

Chapter 3

Market effects of wood promotion¹

Highlights

- Multi-country wood promotion, which has been a long-standing tradition in the forest and forest products industry sector, is essential because of the highly fragmented structure of the sector and the fact that promotional campaigns are too expensive for one company.
- The first and most important objective of wood promotion is to enlarge wood's market share at the expense of competing materials.
- Because of intense competition in the marketplace, promotional work must be justified by measuring the market effects achieved, e.g. growing consumption, increasing market shares and rising prices.
- The key question in wood promotion is: How does decision making work in favour of or against wooden products in the particular target market?
- Wood promoters achieve their objective of higher consumption by changing decision makers' attitudes which are influenced by cultural and technical dimensions.
- Credibility is one of the important qualities of wood promoters, but it is faster lost than gained.
- Wood promotion is a success story as evidenced by growing interest in wooden products, especially in housing, as observed in Europe where the market share of wooden buildings has increased over the last twenty years.
- Key elements of successful promotional work are competence and neutrality, sufficient financial resources for passing over a critical threshold, leveraging to overcome small budgets and well-developed networks of the promotional bodies.
- The main problem of wood promotion is fundraising in a highly fragmented industry, where for many members of the wood sector, the "enemies" are seen in other wood products rather than in competing materials.
- Multi-country promotional activities must overcome cultural differences and the individual countries' proprietary sources of funding earmarked to build their own domestic and export markets.

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Secretariat introduction

All promoters of wood face questions of how best to conduct promotions, and how to monitor success of campaigns. This process is critical to ensuring that limited promotional resources are spent most effectively.

The UNECE Timber Committee and the FAO European Forestry Commission have long promoted wood as a renewable product which is environmentally friendly. They have held seminars and meetings on this theme, and jointly they created the FAO/ECE Forest Communicators Network with part of their mandate to promote wood.

The theme of this chapter, the market effects of wood promotion, was a suggestion for this special chapter and the UNECE Timber Committee market discussions in September 2002 by the new UNECE/FAO Team of Specialists on Forest Products Markets and Marketing. The suggestion came at the 2001 market discussions when "in light of the economic downturn in 2001, the Timber Committee stated that it is imperative to develop new products to expand existing markets and to establish new markets to meet consumers' needs. The Committee reasserted the importance for the forest products industry to work internationally to promote the environmental advantages of the sustainable production of wood. An opportunity to address these issues would be provided at the Committee's seminar under preparation in Romania for March 2003 on promoting the use of wood as an environmentally friendly raw material."²

The secretariat thanks Mr. Peter Hofer for writing this chapter. He is a senior advisor and partner of GEO Partner AG, a consulting firm specialized in environmental and resource management, in Zurich, Switzerland. He was director of Lignum, the wood promotion organization of Switzerland, from 1979 to 1999. It is intended that Mr. Hofer will give the keynote presentation on this same subject at the 24-25 September 2002 Timber Committee market discussions in Geneva, Switzerland.

We also express our appreciation to the heads of five campaigns, who provided information for this chapter: Mr. Holger Conrad, Arbeitsgemeinschaft Holz e.V., Mr. Kelly McClosky, CEO, Wood Promotion Network, Mr. Jan Hagsted, Senior Advisor, and former Managing Director, Nordic Timber Council, Mr. David Venables, European Director, American Hardwood Export Council and Mr. Conrad Gossweiler, Director, Lignum.

3.1 Introduction

The highly fragmented structure of forest ownership and the forest industry necessitated cooperation in the field of wood promotion a long time before other industrial sectors began joint promotional activities. In many countries wood is harvested and processed by small manufacturing facilities in rather localized regions. Working alone, companies cannot achieve large-scale market effects by promotional activities. The average forest or sawmill owner, as well as the producer of wood-based panels or millwork, is not in the position to finance promotional campaigns for wood or wood products on their own. For successful promotion of wood and wood products, it is evident that it must be done in cooperation. Although the processing units are continually growing and wood products are increasingly distributed internationally, the corporations and their associations are still relatively small in comparison with those of the substitutes. Even pulp and paper industry corporations are not big enough to do sector-wide promotional work.

