

**Wood Products Industry Internet Adoption
in the Western United States:
Implications for Business-to-Business Marketplace Exchanges**

Presented to:

World Wide Wood Network, Ltd.

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Research Context

This study examines current and potential use of Internet-based technologies to conduct business by solid wood products manufacturers in the Western United States.

Internet-based technologies were studied in the context of implementation strategies across a number product types including lumber, plywood, particleboard, etc.

A census of 225 companies were surveyed. The sample frame was selected from the Random Lengths Big Book, 1999 Edition.

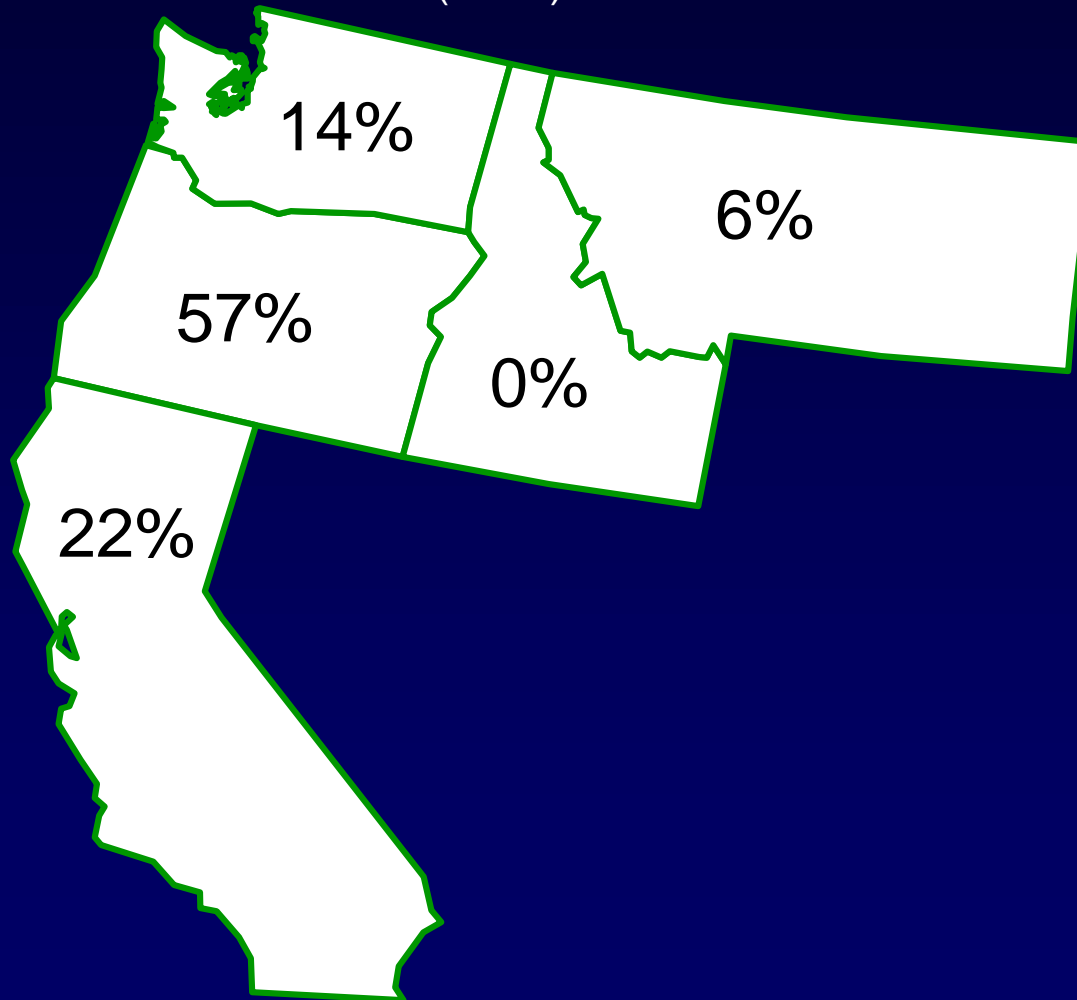
Objectives

1. Examine the current and potential uses of the Internet in the solid wood products industry in the Western United States.
2. Discern the general readiness of the industry to do business through Internet based technology.
3. Identify willingness to participate in Internet-facilitated market exchanges.
4. Identify concerns with regard to participation in Internet-facilitated business practices.
5. Identify business opportunities for World Wide Wood Network, Ltd.

Results

Respondent Corporate Locations Percent of Responses

(n=49)



Response Rates

Total

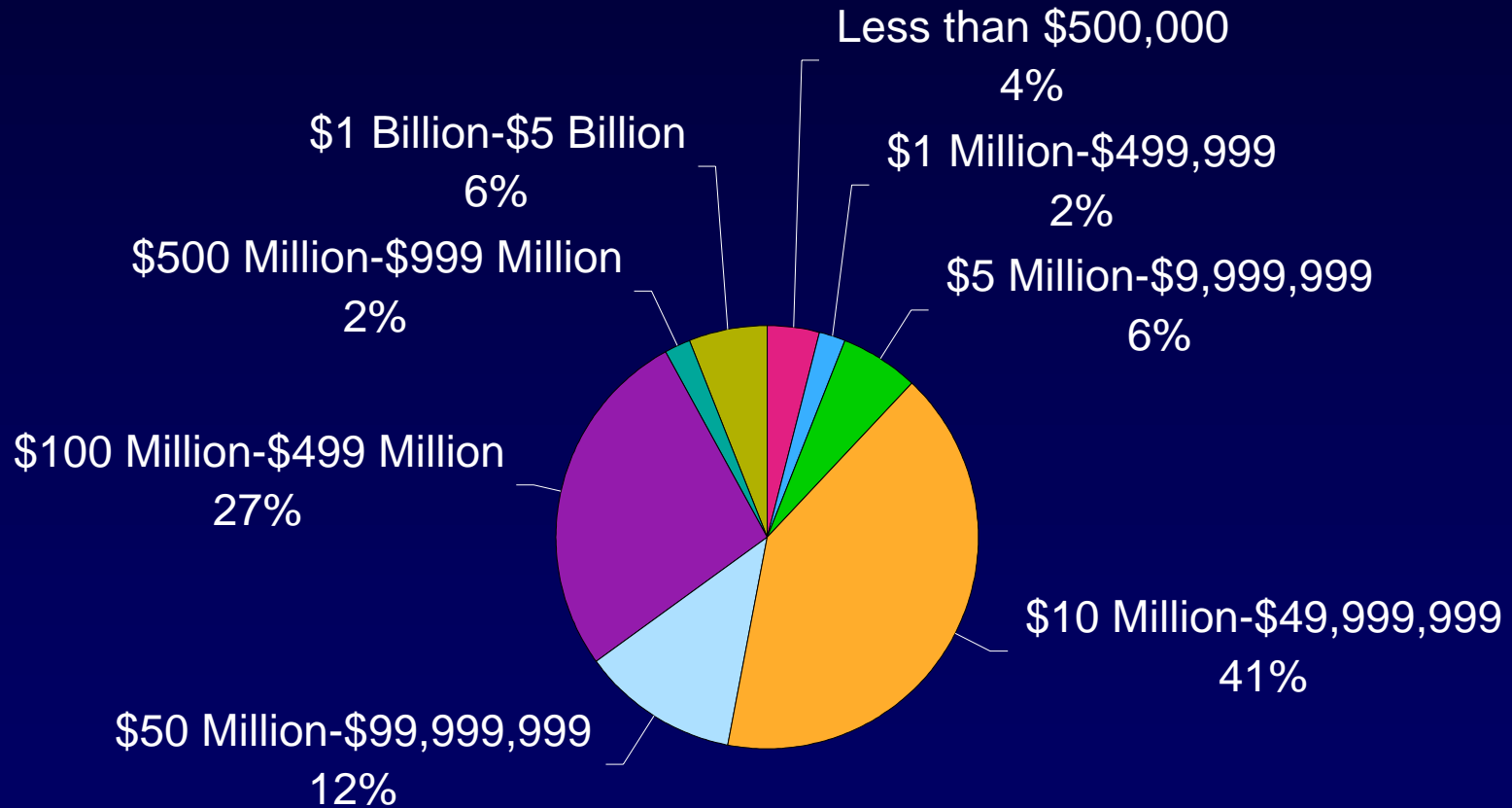
Initial Sample Size	Inappropriate or Undeliverable	Number of Total Respondent Companies	Adjusted Response Rate
225	10	49	23%

By State

	Percent of Population	Response Frequency	% of Total Responses	Response Rate
CA	19%	11	22%	26%
MT	9%	3	6%	16%
ID	9%	0	0%	0%
OR	40%	28	57%	31%
WA	23%	7	14%	14%
Total	100%	49	100%	23%

Respondent Size 2000 Sales

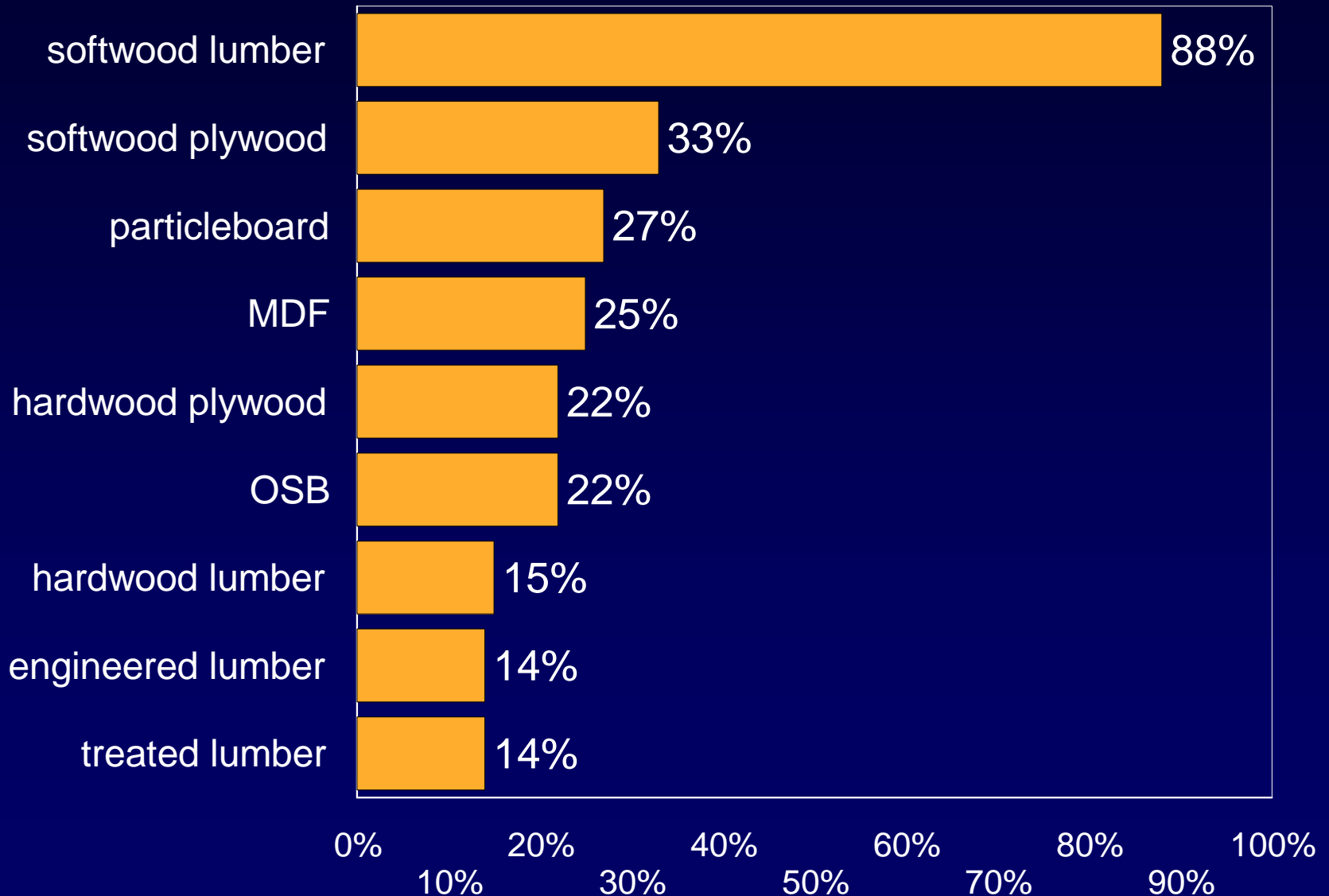
(n=49)



