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U.S. Woods, Your Home's Legacy

ATO Guangzhou's first U.S. oak promotion campaign in China's burgeoning home furnishing retail sector

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Report Highlights:

ATO Guangzhou's two-year effort to develop a partnership with China's largest flooring producer and retailer resulted in the first national U.S. wood flooring retail promotion in China. Wood Trade Atlas reported exports of U.S. woods to China jumped 71%, valued at \$2 billion. ATO Guangzhou's intervention was strategic, with both short and long term objectives. In the short term, we strengthened local business ties by introducing various types of high quality U.S. wood materials to major home furnishing retail chains with national coverage. Sales for many of these wood varieties have declined as a result of sluggish U.S. home construction, creating a timely opportunity to market these U.S. products to well-heeled Chinese consumers. In the long term, our partnership with China's leading flooring manufacturer, Nature, opened the door for U.S. industry engagement and stronger promotion

commitments. The unprecedented U.S. woods retail promotion also demonstrates the power of a new trade paradigm – U.S. wood exporters can eliminate intermediaries to work directly with their end-user in a supply chain that starts from the wood manufacturer which is also a retailer directly to customers.

ATO Guangzhou's promotion success included events in nine target markets in first and second tier cities throughout China. These promotions were mostly consumer oriented and were carried out with close cooperation and support from the Chinese home furnishings mall, Macalline, leading design firms, local academic design experts, and trade media. Our message to the media was consistent, well-received, and effective, conveying that U.S. woods are high quality, high value, and reasonably priced home furnishing materials only recently available and in limited supply to local consumers.

Our campaign carved a new place for U.S. wood flooring materials in the burgeoning home furnishing market. We effectively created awareness, interest, and demand for U.S. woods in China's major markets. During the three-month national U.S. wood promotion campaign, our local partner, Nature contributed \$300,000, while ATO Guangzhou contributed \$20,000 out of the Country Strategic Funds (CSSF) with direct sales of U.S. wood flooring valued at \$783,571(16,455 square meters).



General Information:

Market Information – Home Furnishings

China became a top U.S. hardwood buyer in 2005. In 2010, U.S. hardwood exports to China were valued at \$685 million, a 66-percent increase from 2009, accounting for 28 percent of global U.S. hardwood exports. In 2011, U.S. exports to South China amounted to \$364 million, a 32-percent hike from the previous year. Guangdong Province is the largest U.S. hardwood import destination-- over 33 percent of U.S. hardwood shipments to China are imported and processed in the province. Guangdong Province is also China's largest imported wood manufacturing hub. U.S. hardwood users include manufacturers of furniture, flooring, doors, veneer, plywood and joinery products for architectural and interior design. Popular U.S. species exported to China include red oak, white oak, walnut, yellow poplar, alder, ash, cherry, hard maple, hickory, and pecan.

China's continuing urbanization and rapid economic development have created a booming middle class. The urban middle class need places to live and investment vehicles that protect newfound wealth, both of which, the emerging urban middle class have driven real estate purchases. As a result of limited investment options to urban middle class citizen's many have flocked to invest in property, thus created a sharp but steady increase in demand for urban housing and commercial real estate surrounding urban enclaves. Government policies designed to curb the housing bubble have focused on discouraging investment ownership of multiple homes, so enterprising home owners have shifted the focus of their real estate investment strategy to increasing the value of their existing property holdings. High-quality wood floors add value and appeal to consumers who regard solid furniture and flooring as environmentally friendly choices that respect *feng shui*: principles by connecting with natural elements that bring harmony to daily life. In 2011, growing domestic demand has contributed to a 15-percent total annual sales growth for these products. The growth in China's home furnishings market rests on two economic trends: 1) growing domestic demand; and 2) shrinking export markets for Chinese producers.