Following a period of satisfaction with past achievements, wood promotion has been getting increased attention in the last ten years. This is due to several mutually reinforcing developments of which the most important are increased market competition, decreased profitability and structural developments in the sector. The economic situation of forest products producers has become more difficult. Consequently every expense must bring a measurable short-time return on investment. In times of economic change, when companies fear for their economic survival, one of the important issues is whether it is worthwhile to invest money in joint wood promotion or not. Do the funding firms and associations profit sufficiently for the money they spend, and do they so in a satisfactorily short time period?

Now more so than before, promotional work expenses must be justified and levels of achievement measured through follow-up actions and projects of the promotional bodies. This is done by proving, or at least identifying that the desired market effects were achieved.

² Official UNECE Timber Committee Market Statement, adopted at the October 2001 Session.

3.2 Markets and market effects

3.2.1 Definition of markets

To measure the effects of promotional work, we need to define precisely what we intend to achieve. Growing consumption, increasing market shares or raising prices of wooden products are desired market effects on a general level. For the raw material wood, with its wide range of applications, the target markets have to be defined relating to products and geographical regions.

The markets for buildings, furniture, do-it-yourself products, paper and paper-products, as well as energy, are the most important ones. The product dimension and the geographical limitation are normally defined by the contributors and associations and their sphere of activity. Market effects have to be achieved and therefore to be measured for these products and regions.

It is normally possible to characterize and measure facts and figures reflecting the developments of defined product markets in specified regions. However, it is much more difficult to attribute an observed market effect solely to the efforts of the promotional bodies or to identify their specific contribution to the measured effect. There are numerous direct and indirect influences on the different markets: general economic trends, cultural developments, technical improvements to wood products, as well as competing products and materials. Added to those are changes of legal constraints. All these factors can affect the target market. However, sometimes measured market effects can even show opposite developments to what the promotional work had intended.

The following analysis focuses on the building market sector because it is the most important one for wood with regard to revenue and added value. A few definitions would help in understanding the analysis:

- Wood promotion denotes joint communicational activities of several companies or/and professional associations to achieve positive market effects in favour of forest owners and the forest industry sector.
- Market effects can be growing consumption, increasing market shares or rising prices of wood products.
- Promotional organizations are the bodies or institutions doing the above-mentioned wood promotion work. They are in general funded by the forest owners, forest industry and Governments.

3.2.2 The cultural and technical dimension of decisions

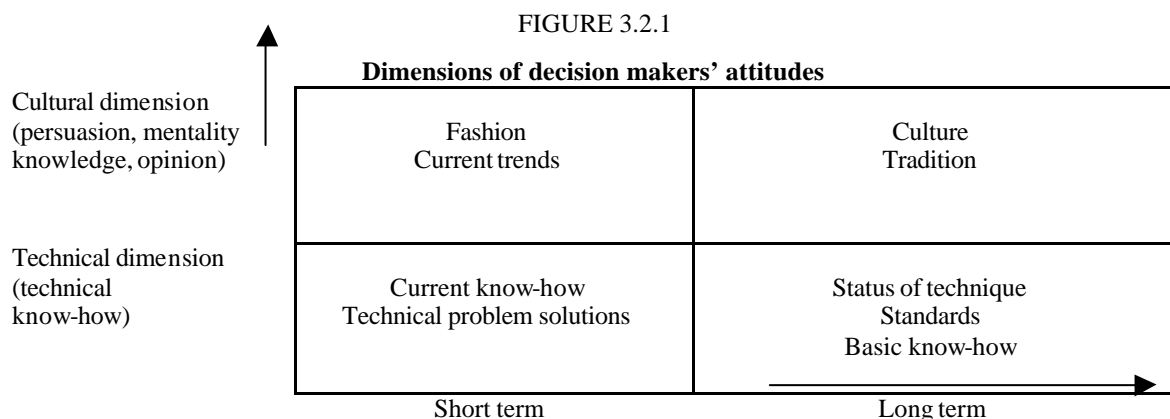
For a better idea of which market effects should be measured, it is important to know more about the promotional work that has to be done. Every market follows its own rules and has its own competing materials and particular actors. Decisions in favour or against wood products affect each of these markets in a specific way. How decision-making works in the particular target-market is the key question for every wood promoter.

