CPSA 6 (b)(1) Cleared 7/31/0
X No Mfrs/PrvtLblrs or Products Identified
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Comments Processed.

CPSC MEETING LOG
UPHOLSTERED FURNITURE

Meeting Between: CPSC staff and representatives of the Decorative Fabrics Association

Date of Meeting: June 28, 2000

Site of Meeting: CPSC Headquarters, East West Towers, Bethesda, MD

Log Entry By: Dale R. Ray, CPSC Project Manager

Participants:

CPSC: Michael Babich, Health Sciences
Marilyn Borsari, Compliance
Linda Fansler, Laboratory Science
Rik Khanna, Engineering
Lowell Martin, General Counsel
Warren Prunella, Economic Analysis
Dale Ray, Economic Analysis
Gregory Rodgers, Economic Analysis
Chuck Smith, Economic Analysis
Treye Thomas, Health Sciences
Mary Toro, Compliance
Dennis Wilson, Ofc. Of Comm. Gall

DFA: Rosencrans Baldwin, Bergamo Fabrics (DFA President)
John Brewer, Fonthill Ltd.
Barry Dixon, Dixon Design Group
Cary Kravet, Kravet Fabrics
Ann Lambeth, J Lambeth
Richard Taffet, Golenbock, Eisman, Assor & Bell (counsel)

Others: Patty Adair, American Textile Mfrs. Ass'n.
Carin Bernstiel, ATMI
Phil Wakelyn, National Cotton Council
Rupert Welch, Furniture Today Magazine

Summary:

Mr. Taffet requested this meeting on behalf of the DFA to present information on designer fabrics and the potential impact of an upholstered furniture flammability standard on the designer fabric market. DFA's position is discussed in their written submission (attached); they also provided some additional market data and charts at the meeting (also attached). DFA previously submitted written comments on the Commission's 1994 advance notice of proposed rulemaking and on the National Association of State Fire Marshals' 1999 petition on polyurethane foam in upholstered furniture.

The DFA's 57 members (of a reported 65 total firms serving this market) supply "high-end" upholstery and other fabrics to interior designers. Mr. Taffet stated that designer fabrics have unique characteristics and unique problems that may be associated with applying flame retardant (FR) treatments to certain fabrics to meet new furniture flammability requirements. He stated that: a) designer fabrics account for a small segment of the upholstery fabric market (1-1½% of total yardage produced); b) there is very little risk of small open flame-ignited fire in households served by interior designers (e.g., such households tend not to have young children, who account for most small open flame-ignited furniture fires); and c) there would be a substantial adverse economic impact on designer fabric producers, suppliers and users if, as expected, many existing fabrics were no longer available. Mr. Taffet recommended that CPSC consider alternate requirements, such as allowing the use of barriers or interliners instead of FR fabric treatments, that would mitigate the potential impact of a standard on designer fabrics. Mr. Taffet then introduced the four DFA presenters.

Mr. Baldwin described the production and distribution channels for designer fabrics. He emphasized that a wide selection of fabrics was of key importance in the residential designer market. He noted that most fabrics were sold as "Customers' Own Materials" (COM) orders, ranging in price from under $20 per linear yard (still above most of the mass market range) to over $300 per linear yard for the most exotic handmade fabrics. These residential COM fabric suppliers are not generally the same as those larger manufacturers who serve the commercial "contract" and "hospitality" markets. He estimated that DFA members offered over 250,000 individual fabrics, many of which are multi-use, i.e., for upholstery, draperies, accent cushions, etc. He noted that the interior designer, not the supplier, is typically the one who specifies the various aspects of fabric finishing (such as rinsing, needle punching, and soil release or FR or other treatments) to meet the requirements of the individual design project.

Mr. Brewer noted that most designers and suppliers are very small businesses, working with individual orders in the 50-100 linear yard range. He further described the use of independent "workrooms" that manufacture fabrics on behalf of DFA member suppliers. He noted that, within broad ranges, DFA members do not compete primarily on price, but rather on selection and exclusivity. He estimated that about 50% of designer fabric styles are imported. He also noted that some designer fabrics are made so they can be reversed, so that a given fabric can have the look and feel of two different styles. Silk was reported to be one of the more popular designer fabrics and one of the most difficult to FR-treat.

Mr. Dixon described his interaction with fabric suppliers and residential customers. He emphasized the custom nature of his work, and the very small quantities of fabric involved. He reiterated that a wide variety of fabrics was of great importance to designers' ability to create one-of-a-kind interiors for their customers.

Mr. Kravet discussed potential cost effects of a possible standard. He stated that manufacturers and suppliers would likely have to maintain dual inventories of fabrics and fabric sample books, depending on their intended use; the current practice of selling fabrics with no specific intended use would be curtailed. He also stated that this would adversely impact suppliers' showroom space, and would likely reduce the number of fabric choices to consumers. Mr. Kravet noted that designer fabrics tend, despite their emphasis on style and fashion, to be long-production-life items, with less turnover than many mass-market fabrics. He also noted that fabric finishers are often reluctant to apply FR treatments to designer fabrics, due to the expense and difficulty of treating the small "cut orders" (of only a few linear yards) typical of this market.

Mr. Taffet summarized by reiterating DFA's position that the low risk associated with furniture made with designer fabrics makes a standard unnecessary for that market segment. The DFA members were particularly averse to using FR topical treatments or backcoatings that could adversely affect the aesthetic appeal of many of the fabrics designers use. Mr. Taffet said that a standard that either exempted designer fabrics or allowed fire-blocking barriers or interliners would have a lesser impact, and would be more acceptable to DFA members.

