

BRANDING

Creating Intangible Competitive Advantages in the Forest Products Industry

By John Tokarczyk and Eric Hansen

Identifying and meeting the needs and wants of customers is the basic means through which firms endure and prosper. This marketing concept dictates that companies should seek to understand their customers and in turn develop products and services that meet customer needs better than the competition. For the market-oriented company, many tools are employed to accomplish this goal. A tool that is growing in importance for the forest sector is branding.

At the time of the Pharaohs, brick makers in ancient Egypt began placing symbols on products to identify producers and build their reputation. In medieval Europe, trade guilds used trademarks to ensure quality and legal protection in exclusive markets. By the 16th century, distillers burned or “branded” wood barrels to identify producers. In the 18th century, names and pictures of animals, places, and famous people were placed on products to strengthen positive associations between the product and the image. By the 19th century, product branding was being employed as a means of elevating perceived product value.

Following history’s example, academic and practical focus on branding has traditionally considered consumer goods in business-to-consumer environments (retail settings); examples include Coca-Cola, Ford, and Nike. This view, however, has broadened in recent decades and today considerable branding attention is given to a wider variety of product types (commodity to specialized) as well as other competitive settings, including business-to-business (e.g., mill to distributor). This expanded attention and commitment to branding follows from a realization of the promise and benefits it offers all firms. For example, increasing numbers of business-to-business oriented brands such as IBM, Boeing, and Caterpillar have recently become highly recognized (and valuable) international brands. In the case of Caterpillar, the firm has experienced such success with its business-to-business brand that it is now successfully used in consumer product branding (clothing, shoes, etc.).

The What, How, and Why of Brands

While the history of branding and associated benefits are well documented, the manner in which brands influence consumers is less well known. Researchers and practitioners provide insight in this regard by describing a brand as being a “psychological phenomenon” that occurs in the minds of consumers, where through direct and indirect interaction (e.g., personal experience, advertising, or word of mouth) the brand begins to assume significance. As interactions progress, brands take on and convey meaning, while influencing consumer perceptions, attitudes, interactions, beliefs, and behaviors toward the product and brand. Under this view, the brand essentially encircles a product, giving it substance beyond basic qualities (e.g., physical attributes and price). In addition to differentiating its products from comparable products, the brand facilitates development of a relationship between the consumer and the brand.

“Brand knowledge” is a term used to describe the overall positive or negative psychological meaning a brand holds in consumer minds. Overall, brand knowledge can be high, low, positive, or negative and is composed of two principal elements: brand awareness and brand image. Brand awareness is essentially familiarity and is a measure of how well the firm has communicated its brand in the market (e.g., most consumers know that John Deere produces green and yellow tractors). Brand image correlates with the brand perception, positive or negative. It is in effect the brand’s personality, formed by multiple elements and product attributes, including but not limited to personal experience, nature of advertising, public image, and other benefits that together make the brand (and consequently, the product) attractive, distinct, desirable, or something to avoid (e.g., Corvette = desirable, high quality, strong image vs. Pinto = undesirable, poor quality, bad image).

Given the multi-faceted nature of a brand, it becomes apparent that developing a strong brand involves more than just selecting and promoting a catchy name, term, design, or symbol. Instead, a successful brand must deliver functional benefits and appeal to consumer psychological concerns. Because a brand is a psychological entity, brand selection, development, and management must occur with care such that its meaning is preserved, continually enhanced, and so that customers form strong bonds, allowing the brand to grow and positively influence purchase decisions.

Given the size of many markets and the number of competing products, it should be recognized that building strong brand awareness and a positive brand image is typically a long-term process that requires commitment and resources. Nonetheless, every company has a name or symbol that serves as its brand whether it is actively promoted or not. It is incumbent on every firm to take charge of its

brand, firmly determine what it should mean internally and externally, and actively manage all associated touch points (communications, experiences, etc.) between the brand and customers. Without a firm commitment to identifying, continually communicating, and delivering what the brand stands for and means, the brand and resulting image in the minds of customers is left to chance. Uncertain results will likely follow. Even though the task of building brand awareness and maintaining a positive image is daunting, it is a considerably more arduous and expensive task to remediate the consequences of a failed brand promise or poor brand image.

Historically, the forest products industry has been largely commodity driven with a concentration on production rather than market concepts and branding considerations. While the commodity-oriented facet of the industry continues to constitute an important element, recent decades have brought considerable change in the forest sector market environment, affecting the entire industry in terms of function, focus, production, planning, and business strategy. In light of these changes, the potential value and importance of branding as a strategic

tool and core element of any competitive strategy becomes particularly relevant. Furthermore, when considering the increasingly complex and competitive nature of modern markets (partly a function of an ever growing array of products and substitute offerings in all forest business sectors), branding consideration and focus should continue to develop not only for the benefit of the individual firm, but the entire industry.

A Market in Flux: Internal and External Drivers

Drivers of change, internal and external to the forest products industry, are regularly adjusting the rules, standards, and concerns of business and competition. Although multiple elements have contributed to an evolving industrial landscape, the principal agents of change are technology advances, increasing globalization, shifting channel dynamics, and political/social change. Together these elements have significantly altered the historical business climate and created an increasingly difficult and complex business environment.

Columbia Forest Products, Birth of a New Product and New Brand: PureBond™

History of the Firm: Columbia Forest Products, headquartered in Portland, Oregon, was founded in 1957 and has grown to become the largest manufacturer of hardwood veneer, hardwood plywood, and hardwood flooring products in the United States, specializing in decorative, interior veneers, and panels used in high-value furniture, commercial fixtures, flooring, and cabinetry. Despite a history of positive growth formed on strong customer reputation, distinctive brand, varied product mix, and leadership in green products (early FSC commitments), the firm has been experiencing the pressure of increased international competition. Consequently, the firm has been pushed to identify new ways of differentiating itself and its products to maintain competitiveness.

