



**VICTORIAN
WOODWORKERS
ASSOCIATION**

Market Research study

Author: Arbaaz Tareen

Table of Contents

1. Introduction	3
Project Aim:	3
Objective:	3
Tasks	3
Background	3
2. Market Analysis	4
2.1. Industry analysis	4
3. Method	7
4.1. Scope and Context	7
4.2. Questionnaire for Professional woodworkers	7
4. Interview Analysis	8
4.1. Heatmap of responses	8
4.2. Analysis of the responses	9
4.3. Potential solutions for the VWA	12
Appendix – A: Questionnaire	15

1. Introduction

Project Aim:

The aim of this project is to investigate the needs of professional woodworkers to understand their business needs better.

Objective:

The key goal of this research is to identify new business opportunities the VWA can develop in order to help meet the needs of professional woodworkers and which will provide an additional source of income to the VWA.

Tasks

- Contact woodworkers identified by VWA committee members, or who have expressed interest in participating through the regular newsletter, or social media.
- Organise interviews with interested professionals at a place and time convenient to them
- Using a combination of open and closed questions, investigate the way participants structure and organise their businesses, including aspects they struggle with.
- Take notes for interviews conducted, (verbatim note-taking and transcription is not required).
- Analyse data from interviews and summarise key findings
- Report on progress and key findings to the steering group every fortnight.

Background

- The Victorian Woodworkers Association Inc., founded in 1979, is the leading woodcraft guild in Victoria with over 500 members across Australia
- Its diverse membership includes professional designer/makers and wood artists, serious amateurs, students and industry organisations.
- The objectives of the VWA is to
 - o Promote the design and making of fine woodwork
 - o Develop its markets
 - o Support woodworking as a viable career
 - o Foster excellence in its production and design
 - o Facilitate networking between woodworkers
 - o Encourage and support female participation in woodworking
- To support the above objectives, the VWA engages in activities such as Membership fee, public liability insurances, woodwork classes, Artists in residence programs and exhibitions from time to time.
- Competitors include Craft Victoria and woodworking associations in other states

2. Market Analysis

This chapter gives a detailed overview of the market in which individual woodworkers and businesses operate. It involves evaluating information about the industry trends, dynamics and customer behaviour.

2.1. Industry analysis

A PESTLE analysis was carried out in order to help the VWA assess the external environment and make informed decisions to stay competitive, mitigate risks, and align their operations with the broader societal and environmental context. The PESTLE analysis consists of 5 factors - Political, Economic, Social, Technology, Legal and Environmental.

Political

- **Government regulations and policies:** Compliance with regulations related to quality standards and environmental sustainability is important for custom made furniture businesses. Whilst it is important for businesses to comply with safety and quality standards, it is not a major stressor on the industry. The Ending of native logging in Victoria by the state government may affect supply prices of timber furniture. However, for finely crafted work much of the cost is in the labour. Many furniture makers also engage with state and federal governments for grants fund new work, exhibitions etc.
- **Tax policies:** Tax rates, incentives, and deductions imposed by the government can impact the profitability and cost structure of the business.
- **Trade policies:** Import/export regulations, tariffs, and free trade agreements can affect the availability and cost of raw materials and finished products. This does not concern a majority of the members within the VWA however import/ export regulations along with global demand could affect supply and cost of some raw materials

Economic

- **Economic growth:** The overall economic performance, including GDP growth and consumer spending, influences the demand for custom made furniture. For example, the current economic downturn has affected a lot of businesses not only in the woodworking industry but other industries related to discretionary spending.
- **Housing market:** The state of the housing market, i.e. construction activity and home sales, drives demand for furniture, including custom made pieces. While there is an economic downturn, the construction industry in Australia particularly at the higher end has been powering on, driven by greater wealth.
- **Exchange rates:** Fluctuations in currency exchange rates can have an impact the cost of imported materials and affect international competitiveness. Since a majority of the wood that is consumed is locally produced the impact of exchange rates is minor.
- **Supply chain issues:**
The Covid 19 pandemic and the war between Russia and Ukraine have affected supply chain network which in turn has affected lead times for various materials and resources.

