

# 2009 RETAILER PROSPECTUS

# WELCOME TO ECOSMART FIRE™

Dear Prospective EcoSmart™ Fire Retailer;

Thank you for your interest in representing our collection and congratulations on making the first step towards the decision to bring EcoSmart™ Fire in your showroom.

There is no denying the difficulties and challenges that currently face each and every retail business, day in, day out, as the overbearing cloud of uncertainty in the global economy is yet to subside.

History has shown us that some of the most successful businesses and organizations in market conditions similar to that of today, proved through vigilance, strategic business decisions and unwavering effort, that it is possible to not only survive a downturn, that in fact it is possible grow, prosper and earn greater rewards for those efforts.

Much can be learned from the past, but with attention to the lessons of the past, consideration must be placed on measuring the possible risks associated with investments required to drive a business to succeed during a market slowdown.

Representing EcoSmart™ Fire is an opportunity that provides rewards, profitability and offers a unique market differentiation. Our success and that of our retailers is a testament to the benefits of representing EcoSmart™ Fire.

This document, along with your market research and the support of your Dealer Development Consultant will leave you with the resolute notion that this collection will be beneficial for your showroom, for your revenue, for your marketing, for your market differentiation and of course, for your profits.

EcoSmart™ Fire grew over three times over in 2008 and the same or greater will be achieved in 2009. As a retailer, you will benefit extraordinarily from partnering with us.

At EcoSmart™ Fire, we embrace the challenges that lay ahead and believe through partnering with our retailers in a focused, committed and strategic manner will pave the path to success for both our businesses. We hope you will join us and prosper from the results.

Thank you again and I personally look forward to working with you in the near future.

Kind Regards,



Alexander Eburne  
Vice President Sales & Marketing

# OUR STORY

The EcoSmart™ Fire collection is designed and manufactured in Sydney, Australia by The Fire Company – an innovative organization at the forefront of the industry.

Its ground-breaking concept – a unique and environmentally friendly style of open fireplace – was launched onto the Australian market in 2004. Since then, the EcoSmart™ Fire has been installed into residential, commercial and hospitality developments and projects around the world at an unprecedented rate of growth.

Within the first two years, The Fire Company made strong inroads into international markets, and EcoSmart™ Fires are now available in 53 countries within North America, South America, Europe, Oceania, Middle East and Asia.

Today, The Fire Company offers a large and growing range of EcoSmart™ Fires and accessories designed to provide heating solutions which enhance comfort, convenience, design and lifestyle.

Driven by a vision to create a superior style of open fireplace, the team behind The Fire Company continually undertakes research of the product, the marketplace, client and consumer requirements. The result is an ever-evolving collection which continues to set the benchmark around the world.

With the EcoSmart™ Fire, The Fire Company has achieved the first of many goals – to develop a highly efficient, cost effective, eco-friendly and aesthetically appealing fireplace - a state-of-the-art 'piece of furniture'.

The awareness and popularity of the EcoSmart™ Fire collection continues to rapidly expand and evolve in the United States. Consumer demand for a stylish, unique and environmentally friendly solution that offers heating and aesthetic benefits increases by the day.

As an EcoSmart™ Fire retailer, you are partnering with an organization focused on inspired innovation and designs, market evolution, the utmost quality of production and of course, safety.

ecosmart<sup>+</sup>  
Fire



# THE COLLECTION



## Burner Kits

The core of each product in the collection is a Burner Kit. Each Burner Kit may also be purchased and installed on its own so long as a series of compulsory clearances are maintained.



## Designer Range

All units in the Designer Range are freestanding and require no installation or construction work of any kind. Fully versatile, each product offers a unique design and style unlike any other.



## Renovator Range

A series of zero-clearance, stainless steel fireboxes offering a simple installation solution in a variety of shapes and sizes including flexible options for customized installations.



## Grate Range

The Grate Range are entirely portable, designed to offer an easy solution to re-invent often unused existing fireplaces. The Grates are now commonly seen used in outdoor applications.

