

**mini-case 1-430-472**  
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## Woodmaster: Developing a Distribution Channel

Driven by the popularity of television networks such as the DIY channel and HGTV, and of celebrity crafters like Katie Brown and Rachel Ray, the American craft and hobby industry has grown to more than \$29 billion. In a recent survey, 56% of U.S. households reported that they engaged in crafts at least once per year. The leading craft activity is woodworking/woodcrafts, which accounts for 11.5% (\$3.332 billion).

Much of this woodworking/woodcrafts spending is on the equipment which crafters use for their projects. According to IBIS World, the woodworking machinery industry is worth close to \$1 billion, although this includes sales to contractors and commercial woodworking shops. Classified as SIC 33321,

... firms in this industry manufacture sawmill and woodworking machinery (except handheld). Manufactured machinery includes circular and band sawing equipment, planing machinery, sanding machinery, band saws, circular saws, jigsaws, jointers, lathes, mortises, power-driven bench and table saws and other woodworking machines.

Traditionally, American hobbyist and professional woodworkers have favored the stand-alone woodworking machine – a single piece of equipment, which serves a single woodworking function. For example, to reduce the thickness of a board, a woodworker would use a thickness planer, and to flatten the edge of a board, a jointer.

In Europe, on the contrary, craftsmen sometimes called universal machines (see Exhibit 1), have been the choice of woodworkers, combining the functions of five woodworking machines. These machines are available in a wide range of sizes, from compact desktop models to large floor-standing units.

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than one could expect in their single-function counterparts. Not surprisingly, however, they are expensive to purchase all at once.

Combination machines have in recent years started to gain popularity among American woodworkers. Indeed, in the past 20 years or so, five companies have begun to offer them in the United States (see Table 1). Leading the pack is Hammer, an Austrian company, followed by Robland from Belgium and Ribonox from Italy. Next, a Czech manufacturer entered the market in the mid-1990s following the division of Czechoslovakia. Legno, an American purveyor of high-end woodworking equipment, started to offer its own branded version in 2007, which was supplied by ZHM Sironi in Bulgaria.

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