Sheet Steel Facts 26

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Steel Cladding – A Farmer's MVP (Most Valuable Product)

Steel's versatility and durability have made it an ideal building material for various construction projects for the past 150 years. Over that time, steel has earned a well-deserved reputation for economy and proven performances with long life cycles. Combine these benefits with steel's ability to be recycled and engineered for retrofits, and steel cladding undoubtedly will become the number one choice of building materials across all industries.

Recently, the Canadian Sheet Steel Building Institute commissioned a non-biased third party, Strategic Research Associates, to examine the state of the Canadian farm. Specifically, the study examined farmers' steel cladding purchasing habits and steel cladding usage over the past 10 years. The study queried 471 farms across Canada with 43 farms in British Columbia; 96 in Alberta; 96 in Saskatchewan/Manitoba (combined); 97 in Ontario; 96 in Quebec; and 43 in the Atlantic Provinces. The results are within ± 4.5 percentage points for complete representation of all Canadian farms and are as follows:

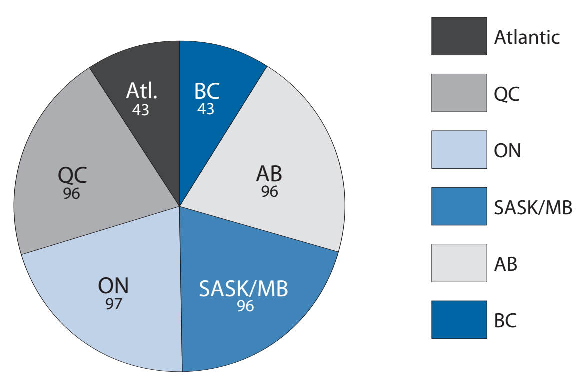

Figure 1: Distribution of Interviews across Canada

The Changing Canadian Farm

Since 1996, there has been a significant shift in farm type across the nation. Livestock farms have dropped by almost 20%, and the balance has shifted to a greater number of mixed crops (up to 28%) and cash crops (up to 39%) respectively. The study found that overall, there are fewer farms across Canada; however, the farms that do exist are considerably larger.

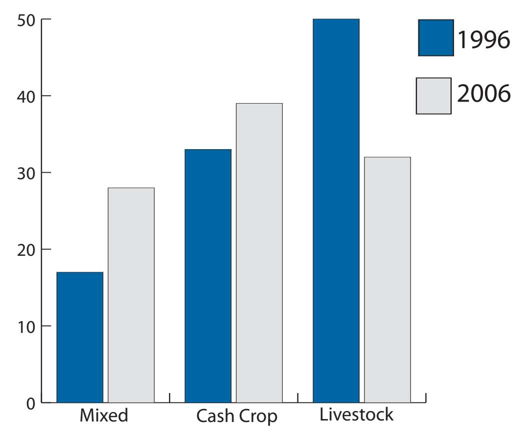

Figure 2: Types of Farms in Canada 1996 vs. 2006

The Purchase of Steel Cladding

Strategic Research Associates note that a 10-year period is too long to adequately explain strong trends in increases of steel cladding purchases. However, the results are quite interesting as a whole as well as regionally. In 1996, only 47% of Canadian farmers said they had purchased cladding in the last 10 years. By 2006, that percentage of farmers grew to 79%.

Regionally, it was found that the nation's three major markets are consistent with the overall average as shown in the previous graph. The study noted that significant growth occurred in the Quebec market. This is explained through the expansion of swine and dairy operations and the replacement of existing building stocks.

Steel, the Right Choice

While the study showed moderate increases in steel cladding purchases on the farm, the question remained on 'how' popular it was compared to other types of exterior cladding such as wood, vinyl, or aluminium. Results concluded that steel cladding is the top seller and gaining market share at the expense of vinyl and aluminium. In 2006, 88% of Canadian farmers preferred steel cladding for their farm structures, which is up from 1996 by 9%. (See Figure 3.)

The types of farm buildings steel cladding is used for is consistent with 1996 numbers:

- 80% use it for machinery sheds
- 69% for storage buildings

- 65% for barns
- 26% for houses

Other factors to note about choosing steel:
- When given a choice, Canadian farmers choose Canadian steel
- 90% of Canadian farmers are either satisfied or very satisfied with their steel cladding

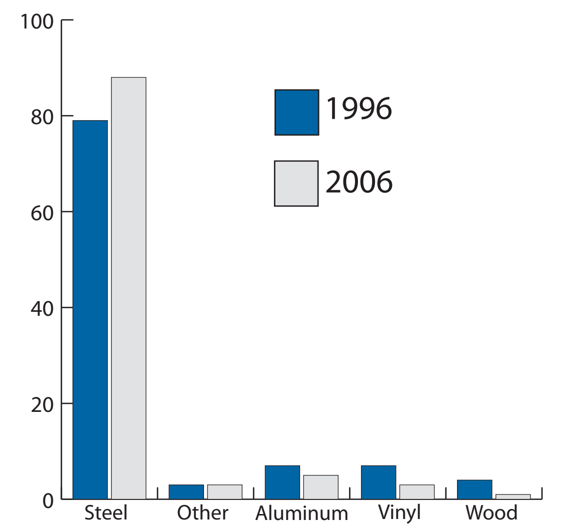

Figure 3: Cladding Choices in Canada 1996 vs. 2006

Intentions to Build or Retrofit in the Future

When farmers were questioned about future building or retrofitting, the number of respondents with intentions was 65%. This is an increase of 20% compared to 1996. *When will they build or retrofit?* In, 1996, 70% of the respondents said they would build or retrofit within 5 years (0 to 5 years). In 2006, that number grew to 81%.

In order of importance, the most important purchase decision influences include:

1. Quality (69%)
2. Price (54%)
3. Warranty (39%)
4. Speed of Delivery (34%)
5. Contractor (29%)

Point of Purchase

When it comes to purchasing steel cladding and obtaining information, the majority of farmers rely on the lumberyards. In 1996, 57% of the farmers made their cladding purchases at lumberyards and in 2006 this number declined to 52%. The decrease is due to a greater number of farmers relying on contractors and manufacturers/dealers. It should be noted that manufacturers/dealers did not account for purchases in 1996, but accounted for 7% in 2006.

	2006	**1996**
Lumberyards	52	57
Contractors	19	15
Manufacturer/Dealers	7	0
Co-op	2	5
Others (*distributors, Specific stores, specialty Dealers*)	19	23

For their primary source of product information, 44% of farmers rely on lumberyards, while 27% rely on contractors.

Conclusion

The 2006 Canadian Farm Study concluded that the Canadian farm is definitely changing, moving to larger farms with more buildings. This trend is a very positive one, increasing the purchase and use of steel cladding on the Canadian farm. The study also shows that because these farms are larger, farmers are less inclined to do the construction themselves, indicating a positive growth in the use of contractors. Above all, over this 10-year period, it seems that the important factors in selecting steel cladding have remained consistent, providing every reason to believe that the demand for steel cladding will continue to grow within the agricultural community.

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