Each collection features outdoor models or models that are acceptable for outdoor use

# THE PRODUCT

The EcoSmart™ Fire is an environmentally friendly open fireplace. The collection is vent free, requires no installation or utility connection for fuel supply, which make it ideal for just about any design environment.

Fuelled by a renewable modern energy (Denatured Alcohol), it burns clean and is virtually maintenance free.

Featuring remarkable design flexibility, the simplicity of the EcoSmart™ burner and the modular nature of its design grants consumers with significant versatility and choice.

- New concept of open fireplace
- No vent/chimney, no hard connection
- Efficient and effective heating solution
- UL Listed
- Ideal for residential and commercial installations
- Unprecedented design flexibility
- Environmentally friendly
- Ability to regulate the flame or turn it on/off at any time

As important as the design and style of the collection is in contributing to the success of EcoSmart™ Fire around the world, it is important to take note of the features that set EcoSmart™ Fire aside in an increasingly competitive market:

- **Standards, Testing & Safety**  
UL Listed. EPA compliant. Impeccable safety record.
- **Quality of Manufacture**  
ISO 9001 accredited manufacturer. Highest quality of materials and manufacturing standards.
- **Built in Safety Features**  
Safe filling mechanism, filling points, ignition, regulation and extinguishing process & tools.
- **Research & Development**  
Innovative focus on new techniques to extend life of flame, increase efficiency and development of new designs & concepts.
- **Warranty**  
Full two year warranty.
- **Patents & Trademarks**  
Intellectual Property (IP) Protection in place to ensure designs and market position are protected.



# WHAT WE'RE LOOKING FOR

We are focused on establishing a network of reputable retailers nationally who are positioned to not only meet, but exceed our sales expectations. We are diligent to ensure we are not in the business of wasting our time or yours, so we make our expectations clear from the onset.

We maintain a series of minimum guidelines and standards each retailer looking to represent EcoSmart Fire is required meet or exceed.

The versatility of the collection opens the door to varying styles of retailers in a number of market segments who will succeed in representing the product. All showrooms representing EcoSmart™ Fire retail other top end market products as this best positions you to capitalize on the market and clientele the EcoSmart™ Fire collection attracts.

Our retail network spans furniture showrooms, fireplace stores, outdoor furniture retailers, eco-friendly retailers, kitchen and bath showrooms, spa & hot tub dealers and showrooms exclusively representing the EcoSmart™ Fire collection.

In joining the EcoSmart™ Fire retail network, your showroom will be joining a group that includes some of the most elite showrooms in the country.





# WHY RETAIL ECOSMART™ FIRE?

**INNOVATIVE CUTTING EDGE PROFITABILITY DIVERSITY LOW ENTRY TO  
MARKET DEFINING SALES PROPOSITION EDITORIAL AND PUBLICATION  
RELATIONS MAGNET INDOOR AND OURDOOR COLLECTION MULTI UNIT  
SALES PRICING PROTECTION PROJECT REGISTRATIONS RE-INSPIRE  
EXISTING CLIENTS FULL TRAINING, SUPPORT AND DEVELOPEMENT UNIQUE**

Rarely does a product or an opportunity hit the retail market quite like EcoSmart™ Fire. Unique, innovative, cutting edge and inspiring products are not only uncommon, they are barely possible to find. EcoSmart™ Fire fills that gap in the retail market and does so in a manner unlike any other.

The combination of design, functionality and versatility is something your customers have been reaching for. Now you have the opportunity to fill that void by bringing a unique offering into your market that will open new doors, new customers, new opportunities, sales and of course, profit.

EcoSmart™ Fire not only satisfies the needs of your customers, it meets every conceivable feature a retailer or business person like yourself could possibly be seeking in a product.

Today's competitive and at times volatile retail market calls for diversification and a defining sales proposition that separates you from your competition. EcoSmart™ Fire offers this unequivocally.