Technological Innovation Brings New Product Offering: Recently, concern over formaldehyde emissions from urea-formaldehyde resin adhesive used in panel production has grown and zero formaldehyde added panels are increasingly being specified in schools, hospitals, public institutions, and Leadership in Environmental and Energy Design® (LEED) projects. In light of these trends, Columbia recognized the market advantages a non-formaldehyde adhesive would offer and invested in soy-based adhesive research being conducted in the Wood Science and Engineering Department at Oregon State University. Ultimately, these research investments and efforts bore fruit and in 2005, Columbia announced that it would begin conversion of all its “standard veneer-core hardwood plywood production to a formaldehyde-free manufacturing technology,” under the product name PureBond™.

Building a New Brand: To complement the new product, Columbia is executing an aggressive and extensive branding campaign to support PureBond. Among the initial customer groups being targeted are architects and others who specify material used in building design, particularly those involved in public works and LEED projects. To generate discussion and raise awareness, Columbia developed a series of provocative ads that highlighted the non-formaldehyde character of PureBond. Some ads featured a preserved frog or brain in formaldehyde or a covered cadaver mentioning the use of formaldehyde in embalming. More general ads have also been used (see mussel ad below) and recently a new series of ads targeting value-added producers such as cabinet makers has been developed. In time, it is anticipated that the focus of PureBond’s branding and marketing activities will extend further to include end consumers in an effort to further solidify a product pull effect, which should provide added channel power to Columbia via PureBond products. Columbia has chosen not to attach a “green premium” to PureBond. Beyond being somewhat novel, this strategy benefits PureBond in that with standard pricing the brand immediately becomes more desirable to customers while placing pressure on competing products and brands. This pricing structure and branding effort will continue as Columbia brings the new technology to their flooring and veneer facilities, allowing continued strengthening and promotion of the brand and industry as a whole.

The Response: Since its introduction, PureBond has received accolades (*Architectural Record* magazine Editors’ Pick for outstanding building product and Building Green™ Top 10 products) and some criticism, all of which has raised awareness of the product and brand. Additionally, the state of California (Air Resources Board) will soon identify new formaldehyde emission standards that are projected to be quite strict. Columbia sees the change as an opportunity to “help their customers stay ahead of regulations.”

Conclusion: The PureBond story illustrates many of the issues and ideas discussed in this article. While the efforts of Columbia to develop a strong brand for their new product takes center stage, the brand is an end result of many factors that led them to develop PureBond. International competition coupled with political and public concern over formaldehyde emissions provided impetus for Columbia to identify product differentiation opportunities. Also, technology and innovation drivers facilitated the development of a soy-based adhesive and a new product offering. It is worth noting that while competitors may be frustrated by the current competitive advantage PureBond holds, the innovation should in the long run benefit the industry as a whole. Through these advances and efforts, wood remains a competitive building material that could have otherwise lost important market share to other innovative products capable of meeting increasingly tighter emissions standards.



Technology Advances

Perhaps no area of change in the industry has been greater than the advances in technology, which have affected every point along the value chain from forest management to milling interests, product mixes, and core business strategies. Innovation is a significant driver, ushering in a diverse array of new or modified processes and products.

Many of these advances have been positive for the industry by expanding either production capabilities, product offerings, or both. However, they have also served to “muddy” the sales/product landscape with an exceedingly diverse array of competing offerings, producers, and brands, both within and across product categories. For example, flooring has seen dramatic changes with the introduction of laminate and engineered systems to complement traditional solid sawn tongue-and-groove flooring products. An informal “web” review performed in 2006 of product offerings from 10 different flooring producers yielded 23 national brands offering over 1,200 product options. Similarly, a review of 11 siding producers manufacturing engineered, fiber cement, and wood siding yielded 19 national brands and over 900 product options. Similar results in terms of competing brands and product arrays are found in categories along the entire value chain. While not considered in the review, channel variability (exclusive distribution sites, internet, multiple wholesaler, distributor, etc.) offers an additional level of complexity to the competition and differentiation equation.

Despite their limited scope, these web reviews show the wide variety of forest products manufacturers and product options available and illustrate the potential for consumer frustration when faced with myriad options. For manufacturers, this scenario decreases the likelihood of stabilized demand, premium pricing, and customer loyalty, while increasing competitive threats and limiting channel power and differentiation ability. For customers, there is increased potential for decision making mistakes, time costs, post-purchase dissonance, and lower product loyalty. In the absence of effective differentiation and communication strategies, companies are inevitably forced to compete on factors beyond quality and performance and more on price, a situation unsatisfactory to many, especially since there can be only one low-cost leader.

Beyond raising competition and complexity within the forest products industry, technological advances have served competing interests as well. Increasingly, wood products alternatives, substitutes, and new construction methods are being developed and employed. This phenomenon is seeing competing industries actively making inroads in traditional forest products markets. For example, according to APA—The Engineered Wood Association, between 1997 and 2004 the percentage of panelized, concrete, and modular residential structures constructed rose 12 percent, at the expense of stick-built structures.

Globalization Continues

As distribution and production capabilities improve internationally and shipping costs decline, international competition is putting pressure on the U.S. forest products industry. Additional factors include high production costs in the United States relative to other regions, exchange rate trends, reduced transaction costs, and entry of new and non-tradi-

tional suppliers from domestic and international markets. Recently, markets have been strong, with forest products consumption rising approximately 4 percent in 2004 throughout North America, Europe, and the Commonwealth of Independent States. However, U.S. imports of solid wood products are growing while exports are diminishing as reported by the Food and Agriculture Organization of the United Nations. According to the U.S. Department of Agriculture, solid wood imports have risen over 300 percent while exports have fallen over 20 percent between 1991 and 2004. Given that the United States has historically been stronger in terms of its import/export position, this trend suggests a growing competitive concern and a testimony to the effects of globalization.