After the meeting at CPSC, the staff visited the Washington Design Center, 300 D Street, SW, for a tour of some of the DFA fabric suppliers' showrooms, including J Lambeth, Lee Jofa, and Kravet. These suppliers may provide only fabric, or may provide a range of products--including finished articles of upholstered furniture--to designers.

Attachments

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June 22, 2000

VIA FEDERAL EXPRESS

Mr. Dale Ray
Consumer Product Safety Commission
4330 East/West Highway
Room 723
Bethesda, Maryland 20814

Re: CPSC/DFA Meeting — June 28, 2000

Dear Mr. Ray:

For purposes of the meeting of the Decorative Fabrics Association ("DFA") with the CPSC staff on June 28, 2000, enclosed is an agenda and an outline of the presentation the DFA will be making. We have made arrangements for a visit to the Washington Design Center, located at 300 D Street, S.W., at 2:30 p.m. on June 28th.

Please call me with any questions concerning our meeting. Otherwise, we look forward to seeing you then.

Very truly yours,

Richard S. Taffet

152103.1

CPSC/DFA MEETING

JUNE 28, 2000

AGENDA

I. Introductions

II. Overview of DFA Members' Business and Market Segment — Crans Baldwin, President Bergamo Fabrics & DFA

III. Presentation of Members' Products and Nature of Competition — John Brewer, Jr., President Fonthill Ltd.

IV. A Designer's Perspective — Barry Dixon, Dixon Design Group

V. Costs to DFA Members — Cary Kravet, President Kravet Fabrics

VI. Questions & Answers

VII. Show Room Visit

OUTLINE OF COMMENTS BY
THE DECORATIVE FABRIC ASSOCIATION
TO THE
CONSUMER PRODUCT SAFETY COMMISSION STAFF
CONCERNING A POSSIBLE
SMALL OPEN FLAME UPHOLSTERY FURNITURE REGULATION

JUNE 28, 2000

I. Introduction

- A small open flame upholstery furniture regulation applicable to fabrics sold by DFA members will not effectively mitigate the risks sought to be addressed, or provide the benefits sought to be achieved, by such a regulation.[1]

- A small open flame upholstery furniture regulation applicable to all residential fabrics would have a disproportionate and potentially crippling impact on the ability of DFA type companies to remain as viable businesses.

II. A Regulation Applicable To DFA Members' Fabrics Will Not Benefit Consumers Or Reduce Risks Of Small Open Flame Upholstery Furniture Fires

- Total sales by DFA's 55 members in 1998 were approximately $980 million, an 8% increase over 1997 results, which were in turn greater than results in 1996.

- 50% of DFA's membership is comprised of companies with annual sales of less than $5 million; 21% with annual sales of between $5 million and $10 million; and 29% with annual sales in excess of $10 million.

- DFA members account for the sale of less than approximately 1.0% to 1.5% of total U.S. upholstery production.[2]

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[1] The DFA does not suggest that a small open flame upholstery furniture regulation would be either appropriate or justifiable under applicable standards as respects any segment of the home furnishings industry.

[2] The CPSC has determined that in 1996 approximately 533.5 million square yards of upholstery fabric was produced in the U.S. See "Economic Considerations of Options for

- Approximately 80% of total sales by DFA members is of COM fabrics through professional interior designers.[3] The CPSC's data reveals that households using the services of designers and purchasing COM fabrics are not households likely to experience small open flame upholstery furniture fires.

- The CPSC reports that in approximately 80% of the reported cases of small open flame upholstery furniture fires reporting such information, household income was less than $35,000 annually.[4] In contrast:

  — median and average household income for people using interior designers is in the hundreds of thousands of dollars.[5]

  — the average budget for residential projects worked on by interior designers from September 1998 to September 1999 was

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Addressing Small Open Flame Ignitions of Upholstered Furniture," Charles L. Smith, directorate for Economic Analysis, October 1997 ("Smith Report") at 6. DFA data reveals that in 1996 members sold a total of approximately 7.75 million linear yards of fabric. Of this amount, however, only 47%, or approximately 3.65 million linear yards was produced in the U.S. To convert square yards to linear yards we multiplied by .67 (533.5 x .67 = 357.5), and then calculated the percentage of U.S. production accounted for by DFA members by dividing 3.65 by 357.5. In 1997, it has been reported, 403.3 million linear yards of residential upholstery fabrics were produces. See Ciprus, "The Color of Upholstery," UDM Upholstery Design & Manufacturing, May 1998. DFA data indicates total sales of approximately 14.5 million linear yards of fabric, of which 57% was imported. Accordingly, DFA member's 1997 sales of U.S. produced upholstery fabrics represented approximately 1.5% of the total (14.5 million x .43 divided by 403.3).

3 See DFA 1998 Membership Census, annexed hereto as Exhibit A.

4 "Small Open Flame Ignitions of Upholstered Furniture, Final Report," Kimberly Long, Directorate for Epidemiology and Health Sciences - Division of Hazard Analysis, September 1997 ("Long Report"), at 18.

5 According to the "Survey of Affluent Buyers of Home Furnishings," a Cahners Research Report prepared for Interior Design Magazine, February 1997, at 2, the median household income of people surveyed was $227,400 and the average household income was $269,400. A copy of this report is annexed hereto as Exhibit B.