It is vital as a retailer you represent products that generates strong returns and high potential for sales. You need to ensure high dollars per square foot return on your showroom floor and you need to do this while spending as little up front capital as possible.



# WHY RETAIL ECOSMART™ FIRE?

As a showroom you look to represent collections and brands that afford the benefits of free editorial and public relations coverage. EcoSmart™ Fire offers this and does so with ease.

You need a product that will be profitable. A product with pricing protection and commercial project protection to ensure the work of you and your team receives the rewards it deserves. EcoSmart™ Fire offers this.

You need a collection that inspires existing customers to re-visit your showroom. A collection that acts as a catalyst to host events and generate renewed interest in your showroom.

Collections you represent should attract clients to your showroom -new clients most importantly. The unique and unprecedented features and pure beauty of the fires will do this.

Outdoor product specifications reach hundreds of billions of dollars per annum. EcoSmart™ Fire offers a full collection of indoor, outdoor and crossover products opening entire market segments to your showroom.

Multi unit sales are the cornerstone of success for many retailers. EcoSmart™ Fire affords commercial, hospitality, high rise condominium and multi unit residential sales and does so with the addition of rewarding you with higher profitability margins for doing so.



# SHOWROOM DISPLAYS

As unique and innovative as EcoSmart™ Fire is and as powerful as our marketing materials and website are, it is important to appreciate the need for clients to see, touch and feel the product if we expect them to come to the decision to purchase.

A requirement of representing EcoSmart™ Fire is to maintain a minimum level of products on display, within your showroom so as to best equip you and your sales team with the potential to close sales and generate profits.

The typical investment in showroom display product to become an EcoSmart™ Fire retailer varies from around \$8,000.00 to \$12,000.00 depending on the models selected. Many retailers decide to select a large number of models and they see the rewards associated in doing so.

Showroom displays are offered at a deeper discount (additional 10%) to ensure only a minimum amount capital is outlaid to commence retailing the product.

We are careful in working with you in the selection of your showroom models. Our experience has shown with careful selection of product, sizes and colors, you will increase the number of units within the collection you will sell, as each product allows you to sell a variety of other units by demonstrating certain features.

We are well aware of the limitations showrooms have in balancing product displays strategically with that of square footage available. As a result, we promote and emphasize that a great deal of focus be placed on the presentation of each unit so as to not overcrowd your showroom, while at the same time positioning the units so as to generate the greatest possible appeal and coverage.

As with any investment for your business, especially one requiring an outlay of capital up front, it is important to calculate a return on investment in order to make a strategic decision.

In 2008, the average EcoSmart™ Fire retailer in their first 12 months of trading transacted just over \$125,000 in retail sales. Many did much more. Retailers in their second or third year are achieving in excess of \$500,000 in retail sales.

A \$10,000 investment in showroom units returned an average of well over 1000% in first year retail sales value. 750% in gross profit.

The minimum showroom display requirements vary throughout the year as seasons and stock flow change so speak with your Dealer Development Consultant to see exactly what the minimum requirement is at this point in time.



# PROFITABILITY & MARGINS

As enjoyable and rewarding as business is, it is vital to ensure you are profitable. The selection of products with strong margins and high ticket returns is critical in the success and longevity of your business.

EcoSmart™ Fire margin structure is one designed to inspire and reward dealers who meet and exceed targets. This is achieved through a Sales Target Rebate program and Multi Unit Purchase Bonuses.

