

Timber Products Market Research - Summary of Follow Up Focus Meetings

This is the second report for HIE-Community Assets Team on the investigations into the need and demand from community woodland groups for a joint marketing initiative for sale of wood products. The first report details the results of a questionnaire sent out to 60 groups in the HIE area and was presented in December 2010. This report details the findings on targeted follow up focus meetings.

The follow up focus meetings involved 9 groups; 4 of the six groups already selling products, 3 of those interested in selling products and 2 of the groups who are not interested in developing products but have been identified as having potential to do so, through CWA or HIE knowledge of the group activity.

There was a slightly different approach for groups at different stages. Referring to their questionnaire responses a general discussion took place on their current situation and future potential for development of wood products.

Responses are summarised below under each heading and the detailed summary is shown after this.

Overview of Discussions

Products for Sale

The groups that are selling are concentrating on saw logs and milled timber rather than smaller items.

Potential ideas for products from the groups interviewed include:

- Specialist/Quality items that are relatively easy to produce eg single piece table tops
- Furniture – garden benches, chairs
- Log candles
- Bird and bat boxes / Insect homes
- Charcoal
- Training courses for individuals to produce items rather than groups producing items themselves

In addition individuals within communities had potential to develop other products such as:

- Log buildings
- Long bows
- Quality Furniture
- Wood turned items

Current and Future Markets

The current targeted market is predominately local, usually marketed by word of mouth or in local newspapers. Some are selling timber to self builders but the time and labour required for cutting to order and transportation issues limits promotion of this.

Groups have considered extending their market to include tourists and regional rather than local. Very few showed interest in expanding their market wider than local.

Pricing Policy and Income

Groups decide on price in a variety of ways but most base cost on local sawmill prices and then negotiate with customers on a case by case basis. Groups did not normally cut to order and mainly created a store of timber for sale as and when time and resources allowed. Although some groups did pay labour costs the majority of work was carried out on a volunteer basis and in kind labour added to the profit margins.

Profit varied depending on the level of sales but ranged from £1000 to £5000 with one group reporting sales of £15000 in one year. Income generation depended on a certain amount of money required for a specific need, for example accountancy fees and insurance for the group in a year. Profit was also used for additional equipment and in some cases labour if a specific order needed to be met.

Barriers to Production

A number of barriers were mentioned but most groups gave similar responses. These have been brought together in the list below:

- Volunteer time – most relied on volunteer labour to produce items and therefore it was not possible to commit to regular contracts
- Individuals making items wanted to produce for recreational rather than business value
- Quality issues and consistency of product meant large numbers of the same item was considered difficult to achieve.
- Skills / Organisation / Motivation
- Pricing – community members reluctant to pay market prices
- Not high priority in comparison to other projects
- Location – needed to be near centres of population to increase sales
- Equipment – required to add value to existing products and develop new
- Premises – required for people to work in and house equipment

Most of the groups mentioned that they would be very happy to act as business incubators for individuals wishing to develop their own business. In most cases, funding for equipment and premises were the main barriers to taking this forward.

Future Potential

Adopting Designs from Other Producers - The potential for making and selling items designed by others was met with interest but responses indicated that much more information would be required before groups would be prepared to go down this route. They were generally wary of how this would work with regard to consistency of products and were reluctant to become 'factories'.

Sharing Experience - All the groups interviewed said that they would be very happy to share their own experience with others.

Cooperative Working - During discussion on the Cooperative Model groups again wanted to know more about how this might work. There was general interest in pursuing the idea but most were not enthusiastic about immediately taking the idea forward without further discussion on what would be involved.

Working With Businesses - The majority of groups had already approached local businesses to help with either producing or selling items. Two of the groups are working with businesses in centres of population in product development to try to add value to items though products have not yet gone to market.

Further Support

All groups were interested in the training courses noted in the original questionnaire. However, one of the groups felt that they wouldn't have time to devote to attending courses and another felt that the courses outlined would not meet their needs. All groups said that they would be likely to promote courses to individuals who were interested in developing their own businesses.

Two additional ideas were put forward which were considered to be of use to support development:

- Showroom in a centre of population displaying items from across Scotland
- Promotion of self build and use of local building materials as sustainable.

Joint Online Marketing / Website

Most groups showed an interest in using a joint site but indicated that this would be in conjunction with their own website, perhaps through links rather than direct use. The response was generally not enthusiastic but indicated that a joint site would be useful if it proved to generate a suitable level of sales. Groups were concerned that it would be difficult to manage orders that they didn't have the capacity to fill.