China's domestic supply of high quality and durable woods cannot meet the demand for home furnishings. Massive depletion of forestry resources to make way for greater industrial growth has forced the wood manufacturing industry to source materials from foreign markets. China purchases most of its wood resources from Russia, New Zealand, South America, Africa, and South East Asia. However, wood traders and users reported they prefer purchasing U.S. woods (imports of 2011 reached \$2 billion, a 71-percent increase from 2010), as supplies from other countries are unsustainable, of inconsistent quality, or have been logged illegally, and stricter logging policy enforcement in Southeast Asia and South America is raising costs to Chinese buyers. U.S. woods are produced under stringent regulation and many of them bear a sustainable forestry certificate making these easier to import.

The home furnishings market in China presents a major opportunity for struggling sawmills in the United States. Triggered by the global economic slowdown, China's furniture and flooring exports have plummeted and the largest producers have quickly built up the local domestic market as an alternative to the old reliance on re-exporting to the United States, Japan or Europe.

ATO Guangzhou identified the need to promote U.S. woods in domestic retail channels to tap into a

entirely new market previously overlooked by U.S. industry that appeals to retail consumers instead of wholesale traders. **It is time to evolve from our traditional marketing tools of trade shows and seminars to a new era of retail promotions in order to position U.S. woods as premium home furnishing materials and capture future sales opportunities in the China market.** Nature Flooring has emerged as a solid partner pioneering our new concept.

According to an internal survey data conducted Macalline, new home owners in China's top five cities (Guangzhou, Shenzhen, Chongqing, Shanghai, and Beijing) spent on average of six to eight thousand dollars furnishing their homes in 2010. What we can draw with this information is that China's consumers are brand conscious and willing to pay a premium if there is sufficient cache or other enticements associated with the home furnishing material brand. ATO Guangzhou's objective in this promotion was to create initial awareness and demand in the market for U.S. furniture/flooring.

Building connections through buyers' missions

The top three flooring manufacturers in China are: 1) China Flooring Holding Company (aka: Nature); 2) Elegant Living; and 3) Power Dekor. Established as a family business in 1995, Nature currently operates over 3,000 flooring retail stores and received a sizeable bridge capital investment injection from Morgan Stanley for its IPO in 2011. Nature's sourcing value reached \$2.6 billion in 2009, while its global purchasing goal was to reach \$2.9 billion with a sales target of \$4.4 billion for 2011. In 2011, Nature invested \$15 million in new factories and 400 new retail outlets specifically for marketing wood doors. Another \$18 million will be invested in the construction of six plants dedicated to producing wood wardrobes and cabinets. With strong confidence in China's economy, this wood flooring manufacturer is expanding its product lines to meet the demands of China's growing middle class, and, thanks in part to the encouragement and involvement of ATO Guangzhou, Nature is developing the "U.S. wood" name (currently an unknown brand to many consumers) to grow their reputation in every sub-sector of their business.

In 2009, in order to reach out to the top players, ATO Guangzhou organized a buyers' mission and recruited Nature, China's leader in the wood flooring manufacturing industry. Nature's vice president and procurement manager joined ATO Guangzhou's trip to visit wood producers and exporters on the two coasts and in the southern United States. Shortly upon their return to China, Nature's senior purchasing executives placed sizeable orders for red oak from Mississippi and ordered other species from the East Coast, valued at \$2.5 million. After several visits, Nature expressed strong interests meeting more U.S. wood producers and exporters as well as in investing in U.S. wood processing facilities. Two years later, ATO Guangzhou learned that the buyers' mission helped several Pennsylvania and Mississippi wood exporters forge long term partnerships with Nature as well. For example, Nature placed a combined order of \$23 million worth of red oak, white oak, and hard maple from Pennsylvania, Georgia, and Virginia in the first quarter of 2011. These purchases are in preparation for a 2012 U.S. wood promotional campaign as a result of a successful ATO Guangzhou partnership in 2011.

