

# How valuable is “green” furniture to consumers?



by Andrew Brod

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Many factors, some intangible, determine the value of products, including eco-friendly home furnishings. A sale can depend on the customer's perception of what constitutes "green" and their motivation to buy.

In economics, there is more to a consumer product than meets the eye. A blouse is an amalgam of fabric and thread and dyes, but it also has implicit labor content. The labor it takes to make the blouse contributes to its value. So does the machinery on which it is made.

There are other intangible factors that also help determine a product's value. Style is an example. A leather sofa with an innovative design can command a price that goes far beyond the cost of its materials and labor. The shirt I'm wearing as I type this has a look and texture that made it worth its purchase price to me.



Recycled is the magic word that can draw some consumers to choosing green furnishings over those conventionally constructed. These tables, for example, are crafted in a drum shape that showcases the tight growth rings of heart pine which is unavailable today — except from old buildings that have been carefully deconstructed. (Photo courtesy of Turning House Furniture).

Many in the home furnishings industry hope things will be different for the new segment known as “green furniture.” First of all, what do we mean by the term? It’s hard to say, because there’s no single definition of greenness. It can be about ecologically-sound production, sustainably-harvested materials, product durability, minimal carbon footprint, or health and safety.

Green furniture is widely seen as a growth segment in home furnishings, at a time when the industry needs whatever growth it can scrounge up. However, for all the buzz in the industry about green furniture, it’s hard to come by hard data.

The advocacy group Market Transformation to Sustainability may or may not have hard data on the green segment, but it has numbers. It estimates that sales of green furniture totaled \$250 million last year. That was well less than 1 percent of all furniture sales. On the other hand, MTS claims that green sales have risen 20 percent annually in recent years, even while total furniture sales declined.

Has the time come for green furniture, or will it be no more successful than “buy American” campaigns? The answer depends on what particular definition of “green” is used. Some green features would be valuable even if they weren’t identified with the environment. For these, the potential hedonic value is significant. For others, not so much.

Recently, the Specialty Sleep Association announced survey results showing that 79 percent of respondents would choose a mattress with environmentally-friendly features, and 39 percent said they’d pay more for one. It sounds great, but what does this really mean?

It’s one thing for a consumer to buy a mattress that’s free of chemicals and emissions.

It turns out that, while production costs help determine the price of a product, what matters most is the value placed on it by consumers. How does it make the buyer feel? If a consumer expects to get more than \$2,500 worth of use and pleasure from a \$2,500 dining-room set, then we’re looking at a sale. (This assumes the consumer can afford it; no small issue in our still-recovering economy.)

Economists refer to these pleasure-related intangibles as “hedonic values.” They can result from styling, convenience, service, speed of delivery, and even the opinions of others. A custom-made sofa that’s delivered quickly can be priced higher than an identical one whose delivery takes many weeks. And we all know teenagers who love a particular shoe or jacket solely because it’s popular with their friends.

Hedonic intangible values are limited only by what consumers care about. They can be political in nature. In home furnishings, politics intersected with hedonics in recent years over the issue of “made in America.” In surveys, respondents consistently report a willingness to pay more to get American-made products. However, as many a retailer has discovered, little of this reported willingness ever got translated into actual purchases. Buying American is simply not highly valued by most furniture shoppers.

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Health concerns prompt many consumers to choose green furnishings for their home. This sofa addresses that concern with seat cushions of soy-based foam and a water-based finish. It also incorporates timber from sustainable sources and recycled materials for pillows and springs. The cover is made from re-purposed cotton. (Photo courtesy of Broyhill).



Consumers have varied motivations for purchasing green furniture. This Arts and Crafts-inspired cocktail table would have special appeal to customers who are concerned about the future of the planet because it is made from sustainably-harvested materials. (Photo courtesy of MacKenzie Dow).

That's a health motivation. It's another thing altogether for that consumer to buy a mattress because of its small carbon footprint. That's a true environmental motivation, one that affects people the consumer doesn't know and will never meet.

Sure enough, in that SSA survey, 56 percent of the respondents cited safety or the absence of emissions as the biggest factor in their choice of a mattress. Only 10 percent said that a responsible manufacturing process mattered the most to them.

Another example is product durability. It's an important green attribute, because it means populating our landfills with fewer discarded tables and chairs. But durability can also save money for those who couldn't care less about the planet.

Similarly, regulations on formaldehyde emissions from plywood and particle board are more about health and safety in the home than about the broader environment. Furniture made from salvaged materials often has a distinctive look, which appeals to some shoppers and provides an ongoing visual reminder of the item's greenness.

There are parallels on the manufacturing side, where initiatives like the American Home Furnishings Alliance's environmental management system focus on regulatory compliance and cost reductions as well as the broader environmental good. There's nothing wrong with that, but implementing green manufacturing to cut costs is like buying a green mattress for your health. Neither involves environmental altruism.

For the "made in America" campaigns, furniture shoppers left their politics in the parking lot. We're likely to see much the same thing for green features that address such issues as climate change and bio-diversity, whose benefits are diffuse and felt far away. Unfortunately, altruism rarely gets translated into hedonic valuation in buying decisions.

But the industry does have a fighting chance to persuade consumers to bring at least some of their environmental politics into the showroom. For some green features, the ones that hit closest to home like health and safety and appearance, the value equation works to the retailer's benefit — as well as to the benefit of the customer and the world. 