Marketing Analysis of Local Markets & Uses: Urban Trees, Logs, and Lumber

Urban Wood Utilization Options
October 12, 2016
Baltimore County Agricultural Center
Baltimore, Maryland

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Analysis of Local Markets and Uses for Urban Trees, Logs, and Lumber

Marketing
Marketing Research
Market Research
  Target markets
  Market segmentation
Marketing Mix: 4-P’s & 4C’s
Marketing Strategy
Local Markets
Summary
Urban Wood Utilization: Kenosha, Wisconsin
Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.¹

Create long-term and mutually beneficial exchange relationships between you and the individuals and companies you interact.

Marketing Research

“The process or set of processes that links the producers, business customers, and end-users to the marketer through information.

– information is used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.²

Consumer marketing research, and Business-to-business (B2B) marketing research

Market Research
An organized approach to gather information on your target markets or customers

Target markets
An individual or group of customers a business has decided to aim its marketing efforts and ultimately its merchandise towards.³

Market segmentation
Geographic – by Address, Location, Climate, Region, or Product-related segmentation – (relationship to a product)⁴

⁴ Kurtz, Dave. 2010. Contemporary Marketing; South-Western Cengage Learning; 9/9/16
Target Markets

A Group of Customers that You Decide to Aim Your Marketing Efforts and Your Product(s)

Target markets may be defined as:

Geographic: Location

Demographic/Socio-Economic: Gender, age, income, occupation, education, household size, and stage in the family life cycle

Psychographic: Similar attitudes, values, and lifestyles

Behavioral: Occasion of use, degree of loyalty

Product-related: Relationship to your product(s)
Target Markets

Each target market has ‘Needs’ and ‘Wants’ that differ in some degree from your other target markets.

These differences may be:

- Types of products purchased
- Product uses
- Frequency of purchase or …?

**Differences** indicate a need to alter your positioning strategy to ‘**match or exceed**’ the ‘needs’ and ‘wants’ of each target market.
Marketing 4-P’s or Marketing Mix

Singular or combination of all of the assets available to a marketer to engage the target market(s)

**Product** – a good or service, which is offered to customers; “…quality, features, benefits, style, design, branding, packaging, services, warranties, guarantees, life cycles, investments and returns.”

**Price** – a customer evaluates the price of the item or service and then decides if the product will benefit them – the total cost to customer to assume the product; “list pricing, discount pricing, special offer pricing, credit payment or credit terms.”

Marketing 4-P’s or Marketing Mix

**Promotion** – “…advertising, external communications with the media, direct selling and sales promotions” and “Promotion is the marketing communication used to make the offer known to potential customers and persuade them to investigate it further.”

**Place or distribution** – is the location where a business doing their business; “…direct or indirect channels to market, geographical distribution, territorial coverage, retail outlet, market location, catalogues, inventory, logistics and order fulfilment.”

How do you get your products to the customer?
Marketing Four C’s
The Customer Viewpoint

Customer solution:
Meeting your clients needs and wants

Cost:
Your expenditures to satisfy your clients

Convenience:
Purchase and/or credit terms at the consumer’s ‘convenience’ instead of your place

Communication:
Give and take between your customer and you – forces you to be interactive

What’s not discussed a lot in Marketing – Know Your Product!

1. Species and customer preference
2. What external and internal defects are acceptable to your customers?
3. Ring count/density and ring pattern
4. Diameter(s) and length(s)
5. Customer price points
6. End product(s)
Describe the research problem and the type of information needed

Why is this information is needed?

Specific market research strategies can be developed once the above two steps have been completed
Market segmentation: Identify, describe, and analyze segments

Product positioning: Understanding “of how” the value proposition is received by the customers

Consumer and B2B behavior analysis

Customer analysis
Assess a Market’s Attractiveness

Step 1: Identify unmet and underserved needs
Step 2: Identify specific customers
Step 3: Assess your competitive advantage
Step 4: Assess resource needs
Step 5: Assess market readiness for products/services
Step 6: Craft your opportunity story – why buy from us?
Step 7: Is the opportunity attractive?
Market Research

Southern Maryland Arts & Culture

An Online Arts & Culture Community Serving Calvert, Charles, and St. Mary’s Counties

http://www.somdarts.com/

http://www.stjohnssweetair.org/

Country Fair Day
Saturday, October 8
7am-4pm

music, food, flea market, silent auction, children’s games and more!

