Substitution: The Real Threat to BC's Wood Products Sector
FRDA Report 068

Substitution by alternative materials poses more of a threat to the wood products industry than sales lost to competing regions or simply losses in production and employment. Substitution represents the potential for the eventual permanent loss of large, higher-valued parts of sectors previously dominated by wood.

Dramatic examples of substitution by metal, plastic, or concrete were examined in products traditionally dominated by wood by Woodbridge, Reed and Associates in a study contracted by Forestry Canada under the Canada-B.C. Forest Resource Development Agreement. Examples where market share has been lost—such as the UK timber frame market—were explored and lessons to be learned were identified. The consultant's report that is summarized here provides examples of wood products under siege by other materials as well. The investigators found it significant that much of the data obtained on trends in market share are more readily obtained from representatives of that substitute—such as the aluminum, steel, or concrete associations, than from those representing wood. In fact, there was only limited information available on how wood is used in Canada. The consultants also explored strategies to limit the encroachment of substitute materials under the categories of technologies, processes, marketing, and industry/government organization.

The impact of campaigns such as the UK's "Think Wood" or Forintek Canada's "Wood Works" were hard to quantify, yet the investigators found them to be intuitively effective.

It was noted that promoters of substitute materials such as Canada's very sizeable aluminum, copper, concrete, and oil-based plastics sectors were well organized, politically well established and had employed well-developed strategies to enhance their products. The wood industry, it was suggested, must collectively fight back with proactive and technically sound strategies. Further, it was recommended that these strategies must pervade every action by everyone in the wood industry—whether a production worker, a research scientist, or a consultant.

The consultants stress that the significance of the wood industry to Canada is enormous. While Canada continues to extract record volumes of all wood products from an increasingly defined and finite resource, major wood product sectors are receiving increasing competition from other materials. Strategies which both minimize the real and perceived shortfalls of wood and which address head-on the real and perceived advantages of competing materials were listed as high priorities.

Until recently the new housing start rates was the major factor by which the "health" of the primary wood products business was monitored. Studies of the actual end use of primary lumber indicated, however, that new housing consumed only one-third of lumber produced and, surprisingly, repair and renovation (R&R) was consuming a similar quantity in most marketplaces. Further, the rate of growth in consumption was in R&R, not in new home consumption. Substitution strategies and marketing emphasis which recognizes this important trend was identified as being the most effective. The advertising, product use information and the places and types of displays, including packaging and wrapping and quantities should address the R&R end user.

The investigators noted that the B.C. forest products sector spends only 0.2% of sales value on product promotion. Examples of two campaigns to educate the public about wood were examined. Ongoing fulltime effort at both the general public and the consuming industry level was underway by such associations as C.O.F.I., but the focus of these efforts have been offshore, whereas most of Canada's wood is sold in North America. The investigators noted that greater and more coordinated effort was needed to promote wood.

Copies of the 30-page report Substitution: The Real Threat to B.C.'s Wood Products Sector by Woodbridge, Reed & Associates are available while supplies last from:

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