



Forest Stewardship Council®  
FSC® Global Market Development

# FSC® Business Value and Growth

Global Market Survey 2011





## FSC® Global Market Survey 2011



them, and what challenges and opportunities certification will bring in the coming years.

The data that we gather helps us be more responsive to certificate holders' needs. It gives us insights into specific countries and sectors, long-term trends and new market developments.

Most of all, it enables us to provide better support and improved services to certificate holders, guidance on compliance with new and current regulations, and better information about getting certified in the first place. These tools and many others are shaped by certificate holders' responses in the global survey.

Thank you to those who took part in the 2011 FSC Global Market Survey. The success of the survey is directly attributable to the participation of the thousands of small business owners, industry leaders, and forest management professionals who gave up their valuable time to share their feedback.

Andre de Freitas

FSC Director General

*FSC engaged the external market research agency ZEM (Zentrum für Evaluation und Methoden) from the University of Bonn, to conduct the survey.*

This year marks a landmark success for the FSC Global Market Survey. Nearly one-quarter of all Forest Stewardship Council certificate holders took part<sup>1</sup>, the most comprehensive survey of certificate holders to date.

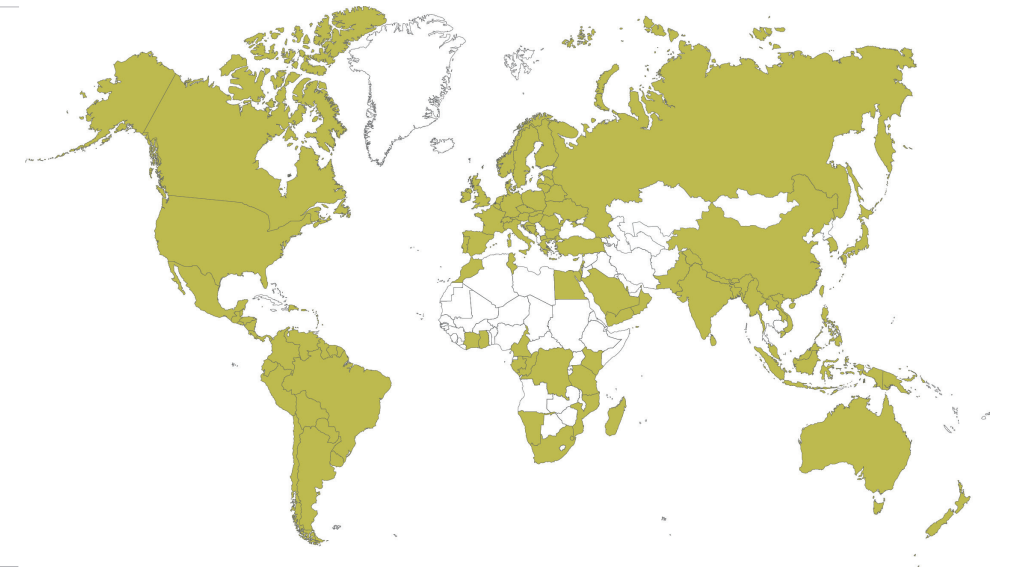
From small, family-owned furniture retailers in Central America to the CEOs of multinational paper companies in Europe, respondents embody the full spectrum of FSC certificate holders. They also represent over a hundred countries and speak fifteen languages: an excellent reflection of FSC's diversity and global reach.

The Global Market Survey is a key tool for the Forest Stewardship Council. Carried out annually, it helps us answer important questions about our certificate holders, such as why they chose to become FSC certified, what certification means for

## 2011 Global Survey at a glance

Around two-thirds of respondents have seen positive changes in the demand for FSC certified products or materials in their industry since 2009.

RESPONDENTS  
COME FROM  
**109**  
COUNTRIES  
AND SPEAK  
**15**  
LANGUAGES



### Key findings

Global awareness of the FSC label has increased since 2009, with two-thirds of respondents observing higher awareness about responsible forestry and about FSC.

In the Global South<sup>2</sup>, the social benefits of FSC certification are seen as more important to promoting FSC certified goods than in the Global North, where environmental benefits are perceived as being relatively more important.

In the Global North, companies are much more likely to do their own marketing activities rather than relying on partners.

More than half those polled say that they expect FSC certification to help them gain new clients in the next 12 months.

More than two-thirds of respondents plan to source more FSC material in order to meet growing demand.

Less than half of respondents have a due diligence system already in place to help them meet the requirements of the Lacey Act and the EU Timber Regulation.

More than 50% of respondents expect FSC certification to help them reach new clients.

<500  
RESPONDENTS

3500  
RESPONDENTS

**5032**  
RESPONDENTS

2009

2010

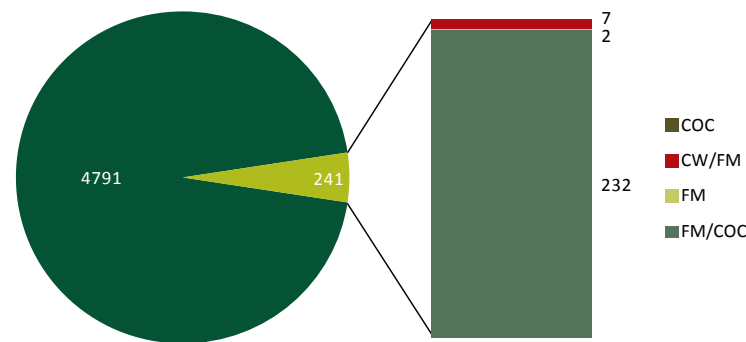
2011





## Profile of the respondents

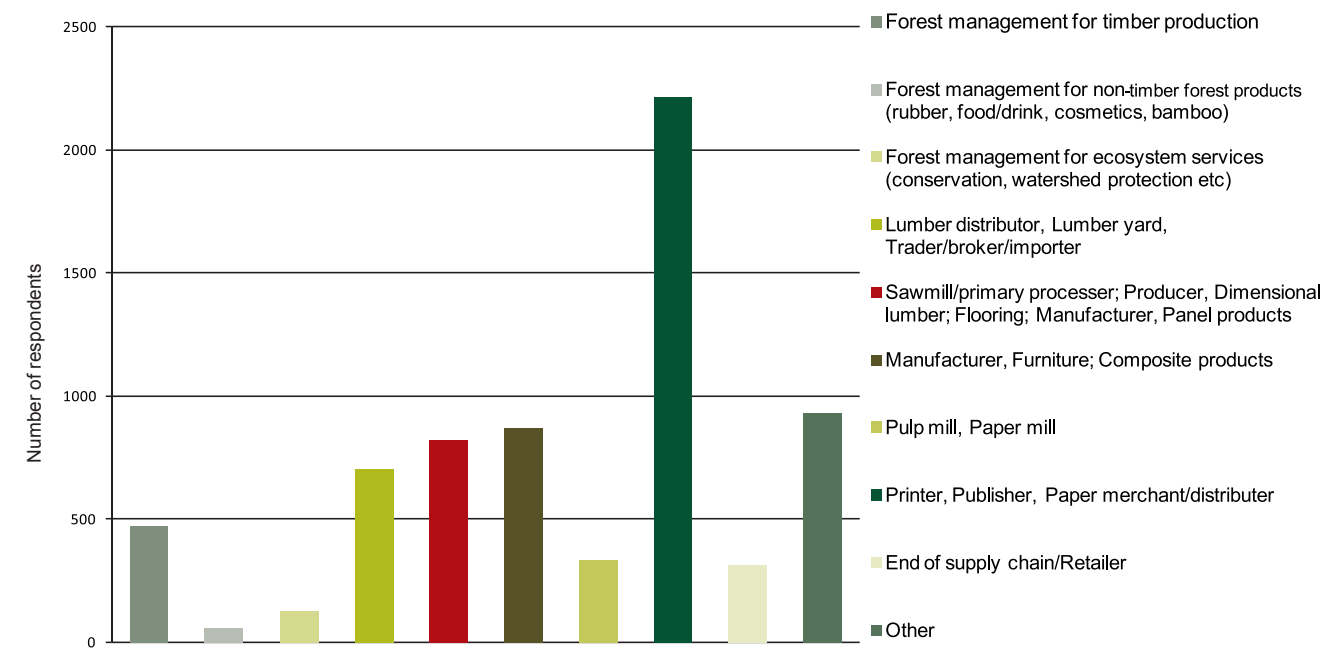
### What types of FSC certificates do you have?