Come Join Us For Worship!
Sundays 8:08 and 11:08am traditional and 9:38am contemporary

http://www.stjohnssweetair.org/
Market Research

Countryside Artisans of Maryland

We are a group of craftspersons and artists located in the foothills of Sugarloaf Mountain in rural Maryland. Working out of our cottage studios, we create quality handcrafted items. We offer for sale original prints, paintings, hand blown glass, pottery, hand spun yarns, knitted and woven apparel, wine, woodware, jewelry, wrought ironwork, home and garden furniture, annuals and perennials.

As you move through our site, you will discover our artists and their studios. Visit these cottage artisans as they open their studios to you and offer an array of handcrafted gifts for sale. We also have the tour brochure with a map for you to print and take with you.

We host three free self-guided studio tours a year, in the spring, fall and winter. Tours are Friday, Saturday and Sunday from 10am to 5pm each day.

Next Studio Tour
October 7, 8, 9, 2016
11am-5pm each day
(rain, snow or shine)

2016 Tour Dates
April 15, 16, 17
October 7, 8, 9
December 3, 4 and 9, 10, 11

http://www.countrysideartisans.com

http://www.visitmaryland.org/events-calendar
Market Research

MARYLAND DEPARTMENT OF NATURAL RESOURCES
The Industry of Maryland’s Forests

Rural Action Assembly
Ripken Stadium, Aberdeen
October 17, 2013

http://www.marbidco.org/SWK%20RAA%20presentation.pdf/
Welcome
Maryland Forests Association, Inc. (MFA), is Maryland’s voice for forest, wildlife, and natural resource management. The MFA website is a tool to learn about Maryland’s issues concerning forest resources, forest land ownership, forest management, and forest products industry.

We believe...
...forest conservation is best accomplished through education, for ourselves and for all who benefit from our forest resources. Read more about MFA at About Us.

New - Member Benefit!
If you are an active member within the MFA you are eligible to receive a 7% discount with Forestry Suppliers, Inc. Take a look at their catalog to see the range of great products that they offer. Email the MFA for more information on how to take advantage of this great deal!

News and Highlights
The Summer 2016 edition of The CrossCut is now available online. Visit the MFA Newsletter page to view the current issue.

MFA Regional Seminars 2016 is about to conclude with the third meeting in Western Maryland. This continues the series of great venues organized by our hosts with our association. Continuing Education credits are available. See our events calendar for specific CEUs.

Upcoming Events
Please view the MFA event calendar for a complete listing of upcoming industry events ranging from educational to social networking.

MFA Regional Meetings
The third and last regional meeting is Thursday! On line registration is closed but walk-ins are welcome on site. Print the registration form here and fill out ahead of time to speed check-in.

Western Maryland
October 6, 2016
Green Ridge State Forest

http://www.mdforests.org
Product
Product
Product Strategy

Identify How Each Product ‘Fits’ the Target Market

Other issues to be addressed:

• New product suggestions
• Adjusting the mix of existing products
• Product deletion candidates

Enhances:

• Product development driven by customer needs
• New products can be manufactured efficiently and effectively
• Time to market is minimized
Price
Big Logs can be produced into Large Slabs

George Nakashima

Source:  http://www.nakashimawoodworker.com/furniture/3/22; 9/13/16
Why you should know your markets

Christie's
A Coffee Table, 1978
Price Realized: $149,000

http://artist.christies.com/George-Nakashima--53811.aspx; date accessed: 9/15/16
Do You Price for Success?

Do you price for profit, or does it just happen?

- What are your goals for profit?
- Cost analysis is the “nuts and bolts” of your pricing strategy
What Is/Are Your Margin(s)?

Margin = overhead costs + desired profit

Profit should be consistent with previously set goals
Production Costs

Overhead Costs:
Cost items that do not vary with production volume. Building rent, property taxes, etc.

