

Marketing Specialty Forest Products

by Clyde Vollmers and Erik Streed

Which came first, the chicken or the egg?

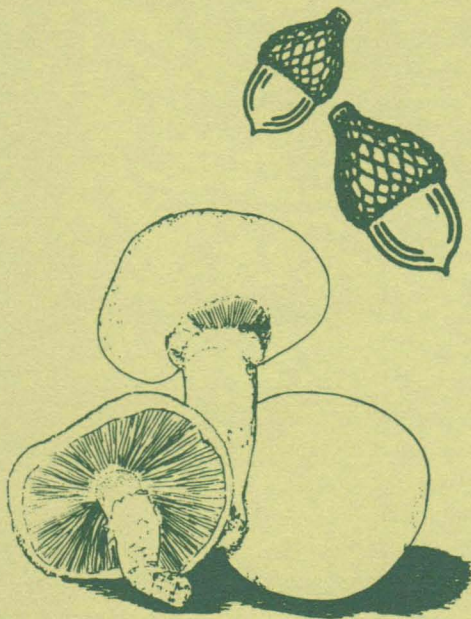
The answer to this age-old adage often depends on the context of the question. With specialty forest products or “SFPs” (medicinals and botanicals, forest-based food products, or handcrafts and florals), the question becomes: which came first, production or marketing? Do you produce the product so you have something to market, or do you market the product so you have something to produce? To make money with specialty forest products, the answer is clear—marketing comes before production. This may seem backward, but focusing on marketing before and during production will help determine what and how much to produce—thus giving the producer more control in setting the final price of the product. That translates into profit!

Since marketing is so crucial to an SFP business, it follows that good marketing can make a business successful, and bad marketing will almost always result in failure. This fact sheet outlines successful strategies for marketing SFPs.

Markets for Specialty Forest Products

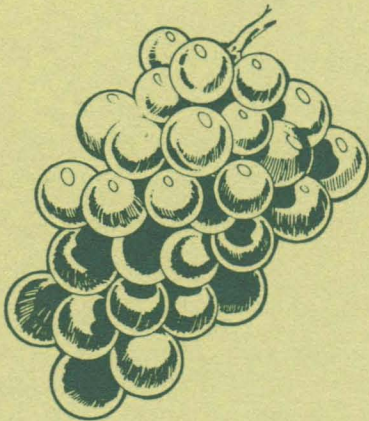
Markets for SFPs are often very different from markets for more common agricultural products. SFP markets can be:

- **Specialized.** Most markets for SFPs are “niche” markets—which means they are small, very specialized, and with only a few buyers.
- **Seasonal.** This is true for production (nuts, berries, or mushrooms) and consumption (nuts or Christmas boughs). This means production labor is highly concentrated and that products may need to be stored for months.
- **Risky.** Products such as mushrooms and berries are highly perishable. This increases costs and risks for storage and transportation between the producer and consumers.
- **Proprietary.** Producers can be individualistic. They may be reluctant to share their sources of product, methods of production, and potential markets. This can make it difficult for newcomers to enter the industry.



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Value-added Processing with Specialty Forest Products

Traditionally, most agricultural producers sold unprocessed products. However, during the past decade, we have witnessed a rapid expansion of further processing by producers to add value to the product. In North Dakota, farmers have started selling pasta rather than wheat. South Dakota farmers add value to soybeans at their solvent extraction plant in Volga. Corn farmers are profiting by turning corn into corn sweeteners and ethanol.



A key aspect of value-added marketing is developing an advertising campaign that informs customers about your products and the value you have added to the product.

The first step in developing a value-added marketing campaign is to determine the feasibility of adding value. Certainly, there is little chance of adding significant value to products sold to pharmaceutical companies such as goldenseal, ginseng, or herbs. Mushrooms, nuts, and berries can be processed into candies, syrups, jellies, wines, etc. Even packaging can be a way of adding value. Mushrooms can be canned to prolong shelf life, and nuts can be attractively packaged so they are valued as a food *and* as a gift. This is adding value to your product.

The second step in deciding if you could profit by adding value to your product is to determine the volume of product you would need to produce. To determine the optimal volume, answer these questions:

- Do you have the financial support for facilities, equipment, operations, and inventory? And do you have enough financial support to allow for a bad year during the first years of operation?
- Can you produce or obtain enough product to have competitive costs? Building a very small plant in an industry served by large plants will result in failure. Further, can you produce enough product to fund your business near capacity?

Creating a Successful Marketing Campaign for Value-added Products

A key aspect of value-added marketing is developing an advertising campaign that informs customers about your products and the value you have added to the product. To do this, consider the following:

Who Is Your Customer?