Respondent Major Product Categories

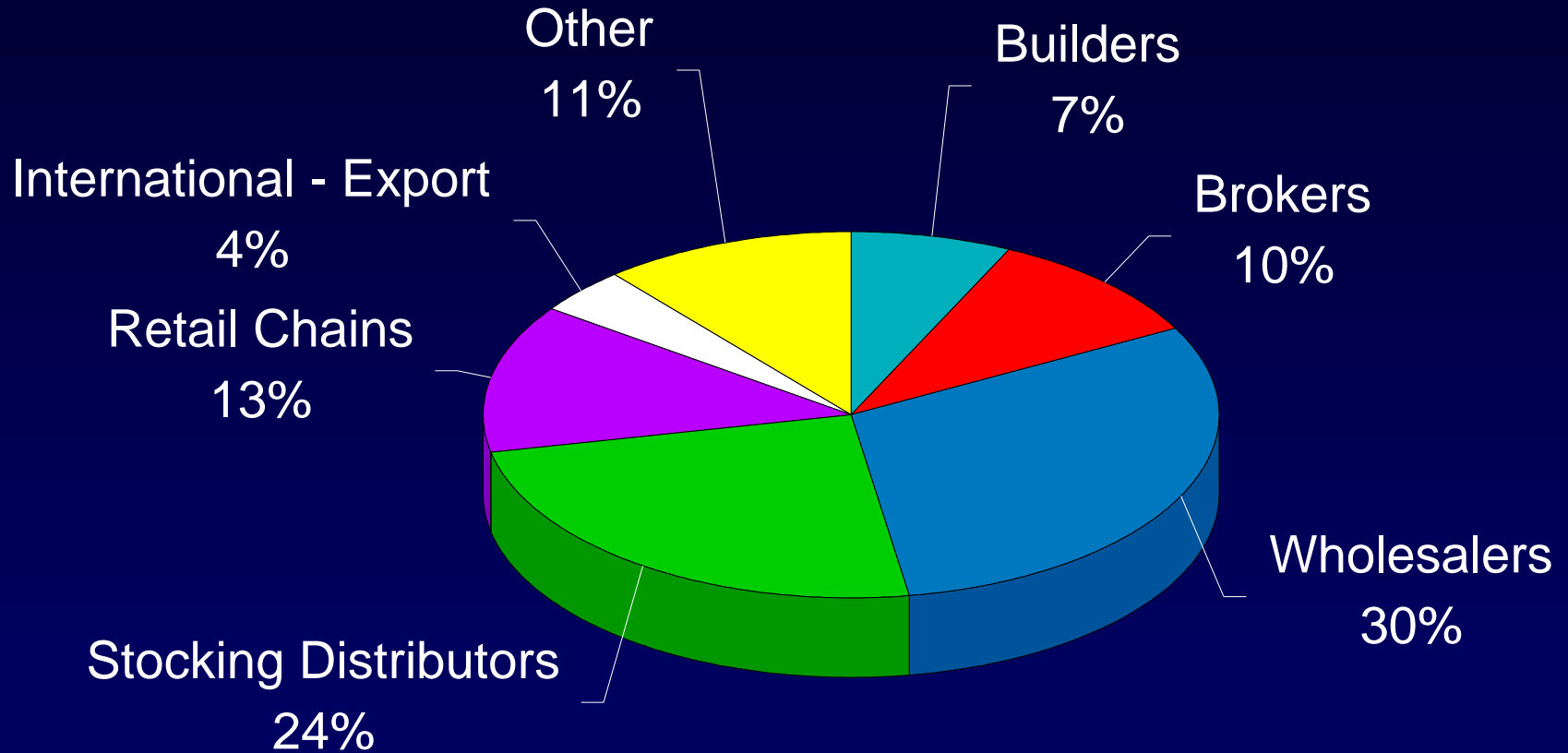
Percent of Respondents n=49

(Multiple responses possible)



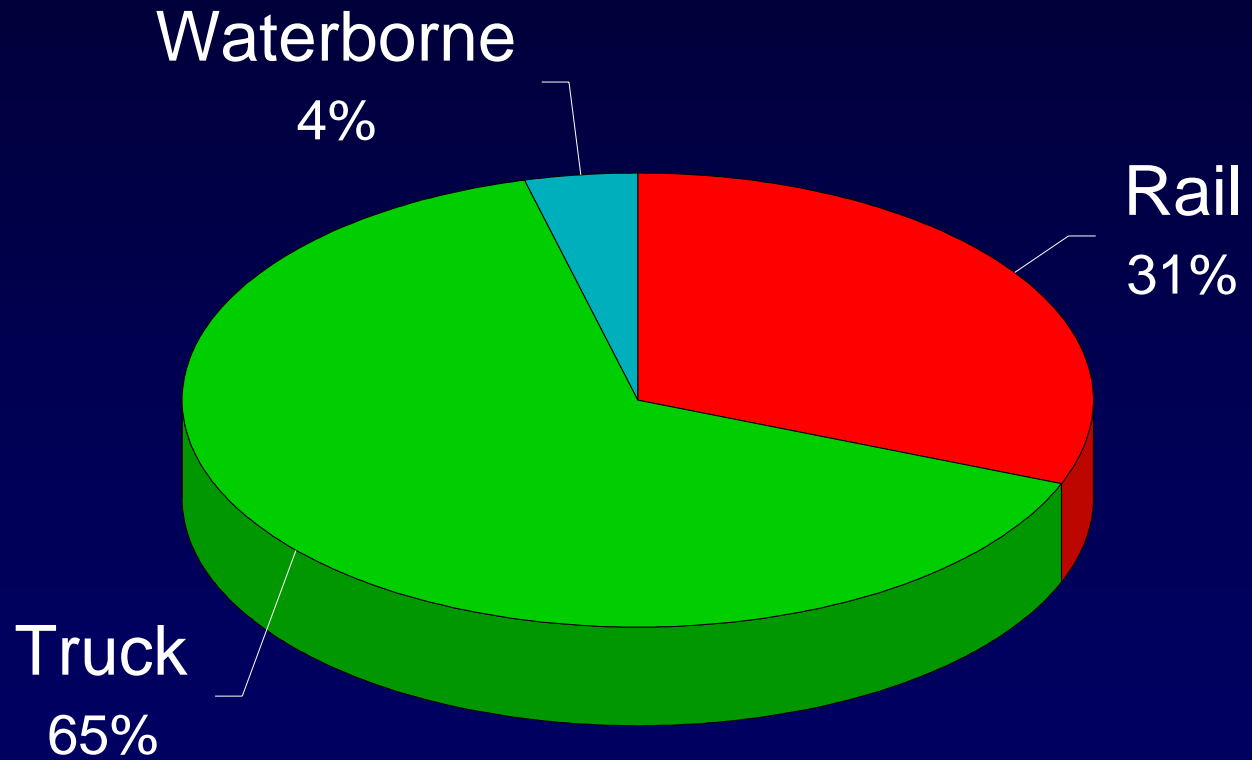
Respondent Sales Distribution Channels

(n=49)



Respondent Transportation Mode

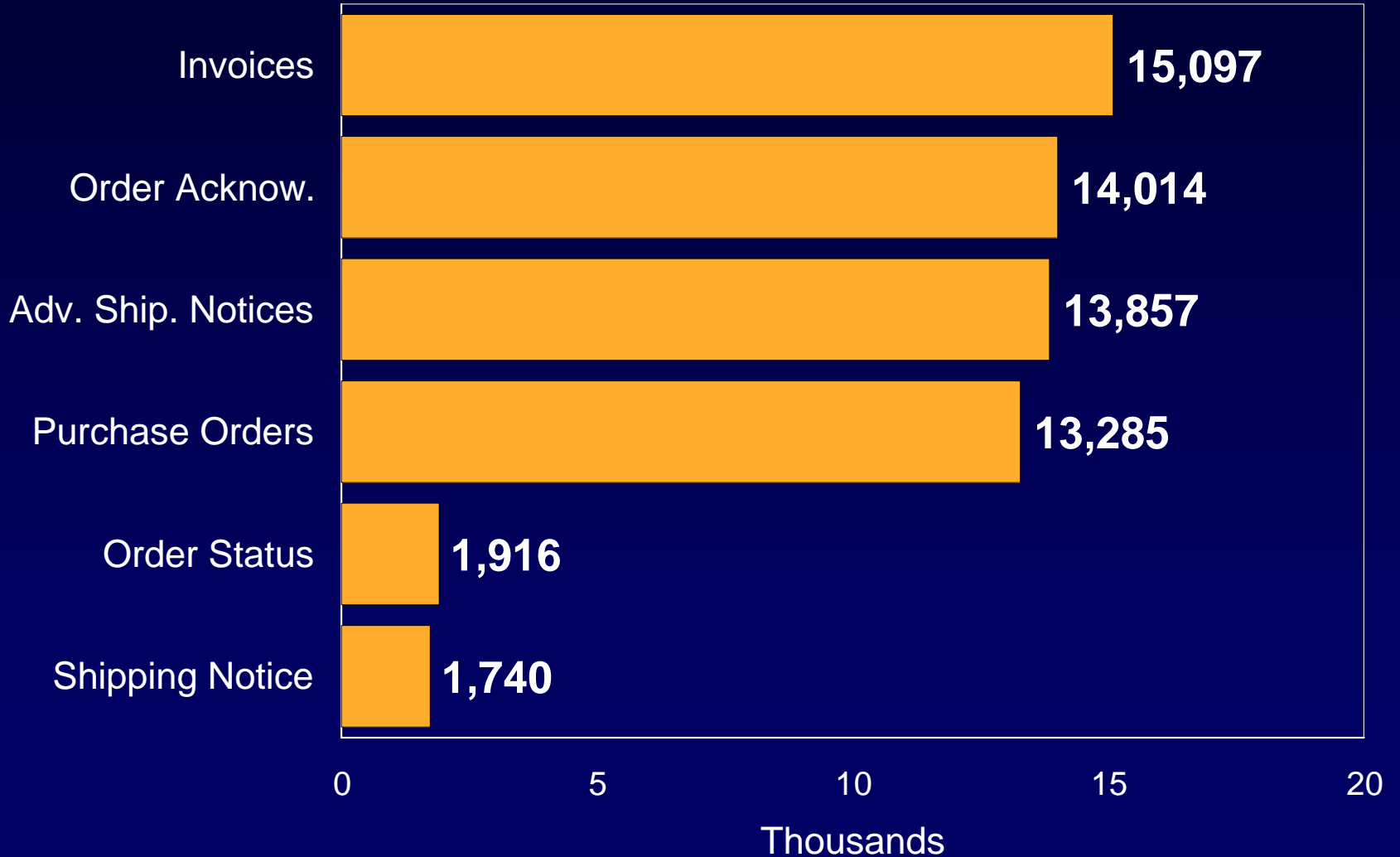
(n=49)



