Firewood

Marketing, product delivery and pricing

Doreen L. MacIntyre
Environmental and Marketing Consultant

1st May 2010

Firewood marketing study

- Part of the Northern Woodheat Programme
- Under contract to Highland Birchwoods
- Original brief to research market and produce a marketing strategy for firewood
- Involved research with firewood suppliers, stove / boiler suppliers and end users
- Produced:
  - Report with research findings, analysis and recommendations
  - Firewood marketing toolkit
  - Best practice guidelines for suppliers and for users
  - Price comparison tool

Suppliers – general findings

- Market estimated to be over 50K oven dry tonnes/ yr
- Very variable product
  - Form, type of wood, pricing, seasoning, delivery
- Annual vol. of firewood produced between 5 t and >500 tonnes; average < 100 t / yr
- Delivery radius ranges from < 5 miles to 60 miles; average around 30 miles
- Significant amount of unawareness about seasoning
- Pricing v variable:
  - From free to pickup slabwood to over £100 / t delivered hardwood
  - Softwood avg £50 - £70 / t; hardwood avg £60 - £90 / t

Market development

- Firewood market potential is growing
  - Increased price of alternatives
  - Relatively low volatility
  - Increased uptake of woodburning stoves and boilers
  - Large majority of firewood users currently use firewood as a secondary fuel source
- Although development can be constrained ..
  - Costs (buildings, equipment, transportation, timber)
  - Time and capacity
  - Availability of timber
  - Problem with opportunistic sales etc.
- .. the market opportunity exists
  - And some suppliers are gearing up to expand & develop their markets

Price comparison with other fuels

Wood chip (10% mc)	2.3p / kwh
Firewood	3.5 – 4p / kwh
Pellets	3.9p / kwh
Natural gas	4.05p / kwh
Oil	4.4p / kwh
LPG	6p / kwh
Electricity	14.4p / kwh

Users

- Are generally looking for a dependable supplier and to develop a long term working relationship
- Many are looking for firewood which they can burn straight away
- Want to know about the firewood
  - Type; how seasoned, how to stack
- Appreciate good service from suppliers:
  - Responsiveness, flexibility, advice
- No clear market price expectations (generally think the price is either about right, or rather too high!)
- Satisfied customers are possibly the best means of promotion

Marketing

- Marketing objectives
- Products
- Service
- Competition
- Customers
- Pricing
- Marketing messages and promotion
- Toolkit designed to help you work through all these points one-by-one

Marketing objectives

- What are you aiming to achieve through marketing?
- Develop existing markets
  - Eg increase market size or share; introduce new products
- Develop new markets
  - Eg enter garage forecourt, stove supplier sectors

Products

- What do you supply? (Chopped wood, kindling etc.)
- How do you supply it? (Loose, bagged (e.g. net bag or builders bag), pick up etc.)
- Is it seasoned? How well?
- Cut to lengths required by customers?
- Does the timber come from a certified source?
- Is it debarked, clean, free of contaminants?

Service

- How do you deal with your customers?
- Are you responsive to enquiries?
- Do you keep your customers informed?
- Do you keep to arrangements?
- Are you flexible to work in with your customers' needs?
- Do you provide advice? How accurate is it?
- How satisfied are your customers?
- Do you get repeat business, referrals?

Competition

- Who else is operating locally in your market(s)?
- How do you differentiate yourself from them?
- How do your products and services compare?
- What do your competitors supply?
  - Form, quality, price
- Who are their customers?
- How do they promote themselves?
- How satisfied are their customers?

Customers (1)

- Who are they?
  - Domestic / business users (end users)
  - Trade
- What are end users looking for?
  - Firewood usage and motivation for using it
  - Alternatives they use
  - What type / form of firewood do they require?
  - Where are they located?
  - What storage capacity do they have?
  - How loyal are they to you?
  - Etc.

Customers (2)

- Trade
  - How supply to these customers
  - Who do they sell to, and how do they sell?
  - Where are they?
  - What delivery lead times do they require?
  - What other products might they purchase from you?
  - How satisfied are they with the service / products you supply?

Pricing

- Need to price competitively and profitably
- Pricing needs to take into account:
  - Price of alternatives
  - Costs (timber, transportation, processing, manpower, marketing etc.)
  - Competitors' prices (price positioning)
  - What the market will bear

Marketing messages & promotion (1)

- Assess performance of existing marketing methods (if any)
  - Identify what is working and what is not working
- Identify customer benefits
  - General
  - Specific to the product(s) and service(s) you provide
  - But remember, reality needs to meet the promise!

Marketing messages & promotion (2)

- Plan promotional elements, and schedule
  - How you're going to deliver your messages
  - Eg adverts in shop front windows, fliers, newspaper articles, ask happy customers to let their friends know etc.
  - Time the promotion to tie in with seasonality e.g push towards the end of the summer
- Monitor regularly the success of promotion
  - Annual review, using on-going feedback
  - Find out what has worked, and what could work better
  - Revise promotion accordingly

Thank you for your attention

Any questions?