$186,300, and only 7% of the projects reported had budgets of less than $10,000.[6]

— the average value of homes worked on by interior designers was $784,900, with only 2% valued at less than $100,000.[7]

- The CPSC determined that a significant majority of reported small open flame upholstery furniture fires were the result of child play, especially by children under the age of 5 years old.[8]

— according to House & Garden Magazine, based on data gathered by Mediamark Research Inc. in the Fall of 1999, the percentage of Readers of home shelter magazines who used home decorating services (an accurate profile of the ultimate consumer for DFA members' fabrics) with children under the age of 5 was: 1.5% for Architectural Digest; .2% for House Beautiful; and .2% for House & Garden.[9]

III. Consumers Will Be Denied DFA Members' Product Offerings

- 75% to 80% of DFA members' products are cotton, linen, silk or rayon, most of which would appear to be difficult to backcoat and have pass the CPSC's draft proposed small open flame regulation.
- Most aesthetic appeal of many fabrics would be lost.
- The most popular products for many years — e.g., cotton and rayon chenilles, boucles, silks, washed fabrics, matelasse, pocket weaves, velvets

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6 "A Profile of Interior Designers Who Do Residential Work," Cahners Research, September 1999 (the "Cahners Report"), at 6. A copy of this report is annexed hereto as Exhibit C.

7 Cahners Report at 5.

8 Long Report at 14.

9 See Exhibit D hereto.

— are in the category of products that, we understand, to date cannot be successfully FR backcoated.

IV. DFA Members Will Face Disproportionate Increases In Costs

- DFA members do not determine the end uses of particular fabric skus — such decisions are made by consumers through professional interior designers. Accordingly, DFA members will have to either maintain duplicative treated and non-treated inventories of any skus that might be used for an "upholstery" application or have "cut orders" FR treated when ordered for "upholstery" uses. Either alternative would be prohibitively costly.[10]

- Duplicative inventories would result in increased volumes of purchases from mills without, because of mill minimums, a corresponding increase in sales. On average, approximately 48% of DFA members' sales are already attributable to the cost of goods sold.[11]

- Duplicative inventories also would result in higher inventory carrying costs, the need for additional showroom space and additional warehouse facilities. Showroom expense, on average, already account for approximately 14% of DFA members' total revenues,[12] and available showroom space is scarce.

- Having "cut orders" treated would impose significantly higher unit costs on DFA members because "cut orders" can be as small as 1 yard, and are typically not more than 30 yards, with an average of 8 to 9 yards. Finishers charge minimums, irrespective of the number of yards, that currently range from \$65 to \$150.

- DFA members would suffer tremendous yardage losses because treatment of "cut orders" requires additional yardage to be provided to finishers for testing and machine operability purposes. DFA has been advised that an additional 2 to 2½ yard would be required (1 to 1½ yards for testing by the finisher to allow for certification, and 1 yard for machine operability). DFA

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[10] We note that the CPSC's analysis of costs in the ANPR briefing package assumed that there would not be the need for duplicative inventories, and it was recognized that an increase in the required number of skus would add costs, including as respects non-treated fabrics. See Smith Report at 13 and 16.

[11] See DFA 1998 Membership Census.

[12] Id.

members' fabrics not uncommonly have a wholesale value of upwards of $75/yard, and not infrequently of hundreds of dollars per yard.

- DFA members would face shortages in finishing capacity, which is otherwise being used for larger orders. DFA has been advised that small "cut order" jobs are not desirable for finishers.

- Finishing of "cut orders" would likely be inconsistent requiring duplicative processes and testing.

- Delivery times and costs would be increased. Transportation costs to and from finishers would most likely be borne by DFA members.

- Whether duplicative purchases are made from mills or treatment of "cut orders" is obtained, duplicative showroom samples and sample books for treated and non-treated fabrics of the same sku would be required, and existing samples would have to be discarded. Approximately 8.5% of DFA members' total sales are already attributable to such expenses.[13]

[13] Id.

A

DECORATIVE FABRICS ASSOCIATION
1998 MEMBERSHIP CENSUS
SUMMARY OF AVERAGES
1998

	Total Averages 1998			
	$0 - $4,999 1998	$5,000 - $9,999 1998	$10,000 - Up 1998	Total 1998
A. Annual Sales Volume ($ thousands)	$ 3,901,251	$ 7,459,029	$ 36,495,813	$ 14,894,360
B. Type of Product (% of Total)				
Fabric (upholstery, printed and panel sold by yard)	77.60%	88.19%	83.06%	81.60%
Wallcovering (paper, vinyl, and fabric wallcovering)	20.95%	1.80%	9.00%	13.07%
Furniture	0.08%	4.90%	4.99%	2.66%
Floorcovering	0.96%	0.00%	0.08%	0.47%
Other (including nonfabric/furniture) revenues	0.40%	5.11%	2.89%	2.20%
Total Sales	100.00%	100.00%	100.00%	100.00%
C. Type of Customer (% of Total)				
Residential	80.96%	71.82%	81.50%	79.16%
Non-residential (contract and commercial)	17.28%	28.18%	18.19%	19.91%
Manufacturers	1.48%	0.00%	0.06%	0.72%
Other	0.28%	0.00%	0.25%	0.21%
Total Sales	100.00%	100.00%	100.00%	100.00%
Cuts for Approval (% of Sales)	71.18%	42.18%	50.44%	57.31%
D. Location of Customer (% of Total)				
Domestic	97.22%	96.40%	96.95%	96.96%
International/Export	2.78%	3.60%	3.05%	3.04%
Total Sales	100.00%	100.00%	100.00%	100.00%
Do you sell or purchase product using Euros?	0.42%	18.18%	25.00%	13.73%
E. Unit Sales (Units)				
Fabric (linear yards)	51,147	132,134	732,968	276,113
Wallcovering (sold by yard)	18,365	794	21,300	13,764
Wallcovering (sold as single roll)	17,151	1,577	99,664	29,302
F. Product Data ($)				
Total dollar purchases (all products)	$ 1,426,791	$ 3,381,483	$ 17,870,330	$ 7,118,756
Imported purchases (as a % of total purchases)	53.55%	69.00%	54.13%	57.10%
Total number of SKU's (stockkeeping units)	1450	1881	10916	4267
Total inventory turnover (1)	2.20	2.23	2.84	2.43
G. Total Number of Employees (#)				
Order Processing (incl. order takers, claims, etc.)	2.5	4.1	17.6	7.5
Outside Sales	2.5	1.7	12.3	5.4
Showroom personnel (other than O/S sales)	2.1	4.2	28.3	10.6
Admin (incl. credit,personnel,accting,computer,mgt)	3.3	5.5	25.6	10.6
Design (studio, styling)	0.6	0.7	5.3	2.1
Warehouse operations	1.9	3.1	20.5	7.9
Sample Production	1.7	2.9	16.1	6.2
Sample Distribution	0.6	0.8	9.5	3.0
H. Showrooms (#)				
Number of company-owned showrooms	0.7	1.9	9.0	3.7
Total sq. footage of company-owned s/r	2,100	4,961	35,250	13,289
Number of agent/rep showrooms	15.9	18.4	19.5	17.5
% of net sales through agents	78.00%	67.67%	41.98%	64.59%
Annual total showroom expenses (2)	$ 429,058	$ 1,392,308	$ 6,687,435	$ 2,418,134
I. Expenses (%)				
Gross sample spending % of Sales (3)	8.39%	8.24%	8.25%	8.30%
Samples - % returned	26.13%	34.38%	32.55%	30.08%
Advertising expense % of sales	4.33%	3.99%	3.31%	3.95%
Design/studio expense % of sales (4)	3.79%	1.70%	2.68%	2.97%
Fringe benefits % of total salaries (5)	15.21%	15.49%	13.79%	14.82%
Data processing expenses % of sales	1.49%	3.25%	1.77%	1.99%
Warehouse expense % of sales	4.08%	0.99%	3.45%	3.28%
J. Technology				
Do you use bar coding?	8.33%	9.09%	37.50%	17.65%
EDI (Electronic Data Interface)?	4.17%	9.09%	12.50%	7.84%
Do you have a Website? (Address)	16.67%	45.45%	56.25%	35.29%
Do you permit ordering over the internet? Sample requests?	0.00%	0.00%	0.00%	0.00%
Is your firm ISO 9000?	4.17%	0.00%	6.25%	3.92%