Mean Number of Business Documents Processed Annually by Respondents

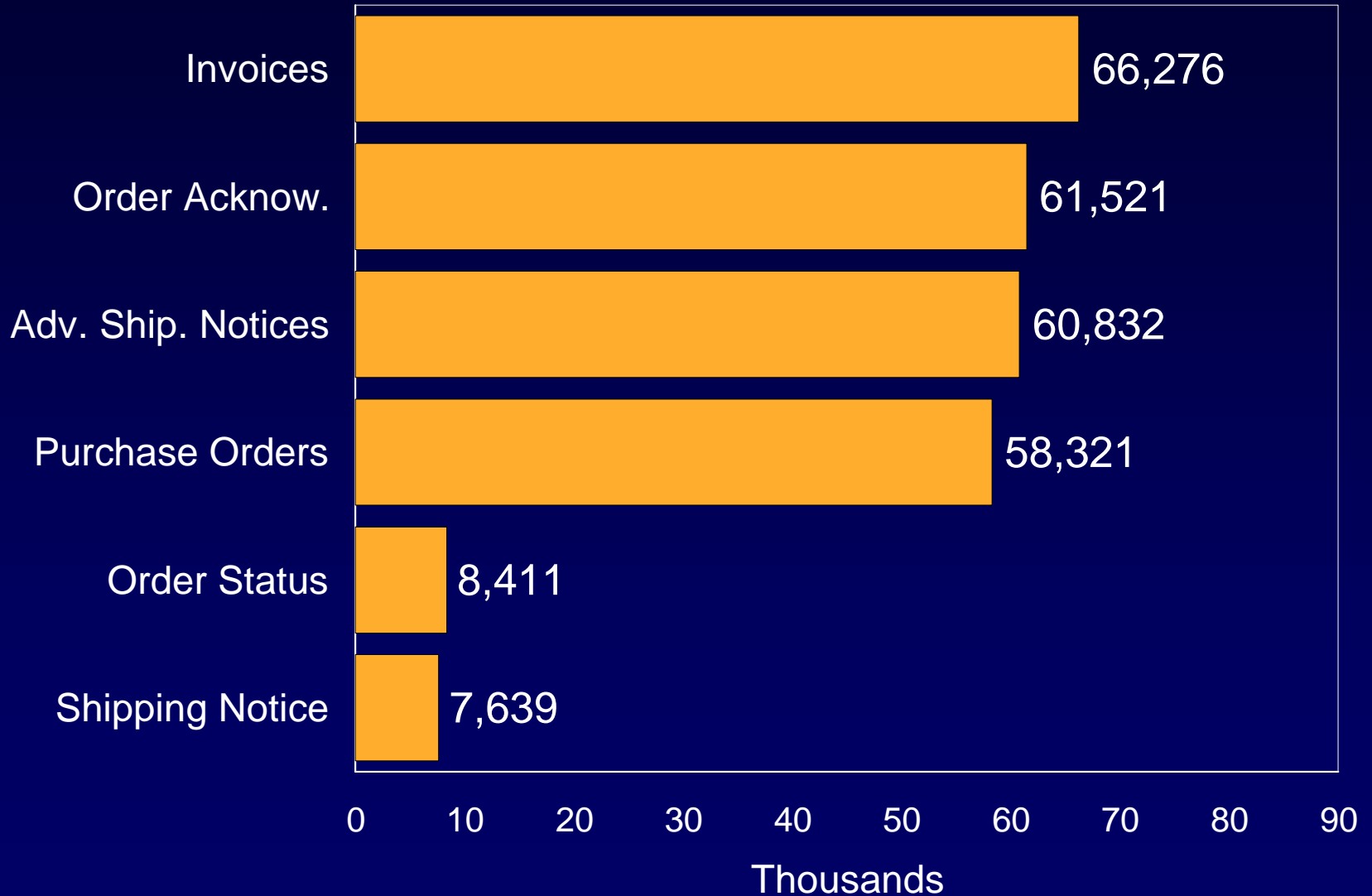
(n=49)

Total=59,909



Mean Number of Business Documents Processed Annually -Extrapolated to Western US Population (n=215)-

Total=263,000

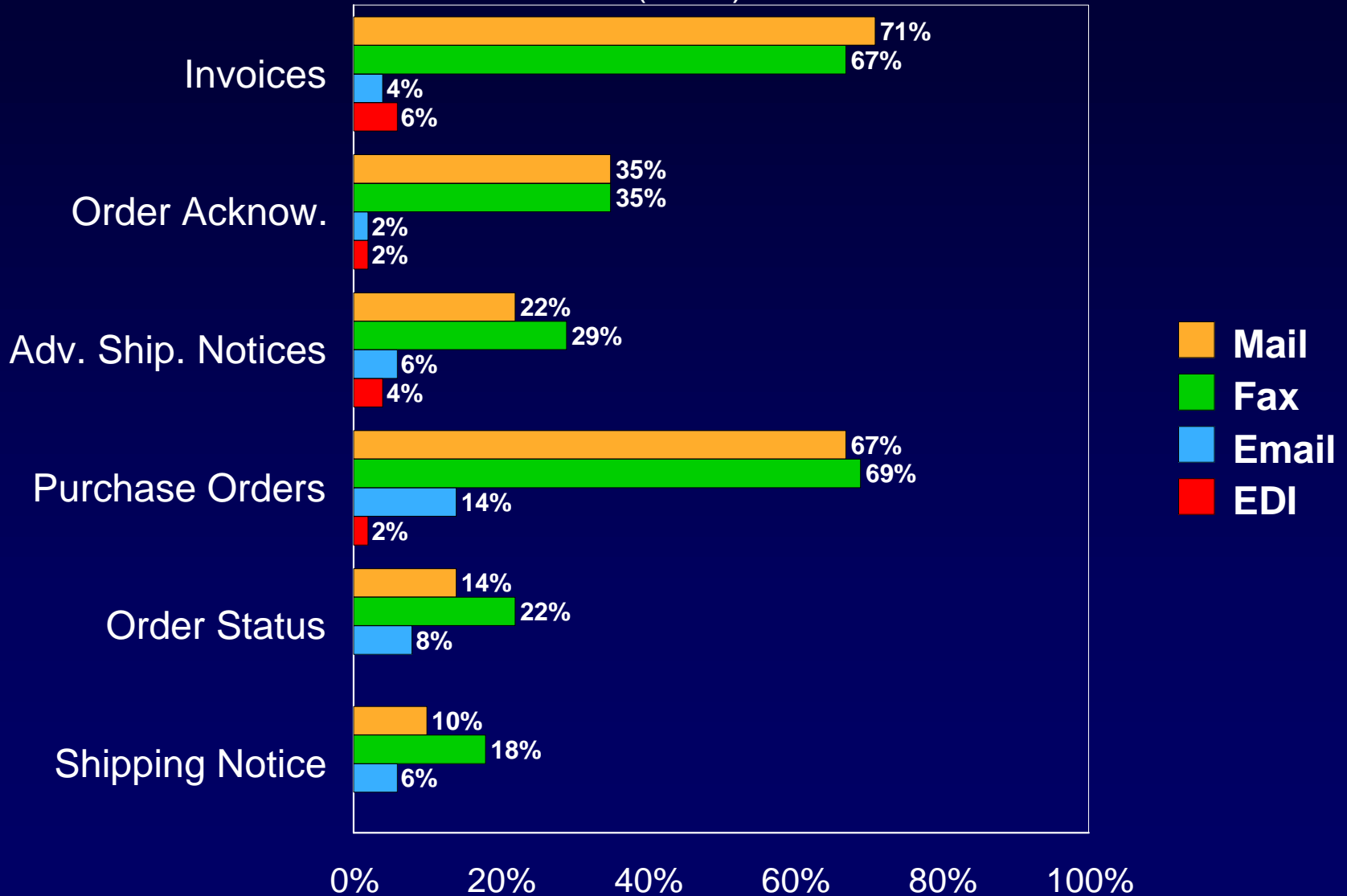


Methods of Transmitting or Receiving of Business Document

Percent of All Respondents Indicating "Yes"

(Multiple responses possible)

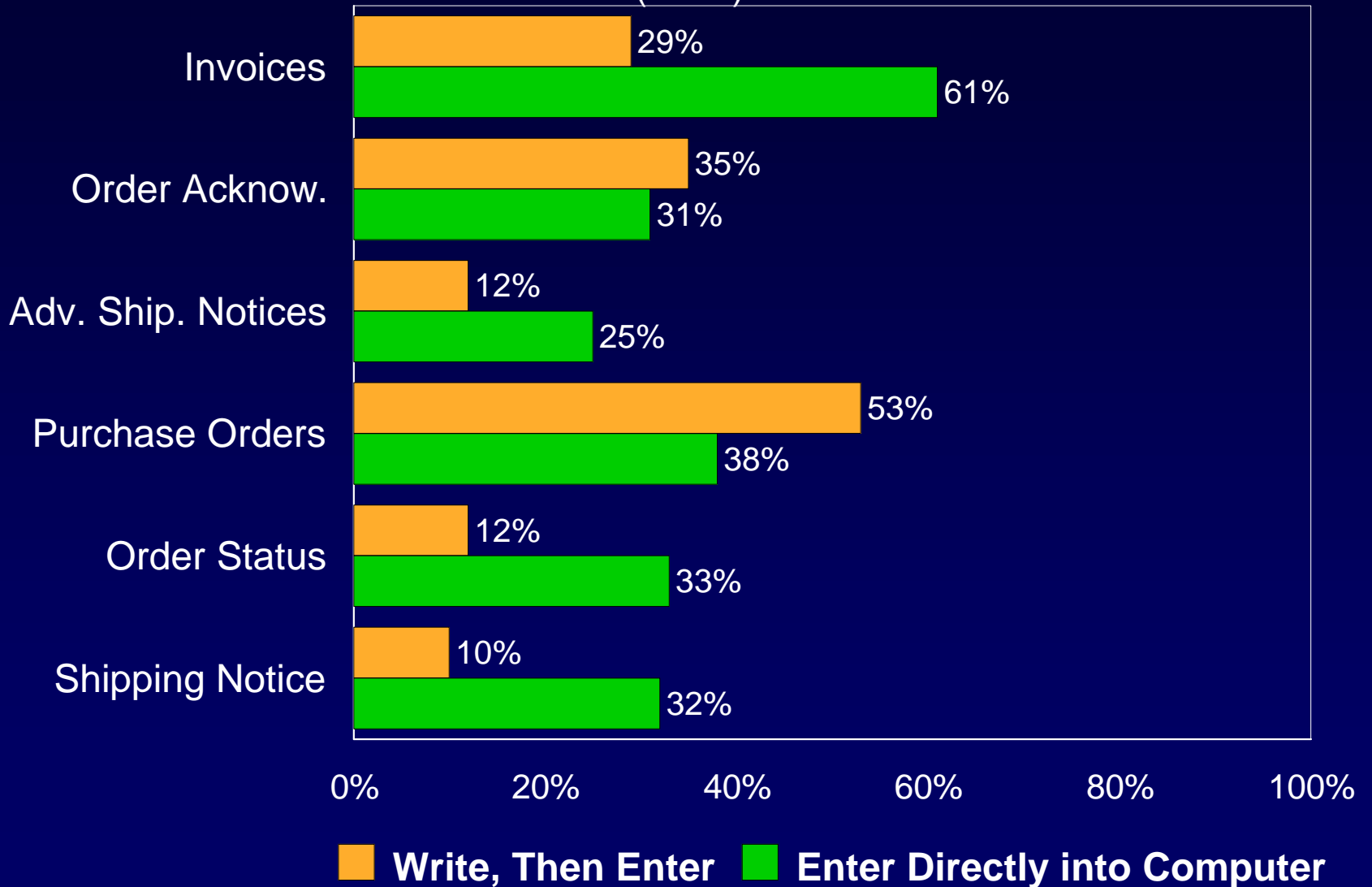
(n=49)



Methods of Entering Business Document Data

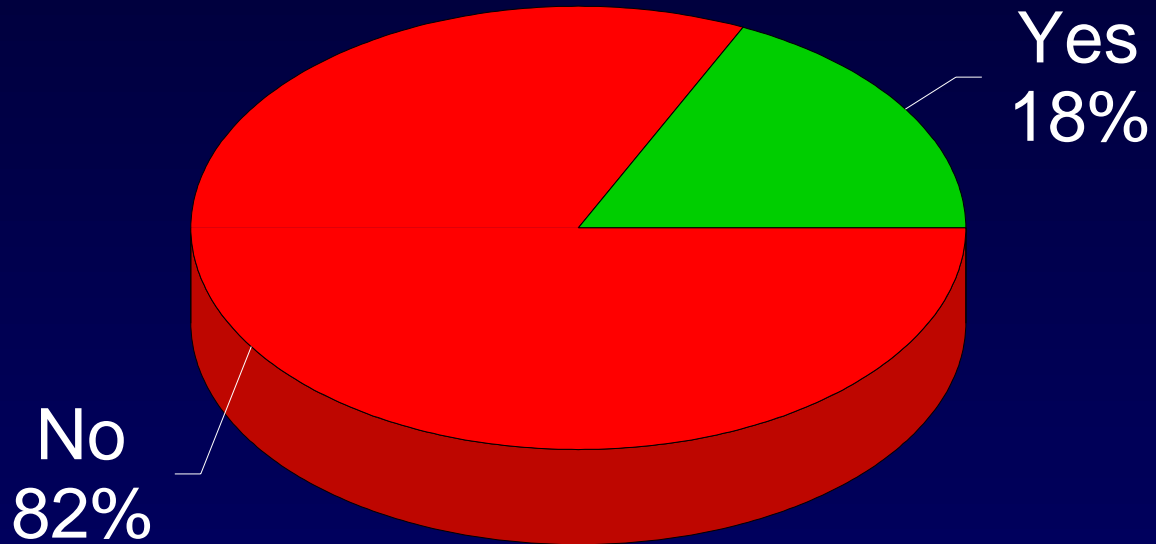
Percent of All Respondents Indicating "Yes"
(Multiple responses possible)

(n=49)