Strengthening partnerships through support of supplier conferences

In addition to being China's largest wood flooring company, Nature is also the largest group purchasing broker in Mainland China. Since 2009, Nature annually organizes an-800+ attendee Global Suppliers Conference in Shunde, Guangdong. ATO Guangzhou staff has attended three of these meetings and have made presentations to promote U.S. woods. During the 2012 Conference, we recommended that the American Hardwood Council's (AHEC) regional representative present on behalf of the U.S. industry regarding the 2012 market outlook for U.S. hardwood exports to China. These meetings have also included national economic experts that thoroughly reviewed macro and microeconomic market conditions such as China's housing and real estate bubble vis a vis home furnishing sales, home furnishing purchasing trends, and discussions on global wood resource supplies to support sales. Promoting U.S. woods to the 800 attendees has been a top priority for ATO Guangzhou for the past three years at these annual conferences, and Nature has relied on ATO Guangzhou for introductions to U.S. wood suppliers. At the 2012 Global Suppliers Conference, AHEC's participation solidified our partnership with Nature's massive distribution network and will hopefully facilitate more direct collaboration between the U.S. industry and Chinese customers.

Facilitating U.S. Wood Exporters reception and outreach activities

ATO Guangzhou coordinated with AHEC, the Softwood Export Council, and the Southern Forest Products Association to organize a U.S. Wood Exporters Reception for all U.S. exhibitors attending the 2011 Interzum Guangzhou wood trade show. U.S. Consulate Guangzhou Consul General Brian Goldbeck and ATO Guangzhou Director delivered opening remarks to an audience of 150 large local wood importers, traders, manufacturers, trade media, lifestyle media, and designers. The ATO Hong Kong Director also attended this reception. The event provided a networking platform for local wood industry practitioners to discuss market trends and built new contacts in the U.S. wood industry. Top wood flooring manufacturers were impressed by the amount of U.S. exporter contacts interested in the China market. At the reception, ATO Guangzhou Director approached Nature's senior leaders to discuss promotions of American woods in their 3,000 retail outlets. With Nature's buy-in to ATO Guangzhou's plan, flooring and furniture made of U.S. woods would be marketed as a high quality and elegant home furnishing material amongst new home-owning brand-conscious consumers.

Strategic vision, initiative, and leadership

Through a series of efforts, ATO Guangzhou has worked tirelessly in support of U.S. wood exporters since 2009. We first urged industry representatives to visit South China through persistent and strategic communications that included emails, market reports highlighting available opportunities, supporting all of AHEC's and American Softwood promotions and activities in South China and by going out of our way to offer logistical support (that many times also included local transportation), arranging one-on-one meetings with buyers and traders, interpreting, and accompanying exporters to visit wood wholesale markets. In addition to delivering market briefings and preparing periodic intelligence reports on South China's booming wood manufacturing industry, our unequivocal handholding services approach has given U.S. exporters a greater sense of comfort and confidence that has supported productive meetings leading to U.S. wood sales.

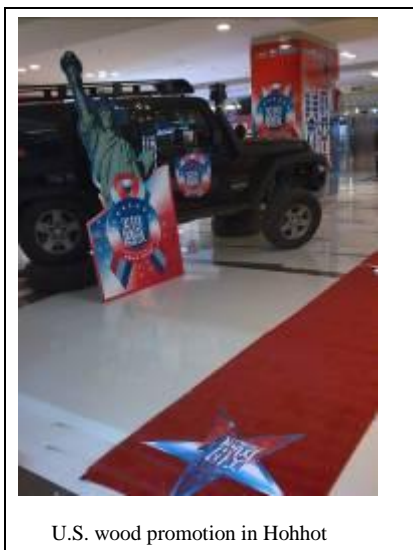
ATO Guangzhou's personalized intervention with the trade

Although many U.S. wood producers have previously exported to China, the majority of the trade (in the United States and Mainland China) had never handled direct business sales since these were typically outsourced through Hong Kong brokers. U.S. wood exporters are now forced to meet their

customers face-to-face given industry consolidation has increased competitive sourcing practices for U.S. woods and the trade is slowly eliminating Hong Kong as an intermediary supporting sales to the Mainland market. This new wood procurement trend is an opportunity for U.S. exporters to develop long-term relationships with their buyers.