Conclusions

At present community woodland groups do not have development and marketing of wood products as a priority in relation to other projects that they are working on. Groups are not yet ready to be part of a joint marketing initiative as products currently being sold are suitable only for local markets. Developing a wider market would require far more time and resources than groups are currently able to commit.

As identified in the initial questionnaire survey, groups again showed some interest in finding out more about targeting wider markets and developing suitable products. However, availability of volunteer time, equipment and premises are significant barriers to taking this forward. Groups are also reluctant to do anything that could commit them to large orders that they may be unable to fulfil.

There is a perception that the level of income generation from wood products would not be sufficient to justify volunteer time to focus on this. Several of the groups stated that they would need someone in their group with the motivation and interest to take the ideas forward, develop and market products before any progress is likely.

Next Steps / Recommendations

Feedback from this survey shows that community woodland groups would benefit from a structured programme of training and networking events. Bringing them together would help develop the thinking around how groups could work collectively to develop and market wood products. This approach would also help groups to see how they might generate even small levels of income for community benefit.

The interest shown in providing business incubators for local people could be included as part of the programme, showing groups the best way to achieve this, including case studies of other community organisations with experience and pointing to suitable funding.

The following project proposal would require further discussion but is put forward for consideration. This approach would help groups to develop their ideas and overcome the current barriers. This project would deliver a structured training programme to take groups to the next stage of development of ideas. At the same time, information from networking events would be pulled together and in depth market research carried on behalf of groups to ensure potential products will be saleable.

Outputs

- Six training events for up to 90 individuals focussing on:
 - product development, pricing, market research, sales, marketing and online sales techniques.
- Three networking events for up to 60 individuals on:
 - Product Design: Sharing ideas and design for products that can be made by community woodland groups or individuals within the groups
 - Co-operative working: Exploring the option for community groups working together within a cooperative
 - Business Incubators: what resources would community groups need to become wood product, business incubators for individuals in their local area.

- Up to 6 different wood products researched to determine the potential market for each. A written market research report, for each of these products, enabling groups to follow similar methods of researching the market in future.

Outcomes

- CW groups would learn how to research the market effectively and develop suitable wood products for sale, generating income for their activities.
- Individuals living close to community woodlands would have the opportunity and the support to develop wood product businesses through incubators.
- A strong network of groups to support each other and work together to develop new and add value to existing wood products.
- New markets will be identified for hand made wood products from community woodland groups.

Detailed Summary of Interviews

Interviews were carried out with 9 of the 10 targeted groups. One group was unable to be contacted despite several attempts:

- Abriachan Forest Trust
- Argyll Green Wood Workers Association
- Culag Community Woodland Trust
- Dunnet Forestry Trust
- Kirkhill and Bunchrew Community Trust Woodland Group
- Knoydart Foundation
- Milton Community Woodland Trust
- Morvern Community Woodlands
- North West Mull Community Woodland Company

Those already producing items: 4 groups were included

- Who are your customers
 - Locals / tourists / one off sales (eg sale of floor boards to self builder in Skye)
 - Group members – makers who use the milled timber
 - Some one off customers
 - Some non members
 - Mainly local market
 - Local market – word of mouth and on request
 - Local people
 - Return customers
- How do you decide what to charge for products
 - Difficult but advice from Hardwood Sawmillers group and comparing prices to other sawmilling businesses
 - Costed on standard rate per hour for the use of the mizer and timber + £15 per hour for time. There are no overheads and it is done to use timber up rather than on a regular business basis.
 - Negotiation on what the market will bear
 - Keep and eye of what others charge – eg Jewson's and local saw mills
 - Depends on type of wood as well
 - Based on competitors so roughly same as local building merchants prices
- How much income do you generate and what is it used for
 - £2000 which is used for the woodland work for community benefit
 - Generate around £1000 profit routed through the trading company to the trust. Used for trust aims and community benefit
 - £5000 to £15000 per year need to buy the wood in so varies
 - Use for business development and sustainability – equipment/insurance/labour/buying wood/accountancy
 - Doesn't create lot of income probably pays for itself. Usually a large stack of cut timber available due to one off cutting – sold off as and when required

- Have you considered marketing your products to a wider audience
 - So far advertised in local paper / CWA ebulletin and Highland wide bulletin – best response locally
 - Limited to people on the island and very local to the trust as others nearer to the ferry can go to the mainland and buy it there more easily and probably more cost effective.
 - Little bit does go to a wider market but cant supply a bigger demand
 - Tends to be provided though a one off effort and filling a shed or doing a specific order in one go
 - To do that would require the right product / there may be potential to expand for the self build market locally and regionally