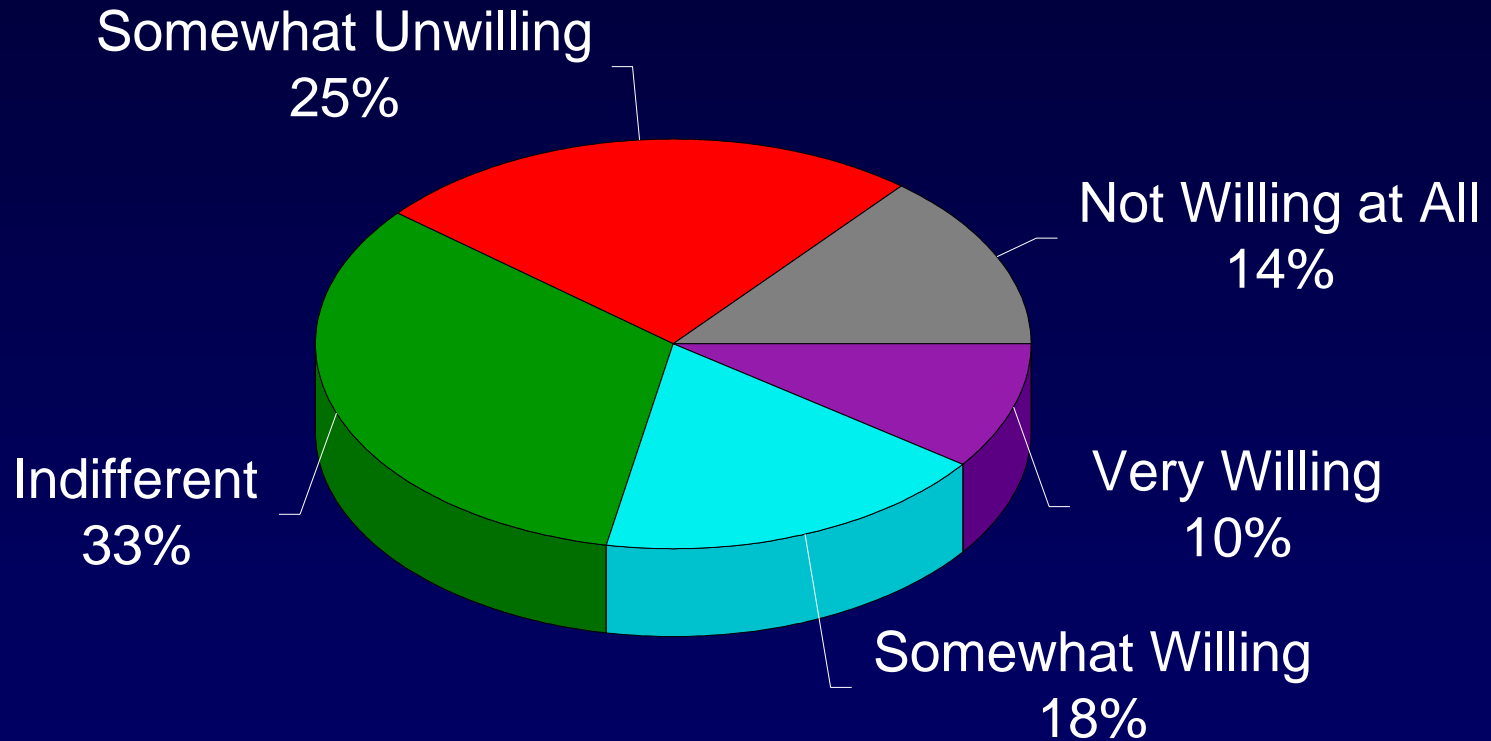
Does Your Company Use the Internet to Sell Products ?

(n=49)



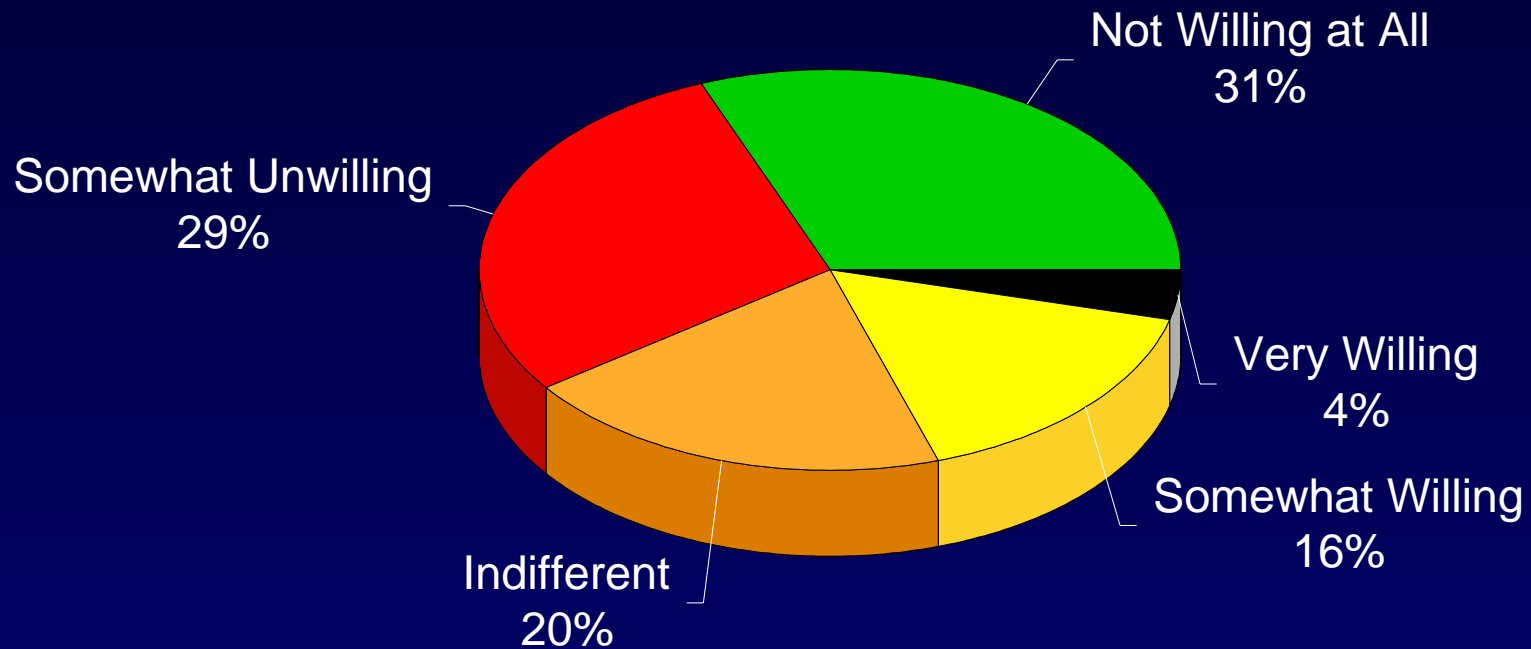
How willing would you be to sell your company's products through a secure third-party exchange Internet Web site?

(n=49)



How willing would you be to let a secure third-party exchange Internet company link an Internet buying/selling system to your company's back office applications (i.e.. Accounts payable, accounts receivables, EDI, etc)?*

(n=49)



***(Positively and significantly correlated to company size)**

Rating of Features and Services that Secure Third-Party Exchange Web Sites Could Provide.

Scale: 1=Not Desirable at all to 5=Very Desirable



*(Positively and significantly correlated to company size)

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Scale: 1=Not Desirable at all to 5=Very Desirable

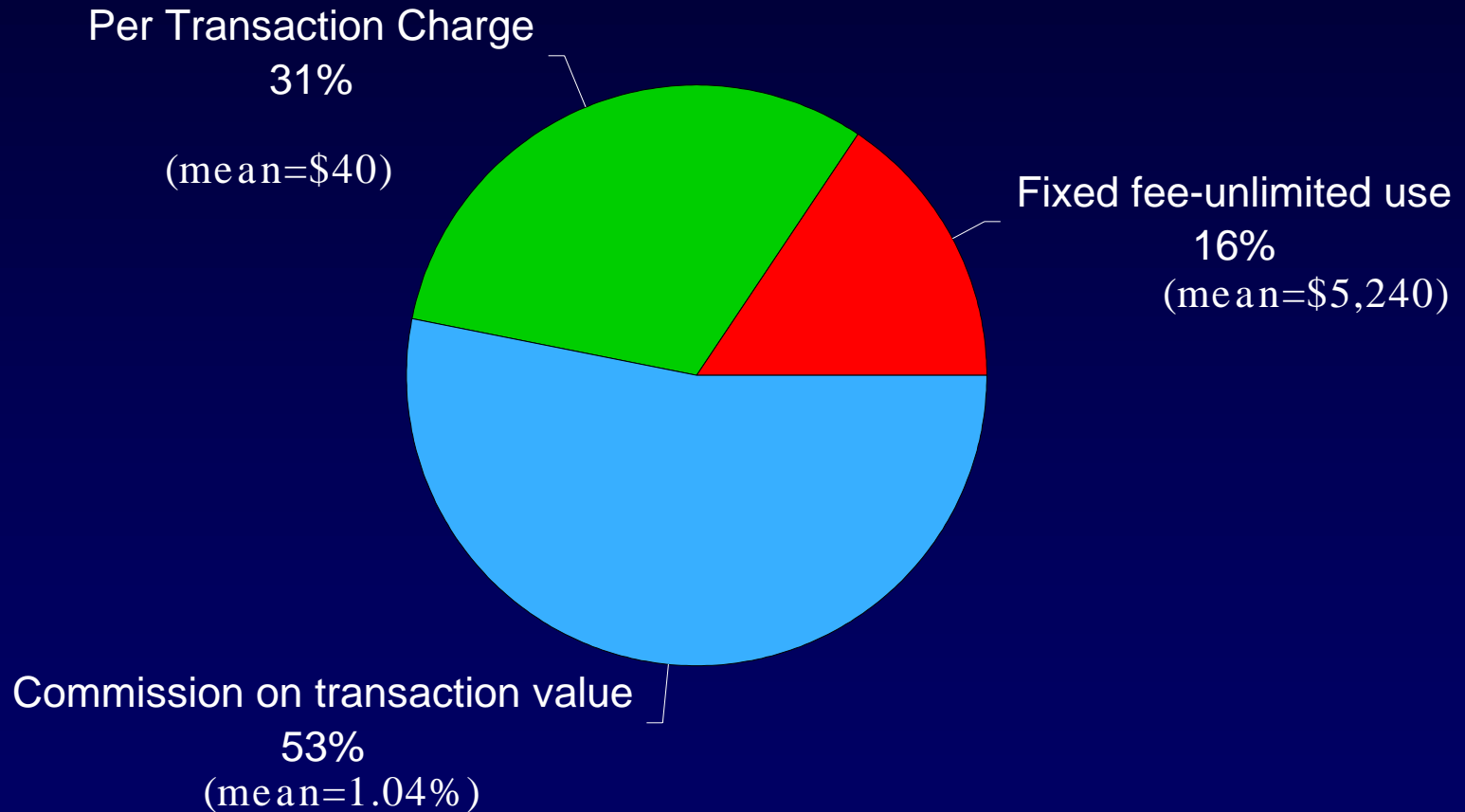


*(Positively and significantly correlated to company size)

1 2 3 4 5

Assuming that you would be willing to pay a fee to sell your products on the Internet through a secure third-party exchange Web site, what would be your preferred method of payment?