## Margins

Showroom Order	50%
Sales	40%

## Target Rebates

(Based on wholesale purchases over 12 months)

\$100,000.00	+3%
\$250,000.00	+3%

## Multi Unit Bonus

(Based on single order)

5 x Burner Kits	+5%	5 x Designer Range	+5%
5 x Grates	+5%	10 x Renovator Range	+5%

## Profitability Projection

(Assumptions: \$10,000 investment. \$3,450 average retail sale (2008))

Sales	Units/Month	Revenue	COGS	Gross Profit	ROI (GP)
Exceptional	10	\$414,000.00	\$237,900.00	\$176,100.00	1,716%
Great	5	\$207,000.00	\$121,200.00	\$85,800.00	858%
Good	3	\$124,200.00	\$74,500.00	\$49,700.00	497%
Poor	1	\$41,400.00	\$24,840.00	\$16,560.00	166%

# WORKING WITH ECOSMART™ FIRE

## Shipping & Warehousing

The product is warehoused in Los Angeles, California ready for immediate dispatch. We drop ship according to your instructions: either to your warehouse, showroom or directly to your customer.

Delivery time on in-stock product is 5-10 business days depending on the delivery location and tracking numbers are provided.

Shipping and Handling charges are additional to the wholesale purchase price and vary depending on your shipping channel. We recommend all freight charges are passed onto your customers.

For custom color orders or for product not in stock there is an 8-10 week lead time however you will be advised of this upon contacting EcoSmart™ Fire offices for an ETA.

A stock list is emailed every two weeks so you may see what is available for immediate drop ship removing the need to call.

## Payment Terms

All new retailers are required to complete a credit application and upon approval are placed on standard 15 day payment terms. Invoices are sent following the dispatch of the product.

## Our Support

Retailing a product such as EcoSmart™ Fire requires extended support, training and development. Upon commencing as an EcoSmart™ Fire retailer, a full product and sales training will be completed by your Dealer Development Consultant with you and your entire sales team in your showroom.

With your initial order you will receive an allocation of marketing materials, color swatches and sales binders to assist with sales.

We offer graphic design support to create any postcards, email templates, invitations or similar to assist in your entry into the market with EcoSmart™ Fire.

Your Dealer Development Consultant is on hand to assist in questions as you go as is the EcoSmart™ Fire offices in Los Angeles.

Your business is listed on our website and leads from your area are forwarded to you providing a strong platform to build on.





# YOUR PROTECTION

## **Pricing Protection & Project Registrations**

EcoSmart™ Fire employs a Unilateral Pricing Policy. Unilateral Pricing ensures your margins as a retailer are protected. It ensures that you are not placed in a position where you may lose a sale due to someone deeply discounting secure sales.

The Unilateral Price is the minimum price per unit a customer may purchase the product for from any retailer in the United States. The minimum resale price takes into consideration expected 'trade' discounts to designers or contractors and also incorporates deeper minimums for volume sales.

Similar pricing structures have been implemented by companies such as Apple, Viking and Miele.

The EcoSmart™ Fire Project Register is designed to protect your large volume projects and works hand in hand with the Unilateral Pricing Policy. Minimum values apply to registrations.

## **Online Sales**

No online sales are permitted under any conditions within the United States and this includes street-front EcoSmart™ Fire retailers with online stores.

## **Territories**

EcoSmart™ Fire does not assign exclusive territories to any retailers in the United States. We are sensitive however to geographical and market segmentation restraints in commissioning new retailers and are always diligent to ensure your position and investment is protected.

We believe it important to build a network of retailers nationally that complement one another, not compete with one another. Greater awareness of the collection is important but equally as important is your protection.

We believe saturating a market is not the best method to success and that it better to work with a smaller number of committed, focused and well trained retailers and work with those retailers to grow and exceed sales expectations within their markets.

It is not the intent or desire of EcoSmart™ Fire to overcrowd any market. Many markets have capacity for a few or several retailers and when this is possible, we are diligent to ensure market segmentation occurs.

Two or more retailers in the same market with the same target customer is not beneficial for anyone concerned.