The vast majority of respondents (around 95%) have Chain-of-Custody (COC) certificates. The remaining 5% are Forest Management / Chain-of-Custody certificate holders, Controlled Wood / Forest Management certificate holders or Forest Management (FM) certificate holders.

This broadly corresponds to the distribution of all FSC certificate holders, where at the time of the survey 21,302 held COC certificates and 963 held FM certificates.

### Please indicate the main focus of your company

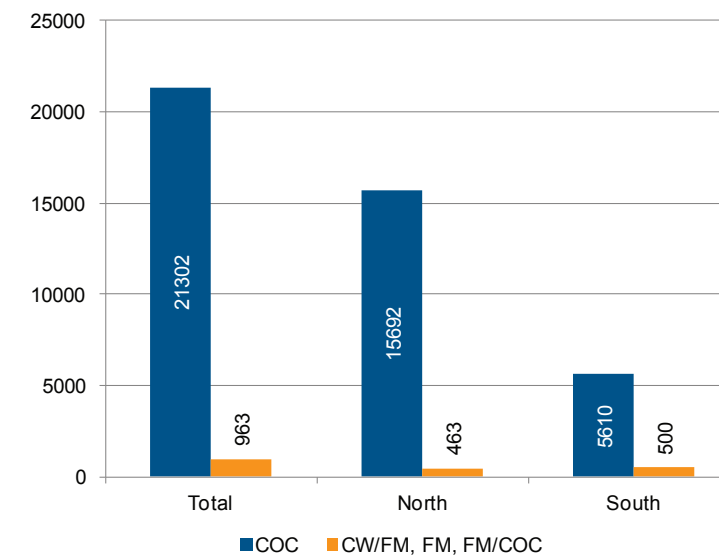


More than one answer possible.

Most survey respondents work in the printing, publishing, or paper industries. Following this, manufacturers, furniture makers, and makers of composite products are the next largest group.

Respondents that chose 'other' as their company came from a wide range of industries, encompassing everything from diaper manufacture to traders in forest products.

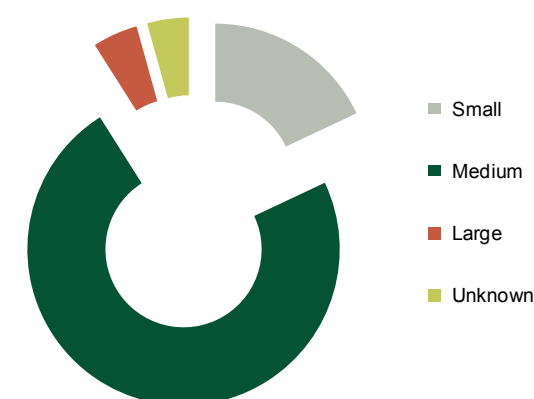
### Distribution of certificate holders - Global North & South



Historically, growth in the number of certified companies has taken place predominately in the Global North. This fact is reflected in the above graph. However, in recent years growth in the number of FSC certificates issued in the Global South (especially Brazil and China) has

outstripped that of their Northern counterparts. In years to come we expect the gap between the number of FSC certified companies of the Global North and Global South to close.

### Distribution of participants by company size



73% of survey respondents represent medium-sized companies (companies with less than \$100M/year US dollar annual turnover). Small companies (less than \$1M/year US dollar annual turnover) represent the next biggest group of respondents. Only 4.7% of respondents represent companies with \$1BN/year US dollar or greater annual turnover.

Nearly three-quarters of respondents represent medium-sized companies. Less than 5% represent large companies.



## Supply & demand of FSC certified products

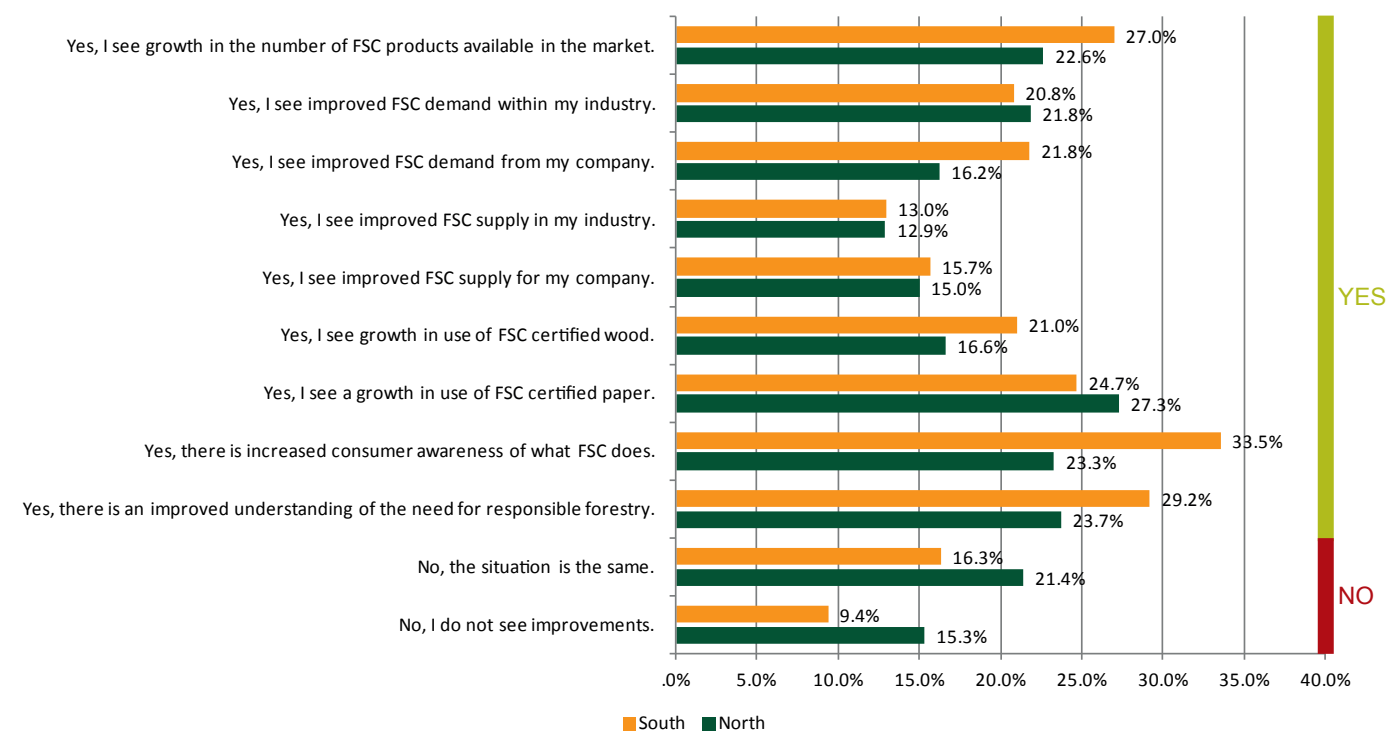
Consumers trust the FSC label, and with good reason. For nearly twenty years the Forest Stewardship Council has been the most widely recognized forest certification system worldwide.

The FSC label provides a powerful link between the responsible production and consumption of forest products, bringing together environmental, social, and economic interests in a balanced way to work towards sustainable solutions. In turn, consumers provide incentives for responsible forestry by buying FSC certified products.

It is clear from the 2011 Global Survey that demand for FSC certified products is increasing. This is especially striking in the Global South, where around 75% of respondents see some sort of improvement in the recognition and demand of FSC products, compared to around 65% in the Global North.