The supply of Birch plywood maybe affected in some parts of Australia due to Russia - Ukraine war. This is also because one of Russia's largest Birch plywood supplier is subject to sanctions in the EU

Social

- **Lifestyle and design trends:** Changes in consumer preferences for unique, personalised, and sustainable furniture can create opportunities as well as act as threats for established businesses in the custom made furniture space.
- **Demographics:** Factors such as population growth, aging population, and urbanization can influence the demand for furniture and interior design services. For example, Baby Boomers, who have a lot of disposable income, are downsizing and entering new spaces. Similarly, Millennials are becoming established professionals and moving into newer, larger homes.
- **Environmental consciousness:** Increasing awareness of sustainable and eco-friendly products can drive the demand for custom made furniture using responsibly sourced materials. With the advent of AI, Woodworkers have an increasingly important cultural role to play - the connection to an ancient craft and to a natural material that is tied together with our culture.

Technological

- **Digitalisation:** Technology advancements such as 3D modelling, Virtual Reality, Artificial Intelligence and online platforms, can enhance certain aspects of the business where in woodworkers can the design and present drawings to clients using 3D modelling software which in turn gives customers a greater appreciation of what they are getting
- **Automation and machinery:** Adoption of automated manufacturing processes can improve efficiency and reduce production costs. CNC machines and robotic controlled tools are becoming far more accessible and common, both for makers to outsource and to have in-house, with tools such as the Shaper Origin allowing for even small independent workshops to be able to have CNC functionality.
- **E-commerce:** The growth of online shopping provides opportunities for custom furniture businesses to reach a wider customer base and expand beyond local markets. Having said that most high end furniture pieces maybe too expensive for the impulse online purchasing that online shopping permits. People tend to purchase furniture more slowly and deliberately and often want to see things in person.
- **Social media:** Platforms such as Instagram, Facebook and TikTok on the other hand have completely changed the landscape for furniture making, and can be make or break for careers. In many ways social media has also usurped the sense of community and connection between lone makers working away in their shops, or the sharing of information and tricks of the trade that previously would have been provided by organisations such as the VWA.

Legal

- **Business regulation:** Business regulations play a significant role in shaping the operating environment for companies. Woodworkers in Australia are required to register their operations and obtain the necessary licenses and permits to operate legally. In terms of taxes, Australia has a complex tax system that includes various taxes, such as income tax, goods and services tax (GST), and payroll tax.
- **Consumer protection laws:** Compliance with consumer rights, warranties, and product safety regulations is essential to maintain customer trust.
- **Intellectual property rights:** Developing a strong brand through marketing and trademarks are an important part of gaining a reputation. Protecting unique designs and trademarks is important in the furniture industry however, it is too expensive to register and time consuming to enforce. Moreover, someone only has to make a minor change to the design for it to be considered "unique". On the flipside, if replica furniture was banned, it would make well-designed authentic pieces more inaccessible as the only way to get them would be to buy the expensive originals, which would make the woodworking landscape more competitive.
- **Employment laws:** Adherence to employment regulations, including fair wages, working conditions, work safe cover and anti-discrimination laws, is important for employee satisfaction and legal compliance.
- **Insurance:** Due to floods and forest fires across Australia in the recent years, insurance companies have gone under or have been severely strained from large payouts. As a result, it has been difficult for individuals, industry body associations to secure affordable & suitable insurance to cover things such as professional indemnity, accident cover etc.

Environmental

- **Sustainability and eco-friendliness:** The demand for ethically sourced and sustainably managed timber is increasing. Adopting responsible sourcing practices can enhance the reputation of wooden furniture manufacturers.
- **Waste management:** Proper waste disposal and recycling practices are essential for reducing the health and environmental impact of the business. From a positive waste perspective woodworkers are looking at a circular economy, from reuse of recycled materials to using sawdust for mulch. From a Safety perspective, it is important for woodworkers to limit exposure to wood dust, man-made materials like MDF, safe use and disposal of finishes, paints and dyes, glues and resins.