Variable Costs:
Cost items that vary proportionately with production volume. Examples are raw materials, hourly wages, etc.
Pricing For Profit

**Break-even point:** Total revenue equals total cost (variable and fixed)

**Contribution:** The difference between the selling price and variable cost per unit

**Profitability:** When revenue exceeds the total cost of operating the business

**Shuttering point:** When revenues do not cover variable costs of production
Time Value of Money

The greater value of receiving income today versus future

Present value or Net Present Value

Sawing slabs

or

Log auctions

Which alternative yields the greater income?

or

Is it a combination of the two?
Specialty Lumber

We mill and dry our own live edge slabs on site, and work with local sawyers, to ensure that we are using the best stock possible, suitable for homeowner quality projects. These slabs are available for viewing in our showroom, and can be purchased unfinished or incorporated into a table project at custom design.

### Baraboo Wood Works
Madison, WI
www.baraboowoodworks.com

### Urban Wood
Ann Arbor or Flint, MI
http://urbanwood.org
Far West
Sheridan, CA
https://farwestforest.com
Place or Distribution
Distribution Strategy

Define Specific Distribution Strategies for Each Target Market

Issues to be addressed are:

• Intensity of distribution (market coverage)

• How distribution will be accomplished

• Assistance provided to distributors

• Role of your sales force in your distribution strategy
Promotion

Promotion Strategy

Promotion is Used to Start and Maintain a Flow of Communication between You and Your Target Markets

Attributes or benefits of each product should be identified for each target market

Emphasize how your product differs from competitors →

Your competitive advantage(s)
Promotion

Promotion Strategy

Strategies should be developed for:

• Personal selling
• Advertising
• Sales promotion
• Public relations
• Web and Social Media
• Most important → Word-of-Mouth
Promotion

Content Marketing

“Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action.”

Source: 8 http://contentmarketinginstitute.com/what-is-content-marketing; 10/7/16
Content Marketing: Story Telling

“Storytelling is not intended to be a “selling” tool; it’s a method of building strong relationships with your customers and a thriving community of loyalists over time.

Your story identifies what your passions are and serves as the foundation for all your future content developments.”

“Words and visuals must work as a cohesive and complete team to paint the full picture of a brand story.

Your package design, website, blog theme, catalogue, or brochure might be drop-dead gorgeous, but if the words in it aren’t compelling, no one will keep reading.

When the design is interesting, all of your words create a more powerful experience.

On the flipside, if the design is bad, your brilliant words will go unread and your story untold.”

Source: 8 http://contentmarketinginstitute.com/what-is-content-marketing; 10/7/16
Information Sources

USDA Forest Service: Research & Development

http://www.fs.fed.us/research/urban
http://www.fs.fed.us/research/urban-webinars
http://www.fs.fed.us/research/highlights/highlights_display.php

USDA Forest Service: State & Private – Northern Area

https://www.na.fs.fed.us/urban/inforesources
http://www.na.fs.fed.us/werc
Information Sources

USDA Forest Service
Forest Products Marketing Unit
Forest Products Laboratory
Madison, WI

http://www.fpl.fs.fed.us/research/units/fpmu/index.shtml

USDA Forest Service
Engineering Properties of Wood, Wood based Materials, and Structures
Forest Products Laboratory
Madison, WI

http://www.fpl.fs.fed.us/research/units/fpmu/index.shtml
Information Sources

CAL FIRE Urban and Community Forestry
http://www.fire.ca.gov

Illinois Wood Utilization Team
Marketing Urban Trees For Higher Uses in Illinois: Resources for Arborists and Managers
http://illinoisurbanwood.org

Urban Wood User’s Resource Guide

Michigan Urban Wood
http://urbanwood.org/

Pennsylvania Department of Conservation and Natural Resources
Community Urban Wood Utilization Planning Worksheet
Information Sources

Minnesota Department of Natural Resources, Division of Forestry
http://files.dnr.state.mn.us/forestry/um/urbanWoodMarket_Ash.pdf

