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TIMBER PRODUCTION IN THE ITALIAN ALPS: AN EVOLVING PARADIGM IN FOREST MANAGEMENT

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Outline

- Background: the economic context
- The need for income sources diversification
- New marketing strategies:
 - *Specialized* products
 - *Complementary* products
- Conclusions

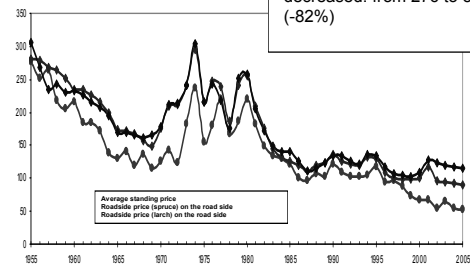
In Italy, in the Southern part of the Alps, a substantial decreasing level of timber production activity in the last 20 years

Three main reasons:

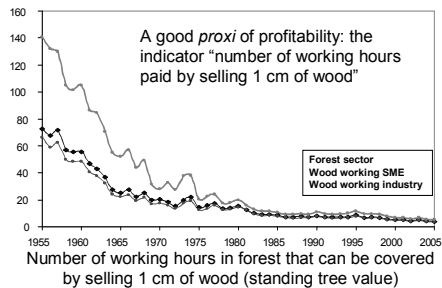
- 1) **fragmentation of the local timber supply** (landownership pattern, lack of horizontal integration, small-scale level both of harvesting and of sawmilling activities)
- 2) **market globalisation** (shutting down of many small- and medium-size sawmills or their internationalisation, mainly to Eastern Europe)
- 3) remarkable **decrease of profitability** in forest management domestic activities oriented to the production of industrial roundwood

An analysis on domestic timber prices at the period 1955-2005) has been carried out, showing the weakening position of the Italian producer.

The weighted average real prices of spruce dramatically decreased: from 276 to 52 €/m³ (-82%)



Average real prices of conifer industrial roundwood in the Southern Alpine Region (1955-2005)
Source: Ciotti & Pettenella (2005)



A good *proxi* of profitability: the indicator "number of working hours paid by selling 1 cm of wood"

In 1955 1 cm of wood sold covered the cost of 141 working hours of a forest worker.

In 2005 only 5.3 working hours (-96%).

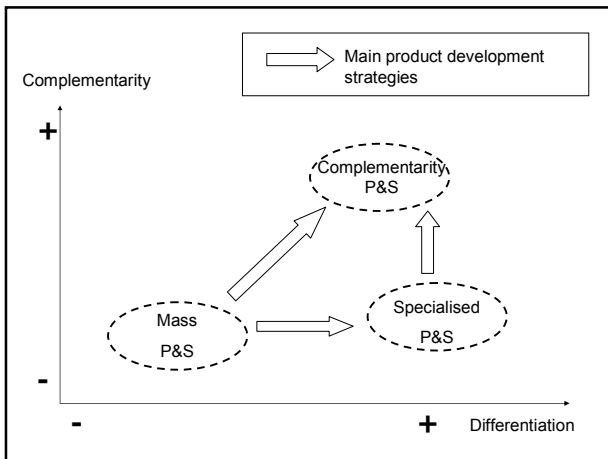
If the price of wood is referred to the cost of industrial labour, we passed from 76.4 to 3.82 working hours (decrease = 94%), and similarly for the wood-working SMEs (from 72.3 to 4.1 hours).

In the last 50 years, the main forest management policy carried out in Southern Alpine forests has promoted the gradual conversion of broadleaves coppices to mixed highforests, with increased rotation periods (*i.e.* for spruce even-aged highforest: from 110-120 years to 230-140 years).

These more close-to-nature silvicultural systems are now well far to be economically sustainable if we consider the prices of wood



To maintain all the public, non marketable functions of Alpine forests, an increasing role is played by traditional and new NWFP&S marketing.



