

The Market for U.S. Hardwoods in the United Kingdom: Market Characteristics

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ABSTRACT

Importers of hardwood lumber in the United Kingdom were studied to determine the characteristics of the market and U.S. hardwood product preferences. Importers were mostly channel intermediaries that supplied end users and secondary manufacturers. Eighty percent of importers purchased North American lumber and the majority of importers dealt with both temperate and tropical species. Over 93% of the volume of North American hardwood purchases was of high grade (above No. 1 Common/Comsel). Joinery manufacturers purchased the largest volume of U.S. hardwoods. The product and supplier attributes that most influenced their purchase of North American hardwoods will be presented in a companion paper.

INTRODUCTION

Hardwood lumber producers (suppliers) often lack sufficient information concerning their customers' needs. In particular, producers may lack information concerning which of a wide array of product and supplier attributes have the most impact on the purchase decision. This lack of information is especially apparent in export markets where producers and users are often separated geographically and by relatively long distribution channels. In addition, small

companies, such as are prevalent in the hardwood lumber industry, may have the most difficulty in obtaining the information as they often lack marketing research programs.

Several factors are influencing the world market for hardwoods. Trade in tropical hardwoods is being affected by pressures from both the consuming and the producing country. For example, sawn tropical hardwood imported into the U.K. dropped 35% between 1987 and 1990 while importation of temperate hardwood increased. This trend may result in substitution opportunities for North American hardwoods.

Our study was conducted to address these changes and information needs. The study sought to identify the attributes of North American hardwood lumber that are important in the U.K. market.

The study concentrated on the U.K. because its long history of hardwood trade with the U.S. and a resurgence of interest in North American hardwoods makes the U.K. an attractive market. The United Kingdom ranks fifth in the quantity and value of hardwood lumber imported from the U.S. Since the U.K. produces only 8% of the wood products it consumes, it is heavily dependent on imported wood products. Current trends suggest that expansion of the U.S. share of the market for hardwoods in the U.K. is likely.

In this report we will briefly present our findings on the general U.S. hardwood market in the U.K. A second companion report will detail the supplier and product attributes that most influence purchase decisions in the U.K.

DATA COLLECTION

Data were gathered through a mail survey of hardwood lumber importers in the United Kingdom. Sample companies were drawn from the 1991 *Timber Trades Journal Telephone Address Book*. Only those companies what were listed as hardwood importers were included.

After pretesting, a revised questionnaire was mailed to 348 companies. A total of 217 companies responded. An additional 17 questionnaires were returned as undeliverable and 69 respondents were no longer involved in importing hardwood lumber. Consequently, the adjusted usable response rate for the survey was approximately 45 percent.

RESULTS

Respondents by Type of Firm

Table 1 provides information concerning the types of companies responding to the questionnaire. The majority of companies (67%) are channel intermediaries. A smaller but significant portion of the companies were end users of lumber products such as component and furniture manufacturers (furniture companies were included in the Other category).

TABLE 1. Respondents by Type of Firm

Firm Type	Percent
Agent or Broker	3.5
Importer	39.0
Distributor or Merchant	24.1
Retailer	1.4
Component Manufacturer	7.8
Other	24.2
Total	100

Imported Lumber by Region of Origin

Table 2 provides information concerning the types of lumber imported by responding companies. Approximately 80 percent of the respondents reported importing North American lumber. Nearly 65 percent indicated that they imported lumber from regions in Europe other than the United Kingdom. African, Southeast Asian, and Central or South American lumber was imported by more than 70 percent of the responding companies.

TABLE 2. Hardwood Lumber Imported by Region of Origin

Region	Percent*
North American	80.1
Central or South American	79.4
African	70.9
Southeast Asian	80.1
European	64.5
Other	14.9

* Indicates the percent of respondents importing lumber from the region. Multiple responses were allowed.

These results indicate that, in general, U.K. lumber importers do not specialize in lumber from only one or two regions, rather they deal with several types of lumber in order to adequately meet the needs of all of their customers.