During follow-up visits with local wood buyers, we were notified that Nature placed a combined order of \$23 million worth of red oak, white oak, and hard maple from the States of Pennsylvania, Georgia, and Virginia in the first quarter of 2011 as a result of ATO Guangzhou's facilitation and intervention.

Leading up to the first U.S. wood flooring promotion in China



In 2009, ATO Guangzhou took an aggressive approach to create a domestic retail promotion model that would feature U.S. woods with a leading wood flooring manufacturer and retailer. Flooring and furniture made of U.S. woods would be marketed as a high quality and elegant home furnishing material amongst new home-owning brand-conscious consumers. An Emerging Market Program (EMP) proposal was also submitted to support the first ever wood retail promotional campaign; however, the proposal was not supported for funding. As ATO Guangzhou developed our promotion model, creating a home for U.S. timber was our first objective. We explored many options and cautiously assessed these options, evaluating advantages and trade-offs of engaging in partnership with certain manufactures or retail chains over others to launch the first ever retail promotion for U.S. woods.

After pitching the idea to major wood flooring manufacturers, Nature surfaced as an ideal partner. Not only does it operate over 3,000 retail outlets in Mainland China and already carried large selections of U.S. wood products in most outlets, but they were enthusiastic with their support and were willing to match ATO Guangzhou's \$20,000 contribution fifteen times over (\$300,000). The company CEO, General Manager and Financial Director met over a weekend retreat to plan out the framework for the promotion. Nature trusted ATO Guangzhou's numerous suggestions and believed a national retail promotional partnership would be the best way to differentiate themselves from their competitors and create demand for their U.S. wood products, consisting mainly of U.S. oak flooring panels.

Cooperation with AHEC

Throughout this process ATO Guangzhou was in constant contact with AHEC's regional office in Hong Kong. Since AHEC has been heavily invested in cooperation programs with architectural and design firms for over ten years, ATO Guangzhou's successful national wood retail promotion offers a new

market channel for AHEC to consider. **ATO Guangzhou has saved AHEC and the U.S. hardwood industry over \$60,000 in initial transactional fees by incurring planning, promotional and representational costs, collecting valuable market data and contacts in national and nine of the top grossing home furnishings markets in China.** We hope this pilot program will steer AHEC in the direction of retail promotion and increase demand for U.S. wood in China.

Creating and developing the “U.S. Woods, Your Home’s Legacy” campaign

To reach out to China’s increasingly sophisticated middle-class consumers, a story, feeling and impression were necessary for the branding development campaign. A powerful slogan would shape the initial impression retailers and consumers had about U.S. oak. The slogan should be in English (to reinforce U.S. sourcing and quality) but should translate into an equally catchy and powerful message in Chinese. ATO Guangzhou would like Chinese consumers to know that U.S. oak wood flooring panels took a generation of 60-80 years to grow and that these would last another generation inside



Chinese homes. U.S. wood should become part of their family and part of their daily lives. U.S. wood should have the power to transform houses into homes. U.S. oak would support a family from the time they had a crawling baby, a toddler learning to take his first steps, a teenage girl learning ballet on U.S. wood flooring and a boy bouncing a basketball, to grandparents reading newspapers on a rolling chair—all these with support of U.S. oak materials. U.S. oak flooring would be part of their lives, memories and feelings. U.S. oak would carry on the family values and beliefs, passing love, trust and fortitude from generation to generation. It is from these concepts that ATO Guangzhou developed the theme, message, image and branding of the first national U.S. wood retail promotion entitled— *“U.S. Woods, Your Home’s Legacy”* “美国木材，世代传承”, is the Chinese version, literally translates into “U.S. woods carry on a family’s values and beliefs”.