3. Method

This chapter serves the purpose of outlining and explaining the methodology used to conduct research, gather data, and analyse information.

3.1. Scope and Context

In order to get the best possible insights, it was decided between the consultant and the steering committee of the VWA to interview 25 – 30 professional woodworkers from across Australia. The people who interviewed were existing VWA members and other professionals from their wider network. Over the course of 12 weeks, the consultant interviewed 27 professionals based on their availability out of a long list of 34 names. The candidates that were interviewed included a diverse range of male and female woodworkers from different backgrounds, different states around Australia and with different experience levels ranging from 1 year to over 30 years.

3.2. Questionnaire for Professional woodworkers

A questionnaire was prepared by the consultant in conjunction with the steering committee. The purpose of designing this questionnaire was to understand about the journey of the candidate, if woodworking was a sustainable career for them, the challenges they faced as a solo operator or a business, solutions that would help them navigate those challenges better and also to also understand what the VWA could do as part of their core offerings in the future based on existing or new capabilities. A detailed version of the questionnaire can be found in [Appendix – A](#).

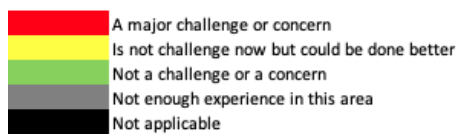
4. Interview Analysis

The Analysis chapter focuses on examining the findings in-depth, identifying patterns, relationships, trends, and drawing meaningful conclusions.

4.1. Heatmap of responses

Below is a quick snapshot of the pattern of responses from the interviews across each of the pain points faced by professional woodworkers.

S.No	Yrs of exp in wood working	Is woodworking a sustainable source of income?	Biggest challenges									
			Pricing your work	Finding clients	Project management	Marketing work	Business acumen	Managing your Website	Optimising fixed costs	Being a women woodworker	Differentiating from other woodworkers	Other concerns
1	> 15											
2	< 5											
3	5-10											
4	< 5											
5	10 - 15											
6	5-10											
7	< 5											
8	> 15											
9	5-10											
10	> 15											
11	> 15											
12	> 15											
13	10-15											
14	5-10											
15	10-15											
16	< 5											
17	> 15											
18	10 - 15											
19	> 15											
20	10 - 15											
21	< 5											
22	< 5											
23	< 5											
24	< 5											
25	10 - 15											
26	> 15											
27	> 15											



4.2. Analysis of the responses

A detailed analysis of each of the challenges is carried out below. In order to get a quick synopsis, the consultant has categorised each of the challenges below as high, medium and low. Where there were >50% of responses the challenge was categorised as high, >25% - 50% were categorised as medium and <25% were categorised as low.

4.2.1. Is Woodworking a sustainable source of income? (High)

Based on the interview responses, nearly 56% of the respondents stated that woodworking did not generate a sustainable source of income for themselves. By and large the consensus from those who said that it was an unsustainable source of income described it as “An income that was good enough to look after their needs but not their wants”. A key reason for woodworking being described as unsustainable was that solo professional woodworkers had to wear multiple hats and distribute their finite time across the creative and commercial aspects of the business. The more experienced and seasoned professionals who described their career as unsustainable alluded to the fact that there was “nothing to sell” as a business at the end of their career unlike other businesses. Another reason stated by multiple interviewees was the rising costs in the industry related to timber and other forms of wood, machinery, tools etc. This trend in rising costs was of course not in line with the increase in a customer’s willingness to pay or their perception of value in custom made furniture. In most cases these woodworkers tended to have an alternate source of income either in the form of teaching, photography, architecture or working for other furniture makers etc. that helped make it sustainable to some extent. In some cases, income generated by their partners was used to subsidize costs and expenses. An interesting observation from the analysis worth noting was that most interviewees who found wood working unsustainable either tended to be involved in one off commissions primarily or were relatively inexperienced in their craft. One of the more accomplished wood workers in the country claimed “It took 5 years to know if I was going to be good enough, 5 years to become good enough and another 5 years to consolidate my business. So if you don’t have 15 years to set up a business, do something else”.

