

J. W. Gottstein Memorial Trust Fund

The National Educational Trust of the Australian Forest Products Industries



MARKETING NATURAL TIMBER IN THE NEW ECONOMY

ERIC SIEGERS

2002 Gottstein Fellowship Report

JOSEPH WILLIAM GOTTSTEIN MEMORIAL TRUST FUND

The Joseph William Gottstein Memorial Trust Fund was established in 1971 as a national educational Trust for the benefit of Australia's forest products industries. The purpose of the fund is *"to create opportunities for selected persons to acquire knowledge which will promote the interests of Australian industries which use forest products for the production of sawn timber, plywood, composite wood, pulp and paper and similar derived products."*

Bill Gottstein was an outstanding forest products research scientist working with the Division of Forest Products of the Commonwealth Scientific Industrial Research Organization (CSIRO) when tragically he was killed in 1971 photographing a tree-felling operation in New Guinea. He was held in such high esteem by the industry that he had assisted for many years that substantial financial support to establish an Educational Trust Fund to perpetuate his name was promptly forthcoming.

The Trust's major forms of activity are,

1. Fellowships and Awards - each year applications are invited from eligible candidates to submit a study programme in an area considered of benefit to the Australian forestry and forest industries. Study tours undertaken by Fellows have usually been to overseas countries but several have been within Australia. Fellows are obliged to submit reports on completion of their programme. These are then distributed to industry if appropriate. Skill Advancement Awards recognise the potential of persons working in the industry to improve their work skills and so advance their career prospects. It takes the form of a monetary grant.
2. Seminars - the information gained by Fellows is often best disseminated by seminars as well as through the written reports.
3. Wood Science Courses - at approximately two yearly intervals the Trust organises a week-long intensive course in wood science for executives and consultants in the Australian forest industries.
4. Study Tours - industry group study tours are arranged periodically and have been well supported.

Further information may be obtained by writing to,

The Secretary,
J.W. Gottstein Memorial Trust Fund,
Private Bag 10,
Clayton South, VIC 3169, Australia

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Eric Siegers was the Executive Director for the Timber Promotion Council in Melbourne, Victoria from 2001-04, and has been instrumental in the creation of a new strategic direction for the hardwood timber industry.

Eric completed his formal education in Science from Melbourne University, and in Marketing from IMEDE in Switzerland. He has a diverse and varied background in sales, marketing and senior management in companies such as Laminex Industries, Black & Decker and BTR in the US, and General Electric in Europe and the US.

Eric's ability to go back to basics and create opportunities based on information rather than myth was his formula for success at the Timber Promotion Council. Eric has instituted a new strategic direction that includes a sustainability program that aims to secure the resource for the timber industry and change negative community attitude on the forestry debate. An integrated marketing campaign has been developed to fulfil these objectives. He is currently engaged in the marketing and export of timber.

“You must insist on what you know is important. You must take charge. Leadership will be responded to because (people) both understand and respect it.”

M. B. Goodman 1994
Corporate Communications and Practice

Topics covered:

1. Introduction
 - Purpose.
 - Process.
 - Government Perspective.
2. Industry Dynamics
 - A fragmented industry.
 - Historic operating environment.
 - Economic environment.
 - The new economy.
 - Marketing the natural timber industry.
3. Identifying Australian market attitudes.
 - Attitudes towards timber.
 - Industry stakeholders.
4. Principal case studies of International marketing efforts for marketing natural timber:
 - Got Milk?
 - Be Constructive. Wood.
 - Wood For Good
 - California Forest Products Commission.
 - TEMBEC
 - Timber Promotion Council Activities and Review.
 - Introduction
 - Objectives of the program
 - Program elements.
 - Program results.
5. A marketing model and the path forward.
6. Summary

All of the topics explore the influence of various segments with the view of developing a solid marketing review for the natural timber industry. A compelling review is provided along with a determined and prescriptive direction for industry.

Introduction to the project:

Purpose:

Overview:

The purpose of this study is to identify whether a framework can be built or a model exists by which to develop a stronger and more positive image for the natural timber industry. In particular to build a stronger support base with the broader community so that the natural timber industry is used less as a political whipping boy and presented as the solution provider to combining industrial growth with environmental sensitivity. The study has proven to me that while people vote green, this does not always translate to the products they buy.

At the 2002 Best Practices Conference in Vancouver Canada, Catherine Lalonde (Canadian Wood Council), provided an insight to the Canadian consumer by showing that while 75% of people say they support green ethics in the products they purchase (KPMG 2000), the reality is less than 40% actually purchase on the basis of these credentials. While Canadians continued to have concerns about timber harvesting, it has not stopped their consumption of timber.

So we see that while people do say they buy green, they don't in fact do it. This raises the question, as was done at many of the conferences and during my meetings with industry members worldwide, "do people support the environmental movement policies purely on a conscience vote basis?"

The evidence provided by Ms Lalonde indicated that, in Canada at least, this could be the case. Given that Canada and Australia share many aspects of commonality, it would not be too much of a hyperbolization to say the same is true of this country. However, central to the development of this report was this question, how do we get people to recognise that chopping down a tree for product is not bad but good for the environment?

