



Generation Y: It's A Whole New Ball Game

Look out baby boomers, a new economically empowered generation has arisen in large numbers. This is Generation Y, individuals born between 1980 and 2000 and over 70 million strong, or 25 percent of the population.

Second only to the 76 million baby boomers, Generation Y will be a significant force in trend setting, much like their parents. They also have more disposable income than their parents.

So, how, does a furniture manufacturer appeal to this affluent, tough generation?

The first rule in attracting Gen Y'ers is simple: approach them on their own terms. Capture their attention. The second rule is equally simple: it's almost all about the 'net. The Internet is the communication/information channel that is most familiar to Generation Y.

Generation Y also depends more on recommendations from their peers than previous generations. This generation is very open and vocal, not only gathering information but also freely offering their opinions. They do not hesitate to share their likes or dislikes of a product with each other.

Furniture manufacturers can get the attention of this generation by using "buzz marketing." Buzz marketing refers to developing commercials, slogans and product names that not only grab their attention, but, in turn, make them want to share it with their friends.

Buzz marketing can be especially helpful when Gen Y gets advance or sneak peaks at new products before retailers even

stock them. Magazines and the Internet are great places to create a buzz.

Rule number three is that it isn't all about the net. Companies should not limit their marketing campaigns to the Internet. Companies can also use text messages to create a sense of community. However, caution is advised in mass messaging. This generation prefers control over their communication. It is best to ask individuals to opt in to receive e-mails and messages.

One of the strongest characteristics of this generation is they love to play games and win something. Run an ad announcing a contest and ask individuals to opt in to receive text messages and/or e-mails. This allows the company to not only have a list of potential customers, it also plays on Generation Y's need to play.

Although electronic media are clearly Gen Y's preferred communication channels, there is growing evidence that these consumers respond very well to experiential marketing or event marketing. According to preliminary studies, participating in an event makes consumers more receptive to a brand's or product's advertising. Also, those who participate in a live marketing experience say they are likely to tell others. Remember, this generation is especially fond of incentives, discounts and free stuff when planning your event.

Finally, don't forget the message. Generation Y consumers react very negatively to ads that appear to over-promise or that seem less than genuine and honest. They also reject ads that leave too many questions unanswered. The message

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director's corner

Looking Forward

Bill Martin, Interim Director



The staff of the Franklin Furniture Institute hopes you had a wonderful holiday season and wishes you a very prosperous 2008. Looking forward, there are exciting changes occurring within the institute as we strive to serve our clients in the coming year.

One of those changes is in the leadership of the institute. In January, I accepted the position of interim director of the Franklin Furniture Institute. Prior to joining the institute, I worked in the university's Industrial Outreach Service. There I was able to use my 25-plus years of manufacturing and business experience to enhance the competitiveness of business and industry with the goal of increasing the economic growth of the state and region. My objective remains the same, to use my knowledge and experience to build a great team that will support the same efforts for furniture-related business and industry along the entire furniture value chain.

We will be continuing with the great work accomplished by the institute over the past year. Through industry newsletters, articles, workshops, research projects, and educational seminars, the institute has made great strides in supporting the furniture industry. We will continue to provide these services to the industry in the future. Additionally, we will continue to work with our university partners—colleges of Forest Resources, Business and Industry, Bagley Engineering, and Architecture, Art and Design—who provide knowledge and depth to our overall program. Each of our partners plays a strong part in our success and allows us to provide the best resources in the country to sustain and expand the furniture industry in our state and region. We invite every company within the furniture industry supply chain to allow us to assist them.

Our mission remains simple, to provide knowledge, expertise, technical assistance, and support to the furniture industry to enhance the competitiveness of the industry. The health of the furniture industry will, in turn, contribute to the growth and economic health of our state, region and country. Our vision is for the furniture industry to be an integral part of our state's economy and economic growth. We will accomplish this by maintaining a passion for what we do while doing it with integrity, responsibility and dedication.

I am very excited to have the opportunity to work with you and your staff and am dedicated to providing the best resources that we can assemble with the resources we have available. I look forward to meeting and working with each of you very soon and I am aware that you are our customer!

Visit us at the Franklin Furniture Institute booth:
Tupelo Furniture Market • Bldg. 4, #4129 • February 20 - 24, 2008

On the cover: The luxury of relaxation continues in the second collection of couture-inspired upholstery designed by Banfi Zambrelli for Robin Bruce. The silhouettes are defined by clean, straight lines and sinuous curves coupled with woven fabric covers. The Urbane chaise is inspired by the 1930s styling of luxury ocean liners.