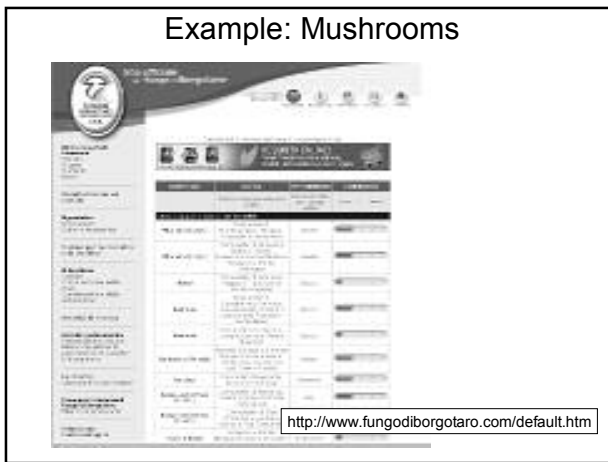
1. Specialized products and services

Typically products and services well differentiated, often available in relatively limited quantities (e.g. specialities like truffles).

Important instruments for product/service differentiation:

- quality assurance
- standardisation
- certification

they give the possibility of *premium prices*.



Example: Chestnuts

marron from Castel del Rio, marron from Mugello, chestnut from Monte Amiata, chestnut from Montella

Certification under EU regulations

- Registration of Protected Designation of Origin (PDO) (Reg. 2081/92)
- Protected Geographical Indication (PGI)
- Traditional Speciality Guaranteed (TSG) (Reg. 2082/92)

Organic production (Reg. 2092/91 and IFOAM)

Marron from Mugello-Fano in Garfagnana

2. Complementary products and services

Those products that can be sold and used in strict association each others, due to the synergies deriving from their conjoint marketing.

It is based on different kinds of linkages among products and services.

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In NWFP&S marketing a fundamental link is the one among products and services having a **specific common territory**

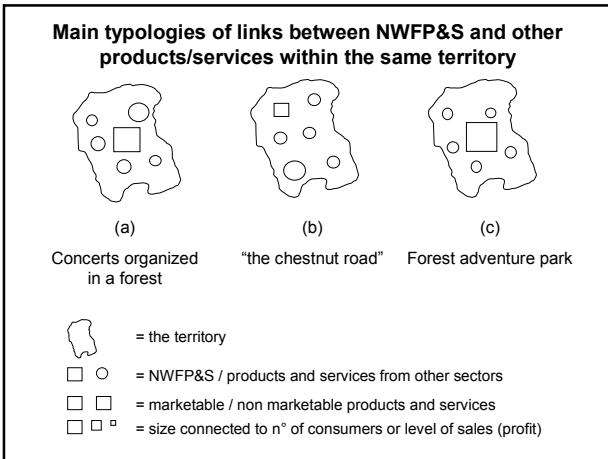
→ new branch of marketing: **territorial marketing**.

Territory = “common denominator”

⇒ to create a consistent portfolio of products and services

⇒ to bundle marketing efforts for their coordinated promotion

Very common tools for linking various products and services are trails, roads or pathways which go across a territory (e.g. “Sentiero delle Dolomiti” – the Dolomiti trail; “Strada della castagna” – the chestnut road).



Törggelen holidays: few days-one week holidays (normally for aged persons) based on

- roasted chestnut +
- walnut +
- new red wine tasting +
- speck and the meat organized in South Tyrol

http://www.wanderhoteleuropa.com/it/wandern/angebot_05.html

http://www.umbradioc.com/eng/prodottotipico/generale/prodottotipicodoc_tartufo.htm

Willingness to cooperate among private operators

Private/public partnership in promotion

The basic idea: we sell the product, but also the associated history, monuments, events, farm tourism, ...

Concerts in forest

Concerts of classical, ethnic, etc. music by famous national and international artists organized in July and August in the Trentino region.