Wood and wood products are in constant competition with other materials and products. The market success of materials or products depends on various factors. To satisfy a buyer's need is the most important requirement for a product to be successful in the marketplace, but it is not the only one. Buyers need to have the product at the right time and in the right place. They have a general idea of how much they are prepared to pay and this has to correspond with the product's actual price. They will not buy a product or material if they do not know enough about its characteristics. They not only have to know about the existence of the product, but also have to believe in the product's or material's ability to satisfy his needs.

Promotional activities relate to the production of information about products, materials and services. Promotion deals not only with hard facts and figures, but also, and even more so, with opinions and beliefs. Because decisions are based on attitudes, promotional work attempts to influence these attitudes to achieve decisions in favour of wood and wood products. Attitudes are formed and influenced by cultural and technical dimensions (figure 3.2.1). Both aspects have long-term elements, e.g. cultural background, and short-term elements, e.g. current fashion trends.

In addition to the cultural aspect, a technical dimension is responsible for the attitudes of decision makers. Here too, long-range and short-term aspects can be differentiated. The long-range aspect is given by the status of techniques (what is technically possible and what is not), standards to insure security and safety, and the basic know-how of decision makers about technical status and standards. Short-term aspects consist of having and knowing current technical solutions.

Having the intention to influence attitudes in a positive way, that is to bring about more pro wood decisions, we must be aware of this portfolio. Culturally and traditionally formed attitudes can only be changed over a long period of time. Promoters have to make sure that decision makers' action is in accordance with their cultural and traditional persuasions. For example it can take a long time to introduce wooden buildings in a region with a stone (concrete) building tradition,



especially where wooden buildings have the image of lower-class dwellings.

The product or material being promoted has to fit the decision makers' idea of fashion or current trends in order to bring them to a pro-wood decision. Nevertheless, it is possible to set a fashion! The current interest in wooden houses in western Europe is at least partly due to the fact that several well-known architects designed and constructed some interesting buildings in wood. Their designs then found imitators. One of the trends today is the general concern about the quality of life and the environment. As a renewable raw material, wood can take advantage of this concern on the one hand; on the other hand, the promoter has to deal with the questions concerning the ruthless exploitation of forests.

In relation to the technical dimension it is important to show what is technically possible. Examples are the best proof of what wood can achieve. It is often necessary to propose to decision makers that they should choose wood as a building material. Architects and constructional engineers may choose other competing materials if they do not know enough about wood construction possibilities.

If wood consumption is to increase in the long term, promoters need to initiate research and development in favour of new techniques and solutions. New findings can render possible the adaptation of standards and therefore facilitate the utilization of wood. A case example is the liberalization of fire regulations in Switzerland, which is one of the long-term activities of Lignum. Less restrictive and more technically appropriate fire regulations have brought and will bring in the future a huge extension of the market for wood. This important step in standards liberalization required

considerable work in educating Swiss architects and carpenters with regard to the advantages of wood.

3.2.3 *Decision makers in the marketplace as a target audience – who decides in favour or against utilization of wood?*

The decision for or against a product, material or service is generally made by more than one person. The more complicated a production or market, the more persons involved in the decision. Although the functioning of the wood market varies from one country to another, the building construction market sector is extremely complicated. The following persons and professionals are normally involved in construction decision-making:

- Building owners, buyers and users
- Architects
- Construction engineers
- Real estate firms
- Building contractors, carpenters and mill workers
- Different links of the wood working industry chain
- Wholesalers, agents and retailers

Material decisions in the building market are influenced directly by regulatory authorities, institutions and organizations:

- Authorities that grant building rights
- Organizations that create standards
- Financing institutions
- Insurance companies

These decision makers are part of a broader group representing the cultural background and regulatory environment, as well as the potential wood consumers, usually defined as:

- General public, divided into different groups with their opinion leaders and cultures.
- Mass media, as the communication channels and amplifiers of opinions and facts
- Politicians and political parties

Every promotional concept has to be based on a close analysis of the specific situation of the building market in question. Some promotional organizations act in a “research-driven approach” to define exactly what and how they have to do their work.

