

# BC Coastal Hem-Fir Initiative – 2012/13

<b>Project</b>	Product Benchmarking Market Studies and Demo Projects
<b>Project Number</b>	P.03
<b>Project Leader</b>	Chris Gaston
<b>Project Team</b>	Market & Economics Group, Tim Caldecott, Gail Sherson
<b>Total Budget</b>	\$270,000

## Need(s)

BCCI needs, leading to the satisfaction of market needs:

- Maintaining current market intelligence in major markets, and BC Coastal hem-fir's competitive position;
- Identification of BC Coastal hem-fir product/market opportunities to increase overall margins (taking a whole-resource approach; i.e. implications of producing a new product on existing products/markets);
- Creation of a framework for product/market development.

## Objectives & Approach

- Ongoing markets and economics 1) literature review; 2) benchmarking, and 3) competitor analyses.
- Doing ongoing value propositions (NABC's) on identified product/market best bets.
- With positive value propositions: identifying production logistics (clustering), product prototyping, product positioning, demonstration projects and promotional activities
- Aid industry with business plan development.
- This year's focus will include market analyses of selected bio-product best bet.

## Benefits

- Identification of solid value propositions for BC Coastal hem-fir product market opportunities that add margin
- To date, three product/market areas have been identified
  - Profile Decking, with existing sales of \$200,000, medium term target of \$600,000 and longer term target of \$4 million. Margin added is estimated in the range of \$200 to \$400/mbf.
  - Residential / Highway Sound Abatement Fencing, with medium / long term targets of \$100,000 / \$2.75 million. Margin added is estimated in the range of \$2-\$3.50/bf.
  - Architectural members (timbers, lamstock and associated finish items), with long term targets estimate by CFPA at \$10 million for timbers alone.
- Applied framework for value propositions has been implemented (NABC format), and the resulting framework for supply chain creation and new product development (including distribution).

## Project Tasks and Outputs – Current fiscal year

Tasks / Outputs	Expected Delivery Date
Develop industrial and building timber value propositions (based on the non-res architect survey, the wood-use data set, and the CFPA Timber Initiative)	August 2012
Work with industry on exploiting at least one new timber opportunity	March 2013
Market analyses of selected bio-product best bets, documented in a report	March 2013

## Status and Major Accomplishments – Previous year

### Sound Abatement

- Fully commercialized sound abatement, having worked with suppliers to win two open bids on sound abatement in British Columbia valued at \$600,000 and 100,000 board feet. The hybrid wood sound abatement system was also accepted to the Recognized Products List at the Ministry of Transportation and Infrastructure, thereby allowing any future sound reflective tender to accept a wood solution.

### Timbers

- Support to CFPA Timber Initiative, primarily in quantification of market sizes. This was extended in a major way through the application of a new “Strategic Market Intelligence” tool developed by the Markets & Economics Group to BC Coastal Hem-fir and Doug-fir end-uses and competitive environment.
- Completed a North American non-residential based architect survey focusing on “architectural members”. I.E. the markets where large dimension BC Coastal structural / appearance timbers compete (including glulam, other engineered wood products, and non-wood products).
- Co-investigator of an extensive non-residential construction wood-use study, largely funded by the CFS, FII, the USDA Forest Service, and the Wood Products Council.

## Performance Measures

Key Success Factor	Key Performance Indicator	Target	How the outcome of the Project supports the Program objectives
Research collaborations (industry and others) Industry / government collaboration (e.g. demos)	Up-to-date intelligence on market opportunities for hem-fir. Acknowledgement of valuable by the industry	Two plus pre-commercialization successes. Marked increase in hem-fir margins	Product / market diversification and optimization is critical to the future strength of the BC wood products industry

## Communication Strategy for Information Dissemination

- Fact sheet on Wood Hybrid Sound Abatement produced generically and for industry partner for distribution, specifically at Federation of Canadian Municipality fair in Ottawa (February 2012).
- Glossy buyers' guide for BC Coast timbers and interior finish.
- Press releases around specific market penetration successes; published WoodWorks case study(s).
- Demonstration video on the Markets & Economics Group Strategic Market Intelligence tool for BC Coastal timbers.

### **Collaboration – Research Partners**

- CFPA – leverage contribution through their Timber Initiative (roughly \$275,000 when in-grade testing program is completed)
- CFS/FII/WPC – leverage contribution through their NAHB wood-use in non-residential construction study (roughly \$325,000)
- BC Wood and WoodWorks (in-kind contributions of time)
- WFP, Teal Jones and other industry (in kind contribution of time and materials)