4.2.2. Pricing work (High)

Nearly 70% of interviewees found pricing their work to be the number 1 challenge in running their business. The challenge around pricing work accurately is multi-faceted and requires experience and knowledge of the industry. A common practice amongst all the woodworkers spoken to is that they give a price range instead of a fixed number. This is primarily due to the uncertainty around time and material costs. Most workers tend to have a basic formula to calculate the price for their job that includes a wage component, overhead costs, material costs and profits. For example: One professional described **“The breakthrough moment in pricing work for me was when I visited a friend in England and learned about Total overhead pricing. He told me to work out what my rent was and what my other fixed overheads were, work out all what my variable costs, employee costs were and divide those costs by the number of billable hours in a year to get my hourly rate.”** Up until then I was charging \$60 per hour because everyone else was charging that amount. Another professional described that he keeps his pricing formula simple by looking at 4 components - Labour costs, material costs, Overhead costs and Profit. However, there is no one way to go about pricing work and there appears to be a tendency to incorporate a “feel” factor to the pricing as well which leads people to either underprice or overpriced their work. One of the biggest challenges as

described by a few interviewees was that they tended to look at pricing from their own point of view and determine whether it was too much or too less. Another significant challenge lay around the customer's "perceived value" of a product. A significant proportion of the candidates interviewed suggested that there was a lack of knowledge amongst consumers on the value of custom made furniture vs furniture made by large scale industrial manufacturers which contributed to the challenge around pricing work. Other reasons mentioned during the interviews include underestimating time for a project, inability to price something unique that has not been made before, inability to identify various costs that need to be covered through work, costs associated to unproductive work that can't be forwarded to a client and other woodworkers underpricing their work thereby undercutting the rest of the competition. As of July 1st 2023, the minimum wage for an Australian employee is \$22.58 per hour plus 11% superannuation or \$25.06 per hour combined. Therefore in order to meet that minimum pay standard, a woodworker needs to value his/ her time, their equipment and then allow for a profit so that they can maintain and grow their business.

4.2.3. Finding new clients/ work (Low)

Less than 5% of all people interviewed found finding new clients/ work a challenge. The interviewees stated that most of the work that they got in was through word of mouth, government tenders, repeat customers or by virtue of customers finding them as opposed to the interviewees going out there looking for work. Although most people don't find this a challenge, a few woodworkers found finding the "right customer" a challenge. From the interviews it is evident that a majority of professional woodworkers would like to cater to the premium customer segment which forms a small proportion of the overall market. Most woodworkers either already have a long pipeline of work built up for the rest of the year or are working towards delivering a backlog of projects from the pandemic. By and large, professional woodworkers claim to have enough work coming in on average to be able to choose the kind of projects they want to be working on. Having said that there are peaks and troughs in terms of when these projects present themselves and lead to other issues around project management.

4.2.4. Project management (Medium)

Around 37% of all candidates interviewed found project management a difficult function in their business. Some of the concerns surrounding project management relate to cost overruns, managing time and meeting deadlines, planning for and managing resources effectively. One candidate said "Having to juggle family life and wearing multiple hats at work is difficult and time consuming and requires a lot of mind space. I wish I had a team of people to help out in various departments". Another interesting point to note was that the interviewees suggested that their clients were prepared to wait even if there were significant delays and also suggested that it was easy to manage their customer's expectations in those situations. The challenge here appears as though professional woodworkers are not incentivized or motivated to complete their work on time given the nature of their clients. On the other hand, most woodworkers who have had a formal education or exposure to working in a relevant industry seem to have a good grasp on managing the various aspects of their projects.