In evidence in this country is the strong demand for the products from our natural forests; the sales of timber have been increasing over time, and the importing of more hardwood products from overseas is further evidence of the need for high quality high performance products that only naturally sourced products provide. Therefore by inference, we can safely say that Australia has similar needs to our Canadian cousins; and as reported by the Victorian Association of Forest Industries (VAFI) the increase in imports has shifted the burden of environmental responsibility off shore. The resulting question is "are we just being socially irresponsible as a nation, locking up our own forests but causing wanton destruction elsewhere?"

Easily asked, but as I found difficult to answer.

At the future forests conference 2003 Mr. T Gunnensen announced that when a promotions campaign was undertaken by industry in the 1990's, it generated more than a 66% support for industry, however he then went on to state that within 3

months of the campaign ceasing this support dropped to around 30%. This would be seemingly clear evidence of the need to keep industry's message in the eye of the community. If you are to be the leader, you need to lead in telling your story.

This has been further ratified by the review of community attitudes that the Timber Promotion Council (TPC) of Victoria, has undertaken. The TPC has shown that with very small amounts of advertising, they were able to move support for industry by 11% on the key issue of forest harvesting. Once leadership is provided, a sense of recognition is obtained from the community.

In Australia where our opponents are vocal, aggressive and politically strong we do not clearly recognise their weaknesses, due in part to the absence of clear leadership from the natural timber industry. While countries with large available resources such as Canada and Finland are seen as timber promoting countries, they too are faced with very staunch opponents who avidly question the respective industry's right of access to the natural forest. In these countries there is a movement towards "protecting rather than using", where using the forest is seen as a bad thing. Why has this happened, even in countries such as Canada with such strong timber communities?

A need to reconnect:

A surprising fact learned as I reviewed the international market for timber is that all natural timber producers around the world feel under threat regardless of size; and as a result recognise that there is an increasing need to reconnect with the broader community. Where strong ties existed with their respective communities in the past, this has waned, as the urbanisation of the world eclipses the agrarian based economies of the past. As a result the industry worldwide has lost its ability to discuss its product and services with the community that buys its products. Not surprisingly, there is also a strong sense that to reconnect with the community, the industry does need to learn communicate; in a new environment dominated by a new economy, and new attitudes this is proving difficult.

The general consensus at nearly all the conferences across the world, is to whether it is effectively or poorly executed, the need to communicate a message that allows the industry to have "the right to exist, and provide product that is needed and demanded by the broader community" should be undertaken by the industry internationally. What that message needs to be will be different in different countries, but everyone in the industry must be delivering a message of sustainability, and responsible forest use so that leadership can be taken to the detriment of our detractors.

As we shall see in the course of this study, no matter how large or small the respective industry is in a given country; the need to communicate that particular industry's proposition is something that cannot be done on a whim. The program or initiative must continue with a definitive message that is compelling, easily understood, and of course provides a call to action, for the industry and community alike.

The fundamental reason for this diligence and longevity of any communications program is that the detractors of industry (anywhere in the world) do not rest. The learning in the USA was (and in Australia now) that if you cease to tell your story the opposition tells it for you. The problem is in the process your detractor tells their

version of your story to your stakeholders, whether that be your customers, financiers or even employees. Ultimately, industry is no longer in control of framing its future. Someone else is. The consequence is that this creates uncertainty, and ultimately departure from your cause whether that is commercially or philosophically motivated; in the end your cause becomes irrelevant. This is a dangerous situation. By learning from the industry in the USA who were confronted with the spotted owl situation during the 1990's we in Australia can accelerate and resolve our response to the situation we are experiencing locally.

Given the situation here in Australia where industry is seen as such a vandal is it possible to determine why? Is this the basis of industry's poor image with the general community? The purpose of this document stems from this, so what can be done about it and how? This is what I am seeking to answer with this document.

Developing a Communications Strategy:

During the course of this study there were those within industry who reminded me that there is no valid reason to undertake this exercise, claiming it to be futile and onerous. However, as the research has shown, the reality of changes in policy legislation by the respective governments in Victoria, NSW and Western Australia (for instance) continues to confirm that the industry, at every level, needs to be stronger and more decisive in its approach of communicating with the consumers of timber, and, stakeholders in the forest.

This may seem an easy task at first. Many industry members with whom I have spoken throughout the course of this study tended to indicate, "it is just about advertising, we need to advertise!" Whilst there is a certain element of logic to this viewpoint, it negates the importance of the context of advertising within an overall industry strategy and marketing initiative.

As Graeme Taylor of the Global Strategy centre states "if you don't know where you are going, any bridge will take you there". Time and again studies confirm that any advertising is best executed within the context of an over-riding strategy so as to ensure that the message is clearly supported and directed by the whole of industry.

