

SO, YOU WANT TO RUN A CHRISTMAS TREE LOT!



**Presented by
Clackamas Christmas Tree Marketing Association
Oregon City, OR**

The Clackamas Christmas Tree Marketing Association (CCTMA) is a group organized to advertise the Christmas trees grown by various members. Business dealings any one CCTMA grower may have with tree buyers are specific to that grower and buyer and are separate from the Association and its other members.

The CCTMA acknowledges the efforts more than a decade ago of members Pat Wolf, Judy Wick, and Dan Green in the original preparation of this booklet. The 2003 edition was revised by member Merrily Enquist of Heritage Tree Farm with guidance and assistance from Michael C. Bondi, OSU Extension Agent for Forestry and Christmas Trees, and Judy Greiner, OSU Extension Secretary. 2008 changes and updates for electronic publication were made by Tom Norby of Trout Creek Tree Farm.

INTRODUCTION

As with any good business enterprise there is a series of steps to consider. Obviously not everyone does this, but nevertheless, it is a good idea. It's called a business plan!

In this booklet we have outlined the steps we know and have used. These suggestions coupled with knowledge of your area, common sense, and good business advice should guide you through a successful venture.

It is important to set up a legally acceptable business with proper permits, inspections, insurance, etc. Lots in some areas may be more acceptable to the authorities than in other areas. Be sure to check fireproofing requirements early so that you can arrange to have that done if necessary.

Also, consider your insurance requirements carefully. What kind of liability coverage will be needed for your lot? If you are working with a non-profit or civic organization, are they covered? If you are hiring people, who will take care of the state industrial accident insurance?

At the end of this booklet is a checklist to help guide you through these important steps.

COMPETITION

As you begin your planning, think back to last season and review the competition you might encounter. If there were tree lots in the area, consider the location, quantity, and sizes of the trees, and sales promotions used. What can you do to compete with the expected competition?

Determine who your customers will be, what kind of product (i.e., tree species, variety, wreaths, etc.) they will be interested in, and what might be the appropriate price for your sales neighborhood. Finally, consider market niches. What can you do, sell, or offer that might distinguish your tree lot from your competitors?

FINDING A LOT TO BORROW OR RENT

To quote the restaurant industry, the three most important things for a successful enterprise are LOCATION, LOCATION, and LOCATION. You must find the best available spot in your area for selling trees. Nothing you do will substitute for a good location with high traffic flow and close proximity to good neighborhoods.

Choose a lot with very high visibility from major roads. Easy and safe entry and exit for your customers is important. A space of about 100' x 100' is a good sales area size. This should be enough space to handle about 1000 trees comfortably. If you plan to flock trees, you will need an additional protected space for working and temporary storage, as well as for supplies and equipment.

Allow room for 25 customer parking spaces, and a few additional spaces for your workers. You will need power, water, restrooms, lighting, signs, fences, garbage services, and covered areas for people and trees. If some of these are already on the site, it will save you work and rental money.

SELECTING TREES

SPECIES

Which species to offer depends on what sells best in your area and the amount you want to spend for stock. Different species have distinct characteristics.

Various areas of the United States and Canada grow diverse species and qualities of trees. Nova Scotia and the New England states grow Balsam fir. Balsam is a tree that holds up very well in cold climates but not in warm ones. It tends to be “loose,” or not very densely foliated.

New York and Pennsylvania grow several types of pine and some Douglas and Fraser fir. Pine keeps well in all climates but tends to be less attractive to most buyers than other species. Pine is also grown in the Great Lakes states. They keep very well but are often not as attractive to buyers as the softer, more fragrant firs.

Fraser fir, from the mountains of North Carolina, is very popular in areas that can afford its high price. The tree keeps well in both hot and cold climates, has a medium green color, and a medium density.

The Pacific Northwest grows all of the above-mentioned species. Northwest native trees such as Noble fir, Douglas-fir, and Grand fir account for the largest number of Christmas trees grown in Clackamas County. Oregon is the leading Christmas tree producer in the entire United States. All of the trees below are available from growers in the CCTMA.

Douglas-fir: The Northwest Douglas-fir is a beautiful tree with dense, green, soft, fragrant foliage. It keeps well in moderate to warm climates if handled correctly and can be sold in cold climates if handled with care. The quality of Douglas-fir grown in the colder states is often lower than those grown in its native area, the Pacific Northwest. The combination of dense foliage, beauty, fragrance and price is very hard to beat. Growers selling Douglas-fir are marketing plantation grown Douglas-fir. Naturally grown Douglas-fir is no longer harvested from forests.