In western Europe almost every new building is individually designed, thus architects have a predominant influence on the material decision. For larger buildings, construction engineers have a more important position. In North America on the other hand, this important role can be attributed to builders and building contractors.

3.2.4 Adequate measuring of market effects of wood promotion

Having considered attitudes of decision makers and their influence on material choices in construction, promoters have to define the change in attitudes that they intend to achieve for a specific group of decision makers. Their work can focus on cultural as well as technical dimensions. The objectives have to be based on a close analysis of current attitudes and the changes that might need to be made to achieve more pro wood decisions, or in other words, changed behaviour. This change in behaviour is an adequate indicator of the market effects of wood promotion.

To measure the effectiveness of promotional work, polls should be conducted before the start and at the end of a campaign. This measurement has to be done in conjunction with the above-discussed indicators of changes in consumption, market shares and price situation.

3.3 How to reach market effects by wood promotion?

3.3.1 How to reach decision makers in order to change their attitudes

There is a wide choice of possible communication instruments to bring messages from the sender to the target audience(s). These are chosen in order of suitability in reaching the target group and changing its attitudes. The number of intended contacts is as important as the information that should pass.

A great difference exists between technical and cultural information. An architect will utilize a different communication channel for advancing professional know how than for forming his opinion about exploitation of forests in his country and abroad. For technical information the target audience wants to know the sources used for this purpose so that they are able to go back to the source at any time. If the promoter on the other hand has to bring a message to persons who are not looking for, and are not interested in knowing it, the promoter has to organize spontaneous contacts for example through advertising in newspapers or by commercials on television. A promoter realizes that an opinion leader reads different newspapers and magazines from the average person and must target the message and the media accordingly.

Multiple promotional tools exist which should be chosen according to the costs they entail and the market targeted. The Internet has brought many new and generally inexpensive possibilities for information transfer. The bringing together of different instruments to form a good marketing mix is a question of optimization.

3.3.2 Optimization of costs and benefits - marketing mix and leveraging effects

To concentrate the activities on any selected target market, choice of a few instruments and the most important arguments is simply an economic requirement. Communicative marketing activities are always expensive. In only a few cases can sufficient funding be raised based on the real financial needs of the campaign. However, this is not unique to promotional bodies in the forest industry sector.

Knowing the effectiveness of leveraging effects, wood promoters choose their target audience. Which part of the target public is able to amplify or multiply the promoters' messages, and by which group can the promoter get help? To achieve leveraging effects in a highly fragmented production structure with its huge number of small firms and employees can actually be an advantage in comparison to competing industries. If all members of the wood chain repeat the same message about wood, the promotional impact on consumers' behaviour can be extremely high. Promoters looking for leveraging effects must seek the interest of groups to amplify the message and structure the campaign in the intended way. The “amplifiers” have to know what they are expected to do and why they are expected to do it. For example, one of our campaigns in Switzerland was not successful because woodworking companies did not utilize posters made available to them, which were addressed to a large public. They failed to identify with the message even

though the target audience reacted in a positive manner. In brief, the communication chain was broken because the “amplifiers” did not relay the message.

3.3.3 Why should decision makers believe what wood promoters are saying?

The information market is highly competitive. Everybody, everyday, is confronted with huge quantities of information and must constantly make choices, whether to take notice or not. The choice, which is often an unconscious one, is normally made within the first seconds after receiving the message. Promoters have developed many instruments to attract and hold the attention of the targeted audience. But even when that has been achieved, the next question is, do the receivers believe the message? Do they know the sender of the message? Do they know if the message is credible? A promoter of wood and wood products has to be known and credible in the minds of the targeted decision makers. To be known as a credible and reliable sender of information requires a certain amount of time being active in the promotional business. The target audience can only judge the credibility of a promoter based on previous experiences. The intended audience has to feel that the promoter’s messages are in generally true and precise. To a certain extent people accept special interest groups’ arguments. But whatever is said has to be correct. It is true that gaining credibility takes a much longer time than losing it.