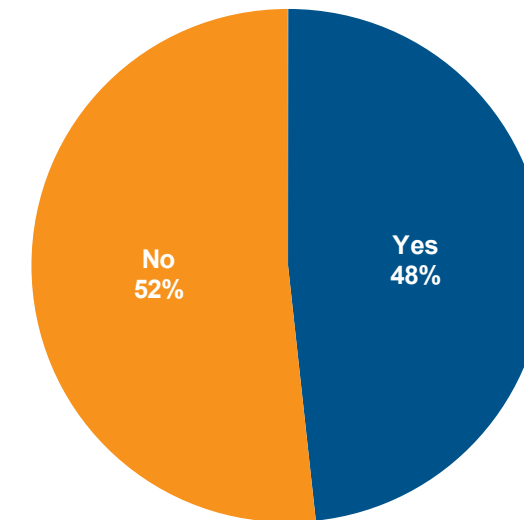
Consumer awareness about what FSC does and the need for responsible forestry is also increasing, a fact confirmed by over a third of respondents in the Global North and nearly a quarter of respondents in the Global South.

### Do you see a positive change in the demand for FSC certified products or materials in your business sector since 2009?



If yes, more than one answer possible.

### Do you have a procurement strategy for your company that shows a preference for FSC certified products?

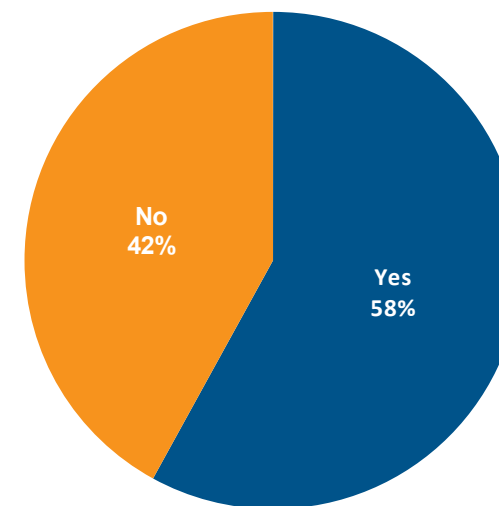


Question asked if not FM-certificate solely

Over 48% of companies have a procurement strategy that shows a preference for FSC certified products.

About half of respondents have procurement strategies that show a preference for FSC products.

### Do you measure your procurement strategy performance against targets?



Question asked if not FM-certificate solely

Nearly two thirds of respondents tie procurement to targets. This may indicate that wherever respondents have procurement strategies that show a preference for FSC products, they expect those products to be competitive in the market.

## Marketing & promotion of FSC certification

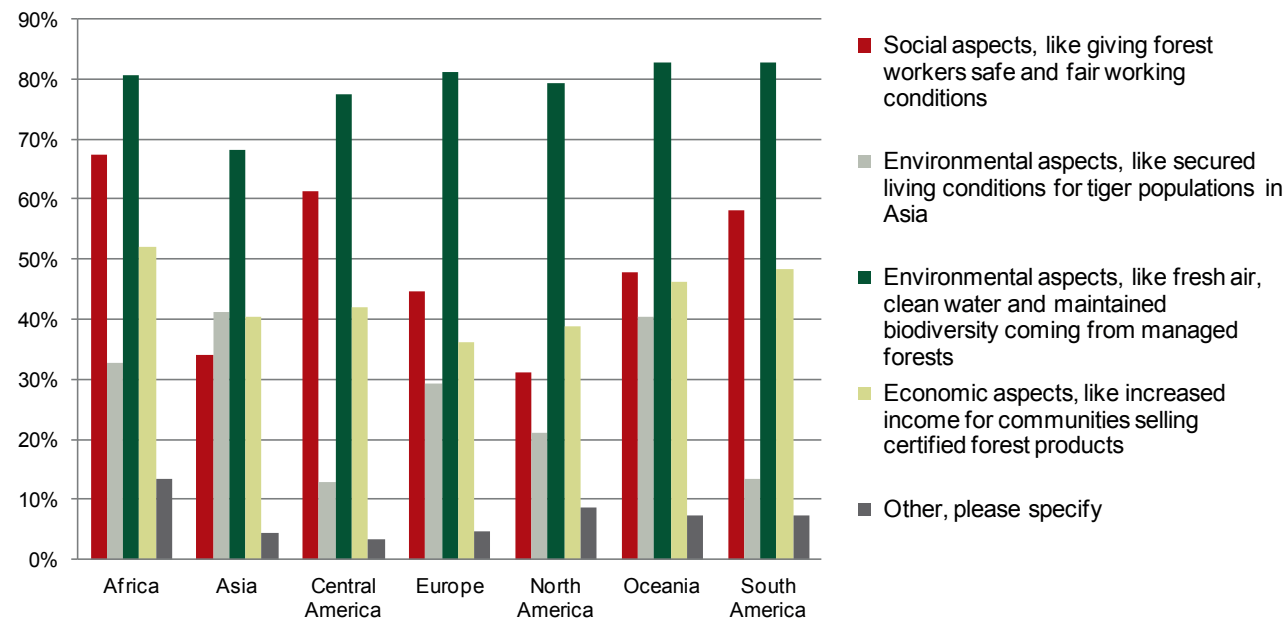
The benefits of FSC certification are clear. Forests managed according to FSC's Principles & Criteria mean fair conditions for workers, respect for indigenous communities and local populations, and strict environmental controls.

For companies that sell FSC certified products or materials, communicating this message to consumers is crucial. It builds trust and brand

loyalty among existing customers, helps reach new customers and can provide justification for higher prices for certified products.

By highlighting the aspects of FSC certification that they feel best promote FSC, respondents give us valuable insights into the different drivers of purchasing decisions throughout the world.

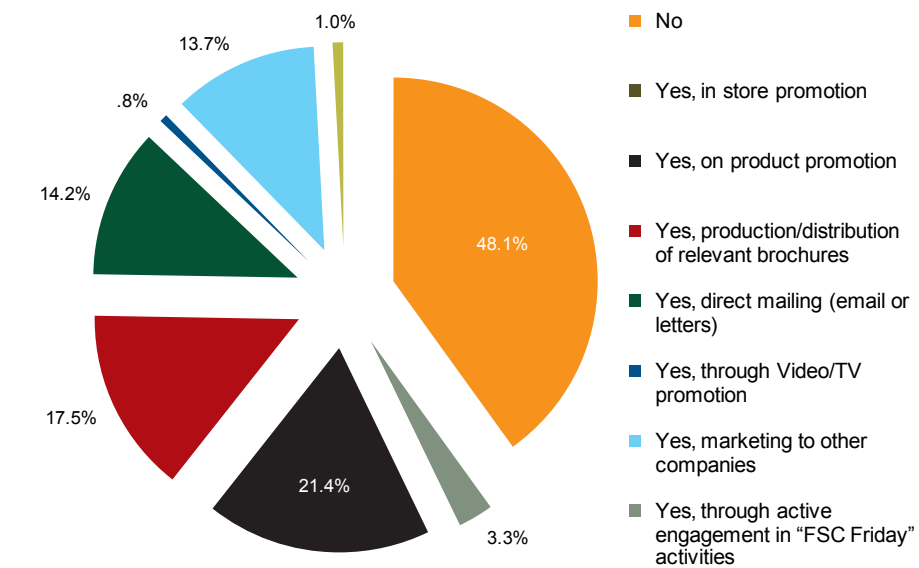
### What positive aspects of FSC certification do you believe can promote FSC in the most effective way?



It is interesting to note that in the Global South (especially Africa, Central and South America), social benefits of FSC certification play a much larger role than in the North, where environmental benefits are perceived as being relatively more important.

Across the board, positive economic aspects of FSC certification were mentioned less often than positive social or environmental aspects.