(n=32)



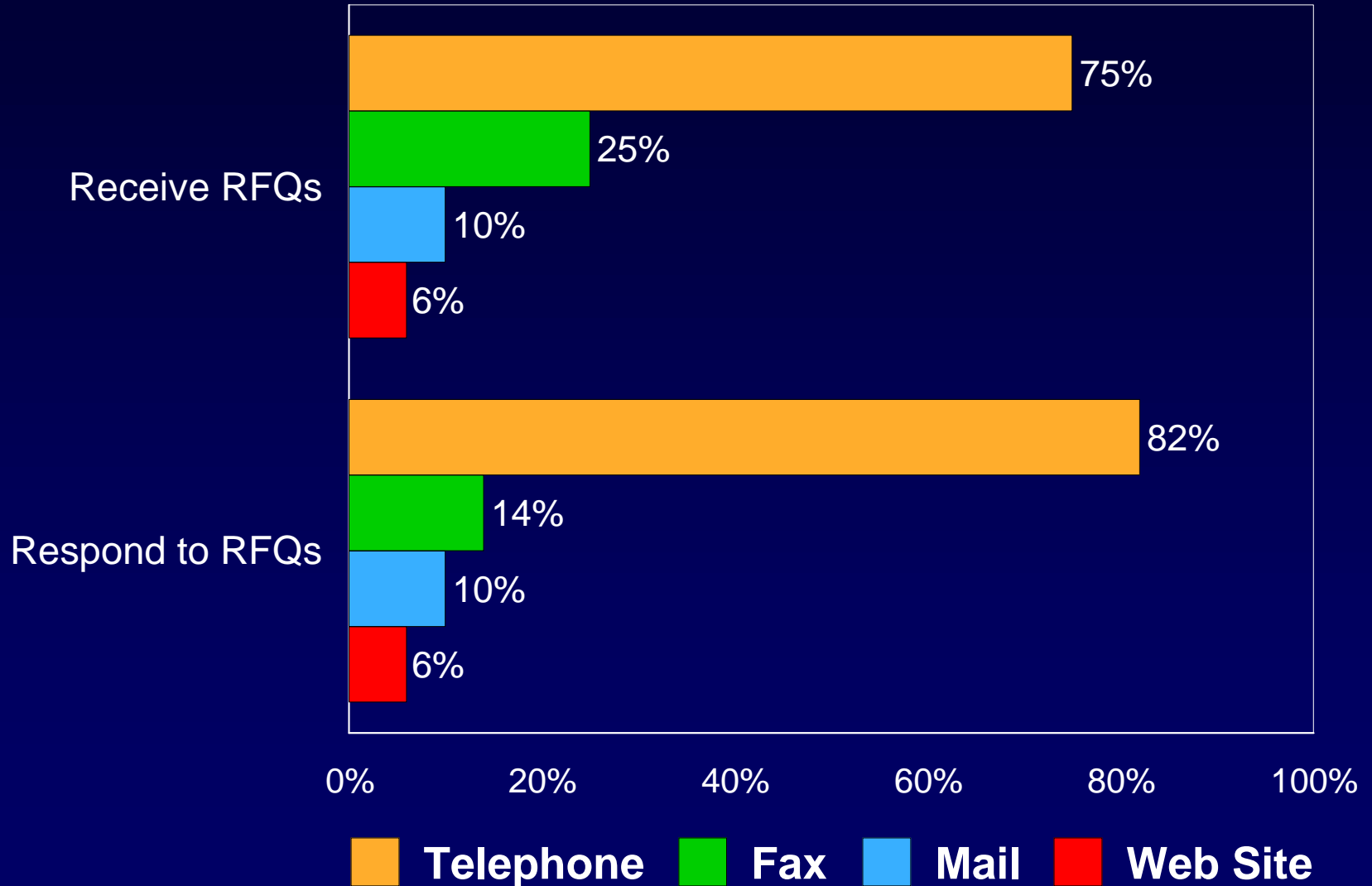
Indicate your concerns about selling your company's products on the Internet, using a secure third-party exchange Web site.

Scale: 1=Not a Concern at all to 5=Is a Major Concern



Preferred Methods to Receive and Responding to RFQs

Percent of All Respondents Indicating "Yes"
(Multiple responses possible)
(n=49)



Conditions that the Internet Could Offer

Scale: 1=Strongly Disagree to 5=Strongly Agree



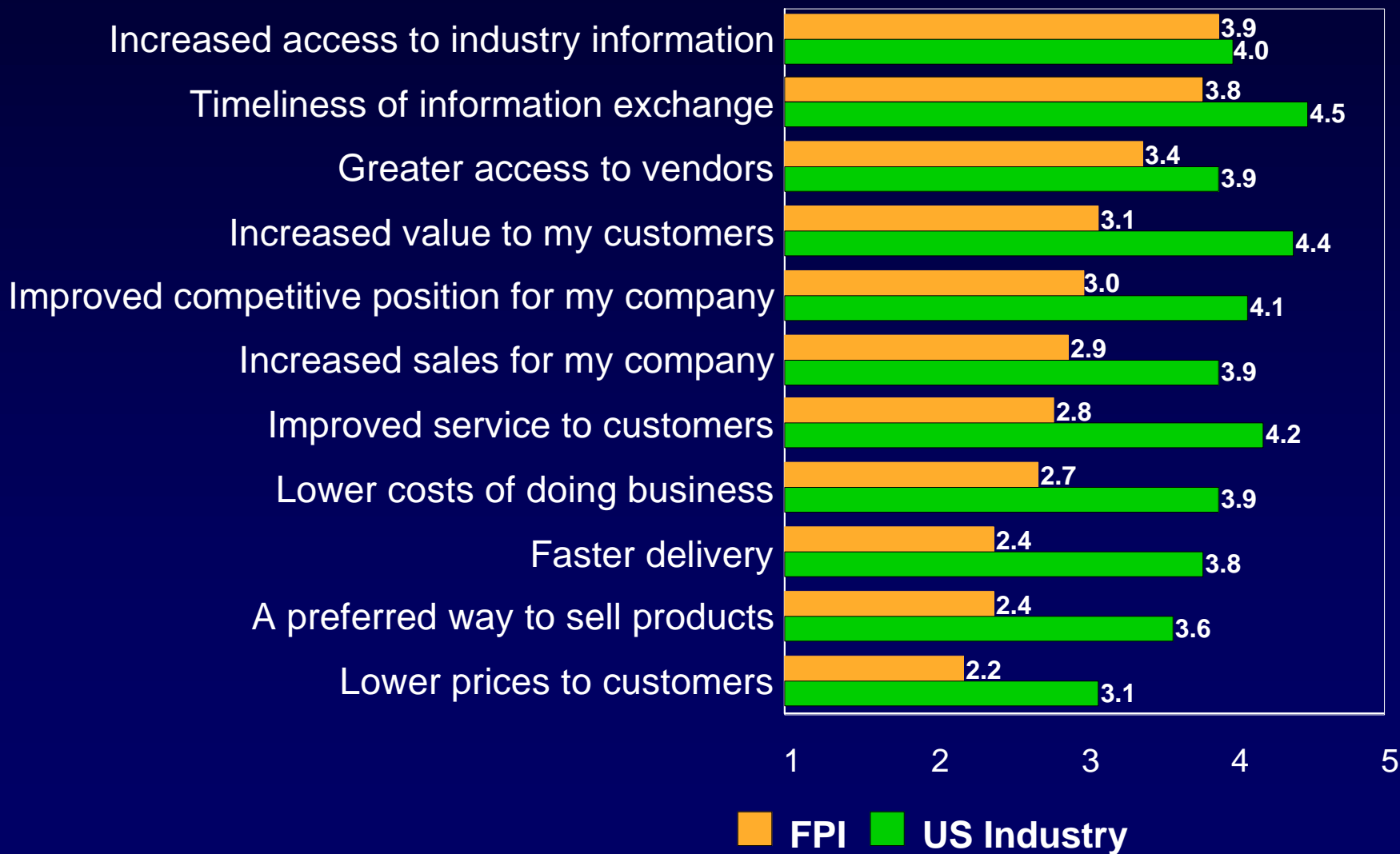
Conditions that the Internet Could Offer

Scale: 1=Strongly Disagree to 5=Strongly Agree



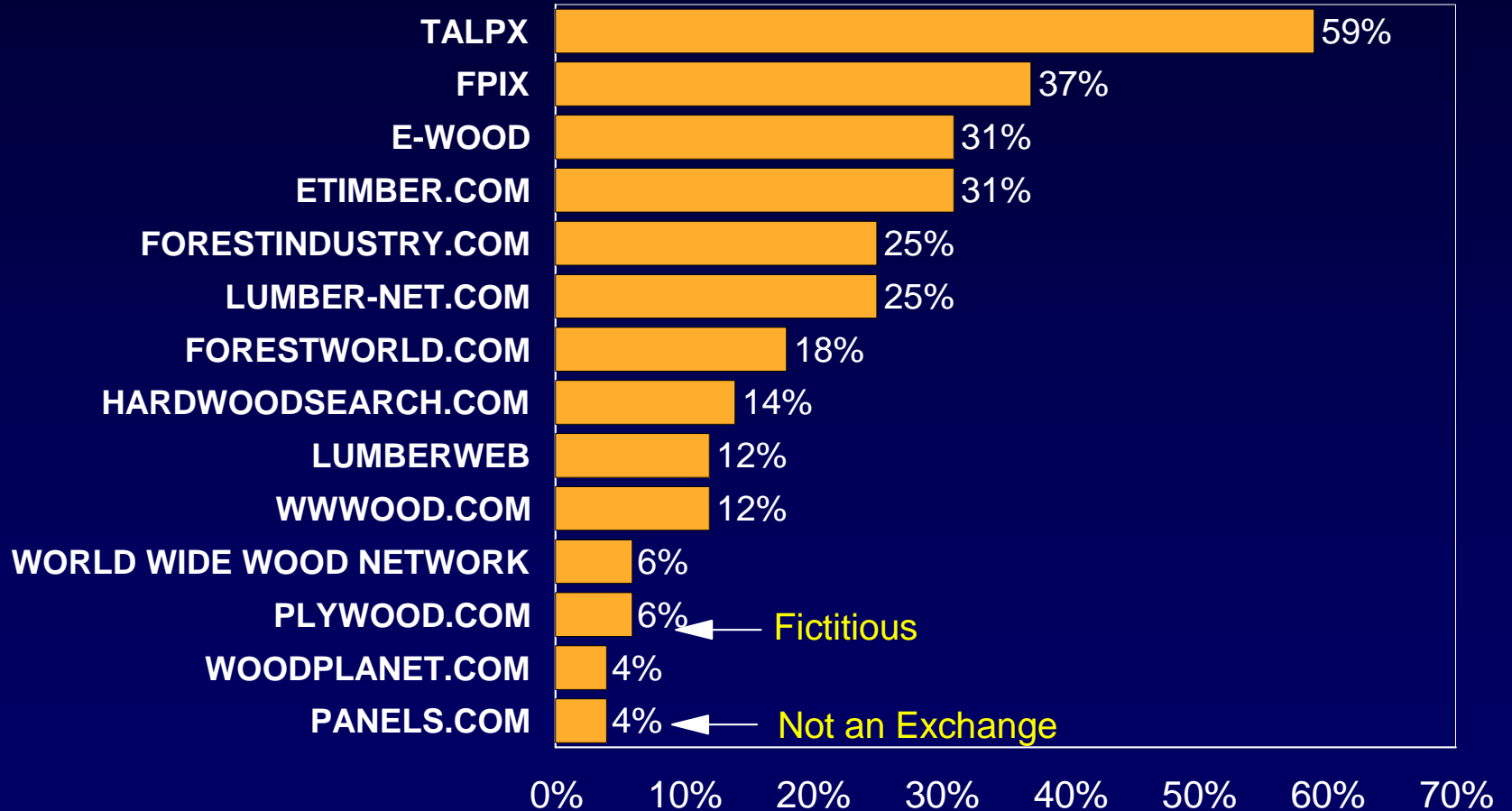
Conditions that the Internet Could Offer: Comparison to other US Industries

