

Developing Special Forest Products Markets For Non-Industrial Private Forest Land Owners¹

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Introduction

There is a perception that to take advantage of the potential profits from special forest products (SFP) that you need to be one of the big guys. This is true if you wish to control the commodity market for Salal or Sword fern. This is not true if you are willing to become a good marketer of specialized forest products.

Just as the commodity markets are best suited to the large producers, the direct markets are best serviced by the small Non-Industrial Private Forest (NIPF) land managers. The direct markets require suppliers that have great flexibility and polished people skills.

There are many direct markets available to the NIPF land owner. The variety of direct markets and the number of markets is a function of population density. It is quite simple that the more people there are to buy things, the more opportunities there are to sell them. The increase in population in Washington and Oregon since 1980 has been one of the prime factors in the new opportunities for SFP direct marketing.

Even with this doubling of population over the past 15 years, less than 12% of the products produced by special forest products wholesalers is sold in the Pacific Northwest. In fact, many of the local businesses that use floral, medicinal, fruits, berries, craft, and landscape materials buy them from other areas of the country or world.

Since all the major wholesale brokers buy from similar sources, the florist shop, small restaurant, health food store, nursery and craft shop all have similar products for sale. If they want to offer something different they must find a source that can provide custom products. This need for custom products is where the opportunity for direct marketing of SFP comes to the NIPF landowner.

Getting Started

The first hurdle that a landowner must overcome is two-fold. Markets must be found and inventory of raw materials must be located. It is a chicken or egg situation. Do you start with a market research for product needs and then see if you have the necessary raw materials. Or do you do the inventory of what you have and then develop the markets?

It does not matter where you start, just get started. My suggestion is to start in the marketplace. This is where people skills become necessary. You will need all your strength and self-confidence to start your market search.

A first step would be to do a casual walk-by market survey. To do a good survey you need a pen or pencil, note book and maybe a tape recorder or even a camera if the situation permits. A good map and phone book are also essential.

A visit to the phone book will help you organize your plan of action. In the yellow pages start with the A's and go to the Z's. Develop a list of any possible industry that might need something that is growing on your forested lands. Be creative. Under doctors see if there is special health care providers like massage therapy, homeopathy, naturalpathy, aroma therapy. They all use herbs and oils. They might be looking for a supplier of fresh local product.

Do not take someone off your list without first giving them a chance to say "YES".

After organizing your list of companies, business and individuals next visit one of your local business resources. Chamber's of Commerce, University Extension offices, Community Colleges, Business Associations, or Libraries. Personal computers and internet access can give you entry into many sources of information about your local community and regional communities. Tell them you are developing

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a market plan for a new business selling forest grown products. See if they have any suggestions of who should be contacted, resource materials to be read or classes to be taken.

With all this information it is time to go to actual places that you might think would use your products. Some of these are; supermarkets, craft stores, farmers markets, craft festivals, apothecaries, health food stores, florist shops and fairs. These are all open to the public so you will not need to gain any special permission to look.

Here is where you need your note book and a short list of questions that you need answers to. You are trying to identify the opportunities and your competition.

You can just walk around the stores, business or events and see what is for sale. I like visiting directly with the owner or sales staff. This take a great amount of determination because there is always the fear they will not want to talk to you. This is your first try at being a salesperson.

I find it best to have specific questions that you wish their help with. For example, in a specialty bakery you might ask them if they ever made products using local fresh berries. In a health food store you would want to know if providers had to be certified organic. In florist shop you want to find out if they have the flexibility or need for specialty fresh or dried floral products.

Once you have this basic information you can come home and take a walk in the woods. Not to do any work, just a nice refreshing walk because your next step will require you to gain a better understanding of what you have in your forest that can match the needs of the markets.

Types of Direct Markets for Special Forest Products

There are many kinds of direct markets that you can access. Access to them will be based on your willingness to spend the time and develop the skills necessary to make your efforts successful.

Why the growth of direct marketing opportunities?

1. Increase in populations.
2. the demand for safer high quality products.
3. The desire of the buyer to come face to face with

the producer.

4. Customers asking for more information about how the products are produced.
5. Customers wishing help on getting the best out of the products they buy.
6. Public has less access to the land that produces there commodities.
7. Life styles value the experiences of harvesting your own products.
8. Forest land owners looking for new sources of yearly cash.
9. Forest land owners looking at the total forest not just the trees.
10. Access to inexpensive insurance protection for land owners hosting the public.
11. Ease of promotion through internet, radio, weekly newspapers local access TV.

Some of the most successful direct marketing efforts are "In The Forest" harvesting programs. In The Forest harvesting is patterned after the choose and cut Christmas trees and U-pick fresh fruit and berries approach. You market the benefits of having controlled access to a forest where the customer has free choice of products. This form of direct marketing is most successful when you target the public that wants to know exactly what they are getting.

Products most suited to this form of marketing are: mushrooms, vegetables, fruit, nuts, berries, root crops, herbs, flowers, medicinals and floral greenery.