Imported Hardwood Lumber by Species

The responding companies imported approximately 639 thousand cubic meters of hardwoods in 1990. Tropical species accounted for 62.5 percent of this total and European species accounted for 8.9 percent (Table 3). North American lumber accounted for 27.6 percent of the lumber imported by responding companies. White and Red Oak (8.8% and 5.9%, respectively) accounted for the greatest volume of North American lumber imported by respondents. Ash (4.2%), yellow poplar (2.0%), and maple (2.0%) were also significant.

Imported Hardwood Lumber by Grade

Companies that imported North American hardwood lumber were asked to report the percent of purchase \$ or volume in each NHLA or special export market grade (Table 4). The results confirm that the U.K. is a high grade market; approximately 93 percent (by volume) of the lumber imported from North America is graded higher than No. 1 Common/Comsel. Lumber graded FAS accounted for over 65 percent of North American lumber purchases.

TABLE 3. Species of Hardwood Lumber Imported By Responding Companies

Species	Cubic Meters	Est. MBF ^a	% of Total
White Oak	56,339	23,888	8.8
Red Oak	37,624	15,952	5.9
Yellow Poplar	12,657	5,367	2.0
Ash	26,835	11,378	4.2
Maple	12,930	5,482	2.0
Cherry	7,872	3,338	1.2
Walnut	1,176	498	.2
Alder	468	198	.1
Other North American	20,509	8,696	3.2
Total North American	176,409	74,797	27.6
European Species	57,212	24,258	8.9
Tropical Species	399,357	169,327	62.5
Other Species	6,391	2,710	1.0
Total Non-North American	462,960	196,295	72.4

^aBased on 0.424 thousand board feet per cubic meter

TABLE 4. Grades of North American Hardwood Lumber Imported by Respondents

Grade	Cubic Meters	Est. MBF ^a	% of Total
FAS	115,366	48,915	65.4
F1F	28,562	12,110	16.2
Prime	17,028	7,220	9.7
Select	3,139	1,331	1.8
Comsel	6,767	2,869	3.8
No. 1 Common	5,108	2,166	2.9
No. 2 Common	0	0	0
Other Grade	439	186	0.2
Total	176,409	55,209	100

^aBased on 0.424 thousand board feet per cubic meter

Hardwood Lumber Sales by Firm Type

Responding firms were asked to indicate the percentage of their foreign hardwood lumber sold to each of six customer types. Table 5 contains the estimated volume (in cubic meters and thousand board feet) as well as the percent of total sales (by volume) to each type of organization. The primary market for imported hardwood lumber was the joinery industry (28% of total volume). Approximately 22 percent of sales were to channel intermediaries (distributors or merchants) and 17 percent of sales were to furniture manufacturers.

TABLE 5. Imported Hardwood Lumber Sales by Firm Type

Type of Firm	Cubic Meters	Est. MBF ^a	% of Total Sales
Distributor or Merchant	143,003	60,633	22.4
Furniture Manufacturer	110,554	46,875	17.3
Cabinet Manufacturer	45,375	19,239	7.1
Joinery Manufacturer	180,508	76,535	28.2
Retailer	22,643	9,601	3.5
Wood Component Manufacturer	51,183	21,702	8.0
Other	86,104	36,508	13.5
Total	639,369	271,092	100

^aBased on 0.424 thousand board feet per cubic meter

SUMMARY

The research reported in this paper involved the characteristics of lumber importers in the United Kingdom. Importers were mostly channel intermediaries that supplied end users and secondary manufacturers. Eighty percent of importers purchased North American lumber and the majority of importers dealt with both temperate and tropical species. Over 93% of the volume of North American hardwood purchases was of high grade (above No. 1 Common/Comsel). Joinery manufacturers purchased the largest volume of U.S. hardwoods. The companion report that follows will explore the importance of various product and supplier characteristics to U.K. importers and will also point out some areas of dissatisfaction.