

## ECOLOGIZATION OF MARKETING IN FOREST SECTOR

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Gradual ecologization of economic activity leads to transition from market to ecological economics in all sectors of national economy. Ukrainian forest sector provides utilization, renewal, protection, and conservation of forest resources to meet the needs of national economy and people in accordance with the concept of sustainable development.

Forest sector of the economy has many problems. One of them is low level of innovations, which restrains adoption of modern marketing systems in forest and wood-processing enterprises. Environmental awareness is low, which leads to poor results in economic activities, social and environmental problems in local communities. Analysis of foreign experience reveals that marketing theory should apply in forest sector.

Theoretical developments of marketing application in forest sector started in Western European countries in 1970's. The research focused on the issues of forest products sales and communication policy. In 1980-1990's marketing application was extended to forest services and environmental protection policy. Marketing on wood-processing enterprises was developing in its traditional form, whereas marketing on forest enterprises was intended to be integrated into all levels of operational management. It was oriented on full satisfaction of consumer needs.

Social, environmental and economic crises, globalization, technical progress pushed the ecologization of marketing. Foreign experience indicates that orientation on consumers, society and environment plays the key role in operational activities of forest enterprises. Marketing should be integrated into management and economic activity of Ukrainian forest and wood-working enterprises, as shown in Figure 1.



Figure 1. Integration of environmental marketing in forest sector.

Today only some aspects of environmental marketing are integrated into forest sector. Although integration of conventional marketing into forest sector is taking place, theory of its implementation was not developed yet and only some empirical research was done. Further theoretical research is needed in the field of marketing theory adoption in Ukrainian forest sector, especially in the context of global tendencies of transforming market economy into economy of sustainable development.

Currently the main problem on forest products market is low demand in Ukraine and abroad. Lumber is one of the most environmentally friendly raw materials for building industry. Industrial countries show trends of rising demand on products, made from renewable natural resources with small environment footprint, and high level of environmental awareness among consumers. These tendencies should be accounted, since they open a prospective for future growth. To find solutions for environmental, economic and social crises the focus should be on higher levels of wood processing on domestic market, segmentation of forest products market, innovations and strategies development for this products positioning.

Environmental marketing is seen as logical extension of classical traditional marketing. Decision on adoption and implementation of environmental marketing on the enterprise should be made after thorough analysis of its business capacities, macro-environment, and possible positive and negative effects. Successful adoption of environmental marketing may lead to surplus in returns in the long-run as a result of production's ecologization and development of competitive environmental products.

Ecologization of marketing on Ukrainian forest and wood-processing enterprises should be done by further developing the concept of environmental marketing. To succeed, businesses in forest sector should implement theory of environmental marketing into practice; adopt modern information systems, advance innovations and improve environmental awareness.