Tupelo Furniture Market Seeks Approval for International Buyer Program

The Franklin Furniture Institute, in collaboration with the U.S. Department of Commerce and the Tupelo Furniture Market, is seeking approval for an international trade mission through the International Buyer Program. The goal is to bring buyers from all over the world to the Tupelo Market to increase export opportunities for exhibiting companies. Carol Moore, director of the Mississippi Export Assistance Center, is providing guidance and direction in the application and organization process for the trade mission. The MEAC is a component of the commercial service of the U.S. Department of Commerce, a federal agency dedicated to assisting companies with export strategies. Annually, the agency brings over 1,800 trade professionals from around the globe to assist in the expansion of export markets. International trade specialists, such as Glenn Ferreri, provide comprehensive counseling and advice to companies after gathering information regarding foreign markets. Trade specialists also identify qualified international buyers and representatives for companies, advocate on their behalf, and provide solutions to many of the challenges of exporting. Ferreri already has visited a number of furniture manufacturers in Northeast Mississippi and plans to visit many more. Through his visits he is gaining valuable insight into the industry. This hands-on approach will help in developing export strategies for the furniture industry. The Mississippi Export Assistance Center and the Mississippi Development Authority's International Division is positioning the state for opportunities to utilize foreign trade zones, port facilities and distribution channels. The objective is increase



international trade for the industry.

If the international trade mission application is approved, the MEAC's 151 offices around the world, as well as the Jackson office, will recruit interested buyers to attend the Tupelo Furniture Market. Ken Pruett, president of the Mississippi Furniture Association, endorses the plan on behalf of the association.

"The association views expanding exports to other areas of the world as critical to the continuing success and growth of our furniture industry," Pruett said.

This partnership will give us the opportunity to show buyers from all over the world, our brand of Southern hospitality—and business, Pruett added.

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Generation Y: It's A Whole New Ball Game (continued)

must be direct, complete and honest. The message should also be "fun." This generation loves to be entertained.

Finally, this group has strong social consciousness. They are, perhaps, the country's most environmentally conscious generation. Generation Y consumers are extremely loyal to companies that share their values.

Organizations, such as furniture manufacturers and retailers, that meet these demands will have loyal customers who will follow them for decades.

This is a condensed version of the report Generation Y: It's A Whole New Ball Game. To read the full report, visit our Web site at www.ffi.msstate.edu.

Prime Designs Inc.

Prime Designs Inc. is truly a family business. This manufacturer of living room upholstered furniture, located just outside Tupelo, is owned by Tim and Gary Richey, two veterans of the furniture industry.

The siblings grew up in the furniture business. Their father Willis Richey owned and operated Richey Manufacturing, an upholstered furniture company in Tupelo. The brothers speak fondly of working summers as young teenagers in their father's manufacturing plant. By the time Tim was 22, he was the plant manager at Richey Manufacturing, which employed more than 200 people at the time. Gary was in charge of purchasing and supplies.

In 1994, the brothers decided to start their own company. With \$17,000 in start-up capital and a small building in Mantachie, the duo hired two employees, a sewing machine operator and an upholsterer, and Prime Designs was born. The brothers reinvested all profits back into the business for the first 10 months. They worked at night loading trucks for another furniture company. Through determination, experience and hard work, within one year the company had more than \$1 million in sales and needed additional employees. It wasn't easy finding employees to hire in Mantachie, a town of 651 in the '90s.

"I used to go to homes of potential employees to offer them jobs," said Tim. "In the early days of Prime Designs, many of our employees didn't own vehicles, so we would pick them up for work and take them home from work every day."

After a few years, the Richeys decided to build a new building and move to just outside of Tupelo.

"With the new building and 35 employees, we had room to grow," Tim said.

Since 1997, the company has continued to grow and expand, currently employing 80 people and will embark on a 17,000-square-foot expansion, which will double the size of

the plant and allow for the addition of upholstery lines. The company expects to hire an additional 50 people after the expansion is complete.

The business has kept its family roots, employing wives, daughters and a son-in-law. Their brother Larry owns a trucking company and ships most of Prime Designs products.

Both Tim and Gary are hands-on managers.

"We do whatever needs doing to make the company run smoothly," said Gary. "Tim is primarily responsible for production and accounting operations while I concentrate on raw materials, supplies, and quality control."

One key member of the company is not related to the Richeys. Jerry Marlin, vice president for merchandising and marketing, has been with the company for about two years. With over 30 years of

experience in furniture retailing, manufacturing, and fabric sales, he has helped increase sales by 40 percent.

"Tim was looking to offer a wider selection to retailers," Marlin said. "I had just moved back to Tupelo and saw a great opportunity with Prime Designs."

Prime Designs' No. 1 goal is to serve their customers by providing great service, selection and

delivery.

That same goal is transferred from management to the employees.

"The best part of working at Prime Designs is that everyone works together and does whatever needs doing to get great products out the door on time," Marlin said.

The owners value their employees and work with them on a personal level.

"When Gary or Tim are asked, 'What makes your company great?' they both answer, 'The people,'" Marlin said.