Noble fir: This is the premium tree in the Northwest and a very good seller all over the West. Noble fir keeps the best of all the Christmas trees if handled properly. It has a pleasant fragrance and a beautiful green to blue-green color. The highest quality trees have fairly dense foliage. However, in some markets the statelier and “spacier” Noble fir is preferable. The less dense tree may also be marketed as an Alpine Noble fir.

Grand fir: Grand fir is a beautiful tree with fairly long, dark green, shiny needles, and a dense to very dense growth habit. Its wonderful fragrance is second to none! However, this is a more fragile tree and needs extra care during shipping and storage to ensure quality. Keep moist and out of the sun in hot, dry climates. Provide sun and wind protection in cold, harsh regions.

Pine and other species: Virtually every species of Christmas tree grown anywhere in the United States or Canada is also grown successfully in the Pacific Northwest and southern British Columbia. If you want a Scotch pine, Fraser fir, Nordman, Turkish, or Colorado Blue Spruce, we probably have it. Just consult with one of the growers from the CCTMA.

TREE QUALITY

Trees from the Pacific Northwest are usually sold as “#1’s and better” or as “#2’s”. Others may use terms such as “premium quality” or “farm best” grades. The definitions may or may not follow exactly the USDA grades so you should discuss quality with the grower. Visiting the farm and seeing the trees for yourself is always a wise practice.

Generally, a “#1 or better tree” will have a uniform density of foliage, a uniform color, a straight tapered shape and be free of serious defects. A #1 tree is allowed a defect in only one face, or quarter, of the tree. In layman’s terms, a tree is either perfect or so close to perfect that if you put the defect against the wall, the tree would appear perfect.

A #2 tree has some defects. A tree is graded #2 if it has sparser foliage on two adjoining sides/faces. It would look fine in a corner.

Quality also varies from region to region of the country. Over the phone, everyone grows “#1’s or better”. The most reliable way to check the quality of a grower’s product is to call other buyers who have purchased trees from that grower. The grower should be willing to give you names of former buyers. Northwest grown Christmas trees have a reputation for high quality that is unsurpassed in the nation. CHECK US OUT!

SIZE

Each Christmas tree grower seems to measure trees differently. Therefore, ask the grower how and when the tree is measured. No one way is right and the others wrong. You need to know how the measurements are made so you can make accurate comparisons between growers. Then you will know what you are actually going to get when you order a 7’ tree.

PRICES

The price charged for trees varies tremendously. If you order 500 trees a year, you will pay more per tree than someone who orders 50 truck loads per year. A grower who is nearly sold out may charge you more than a grower who has not sold many trees. Call several growers to ask about price. They recognize your legitimate concerns. However, if you purchase on price alone, look carefully at the quality and service you will be receiving.

QUANTITY

Only you can answer the question “How many trees can we sell?” and you can only answer it after Christmas. However, some rules of thumb might help.

It is highly unlikely you will sell more than 1000 trees in your first year. More commonly, people sell 400-800 trees in the first year and about double the second year.

The number of trees available for sale in your community will give you some basis for a decision. The number of choose-and-cut farms nearby will influence your decision. In our area, there are so many U-Cut Christmas tree farms it is difficult to sell 1000 trees. Pre-selling some of your trees takes some of the guesswork out of ordering.

On the other hand, do not overbuy. Too many trees left on the lot after Christmas is depressing to the spirits and the pocketbook. Disposal also becomes a problem. The amount you order really takes a “best guess.” Since people never buy down to the last tree, plan to have a few left. At the end of the season you may be able to wholesale your remaining trees to another lot.

Tree growers move trees by the truckload. A truckload of trees varies from 500 to 1000, depending on the tree and truck sizes. Your grower can give good advice here. If you do not need a whole truckload, sharing a truck will lower your costs considerably.

The quantity of each species to buy depends on what sells best in your area and how much you want to spend. However, ask about availability and suitability for your area and remember any species in short supply and high demand will be more expensive.

FINDING TREES

Christmas tree growers are happy to visit with you either by phone or in person. To answer your questions adequately, your conversation could be lengthy. Choose a reasonable time to call or visit.

Tree shearing takes place during the summer and early fall. Harvest begins in November. Most orders for trees are placed between March 1st and October 1st. To have the best selection, you should order as early as possible.

Questions you will want answered include species, size, and quality of the trees available. You should ask how many trees of each species are available and the cost per tree or per foot. Often the grower will ask for a down payment at the time of the order to hold your trees, with the remainder paid when the truck is loaded (sometimes a non-profit group may make other arrangements). Frequently, the grower asks for certified checks, especially from the first-time buyer.

Discuss shipping with your grower. Many of them have truckers they can call for shipping. Others ask that the buyer arrange the trucking. Generally the buyer pays the shipping. At the time you are placing your order, give a tentative date for receiving your trees. The grower can then schedule his harvest and loading times. Trucks are difficult to find if you wait too long. The trucks are usually unloaded by the buyer and his crew, another reason to schedule your shipping as early as possible.