Scale: 1=Strongly Disagree to 5=Strongly Agree



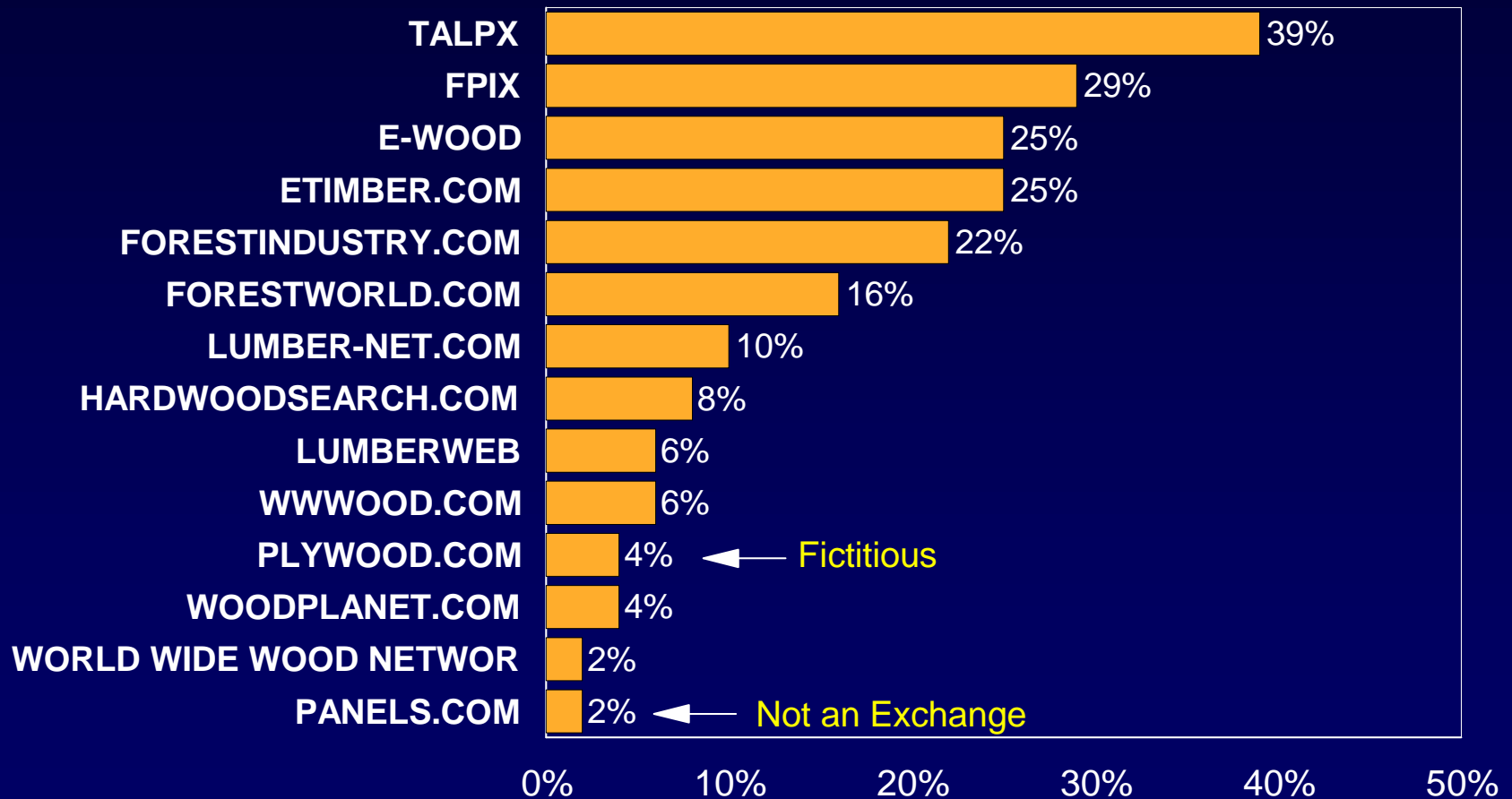
Which of the following third-party wood products exchange Web companies have you heard of?

Percent of All Respondents Indicating "Yes"
(Multiple responses possible)
(n=49)



Which of the following third-party wood products exchange Web sites have you visited?

Percent of All Respondents Indicating "Yes"
(Multiple responses possible)
(n=49)



Reasons for Visiting Third-Party Wood Products Exchange Web Sites

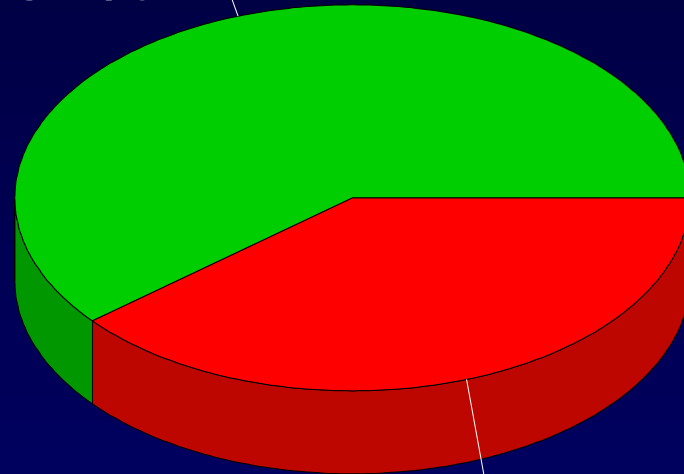
- CURIOSITY
- EVALUATE THEIR SERVICES/GET IDEAS FOR OUR WEBSITE
- GAIN KNOWLEDGE ON EXCHANGES
- GATHER INFORMATION
- CHECK LAYOUT, EASE OF USE, MONITOR INDUSTRY
- MARKET TRENDS
- REP. FROM COMPANY VISITED US
- SEE HOW THESE SYSTEMS WORK
- SEE WHAT IS AVAILABLE AT THESE TYPES OF SITES
- SEE WHAT THEY OFFER, HOW SITES ARE STRUCTURED

Does Your Company Have a Web Site?

(n=49)

Yes (100% have a registered domain name)

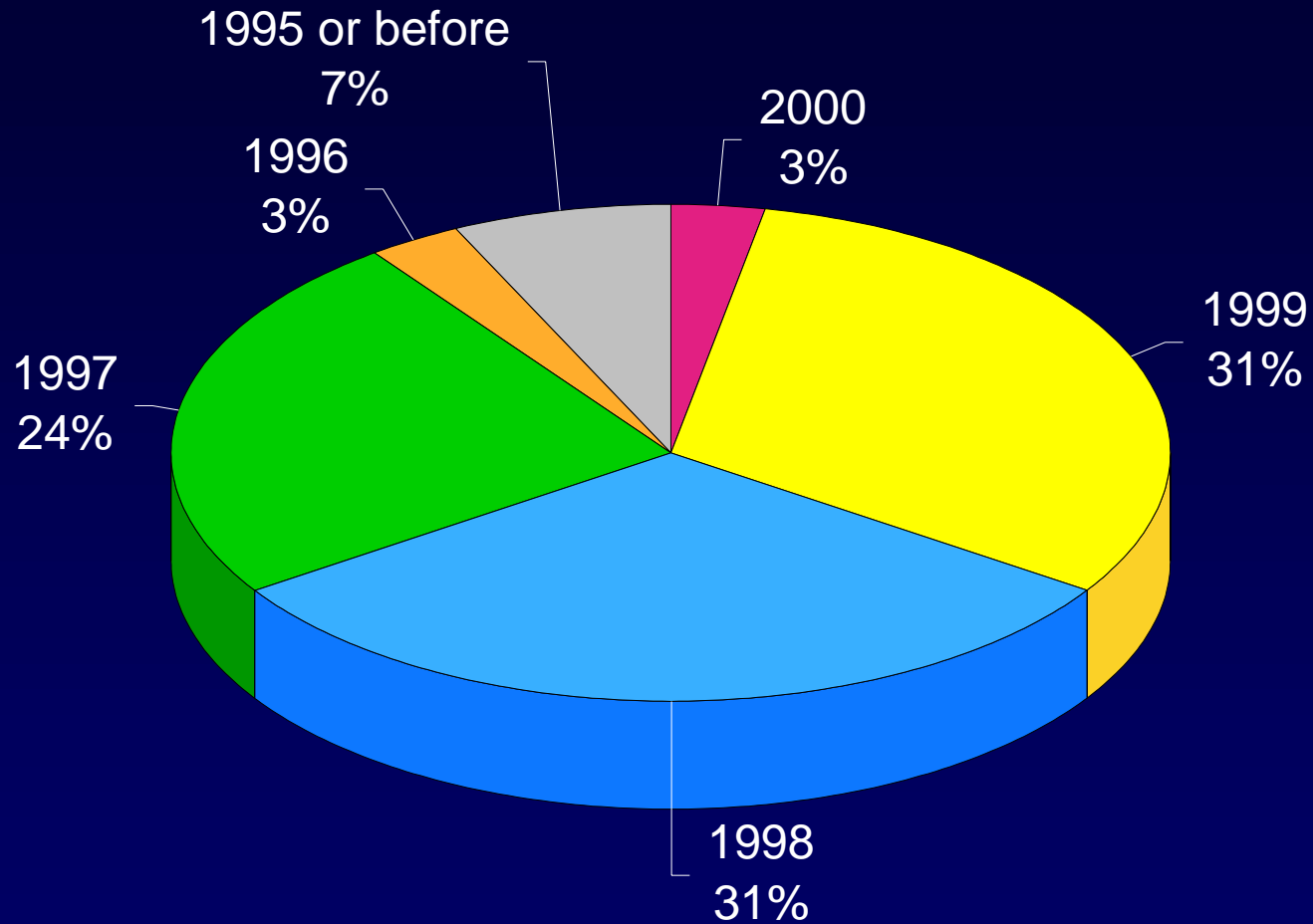
61%



No
39%

Year Web Site Was Established*

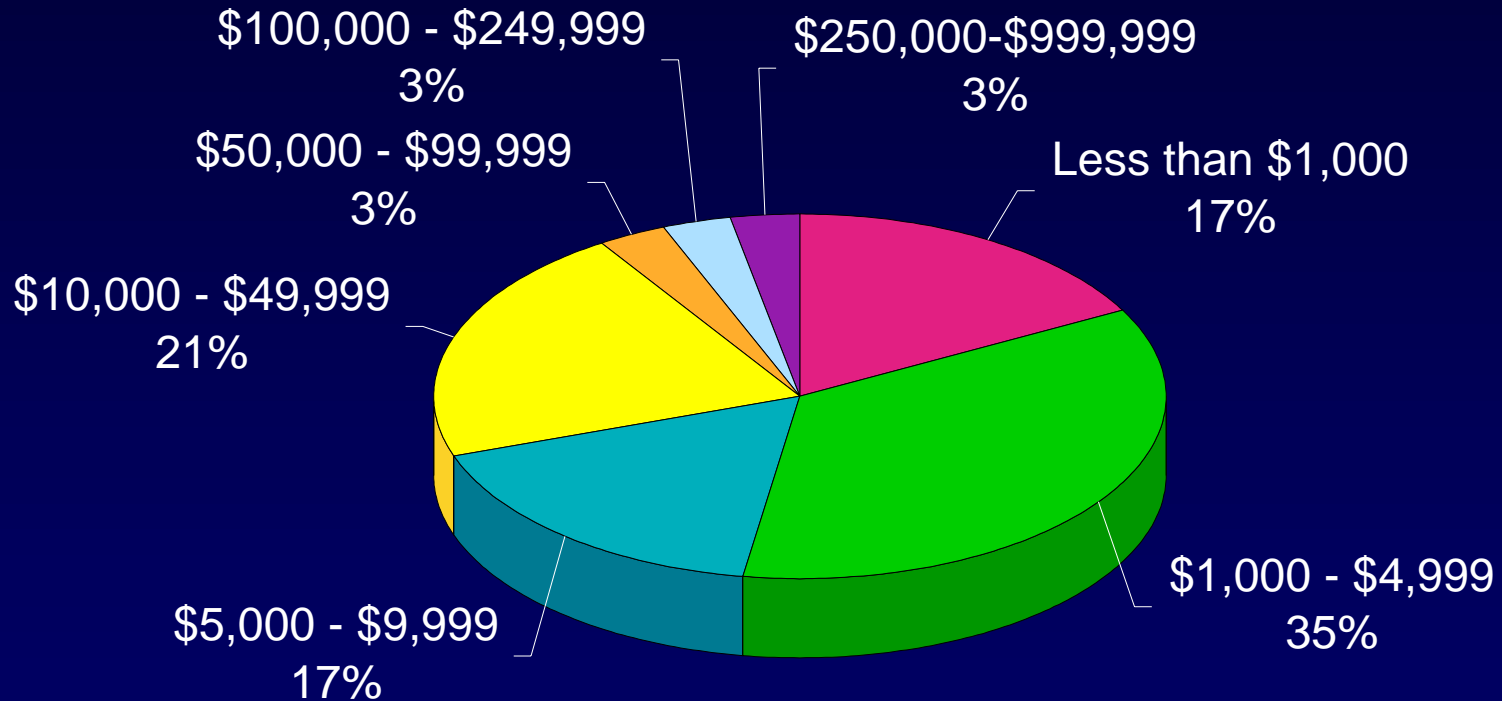
(n=29)