Shifting Channel Dynamics

Changes in marketing channels, both vertical and horizontal, have affected product supply, flow, and distribution. Channel power refers to the influence or control a channel member may hold over others. Consolidation through acquisitions, mergers, and closures has given more power to manufacturers over traditional customers such as wholesalers. However, the emergence of large retailers (such as The Home Depot and Lowe’s) has been the most dramatic power shift in forest products channels. The fast growth of these retailers has shifted significant channel power in their direction. In response, manufacturers are working to increase communication, interaction, and establish long-term relationships via contracts and financial investment between channel members.

For decades, the industrial customer (distributor, contractor, lumberyard) has been the primary market of forest products companies; however, the growth of do-it-yourself (DIY) consumers and ongoing political and social change have brought new business considerations that previously were not an industry concern. The U.S. market for DIY products in 2004 exceeded \$63 billion, which is a 5.5 percent increase over 2003 as reported in the *Euromonitor International*. Because the DIY group varies from industrial customers in terms of purchase patterns and product applications and needs, sellers and other channel members must consider how DIY interests and impacts translate to product mixes, distribution channels, and general business strategy.

Political and Social Change

Just as political and social entities combined to force change in resource availability with the Northwest Forest Plan over a decade ago, public concern and policy changes continue to affect forest products interests. In particular, issues such as sustainability, harvesting practices, and product safety force the industry to address business practices along the entire value chain. A 2006 APA article taken from a report entitled *Ensuring Market Access for Wood Products*, prepared for the Canadian Wood Council, reflects this by noting that a wide variety of national and international environmental groups (e.g., Sierra Club, Greenpeace, Natural Resources Defense Council) have made forests a principal issue in fundraising and lobbying campaigns. The focus of these groups ranges from fighting plantations and clearcut logging, to pushing for reduced consumption, an increase in protected areas, and more rigorous certification. Lately groups like these have begun focusing on large,

Begin with Branding at the Source

Product differentiation and reinforcement through branding, coupled with high quality products and good service, offer a powerful means of responding to external competitive threats such as lost market share, product complexity, and international competitive forces. Towards this end, “place-of-origin” branding for wood and wood products has been growing in the United States. These campaigns aim to create an identifiable brand for the raw and value-added products produced in a region by raising consumer awareness, instilling brand recognition, and creating a positive image for regional forests and products. Minnesota, California, Vermont, and Oregon have all implemented this type of program.

State Campaign	Mission	Symbol
Minnesota Wood Campaign	“The Minnesota Wood Campaign brings to the world's attention the natural qualities and sustainability of northern Minnesota wood- and forest-based products and the abilities of the people who make them.”	
California Grown	“The campaign is a public-private partnership, supported by the state (Dept. of Food and Agriculture) and federal government (USDA) as well as hundreds of growers.”	
Vermont Quality Wood Products	“The Vermont Council on Rural Development received funding through a grant from the U.S. Economic Development Administration for a marketing and design project... to help address the opportunities and threats faced by the industry and to expand sales...”	
Brand Oregon	“Brand Oregon Initiative is about the future. It's about creating a coordinated, sustained brand that communicates the personality of our state... The key... is a sustained effort over time. Brand building is a long-term commitment, as the impact... has been shown to build exponentially over time.”	

visible wood and paper purchasers, hoping to force them to pressure wood companies to alter practices. Industry veterans believe this greater public scrutiny could impact both sales and natural resources policies.

The report also notes that consumers are often misguided regarding the environmental impact of wood, with 58 percent believing that “reliance on materials other than wood will have a positive impact on the environment.” Other industries are using these misconceptions to their advantage. Over the past 7 years, the American Plastics Council has spent \$25 million annually to improve the public perceptions of their products. Key messages include “no trees will die because of this packaging” and “save a tree, use PVC.” In addition to building market share, the plastics industry believes that this campaign has contributed to minimizing regulations against the industry.

Policy changes pose additional challenges. “Green building” has quickly become one of the fastest growing environmentally focused building activities in the United States. The Green Building Council (USGBC) and its associated Leadership in Environmental and Energy Design® (LEED) program are promoting a “certification system to distinguish buildings and designers that have met certain environmental and performance requirements.” Today, LEED is quickly gaining ground with federal and state interests. Several cities, such as Seattle, are expected to mandate that all public construction meet LEED requirements. While forest industry interests are represented in USGBC code development, many feel wood is severely underrepresented as a building material in current codes.

In the case of sustainability, certification, and “green building,” there is an expectation that effective environmentally conscious or “green” branding may limit or even dispel industry, company, or product exposure to political or social disruptions. Columbia Forest Products’ recently developed PureBond™ brand plywood represents a product and brand response to recent debate regarding formaldehyde emissions from traditional plywood adhesives (see sidebar on page 5).

Just as the Plastics Council has taken advantage of public sentiment, strategic branding in the forest products industry (on an industry level) can perhaps offer a means of minimizing or controlling the effects of a shifting social/political environment. The industry has moved in this direction through use of the Wood Promotion Network’s “Be Constructive – Wood” campaign (supported by over 330 forest products companies). The campaign promotes forest products to builders and consumers through television, print advertising, trade shows, and special events. It communicates various messages that support the affordability, design flexibility, and sustainability of wood over the long term. Ideally, efforts such as this will help stabilize and build consumer perceptions of wood now and in the future.