To find a reputable grower, you may wish to have references from other buyers. The grower should be glad to provide a list for you to call. You might also ask how long the grower has been in the business. Experienced growers should be able to help you sort out questions and interpret the answers if you don't understand. Don't be embarrassed to ask questions. A reputable grower will give you straight answers.

Choose species, size, and quality that will sell in your area. Consider size and type of housing, and size and type of families living in your area – singles, childless couples, older people, mobile homes, condominiums, small apartments, large homes, homes with cathedral ceilings, etc.

ADVERTISING

Plan an advertising campaign. It should be frequent, consistent, insistent and appealing. Investigate each of the mediums available to you – television, radio, newspapers, reader boards, flyers, billboards, banners, and internet. Talk to others about the effectiveness of each method. Do your investigation early. Time your campaign carefully. Often non-profit organizations can arrange free advertising for money makers if you ask the right person. Occasionally you can add flyers to utility bills, bank statements, newspapers, inserts, etc.

If you have earmarked your proceeds, tell others about it. Scholarships, campships, and community projects all elicit positive responses from buyers.

SETTING UP THE LOT

WHEN

Many lots open the first weekend after Thanksgiving. However, if you wait until the first weekend in December, you will need less labor and your customers will have fresher trees. Advertise early and often, emphasizing your trees are the FRESHEST.

FENCING

Put the fence up early and put advertising on it. This is a good place for your organization's sign and logo. Create a single entrance/exit for your lot past the cash register.

DISPLAYING TREES

Trees standing in a rack without water dry out more quickly than you may realize. Therefore, it is better to display as few trees as possible but in an interesting arrangement, restocking the area frequently. If possible, stand the trees in water while on display. Maybe you can add a sideline business – selling stands with adequate water reservoirs. Leave the major portion of the trees in a protected area out of the sun and wind. Proper care of your trees can make a big difference in repeat customer satisfaction and should not be taken lightly.

You can direct traffic on the lot by organizing it carefully. Giving the lot the atmosphere of a “forest” might be a good play. Islands of trees, rather than long rows, could be a more interesting display. The islands could be staggered so the customer winds through the trees. Keep areas facing the street full of trees as the season progresses. Make it look as if you have lots of variety. Place a few lower quality trees near the entrance so your customers have something for comparison.

GROUND COVER

If the area will become muddy with trampling feet, provide some kind of ground cover. It is much more pleasant to walk on bark chips, sawdust, or gravel (get owner approval before adding material to the site).

LIGHTING

Make the lighting attractive as well as useful. You need general area light to see and several spotlights in appropriate places high enough not to shine in customers' eyes or be disruptive to traffic or neighbors. Christmas tree lights can be strung overhead along the display aisles to add to the Christmas spirit. You may need several heavy-duty extension cords. Be sure to keep all cords away from walkways to prevent accidents. Also, clean up baling twine and limbs immediately.

SHELTER FOR PEOPLE

It will be cold and often wet on the lot. You might provide coffee, snacks, and a place to get out of the weather for the workers (a camper, trailer, or small building might be used). In some areas you may need someone to stay all night for security reasons.

SHELTER FOR TREES

Some kind of shelter from the wind and sun will protect your trees from drying out. Cover the trees with a light colored tarp, shade cloth, or place them under a roof. Keep them damp, sprinkling at least once a day with water in warmer climates. Good tree care makes for happy customers.

SIGNS

Provide large identification signs for your lot indicating the sponsoring organization. These will need to be waterproofed.

Prominent signs denoting species and price prevent customers from being disappointed after they have selected their tree. Signs placed where extra trees are stocked is helpful to uninitiated sales people.

SUPPLIES

You will need a saw, pruning shears, or loppers for trimming branches or cutting off trunks of trees for customers. Choose a small chainsaw for quick work (electric chainsaws provide instant cutting power). Carry a pocketknife for cutting twine. Include the following in your supplies: pens, markers, cards, stapler, tape, scotch tape, tags, receipts book, and measuring stick for sizing and pricing trees, as well as a cord or rope to tie trees to customers' cars.

You will need a cashbox. Have adequate change for customers, but don't leave a large amount of cash in the box. Arrange for cash pickup each day to protect your hard earned sales. You may also want to consider electronic payment options such as Visa.

Arrange to have trash barrels available. People tend to use the barrels if they are convenient. It's easier to keep the area clean than to get it clean.

The first year you will have a high overhead for equipment and supplies so it's wise to think through the project with an eye toward continuing for several years.

