI manufacturing and distribution hubs in Vietnam and Holland that we are very proud of. If a specific product line is produced at our factory in Vietnam, we mark the packaging 'Designed in Miami, hand-crafted in Vietnam.'"

Like other U.S. manufacturers, Usmar said he thinks customers are looking for better quality and customer service. "I also believe that as the emerging markets mature, their costs are rising," Usmar said. "Combine that with minimum-order requirements, long delivery times and quality issues, and the market realizes that sourcing offshore manufacturing does not always present great savings."

Capel Rugs Vice President Allen Robertson said it does some Made in USA labeling and has created a new banner to send out to customers this summer. "We tie this together as a banner to go on a product section, usually in a store's presentation that would be the Made in the USA section. It's a fine line we walk because a little more than half (of our rug product) actually is imports so we have to balance ourselves pretty carefully."



Some of the more than 250 workers inside The HammockSource's Greenville, N.C., plant are shown weaving ropes for hammocks.

Capel employs more than 300 people in three plants in Troy, N.C., and one in Dalton, Ga., Robertson said. "On the domestic product we make here in Troy, for each rug that goes out the lady who made it signs the label on the back of the product," he said. "We get letters back thanking them for making that rug. It's kind of amazing in these days when we

have mass production."

Ironically, he referred to meeting the previous day with a Chinese developer working on a building project of a couple hundred \$1 million homes. "One of the fascinating things is that the Chinese (consumers) are very much into Made in the USA," Robertson said. "That's a big deal for them. They want to buy products like the Ameri-

can consumer uses. They like products that are made in the USA and that are made by companies that have great tradition."

Perkins said The HammockSource's Pawley's Island and Hatteras Hammocks products have always been marketed and promoted as traditional products, but he's seeing that a shift to Made in



Despite his blindness, Lenwood Haddock's skill as a weaver makes him one of the best at The HammockSource.

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the USA labeling could better reflect hammocks produced in Greenville, N.C.

The HammockSource plans to demonstrate its U.S. production at the Casual Market in September by bringing in long-time employee, Lenwood Haddock, who averages weaving 90-120 hammock beds per week. The company acknowledges even good weavers let a missed stitch pass now and then, but believes Haddock has never turned in a finished hammock body with a single missed stitch – despite his complete blindness, caused by a hunting accident in 1973.

Lloyd/Flanders' showroom also will share its story, incorporated into displays of its American-made woven products. "We do have a real history we can talk about and be proud of," said Lou Rosebrock, VP, Lloyd/Flanders. "The industry will see that in our showroom at the Preview Show. We are putting Americans to work. I've talked with other manufacturers and they are very excited about it."

Baker said Woodard "proudly puts an American flag on our hangtags on our furniture. For customers who request it, we do have point-of-sale merchandise that's available that will say 'Proudly made in the USA.' If a customer wants to buy inexpensive furniture, we have another division called Lyon-Shaw, which is all import. If they buy anything Woodard, it comes out of that factory in Owasso, Michigan."

Juckett said all of Telescope's products are labeled as Made in the USA since 1903. "We're putting bolder Made in the USA signage on it. During our retail focus group, some of our retailers were talking about wanting to do a 'Buy American' promotion around the Fourth of July, so we put together a nice big promotion for them with table tents, hangtags and downloadable ads for them to




Overview shows a few of the just under 100 workers inside OW Lee's plant in Ontario, Calif.

add their own specific store information on a landing page. With our signage and promotion in general, we're working to make sure we're shouting about it. We're proud of it and we're glad we've stuck to our guns. And it's been painful."

Hendrix also referred to the painful challenges American manufacturers survived. "We don't need to talk about that we are made in the United States because we have always been made in the United States," he said. "You can quibble over the percent of materials that go into it, but we're not interested in that sort of quibbling. We've been here since 1954 and we're very proud of it. We have spent no intellectual time on this issue. We get a lot of phone calls from customers who ask, 'What can we say about Tropitone products being made in the USA?' We have an approved copy that we give them, but we're less interested in playing up the fact that we're made in the United States than actually doing it. We've been there since 1954, and it's interesting that it's coming full

circle.

"The reason that it's coming full circle is because it's financially viable to compete with products made in the USA," Hendrix added. "If it weren't financially viable to do that, nobody would be doing it. That's why I think it's a bit disingenuous to be touting it in recent

times, because it could have been done when things weren't so easy. I can tell you our making the decision to keep two large manufacturing plants for outdoor furniture in the United States has not been the easiest thing, but we did it because we felt that it was in our customers' best interest." 



Close-up view of a welder at work in OW Lee's facility.

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STAR SPANGLED FABRICS

WEAVE IN AMERICAN-MADE AND GREEN ASPECTS



Lane Venture's WeatherMaster line is one of the first to be upholstered with Sunbrella's Heritage fabric.

AFTER THE RECOVERY STARTED, WEARBEST Sil-Tex Mills President Irwin Gassner began hearing more talk about Made in America, a subject that's dear to his heart as he leads the fourth-generation New Jersey mill.

"All of the sudden, people became more conscious about putting our labor force back to work," Gassner said. "When they hear Made in America, there's a national pride issue and also there's a huge practicality issue. The soft economy actually benefits domestic manufacturers for the simple reason that when you're buying from abroad, you have to

buy in advance and you have to buy large quantities. When you buy in America, you can buy in small increments and you can buy it when you need it."

Gassner developed the Bella-Dura brand almost seven years ago "with the goal of being able to cut across a whole variety of markets for indoor and outdoor." Today, Bella-Dura is being sold for residential and hospitality uses in health care, hotels and restaurants. "It cuts across every market that we serve, and not only is the fabric made in America, but the fiber is made in America, too," he said. "We're a truly made in America story."

Austrian performance textile company Sattler AG bought Outdura early this year from Shuford Mills partly because of Outdura's design and production facility in Hudson, N.C. "We are proud of the legacy of our Hudson plant, which was built in the 1880s," Outdura CEO CP Davis said. "It gives us an edge. We have highly skilled spinners, weavers and finishers. We are conscious of protecting our brand and have built customers' confidence that they can have their orders in hours or days and it will be on time and in full. We're competing globally, but one of the biggest markets is the U.S. market."

At this month's International Casual Furnishings Association Preview Show, buyers will see Sunbrella's Heritage pattern on outdoor upholstery products. As the first fabric pattern that parent company Glen Raven is introducing in its Renaissance Collection, Heritage is 100% made in the USA and also includes a green story, said Suzanne Roberts, Sunbrella, vice president and business manager of furni-

ture fabrics.

As a global company making products in France, Asia and in its Anderson, S.C. plant, Glen Raven tracks fibers and fabrics in order to meet government yarn forward rules. Depending on Sunbrella's customers and where they are using fabrics, if a consumer is asking for USA-made products, the fabric maker can't always guarantee it. But with this new fabric, there's no question.

"We started with CMI making Sunbrella Rugs with our Renaissance yarns, which is using post-industrial recycled content," Roberts said. "Our intent was to naturally bring that into an upholstery-grade product."

Heritage, a canvas-like fabric, is 50% recycled content. "We take our trim waste from our plant or trim waste from our customers," she said.


"You're still going to have more color variation than we've had in Sunbrella traditionally, just because of the recycled nature, but we're trying to control that by using virgin fiber with 50% recycled content. It's a great recycled story and it's 100% made in the USA." **CL**



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