Evolving Environments = Evolving Strategies

Within the forest products industry, adaptation to the aforementioned challenges becomes critical. Just as markets change, so too must business strategies. Competitive necessity dictates that companies explicitly develop or by



Weyerhaeuser 4-Square Lumber

Initial Plan and Product Specifications

Weyerhaeuser created the premium 4-Square lumber brand through a multi-tiered marketing approach, adding value to the product, consumer, and distributor in each phase of production. Consumer and distributor oriented product improvements included visibly labeling selected lumber with a brand name, grademark, and company-backed guarantee. Additional improvements included the use of protective packaging, trimming to exact lengths, and precisely squaring the ends (labor- and waste-saving innovations). Other product considerations included improved loading and shipping care policies such as cleaning railroad cars. Additional product improvements continued after the initial release in the form of liquid sealing to stop end checking and “easing the edges of dimension.” Together these practices enhanced the appearance and quality of lumber arriving at “authorized” dealer locations.

Complementing these moves, the 4-Square program developed brand extensions (other products with 4-Square name), offered supplier training, created a purchasing division to supplement product mix and supply, developed a dealer authorization program, offered credit programs, and created a 4-SQUARE building service, which produced blueprints and displays to stimulate customer interest and product applications.

Source: Hidy, R., F. Hill, and A. Nevins. 1963. *Timber and Men: The Weyerhaeuser Story*. Macmillan Company, New York

default implicitly adopt and pursue strategies that emphasize core competencies, competitive advantages, and/or other capabilities that allow them to effectively compete. While the number and nature of business strategies are diverse, the principles that drive them are largely similar and generally build on one or several basic strategies: production, sales, and market. These principles guide the business and its resulting market strategies.

Competitive advantages can be developed and exploited through any number or combination of competencies (marketing, supply, acquisition, production, or distribution). However, competitive advantages created through these avenues are inherently imitable and unsustainable, delivering strong performance for a limited period of time. A sustainable competitive advantage results when the source of superior performance is inimitable and allows the firm to attain above-average performance despite competitor efforts at duplication. While brand development strategies are no guarantee of developing a sustainable competitive advantage, case studies have shown that a strong brand combined with other firm assets, resources, and competencies can be intertwined into a brand identity resulting in value and meaning creation for customers that is difficult or impossible for competitors to imitate.

An example of a brand-developed sustainable competitive advantage is Morton Salt. Even though salt is a very basic commodity product, Morton has consistently been the number one salt brand in the United States for over 100 years. For every two containers of salt sold in the United States, one is Morton, despite a 10 to 25 percent premium over generic brands. When successfully pursued and developed, brands can acquire not only a sustainable competitive advantage but can develop an emotional and symbolic value for organizations, which can lead to customers developing relationships with brands.

While a sustainable competitive advantage is a long-term goal, brand development is pursued for a variety of more immediate benefits, including product differentiation and extension of competitive advantages over direct and indirect competitors (substitute products), price premiums, and market share. Additional company benefits include more stabilized demand, improved customer loyalty, and higher entry barriers.

Branding: Not New to the Forest Products Industry

Although the forest products industry does not have a reputation as a trendsetter in the realm of branding, there are several past examples of well-coordinated, creative, and long-term branding campaigns in the industry. Perhaps the earliest notable example is 4-Square by Weyerhaeuser Company.

The origins of the Weyerhaeuser 4-Square brand are found in the late 1920s when public concern over lumber quality threatened to disrupt grading and selling practices. Weyerhaeuser took this situation as an opportunity to develop a premium product line that not only addressed public concern, but also grew the company image while complementing standard products. Elements of the 4-Square plan included developing and promoting a premium lumber line through value-added activities and innovative production, marketing, and distribution methods.

At the time, the 4-Square plan was a pioneering concept for the industry on a number of levels, particularly given that lumber was predominantly viewed as the most basic of commodities with little to no opportunities for differentiation, let alone premium pricing. In addition to marketing, production, and distribution innovations, the 4-Square plan was ahead of its time in the use of extensive national advertising targeting final consumers, most notably via *The Saturday Evening Post*. The extensive use of consumer-oriented advertising and services planted a seed in the minds of consumers that increased both brand awareness and image for 4-Square, and the company as a whole. As the program progressed, the 4-Square brand and associated products continued to grow. In the words of one company executive, the program was “one of the most significant developments that has ever taken place in the marketing of lumber.” 4-Square was unique in its benefits-bundling approach in terms of product quality, product identification, and ancillary merchandising activities (see sidebar on page 8), which provided a positive touch-point to both consumers and distributors.

Even though 4-square is no longer a flagship brand, it served to create multiple benefits for both the company and industry. For the company, a competitive advantage that spanned multiple decades was created, bringing brand-developed benefits such as increased market share, premium pricing, enhanced brand awareness and image, overall company awareness, and profitable brand/product extensions. Perhaps more importantly, 4-Square positively affected the entire industry by demonstrating that a basic forest product can in fact be differentiated and promoted beyond traditional environs. Additional industry impacts included an overall improved image (given that prior to release public and government concern over wood quality and misrepresentation threatened to disrupt industry commerce), introduction of product advancements (smooth edging, product description, and packaging), heightened product standards (by publicly exhibiting higher standards in terms of product quality, 4-Square forced other industry members to improve their offerings as well), and new product marketing methods (product guarantee, promotional materials, advertising, and packaging). Together the 4-Square products and programs served to show the industry the potential opportunities for developing, managing, and communicating about forest products.

In Terms of Branding Experience, Paper is One Step Ahead

While the intensity of marketing that characterized the 4-Square campaign was impressive, the structural wood sector of the industry has for decades lagged behind the paper sector in terms of brand and marketing campaigns. Two primary reasons exist for this discrepancy: 1) the paper industry involves more business-to-consumer interaction and consumer-oriented products compared to the structural wood sector (however, with the growth of DIY consumers, this is quickly changing); and 2) paper production is inherently a more capital intensive and larger market than structural wood products, which leads to greater investment in development and pursuit of competitive advantages. These differences have resulted in the

Trex Marketing and Brand Strategy Commitment

“We have invested approximately \$43 million during the last three years to develop Trex as a recognized brand name in the residential and commercial decking and railing market. Our sales growth in the decking and railing market will largely depend on our success in converting demand for wood products into demand for Trex and our long term success in preserving our market share advantage over our many decking and railing competitors

We have implemented a two-pronged marketing program directed at consumers and trade professionals. We seek to develop brand awareness and preference among consumers, contractors, and project designers to generate demand for Trex among dealers and distributors. Our branding strategy promotes product differentiation of Trex in a market that is not generally characterized by brand identification. This strategy enables us to command premium prices compared to wood, gain market share from wood and alternative decking producers, and maintain more price stability for Trex.