Target customers are: personal use, home canneries, organic, societies like mycological, culinary or native plant.

Requirements: Controlled access to your land, time, within one hour of a population center, knowledge of plants, ability to work with diverse customers needs, insurance, picking supplies, restrooms.

Direct From The Forest Markets

This is a take-off of farmer marketing centers around the Pacific Northwest, and the roadside farmers markets. You will not need to start from scratch on this effort.

Sites for Forest Direct operations.

- Farmers Markets - often they are looking for new ideas that give them longer season or more diverse products. Space is often limited

and you will need to join an association. Road side marketing - This where you or you and a few other NIP landowners develop a retail site that focuses on fresh and local processed produce and crafts. Wild product can be supplemented with nursery grown or greenhouse grown.

- Place of Business Sales - To develop this program will take more effort on your part and often encounter more government regulations. In place of business sales you go directly to where the customers work. In the company parking lot you set up a mini-farmers market stand or you use your specially designed truck to give the feeling of a roadside market stand. The advantage is that you have large numbers of people in one place. The major disadvantage is you need the company's approval.
- Freeway Rest Area or Park and Rides - You use a similar approach as with the place of business sales. Here you will need to convince the transportation people that your presence will help with security, promote more use, and give users access to local produced products. Some state transportation organizations are looking for partners to help manage rest areas.
- Public Campgrounds and RV Parks - This is similar to mini-farmers market stand. Here you provide users with fresh and processed local products. You will need a permit or license to sell at these locations. Some state and Federal campsites are looking for local individuals or groups to take over the campgrounds to help them cut the cost of keeping them open.
- Festivals, Garden Shows, Trade Events - Here you sell products to the participants. This could be similar to the mobile mini-farmers markets or could be a booth selling finished products. Most home and garden shows are looking for unique vendors of plants and plant products. Sales of flowering shrub cuttings at spring garden shows would be great.
- County or state fairs - This is just another location where you can display your product in front of large numbers of people. Local fairs will often permit groups of producers (forestry associations) to display products and do public education. Some permit sales but ask for a fee.

Products most suited to forest markets include

family processed; jams, juices, floral greenery, woody plant craft supplies, flowers, fruit leathers, trail mixes, potpourri, wild bird seed mixes, Medicinals, bread mixes, pet health supplies, fresh; mushrooms, berries, vegetables, fruit, medicinals, herbs, spices, plant materials, landscape plants, Christmas greenery, flowers and wood working supplies.

Target Customers - individuals for personal use, small-scale crafters, small restaurants. Special medical professionals will often use or direct their clients to direct forest markets. They include naturopathic, homopathic, nutritionist, allergist, aromatherapy and chiropractic.

Requirements - market site (your own or community), permission from highway authority to set up roadside operations, food handling permits, access to certified food processing, cool storage, packaging materials, advertising, business permits, knowledge of plants, knowledge of after harvest care of plants, Time, ability to work with difficult and interesting customers, display equipment, transportation source (truck), business skills.

If you go into a cooperative effort with other NIPF landowners then all partners need the skill to work together to develop contracts, guidelines, agreements, permits, work schedules, task assignments and business plans.

Forest Direct Wholesale

With this form of direct marketing you will be selling raw materials or partially finished products. Direct Wholesale can take the form of a delivery route to business.

Products - mushrooms, vegetables, fruits, berries, floral greenery, preserved craft materials, medicinals, herbs, and seeds.

Target Customers - Small groceries, specialty food stores, ethnic grocery stores, bakeries, restaurants, florist, coffee shops, deli.

Requirements - delivery vehicle, consistent supply, high quality, cool storage, time, business license and good people skills to make the first contacts and get agreements.

With all the direct marketing programs you will receive more financial returns than with wholesale

commodity marketing. To gain these higher returns you will be dedicating more time and need additional skills besides the ones necessary to manage the forest sustainably.

Not everyone is suited for these kinds of marketing efforts. That is why I expect to see many groups formed that can take advantage of the skill of each of the members. It is quite possible that existing associations (such as those for farm forestry or Christmas trees) will take the lead but most likely it will be someone with an idea and the willpower to organize and develop these direct markets for the benefit of many.

Questions To Answer When Doing A Personal Marketing Survey

- What form do customers want their supplies in - fresh, dried, preserved, canned, bulk, specialty wrapped.
- Purchasing schedule for products - time of the year, month, week or day that is best for them.
- Approximate volume customers will need - one pound a day or 1000 pound a month.
- How do customers take deliveries - at the shop, from a company regional warehouse, broker.
- How do customers pay for product - cash upon delivery, once a month, from a regional office, credit card.
- Special needs - quality, size, color, quantity, shape, % active ingredients.
- Special packaging needs - must have their label, bar code, in recycled containers, water tight containers.
- Labeling requirements - language needs, color, contact information, ingredients, nutritional.
- Legal arrangements - Contracts, permits, consignment orders, purchase order.
- Who manages displays - Store, provider (you)
- Penalties or deductions - poor quality, late delivery,
- How do they want to try new products - in the store display, at your site, product sent to regional office.
- Do farmers markets and craft show have membership fees.
- Must your products be inspected - by whom, where, when, cost.