Peck et al highlights to us all, that "once the tasks of determining the appropriate emphasis of the marketing effect at each level within the customer market domain, and market segmentation and analysis etc have been completed, attention then needs to be directed at customer acquisition and customer retention strategies." This takes us beyond the realms of Porter and Kotler, as it takes us into the realm of finding what it really takes to keep a market, customer or value. Peck et al, also state that "... In a mature market (it) will primarily need to focus on retaining existing customers and intermediaries.... Despite this, many companies (and industries) still spend too much of their resources in terms of money and time on customer acquisition and too little on customer retention." They go on to analyse the necessity for the identification of the different stages of relationship development.

The natural timber industry is a mature market that is highly fragmented; as Porter tells us, to overcome fragmentation it is necessary to find a common goal. However

the identification of that common goal is the struggle any industry faces, as we will see, in building a stronger relationship with the target audience may provide the necessary step to develop a position of leadership that people respect.

Many members of the natural timber industry recognised that the market changed dramatically over the last ten years. This was a sweeping change that was broad and wide, affecting virtually all areas of any western economy and to such an extent that the proponents of economic theory, such as Kenichi Ohmae are calling the current economic conditions by the name “the New Economy”. This dynamic change has changed forever many of the factors driving the economic environment in which many industries and businesses operate.

The dynamics of the market have changed dramatically. The new economy is driven by information and intellectual property. These intangibles are little understood by an industry that is driven by manufacturing competence and the sales process driven by production capabilities. In the natural timber industry the sales focus has been driven by what is produced rather than identifying customer needs or developing strong and ongoing customer or market relationships. This is a consequence of the traditional operating environment and not an indictment of the industry members; the market conditions changed so rapidly that many industries with similar levels of industry fragmentation, investment and professional skill levels have suffered worst fates, the US steel industry is a primary example of this.

Various models created by the strategy guru's of the 20th Century have shown us the way forward. Proponents such as Porter, Kotler and even Marr advocate that the more knowledge of the customer that an organization has the more accurately a strategy can be delivered. While historically the customer was seen as the person or organization that buys wood at the gate of the sawmill, the growth of trained sales forces does demonstrate an investment in the future. However, because of the long reach timber has in the machinery of the economy, it has long been assumed that “people will always want timber”. This naive view of the customers and market base does need modification if the industry is to effectively defend itself in this new and dynamic environment.

In the new economy, if you are not spruiking your product aggressively it gains no attention, and therefore, sales will inevitably decline. This does not need to be expensive nor overly difficult as can be seen in a recent Australian Financial Review article that demonstrates different strategic tactics that can be used to market a product in the highly competitive and information rich new economy.

The article written by S. Moran highlights that even in today's highly technological age requiring multi faceted marketing it is still possible to “manipulate the holy grail of word of mouth marketing” (AFR Boss Jan 2004). The examples sited in the article show a necessity to continue to spruik products “... through active websites, the need to support stakeholders, and gain leverage through giving ownership, and a sense of trust...” What is interesting is that the article reflects entry into the beer market, dominated by large multinational interests with significant marketing budgets. A small strategic entry into the market was achieved by spruiking to a specific target audience and watching their habits and knowing how to communicate with them. This is now known as relationship marketing a concept we will revisit later in this

study. Whilst only a small example it demonstrates the need for any seller of a product and the subsequent marketing effort to look critically at what it seeks to achieve.

This is where we begin with the challenges this industry is facing, how do you market a product that is

1. Of high quality and value by the end consumers.
2. Is becoming harder to obtain from local sources.
3. Obtained through means that are perceived to be environmentally damaging.
4. Has staunch opposition in its acquisition.

The economic and political backdrop to industry is obviously the first step that needs to be taken to understanding and bringing clarity to the economic conditions in which it finds its self. What are the requirements of the *new economy*? What is this and what does it mean for this mature and fragmented industry? Understanding the functional environment it is hoped that subsequently it will be possible to determine what steps can be taken to rebuild its once favoured position with the community.

Purpose:

So, this brings me to the purpose of this study. As I have already alluded to the industry is under siege across the continent. The environmental movement has been successful in positioning the timber industry as the pariah, the destructor of bio diversity, wantonness of cause that wreaks environmental havoc and devastation. Simply put, the natural timber industry has been presented to the broader community as the cause for many of Australia's environmental woes.

Whilst industry does have its issues, the science that underpins the industry highlights that the industry is more the saviour than the devil. The industry truly is in the processes of replacing everything it takes, highly regulated, and demonstrating leadership in developing environmental solutions. No other industry can say this with such conscience, yet where are the leaders that spruik and support this proposition? After years of being led by the message of its opponents, can the industry gain traction in leading the debate?

Furthermore, this study attempts to assess the current environment and determine what is needed to bring the natural timber industry to a level of alignment with the new market demands. Taking the position expressed by Kottler in his milestone text-book *Marketing Management* that "research and analysis lead to effective marketing," a review of various documentation and data coupled with an analysis of international marketing programs has been undertaken and in the end combined to determine if a model can be fashioned.

One observation seen during the course of this study is the hesitancy of many natural timber industry companies to undertake any communications or marketing programs for fear of failure. Comments such as "it didn't work in the past" to "we just waste

money with no gain” were common in my discussions with sawmillers and retailers. If it has failed in the past then it is important to reflect on this failure.