***(Positively and significantly correlated to company size-larger companies started earlier)**

Cumulative Investment Made To-Date on Company Web Site*

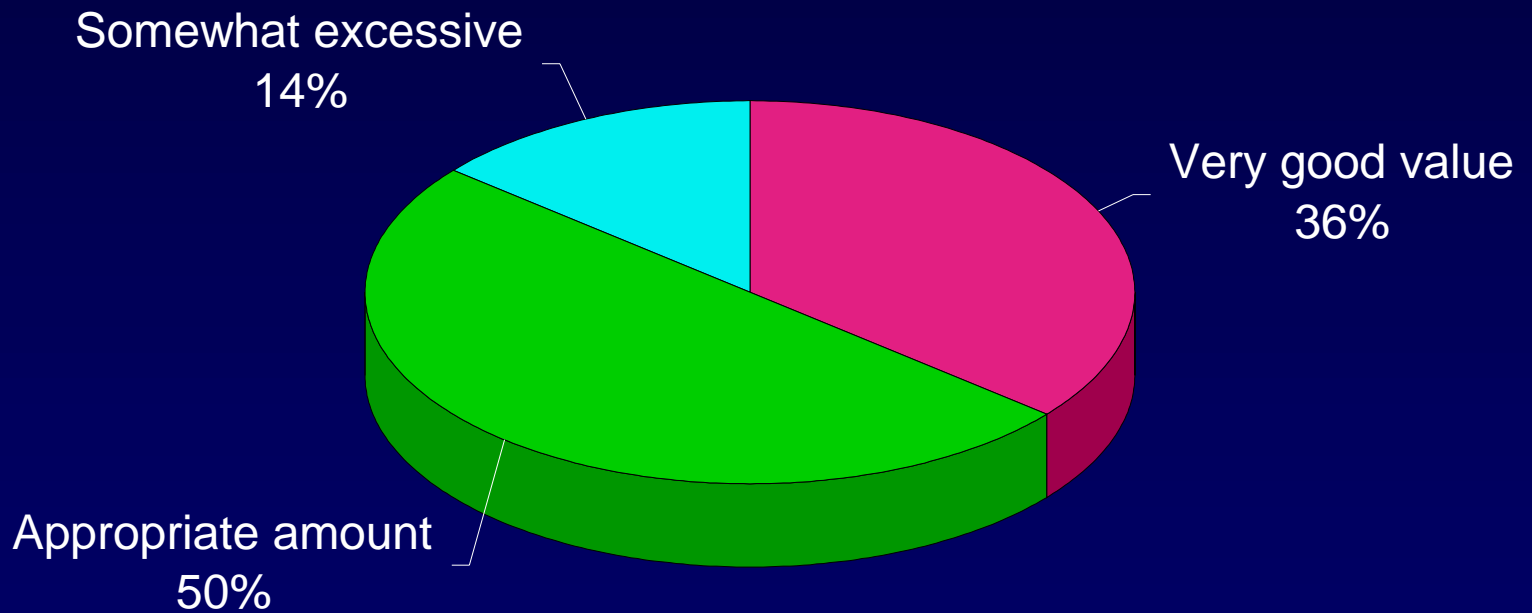
(n=29)



*(Positively and significantly correlated to company size)

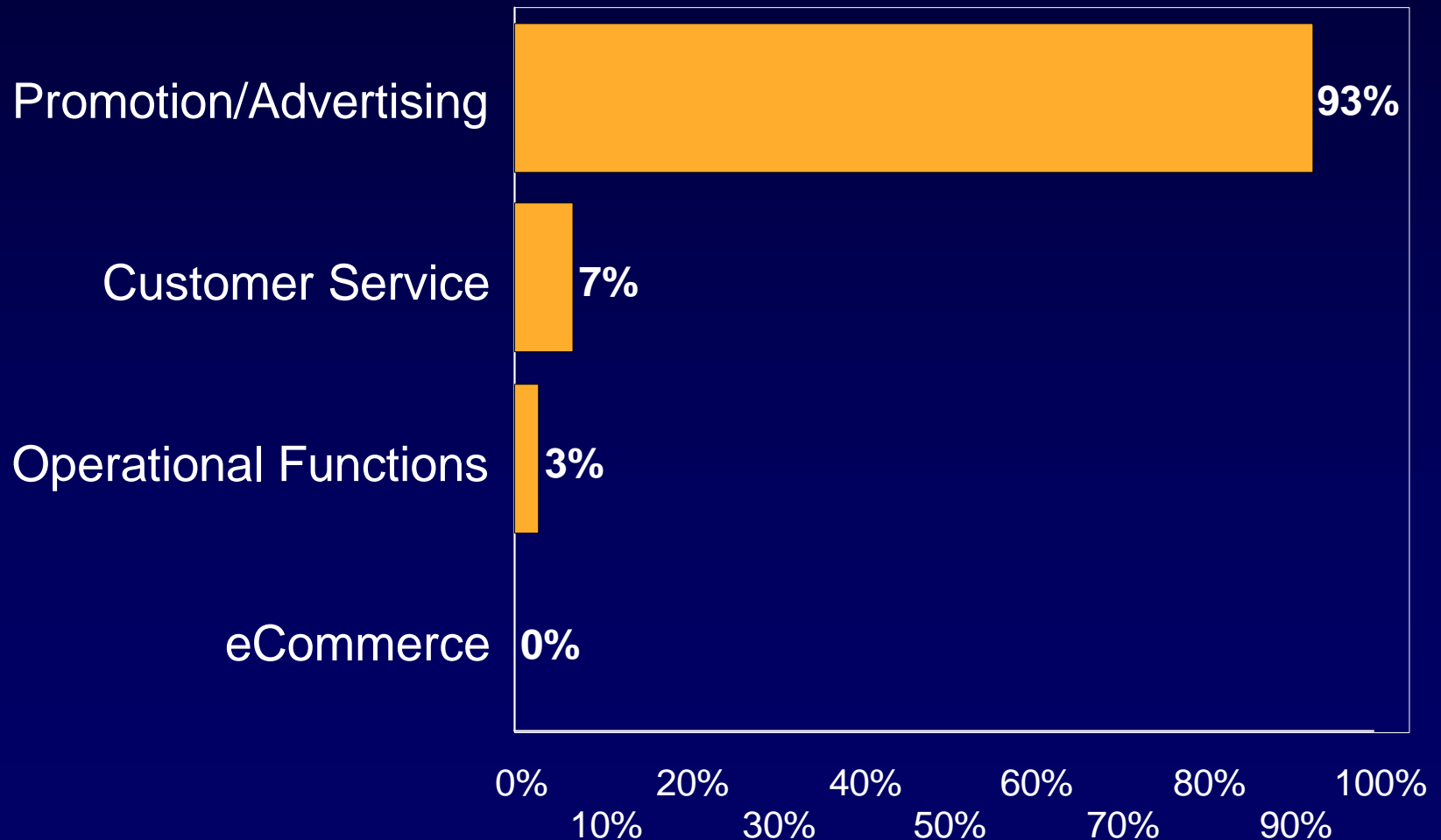
Perceived Value of Investment Made on Company Web Site

(n=29)



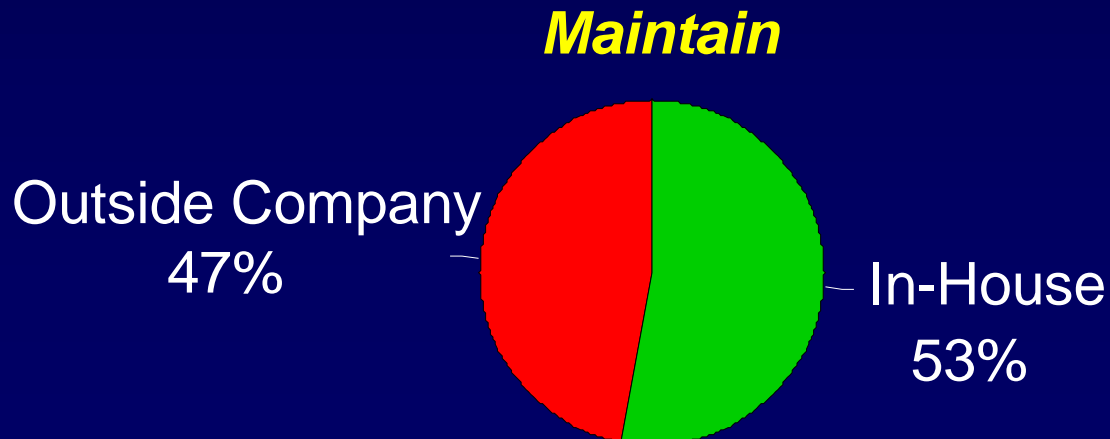
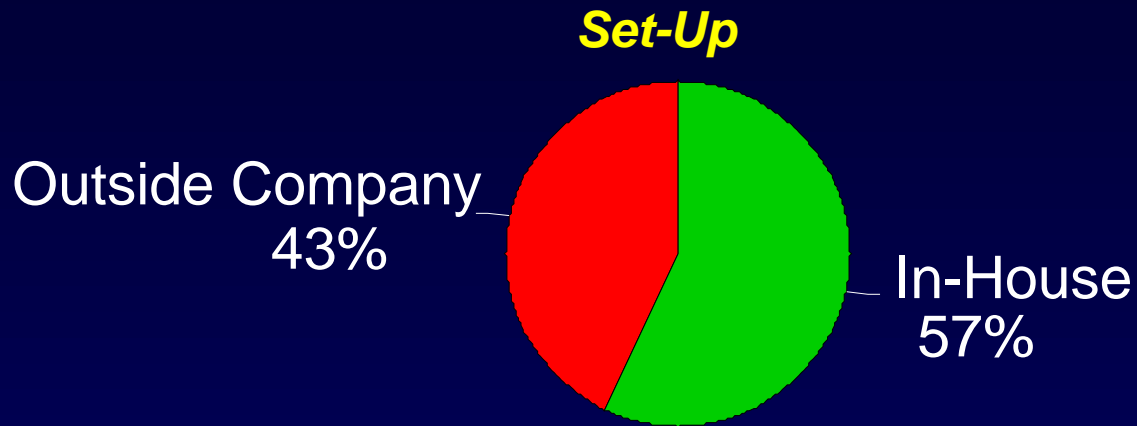
Respondent Web Site Functions

Percent of Respondents with Web Sites Indicating "Yes"
(Multiple responses possible)
(n=30)



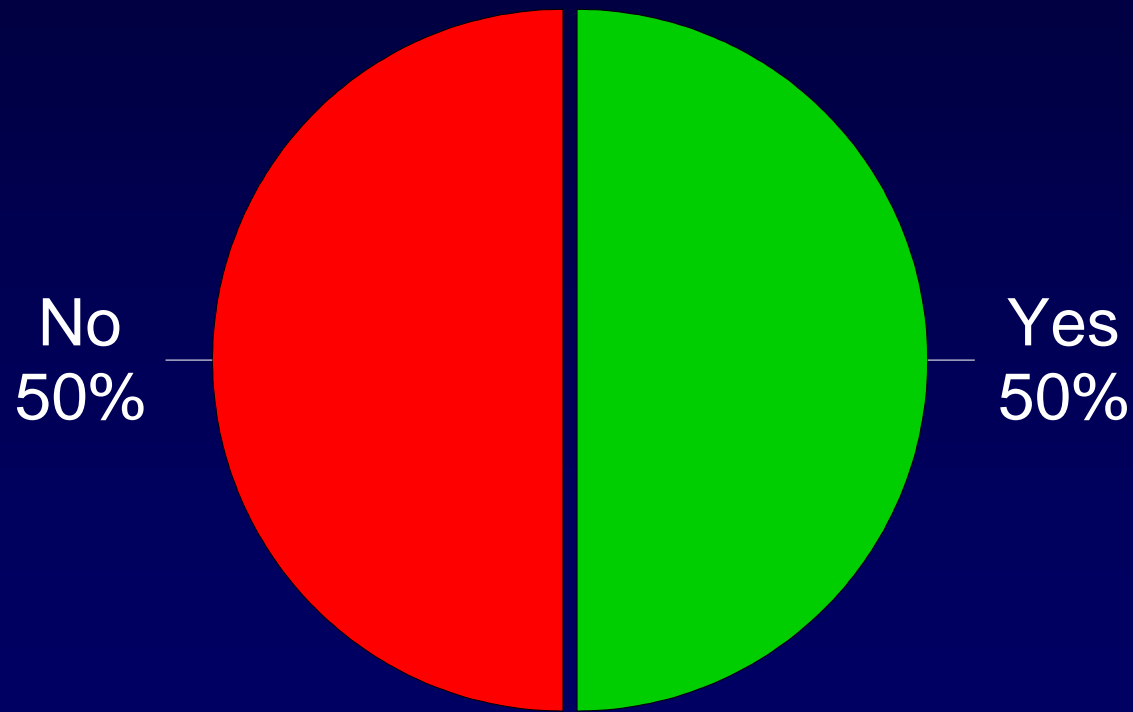
Respondent Web Site Establishment and Maintenance

Percent of Respondents with Web Sites
(n=30)