- If so what steps have been taken
 - 6 people identified for future customers to approach first
 - Cut to order for specific customers
 - Get prices agreed before beginning work
 - No marketing is carried out as there is no particular product to sell at present
 - Goes in the newsletter occasionally to promote what cut timber is available

- If not why
 - Expanding the market in cut timber would require cut to order which is not cost effective at present

- Have you considered developing other products for different markets
 - Charcoal and log candles for village market and other things that are going on in the area – mainly done to raise the profile of the woodland than to make money
 - Yes but difficult to do due to location. Eg Table Tops to be sold in a shop front in centres of population
 - Looking at potential for using sitka for structural post and beam construction. Investigating working with a Scottish University to take this forward.
 - Need to add value but group members do that using our product
 - Niche product that worked would be required
Eg ASHS have a niche product and supply to self build houses, etc

- If not why
 - This would require a diverse range of products that fits the resource available

- If so what are these and when do you think they will be available for sale
 - Not planning to expand on current activity
 - If the potential for sitka proves worthwhile it will happen within the year.
 - Other products could be developed if Planer could be used to add value – this requires permanent premises to be able to be used regularly

- What have been the barriers to development
 - Volunteer labour
 - Time available
 - Everyone in it for the recreational rather than business opportunities / business only comes into it when they need to generate a small amount of money
 - Pricing – many customers argued the price down
 - Time for people to take it forward / perception of sitka as a building material / not high priority for income generation other projects are higher priority
 - Island costs for transport would be an issue for widening markets
 - Lot of volunteers do the work and there are no full time employees
 - Future of the saw milling sector is a big issue small saw mills are continuing to close
 - Location / access to wider market
 - Require a unique resource
 - Equipment
 - Need premises for the equipment
 - Self build market needs to be designed to allow longer periods for wood to be cut to order rather than ordered from big suppliers
 - Would be happy to facilitate individuals business development and then secure income from rental of premises sale of raw materials etc

- Would you consider making and selling products designed by others
 - Yes but only when money is required rather than as a regular thing
 - Yes in the future but at this stage need flesh on the bones of their own projects.
 - Yes if they proved that they would sell
 - There might be issues of consistency depending on type of timber used for items and expectation of those buying
 - Makers and millers do this for enjoyment and tend not to want to be held to having to produce timber and items on demand.
 - Yes on a one off basis but not if it would mean becoming a 'factory'

- Would you be prepared to share your knowledge with other groups
 - Yes and very interested in learning from others
 - Yes once they have the information more than happy to share
 - Yes happy to share knowledge
 - Yes prepared to share but don't feel like experts

- Explore the attitude towards a cooperative model
 - Would be interested to know more but would be likely to help local people to get involved rather than the groups
 - Yes if the model proves to be workable
 - Yes interested in considering this but focus on locally marketed items perhaps as part of a generic marketing opportunity
 - Don't really see how that would work for them due to location but would consider if it could be proved useful

- Have you considered working with other local businesses

- Next time would work with a local saw miller rather than do the milling in house
 - Already talking to local business about potential for construction materials from available resource
 - One group member now does the milling as groups own saw has broken. This is expected to work well – group supply timber and he mills it with group getting the profit back after payment for labour and use of mill.
 - Not so much local but working with a Glasgow recycling shop to try to establish links with an outlet facility in centre of population – nothing coming out of that yet.
- Referring to the training and support – what would you access if it was available
 - All of the training would be of interest but keen to get more help on ways to market their product more effectively
 - Online selling and marketing information to help them develop their own website for sales
 - Not really because of their specific situation – don't see how any of the proposed courses could benefit them.
 - Forest Workshop to be built and see what evolves from local interest
- Other ideas put forward for what would help is:**
- CWA (or similar) showroom in a centre of population somewhere
 - Larger volume – promoting self build and local building materials as sustainable
 - Master Classes for specialised products
- If a central website for community woodland products was established would you be interested in using it
 - No ambitions to do more at the moment
 - More interested in putting info out to local people than managing it all themselves
 - May be interested in joining in the future if network proves successful
 - Potential for several products across the groups and interested in supporting this approach. The focus of the trust is to produce and promote economic activity so would be enabling others rather than directly involved in doing it themselves.
 - Trust would coordinate local effort and act as local agent to feed products to the CWE website
 - Possibly but not really keen to build a big business
 - A good business case for local markets would be needed
 - Maybe

Those not producing but interested in doing so: 3 groups included

- Has your group ever discussed developing wood products for sale
 - Yes but not really as a group – more likely to encourage individuals and perhaps could be linked to employability training project
 - Yes want to make the most of the woodland
 - Yes
- If so what are these