Our marketing program includes consumer and trade advertising, public relations, trade promotion, association with highly publicized showcase projects, and sales to influential home design groups. We actively invest in market research to monitor consumer brand awareness, preference and usage in the decking and railing market.”

Trex Company Annual Report, 2004

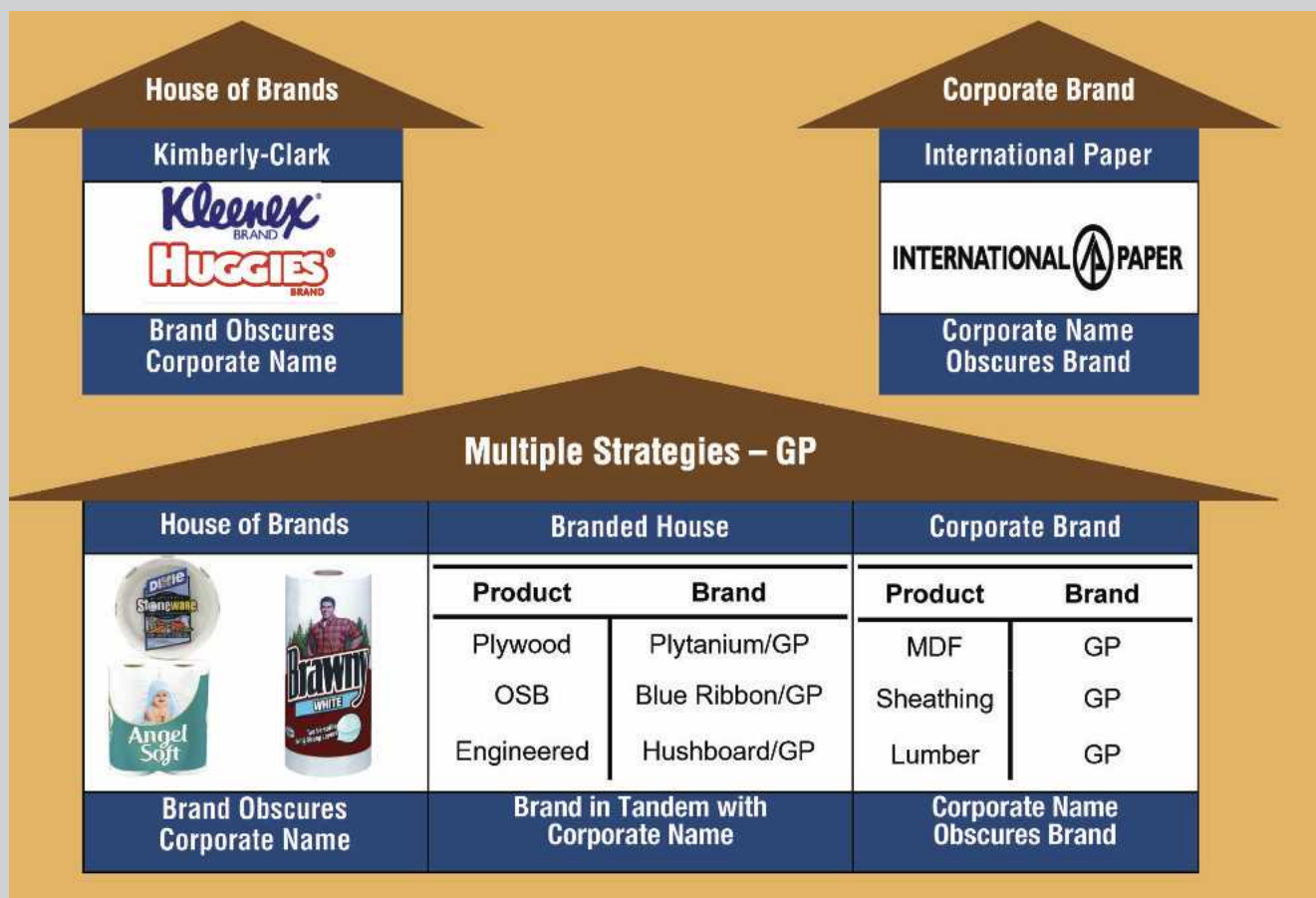
paper sector developing a demonstrated awareness of and capability in leveraging branding opportunities.

A “Branded House” or a “House of Brands?”

Depending on the number or nature of branded products a firm holds, different brand strategies may be involved. Firms with many branded products largely follow the “house of brands” or “corporate brand” approach. Kimberly-Clark provides a good example of a house of brands strategy (Fig. 1). Under this approach, the corporate name is largely obscured and each product/brand is treated as its own entity separate from other products owned or promoted by the firm. Benefits of this approach include the opportunity for each product/brand to develop its own brand personality, market position, value, and identity while simplifying evaluation of product/brand performance and limiting exposure from poor publicity or other unanticipated misfortunes that could otherwise transfer to the parent or other brands. A drawback of this strategy, however, is that each product requires a custom brand program that considerably raises expenses.