A good reputation will enable a promotion organization to convince target audiences in difficult and controversial questions. Sometimes testimonials of well-known and highly regarded personalities can support the promoter’s work. These people will be at the promoter’s disposal only if the promotional body itself is credible.

It is the author’s conviction that optimal results of a promotional body are achieved when it is both well known and credible. Gaining a reputation can require many years, which contrasts to financial backers demands for short-term payback of promotional work.

3.3.4 Efficiency criteria as indicators of market effects

Instead of direct indicators of market effects, wood promoters often utilize “efficiency criteria”. These indicators show primarily that the promoters were efficient in their work, but not necessarily that their work was effective. Examples are the number of contacts established by advertisements, website hits, articles published in newspapers and magazines, brochures distributed and books sold. However, it seems that these indicators are distant from intended

market effects. Are they therefore useless for judging promotional work?

Far from it. These indicators are effective measures of the success of promotional activities. Newspapers publishing articles about communications of a promotional organization without asking simultaneously for payment or the purchasing advertisements prove that the message is of interest and value for their readers. The large number of technical books sold proves that buyers need that specific information. The same can be said for well-attended conferences or high visitor turnout at trade fair presentations. The interest demonstrated gives a strong indication that the messages passed to the addressee. The new knowledge will in turn provoke changes in attitudes through changes in know-how. Once again these indicators have to be combined with the direct market effects observed.

3.4 Wood promotion of recent years is a success-story!

3.4.1 Observed market effects

Despite the stone and concrete building tradition in western Europe, a growing interest in wood products, especially in the housing sector is evident. Market share of wooden buildings (residential and non-residential) and of wooden building components has increased in the last 20 years. However, because of unfavourable general economic conditions, growth in wood consumption has slowed down. As a result of stronger competition owing to the opening of international markets, the forest industry was unfortunately simultaneously confronted with decreasing prices for its products. Nevertheless, under these adverse circumstances, wood promotion has directly influenced this overall positive development.

In Switzerland, a rather “stone tradition” country, the wood promotion organization succeeded in liberalizing fire regulation standards. This opened a huge market potential for wood construction and buildings. Originally the potential market growth was estimated at roughly \$200 million, which is a huge amount in the relatively small Swiss building market. However, in the first years after the liberalization, approximately 1,000 additional buildings, representing an average value of \$150,000 each, were constructed, i.e. \$150 million in the short term. And this was not the entire potential. Changes in fire codes were approved by fire standard authorities thanks to high technical qualifications of the Lignum representatives and their precise work. The success achieved was not the last step – further liberalization is in preparation.

Representatives of the forest industry often look at other industries with great respect while ignoring that conversely, organizations of competing materials respect the positive development of wooden buildings market share, the growing wood know-how of architects and engineers, and the positive attitude and sympathies of the public as well as of important authorities. Promotional organizations of competing materials are aware of the advantageous ecological position of wooden products and the high motivation of the members of this industrial sector. These attributes of wood are as important for its promotional success as money.

3.4.2 *Important elements of the successful work*

The success story of wood products was not written only by wood promoters. Changing attitudes in the public, results of research programmes and improved training courses of the forest industry cadre are also responsible for this development. Nevertheless, promoters are responsible for part of the success and the following factors may also be relevant.

3.4.2.1 *Respect for competence and neutrality*

Competence is one of the key factors in the forest and wood information market. For critical decisions recipients must be sure that the facts and arguments communicated by one interest group are correct. Neutrality means a behaviour that is not dependent on one single company or an extreme interest group. Neutrality means remaining open-minded also for other arguments and trying to understand them. The fact that most of wood promoting organizations have been in existence for a long time offers them the chance to be recognized for the above-mentioned important qualities.

3.4.2.2 *Sufficient financial resources to be heard*

To be heard means competing with all other communicators on a huge and competitive information market. Until now most of the organizations had sufficient funding to overcome the critical mass. They found specific means to concentrate on selected activities and goals for a well-defined target audience. And they developed many strategies to reach the public and to get its attention with low budget strategies.