In the Harvard business Review of September 2003, Christensen and Raynor identified that “managers often make significant business decisions based on little more than convincing book jacket blurbs. They should hold themselves – and the experts- to a higher standard.” They also identified that it is important to ask the question “When doesn’t it work?” as opposed to the statement “it doesn’t work”.

Their premise is that it is important to reflect on failure and learn from it and then try again. The old adage of “pick yourself up, dust yourself off, start all over again” is still valid in their perspective. The point is that despite failures in the past, it is important to keep a message in the presence of the target audience, other wise the opponents to the industry’s story will hold the power of attention. This is even more important as we enter an age that is conceivably the most complex communications environment yet seen.

This perspective, as will be explored, shows again and again throughout the literature that has been reviewed, not one program is perfect, and yes some money does end up not achieving the desired outcome, however, at the end of the day, the summary of all of the programs viewed is, that some message with the broader community is still better than no message at all.

In conclusion as we move into the analysis the implicit purpose of this document is to support and generate wider understanding of the need for a greater focus on marketing within the timber industry.

Process:

With the purpose of this research being to identify a model that delivers a sound and ongoing method by which to communicate to the broader community, there needs to be a fundamental assessment of who the audience is, and then determination of the message.

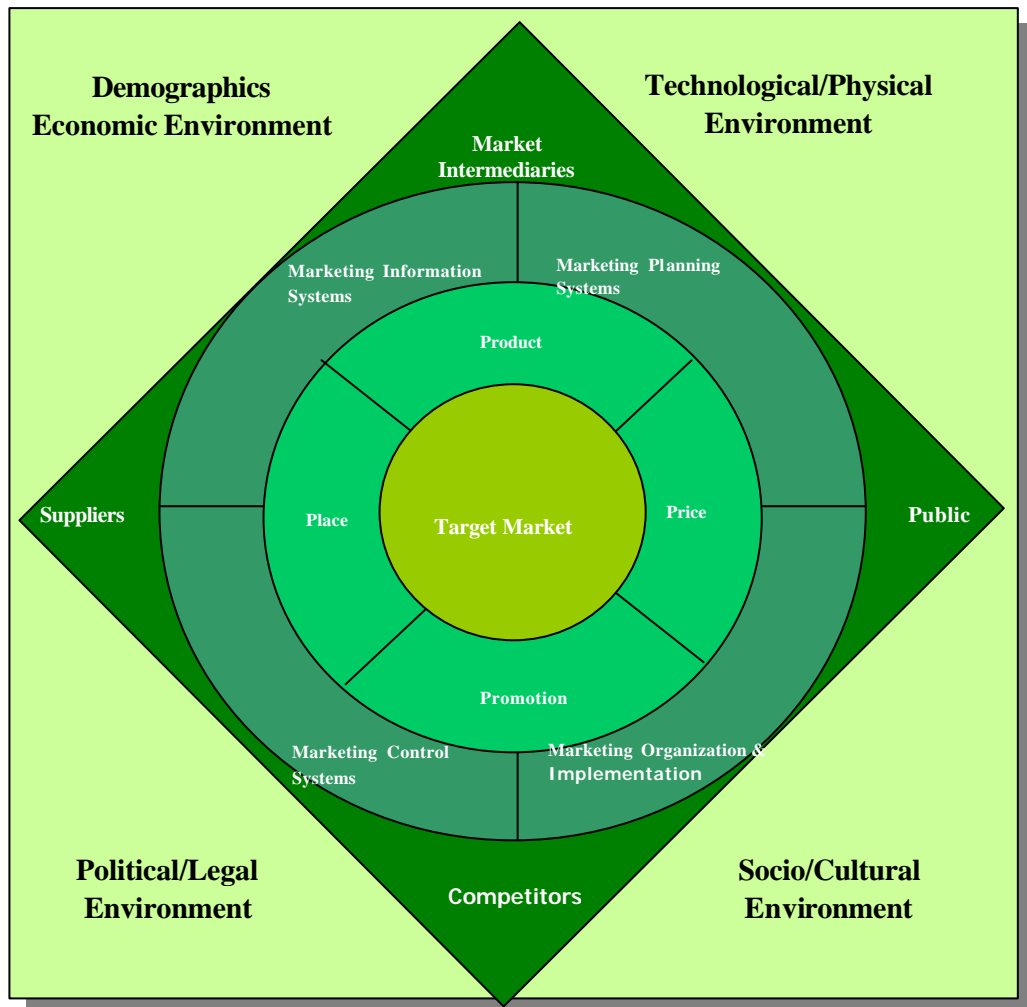
There have been a number of processes undertaken to develop the framework to potentially identify the model.

The process was:

1. A document review of the available research that exists regarding strategic modelling and marketing strategy.
2. A document review of the literature pertaining to successful marketing programs both domestically and internationally.
3. A document review of the documentation pertaining to Australian attitudes to the forestry industry and suggestions for communications.
4. A review of efforts undertaken by the Timber Promotion Council to understand and document consumer attitudes and needs regarding communications on timber and forestry issues.
5. A series of visits to international locations and companies to review various communications approaches taken to address similar issues regarding forestry and timber products.