Macalline – China’s “Home Depot”

We focused our retail promotion on Nature outlets located in Macalline home improvement malls. Founded in 1986, Macalline is a high-end home furnishings mall concept with over 60 outlets in 38 cities in Mainland China. The concept behind Macalline was to develop an open retail home furnishing materials market mainly geared toward design companies. However, new home buyers with multiple homes wanted to increase the values of their homes (which are their main or only investment) showrooms were added to demonstrate products directly to consumers. Macalline outlets are now thirteen stories tall in most cities and are the model for many new home owners’ interior design.

Macalline is a one-stop shop for all home construction materials, home furnishings and decorations, but with a unique upscale “mall” style shopping atmosphere.

Macalline bears certain similarities to the Home Depot chain store concept, except that unlike Home Depot, Macalline is composed of a series of independent, smaller retail outlets and brands. The retail outlets have their own sales agents that assist customers with purchases. The clustering of various home furnishing brands allows consumers to consider several options in prices and design. Every weekend, Macalline malls are packed with shoppers looking for elegant elements to add value to their homes. Because Macallines malls were designed like normal shopping malls, there is ample space to hold opening ceremonies for U.S. wood retail promotions. Teaming up with Macalline malls was a strategic decision in order to attract a sizeable captive audience of high-end shoppers interested in home decoration.



As mentioned earlier internal survey data conducted by Macalline revealed that new home owners in China's top five cities (Guangzhou, Shenzhen, Chongqing, Shanghai, and Beijing) spent an average of \$6,000 - \$8,000 furnishing their homes in 2010. China's consumers are brand conscious and willing to pay a premium if there is sufficient cache associated with the brand. ATO Guangzhou's objective in this promotion was to demand for U.S. furniture/flooring by giving consumers that needed brand enticement.

U.S. woods retail promotions opening ceremonies held nation-wide

After tireless discussions and negotiations, U.S. woods retail promotion opening ceremonies were held in nine major markets in China: Guangzhou, Fuzhou, Xiamen, Hefei, Guiyang, Jinan, Chengdu, Zhengzhou, and Hohhot. These promotions were staggered over three months. Every opening ceremony carried the following elements:

1. Specially designed logo, banners and backdrop with strong U.S. theme for U.S. wood (including the Statue of Liberty and U.S. flags)
2. Nature Flooring outlets located at Macalline malls were selected for best results and the opening ceremonies were all held on Saturday mornings to reach the largest possible crowds
3. Every participating Macalline mall was decorated with a U.S. themed promotional logo, banners, posters, decorated columns, floor indicators (guiding customers to the opening ceremony and the Nature Flooring outlets), coupons featuring U.S. flooring discounts, and backdrops
4. Dozens of ushers encouraged Macalline shoppers to join the opening ceremonies
5. ATO Director keynote address (speech included in appendix) and media interviews
6. American cultural elements, including U.S. songs, music, and performance
7. U.S. wood flooring displays at the entrance of each of the participating retail outlets
 - a. Flooring displays included separate sets for fashionable, beautiful, trendy, and peaceful styles
8. ATO Director signature discounts to consumers attending the opening ceremonies
9. Renowned designers and lifestyle media partners reinforcing our message in support of U.S. wood flooring materials, sustainable forestry, superior design, and quality.
 - a. All media were utilized for full coverage, including online media (news sites, social

media, home décor sites, discussion groups, and forums) and traditional media (TV, radio, print, billboards, bus, taxi, and banners at airports)

10. Lucky draws with U.S. themed gifts

Various themes and promotional activities were organized in various cities

Educating consumers on U.S. woods were the key elements in the Elegant Home Center of Macalline malls. Fashionable, beautiful, trendy and peaceful home events were all showcased.

Promotions lasted for three months throughout China

In August, Post finalized details with Nature and kicked off the first grand opening of a series of the promotions in Guangzhou. November 26, 2011 was the last promotion in North China's Hohhot city.