In contrast, the corporate brand strategy gives precedence to the firm name or symbol; all products may be sub-branded with their own name or symbol but most communication, labeling, and advertising focuses on the corporate producer. International Paper (IP) provides an example of the corporate brand approach. At IP, individual products generally have a distinguishing name or symbol familiar to customers, yet the IP name and symbol are the principal elements in customer-focused communication

Figure 1. — Building a house of brands.



and packaging. By focusing on the firm itself, a single brand image, name, position, and value can be communicated, which simplifies and collectively strengthens the overall company brand and associated products. By focusing on the corporation as opposed to the product, brand management of multiple products is simplified, reducing advertising expenses (fewer separate brand campaigns) while building overall firm image, awareness, and increasing overall brand communication cohesion.

Georgia-Pacific (GP) effectively demonstrates a combination of strategies. GP executes a multi-layered approach by managing consumer paper products (house of brands), basic structural products (corporate brand), and more value-added structural wood products (branded house) separately. The branded house strategy requires that equal attention, effort, and resources be devoted to the product brand name and the corporate name (e.g., GP Plytanium Plywood). This strategy allows strengthening of the corporate name while supporting growth of the individual product brand as well.

Recent Industry Success in Leveraging a Brand

The structural forest products sector is becoming increasingly effective at branding. In a move reminiscent of 4-Square efforts, the Trex company has developed an exceedingly strong brand that rivals many paper and standard consumer products in terms of consumer brand knowledge. Trex has accomplished this feat by taking advantage of advanced composite production capabilities,

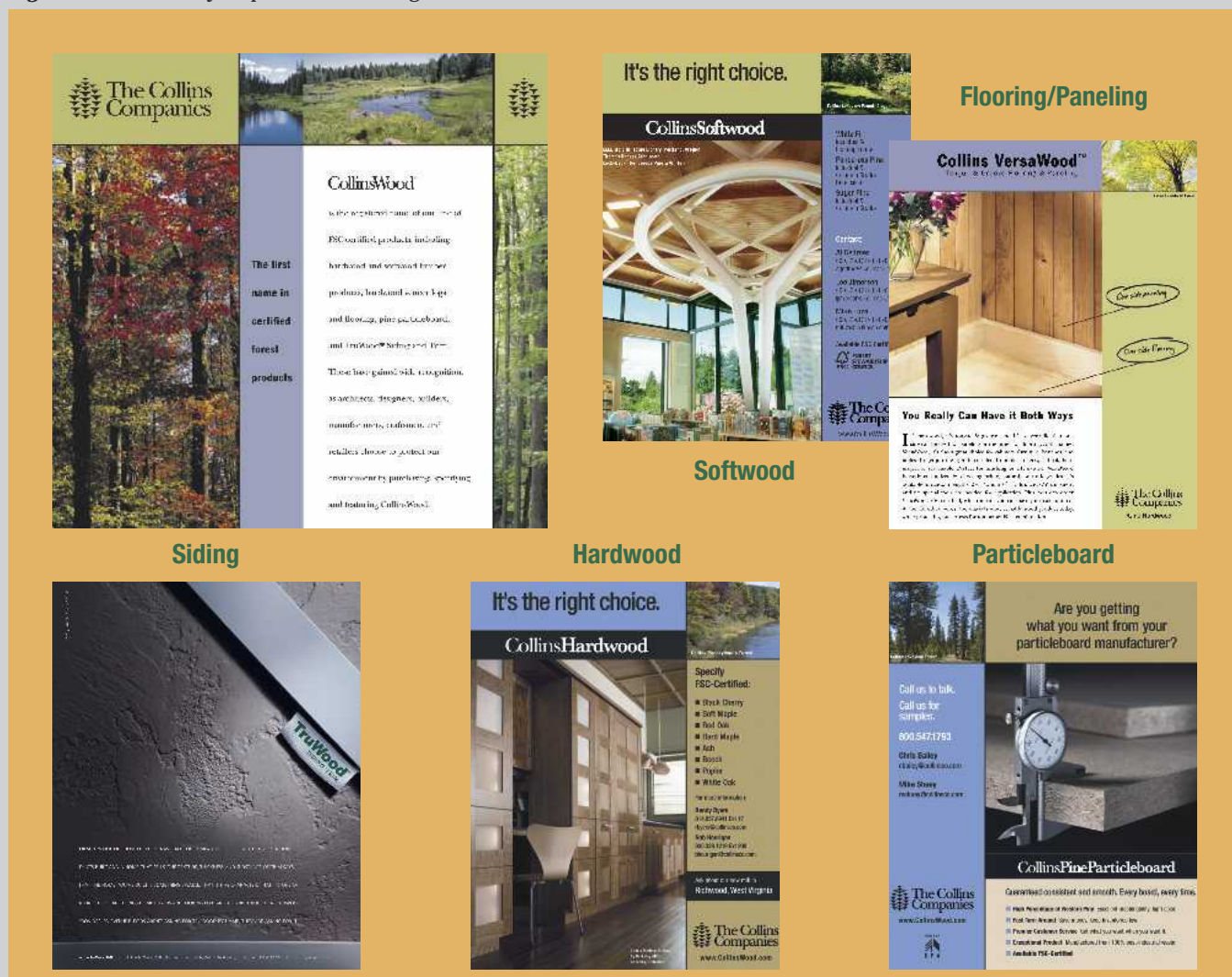
identifying and incorporating market/customer-oriented product designs (durability, low maintenance, product guarantee, colors, and texture), and maintaining a commitment to creative and targeted consumer communication through a variety of media (see sidebar on page 9).

Armed with a premium brand bolstered by vigilance and smart management, Trex has parlayed this strategy into tremendous growth and is now the largest manufacturer of alternative decking products (and only 10 years ago it was an obscure division of Mobil Oil company).