Pennsylvania Department of Conservation and Natural Resources
Community Urban Wood Utilization Planning Worksheet

Virginia Department of Forestry

Wisconsin Urban Wood
http://www.wisconsinurbanwood.org
Information Sources

Private

Delta Institute
Wood Utilization Best Management Practices

Dovetail
Urban Forests & Urban Tree Use
http://www.dovetailinc.org/reports/Urban+Forests+and+Urban+Tree+Use_n638
Assessment of Urban Tree Utilization & Forestry Programs of Richmond, VA, and Raleigh, NC
http://www.dovetailinc.org/reports/Assessment+of+Urban+Tree+Utilization+%26+Forestry+Programs+of+Richmond,+VA+and+Raleigh,+NC_n743
Information Sources

Maryland

Welcome to the Forest Product Operator's List

As a service to you, we have made this list available for your online viewing. To begin a search, enter the company name, business type, or county to find a currently licensed Forest Product Operator.

**NOTE:** We use popup windows to give you this fast, easy self-service feature. To use this feature, you must first disable your popup blocker. We only use popup windows to bring you the best possible customer service on DNR Online.

According to Title 5, Section 608, Annotated Code of Maryland, any person engaged in a forest products business must have a license issued by the Department of Natural Resources. This includes all sawmills, pulpwood and logging contractors and firewood dealers. Other business types may be licensed with us for example, mulch suppliers, land clearing companies, tree removal companies, and lumber brokers.
Information Sources

Maryland

Maryland Department of Natural Resources
http://dnr.maryland.gov/forests/Pages/fpo_search.aspx

Maryland Urban & Community Forestry
http://dnr.maryland.gov/forests/Pages/Urban-Community.aspx

Maryland Forest Products Utilization and Marketing
http://dnr2.maryland.gov/forests/Pages/programs/fpum.aspx

Maryland Forests Association, Inc
http://www.mdforests.org
# Information Sources

## NATIONAL & REGIONAL RESOURCES
- Ash Utilization Options Project
  - [semircd.org/ash](http://semircd.org/ash)
- Dovetail Partners Reuse
  - [dovetailing.org/programs/responsible_materials/recycling_and_reuse](http://dovetailing.org/programs/responsible_materials/recycling_and_reuse)
- Emerald Ash Borer Info
  - [emeraldashborer.info](http://emeraldashborer.info)
- ForestInfo.org
  - [forestinfo.org](http://forestinfo.org)
- International Society of Arboriculture
  - [isa-arbor.com](http://isa-arbor.com)
- Reuse Wood
  - [reusesaw.org/guide/topic/urbanwood](http://reusesaw.org/guide/topic/urbanwood)
- Southeastern Urban Wood Exchange
  - [urbanwoodexchange.org](http://urbanwoodexchange.org)
- Tree Care Industry Association
  - [tcia.org](http://tcia.org)
- U.S. Forest Service Urban & Community Forestry
  - [na.fs.fed.us/urban](http://na.fs.fed.us/urban)
- U.S. Forest Service Wood Education & Resource Center
  - [na.fs.fed.us/werc](http://na.fs.fed.us/werc)
- Wood-Mizer Pro Sawyer Network
  - [woodmizer.com/us/services/Find-a-Local-Sawyer](http://woodmizer.com/us/services/Find-a-Local-Sawyer)