All media vehicles were utilized for a full coverage

On line media: news sites, social media, home decoration sites, discussion groups, forum
 Tradition media: TV, radio, newspaper, magazine, billboards, bus, taxi, LED signage and banners at airports.

Designer seminar in cooperation with ATO Shanghai

Over 60 designers and media were invited to a seminar discussion about latest interiors design with U.S. woods and decoration in the United States. Directors of ATO Guangzhou and ATO Shanghai introduced the wonderful option of U.S. woods as a key element of a modern home. New U.S. wood flooring products were showcased after the event.

Investment yield

Capital input (1\$=6.3RMB)

Cities	Fees for ads (RMB)	Opening ceremony costs (RMB)	Subtotal (RMB)	ATO CSSF contribution
Guangzhou	123,440	98,440	221,880	\$2,222
Chengdu	126,989	64,989	191,978	\$2,222
Fuzhou	120,127	94,400	214,527	\$2,222
Guiyang	193,000	50,040	243,040	\$2,222
Xiamen	215,700	71,000	286,700	\$2,222
Hefei	207,000	54,500	283,000	\$2,222
Zhengzhou	127,500	66,000	193,500	\$2,222
Jinan	140,000	82,300	222,300	\$2,222
Hohhot	160,000	65,000	225,000	\$2,222
Total	1,253,756	646,669	2,081,925	\$20,000

Nature's returns on investment of U.S. woods (by sales)

Cities	Other woods (M2)	US Red Oak (M2)	Subtotal (M2)
Guangzhou	11,000	1,200	12,300
Chengdu	16,000	2,500	18,500

Fuzhou	5,000	2,700	7,700
Guiyang	15,928	1,280	17,208
Xiamen	14,550	3,100	17,650
Hefei	7,500	1,270	8,770
Zhengzhou	7,000	800	7,800
Jinan	36,653	1,605	38,258
Hohhot	12,000	2,000	34,000
Total		16,455	162,186

The Success

Nature's total investment in the three-month national retail U.S. wood promotion reached \$317,460 (RMB2,081,925), of which advertising fees were \$224,406 (RMB 1,413,756) and total costs for grand opening ceremonies were \$102,645 (RMB 646,669). ATO Guangzhou's contribution was \$20,000 from CSSF funds, plus travel costs, and nine weekends.

Total sales of wood flooring was 162,186 square meters, and wood flooring made from U.S. red oak accounted for 11 percent, at 16,455 square meters, valued at \$783,571. Sales performance for U.S. red oak items prior to the promotion were weak, but during the promotion retail outlets in Guangzhou, Chengdu, and Guiyang reported strong demand. In the case of Guangzhou and Guiyang certain product categories sold out a week after the promotion was launched. Prior to the promotion, stores in Jinan and Hohhot did not even carry U.S. red oak flooring materials. During the very first day of the promotion, the Jinan outlet sold 1,605 square meters valued at \$76,429, while Hohhot sold 2,000 square meters valued at \$95,238.



Models demonstrating U.S. woods

Overpowering advertisements coupled with soft articles developed by ATO Guangzhou and populated in various trade media outlets amplified the image and characteristics of U.S. woods to make U.S. woods a must-have home element for sophisticated consumers. Distributors of U.S. wood flooring products increased orders of the products while Nature, the manufacturers, plan on purchasing larger amounts and varieties of U.S. wood products. Nature is now committed to marketing flooring materials made from U.S. woods in over 1,000 retail outlets and amplifying the resounding success of our 9-store pilot promotion.

Why did Nature invest so much into promoting US woods?

Solid wood furniture and flooring recently increased popularity as a result of increased property values. Many consumers also regard solid furniture as being environmentally friendly and connecting with natural elements that bring harmony to daily lives. Product safety issues also influence consumer suspicions that some furniture and flooring products are treated with excessive use of toxic chemicals or paints that can contaminate the family household. Therefore, solid wood furniture and flooring are considered an environmentally conscious choice amongst the newly affluent home owners in China.