Local Resources to Assist in Developing a Direct Marketing Program

- The Chamber of Commerce - they hold monthly meetings and produce a newsletter. This puts them in a position of hearing people discuss market needs and potentials. Always looking for new members.
- County Extension Offices - They are windows to the Land-grant university research system. Ask them for population statistics. These statistics often will show income levels, age, education, race and other significant facts. This will help you get an idea of who might be your customers.
- Community Economic Development Centers - Often geared to larger business but I would ask them what information they had on new business and marketing trends.
- Community Colleges - They will have specialized classes for the person wishing to start a new business. This is where you can get the actual skills necessary to write a business plan, organize a home business or develop a marketing plan.
- Libraries - They are not just books. If you need computer access they often have free time in half hour blocks. This is a great way to find out what is happening in the regional and world markets.
- Your computer - use it to do searches on specify topics like; herbs, medicinal, crafts, florals, etc.
- Associations - Farmers market, restaurant, retail merchant, Christmas tree, Direct Market, Craft, Cooking, ethnic. They often have newsletters and staff that can give you assistance. You want to have them help you gain access to their members.
- Local government regulators - Health department will issue permits and inspect you if you produce food products. Business licenses may be needed if you wish to do direct sales out of your home or vendors license to sell directly to other business.

Working With a Harvester

For those land owners who do not want to harvest the SFP produced in their forest, working with commercial harvesters is a way to take advantage of some the SFP potentials on their lands.

What are the benefits, problems and rules for working with a harvester?

Benefits

- Lands can be producing additional products between timber harvests.
- You generate some income (\$4-\$12 per acre per year) with little effort.
- You can get forest improvement activities performed by harvester instead of them paying you cash. Pruning, thinning, planting, fertilizing, trash removal, road ditch maintenance.
- You have someone watching out for your property protection if you do not live there. Security, vandalism, fire control.
- You gain knowledge of other values and products that your forest can produce.

Problems

- The major problem occurs when the landowner and the harvester do not make clear what their needs are.
- No contract or poorly understood contract.
- Misunderstandings about what and how much will be harvested.
- Unclear payment schedules.
- Access is limited by harvesters activity.
- Harvest is limited by owner's forestry practices.
- Damage to non-target plants or natural resources.
- Stewardship Contracts not fulfilled. Harvester does not do pruning, thinning, fertilizing.

Rules for success

- Get references of people that the harvesters have worked for in the past or places they have sold product to.
- Develop a complete lease that is reviewed by a lawyer and consulting forester or public forester.
- Clearly define the property boundaries. Both on the ground and on a photo or map
- Clearly define the harvest areas. Both on the ground and on a photo or map.
- Clearly designate harvest times. August through April for floral products in Pacific Northwest.
- Ask for a sample harvest site to be developed. Have the harvester pick the site as they would to see if this fits your needs.
- Determine payments. A good rule of thumb is the landowner can only expect 10% of what the harvester is getting. (e.g., harvester get .42

per pound for salal. They harvest 50 pounds per acre per year. The land owner can expect 4 cents a pound for 50 pounds or \$2.00/acre/yr).

- Determine how volume will be certified. Slip from buyer showing poundage sold is best. Weigh scale is good for large volumes.
- Start with a 2-year lease with the option to increase after review.
- Develop a stewardship plan for your forest that includes SFP.
- Use stewardship plan to obtain work instead of cash from harvesters. This promotes long-term commitment on the part of both parties and develops trust.
- Set penalty for damage to non-target plants, roads, fences, equipment etc.
- Harvesters need to have an insurance policy to protect you. Most small ones will not have this ability. You will need to determine if you want this protection.
- Determine if you will have one harvester taking all products or many harvesters taking specific products. Some harvest programs are not compatible.
- Define forest sanitation requirements. Use of porta toilets, trenches.
- Define fire safety rules and equipment needs.
- Define personal safety requirements. Hard hats, gloves.
- Can the harvester sub-lease the property to other harvesters.

The basic contract should included

- name, address, phone number, social security number, drivers license , business license of harvesters
- name, address, phone number , social security number, drives licenses, business license of owners.
- legal property description. Range, township, • property name - farm name
- products to be harvested - salal, evergreen huckleberry, sword fern, do not just say floral products
- amounts to be harvested - pounds per acre or some other unit of measure.
- duration of lease - start and stop dates
- means of payment - cash or work performed
- penalties for non performance
- restrictions
- equipment
- insurance

- records kept - who sold to could be placed here, weight slips

This may seem like a lot of effort for simple SFP harvesting operations. The fact of the matter is that SFP may seem small time now but as the demands for new and more products develop so will the need to be more business-like in our contacts.

As more and more federal and public lands are closed to harvesters, the value of the NIPF will increase. The NIPF lands offer harvesters security and long-term contracts for higher quality products than is offered on larger commercial and public timber lands.