

2016 Customer Market Acceptance Research

EXECUTIVE SUMMARY

Leger: The Research Intelligence Group was commissioned by the Forest Products Association of Canada (FPAC) with Forestry Innovation Investment's support, to conduct a biennial study at the executive level of pulp, paper and wood buying companies in several countries regarding their perceptions of forest products and environmental issues.

A telephone survey was conducted in the fall of 2015 with 185 professionals working at the executive level of their company in nine (9) different countries (United States, Germany, the Netherlands, United Kingdom, Italy, China, Japan, Korea and India).

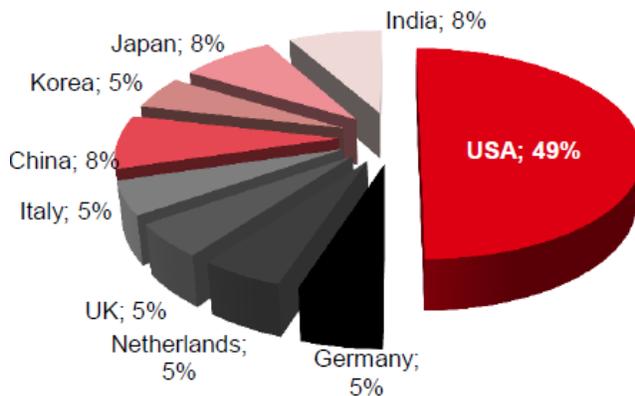


Figure 1: Distribution of respondents

Forest product supplier: Canada is still #1!

- As a supplier of forest products, Canada has the best reputation in terms of environmental practices and reputation. This confirms the findings of a similar study conducted two years ago.

Canadian wood forest products stand out from the competition because of their quality

- The professionals surveyed said that they appreciate Canadian wood forest products because of their quality, followed by sustainability, abundance and availability.
- Moreover, they positively perceive Canadian suppliers in terms of forest management reputation. More specifically, 97% of those that expressed an opinion, have a positive impression of how Canadian forests are managed.
- Their perception of British Columbia's forest management was similarly extremely positive. B.C.'s score was highest among North American, Chinese, Japanese and Korean companies.
- The professionals surveyed also positively evaluate Canada's performance on environmental issues. The most positively perceived attributes are related to legality assurance and forest management practices.

Use of forest products: mostly stable since 2014

- Most of the professionals surveyed (74%) say that their use of forest products has increased (38%) or stayed the same (36%) over the past five years, while 25% mention that it has decreased.

Key drivers in forest product purchase decisions: price, product quality and availability

- As in the survey two years ago, price, quality and availability are the most important criteria for companies when they choose where to source forest products.
- European companies are more likely to pay attention to legally sourced forest products, forest management reputation and supplier relationships. They also require certifications and look for eco-labels because their customers require them to do so.
- Environmental considerations are more important in Europe and Asia. More than half of European and Asian professionals say that the importance of environmental considerations in their purchase decisions has increased in the past five years.
- Results show that the legality of sources, regeneration, and air and water pollution are the main concerns for companies.

Certification is important

- The majority of the professionals surveyed (73%) state that forest certification is important when it comes to choosing forest products.
- European companies are more likely to require certifications. By contrast, the majority of American professionals (71%) say that they would rather source forest products from a supplier with a good reputation for strong management practices, even if this supplier isn't certified.
- FSC and PEFC are still the most used and appreciated certification standards.

KEY INSIGHTS ON ENVIRONMENTAL REPUTATION

Environmental Practices and Reputation: Canada Remains First

- The study reveals that Canada is a leader in terms of environmental practices and reputation. More specifically, the proportion of surveyed company representatives who believe that Canada performs better than average on environmental practices and reputation reached 97% on both points.
- British Columbia is also a leader in terms of environmental practices and reputation. B.C.'s score was highest among companies surveyed from Europe, North America, Japan and Korea.

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