4.2.5. Marketing (Low)

Less than 20% of all candidates interviewed found marketing their work a challenge. This is correlated to the fact that most woodworkers don't have any issues finding new work. Most professionals seem to be using digital marketing channels such as Instagram, Facebook, Google to advertise and market their work. Other channels of marketing include having profiles on websites of organisations such as HandKrafted and Studio woodwork Australia and newsletters. But the channel that seems to bring in the most amount of work seems to be word of mouth. Woodworkers believe that a referral from friends, family and other clients translates into higher conversion to sales and less bargaining for price

4.2.6. Understanding of Business functions (High)

The next biggest challenge after pricing work is the woodworker's understanding of business functions. Around 60% of candidates interviewed found this to be a major gap in their business. This was primarily attributed to the lack of time, lack of knowledge or formal education in this area and also to the fact that most woodworkers preferred to concentrate on the creative side of their business more than the commercial side. Woodworkers in the early stages of their career with no capital backing tend to learn the commercial aspects of the business from their network of friends, mentors or families. Most of their accounting is either done via QuickBooks, Xero or just bookkeeping. Another section of woodworkers who have the capital prefer to outsource the accounting, finance etc. elements of their business to professionals and purely concentrate on their craft.

4.2.7. Website management (Medium)

Less than 25% of all woodworkers interviewed found managing their website a challenge. Most woodworkers tend to not focus their time and energy on maintaining their website since most of their work comes in through word of mouth referrals. The website in most cases showcases old work and is not updated regularly. In other cases, woodworkers prefer to stick to their craft and outsource website management to professionals in this space.

4.2.8. Optimizing fixed costs (Medium)

Optimizing fixed costs is a challenge that concerns around 35% of woodworkers that were interviewed. In most cases, woodworkers don't really think about optimizing their fixed costs and prefer to look for ways of increasing revenue. This is predominantly attributed by the fact that most woodworkers either work in shared workshops/ co-working spaces or out of their own workshop as part of their residential property. Of the 27 candidates that were interviewed, more than 15 interviewees had already reached an optimal level of cost in terms of rental fee and insurance. The biggest variables pertained to timber, materials, electricity, gas and hourly wages.

4.2.9. Challenges for female woodworkers (Medium)

Out of 8 females that were interviewed, around 50% found this to be a challenge in going about their day to day work. The challenge as described was that they were not taken seriously by male staff in hardware/ timber yards and that they were subjected to a very condescending "That's not bad for a Sheila" kind of attitude. Having said that, it appears as though this challenge could be more prominent in rural parts of the country as opposed to more urban centers like Melbourne, Sydney etc.

4.2.10. Differentiating from other woodworkers (Medium)

Most woodworkers that were interviewed don't really have a niche which they operate in or a skill that differentiates themselves from others. The interviewees believe that there is enough work for everyone and it's not as competitive to the point where they need to consciously differentiate themselves from their competition.

4.2.11. Other concerns (Medium)

Other challenges that have been mentioned by professional woodworkers that were interviewed include:

- Finding a sense of community to learn and share experiences, information on resources, techniques, wood etc.
- Finding a clean white space that can be rented out at a reasonable cost on an hourly basis for photography
- Getting rid of excess timber: Time consuming to find time to take pictures and go through the whole selling process
- Finding and sourcing high quality wood
- Having a mentor that can help accelerate my learning and development in both the creative and commercial side of the business
- Scaling my business to add on one or more people to help in the creative and commercial side of the business
- Managing cash flows (for woodworkers/ businesses with larger turnover) to ensure capital is being allocated in the right areas at the right time
- High capital costs to setup my workshop in terms of machinery and other expensive equipment
- Poor copyright laws in Australia leading to other makers being able to easily replicate design and create knock offs

4.3. Potential solutions for the VWA

Having understood some of the challenges that professional woodworkers face, the consultant along with the interviewees explored some of the possible solutions that would benefit them. Listed below are some of the most commonly suggested solutions, in detail.

4.3.1. Professional workshops

Having professional workshops on topics such as pricing work accurately, project management and other business functions such as accounting would be of great benefit to not only up and coming woodworkers but also to seasoned and established woodworkers in the industry. A majority of the interviewees preferred to hear from successful businessmen in the woodworking industry as opposed to academics or people from unrelated industries. Another area that the VWA could explore is providing new and refresher courses to upskill or reskill.