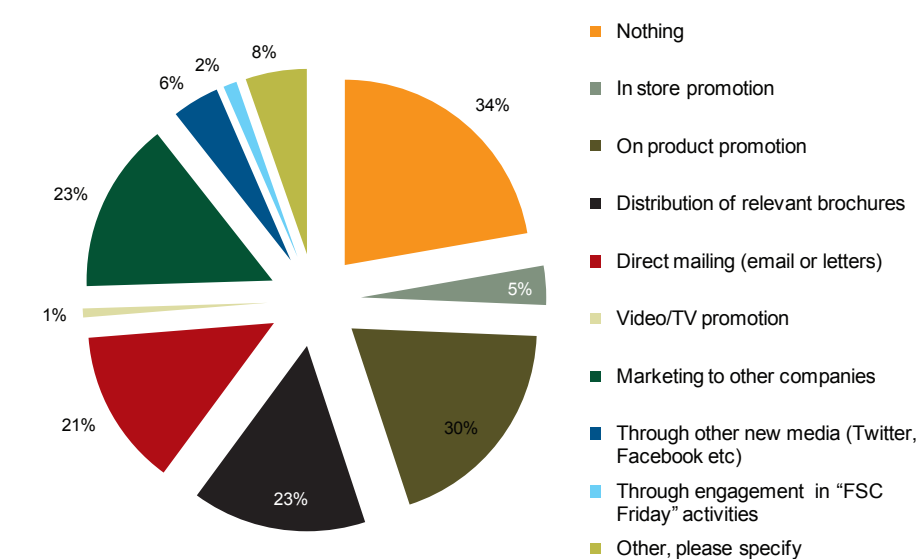
### Have you done any marketing or promotional activities in relation to your FSC products or materials in the past 12 months?



More than one answer possible.

About half of respondents did some form of promotion of FSC certified products in the previous 12 months. The types of promotion ranged from direct mail to TV spots, and many respondents engaged in more than one type. Most commonly, respondents engaged in product promotion.

### Which kind of marketing or promotional activities in relation to your FSC products or materials will you do in the next 12 months?



More than one answer possible.

Although nearly half of respondents said that they haven't done any promotion of FSC certified products in the previous 12 months, only 34% say that they will not promote FSC certified products in the coming 12 months. This shows that the promotion of FSC certified products will likely increase.

**Positive environmental aspects are seen as an effective means to promote FSC certification by 78% of respondents.**

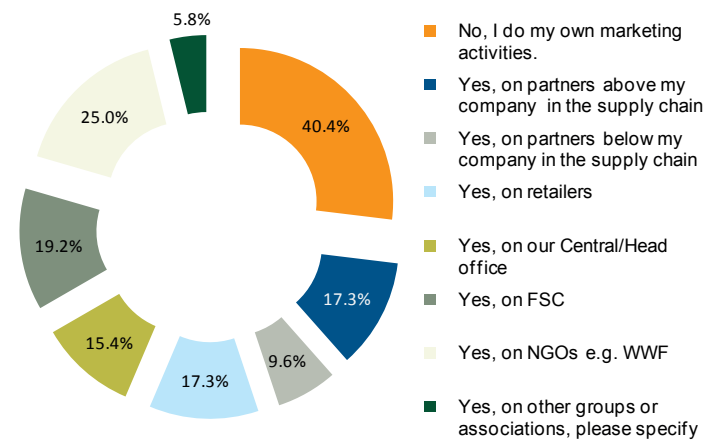
## Do you rely on other market partners to promote FSC products or materials?

Around the world, promotion of FSC certified products or materials varies widely.

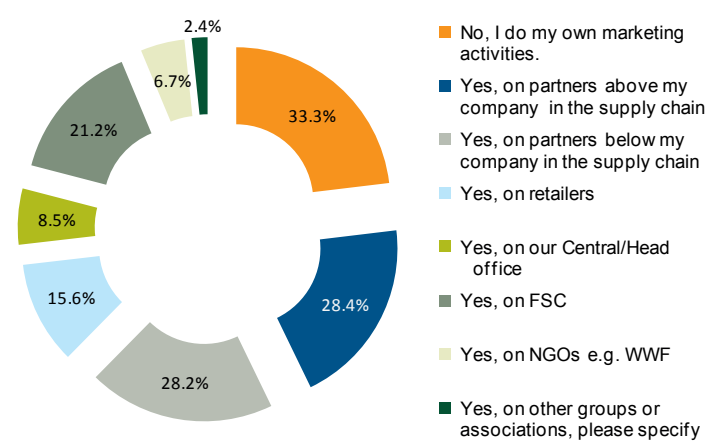
In Africa, respondents are much more likely to rely on NGOs, such as WWF, to promote FSC (25% versus around 16% in Central and South America, which are the next highest).

It is clear that in the Global North (especially North America and Europe) companies are much more likely to do their own marketing activities rather than relying on partners.

