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Universal brand on China stores

Has network of independently owned/operated Universal stores

HIGH POINT — Chinese case goods manufacturer Lacquer Craft and its marketing companies Universal and Legacy Classic don't push their brands much in the United States. Instead, they promote the quality and value their products represent.

But in China, where brand is king among consumers, it's a different story. Both Lacquer Craft and Universal are gaining exposure and a growing customer base there thanks to a network of independently owned and operated Universal franchise stores.

The 11 stores, many of which are in furniture malls in Shanghai, Beijing, Hong Kong, Shenzhen, Guangzhou and Dalian, bear the Universal name. Some also carry the Lacquer Craft logo, although the company has no ownership, and the stores may carry product from other suppliers.

Some of the stores were already in place before Lacquer Craft acquired Universal in 2001.

The stores are helping Universal gain a foothold in what may be the world's largest emerging consumer market.

While the Universal products are made just outside of Shanghai, they are actually sent to the United States and then shipped back to China. Lacquer Craft does this because it must export all its finished product in order to fulfill the requirements to qualify as a 100% export foreign investment company, said Lacquer Craft President Mohamad Amini.

"Everything is exported and they import it back in," Amini said.

He said the China stores "are supportive of the brand, and it's a small part of our business, but it is part of our efforts to keep the brand alive globally."

Amini did not specify how much product was sold to the China stores, but he noted that more than 95% of Universal's sales are in the United States. The company also is starting to sell product in Europe, although Amini said success in that market will require some changes in product design and scaling.

In China, the scale and styles are no different than what is sold in the U.S., Amini said. This largely reflects the demand for such products in China.

"The Western look and size, it's popular, but not everyone can fit it into their homes," he said. "You have a certain clientele that is looking for that style and

size. It's appealing to a certain percentage of the consumer base and that's where we are right now."

He added that in China, the product retails at twice what it would sell for in the United States.

At some point, the number of China stores could grow, but the company isn't pushing that now.

"It will make a difference at some point in time," said Universal President and CEO Randy Chrisley. "There's nothing wrong with having that name out there and starting to build that brand in the Chinese market."