4.3.2. Advocating for woodworkers

Given that the wider public is not fully aware of the difference between custom made furniture and mass produced furniture, the VWA could look to take a more active role in advocating for professional woodworkers and their craft. The VWA could look to this by

collaborating with industries and other industry body associations via lunchtime seminars or presentations on the latest trends and work done by its members.

4.3.3. Socials events

It is understood that the number of social events hosted by the VWA have slowly reduced over time, especially after the pandemic. Promoting fellowship and fostering a sense of community is one of the objectives of the VWA and the association needs to make every effort to host more events. The VWA can look to host at least one social event per month where members can interact with each other and get to know each other better

4.3.4. Design and build competitions/ exhibitions

A big proportion of the candidates that were interviewed enjoy taking part in competitions and exhibitions as they believe that it helps them keep their competitive spirit alive but also helps them channel their creativity and work towards a goal during a year. A few members have also described the benefits of taking part in such competitions and seeing their efforts materialize into new work. But moreover, a lot of woodworkers believed that it was a great way to get their work out there in front of potential customers. Having said that, the interviewees suggested that they would prefer to have exhibitions/ competitions which were catered to different levels within the VWA i.e. different experience levels. In the future, the VWA could look to partner with organisations such as Craft Victoria and the likes to utilize their capabilities to host joint exhibitions.

4.3.5. Bulk buy scheme

The VWA could look to source different types of wood and other resources such as stationery, glue, tools etc. in bulk and resell it to its members for a marginal profit. It could also look to potentially partner with sellers of the above and thereby provide those resources to its members at a discounted rate.

4.3.6. Database of events, information, sellers

One of the key challenges as seen above is the lack of time in professional woodworkers day to day life. One way the VWA can address this problem is by aggregating a list of events, shows and exhibitions across Victoria and provide that information to its members via an email or on its website

4.3.7. Knowledge sharing through partnerships

The VWA could look to partner with similar organisations like itself in other countries in order to share knowledge and best practices associated with the craft. It could also look to send member missions to overseas markets for them to learn and experience woodworking from a different perspective, culture and environment.

4.3.8. Mentorship programs

The VWA could look to utilize its vast knowledge amongst its diverse membership through a buddy/ mentoring system where they can look to pair inexperienced members with experienced members to help accelerate their learning and development. Inexperienced members could pair, based on their goals and career ambitions, with other more experienced members who have successfully made a name and career in that space.

4.3.9. E-Commerce store

The VWA could look to setup an online E-commerce store where sellers of wood, machine, tools and other equipment/ resources could connect with members of the VWA and supply them at discounted rates. This platform could not only help reduce time in terms of sourcing wood and other resources but also create more transparency between the buyer and seller as opposed to Whatsapp groups and Facebook/ Instagram groups.

Appendix – A: Questionnaire

1. Tell me a bit about yourself?

- a. Name
- b. Business name
- c. Number of years in business
- d. Type of products you make
- e. What got you into woodworking?
- f. Are you a member of the VWA?
 - i. If No, have you heard of the VWA/ do you know much about them?
- g. Why did you join the VWA?
- h. How did you hear about the VWA?
- i. How long have you been a member of the VWA?
- j. Are you an active member? Besides attending meetings, do you follow VWA on social media?

2. Is woodworking your primary source of income?

- a. If Yes, is it a sustainable source of income?
- b. If No, why not?

3. What are some of the biggest challenges as a professional woodworker/ business?

- Finding clients
- Discipline to work schedule
- Accurately pricing your work
- Marketing your work
- Knowledge and understanding of various business functions
- Website management
- Optimizing fixed costs
- Finding a niche for yourself in a crowded market

4. What are some things that could help with your challenges?

- a. Professional workshops – Project management
- b. Refresher courses (chisel your blade)
- c. Expanding skillsets
- d. Mentoring program
- e. Promoting women woodworkers
- f. Database of woodworking exhibitions
- g. Newsletter
- h. Creating a community to brainstorm/ clear doubts on topics

5. What are some of the things that benefit you by virtue of being a member of the VWA?

6. What can the VWA offer that would be of great value to you as a professional woodworker?