To achieve this, even though the scope of this document is not to deliver a strategy for the natural timber industry, we do need to assess the environment in which the industry finds itself. This is important for a number of reasons. Many studies have been undertaken that show the relevance and importance of contexting the background against which any industry or company wishes to participate.

From Porters five forces to Walker and Marr's (2001) Stakeholder theory that state that to context any strategic thrust, "we must earn the trust of all our key stakeholders.... It is a fairly obvious truism that a wide range of people and interest groups have an involvement with any organization- including stock/shareholders, customers, suppliers, employees, the local community, government and others". Therefore to ensure that the context is given and the stakeholders in an industry support a given direction, the market conditions needs to be assessed and review.



By way of example to this point, Kotler shows this best in the diagram above as he shows us the importance of consideration of the overall factors that affect the desired target market. If the target is the broader community on a specific issue then we need to determine if an overall view and context exists for this industry. The research investigated this in detail in an attempt to determine the current prevailing economic condition. Kotler, Porter and Taylor all reinforce the need for clear understanding of the issues that influence a given market, so that any consequent marketing campaign is both effective as well as results driven.

The research also sought to review the structure of industry however one major factor that is clear, though often understated, is the role Government plays in determining the shape and dimension of industry. The extent of involvement because of the use of public lands and the newly coined “natural capital” that belongs to the public determines the Governments involvement at all levels of the saw milling community. So what is the Government representing about this industry? This is where we begin our journey, combining industry facts with the models that exist to determine a method of best approach.

The New Economy:

While the micro economic details of the market have been explored, the macro perspective of what is shaping the overall environment in which we all now operate needs to be reviewed. It has been labelled as “The New Economy” because of the radical changes that have taken place, particularly in the area of redefining relationships between businesses and customers. So what is the new economy and how does it affect the timber industry, should it and does it change the elements of activity for the industry?

Definition:

In the words of Robert Reich the former secretary of labour in the Clinton administration he sees the new economy described as “...Global competition, better information access, and a faster-paced economy (that) will affect all individuals.” Reich sees that employees in the new economy are becoming more like independent contractors; he believes there will be greater opportunities, and also greater insecurities, as many people have already discovered. In other words, the new economy is still in creation, with magnificent opportunities but also great pit falls, and as the new millennium moves to the centre of its first decade many of us have witnessed this first hand.

However, it is important to try and secure a sense of dimension as to what this new economy is and how it can be grappled with. So I have attempted to determine a definition from the many descriptions that exist of this phenomenon.

From what is available in the public press, the Internet and various publications it can be said that the new economy is often best seen as what it does to the way that everyone works. As is seen in Reich’s book “The future of Success”, the new economy is one in which people work with their brains instead of their hands. It is an environment in which communications technology creates global competition, not just for running shoes and laptop computers, but also for bank loans and other services that can’t be packed into a crate and shipped. It is difficult to determine the causes for this, some pundits such as Reich seem to support the idea that it has been created by the sophistication of the Baby Boomers and their burgeoning influence over western society, while Kenichi Ohmae supports the contention that the new economy is part of the age of exploration into a new “cyber” continent where fewer guidelines exist, “where the old world may feel familiar, and still respond predictably to government and corporate policies but there is not growth in it. And the new world is far more unpredictable.” (The invisible Continent). In reality the two ideas seem connected, as one appears inextricably intertwined with the other. The baby boomers want to maintain lifestyle and opportunities while seeking to explore new options in achieving it one only needs to read any of the prolific lifestyle magazines and proposals to understand how this conclusion has been reached.

What Ohmae, Reich, and the general pundits seem to confirm is that innovation is more important than mass production and where investment buys new concepts or the

means to create them, rather than new machines. Rapid change is constant and that is as different from what came before as the industrial age was from its agricultural predecessor. In essence a revolution.

The new economy hinges on the need for free markets. Because this phenomenon is about the unprecedented power of global markets to innovate, to create new wealth, and to distribute it more fairly is to miss the most interesting part of the story, access to markets is a mandate. Markets themselves are changing profoundly. To understand how this is happening we can review the mystery of Microsoft.

The fact the Bill Gates is the world's richest man belies a huge shift in the values of capitalism. Microsoft has annual sales of US \$11 billion and has most of its assets in walk in and out of the doors wearing t-shirts (The new economy website). Yet the stock market values the company well over US \$150 billion, far more than either IBM or GM. Why? The rules of competition are changing to favour companies like Microsoft who are strongly information driven over the paragons of the industrial age who are manufacturing driven.

Microsoft's rise is a testimony to the power of ideas in the new economy. Working with information is very different from working with the steel and glass from which our grandparents built their wealth.