3.4.2.3 *Leveraging*

Leveraging is an important element to overcome small budget limitations. As mentioned previously, the highly fragmented structure of the forest and forest industry sector is a strength rather than a weakness. Special concepts are necessary to ensure participation throughout the chain in an effective way.

3.4.2.4 *Well-developed network*

Networking is a key element of current success. In some respects networking is linked with the above-mentioned leveraging and consists in developing extensive contacts and working well together with:

- Research and development institutions
- Professional training institutions
- Authorities and standards-developing organizations
- Financing institutes
- Mass media
- Architects and engineers
- Professionals of the forest industry sector.

3.5 **Successful organizations**

The foundation of this chapter is based on responses to questionnaires sent to four wood promotion organizations: the American Hardwood Export Council (European Office), Arbeitsgemeinschaft Holz (Germany), the Nordic Timber Council, the Wood Promotion Network (North America). Equivalent information for Lignum (Switzerland) was added by the author who was the director for almost 20 years.

3.5.1 *Wood Promotion Network*

History. The precursor of the Wood Promotion Network (WPN) is the “Wood is Good” campaign. WPN started the promotional campaign “Be constructive – Wood” in 2001, after 2 years of preparation.

Goals. WPN’s mandate is to reduce business risks associated with product substitution and anti-wood and anti-forest efforts and to grow the market in long term. Objectives of the campaign are to improve the consumers’ opinion about wood as building product, to encourage its acceptance and use for builders and to reinforce its overall value.

Activity focus. The “Be constructive – Wood” campaign in North America is based on know-how and experiences of several promotional organizations. Advertisements appear in United States and Canadian consumer and trade magazines, television spots and newspapers. A “guerilla marketing” approach reaches consumers in unexpected places. Their business-to-business programme helps builders and retailers

provide factual wood performance and resource information to their customer. They have a “be seen everywhere” approach at the International Builders Show in Atlanta, Georgia, United States, and have launched a website. Messages are leveraged by suppliers, customers and Governments.

Highlights of success. Their virtual office approach consists in building the largest possible coalition of pro-wood companies and allied organizations. WPN was set up as a business that operates with industry principles and thus must deliver a demonstrable return on investment (ROI). ROI is reflected in the benchmarks and the changes in opinion achieved over time. In sum, the campaign has a significant impact where it has a presence, moving opinion between 5 and 12 percentage points.

Funding. Most of the funding comes from the North American industry, along with some small resources from suppliers, customers and the Government. The WPN is a growing coalition of over 280 wood product companies, associations and allied interests. The annual budget is \$10 million.

3.5.2 American Hardwood Export Council

History. The American Hardwood Export Council (AHEC) was set up in 1989 as the trade association of United States hardwood producer companies and industry associations, specifically established to coordinate overseas market development activities and to aid American exports of hardwood products by providing improved information to agents, importers and users of these products in other countries.

Goals:

- Raise the value and volume of United States hardwood product exports.
- Diversify the species, grades and products being exported to overseas markets.
- Diversify the market spread to ensure the long-term stability of United States hardwood.
- Maintain markets where significant gains have been achieved.

Activity focus. Special architectural campaigns are conducted in highly developed countries with offices in Europe, Hong Kong S.A.R.³, China, Japan, Mexico and the Republic of Korea. AHEC Europe, active in the most important market, believes that public relations (PR) is the most effective approach, comprising advertising and generation of regular press releases and feature articles, especially for magazines in the wood trade, design, architectural and construction sectors. Other marketing activities are seminars, fashion shows

and technical publications. AHEC has developed a strategy for identifying and collating information on building projects where United States hardwoods are used. Publicity that is generated is used to create links to AHEC information material as technical publications. The main arguments used are sustainability of the resource, responsible utilization, diversity of species and commercial advantages.

Highlights of success. This multi-country, multi-activity promotional programme is extremely successful, as global United States hardwood exports (excluding logs) doubled from \$1.1 billion in 1990 to \$2 billion in 2000. However, it is difficult to show a specific link through statistics. One of the results emerging from the 2000-2001 programme evaluation was that 28% per cent of all new architectural contracts specified United States hardwoods for the first time. This has been achieved by a combination of AHEC's key activities, advertising, PR, literature and the new website.