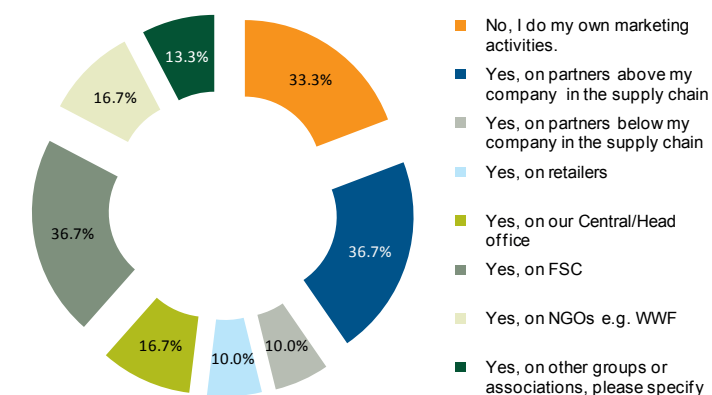
### Africa



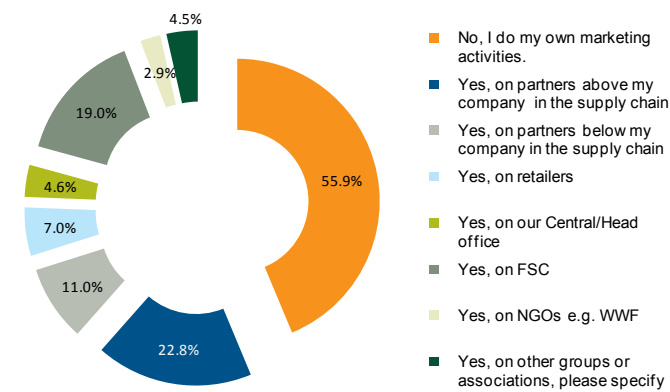
### Asia



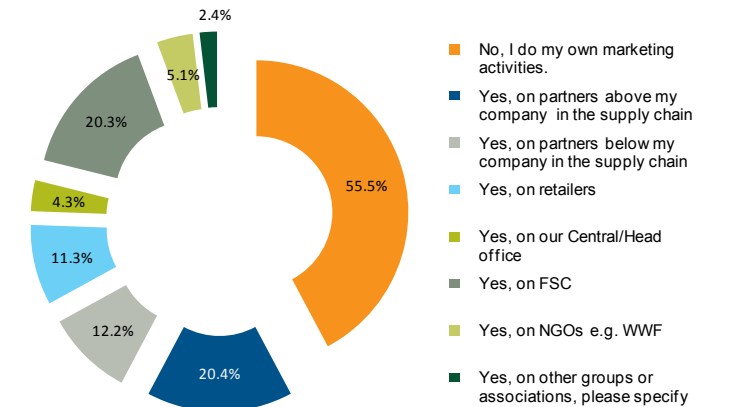
### Central America



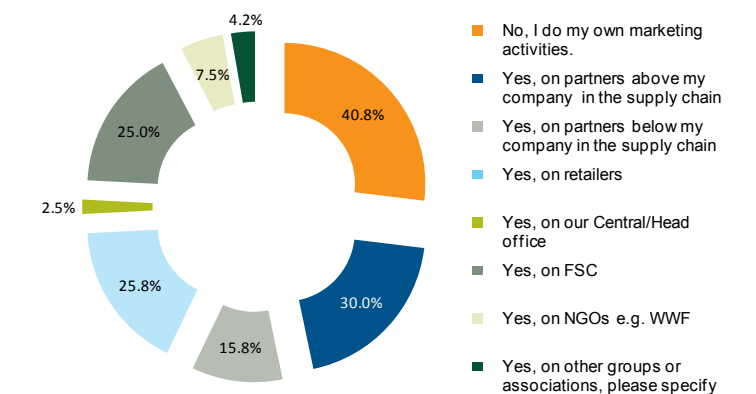
### North America



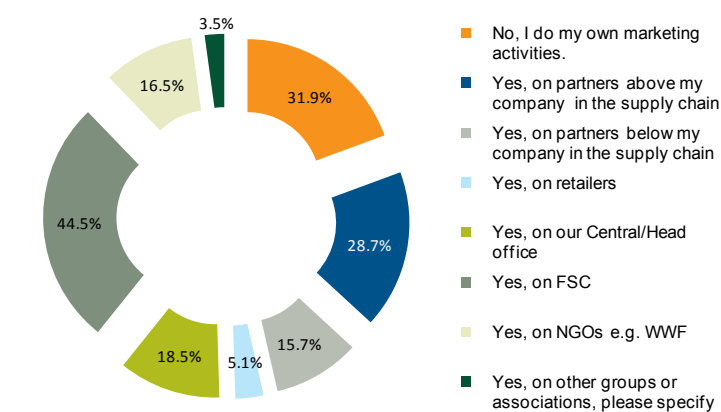
### Europe



### Oceania



### South America



More than one answer possible. "No" was not possible in combination with other answers

A substantial number of respondents in all regions expect FSC to play a role in promoting FSC certified products and materials.



## Opportunities

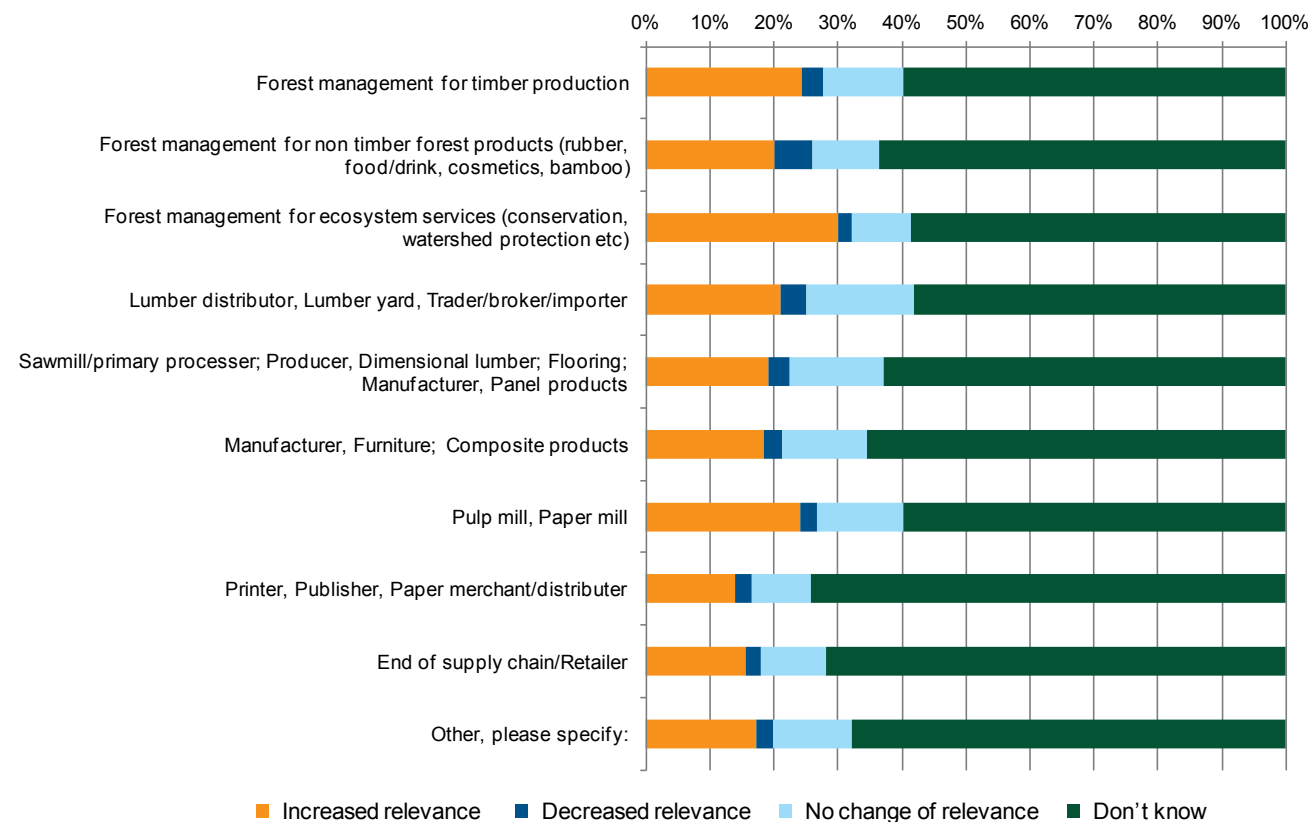
Understanding the opportunities that FSC certification brings for respondents helps us to understand why companies choose to become certified or purchase FSC certified products. It also allows us to better target the support that we give to companies to help them realise their aspirations for engaging in the FSC system.

More than half of respondents say that they expect FSC certification to help them gain new clients in the next 12 months. Following this, over a third indicate that they want FSC certification to help them increase their supply of material or products. When asked this explicitly, it is clear that the vast majority of respondents (over two-thirds) want to source more FSC products or material to meet demand.

Of all the industries polled, companies engaged in forest management for ecosystem services (like conservation or watershed protection) are the most likely to feel that FSC is becoming increasingly relevant for their industry. There is also a strong perceived increase in relevance of FSC in the pulp and paper, timber, and lumber industries.

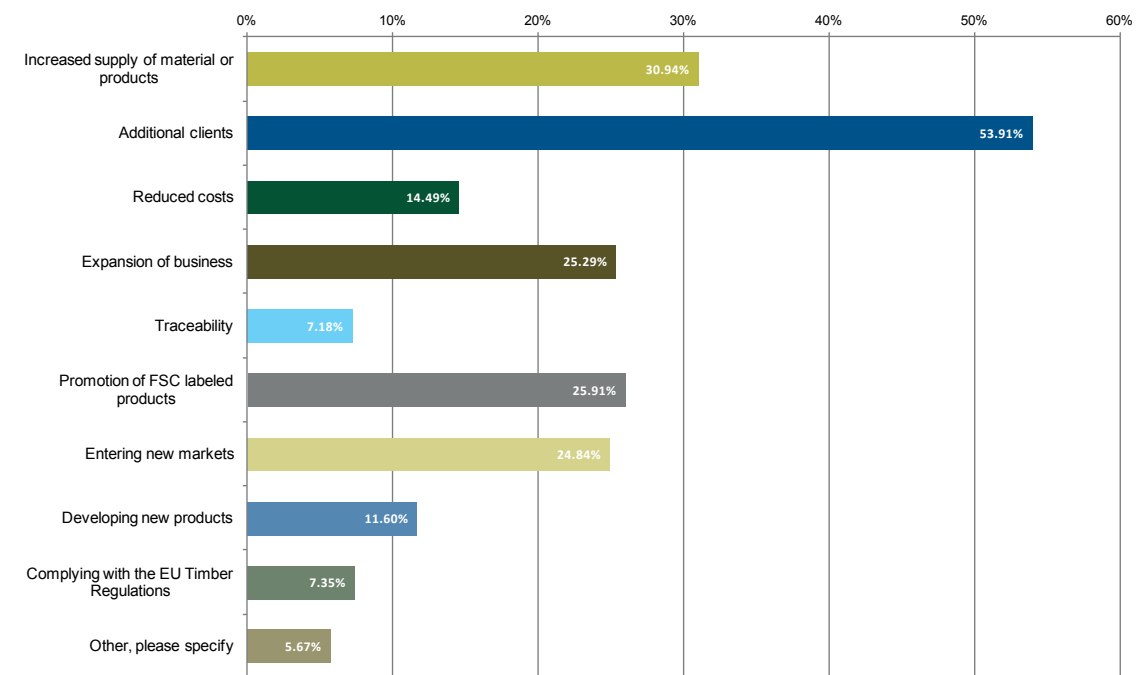
In all industries there is a perception that FSC is becoming increasingly relevant.