Information is easier to produce and harder to control than products manufactured in an industrial complex. Computers being a receptacle for information can copy it and ship it anywhere, almost instantly and almost for free. Production and distribution, the basis of industrial power can be increasingly taken for granted. Innovation and marketing are intellectually and informationally driven and therefore fit strongly into the dynamics of the new economy. It has been claimed by those such as Ohmae and Reich that if neither information or fresh ideas exists in an industry, then it is doomed for extinction in its local market, because competition from a number of different sources either from within the domestic market or internationally, will swamp its existence.

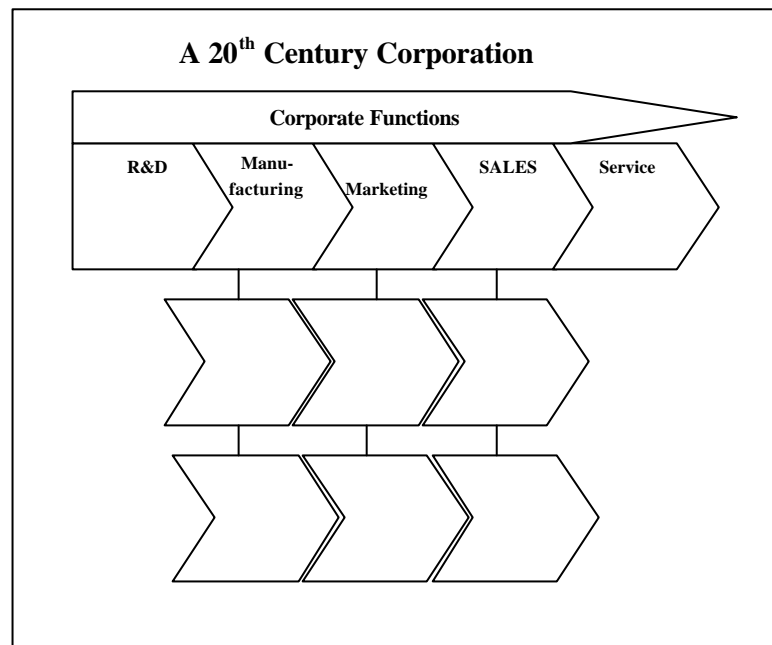
Ohmae infers that an information economy is more open while the others are more blunt "it just doesn't take a production line to compete, just a good idea. But it's also more competitive. Information is easy not just to duplicate, but also to replicate. Successful firms have to keep innovating to keep ahead of copycats at their heels." What is an interesting comment that seems to be supported by Reich and Ohmae is that the average size of companies shrinks. They contend that new products and "knock offs" alike emerge in months rather than years, and that the market power is increasingly based on making sense of an over abundance of ideas rather than rationing scarce material goods. Each added connection to a networks pool of knowledge multiplies the value of the whole- one reason for Microsoft's astonishing growth. The result: new rules of competition, new sorts of organization, and new challenges for management.

Ramifications for Traditional Organisations

With a shift to an information based economy this obviously redefines how we think about the structure of a business so that it can respond to the constantly changing environment and the loss of the definition of good times and bad.

Many such as Ohmae “The Invisible Continent” claim that is proving difficult to measure this new economy, because the productivity of a decision maker is harder to grasp than the productivity of someone bolting cars together. Comments such as “We don’t know how to manage its companies, because decision makers can’t be told what to do. We don’t know how to compete in it, because information seeps so easily that supermarkets now offer banking services. We don’t know how to oversee it, or whether it ultimately needs oversight at all.” These are common, not just for the traditional company or industry for that matter of the 20th century, but for those still competing under the dynamics of the industrial age.

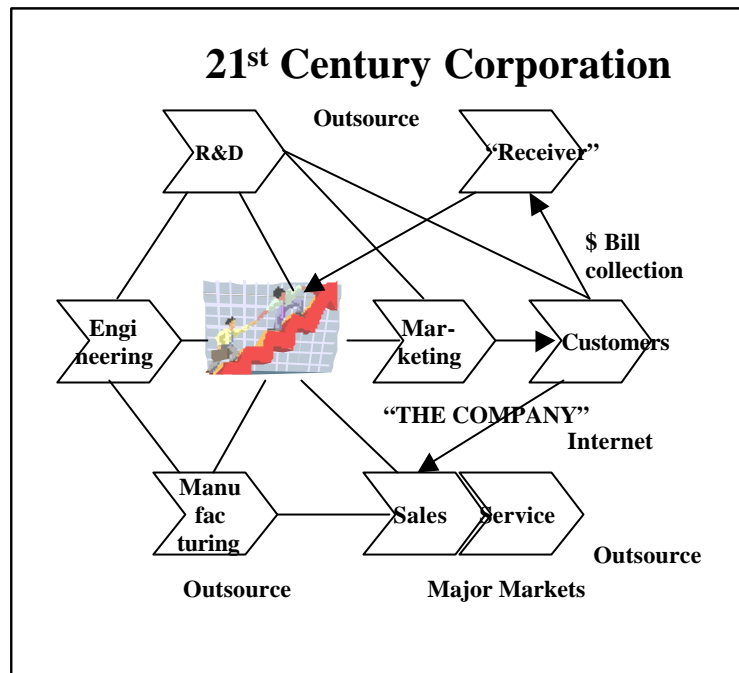
If the new economy is all about the information, sharing, connectedness, and transparency then the structure of the company needs to reflect this thinking. Old companies and industries that do not become part of this new awareness will be seen as anathema’s to society, because the information sharing will not be taking place to enable establishment of the competitive position in the mindset of their audience- they will be watching elsewhere.