Funding. Over 100 export-oriented companies and regional and national United States hardwood trade organizations mainly located in the eastern part of the United States contribute, as well as the federal Government, through export promotion programmes. The annual budget is \$4 million.

3.5.3 Nordic Timber Council

History. The Nordic Timber Council (NTC) was set up in 1993 as shareholder company owned by the three promotional organizations of Finland, Sweden and Norway in the proportions of 40%, 40% and 20% respectively.

Goal. The mission is to promote the use of wood in general and Nordic wood in particular, based on sound environmental principles. The mission is being updated. The goal for the present British campaign is to increase wood consumption to 0.25 m³ per capita within 5 years. The NTC is currently developing a new mission, which will focus more on generic promotion of forests and wood products based on sound environmental principles.

Activity focus. The NTC's current campaign is Timber 2000 (wood. for good.) in the United Kingdom. In addition, another project targets new markets in Far East. Two new projects are being launched: “Pan European PR” and “Building Europe”. These campaigns aim at building with wood and living with wood. Improving wood-based paper packaging is being discussed. Principal target audiences are decision makers within a given sector and intermediate groups are chosen as advisors and opinion formers.

³ Special Administrative Region of China.

Highlights of success. Development has been fairly successful for the Nordic sawmilling industry as measured by exports now being on the same level as total production in 1993. Effects of the current United Kingdom campaign are beginning to show both in terms of opinions and actual consumption. Success is measured by third party evaluation doing a thorough investigation on the performance and results.

Funding. Basic financing was originally proportional according to export sales by companies belonging to the three owner organizations: Svenskt trä e.f. (Sweden), WoodFocus (Finland) and Trelastindustriens (Norway). Their members are sawmilling companies that fund the promotional work. For individual projects the financing may vary subject to agreement in each individual case. Activities are more and more often organized (and financed) as projects rather than ongoing institutional work. The annual budget is \$8 million.

3.5.4 *Arbeitsgemeinschaft Holz*

History. The *Arbeitsgemeinschaft Holz* organization was founded in 1953 by the forest and forest industry in Germany.

Goal. The goal is to expand the market shares of wood in buildings in Germany.

Activity focus. Technical information is developed for architects, engineers, authorities and professionals of construction in the form of technical books and brochures, which is further disseminated through training courses. Advice is provided on demand and standardization work is supported. Advertising targets building owners and people interested in building. The current campaign is "Wood Offensive", a campaign financed by the wood sales fund. Exhibition stands are set up at construction fairs.

Highlights of success. The growing market share of wooden buildings in Germany is due to the permanent support given by *Arbeitsgemeinschaft Holz*. Their brochures Informationsdienst Holz (information service for wood) are known by 95% of architects, engineers and professionals.

Funding. The national wood sales fund (*Holzabsatzfonds*) based on forest- and sawmill-owner contributions, finances more than 50% of the budget. Professional associations supply fund for special projects and information material sales cover the remainder. The annual budget is \$3.5 to 5 million.

3.5.5 *Lignum*⁴, *Schweizerische Holzwirtschaftskonferenz*

History. Founded in 1931, Lignum has been an organization with professional staff in Switzerland since 1945. It opened a branch office in the French-speaking region of Switzerland in 1950. In 2000 it joined with the political organization of forest and forest industry, the *Schweizerische Holzwirtschaftskonferenz*.

Goals. Lignum generates ecological, economical and social benefits by concentrating the strength of the forest and forest industry sector. It promotes the image of its members in society, economy and political circles. It aspires to have sustained competitiveness of the branch. The organization takes care of the resources, the image of forest and forest industry, research and development and training.

Activity focus. The Promotional work of Lignum is mainly focused on the building and construction market in Switzerland and some work is done for furniture and packaging products. Technical work is designed to enable architects, engineers and professionals to utilize wood in a correct way through technical books and brochures, training courses and providing advice on demand. Public relation activities and advertising are intended to inspire the general public, building owners and opinion leaders. Ecological arguments are of growing interest. Media service, brochures, exhibition stands and an extensive website are the most important instruments. Owing to a lack of funds, there are neither advertisements in newspapers nor commercials on television.