(B)

SURVEY OF AFFLUENT BUYERS OF HOME FURNISHINGS

Research Report

Prepared For:

Interior Design Magazine
Cahners Research

February, 1997

MMR INC

MENDELSOHN MEDIA RESEARCH, INC. • 841 BROADWAY, NEW YORK, NY 10003-4704 • 212-677-8100 • FAX 212-677-8833

MMR INC

February 20, 1997

Ms. Gillian Lewis
Research Director
Cahners Publishing Company
249 West 17th Street
New York, NY 10011-5300

Dear Gillian:

The purpose of this letter is to describe the methodology and procedures utilized by Monroe Mendelsohn Research in the *Interior Design* **Recontact Survey of Affluent Purchasers of Home Furnishings.**

Mailings and Response
On January 14, 1997, the survey was mailed to 1,000 individuals with annual incomes of $150,000 who previously responded to The 1994 and 1995 Mendelsohn Affluence Surveys., and who said their household spent $3,000 or more for any of the following home decorating and furnishings items during a 12 month period: a)furniture, b)floor coverings, c)wall coverings, d)antique furnishings, e)original art or f)other home furnishings.

MMR mailed a covering letter, a four-page questionnaire, a $5.00 monetary incentive and a return envelope to individuals who were selected from MMR's Affluent Survey database. All letters and envelopes were addressed to specific individuals, and stamps were affixed to the envelopes by hand. On January 21, 1997, a hand stamped postcard was mailed to the entire sample as a reminder to send back the questionnaire.

Completed questionnaires were received directly by MMR by the closing date of February 10, 1997. Returns came from 571 individuals--or 62% of the 914 people to whom the questionnaires could be delivered.

Sincerely,

Anthony F. Motta,
Vice President

EXECUTIVE SUMMARY

The following is a summary of the major findings of the Interior Design Magazine Recontact Study of affluent furnishings buyers conducted by Mendelsohn Media Research during the first quarter of 1997.

Survey Overview

- Recontact of individuals with household incomes of $150,000 or more who previously responded to The 1994 and 1995 Mendelsohn Affluence Surveys.

- Mailing to 1,000 individuals who previously indicated household expenditures of $3,000 or more for any of the following home decorating and furnishings items during a 12 month period: a) furniture, b) floor coverings, c) wall coverings, d) antique furnishings, e) original art or f) other home furnishings.

- Four-page questionnaire--$5.00 incentive.

- Mailout date: January 14, 1997

- Closing date: February 10, 1997

- Sample: 571 respondents--62% response

- Note: Final tabulations include 104 people who reported current household incomes below $150,000. This is attributable to their changes in income since they reported household income in our 1994 and 1995 Affluent Surveys.

Demographics

- The vast majority of affluent furnishings buyers are home owners (93%) and virtually all of them own their primary residence (99%).

- More than half (52%) own at least one additional residence.

- Six out of ten are women and roughly one-third report that they are not employed.

EXECUTIVE SUMMARY-Continued

- Among those who are employed, almost nine out of ten (87%) are in professional or managerial occupations
- The median age of these individuals is 51 years.
- Their median household income is $227,400. The average is $269,400.
- More than half say their discretionary income is over 40% of their total household incomes.