Recommendations

In general the results from the first retail promotions for U.S. woods were favorable and show great promise. In order to support the long term objectives of the promotion, which is to create sufficient demand for U.S. wood materials among manufacturers and China's new home owners, the following recommendations should be carried out:

- ✓ Continued promotions with Nature and other retailers. If the funding for these promotions cannot come from the U.S. industry because of lack of market data, then allow ATO Guangzhou to lead in developing similar promotions.
- ✓ Increase financial support in relation to what our partners are contributing. U.S. industry can engage directly with our partners to further cooperate on upcoming promotions. They can pool their resources to be even more effective.
- ✓ Develop an educational training program module designed for consumers and local wood retail staff that focuses on highlighting the advantages and unique features of U.S. woods. The increased knowledge will increase sales.
- ✓ Develop and launch a branded U.S. wood media/public relations campaign that supports the messaging and claims made during the U.S. wood retail campaign. AHEC should consider outsourcing these efforts to a professional agency that can carry out weekend promotional events to create excitement and interest for U.S. woods.
- ✓ Develop consumer education programs to strengthen U.S. brand image
- ✓ Develop a standard marketing logo for U.S. woods. This logo should be a registered trademark that will also serve as a brand to distinguish U.S. woods as sustainable.
- ✓ Persuade AHEC and other U.S. wood associations to promote at the consumer level in addition to promoting to the trade.
- ✓ Educate importers/trade on applications and species of U.S. woods.
- ✓ Lead buyers' missions to visit U.S. wood exporters and production areas.
- ✓ Expand domestic promotions to include furniture, doors, and cabinets made from U.S. woods. Keep building the U.S. brand image before any competitor catching up.
- ✓ Arranging a meeting between Nature's senior leadership and USDA senior officials

South China is the leading retail trendsetter for China. By spearheading the retail promotion that achieved overwhelming success, we hope we have created a model for U.S. industry to follow. Retail promotion in China is no longer exclusively for packaged food or beverages; these promotions can be expanded into raw materials. We are handing the retail promotion responsibility to AHEC while ATO Guangzhou moves to creating opportunities for other U.S. wood products.

Conclusions

The Wood Resource Quarterly predicted that exports of logs and lumber from the U.S. and Canada to China reached \$2.6 billion in 2011. Lumber shipments from Canada alone could reach \$1.2 billion. In order to gain greater market share, keep U.S. wood materials in China, create job opportunities, and support the U.S. economy, we must develop a marketing and branding strategy that is reflective of the opportunities in this booming market. ATO Guangzhou appreciated the support from the CSSF office for allowing us to develop and carry out this unprecedented retail promotion for U.S. woods.

With the rising middle class in South China, ATO Guangzhou has repeatedly encouraged the U.S. hard wood industry to focus on the market potential for U.S. woods in the booming home furnishings and decorations market in China. The industry is now in a position to follow ATO Guangzhou's lead and partner up with the largest wood flooring manufacturer and distributor, Nature, to continue promotion of U.S. wood flooring at the national level in China.

The promotion highlighted the efficiency, simplicity, elegance and quality of U.S. woods to Chinese homeowners in select 1st and 2nd tier cities nationwide. Sales representatives were overwhelmed with the amount of shoppers looking for flooring made from U.S. woods and subsequent sales were unprecedented. Some of Nature's retail outlets located in Macalline malls sold out of U.S. wood flooring stocks in the afternoon of the promotion and emergency deliveries had to be arranged by other retail outlets in the region. ATO Guangzhou strongly urges U.S. wood cooperators, exporters, and traders to actively seize the growing market in China and organize more consumer oriented promotions following ATO Guangzhou's bold and successful lead.