Prime Designs is proud to offer an American-made product. By using nearly 100 percent domestic components and maintaining their cut-and-sew operations at the Tupelo plant, the company strives to keep as many local





Prime Designs is one of the few furniture manufacturers with an in-plant sew shop.

manufacturing jobs as possible.

Prime Designs is a proud supporter of the Tupelo Furniture Market. They had a great market in August 2007 and hope that the current slowdown in the furniture industry will be on the upswing by the time the February market arrives. The company is also taking advantage of technical assistance available to furniture companies through a Small Business Administration grant awarded to the Franklin Furniture Institute. Through the institute, an information technology specialist is assisting the company in improving information and order processing systems. Also, Stuart Dean, with MSU's Industrial Outreach Service, helped the company determine specs and draw up its expansion plan. When the new addition to Prime Designs manufacturing facility is complete, the company will be able to serve even more customers and contribute to keeping furniture manufacturing strong in Mississippi.

feature

New Simulation Program Helps Furniture Companies Determine the True Costs of Outsourcing

Twenty-one furniture executives previewed a computer simulation model designed to determine the most cost-efficient method of producing components.

The Community Development Foundation in Tupelo hosted the November event. The program determines the break-even point for components and products, either those produced domestically or outsourced from other countries. Developed by Burak and Sandra Eksioglu, the model replicates the supply chain of a typical manufacturer located in the northern part of Mississippi.

The model was developed from actual data collected by industrial and systems engineering assistant professors.

"We interviewed numerous furniture manufacturers to understand their business model and collect data," said Burak Eksioglu. "The data was then compiled and used in the simulation model."

The supply chain consists of external suppliers located overseas, local suppliers and a number of retailer stores located in different regions of the U.S.

Funded through the Franklin Furniture Institute as part of a U.S. Small Business Administration grant, the simulation model captures the uncertainties of overseas shipments and demand for furniture. The model then identifies the

interactions that exist between delays and inventory level, service level and lost sales.

In addition, the visual animation of the simulation model helps to identify potential problems along the supply chain.

"The model will allow managers to estimate the impact of various decisions related to outsourcing on the performance of the supply chain," Sandra added.

A number of parameters, such as defect rate, lead time distribution, demand distribution, and costs (inventory holding, production transportation) can be easily adjusted.

"The model uses these adjustments, and in return calculates order fill rate, lost sales, inventory level, inventory costs, purchase costs, and other variables," Burak added.

The initial data provided by furniture manufacturers used in the model demonstrated that small-volume products are most likely to be those outsourced, primarily due to the intensity of labor.

On the other hand, high-value, customized products should be produced locally. For other products, a methodology was provided to determine the break-even point at which it becomes more cost efficient to produce locally rather than outsource.

Nicole Ponder

Business-to-consumer relationships, measurement issues related to structural equation modeling, and the advancement of doctoral education in marketing are the basis for the nationally recognized work of Nicole Ponder, associate professor in the College of Business and Industry at Mississippi State.

Ponder received a bachelor's degree in marketing from the University of South Alabama, a master's in marketing and a doctorate in marketing, with minors in statistics and business strategy from the University of Alabama.

Ponder currently instructs both undergraduate and graduate students at the land-grant institution.

Prior to joining MSU, she taught courses including Principles of Marketing, Marketing Research, Promotions Management, Strategic Marketing Management and Promotional Strategy, at both the University of Alabama and the University of Montevallo.

Ponder views her teaching role as a learning experience for herself as well as for the students. She continually strives to provide the best materials, presentations and experience. Maintaining accessibility to her students, Ponder maintains a course Web page for her students, complete with PowerPoint slides that supplement class lectures, exam tips and study guides, and assignment lists.

In addition to teaching a doctoral seminar in structural equation modeling, Ponder works extensively

staff profile

with doctoral students as the marketing doctoral coordinator and as a member of doctoral program and dissertation committees. Her dedication and commitment to recruiting and mentoring these students has been rewarded by receiving the 2005-06 Bobby P. and Barbara M. Martin Outstanding Graduate Teacher Award in the College of Business and Industry.



Regarding business-to-consumer relationships, Ponder's research focuses on identifying factors that create value, satisfaction, and loyalty for customers. Her work has been nationally recognized, as evidenced by several honors. She was named a finalist for the Article of the Decade Award given by the Academy of Marketing Science Review in 2006 and received the South-Western, Lamb/Hair/McDaniel Award, Best Paper in Conference, SMA in 2005, and the SMA Conference Best Paper in Track Award (Marketing Strategy) in 2005.

Ponder has published widely in her field and recently completed the data gathering portion of a study on consumer attitudes about furniture and purchase behavior funded by the Franklin Furniture Institute. Articles relating the findings of her research will soon be available.

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