### What is your perception of the changes of the relevance of FSC certification in your industry in the following areas?

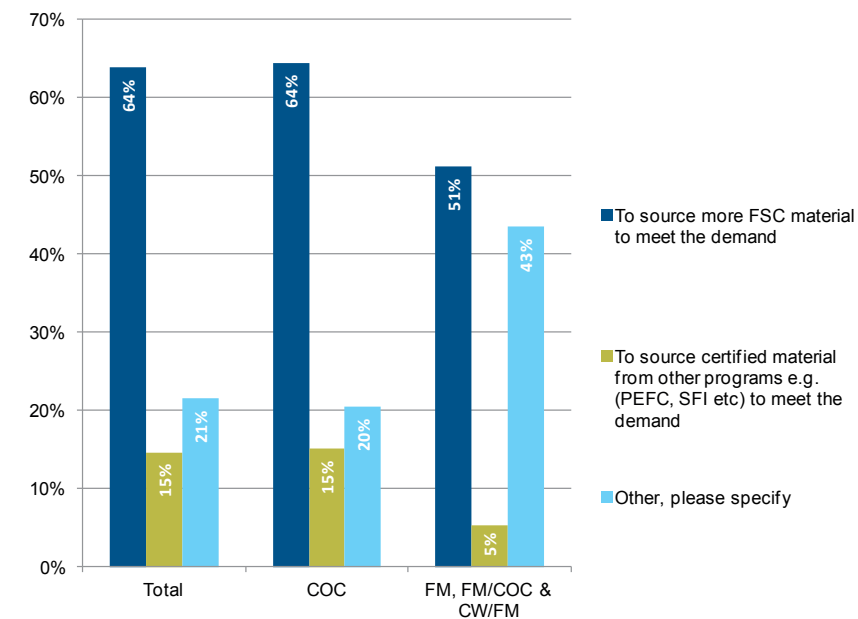


About two-thirds of respondents aim to source more FSC products or material in order to meet demand.

### Considering the next 12 months what are the biggest opportunities for your business in relation to FSC certification?



### What are your aims with respect to certified supply?





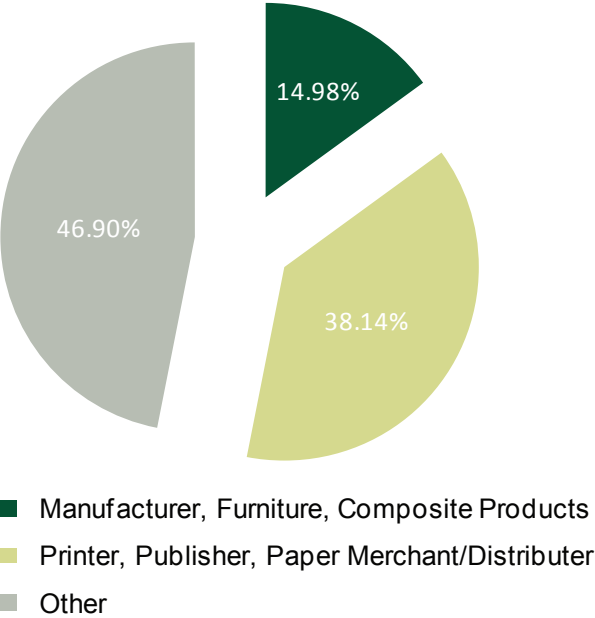
Of all the industries polled, printers, publishers and paper merchants/distributors (PPPM) and manufacturers of furniture or composite products (MFC) form the largest groups, with around 38% and 15% coming from those industries, respectively, versus 46% from other industries.

Like all industries polled, respondents from these industries see FSC certification as offering the opportunity to gain new customers over the next 12 months. They also hope that FSC certification will help them expand their businesses.

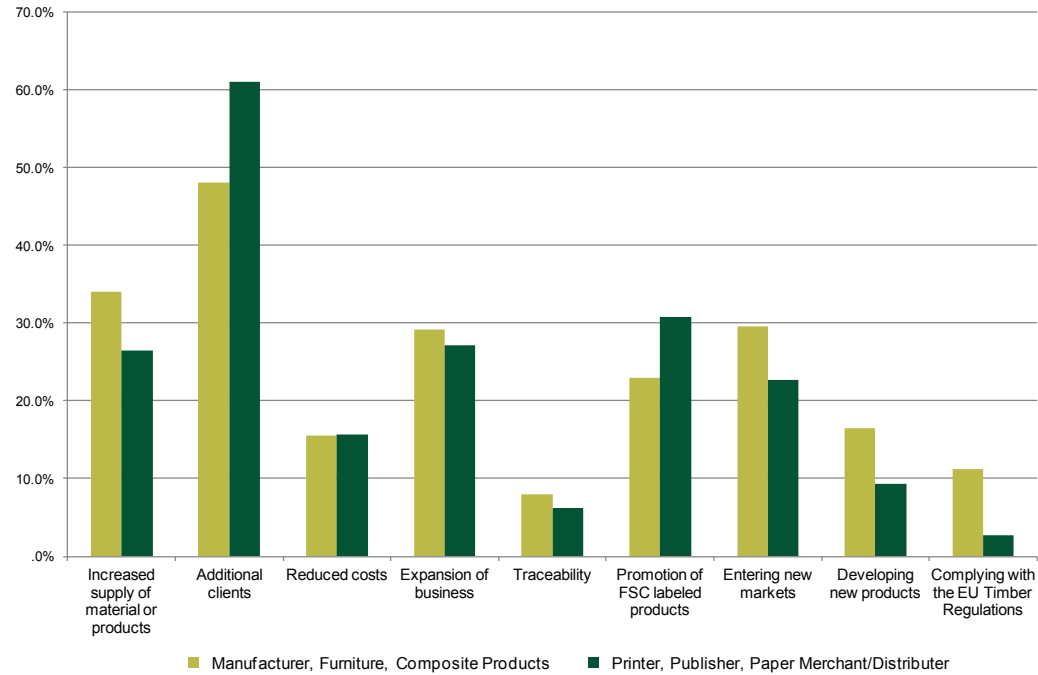
PPPM companies are more likely to be interested in promoting FSC labelled products and are less likely to expect that FSC certification will help them create new offerings. MCF companies expect FSC certification to help them increase their supply of material or products while also being more likely to expect FSC certification to help them develop new offerings and reach new markets.