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Appendix

Opening remarks by ATO Guangzhou Director (translated from Chinese):

It is my pleasure to organize this first U.S. wood flooring retail promotion along with Nature and Hong Xing Mei Kai Long.

This year is a new era for U.S. and China.

The traditional re-export business is now changing route and meeting increasing demands from China domestic consumers.

Most Chinese homes will have advantages to be decorated with U.S. flooring and paneling. U.S. woods connect people with nature and create



an environment of harmony and promote sustainability in the forestry industry.

U.S. woods offer tremendous selections in grain patterns, color and texture – from the bold statements of oak, ash and hickory to the more subdued personalities of cherry, maple and birch.

Most hardwoods are found east of the Mississippi river and can reach maturity at about 80 years of age, with each tree developing its own distinct “fingerprint” through its grain pattern, growth cycle and texture.

Modern consumers want to make the most of the great new features in their home, but we still want it to feel warm and inviting.

There is no better way to bring warmth to a home’s design than through the addition of U.S. woods.

And thanks to the many protective treatments available today,

U.S. woods such as oak, maple, ash, pecan, cherry and alder are more than beautiful – they are practical too.

U.S. woods are a very nice material to work with in homes.

They are resilient, warm, resurfaceable - and they add a natural warmth to the room.

But U.S. woods offer much more than style.

It is a practical and lasting investment.

Regardless of your décor or color scheme, U.S. woods also add prestige and value to your home.

Because they are recognized as hallmarks of quality construction by prospective homebuyers, when you invest in U.S. woods, you are investing in your home’s long-term resale value.

Carefully chosen wood decoration can transform a room from the “simple” to the “simply elegant”.

U.S. woods are your home’s legacy.

Grand opening in nine different cities



Highlights U.S. woods on promotions



Shoppers queuing for purchasing discount



Media coverage of U.S. woods retail promotion



Enthusiastic consumers of U.S. wood flooring



Advertisements of U.S. wood retail promotions in various cities



网易团购

8月29日大自然地板专场团购

网易家装 优品团购

8月29日大自然地板专场团购

美居优品 7喜临门

8月29日大自然地板专场团购

品牌名称: 大自然地板
 展会名称: 8月29日, 团购专场
 活动地点: 杭州·星洲国际博览中心
 展会时间: 8月29日 上午10:00-下午1:00
 展会地点: 杭州·星洲国际博览中心
 展会地址: 浙江省杭州市滨江区浦沿街道星洲国际博览中心
 展会电话: 0571-87777777
 展会网址: www.1688.com

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美居优品 7喜临门

8月29日大自然地板专场团购

品牌名称: 大自然地板
 展会名称: 8月29日, 团购专场
 活动地点: 杭州·星洲国际博览中心
 展会时间: 8月29日 上午10:00-下午1:00
 展会地点: 杭州·星洲国际博览中心
 展会地址: 浙江省杭州市滨江区浦沿街道星洲国际博览中心
 展会电话: 0571-87777777
 展会网址: www.1688.com



M 红星·美凯龙 MACALLINE

明星家居之美

家 红星 9月10日

11月10日
 11月10日
 11月10日



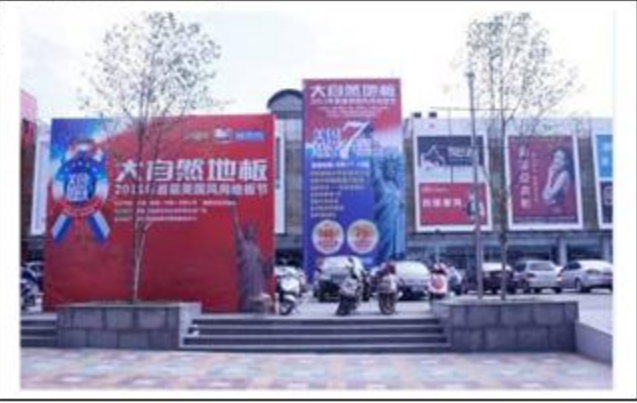
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