Buyer Behavior

- When asked about the decorating style which best reflects their personal tastes, the most frequently mentioned styles were: Traditional (37%), Contemporary (24%) and Country French (13%).
- Almost seven out of every ten (68%) respondents mentioned using a professional decorator before--this percentage is as high as 80% when household income exceeds $300,000 annually.
- Among those who said they remodeled their residence in the past 5 years, the median expenditure for their most recent decorating/remodeling experience was $25,400--The average was $48,400.
- Of those who said they decorated or remodeled their residence in the past 5 years, 88% said it was on their primary residence--another 17% said they remodeled their secondary residence in the past 5 years.
- Of those who said they decorated or remodeled their residence in the past 5 years, one quarter of them (24%) said it was on their entire home, 19% said they remodeled one room only, and 50% said they decorated 2 or more rooms, but not their entire home.

EXECUTIVE SUMMARY-Continued

- Over half (55%) of those who said they decorated or remodeled in the past 5 years said they used either an independent/self employed decorator (39%) or an interior design or architectural firm (16%).

- The services the designer provided ranked as follows:

Services designer provided	Percent
Help develop color schemes	37
Select only certain products-just window fabrics, wallcoverings, etc	32
Design of floor plans and layouts	31
Arrange for delivery & installation of furniture/other products	31
Select all furniture, carpets, window fabrics, wallcoverings, etc	21
Supervision of the work of contractors	20
Other	2

- More than nine out of every ten of these affluent individuals (91%) said they had a major decorating or remodeling expense of $5,000 or more during the past 5 years. More than half (54%) said they did major decorating work 2 or more times, and over one-quarter (26%) claimed they did this 3 or more times during this 5 year period.

- When asked about future decorating plans, 45% indicated they expected to do so--with anticipated expenditures at a median of $14,500 (The average is $27,100).

- When asked about the reasons why they used a decorator during the past 5 years, seven out of ten buyers mentioned comments related to "design ideas and advice" (71%). More specifically, they most often mentioned advice on color schemes (19%), coordinating different elements (16%), convenience (15%), advice on fabrics/materials (14%), expertise (13%) and more sources/greater resources--i.e., "they can get things I can't get" (11%).

- The reasons given as to why they plan use a decorator during the next 2 years centered around the same points mentioned above.

Expenditures

- These upscale respondents are important spenders. For the items shown below, the median and average expenditure among those who purchased was as follows:

	Amount Spent Past 12 Months		Where Purchased			
	Median ($000)	Mean ($000)	Dept Store	Furniture Store	Through a Designer	Other
Antique furniture/furnishings	2.9	4.6	1	9	7	32
Architectural / interior decorator fees	2.9	4.6	*	*	19	9
Artwork e.g., sculpture, paintings, drawings, etc.	1.7	3.8	6	5	10	48
Bathroom interiors / fixtures	1.5	4.1	8	3	7	26
Floor coverings	3.6	5.0	6	5	11	30
Furniture	4.4	6.1	8	41	12	12
Kitchen interiors / fixtures	3.2	6.0	5	2	8	23
Wall coverings	1.2	2.6	3	2	17	22
Window treatments	1.8	3.2	7	1	20	22
All other items	3.7	5.8	6	5	5	24

- Compared with department stores and furniture stores, purchasing is more prevalent through a designer for: artwork, floor coverings, kitchen interiors/fixtures, wall coverings, and window treatments.

General Observations

- As would be expected, greater income equates with greater discretionary spending and greater home value. In addition, the higher the income...

...the greater the preference for the Traditional decorating style
...the greater the preference for the Country English decorating style
...the lesser the preference for Transitional decorating style
...the greater the usage of a professional decorator
...the greater the past expenditure for decorating/remodeling
...the greater the planned expenditure for decorating/remodeling
...the more frequently a major decorating/remodeling is done
...the greater the reliance upon purchasing items through a decorator

a

A PROFILE OF INTERIOR DESIGNERS WHO DO RESIDENTIAL WORK

Sponsored by:
Interior Design

September 1999

Conducted by:
Cahners Research
245 West 17th Street
New York, NY 10011
212/463-6789

TABLE OF CONTENTS

Introduction 1

Executive Summary 2

Detailed Findings .... 3 - 11

INTRODUCTION

Objectives:

To profile designers who work on residential projects

To determine the value of the homes designers work on

To determine client budget for residential projects

To evaluate client involvement in product selection process

To assess the impact of magazines on professional designers

Sample:

The study was conducted among designers who have worked on residential projects recently. The sample was randomly selected from **Interior Design's** subscription base.

Method:

In August 1999, 150 telephone interviews were conducted from the sample.

Cahners Research conducted this study at the request of **Interior Design** Magazine.

EXECUTIVE SUMMARY

- Designers report that they personally worked on an average of 26 residential projects in the past twelve months.

- Roughly 7 of those residential projects called for the design of an entire home.

- The average value of the homes designers have worked on is about $785,000.

- The average client budget for a residential design project is close to $200,000

- When asked how involved are residential clients in selecting the products for their homes, 86% of the clients pick from designers' choices of pre-selected products. 7% of the clients leave all major decisions to the designers while only 5% of the clients make all the final decisions themselves.

- If they saw the same ad in both the professional magazines and consumer shelter magazines, designers indicated that the professional design magazine would make them think more seriously about specifying the product advertised than the consumer shelter magazine (53% vs. 3%).

