WEBINAR #3-MARKETING MIX FOR LOCAL WOOD PRODUCTS

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and
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web www.cnr.ncsu.edu/usalocalwood
North Carolina State University
Wood Products Extension

Since 1950 has supported the wood products industry in North Carolina in the areas of wood education, training, troubleshooting problems, research and overall assistance in making a large variety of wood products.

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Website = www.ces.ncsu.edu/nreos/wood
Wood Education and Resource Center

- Is the focus of the US Forest Service effort of support of the hardwood forest industry in the states east of the Great Plains
- Our WERC projects websites = www.cnr.ncsu.edu/woodworkshops and www.cnr.ncsu.edu/usalocalwood

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WERC Grant Project for Local Wood

- WERC funds grants to promote the improved utilization and marketing of hardwoods
- Goal is to promote the growth of locally made wood products made with US woods in the USA
- Want to recreate markets lost to imports to support growth of jobs and economic activity
- Want to provide better markets for minor hardwood species
Other Supporters of WERC Grants to NC State Wood Products Extension

- Independent Sawmill and Woodlot Magazine
- WoodShop News Magazine
- IWF 2012 in Atlanta-booth and lecture session
- Shows-NC Home Builders Association, Kentucky Wood Expo, Paul Bunyan Show
Local Wood Products

- Locally Made = US Made = Close to Buyers
- Local = More Flexibility = More Custom
- Can Connect With Customers = “Relationship Selling”

Every area of the US can support local wood products businesses
Marketing Mix—the 4 P’s

- Product
- Promotion
- Price
- Place
Product

- Physical elements-dimensions, shapes, materials
- Functional features-doors, drawers
- Vary the product to vary the value
- Vary the product to adjust price up or down
- Relate to other items in a product line
- Use quick dynamic designs
Promotion-1

• Network with similar businesses to gain visibility
• Traditional-advertising-print, radio, tv, signage
• New-Internet-smart phones, tablets
• Can sell online, even on phones and tablets
• Advertise as US Made
• Network with the Local Food Folks-the public gets it
Promotion-2

• Focus on the benefits of your products/services

• Benefits have emotional dimensions—customers buy based on the benefits they see and feel

• Benefits include pleasure, fun, prestige, peace, fulfillment, problems solved, status

• Figure out what hot buttons are involved in the prospect’s mind

• Promote the “Local” theme
Price 1

• Realize wood products industry is competitive

• Most operate at low profit margins/markups

• Profitable companies find a point of economy others don’t

• Charge a price such you can make a profit and survive in the long run—can’t compete on price with “low ballers”
Price 2

- Important to control costs, eliminate unnecessary expenses
- Target costs-materials, labor, overhead
- Realize complexity and confusion drives up costs
- Set up a pricing system like “Good, Better, Best”
- Customers and sellers focus too much on price
- Customers have been taught to challenge prices
4 P’s for Cabinets

• Product line-helps to develop a range of product quality and prices instead of only one option-good/better/best

• Customers want a range of prices to meet their budgets

• Can lower lumber costs by using minor species hardwoods and buying lumber in truckload quantities

• Offer multi-function for customers-can offer inserts into cabinets for many needs-pots/pans, shoes/clothes, books/wine rack, etc.
4 P’s for Furniture

- Product line helps to develop a range of product quality and prices instead of only one option—good/better/best
- Customers want a range of prices to meet their budgets
- Can lower lumber costs by using minor species hardwoods and buying lumber in truckload quantities
- Offer multi-function for customers—can offer inserts into furniture for many needs—clothes, shoes, books, wine rack, electronics, etc.
4 P’s for Millwork

• Product line-helps to develop a range of product quality and prices instead of only one option-good/better/best

• Customers want a range of prices to meet their budgets

• Can lower lumber costs by using minor species hardwoods and buying lumber in truckload quantities

• Can offer full home, partial and remodeling packages when bundling cabinets, flooring, trim, etc.
Finding That Competitive Advantage-1

- Offer more where it counts with customers
- Compete with a better product
- Compete with better delivery
- Be the clear choice-eliminate confusion
- Offer better style
Finding That Competitive Advantage-2

• Offer a lower cost option

• Offer combos or packages

• Offer a self design system for customers-pick from your choice of options

• Remember customers have alternative and can spend $ on other products and services
4 P’s Configuration Process

- Listen to prospect’s discussion of needs
- Review your offerings to meet their need
- Adjust your product and price to meet their needs
- Make an offer and try to get the order
Summary - 4 P’s for Local Wood Products

- You can focus on local markets where you are close to prospects/customers
- Adjust your configuration to attract prospects to your business
- Promote the local aspects of your products, business, materials and workers
- Be flexible realizing that customers have lots of alternatives
Grant Project Support—Local Wood Products

• Website at www.cnr.ncsu.edu/usalocalwood

• Newsletters, Articles, Webinars

• Leadership Conference at WERC on Thursday, August 2\textsuperscript{nd}, 2012, cost = $35

• IWF 2012 Atlanta lecture session

• We can sometimes make visits to companies interested in local wood products marketing
# Upcoming Webinar Dates—All on Thursday

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>29th</td>
</tr>
<tr>
<td>April</td>
<td>26th</td>
</tr>
<tr>
<td>May</td>
<td>31st</td>
</tr>
<tr>
<td>June</td>
<td>28th</td>
</tr>
<tr>
<td>July</td>
<td>26th</td>
</tr>
<tr>
<td>August</td>
<td>16th</td>
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Note—these dates are the last Thursday of each month except for August that would fall while at the IWF show in Atlanta (we will be there—come by and visit)

Let us know what topics you want to cover next time!

Recordings at [http://elluminate.wolfware.ncsu.edu/recordings.html](http://elluminate.wolfware.ncsu.edu/recordings.html)
Upcoming Workshops at WERC-2012

Thursday, June 7th-New Technologies for Value Added Wood Products = Cabinets, Furniture, Millwork-$35
• Equipment
• Software
• Tooling
• Finishes

Thursday, June 14th-Small Sawmills-$35
• Ideas to grow profits and sales
• Equipment
• Lumber drying and reducing degrade
• Demos on equipment-sawmill, edger, resaw