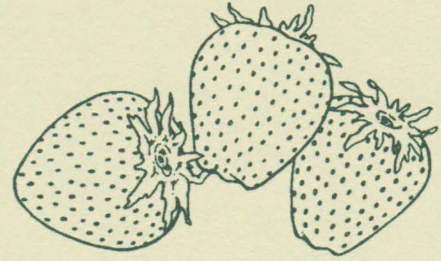
To better serve customers and meet their needs, you need to know who they are. People can be divided into two groups: nonusers, light users, and heavy users. According to a rule of thumb, heavy users make up about 20% of the population but purchase 80% of our product.

To market effectively, you need to know the characteristics of the users of your product. For instance, what is their age, sex, income, marital status, occupation, family size, social class, and lifestyle? Different words and messages are used to sell to different people and markets. Older people respond differently than younger folks, and men respond differently than woman.



What Benefits Are Your Customers Seeking?

People do not buy products! They buy solutions to their problems. They buy things to meet their needs. They buy benefits! Your marketing campaign should focus on the benefits your customers will receive from your SFPs. This is the old “sell the sizzle, not the steak” concept. Rather than stressing that a product is organic, stress the benefits provided by organically grown products (e.g., fewer chemicals results in better health and a cleaner environment). Rather than saying “made from woods-grown berries,” on the package, say “made from the more flavorful woods-grown berries.”



The Role of Advertising and Packaging in Marketing Specialty Forest Products

Many customers get their first impression of your product from your packaging and marketing literature. That first impression is critical. If your SFP is of high quality, your advertising needs to reflect that quality. Many marketers of SFPs are tempted to make their own advertising and packaging material, but unless you are exceptionally talented or experienced in this area, you are probably better off hiring a professional. This can be expensive, but it is usually money well spent. Effective marketing materials and/or packaging for SFPs address the following criteria.

Good advertising and packaging has lots of **white space**. Focus on the key points and do not try to say everything. Generally, you want to share a few key benefits—the three to five that are the most important to your customer. Listing more may only confuse customers. Focus on what is really important to the customer and develop it fully.

Ideally, **four-color printing** with color separation should be used. However, this process can be very expensive. As an alternative, a high-quality paper with one or two color printing can also look great if properly designed (this publication is an example). Frequently marketers try to save money by using brightly colored paper, but this usually comes across as “cheap.” Single color printing is very effective with quality paper. Light shades of grays, tans, and blues create a rich look. You can also use a heavier or slightly more expensive paper to enrich the look of a single color printing.

A **picture** is worth a thousand words—in advertising it is worth several thousand. The best pictures show products in use. Be creative! Photographs become more difficult in one-color printing, and sketches or black and white photos might work better.

While most of us write rather long sentences, good advertising uses newspaper-style writing, i.e. **short sentences!** Never use 20 or 30 words in a sentence. Use 5 to 15 words. Use action verbs. Action verbs are exciting and interesting to read. Passive verbs are boring.

A quick test for good advertising is to look at personal pronouns. Good advertising uses a lot of “you” and “yours.” Bad advertising uses “we,” “our,” and the name of the company. Focus on the need of your customer and how you fill it.

If you are marketing directly from your home, you will want to put up a road sign identifying your location and the product you sell. When designing road signs, remember that fancy typeface cannot be read at 60 miles per hour. Secondly, choose your colors carefully. Don't use green if the sign is surrounded by foliage, even if green is your favorite color. Drive around and look at other signs. Which are easiest to read and which stand out from the greatest distance? Always consider the setting. Signs that stand out in a highly wooded area may not work on the prairie.

Although this information cannot guarantee that your SFP business will be a success, it will prevent many unnecessary mistakes and allow you to put your time, energy, and resources where they are needed most. This makes it easier to meet the challenges of an SFP business, and hopefully the rewards will be much greater as well.

For More Information

Information on producing and marketing specialty forest products available from:

University of Minnesota Extension Service www.extension.umn.edu

The Center for Integrated Natural Resources and Agricultural Management (CINRAM) at the University of Minnesota at 612-624-7418 or 624-4299, fax 612-625-5212, or email CINRAM@forestry.umn.edu

Minnesota Department of Natural Resources Division of Forestry
Forest Product Utilization and Marketing
500 Lafayette Rd.
St. Paul MN 55155-4404.

Additional Reference Sources

Proceedings of the North American Conference on Enterprise Development Through Agroforestry: Farming the Agroforest for Specialty Products, held in Minneapolis, MN, October 4-7, 1998.

Income Opportunities in Special Forest Products: Self-Help Suggestions for Rural Entrepreneurs. USDA Forest Service, Agricultural Information Bulletin 666, Washington DC, by Margaret and David Schumann. May 1993.

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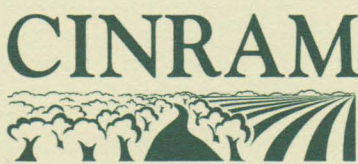
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