A Good Brand is Not Always a Guarantee of Success

In spite of the demonstrated benefits that can flow from strong brands, development of a positive brand is not necessarily a guarantee of a competitive advantage. In many respects, The Collins Companies could be considered a pioneer in the modern era of forestry. In 1993, the company became one of the first in the United States to certify its forests with the Forestry Stewardship Council. This move coincided with a “green” product strategy using the brand “CollinsWood®, The First Name in Certified Wood Products.” These efforts brought awards (Presidential Award for Sustainable Development, Green Cross Millennium Award, Governor’s Sustainable Oregon Award, and others) and considerable positive press and public relations that collectively raised the awareness and image of CollinsWood products. Despite the brand exposure and product differentiation, the company was initially unable to establish a solid competitive advantage from these strategic moves.

Figure 2. — A family of products and a good brand.



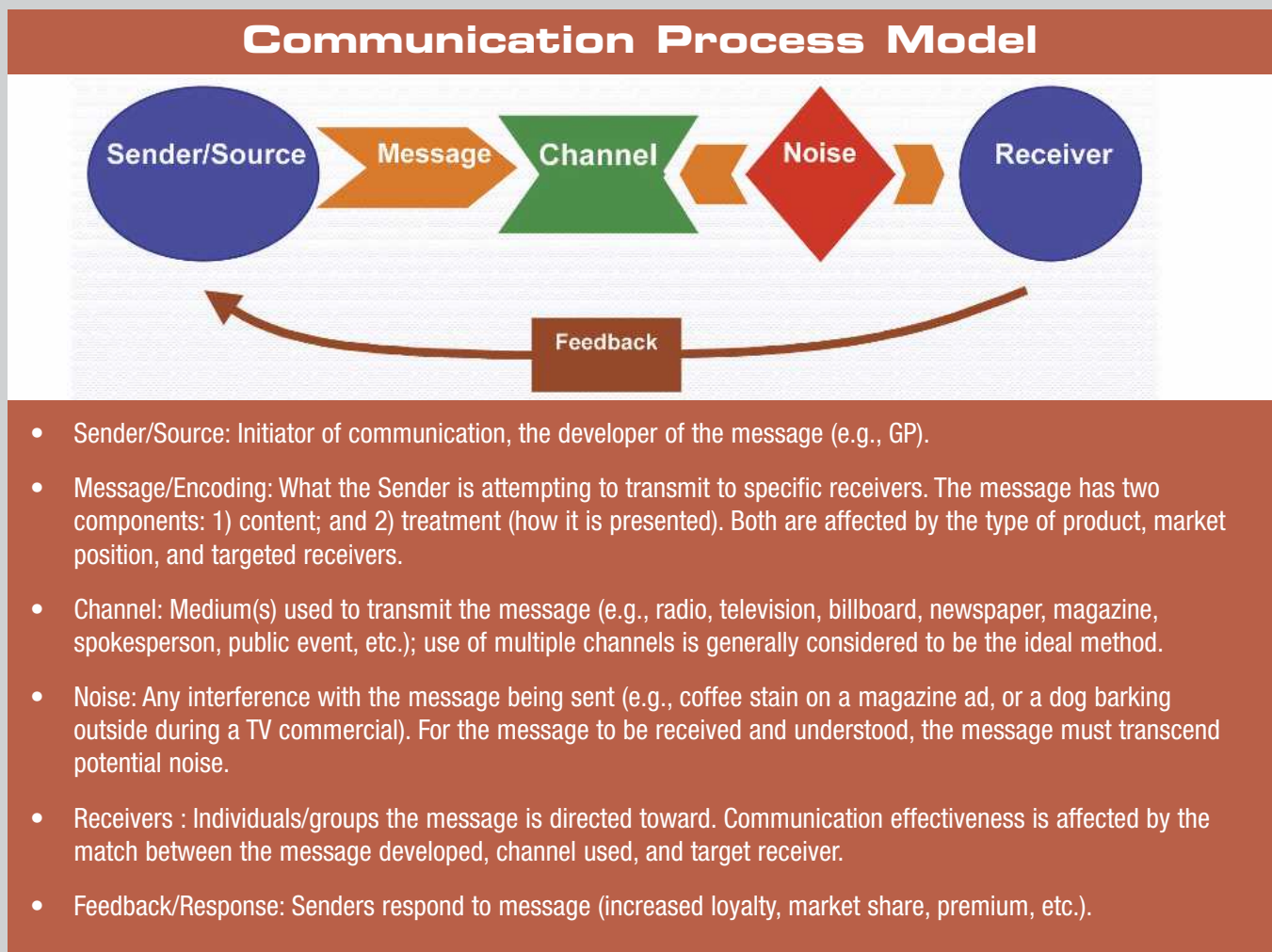
Among early market tests, sales of pine shelving through The Home Depot initially appeared promising as premiums and high demand were experienced, but due to supply concerns the partnership and product line was discontinued. A second effort included exclusive sales of furniture stock. This market also brought a premium and high exposure; however, limited sales ended the relationship. Other markets pursued included veneer logs, construction lumber, and flooring products. However, none of these initial forays brought the envisioned price premiums or competitive advantages expected from the new strategy and brand.

Not to be discouraged by initial disappointments, the Collins Companies maintained a strong commitment to certification and furthering of the CollinsWood program. Several years after introduction, commitment to the brand has now begun to pay dividends via a positive brand image and awareness. From a product standpoint, this commitment to branding has proven advantageous in that today the CollinsWood brand effectively focuses and raises the profile (internally and publicly) for each of the firm's products, from softwood and hardwood lumber and particleboard to value-added siding (Fig. 2). Ultimately, the CollinsWood brand has become a cornerstone in all company activity, giving added direction, purpose, and satis-

faction to all parties involved, from generation and harvest to milling, sales, and finally consumption. The Collins Companies are in effect living their brand, by identifying and observing an overall brand message and promise (environmentally conscious, sustainable, quality, unique, premium, responsible, etc.).