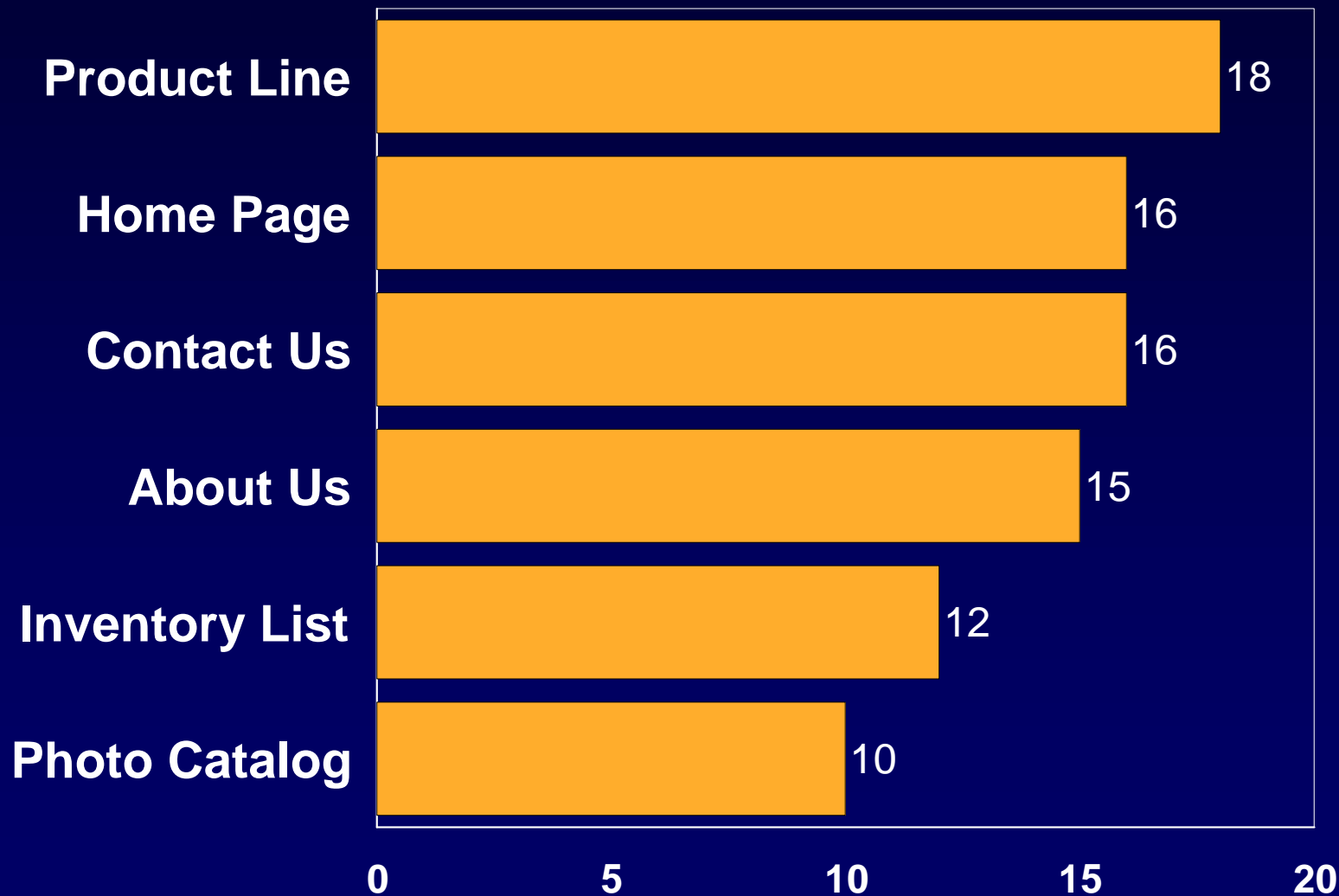
Does your company have plans to develop or improve your company's web site in the next 12 months?

(n=24)



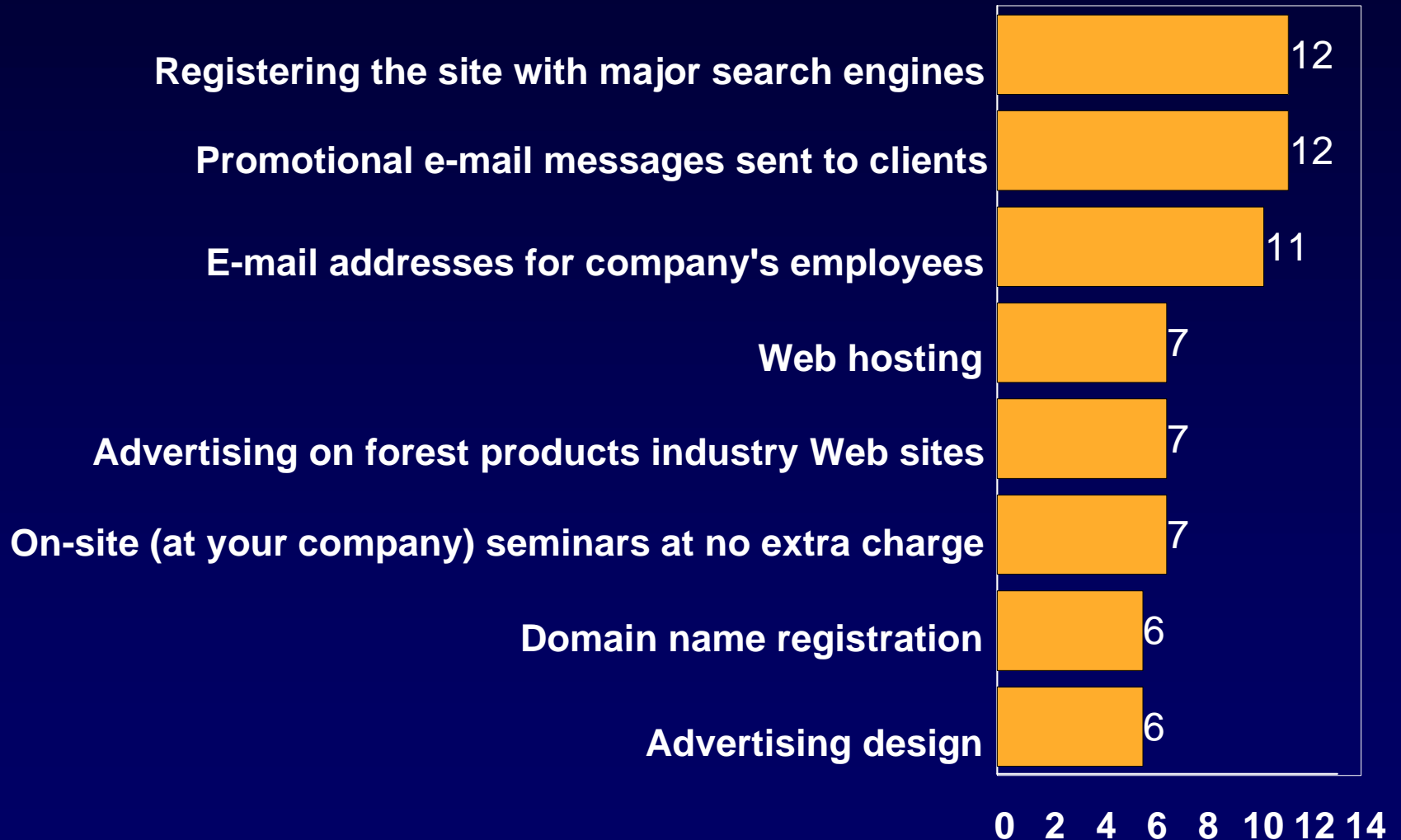
Which options would you consider useful for your company's web site?

Number of Respondents Indicating "Yes"

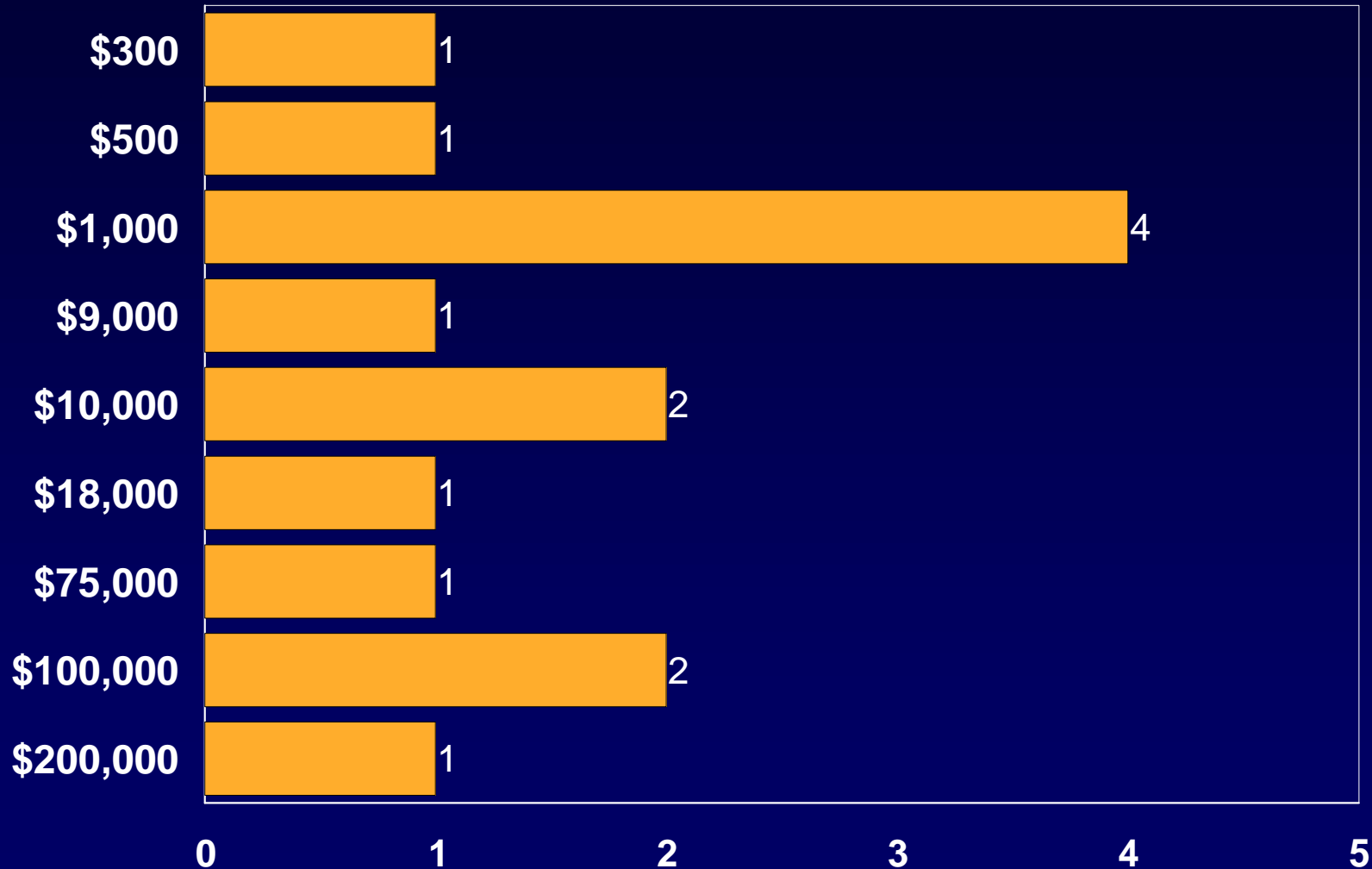


Additional services you consider useful for your company's web site

Number of Respondents Indicating "Yes"



What do you consider to be a fair price to provide web site development and additional services?*




*(Positively and significantly correlated to company size)

Summary

- 94% of respondents are in WA, OR & CA.
- Primary product is softwood lumber (88% of respondents).
- Mail & Fax are primary mode of business document exchange.
- 18% use the Internet for selling products.
- 28% are somewhat or very willing to sell through a third-party exchange (TPE); 39% are somewhat or very unwilling.
- Top rated features TPEs can provide are credit assurance, market information, price trends and rail car tracking.
- 53% prefer a commission structure for TPE services with an average of 1%.
- Major concerns of using a TPE are loss of customer contact, price wars and a lack of web-based buyers.
- The telephone is the preferred method to receive and respond to RFQs.
- Perceived Internet benefits center around information and image, not business practices.

Summary

- TALPX has the highest name recognition and visitation frequency.
- World Wide Wood Network, Ltd. ranks last in these categories.
- 61% of respondents have a web site.
- 65% implemented the site in the past 2 years.
- 73% spent less than \$50,000 cumulatively on their web site; 35% spent less than \$5,000.
- Promotion/Advertising is the only significant web-site function.
- Web-site establishment and maintenance is nearly evenly split between in-house and outside company.
- 50% of respondents plan to develop or improve their web site in the next 12 months.
- Small companies are willing to pay up to \$10,000 for web development; large companies are willing to pay up to \$200,000.



Questions /
Discussion