www.isuonidelledolomiti.it

Chestnut road

<http://www.marrone.net/rubriche/strada.htm>

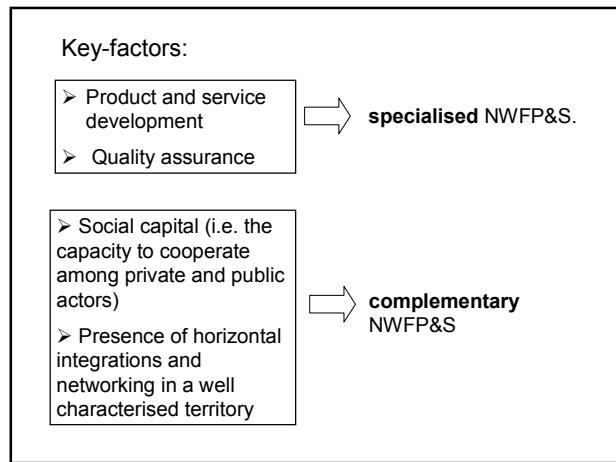
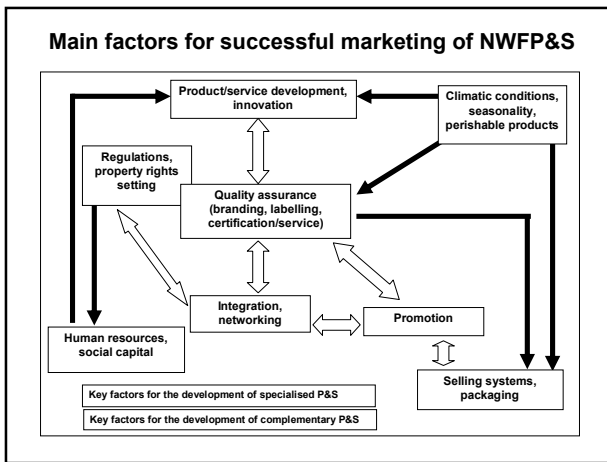
Forest adventure park

Suspended pathways between trees

www.jungleadventure.it / www.sellaneveaparco.it

Product/service	Area	Flag product	Connecting idea	Network organization	Web link
(a) typology					
Route "Artenatura" (i.e. "nature and art") - temporary and permanent exposition of works of art mainly made with wood or plants and displaced along a path in the forest	Val di Sella (Trento province)		Exposition of works of art in the forest	Arte Sella, international biennial exhibition of contemporary art	www.artesella.it
Sounds of the Dolomites Festival of music, open-air concerts, in the Dolomite forests or in alpine huts	Trentino Alto Adige region		Open-air concert	Trentino joint-stock company	www.suonidalledolomiti.it
(b) typology					
Road of Borgotaro mushroom - "Gastronomic autumn" (special menus in the restaurants) - Mushroom – vintage car trophy - Tourist packages in collaboration with local SME association	Borgotaro (Parma)	Cep mushroom	Road	Imbrani Mutual Aid Association	www.stradadellungo.it
Honey road - explanatory boards about the area and the honey production activity - sale of typical products - thematic menus in the restaurants - Festival of honey	Roeri area, mainly Cuneo, but also Asti province	Honey	Road	AsProMiele (Associazione Produttori Miele Piemonte) Association "Strade del miele del Roero"	www.mieliditalia.it/aspromiele/strademiele.htm
Road of Alba's White Truffle of Southern Piedmont - development (tourist, cultural, environmental, eno-gastronomic) of the area Exhibition-market of white truffle - guided tours in a truffle-ground and search demonstration - gastronomic stands also with other local products (oil, wine, delicatessen, ...)	Southern part of Piedmont region San Ministo hills, Municipality of Volterra, San Ministo and Palas	Alba's White Truffle White Truffle	Road Week / Exhibition-market	Cuneo, Asti and Alessandria province sharing with Piedmont region Association of truffle-sellers of Cecina valley (Pisa province)	www.provincia.cuneo.it/turismo_territorio/tartufo_bianco.jsp www.volterragusto.com/appuntamenti/tartufo.asp

Product/service	Area	Flag product	Connecting idea	Network organization	Web link
(c) typology					
Suspended routes among trees Various routes, differentiated according to the age of participants. And also: - businessmen stages/courses - organization of scholastic trips (with tours at the botanic route, etc.)	Sella Nevea (Friuli Venezia Giulia)				
Adventure Park Suspended pathways between trees	Villeneuve (Val d'Aosta)		Adventure route	Rafting Aventure (associated with the French organisation Amazone Adventure)	www.raftingaventure.com/wwwparcoaventura.com/indicazioni.html
Adventure Park Suspended pathways between trees and also: - stage for businesses - hotel accommodation	San Zeno di Montagna, Garda Lake		Adventure route	Park Jungle Adventure, with the sponsorship of the hotel-owners of San Zeno di Montagna	www.jungleadventure.it



Conclusions

- Some forest managers and owners are changing: **product-oriented → customer-oriented approach** (i.e. timber-based activity → NWFP&S-based activity)
- Entrepreneurial capacity development:** NWFP&S marketing requires **more efforts for market research** (info on customer needs and demands)
- Key-factors for NWFP&S marketing: **external support, networking, integration**
- In many cases, it is essential:
 - assistance by public institutions
 - public awareness of the positive role of an active NWFP&S economy in supporting SFM