## STATE & MUNICIPAL RESOURCES
- Arkansas Sawmill Directory
- California Urban Forests Council
  - [caufc.org](http://caufc.org)
- CalPoly Urban Wood Resource Guide
  - [ufa.calpoly.edu/urbanwood](http://ufa.calpoly.edu/urbanwood)
- Colorado CoWood
  - [cfs.colostate.edu/ccwood](http://cfs.colostate.edu/ccwood)
- Connecticut Urban Wood Utilization
  - [ct.gov/deep/cwp/view.asp?id=26978&g=544758](http://ct.gov/deep/cwp/view.asp?id=26978&g=544758)
- Illinois Custom Sawmill Directory
- Illinois Wood Utilization Team
  - [illinoisurbanwood.org](http://illinoisurbanwood.org)
- Indiana: Elkhart Wood
  - [elkhartindiana.org](http://elkhartindiana.org)
- Indiana Sawmill Directory
  - [indianawoodproducts.com](http://indianawoodproducts.com)
- Iowa: Davenport Urban Wood Utilization
- Kansas Sawmill Directory
  - [kansasforests.org/forest_products/forest_product_docs/Kansas_Sawmills_2010_New.pdf](http://kansasforests.org/forest_products/forest_product_docs/Kansas_Sawmills_2010_New.pdf)
- Kentucky Forest Product Industry Directory
  - [caulk.edu/kentuckywoodindustry](http://caulk.edu/kentuckywoodindustry)
- Maryland: Baltimore Urban Wood Project
  - [baltimorewoodproject.org](http://baltimorewoodproject.org)
- Maryland: Baltimore Camp Small Zero Waste Initiative
  - [treembaltimore.org/programs/ca.mp-small](http://treembaltimore.org/programs/ca.mp-small)
- Michigan Forest Products Industry Directory
  - [michigan.gov/forest](http://michigan.gov/forest)
- Michigan: Southeast Michigan’s Reclaimed Wood Marketplace
  - [urbanwood.org](http://urbanwood.org)
- Minnesota Primary & Secondary Forest Products Directories
  - [dnr.state.mn.us/forestry/um/index.html](http://dnr.state.mn.us/forestry/um/index.html)
- Montana DNRC Wood Directory
  - [dnr.mt.gov/divisions/forestry/forestry-assistance/biomass/buy-montana-wood](http://dnr.mt.gov/divisions/forestry/forestry-assistance/biomass/buy-montana-wood)
- Nebraska Sawmill Directory
  - [nfs.uni.edu/primary-processors](http://nfs.uni.edu/primary-processors)
- North Carolina Urban Forest Council
  - [ncufc.org](http://ncufc.org)
- Ohio Wood Products Directory
  - [ohiowood.osu.edu](http://ohiowood.osu.edu)
- Oklahoma Sawmill Directory
  - [forestry.ok.gov/Websites/forestr y/images/Oklahoma_PRIMARY_Wood_Products_Directoy1.pdf](http://forestry.ok.gov/Websites/forestry/images/Oklahoma_PRIMARY_Wood_Products_Directoy1.pdf)

## CANADA
- Ontario, Canada: Your Leaf Toronto
  - [yourleaf.org/links](http://yourleaf.org/links)
- Oregon: Clackamas Urban Lumber Program
  - [clackamas.us/forests/urbanlumberfaq.html](http://clackamas.us/forests/urbanlumberfaq.html)
- Oregon Urban Forest Directory
  - [oregonforestdirectory.com](http://oregonforestdirectory.com)
- South Carolina Forest Mill Directory
  - [state.sc.us/forest/refind.htm](http://state.sc.us/forest/refind.htm)
- South Dakota Log Finder
  - [apps.sd.gov/AG50ILogFinder/defaul.aspx](http://apps.sd.gov/AG50ILogFinder/defaul.aspx)
- Vermont Urban Wood & Community Forestry
  - [vtau.cw.uvm.edu/woodutilization](http://vtau.cw.uvm.edu/woodutilization)
- Washington Small-Scale Sawmill Directory
  - [ext.nrs.wsu.edu/forestryext/sawmill](http://ext.nrs.wsu.edu/forestryext/sawmill)
- Wisconsin: Sustainable Atwood
  - [sustainableatwood.org](http://sustainableatwood.org)
- Wisconsin Urban Wood
  - [wisconsinurbanwood.org](http://wisconsinurbanwood.org)
- Wisconsin Urban Wood Use Options Directory
Summary

Keep it Simple

Know your product(s)

Know your market(s)

Develop your marketing strategy & tactics

Develop Prices

Establish your distribution channel

Promotion
Questions?

Thank you

Delton Alderman
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Forest Products Laboratory - Madison, WI
Northern Research Station
USDA Forest Service
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dalderman@fs.fed.us
U.S. Department of Agriculture Disclaimer

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