- Quality items relatively easy to make – eg wooden postcards
 - Bird and Bat boxes
 - Long bows (one individual interested)
 - Chairs (one individual)
 - Spurtles / spatulas / lace bobbins
 - Log buildings
 - Tuition courses
 - Wood turning / chairs / bird boxes / insect homes / garden benches / potentially flat pack for wider distribution
- What would be your preferred market
 - Tourists due to their location
 - Local to international depending on the different products but happy to sell extensively
 - Local linked to regional website and word of mouth
- If not why
- What have been the barriers to development
 - Time / committing to retail demand / contracts / quality issues / need one person to take the lead to move ideas forward
 - Time for volunteers to help develop products
 - Skills / Organisation / Motivation
 - Funding to create facilities for business incubators
 - Long term unemployed find it difficult to adjust to self employment
 - Continuing support requirements past employability training support
 - Premises and equipment / time for training
 - Difficulties with developing online sales eg packaging and delivery
- Would you consider making and selling products designed by others
 - Yes would be interested in doing that for the right product
 - Yes could work like a cooperative for several different products
 - Seems like a good idea and potentially would be interested
- Explore the attitude towards a cooperative model
 - Yes would be interested in exploring this provided it would be truly cooperative
 - How would this work – same hourly rate and the same standard for crude making and then finishing or priced per item? Different levels of skill to be sure of delivering consistent product quality.
 - Would all processing be done in house?
 - Would be interested in taking it further
- Have you considered working with other local businesses
 - Prepared to explore this and happy to bring in local businesses so long as the group had control
 - Would be interested to work with other businesses but more about helping to support new small businesses
 - Potentially gift shops interested in more refined products / garden centres / etc

- Referring to the training and support – what would you access if it was available
 - Marketing strategy and potentially all other courses suggested so far
 - Sales / Marketing
 - Also perhaps 2 week master craftsman course
 - Use someone with excellent relevant skills for quality control across the cooperative
 - Yes – particularly developing products and sharing knowledge
- If a central website for community woodland products was established would you be interested in using it
 - Yes provided it wasn't getting too big to control output
 - Yes would be interested
 - Yes would be of interest for a wider market

Those not producing and not interested in doing so but with potential: 2 groups

- Why have you chosen not to consider products as an income generator
 - Have been interested in the past through green wood working and the original vision was for this to be the case. Population is too small and people come and go with varying degrees of interest. Most set up on their own rather than working through the group.
 - Events have produced charcoal and using the logosol has provided planks and board.
 - Volunteer board of directors uncomfortable about using voluntary labour to generate income
 - Local people making crafts and didn't want to create competition
 - Extracting timber from the wood is costly and would result in products being very expensive
- Is there potential for you to develop products in the future
 - Possibly – selling timber to local sawmill but not much more than that
 - Yes possibly
- If not why
 - Development would be more likely to be done by individuals in the area out with the group.
- If so what do you think these might be
 - More likely to be courses in green woodworking to generate income rather than developing specific products
 - Small items that are easily produced – eg chopping boards, spurtles, etc
- What would be your preferred market
 - Tourists and locals – wider if possible
- What have been the barriers to development
 - Small community and group – there are not the people available
 - No time
 - Lots of product in the area from individuals doing turning etc

- Limited type of wood in the woodland for use
 - No demand for product from the wood and see themselves as an incubator for other businesses.
 - Volunteer input goes back into the woodland – eg lever and mulch method still in demand – do some charcoal burning but not for sale.
 - Overall the wood is used as a recreational woodland – there is interest in supporting individuals to be entrepreneurial and generate income by developing wood products but the trust itself is unlikely to lead this as an area of income generation.
- Would you consider making and selling products designed by others
 - Probably not. All the people in the area that might be interested are already set up
 - If they proved to be easy to sell – feels products should be unique to the area rather than generic as this would be easier to market
- Explore the attitude towards a cooperative model
 - Not interested in taking this forward
 - Potentially interested but would need more information
- Have you considered working with other local businesses
 - Already doing so where possible –
 - Work with people that have learned through working in the woodland
 - The management plan refers to supporting individuals so helping others start would be of more interest to the group
- Referring to the training and support – what would you access if it was available
 - No volunteer time available to attend training courses
 - All the suggested support would be of interest
- If a central website for community woodland products was established would you be interested in using it
 - Potential for this but would be quite a long time before our group would use it, if ever.
 - Probably more through links to their own web site rather than through direct use.