RESIDENTIAL PROJECTS WORKED ON RECENTLY

Q. About how many residential projects did you personally work on during the last 12 months?

1 – 4 projects	23%
5 – 9 projects	27
10 – 14 projects	17
15 – 19 projects	6
20 – 24 projects	9
25 or more projects	17
Average:	26 residential projects

Base: 150 respondents

NUMBER OF PROJECTS CALLED FOR THE DESIGN OF AN ENTIRE HOME

Q. *Of all the residential projects you completed last year, how many called for the design of an entire home?*

None	22%
1 – 4 projects	45
5 – 9 projects	16
10 – 14 projects	7
15 – 19 projects	1
20 – 24 projects	2
25 or more projects	5
Average:	7 projects

Base: 150 respondents

AVERAGE VALUE OF THE HOMES DESIGNERS WORKED ON

Q. *What was the average value of the homes you worked on during the last 12 months?*

Less than $100,000	2%
$100,000 - $499,999	37
$500,000 - $999,999	30
$1 - $2.9 million	18
$3 million or more	3
Average:	$784,900

Base: 150 respondents

AVERAGE CLIENT BUDGET FOR A RESIDENTIAL JOB

Q. *Thinking about all the residential projects you worked in the last 12 months, on average, what was your client's total budget for a residential project?*

Less than $10,000	7%
$10,000 - $49,999	30
$50,000 - $99,999	17
$100,000 - $499,999	22
$500,000 - $999,999	6
$1 million or more	3
Average:	$186,300

Base: 150 respondents

TYPES OF PRODUCTS DESIGNERS MOST OFTEN MAKE THE FINAL DECISION TO SPECIFY

Q. *Which of the following products do you most often make the final decision to specify for your residential projects?*

Tile/flooring	91%
Lighting	91
Paint	88
Carpets/rugs	85
Fabrics	84
Furniture	84
Window treatments/draperies	82
Wallcovering	80
Accessories	80
Hardware	79
Bathroom products (appliance, fixtures, cabinetry)	75
Kitchen products (appliance, fixtures, cabinetry)	72
Windows/doors	70

Base: 150 respondents

CLIENT INVOLVEMENT IN SELECTING THE FINAL PRODUCTS

Q. *On average, how involved are your residential clients in selecting the final products for their homes?*

Net designers influence in product selection	**93%**
Clients pick from designers' choices of pre-selected products	86
Clients leave all major decisions to designers	7
Clients make all final decisions themselves	5

Base: 150 respondents

IMPACT OF PROFESSIONAL MAGAZINES VS. CONSUMER SHELTER MAGAZINES

Q. *If you saw the same ad appear in both a professional design magazine and a consumer shelter magazine, which one magazine might make you think more seriously about specifying the product advertised? Is it...?*

Professional design magazines	53%
Consumer shelter magazines	3
Neither, it doesn't make any difference	43

Base: 150 respondents

REGULAR READERSHIP

Q. Have you read ______ for at least 3 of the last 4 issues?

Interior Design	80%
Architectural Digest	61
House & Garden	44
House Beautiful	39
Metropolitan Home	39
Elle Décor	35
Interiors	31
Interior & Sources	22
Contract Design	20
Metropolis	15

Base: 150 respondents

THE MOST IMPORTANT PUBLICATION TO PROFESSIONAL DESIGNERS

Q. Which of the following publications are most important in supporting your role as a professional designer?

Interior Design	59%
Architectural Digest	38
Metropolitan Home	20
Elle Décor	19
House & Garden	16
Interiors	15
House Beautiful	11
Metropolis	8
Contract Design	7
Interior & Sources	7

Base: 150 respondents

Name: ______________________________ Title: __________________________

Company: ______________________________ Phone: ____________________

My name is __________ and I'm calling from Summit Research, an opinion research firm in New York. We are conducting a survey among residential designers to learn more about their work on behalf of a design publication. We'd like to talk to you for a few minutes.

First, let me ask you about your work.

1. Do you work for an interior design or architecture firm?

   (6) 1 Interior design firm
   2 Architecture firm
   3 Other **(Thank and terminate)**

2. How much of your design work is concentrated in residential vs. contract projects?

   Residential: (7-9) __________ % **(Terminate if less than 30%, complete 100 interviews)**

   Contract: (10-12) __________ % **(Thank and terminate)**

3. About how many residential projects did you personally work on during the last 12 months?

   ____________ projects (13-15)

4. Think about the residential projects you worked in the last 12 months, on average, what was your client's total budget for a residential project?

   $ ____________________ (16-23)

5. What was the average value of the homes you worked on during the last 12 months?

   $ ____________________ (24-32)

6. Of all the residential projects you completed last year, how many called for the design of an entire home?

   ____________ projects (33-34)

7. Which of the following products do you most often make the final decision to specify for your residential projects? **(Read list and circle # all responses)**

(35)	1	Bathroom products such as appliance, fixtures, or cabinetry
	2	Kitchen products such as appliance, fixture, or cabinetry
	3	Hardware
	4	Fabrics
	5	Wallcovering
	6	Window treatments or draperies
	7	Carpets or rugs
	8	Tile or flooring
	9	Furniture
	0	Lighting or lamps
	X	Accessories
	Y	Paint
(36)	1	Windows or doors
(37)		Other (specify) ______________________

8. On average, how involved are your residential clients in selecting the final products for their homes? Do they... **(Read list and circle one response)**

(38)	1	Leave all major product decisions to you
	2	Pick from your choices of selected products, or
	3	Make all final product selections themselves

9. Now, I'd like to talk to you about the design publications you read. Which of the following publications do you subscribe to? **(Rotate & read the list. Circle all responses)**

J. Have you read ________ for at least 3 of the last 4 issues? **(Rotate & read list. Circle all responses)**

11. In your own opinion and experience, which of the following publications are most important in supporting your role as a professional designer? **(Rotate & read the list. Circle all responses). (For each one circled, ask:)** Why do you feel this way?

