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FACTORS THAT INFLUENCE CHRISTMAS TREE SALES

Abstract.—An analysis of the metropolitan Christmas tree market in Winston-Salem, N. C., shows that to sell more trees, Christmas tree retailers should locate their lots on heavily traveled streets in business areas, have adequate parking facilities, advertise, and have attractive displays of trees. Retailers who follow these practices can expect to receive higher prices for their trees.

Most Christmas tree retailers have little knowledge of marketing. Thus they are often left with piles of unsold trees on their lots after Christmas day. And this leads to a high turnover of disappointed retailers.

The result is a disorganized and unstable market. To insure that the market operates efficiently, Christmas tree retailers need information about effective marketing practices. They need to know about merchandising techniques, the best locations, realistic pricing and inventory policies, and the buying habits of tree users.

To provide this information, the Forest Products Marketing Laboratory at Princeton, W. Va., has made a detailed analysis of the Christmas tree retail market in Winston-Salem, N. C.

The Study

In the 1967 and 1968 Christmas seasons, a survey was made of all Christmas tree retailers in Winston-Salem (population 150,000). Each tree lot was visited and its operation was observed. After the selling season, each lot owner or operator was asked to provide information about his Christmas tree business. In this way, data were obtained on tree sales, prices, the types and locations of retail outlets, merchandising methods,

and consumer buying habits. This information was used to evaluate existing marketing practices and to determine those that were the most effective.

The Market

Christmas tree retailers in Winston-Salem sold 9,227 trees in 1967 and 10,152 trees in 1968 (table 1). Balsam fir was by far the best seller each year, accounting for over 40 percent of all trees sold. In 1967, eastern red cedar and white pine were second and third in sales, respectively. But, in 1968 white pine and Scotch pine were the second and third best sellers. The decline in sales of cedar Christmas trees in 1968 was attributed to an increase in the supply of the better quality pines and firs. Scotch pine and Fraser fir showed the largest percentage of increase in sales from 1967 to 1968.

In 1967, 14.7 percent of the Christmas trees in stock were not sold, and in 1968, 9.7 percent were not sold. Eastern red cedar led the list of unsold trees in both years. Lot operators had to discard about one-fifth of their cedars each year.

Chain grocery stores, discount stores, and independent dealers (including civic and church groups) accounted for about two-thirds of the outlets and over 70 percent of the sales each year. In the 1967 season, 53 retailers sold Christmas trees in Winston-Salem. But only 46 retailers

Table 1. — Christmas tree sales in Winston-Salem, N. C., 1967 and 1968

Type	In stock		Sold			
	1967	1968	1967		1968	
	No.	No.	No.	Pct.	No.	Pct.
Balsam fir	4,200	4,912	3,762	89.6	4,529	92.2
Fraser fir	746	889	615	82.4	848	96.4
White pine	1,863	1,995	1,566	84.1	1,737	87.1
Scotch pine	1,025	1,400	976	95.2	1,305	93.2
Eastern red cedar	2,175	1,365	1,686	77.3	1,097	81.4
Norway spruce	16	20	16	100.0	3	15.0
White spruce	50	—	35	70.0	—	—
Arizona cypress	60	—	40	66.7	—	—
Halvorson ¹	683	662	531	77.8	633	95.6
Total	10,818	11,243	9,227	—	10,152	—

¹ A color-processed natural spruce.

Table 2. — Average retail price of Christmas trees in
Winston-Salem, 1967 and 1968

Species	1967	1968
Balsam fir	\$2.84	\$3.10
Fraser fir	4.81	6.73
White pine	4.44	4.69
Scotch pine	4.55	4.76
Eastern red cedar	2.08	2.32
Norway spruce	3.25	—
White spruce	2.00	—
Arizona cypress	1.10	—
Halvorson	2.00	2.32
Average	3.21	3.75

sold trees in the city in 1968. Many retailers did not return to sell trees in 1968 because of the relatively large number of unsold trees in 1967.

The retail price of Christmas trees varied according to species (table 2), but Fraser fir brought the highest price both years. Prices of all species increased between 1967 and 1968, and Fraser fir also showed the largest gain—about 40 percent. Most of the Fraser firs were premium trees, and they were sold in high-income areas.

Lot Location

The study showed that retail prices of Christmas trees varied according to lot location. In 1967, the average price of trees sold at lots on major streets¹ was \$3.49, or \$0.51 higher than tree prices at lots on minor streets. In 1968, lots on major streets averaged \$4.14 per tree—\$1.12 more than lots on minor streets. And lots on major streets received over \$1.40 more for a Fraser fir in 1967 than did lots on less traveled streets.

Trees were sold at higher prices in business areas than in residential areas. In 1968, the average price of trees sold in business areas was \$3.99; the price in residential areas was \$2.93. The average prices in 1967 were \$3.35 in business areas and \$2.83 in residential neighborhoods.

Christmas tree retailers in predominantly business areas and on major streets sold more trees and discarded fewer in both years than did other

¹ Average daily volume of over 10,000 vehicles.

retailers. In 1968, the average retailer sold 221 trees, but the typical retailer on a major street in a business area sold 352 trees. These retailers also had relatively few trees left over. But the typical retailer on a minor street in a residential area sold only 79 trees and had to discard one tree for every three trees sold. The data for 1967 are similar.

Parking

Most Christmas tree outlets in Winston-Salem had large and easily accessible parking lots in 1967 and 1968. It paid off! Generally, those outlets with parking lots that could accommodate more than 10 cars sold more trees and had fewer trees left over after Christmas than did those that had smaller parking areas or only street parking. In 1968, retailers with only street parking had to discard one tree for every two sold. Those outlets with large parking lots had very few unsold trees on Christmas day.

Merchandising

The study found that about one-half of all Christmas tree retailers in Winston-Salem advertised in 1967 and 1968. This advertising included newspaper, television, and radio ads; handbills; trading stamp specials; special displays; and direct mail campaigns. Newspaper advertising was the most common—in 1967 about 40 percent of the Christmas tree retailers advertised in newspapers, and in 1968 the number was almost 50 percent. This form of advertising was used heavily by chain grocery stores and discount establishments. The study also revealed that Christmas tree retailers made very little use of radio and television to reach the public.

Retailers who advertised in 1967 and 1968 sold more trees and had fewer trees unsold than those who did not advertise. In 1968, each retailer who advertised sold an average of 337 trees and had only 6.6 percent of his original supply of trees unsold on Christmas day. On the other hand, the typical retailer who did no advertising sold an average of only 105 trees and on Christmas day had almost one-fifth of his trees still unsold. The 1967 data are almost as striking.

Retailers who advertised also usually received a higher price for their trees than those who did not. It was found that the average prices received by retailers who advertised were consistently higher than the average prices of those who did not. In 1967, retailers who advertised received an average of \$3.35 per tree, but those who did not advertise received only \$3.00 per tree. And in 1968, those who advertised sold trees at an

average of \$4.00 apiece, compared to only \$3.36 apiece received by those who did not advertise.

The study also showed that the way trees were displayed on the lot affected tree sales and prices. Generally, a retailer whose trees stood upright and separately sold over twice as many trees as a dealer who leaned his trees against a building or stacked them in piles on the ground. Dealers with good displays also received a higher price for their trees.

Conclusion

The business of selling Christmas trees is not unlike other businesses. Marketing practices long known to be successful in other retail businesses work for Christmas trees as well. To attract customers, lot owners and operators must choose a suitable location, provide adequate parking and shopping facilities, and let the public know about their wares. Better marketing practices are a solution to many of the industry's ills.

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