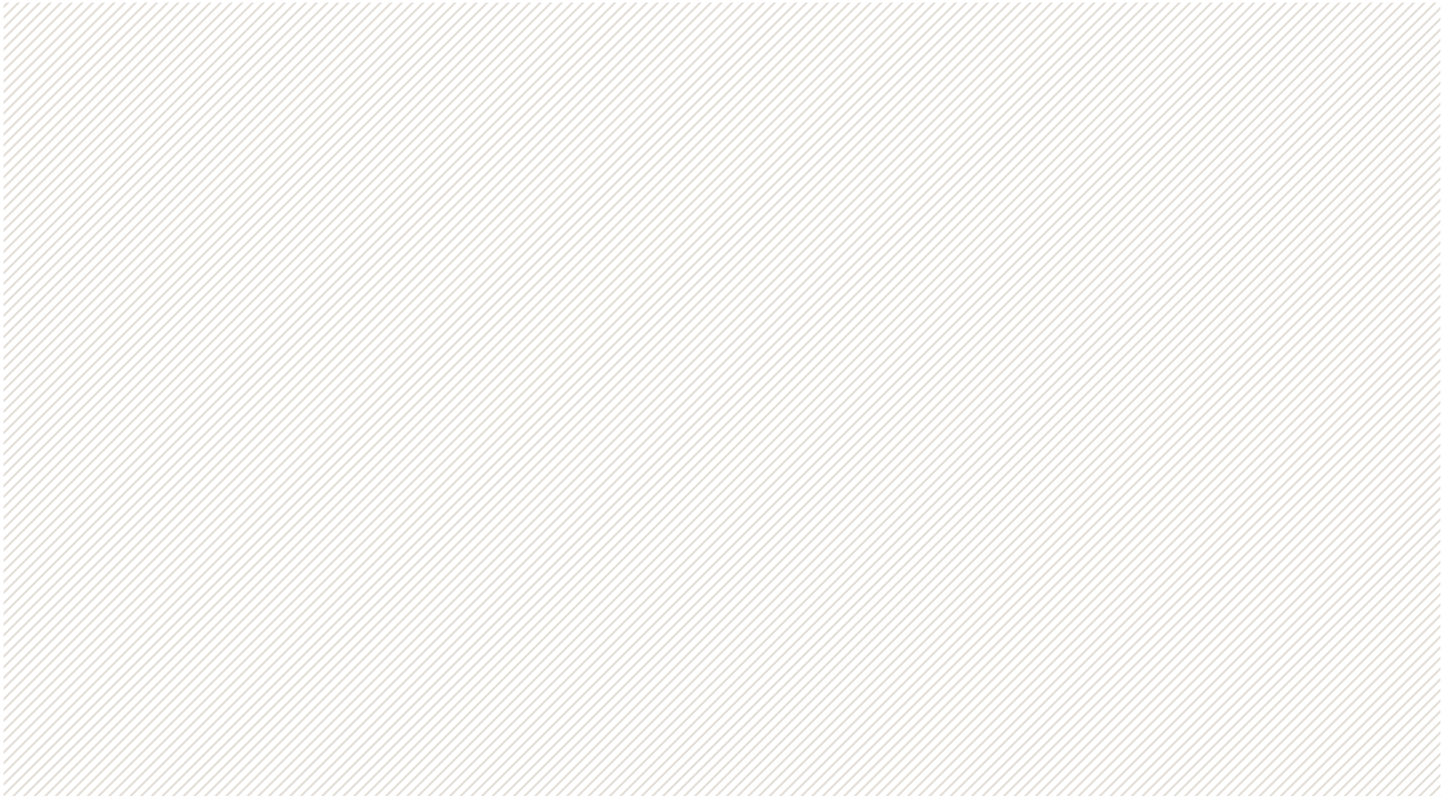
# WHERE TO FROM HERE

Once you are ready to take your interest in EcoSmart™ Fire further, it is a simple process to move forward.

1. Further discussions with Dealer Development Consultant (as required)
2. Select & Make Payment For Showroom Displays
3. Complete Credit Application
4. Showroom Displays & Marketing Materials Ship
5. Product & Sales Training with Dealer Development Consultant
6. Added to [www.ecosmartfire.com](http://www.ecosmartfire.com)







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