Sector Focus

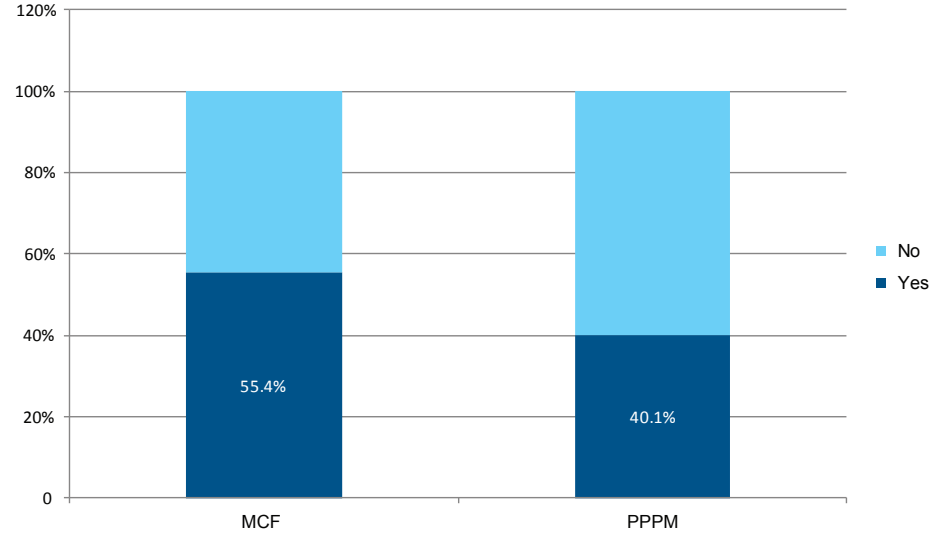
Distribution of participants per industry



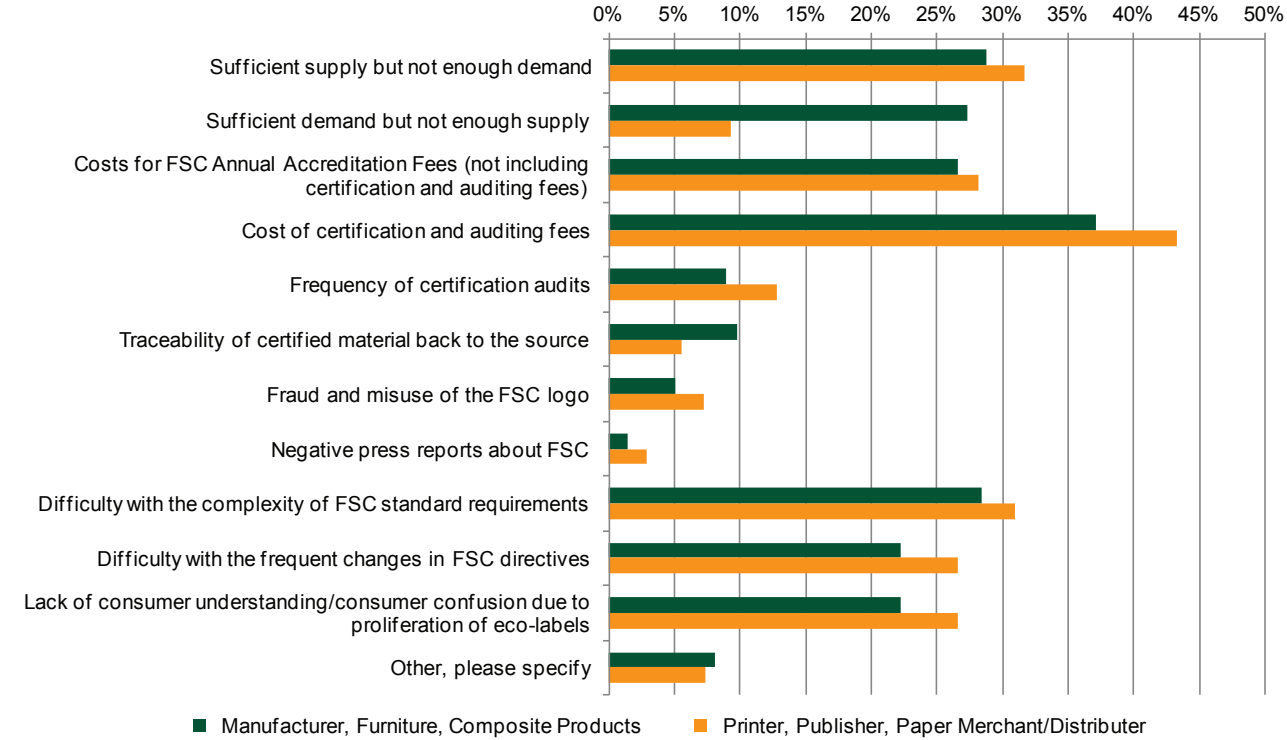
Considering the next 12 months what are the biggest opportunities for your business in relation to FSC certification?



Do you have a procurement strategy for your company that shows a preference for FSC certified products?



What are the biggest challenges for your business in relation to FSC certification?



## Small and community producers

“By sourcing from FSC and community producers our goal is to give them support to responsibly manage their forests as well as enabling those producers to make a sustainable living from their forests in the long-term.”

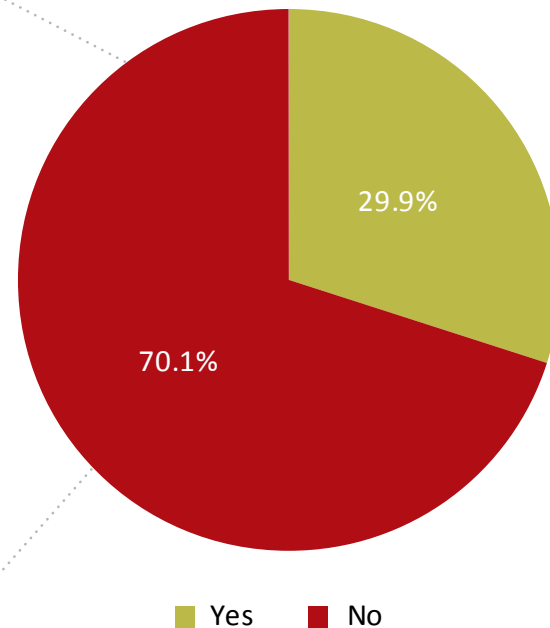
Bruce Uhler,  
Environmental  
Ambassador, AB  
GUSTAF KÄHR,  
Sweden



### Central America

Is the region which has the strongest preference for products or materials from small or community producers, with 66% of respondents citing a preference.

Do you express a preference for forest products from small or community producers? (Total)



### Printer, Publisher, Paper Merchant/Distributor

YES 23.2%

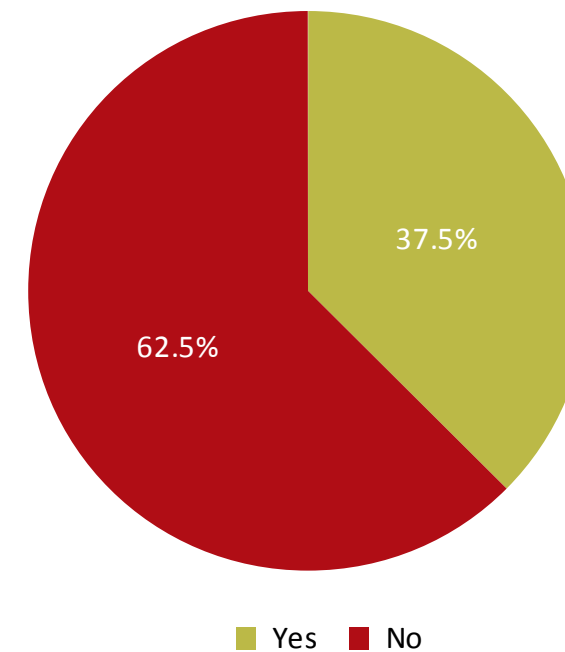
NO 76.8%

Is the industry least likely to express a preference for forest products from small or community producers.

*Small producers* refers to those who manage certified forests which are small in size or those who apply low intensity harvesting practices.

*Community producers* refers to communities that have legal communal tenure and actively manage the forest communally or authorize others to manage the forest on their behalf.

Are you using material from small or community producers?



According to the 2011 Global Survey, nearly 30% of respondents have a preference for goods produced by smallholders, though Forest Management certificate holders are more likely to do so than Chain of Custody certificate holders (42.3% versus 29.4%).

The ratios are broadly the same for the question about whether certificate holders are using goods produced by smallholders. This indicates that small or community producers continue to represent a small share of FSC certificate holders worldwide.