The investment in CollinsWood was large and brand benefits were slow to be realized; however, of greater concern is an established brand that experiences negative publicity. Once a brand has been implanted in the minds of consumers it becomes a veritable magnet for all incidents and press associated with it, leaving indelible impressions both positive and negative. Consequently, it becomes imperative that brand-oriented firms actively work to manage and maintain a positive brand image in the minds of customers. The classic example of brand maintenance is Tylenol. In 1982, cyanide tampering of the product caused widespread public concern and a brand crisis. In response, Johnson & Johnson recalled over 250,000 bottles from stores and placed ads urging consumers to return any and all Tylenol for "safe" bottles. In addition, rather than attempt to downplay the incident, Johnson & Johnson kept the public abreast of all information regarding the case. They later developed a "tamper-proof" bottle

Figure 3. — Communication: getting beyond the noise.



to ensure safety. The company spent over \$100 million to maintain the brand, but in the process reclaimed public trust and as a result of their quick action, the company ultimately elevated the brand from where it had been prior to the scare.

In the forest products sector, Louisiana-Pacific (LP) experienced a similar branding crisis. LP siding was installed on approximately 800,000 homes around the country from 1985 to 1995 and it was allegedly prone to premature warping, excessive swelling, and other concerns. Even though LP claimed these concerns were the result of improper installation, the company agreed to a \$375 million settlement for affected homeowners. Despite the settlement and LP efforts to alleviate concerns over the product, the attendant publicity has negatively affected the LP name and brand.

This situation highlights a distinct drawback of the corporate brand strategy and the importance of managing the brand. When the corporate name takes precedence, negative publicity threatens to impact all corporate products rather than the individual product in question. While the episode with LP siding is now old news, the situation has left a negative impression in the minds of many consumers, both those directly and indirectly affected, which is a problem that is difficult and expensive to correct.

Communicating the Brand

When considering branding strategies, communication (nature, type, method) becomes exceedingly important given its vital role in the building and maintenance of the brand. Because a brand resides in the mind of the consumer, and is subject to erosion, it is important that the brand and desired message be regularly refreshed and reinforced.

The Sender-Message-Channel-Receiver (SMCR) communication model (Fig. 3) remains a standard for understanding the process of sending and receiving communication. While the model has remained relatively unchanged since 1949, the manner in which communication occurs has changed dramatically: cable television, fax, e-mail, satellite television/radio, and an explosion of internet information portals (web pages, forums, etc.). Each of these developments represents a different communication channel that may or may not be suited for a particular product or message and that may require tailored messages depending on the product, receiver, noise, or communication intent (brand building, maintenance). Channels that are receiving increased attention include sports sponsorships and public relations. Whether one or multiple channels are used, the sender must remember that each channel represents a unique group of receivers and messages must be tailored in order to achieve the best possible response.

Figure 4. — Picking the right channel for your message.

Channel	Company	Communication
Radio		"I like the Bellawood flooring so much I put it in my own house" – Bob Vila
Television		"Our floors have recently been see on these shows" <ul style="list-style-type: none"> • ABC's Extreme Home Makeover • Home and Garden Television • Do It Yourself (DIY) Network
Sports		"Engineering and innovation – that's what gets Evernham Motorsports and Kasey Kahne to a strong finish at the track, and that's what drives Trus Joist to first place in the engineered wood products industry." <ul style="list-style-type: none"> • NASCAR
Sponsorship/PR		"When LP® packed up and moved... to get involved in our new community, we did what we do best: We built together." <ul style="list-style-type: none"> • Habitat for Humanity
Periodical		Periodicals: <i>Country Living, Real Simple, Better Homes and Gardens Special Interest Publications, Elle Décor, Martha Stewart Living, Sunset, and Woman's Day Special Interest Publications.</i>

Many forest products firms have recognized these communication/interaction opportunities and are actively employing them to directly or indirectly communicate their product and brand (Fig. 4). It is important that the brand-oriented company effectively tailor messages to relay the brand in a manner that will penetrate the noise and be understood and entrenched in the desired receiver in order to enhance brand/product image and awareness.

Conclusion

Forest products firms are competing in an increasingly complex and competitive business environment facing a myriad of pressures, such as foreign competition and substitute products. One demonstrated means of minimizing the impacts of these forces is improved and targeted marketing through branding activities. Every firm, regardless of size, product mix, or product type, possesses a brand that can be actively communicated and nurtured for positive benefit. Many commodities have been branded to exceptional success. In fact, commodity branding is becoming common in the marketplace (think water). Moreover, the industry as a whole stands to benefit as individual firms develop their brands (internally and/or externally). This benefit arises as wood products take on a positive association in the minds of consumers, regardless of their connection to the specific products and brand message being communicated. As positive recognition is generated, the industry as a whole stands to benefit in multiple arenas of interest and concern (e.g., policy positions, consumer sentiment, market share, etc.).

Given the potential positive impacts of successful branding, the question for industry practitioners

becomes" What are you doing with your brand, or more specifically, what is your brand doing for you and how can you make it better?" Managers should ask themselves:

1. What does our brand stand for... Quality, Price, Service, Innovation?
2. How can these qualities best be maintained, improved, and communicated?

Perhaps the value of brands in the forest products industry can be summed up best by several frank thoughts raised in a discussion with an industry veteran of 30 years. To paraphrase his words, "brands offer the industry a number of benefits... they help employees talk about the company... as consolidation continues there are a smaller number of companies out there and the brand becomes more prominent, more important," and above all else, "the brand is useful for maintaining relationships in the face of change..." These comments are a reminder of the opening paragraphs of this article. The main goal of branding is to develop customer relationships that can serve as a basis for building and maintaining firm growth.

The authors are, respectively, PhD Student and Professor, College of Forestry, Oregon State Univ., Corvallis, OR (John.Tokarczyk@oregonstate.edu; Eric.Hansen2@oregonstate.edu). This article was peer reviewed. A fully cited version of this article is available from the authors.