

Marketing Strategies, Functions, and Benefits of Forest Certification in Finland and Sweden: A Comparative Study*

Toshiaki Owari, Yoshihide Sawanobori and Heikki Juslin

Abstract: This study examined marketing strategies and functions of forest certification, and its benefits to suppliers. A nationwide survey was conducted from September 2004 to March 2005 with chain-of-custody certified companies in Finland and Sweden, both of which are major exporters of certified forest products in Europe. The results indicated that Finnish and Swedish companies perceived the role of forest certification similarly, although the certification schemes adopted were different. In both countries,

forest certification was considered important for indicating a company's sense of responsibility, for keeping market share and selling products in an existing market. Marketing communications did not actively use forest certification in both countries. Charging a price premium was not possible for large majority of companies. Although certified companies tended to gain improved customer retention and satisfaction, certification did not generally help them to improve their financial performance in both countries.

Price Premiums of Certified Forest Products

Questions/categories	Finland (n=25)	Sweden		
		Total (n=27)	FSC* (n=19)	PEFC (n=8)
Price premiums to the certified products				
Charged	2	7	6	1
Not charged	23	20	13	7
Share of the company's certified products with a premium				
Below 10 %	1	4	4	
10 – 19	1	1	1	
20 – 29		2	1	1
Average amount of the premium charged (of the product price)				
Below 1 %		2	2	
1 – 4	2	2	2	
5 – 9		1		1
10 – 14		1	1	
(No answer)		1	1	

Note: * including respondents holding both FSC and PEFC certificates

Tab. 1. Price premiums of certified forest products in 2003.

Background

The authors had examined the role of forest certification in the Finnish wood products industry (Owari *et al.*, in press). However, in a country with different certification schemes in operation, there could be different perceptions within companies about certification. Thus, the situation in different countries should be examined in order to reveal similarities and differences among them.

Method

In Finland, personal interviews were conducted using a structured questionnaire from September to December 2004 with 25 companies, which had a chain-of-custody certificate from PEFC.

In Sweden, a self-administered electronic survey was conducted using the same questionnaire, and a total of 27 usable responses were received by March 2005. The majority of respondents were chain-of-custody certified by FSC.

Communication Functions of Certification

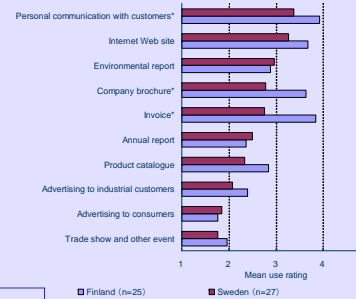


Fig. 2. Mean channel use for communicating a certificate and certified products in 2003 (1 = not used at all and 5 = used very often). *, p<.05.

Benefits of Certification to Suppliers

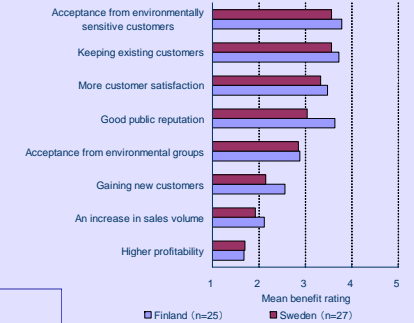


Fig. 4. Mean benefit of certification (1=no benefit at all and 5=very great benefit).

Purpose and RQ

The purpose of this study was to examine and compare the strategic importance, marketing functions, and supplier benefits of forest certification in Finland and Sweden.

1. How important is forest certification for certified companies?
2. How do certified companies use the obtained certification in marketing?
3. What benefits have certified companies gained from certification?

Strategic Importance of Forest Certification

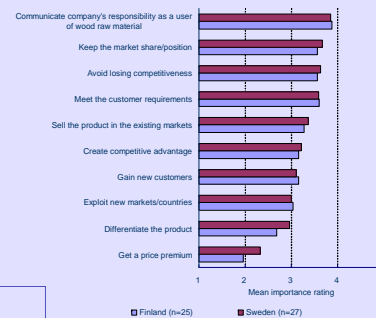


Fig. 1. Mean importance of forest certification (1 = not at all important and 5 = very important).

Key Findings

1. In Finland and Sweden, forest certification was considered important for indicating a company's sense of responsibility, for keeping market share and selling products in an existing market. It is unlikely that a price premium is a primary motivator for adopting certification. Employees of certified companies perceived forest certification as a reactive measure against market pressure.
2. Marketing communications did not actively use forest certification in Finland and Sweden. Respondents used minimal cost and effort in deploying existing channels to demonstrate that their products were certified. Charging a price premium was not possible for most certified companies in Finland. In Sweden, there was a premium for one third of FSC certified companies, although only a part of certified products were sold with a premium.
3. Although certified companies tended to gain improved customer retention and satisfaction, in addition to a positive public reputation, certification did not generally help them to improve their financial performance in Finland and Sweden.

* This study was conducted in part through the 2004 Programme for the Promotion of Basic Measures in Forests and Forestry, sponsored by the Japan Forestry Agency. This poster presentation was financially supported by the TOSTEM Foundation for Construction Materials Industry Promotion. Communicating author: Dr. Toshiaki Owari, owari@for.agr.hokudai.ac.jp