PRICING

Essentially you should double your costs if you are going to make any money. If the tree costs you \$3/ft, you should charge \$6/ft. That should cover the entire overhead as well as provide you with some profit. Specialty trees of large sizes will be more expensive. Generally, people are more willing to pay higher prices for trees when the proceeds will benefit a non-profit service organization.

Each tree should be tagged with the price to make it easier for the sales people. Have tags attached tightly as some customers may switch the tags. Have some inexpensive trees at the front of the lot and the nicer trees near the back for the customer to use for comparison. Some people prefer the less expensive trees.

SALES PROMOTIONS

Various sales promotions can go a long way toward boosting tree sales. Some ideas are:

- Well placed gift certificates in the hands of the Community Action Center or charities, to give to those families who cannot afford a tree. (Advertise that fact.)
- “Care for your tree” tags/brochures
- Refreshments – free or for sale
- Flashing Christmas tree light strings
- Stands & ornaments to buy
- Wreaths & Garlands
- Place the tree in the stand, especially for older folks and apartment dwellers
- Tree Delivery
- Pick up after Christmas
- Chipping trees
- Fireproofing (some cities require this)
- Flocking

SCHEDULING

Most sales will occur after school during the week, and after 10:00 a.m. on the weekends. Plan your sales times with that in mind.

Arrange to have enough sales people around, but not so many that they overwhelm your customers. Overlap the work schedules to allow new sales staff to learn the important business of the day from those going off duty.

POST SEASON CLOSE DOWN

Plan to clean up immediately. Return the lot to original condition or better. There is an advantage to returning to the same lot year after year, and leaving the lot in excellent condition will help ensure you get the space again for the next season.

- Pay your bills
- Count your money

CHECKLIST FOR A CHRISTMAS TREE LOT

- CHECK YOUR COMPETITION
 - ___ How many lots were (are) there in the area?
 - ___ Where are (were) those lots?
 - ___ How close to you?
 - ___ What types of trees were sold on these lots (species, size, quality, cost)
 - ___ Did they have a sales promotion, refreshments, giveaways, etc.?
 - ___ Is there room for another lot in your area?
 - ___ What is the potential sales estimate?

- LOT LOCATION
 - ___ Access from major, well-traveled street or highway?
 - ___ Easy to reach and get in/out of?
 - ___ Good visibility from the street?
 - ___ Adequate parking?
 - ___ Safe parking so children do not cross a right of way?
 - ___ Good lighting, or can you enhance it?

- SPACE CONSIDERATIONS
 - ___ Room to display trees to good advantage, preferably on or in stands?
 - ___ Room for customers to roam through the display?
 - ___ Space for storage and flocking of trees?
 - ___ Storage of additional trees?

- FENCING
 - ___ What type would be best for you? Chain link, chicken wire, or something else?
 - ___ Can you rent or must you buy?
 - ___ How will it be put up? Posts, wire, nails, etc.?
 - ___ What will it cost?
 - ___ Do you have permission from landowner to do what you plan to do?

- UTILITIES
 - ___ Access to electricity and water?
 - ___ How much will it cost to hook up?
 - ___ How much lead time do you need?
 - ___ Do you need a deposit, how much?

- GROUND COVERING
 - ___ Get permission to apply bark dust, gravel & landscape cloth, etc.

- PERMITS
 - ___ What do you need and what is the cost?
 - ___ Business license?
 - ___ Utility permits?
 - ___ Sales tax?
 - ___ Cleanup bond?
 - ___ Liability insurance coverage?
 - ___ Workers' comp?

- BUYING TREES
 - ___ What species do you want?
 - ___ What sizes do you need?
 - ___ What quality do you want?
 - ___ How many do you want?

- FINDING A GROWER
 - ___ Will he/she give dependable service?
 - ___ Quality trees with good selection?
 - ___ What will be the type and method of payment? (up-front, halfway, or end of the season?)
 - ___ Need for certified check?
 - ___ Down payment?
 - ___ PayPal?

- TRANSPORTATION
 - ___ Who will arrange trucking of the trees?
 - ___ Payment of trucker?
 - ___ How much lead time?
 - ___ When will they be delivered?

- ADVERTISING
 - ___ Timing, quality, type?
 - ___ What kind works best in your area? Radio, TV, billboards, newspapers, flyers, banners, internet?
 - ___ How far in advance do you need to be ready?
 - ___ What is the cost?
 - ___ Check for free adverting, such as group mailers in bank statements and utility bills.

- SETTING UP THE LOT
 - When will you open?
 - What will the lot look like?
 - How will you display the trees?
 - Is there room for flocking?
 - What kind of shelter is there for trees and employees?
 - Do you need ground covering?
 - Where will people park?
 - How will you hook up to utilities?
 - How will you secure the trees?

Notes: