



Christmas Tree Marketing

Joseph F. Guenther, Donald R. White and Annette E. Levi

You don't make money growing Christmas trees. You make money selling Christmas trees.

The Christmas tree business can be exciting and profitable. It can also be risky and money losing. It is more likely to be exciting and profitable for growers who use the latest scientific production methods and sound business practices.

Marketing is an important practice in any business, but it is especially important in the Christmas tree business because of the long time lag between planting and harvest. Farmers who grow annual crops can adjust their crop mix and marketing strategies each year. Christmas tree growers, however, are locked into production cycles of up to 12 years. The decisions they make during the entire production cycle affect marketing.

Many production decisions are also marketing decisions. One of the first decisions is what species to plant. Growers commit to a species with the hopes that they can grow high-quality trees of that species on their chosen site and that at harvest it will be popular with consumers and not in excess supply.

To maximize profits, growers should gear everything from site preparation to harvest toward one goal: Selling the trees at a profit. This publication provides information and strategies that can help growers make profitable Christmas tree growing and marketing decisions.

Planting decisions

The decisions made at planting affect the type, quality, quantity and size of trees as well as the time of marketing. Growers should consider the following when they make Christmas tree planting decisions:

Site selection and preparation

Preparing a site for Christmas tree planting begins the year before the trees are actually planted. A typical sequence of site preparation activities is herbicide application, plowing, disking, harrowing and marking rows. Some growers deep rip to break up compacted subsoil. Some also must remove stumps or clear brush.

Site preparation must include weed control because competition from weeds can limit Christmas tree survival, development and quality. Ground covers such as clover can be planted to compete with weeds and to reduce soil erosion.

Before any of these operations is performed, growers must select a site. Christmas trees grow best on well-drained soils ranging from sandy to silty clay. Low, wet areas subject to flooding are poor sites for growing Christmas trees. Very steep slopes are also unacceptable because they alter tree form and pose difficulties for planting, culturing and harvesting operations.

Soil fertility is not critical. High soil fertility at planting can increase weed problems. Growers can apply fertilizer after the stand is established. Although fertilizer applications improve tree quality and reduce the time between planting and harvest, many species such as pines grow adequately with low levels of nutrients.

Species selection

Decisions about what species to plant should be based on the ability of the site to produce quality trees, the popularity of the species among consumers and the estimated supply of the species. Information on ability to produce the species might be obtained from area growers and from University of Idaho Cooperative Extension System faculty.

Popularity among consumers can come from the consumers themselves. Growers who sell directly to consumers in a retail lot or U-cut operation can easily learn their customers' preferences by studying sales.

Information on supply by species is more difficult to obtain. The National Christmas Tree Association Inc., provides some information, but continuing surveys of local growers would provide more valuable marketing information.

A 1984 survey of Inland Empire Christmas tree growers conducted by former University of Idaho Extension Forester Donald R. White indicated that Scotch pine and grand fir were their most popular species. White found that among trees growing in 1984, 45 percent were grand fir, 24.4 percent were Scotch pine, 12.7 percent were

Colorado blue spruce, 7.5 percent were Austrian pine, 3.6 percent were concolor fir and 3.1 percent were Douglas-fir. Subalpine fir, white pine, Norway spruce and border pine were also growing in relatively small amounts.

White found large differences in numbers of trees in different size groups. For example, Colorado blue spruce made up only 2 percent of the 5- to 6-foot trees but 19 percent of the 1- to 2-foot trees. Scotch pine made up 64 percent of the 2- to 3-foot trees but only 31 percent of the 0- to 1-foot trees.

It is unlikely that a Christmas tree grower can consistently select the species that will bring the highest prices at harvest. Planting several species can reduce the risk of having only low-priced trees to sell and can help growers avoid the price-depressing impact of an excess supply of one species.

Growing a diversity of species can also assist marketing efforts. Growers may be more successful at attracting buyers or convincing them to pay higher prices if they offer several species and sizes. Planting blocks of trees annually adds variety to the plantation's age classes. Diversification, besides assisting marketing, decreases biological risk because it reduces the likelihood that one pest will be able to damage the entire plantation.

Spacing

Tree spacing is also a marketing decision. If the intended market is homeowners, a 5-by-5-foot spacing between trees is acceptable. Growers selling to commercial buyers who plan to put the trees in malls, office buildings, hotels or other business buildings need wider spacing to produce larger trees. Some growers may want to adjust spacing to accommodate both markets.

Many growers are planting on a 6-by-6-foot spacing in order to make shearing, spraying and moving equipment between trees a little easier. For growers who have plenty of land that isn't too high priced, 6 by 6 is acceptable. However, 5-by-5-foot spacing results in 1,742 trees per acre, while 6-by-6-foot spacing results in 1,210 trees per acre — a difference of 532 trees. At a wholesale price of \$9 per tree, that amounts to \$4,788 per acre more in potential gross sales for the 5-by-5 spacing.

In U-cut operations, trees are usually replanted as they are cut. This ultimately results in an all-aged stand in which there is room for each tree on a 5-by-5 spacing. However, larger trees could dominate and suppress newly planted seedlings.

Sources of planting stock

The decision to buy high-quality planting stock is one of the most important decisions a grower makes. The size of a seedling is not as important as the balance between its roots and crown. Look for seedlings with well-developed, fibrous roots that are large enough to support the top. (The roots should spread as widely as the branches.) A tree with a small root area and large top will have difficulty getting established. A good practice is to visit nurseries or their displays at trade fairs so that you can examine their stock.

There are several excellent privately owned nurseries in Idaho, Montana, Washington and Oregon in addition to the University of Idaho Forest Research Nursery in Moscow. University of Idaho Extension agricultural agents, UI Extension foresters and Idaho Department of Lands forest practices advisors can help growers contact nurseries and can offer advice about species and types of seedlings listed in nursery sales brochures.

Quality and grade standards

Why are grade standards necessary? If a buyer comes to a farm, looks over the trees, likes them and decides to buy, grade is no problem. But what about the shipment of trees based on a request by phone for U.S. No. 1 trees? Suppose the grower ships the trees to Houston, Texas, and the buyer calls and says, "You shipped me a load of U.S. No. 2 trees and I'm not going to pay you for them." Either the grower doesn't understand what a U.S. No. 1 tree looks like or the buyer doesn't or some No. 2 trees were shipped.

If the matter is contested, a U.S. Department of Agriculture inspector can be called in to grade the trees. The inspector will use the standards published in the *United States Standards for Grades of Christmas Trees* revised Oct. 30, 1989, and published by the U.S. Department of Agriculture Agricultural Marketing Service. Every grower should have a copy of these standards and understand the grades. The grading rules cover such qualities as taper, freshness, cleanliness, health, shape, density and length of handle.

Color is an important consideration, especially for Scotch pine. Some varieties of Scotch pine tend to turn a yellow green during fall just before harvest. To compensate for the yellowing foliage many growers paint their trees in late summer or early fall with a specially formulated green colorant. Without the colorant the trees might not be marketable. Painting is an expensive and time-consuming process that can be avoided by planting varieties of Scotch pine that don't yellow in fall.

All buyers want their trees to arrive fresh, healthy and with as little damage as possible from handling and shipping. If trees are to be trucked long distances through changing climatic conditions, then closed, refrigerated vans may be worth the extra expense.

Marketing options

Several marketing alternatives are available. Some factors that affect a grower's marketing decisions are quality of the crop, plantation location, labor availability and the grower's own sales personality. Basic options available to most Christmas tree growers are discussed below.

Retail

Growers who sell directly to retail customers receive the highest gross price per tree. However, growers must pay more attention to detail in making the final sale, and the costs of retailing could exceed the additional revenue.

For growers who sell trees in a temporary retail lot, location can make or break the operation. Recent studies

show that 87 percent of fresh cut trees are bought from lots within 5 miles of the purchaser's home (The Kirk Company, Tacoma, Washington). Hence, population distribution should be considered an important element in deciding the location of the lot. Other locational factors are these:

- The site should be on a main street where the speed limit is 35 miles per hour or less.
- The site should be visible from 200 to 300 feet in two directions.
- A paved parking area should be available.
- An adequate lighting source should be available because most Christmas tree sales occur in late afternoon or evening.
- A corner lot is best.

Once the lot location is selected, attention to detail can increase the number of sales. Studies indicate that 78 percent of Christmas tree customers buy from the first or second lot they visit. Merchandise should be festively displayed with the best trees under good lighting, visible from the road or both. The lot should have a front of between 100 and 200 feet and range in depth between 100 and 125 feet.

Making available items such as tree preservative, tree stands, mistletoe, holly, mini-trees and boughs can also increase revenues (The Kirk Company, Tacoma, Washington). Signs placed prior to retail setup help notify potential customers of the grower's intention to locate at the site and inform the public of business hours.

U-cut

The U-cut marketing option accounts for an increasing share of Christmas tree sales in the United States. This option generally brings higher prices than wholesale, but as in retail sales, lot location is important. Many U-cut customers are reluctant to travel more than 30 miles to buy their trees.

One advantage of the U-cut option relative to the commercial lot is that any unsold trees can be sold the following season. Another advantage is the low level of tree handling and preparation.

Disadvantages include increased risks associated with having customers on the property (e.g., increased insurance rates), the need to provide information to clients on the proper use of tools and security concerns. Inclement weather can limit access during the sales season and cause environmental damage such as compaction and erosion within the plantation site.

Growers who choose to sell in the U-cut or retail markets should make sure that customer relations are a top priority. Growers who are uncomfortable dealing with the public might involve another family member or hire a salesperson.

Wholesale and stumpage

Typically, wholesale growers harvest and deliver trees to businesses that operate retail lots. Location of the growing area is less important for marketing wholesale than

it is for retail or U-cut. Wholesale growers can be far from population centers.

Wholesale growers should be aware of the various selling arrangements and their corresponding risks. Selling arrangements should specify price, quantity, transportation, delivery date, quality standards, price premiums and discounts, incentives and payment schedules.

One common risk involves who pays for cut but unsold trees. The more risk growers assume the greater the gross returns to which they are entitled. Growers who sell in both retail and wholesale markets risk competing with their own products.

"Stumpage sales" is the term used when a grower sells a wholesale lot of standing trees. Arrangements are made with the buyer who purchases the standing plantation and provides cutting, handling and transportation. Depending upon the type of agreement between grower and buyer, this can be one of the least risky marketing alternatives. However, stumpage sales are accompanied by lower per-tree prices. Stumpage contracts should specify equipment and harvest operations in order to minimize site impacts that could affect future productivity.

Marketing strategies

For all marketing options, the five basic marketing strategies are product, promotion, price, place and target markets. The first four, often called "the four Ps," are also known as the marketing mix.

Product

Growing a quality product is the first crucial step in the marketing process. Not long ago a market for cull Christmas trees existed. Trees that did not meet grade standards could be sold at a discounted price. Current market conditions that include large supplies of trees and an emphasis on quality mean that cull trees now have no value.

Christmas tree growers should cater to the needs of buyers. In addition to meeting tree grade standards, growers can provide a variety of species, sizes, colors and lengths of handle as well as wrapping, cleanliness and tags providing tree care instructions. Understanding which product attributes buyers want is important.

Growers can also offer a package of services to go along with the tree. Such services might include flexible delivery schedules, advance tree selection, convenient open hours for retail or U-cut, credit card acceptance, handling and tree care advice, a toll free telephone number, a FAX number and loading service. Offering other items for sale, such as holly and mistletoe, may be important in retail and U-cut operations.

Promotion

In addition to producing a package of quality products and services that customers want, growers should inform potential buyers about them. This can be done by personal contact or by advertising.

Nothing compares with personal contact for understanding buyer needs. Christmas tree growers who are active

in local, regional and national meetings and in organizations and trade shows have opportunities to meet face-to-face with potential wholesale buyers. Retail and U-cut growers can often benefit from being active in community organizations and from becoming acquainted with their customers. Inviting buyers to visit grower operations can also be an important promotional tool.

Advertising for wholesale growers can consist of buying ads in magazines such as *American Nurseryman*, *Pacific Coast Nurseryman*, *the Northwest Christmas Tree Association Buy-Sell Directory* or the *Inland Empire Buy-Sell Directory*. Retail growers can advertise in local media.

Advertising can also include attractive promotional brochures. Remember that a grower's advertising must compete with that of many others. Like high-quality trees, high-quality ads help make sales. Poorly designed brochures with unclear messages and poor-quality print may reflect badly on a grower's operation and turn buyers off.

Maintaining a good relationship with past customers is also important. It usually takes less effort and expense to keep an old customer than to attract a new one. Retail and U-cut growers who maintain a list of past customers can mail them reminders and promotional brochures during the marketing season.

Price

In general, lower prices attract more sales. Low prices can, however, project an image of poor quality. Christmas tree buyers often say quality is more important than price.

Growers should be cautious about trying to expand sales by cutting price. Cutting prices to beat the competition may result in selling at money-losing prices. Growers should remember that it is easy to lower a price but nearly impossible to raise it.

Place

Also known as distribution management, the place component of marketing strategies involves efficiently moving the product to customers. Profitable distribution strategies minimize costs of shipping and storing. Growers who sell to wholesalers accept lower prices in return for the middleman's handling the distribution. Retail and U-cut growers handle their own distribution with the hopes of getting a higher price that will cover the costs of moving the product to consumers. Each grower must decide whether it is more profitable to distribute to consumers or use middlemen.

Target markets

Target markets are those customers to whom a grower wishes to sell. Growers can increase sales and prices by tailoring their marketing strategies to their target markets.

For example, growers who target wholesale buyers may want to focus their marketing strategies on trade shows, associations and advertisements in trade magazines. Wholesale growers may also want to target a certain type of buyer. For example, the target might be buyers from large, reputable retail chains. Wholesale growers might also target buyers from a certain part of the country. Emphasizing the clean Idaho environment and the trees' northern-grown quality and hardiness might be a promotional strategy for such target markets.

Retail and U-cut operations can also target certain types of people for their marketing efforts. U-cut operations might want to promote a family outdoor outing experience in newspapers, schools and magazines. Providing additional services such as fire pits, picnic tables, cross-country ski trails and a bed-and-breakfast inn might be part of the strategy.

There are many ways to sell Christmas trees. Some are more profitable than others, but different growers with different abilities and resources should develop their own strategies that best fit their operations. Time spent in marketing is time profitably spent.

The authors — Joseph F. Guenther is Extension economist and Annette E. Levi is research associate, both in the University of Idaho Department of Agricultural Economics and Rural Sociology at Moscow. Donald R. White is former area Extension forester based in Kootenai County at Coeur d'Alene.

Further reading

- CIS 528 Plant Your Container-Grown Seedlings Right (35 cents)
- PNW 6 Growing Christmas Trees in the Pacific Northwest (75 cents)
- PNW 219 Weed Control in Christmas Trees (50 cents)
- PNW 226 Developing High Quality True Fir Christmas Trees (75 cents)
- PNW 227 Developing Sheared Douglas-Fir Christmas Trees (75 cents)

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