So how should companies be organised to cope with the fluidity and dynamism inherent in this new economy? The best starting point is to look at the structure of companies in the 20th century.

The conventional company as structured in the 1980’s was aligned along rigid corporate functions in a well-ordered chain of routines, each with equity links that allow the central corporate functions to control the operations at the edges. This structure works well in responding to defined tasks and outputs i.e. products and services are well defined to the needs of a specific target markets. As the market needs became less well defined and shifted constantly, as is the case in the new economy, it has caused companies to re-evaluate how it should respond to needs.

What is starting to happen is that organisations are no longer as connected to generating a single output (or product/service) but responding to key market triggers that determine a response. In this sense watching market trends and needs becomes a much more important activity as opposed to making the same product. The question then becomes how can a product appropriate market be made within the price expectations and demands of the consumers?



Correspondingly the organisation need to be structured so that all of the scattered functions (e.g R&D, Engineering, Manufacturing) become outsourced, all with links to the individual who is overseeing a particular project, with a web of cross ownerships and equity stakes. The networked functions are outsourced with the key levers at hand, but the whole organization works as a virtual single company. While this is the extreme, it shows the direction most evident in the market place, but it also creates incredible vulnerability for the suppliers as customers may in fact be diverted to another due to a rapid change in tastes. This is the new economy, insecure, tantalising, abrupt, wealth creating, risk taking.

Principal Case Studies of International Marketing Efforts for marketing Natural Timber:

Introduction:

The effectivity of any marketing program for any product is to ensure that we are on the radar screen of the intended audience. As the persuasion model tells us, we need to be relevant to the audience that is the target for the message.

This portion of the study was to assess other programs current and historic that have had some effect at changing community attitudes and to determine whether these provide a model or guideline to the industry in developing its marketing and communications efforts.

Various efforts have been undertaken in Australia in the past, which did provide a paradigm shift in communications with the broader community. The schoolroom ads as I tend to call them were highly successful and well targeted. Unfortunately, the industry failed to continue to keep up the message because, having won such popular support with the community and industry saw that it could look at its differences from within rather than keep its eye on the true competitor, meant that the campaign no longer continued. This was an unfortunate decision as we now know, but it happened.

That particular program worked very effectively, and captured many elements that are required within the relationship-marketing model for effective campaigns. However, what is happening now in other markets and why? What is the central theme of these campaigns and how do they bring forward a positive message about the timber industry's proposition that it is the most environmentally friendly industry?

To set the stage though I have looked at a unique campaign know to many as Got Milk? This campaign was developed by an industry that was in many ways in the same situation as the timber industry. High awareness, but declining status, and support for the product coupled with a belief by industry members that people would always want to buy milk. The facts were far from the perceptions. This campaign is where I will begin the journey of looking at foreign campaigns.

The campaigns that are reviewed include the '*Be constructive. Wood!*', *Wood Works!* and *Wood is Good* campaigns. Each of these campaigns highlights various techniques that can be employed in an effort to strengthen the relationship with the broader community. This is extensively explored within the full document.

Be Constructive. Wood

The '*Be Constructive. Wood.*' campaign is a North American initiative to address the business risks associated with product substitution and anti-wood / anti-forest efforts, as well as growing the market longer term. Two converging objectives drive the strategy in both product and environmental communication.

1. Improve consumer opinion about wood as a building and finishing product to encourage its acceptance and use.
2. Improve builder opinion about wood as a building and finishing material to reinforce its overall value.

To do this, the strategies are:

1. Make the case that wood is an all round better building and finishing material
2. Make the case that wood is key to builder profitability and demonstrate support for builders by encouraging wood home use and sales.

Due to a significant number of initiatives from a number of different fronts timber has become less favoured as a product for use in number of different building and construction and to a certain extent appearance grade application.

The nuances of this campaign are explored in detail within the broader document, however, provides a clear indication of a business to business driven campaign that uses the concepts of relationship marketing to deliver a strong and effective communications tool to the broader community.

Wood Works!

To build a stronger presence for timber in the Canadian market places the Wood Works! Campaign was developed to encapsulate that activity undertaken by the CWC in building alliances with in the supply chain by ensuring that demand is appropriately supported with technology and information. However its intent is to continuously underpin other North American initiatives such as Be Constructive. Wood! with additional support to the proposition of timber being the most environmental.