	Q. 9 (39)	Q. 10 (40)	Q. 11 (41)		
Architectural Digest	1	1	1	why? ______________________	(42-43)
Contract Design*	2	2	2	why? ______________________	
Elle Decor	3	3	3	why? ______________________	
House & Garden	4	4	4	why? ______________________	
House Beautiful	5	5	5	why? ______________________	
Interior Design*	6	6	6	why? ______________________	
Interior & Sources*	7	7	7	why? ______________________	
Metropolis*	8	8	8	why? ______________________	
tropolitan Home	9	9	9	why? ______________________	
Interiors*	0	0	0	why? ______________________	(60-61)

[Interviewers: if respondents are not sure or ask which are the "professional magazines", they are the ones marked by "*" in the previous question]

12. If you saw the same ad appear in both a professional and a consumer design magazine, which one magazine might make you think more seriously about specifying the product advertised? Is it the... **(Read list and circle only one response)**

(62) 1 Professional design magazine
2 Consumer design magazine
3 Neither, it doesn't make any difference **(Do not read)**

13. Based on your own knowledge and experience, how do you think professional design magazines are different from consumer design magazines in terms of helping you learn about products and new ideas? Please be as specific as possible. **(Probe)**

____

____

____

14. **(Interviewer: fill in the city and state where respondent's from):**

_____________________________ (63)

Thank Respondent!

D

House & Garden

April 25th, 2000

To: Richard Taffet

TO: Crans Baldwin, Bergamo
FROM: Jennifer Abt
FAX: 212-462-1080

Dear Crans,

What we uncovered is the following:

- House & Garden and the other shelter magazines primarly reach households without young children:
  - 15% of House & Garden's readership has children under 5
  - 14.9% of House Beautiful's readership has children under 5
  - 13.9% of Architectural Digest's readership has children under 5
- When we expanded the target to: Used a home decorating service in the past year and have children under the age of 5 the numbers were even smaller:
  - 1.5% of Architectural Digest's readership fits this target
  - .2% of House Beautiful's readership fits this target
  - .2% of House & Garden's readership fit this target

The source is MRI Fall 1999 Report. MRI stands for Mediamark Research Inc. which is the most highly regarded 3rd party syndicated research company that measures magazine readership.

I hope this information helps and can be reached at 212-286-4937 with any questions.

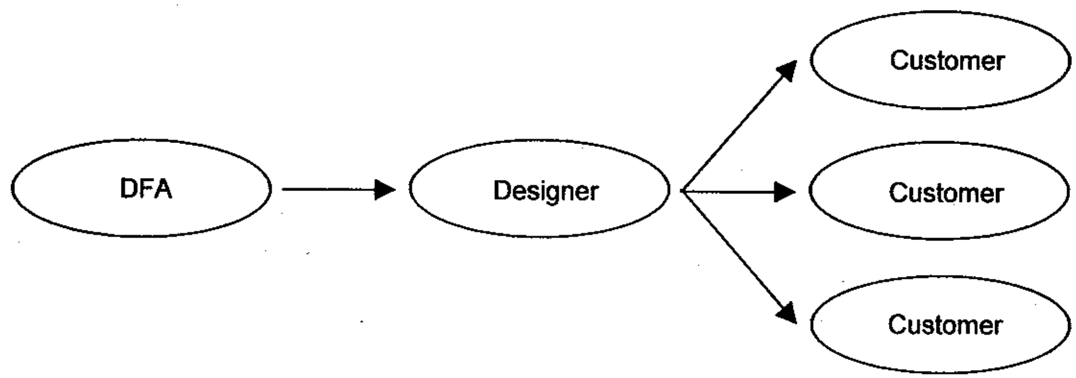
Sincerely,

Jennifer Abt

Jennifer Abt
Home Furnishings Manager

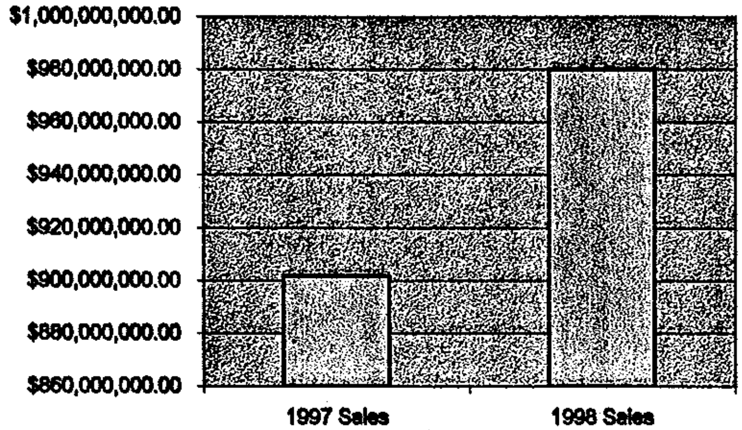
4 TIMES SQUARE, NEW YORK, NY 10036 · PHONE (212) 286-4580 · FAX (212) 286-4672

Approximately 80% of total sales by DFA members is of COM fabrics through professional designers.

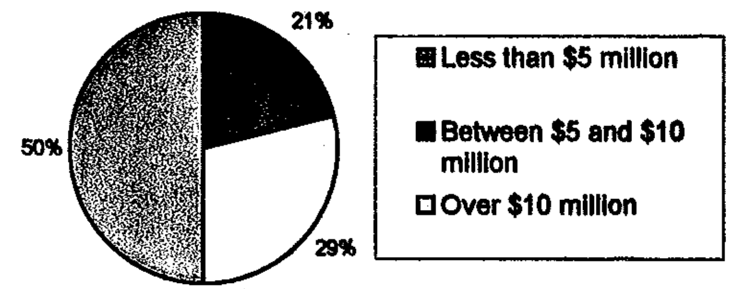


DFA MEMBERSHIP CHARACTERISTICS

DFA Annual Sales Comparison



DFA Member's Annual Sales



DFA members account for the sale of less than approximately 1.0% to 1.5% of total U.S. upholstery production.