### Manufacturer, Furniture Composite Products

YES 55.2%

NO 44.8%

Is the industry most likely to use material from small or community producers, with over 55% answering yes to this question.



### Oceania

Is the region least using material from small or community producers, with only around 32% of respondents answering 'yes' to this question.

Nearly 50% of respondents in Central and South America cite a preference for products from small or community producers.

## Changes to legislation: are you ready?

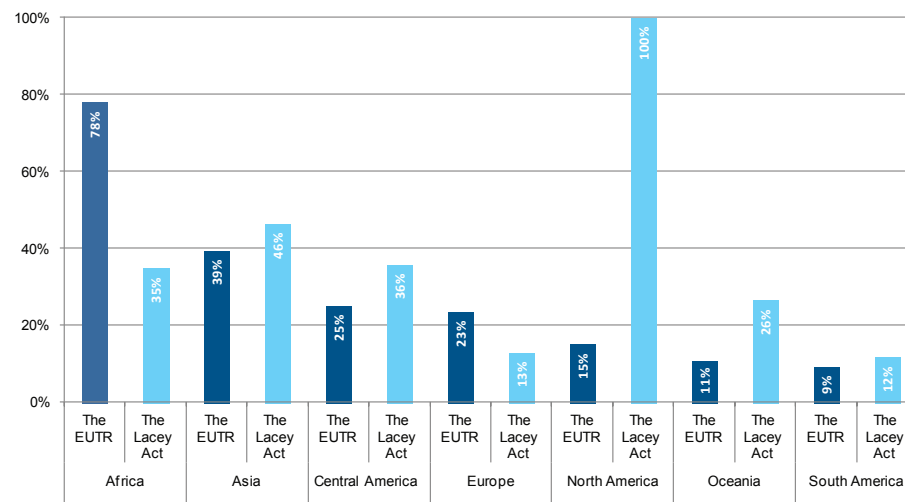
In 2008, the United States Congress passed an amendment to the Lacey Act—a piece of legislation which bans the import of illegally-sourced plants and products into the United States—to include the timber trade.

Similarly, the EU Timber Regulation (EUTR), an EU law which was passed in 2010 and will take effect in March 2013, makes it an offence for operators to place illegal timber on the EU

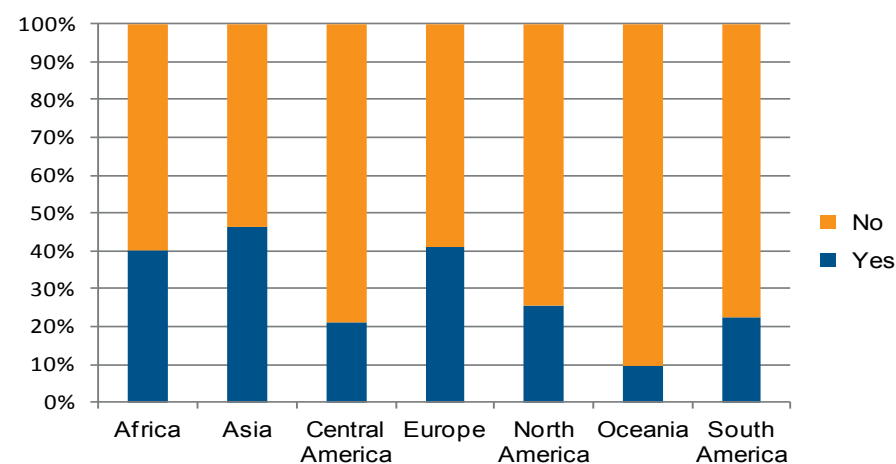
market. Further, the EUTR obligates them to undertake due diligence on their timber supply.

FSC welcomes both of these regulations and is working to ensure that our existing certification systems are fully in compliance and are becoming part of a wider due diligence system.

### Do you consider yourself informed about...



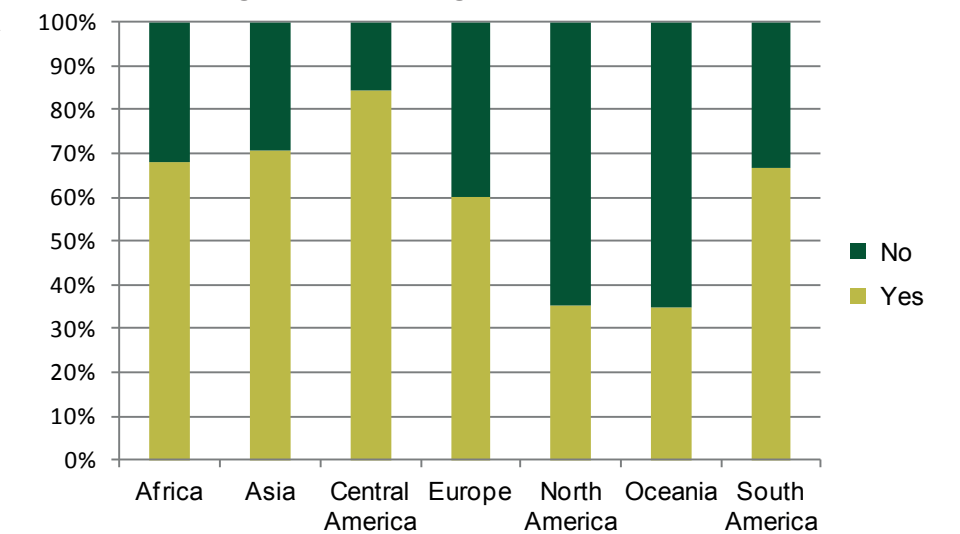
### Do you have a Due Diligence System to comply with the requirements of the EU import / trade regulations?



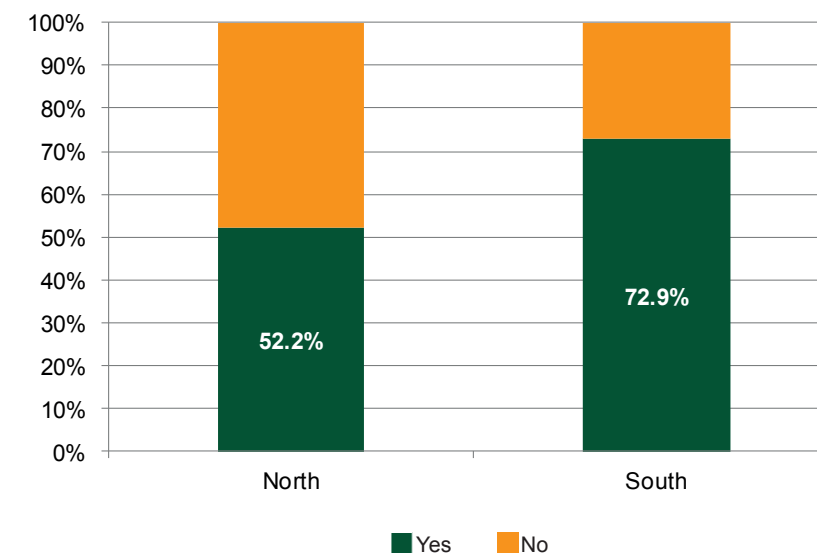
“For IKEA, FSC certification is an important tool to help secure compliance with the European Timber Regulations and the Lacey Act and at the same time it contributes to the long-term sustainability of the world’s forests.” - Anders Hildeman, Global Forestry Manager, IKEA

Respondents in Oceania and North America are least likely to plan on using an FSC system in response to European and US timber regulations. This might be because they already have other systems in place or they might be less likely to import wood into the EU.

### Do you plan to rely on the FSC system in response to the European Union timber regulation / US regulations?



### Would you use FSC as a “Due Diligence System” even if this would require that a higher percentage of your products must be sourced from FSC certified materials?



Most respondents overall would use FSC as a due diligence system even if this required that a higher percentage of their products had to be sourced from FSC certified materials.

This suggests that there is a strong market for FSC certified goods.