The campaign seeks to use sponsorship deals that provide the necessary funding to supporting and developing the proposition for timber. As such Wood *WORKS!* provides a channel for industry to collaboratively increase wood's commercial market share, with the intent to provide more sales, profits and revenues for the industry as a whole. Many barriers to the use of wood in commercial construction such as government policies, public perception, misconceptions concerning cost and performance can only be addressed by a collective effort. A single company would have difficulty committing the time and personnel required to tackle these issues. Together, the industry can leverage their resources and expertise to have a much greater impact on the penetration of wood structures into this lucrative market than any association or company could working individually.

This campaign demonstrates the value of thinking outside the box to build not only solutions to communicating with the broader community about the advantages of timber, but unique ways as to funding it.

Wood for Good

The campaign has a primary focus on connecting to the consumers through a business-to-business relationship rather with the consumer audience as a secondary target. In a similar way to the North American initiative it is focused on increasing demand through the growth and development of information to the key influences in the European markets serviced by the stakeholders.

Unlike the North American program of “Be constructive. Wood” this program effectively confronts the issues of supply and relates this to growing concern in the market place about green house gases. This is obviously to make the program connect better with the target audiences and reflects the local needs for information, and it also shows an inherent difference between the markets of Europe and North America.

Due to the difference in market expectations the strength of the Wood For Good campaign lies in the messages that confront such things as green house gases, performance, functionality and aesthetics, all qualities the market seeks. This case highlights the values of using relationship marketing as a key driver to building an integrated marketing and communications program. More programs are discussed within the study that supports the view to the development of the marketing model for the natural timber industry.

A marketing model and the path forward:

I began this document with a quote by Goodman for the express purpose of reminding us all that the natural timber industry is the leader in its area of expertise, and that in that capacity it is important to take charge and provide leadership to the community on its right to natural forest access.

At the end of the day this study has sought to provide an overview of the various marketing activities that are being undertaken internationally that provide a guideline for us here in Australia as to how we can improve the level of communication with the broader community with the intent of protecting industry's right of access into the natural forest; and to assist with the development of a renewed leadership position so that it can be on the front foot leading the debate rather than, as we have seen, always being the one to respond and defend its territory. Treacy and Wiersma tell us in "*Marketing Warfare*" that leading the fight has its advantages when defending your marketing proposition, you are more likely to win.

As Dargavel, and many of the industry bodies across Australia report and acknowledge, the natural timber industry has constantly defended its right to exist with out being the leader in the debate; it has tended to be the follower. This, as Treacy tells us, weakens an organization's ability to win. So how should industry tell its story, how can it turn the tide against it?

This study has taken us through the viewpoints of the green groups and their vulnerabilities, the various marketing programs that have been developed by individual companies as well as industry organizations and marketing models that can and do help the developers and implementers of strategy. If we are to take charge, how can we now use this information to determine an appropriate way forward so that industry is taking the leadership position and in turn having people respond to and understand its message?

As we have seen from the information on the market, the consumers in Australia do have a strong love affair with the use of timber, flooring, furniture, and joinery all use timber in a way that builds a strong emotive relationship with them. The big offset to this is that most consumers do not have a strong desire to cut down a tree; for this reason the environmental movement has been successful in demonising the natural timber industry. While industry kept quiet, the consumers were lead to believe through effective PR by the radical green movement that the Australian forests were and remain under threat because industry is wasting the tree. This is why the messages of the greens have had such traction. Basically in the urban society in which we live, waste is a bad term, and because trees are iconic, wasting a tree is seen as a bad thing. While it may seem simplistic, the connection seems to be valid, and is borne out of the research that has been undertaken. To this end the industry needs to undertake a program that demonstrates industry's contribution at the economic and environmental levels but also that it is responsible and not wasteful.

The lessons provided by the international programs of "*Wood for Good*", "*Be constructive. Wood!*" and "*Wood Works!*" all show us that action is as important as

change. Each of these campaigns has a similar intent; they support a common marketing proposition that timber (or wood) is the most environmentally friendly material and wise use of the resource. While not overt in implication this does provide a slightly different slant on the communications programs being undertaken. While each of these programs approaches the delivery differently, the goal is common; to achieve a shift in popular opinion concerning timber's role as a building material and that its source, the natural forest is secure and not under threat.

In reviewing the programs and information that has been presented within this document there are some fundamental learning factors that have been identified. These can be summarised as:

1. Research; understand who, where, why, how etc of who you want to engage in the story that you want to tell.
2. Make sure your message is simple and believable.
3. Get your audience to respond to your message have them do something.
4. Get other people to carry your message, develop loyalty along the supply chain.
5. Constantly improve the method with which the message is carried, keeping it relevant and vibrant.
6. Lead the debate; don't wait for another to tell your story.
7. Be there for the long haul, it takes time to change opinions.

To understand how these elements can create a strong and effective marketing and communications program, the broader document provides a clear direction by using the experiential outlines derived from the various international campaigns.

Summary:

The use of relationship marketing and utilising the methods recommended by Porter, Kottler and Marr offers an appropriate mechanism by which to best determine how best to approach the marketing of natural timber in the new economy.

With the review of the theoretical and combining a review of the marketing programs that are operating both domestically as well as internationally, a model is proposed that provides a tangible guideline for the natural timber industry to address the needs of the new economy.