Survey of U.S. Flame Retardant Treatment Houses

Finisher House	Minimum	Test Yardage	Operability Yardage – loss per run	Yard Cost
#1	$ 95.00	1	1	$ 2.25
#2	$ 63.00	1.5	1	$ 2.05
#3	$ 75.00	1.5	1	$ 2.50
#4	$ 150.00	1	1	$ 2.00
#5	--	1.5	1	$ 8.00

Revised 7/00

FR BACKCOATING WILL RESULT IN DISPROPORTIONALLY HIGHER WHOLESALE PRICES FOR DFA FABRICS

Avg. Wholesale Price per yard	$75.00	$35.00
Per Yard Increase For Added Yardage Used For Testing & Machine Operability[1]	$16.67	$ 7.78
Per Yard Increase For Finisher Minimums[2]	$22.00	$22.00
	---------	--------
Increased Per Yard Wholesale Price	$113.67	$64.78
% Increase	**51%**	**85%**

[1] This per yard wholesale price was calculated by multiplying the average per yard wholesale price by 2 (the assumed average additional yards required) and dividing by the average "cut order" yardage (9).

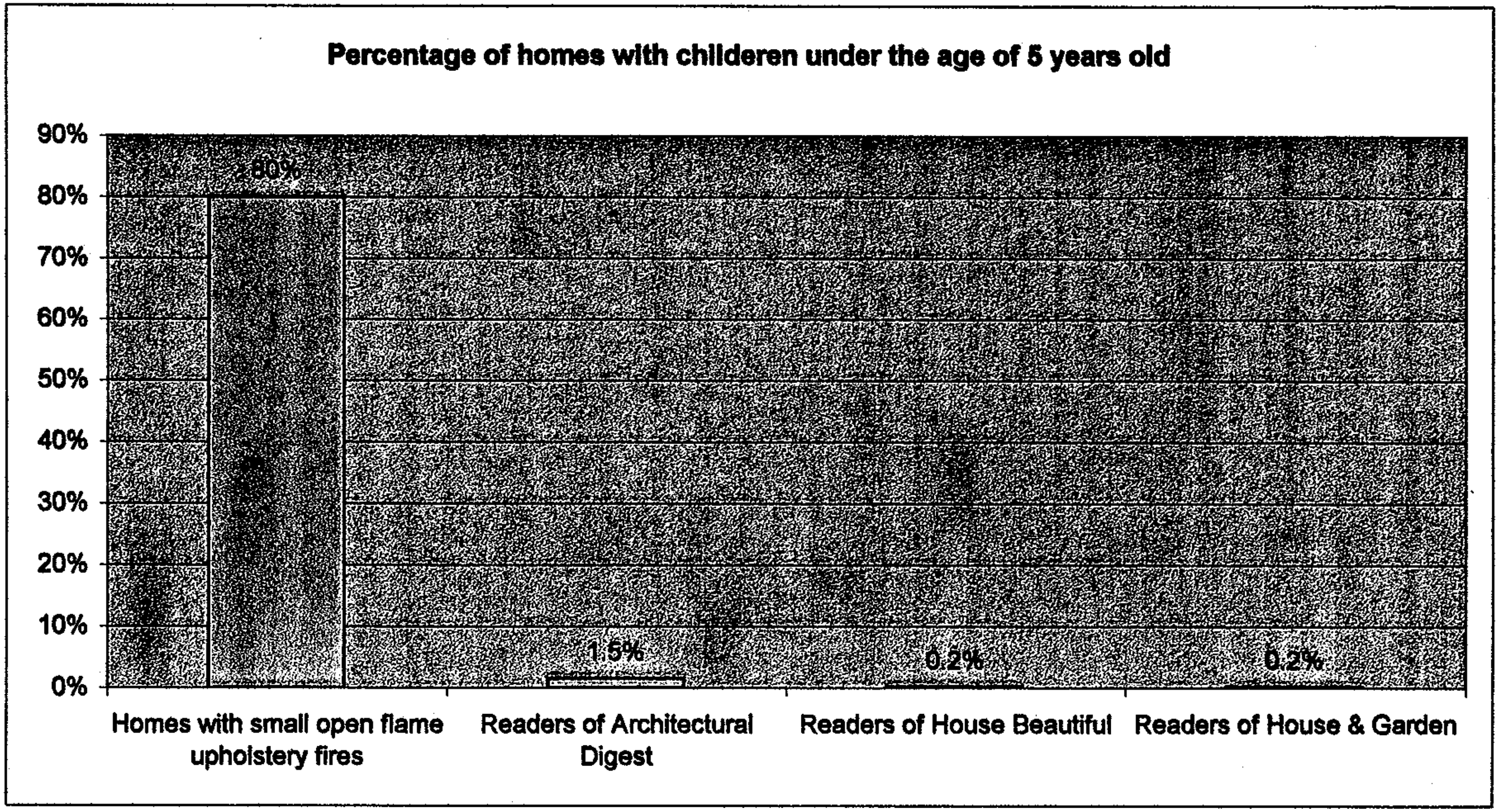
[2] This per yard wholesale price was calculated by dividing the average finisher minimum ($95) by the average "cut order" yardage (9), and divided by .48 (to reflect a standard margin and costs of goods sold).

132388.1

CHILD'S PLAY

The CSPC determined that a significant majority of reported small open flame upholstery furniture fires were the result of child play, especially under the age of 5 years old.

Readers of home shelter magazines who use home decorating services is an accurate profile of the ultimate consumer for DFA member's fabrics.



Economic Comparisons

and occurance of open flame upholstery furniture fires

$35,000 TOP annual household income for 80% of reported upholstery fire cases.	**$186,300** AVERAGE budget for residential projects specified by interior designers
	$269,400 AVERAGE annual income of people hiring interior designers
	$784,900 AVERAGE value of homes where interiors specified by interior designers