Highlights and success. The current high perception of wood materials is due to permanent promotional work spanning decades. Lignum managed to interest leading architects in working with this material and made their buildings known to the general public and to decision makers. The most important activity culminated in a first step of liberalization of fire standards regulation, which opened huge market potential. This work is ongoing. Lignum is accepted as the first source for information concerning wood.

Funding. Lignum is funded by professional associations, especially forest- and sawmill-owners, by government programmes and by its membership, which mainly consists of architects and engineers (approximately 4,500 members). Sales of information is another revenue generating activity. The annual budget is \$1.7 million.

3.6 Is wood promotion in danger?

There is to be broad consensus that international efforts for wood promotion are necessary. Direct effects of sectoral or national wood campaigns demonstrate that wood promotion can be successful. The necessity

⁴ Lignum is the Latin word for wood.

for cooperation in future campaigns is shown by the fact that competing industries are aware of and reacting to the growing interest in wood products.

The main problem of wood promotion is fundraising in a highly fragmented industry structure. The forest and forest industry sector does not belong to the most profitable economic sectors. For many members of the wood sector, the “enemies” are seen in other wood products rather than in competing materials of steel, concrete, brick or plastic. For example, some sawnwood manufacturers fear engineered wood products rather than steel I-beams and framing replacements. When a major concern is that one of the co-financing parties could profit too much in comparison to its funding, it can be difficult to bring all the partners of forest industry together for financing joint campaigns. For example, in Switzerland we heard representatives of carpenters and joiners association argue that it is the forest and sawmill industries, responsibility to finance pro-wood campaigns, even though their members benefit to a high extent from the promotional work. The discussion on how fair financing is organized is the most dangerous one in a fragmented structure. It could lead to immobilization of a promotional body.

In the competitive information market a small industrial sector such as forest industry has to join together for promotional campaigns. If not, the budgets are too small and the pro-wood arguments will not be heard, much to the benefit of competing materials. Concentration on important target audiences, using the most effective instruments and a few focused arguments can save expenses. This is valid with the precondition that the promoter knows exactly what has to be done. Too often in the past promoters acted upon their beliefs rather than on carefully studied initial situations. They wanted to spend the limited finances primarily for activities and not to invest in research on questions, for which they thought they knew the answers.

The current success of wood as a building material is due to a long-term investment effort by the wood promotion groups. The current economic climate focuses on short-term considerations. Promotion has not only to prove its effectiveness, but also to offer a short-term return on investment. In many countries promotional work is therefore organized by projects rather than as ongoing institutionalized programmes. This is no problem if the projects are of sufficient duration, build upon one another and the funding companies and associations are aware of the necessity of continuity of promotional work.

It would seem that budget shortages should lead to collaboration across borders. In Europe the national promotional bodies have maintained loose cooperation through the West European Timber Information Council for many years. Cooperation consists of exchange of information about successful activities, influential messages, eminent buildings, technical developments and interesting brochures and photos. In only a few cases were two- or multi-country campaigns conducted. Most of the time, cultural differences precluded combined campaigns between countries. Another reason was that national organizations focused on domestic markets. Because of funding from their domestic forest industry, promotional organizations were not able to join together for shared campaigns with the promoters from an export-oriented country. It is absolutely clear that there should be collaboration over national frontiers. But there is no assurance that the above-mentioned obstacles can be overcome.

The author is convinced that wood promotion is not in danger. But to continue successful work in challenging economic conditions, promotional work has to be organized differently. The first and most important objective of wood promotion is to enlarge market shares of wood products at the expense of the other competing materials. The different wood materials and professional groups must find means to join together. A discussion about the benefits and costs for every partner has to be conducted and agreements and understandings obtained. Similar discussions have to take place between domestic-oriented promotional organizations and those of exporting countries. Especially in Europe, joint campaigns among several countries have to be aware of the different cultures and languages between countries. If this is not done, campaigns can be counter productive. With 35 European countries in the UNECE region and 55 countries total, the needs of different national audiences are diverse and must be carefully considered when planning joint promotions. If the different promotional organizations for wood manage to improve collaboration, wood will have a better future.

3.7 References

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