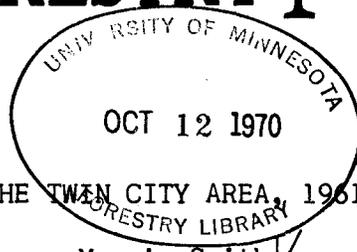


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CHRISTMAS TREE RETAIL LOT SALES IN THE TWIN CITY AREA, 1961

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Indications are that the market supply for the principal Christmas tree species sold in the St. Paul-Minneapolis metropolitan area in 1961 exceeded demand by more than the "normal" amount.² This fact draws attention to a major problem which Christmas tree growers and retail lot operators will have to contend with in the years ahead. Minnesota plantation grown trees are coming to marketable size at a rate exceeding the growth in the Twin Cities consumption. This situation would appear to be reflected in the results of a study of Christmas tree lot operations in the 1961 season in Minneapolis, St. Paul and surrounding suburbs.

The School of Forestry, in cooperation with the Agricultural Extension Service, contacted 310 licensed Christmas tree retailers in this market area with a mail questionnaire relating to their 1961 sales experience. Slightly more than 45% (143) of those contacted replied. Reporting lot operators accounted for sales of more than 134,000 trees.

An overall increase from 11% of trees reported purchased but unsold in 1960³ to 16% in 1961 appears to indicate that either (1) new market areas must be found for some suppliers of trees, or (2) more marketable size trees will have to be left on the stump to yield other products. Clearly, the relative advantage for growers in a situation of this type accrues to those with quality trees, i.e. trees that have been correctly cultured.

Data on unsold trees by species are summarized in Table 1. Only the Norway pine supply appears to have remained stable with respect to 1961 market requirements when compared to 1960 results.

Table 1. Percentage of Trees Report Unsold by Species (1960 and 1961)

Species	% of Trees Unsold	
	1960	1961
Balsam fir	11	17
Spruce	14	23
Norway pine	13	13
Scotch pine	6	13
All species	11	16

A comparison with 1960 indicates that species acceptance by consumers has remained relatively unchanged for at least the past two years. Balsam fir and Norway pine, combined, continued to account for over 70% of all trees sold (See Fig. 1).

About 80% of all trees purchased were grown within Minnesota. Substantial increases by Minnesota sources in supplying balsam fir and Scotch pine are shown in Figure 2. In the

case of balsam fir, this gain was made primarily at the expense of Wisconsin sources, while for Scotch pine more distant suppliers were less frequent.

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² The trade generally considers 10% to be a normal surplus of trees in this market area.

³ Skok, R. A., M. Smith and H. L. Hansen, 1961. "Christmas tree sales in the Twin City Area, 1960". Minnesota Forestry Notes No. 111, October 15, 1961.

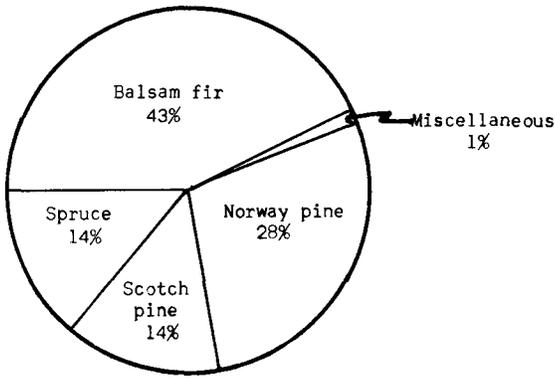


Figure 1. Percent of Christmas Tree Sales by Species, 1961

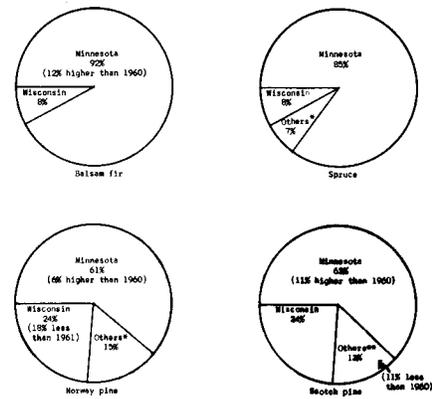


Figure 2. Source of Trees Purchased by Retail Lot Operators, 1961.
* Principally Canada
** Principally Canada and Michigan

Most purchase arrangements were concluded by lot operators during the August to November period as shown in Figure 3. Scotch pine purchase agreements tended to lead those for other species and spruce purchases to lag considerably behind the other three species. In all cases, trees were most likely to have been bought "delivered to the lot" by lot operators. Only Norway pine was found to have been purchased to any extent "on the stump" by retailers.

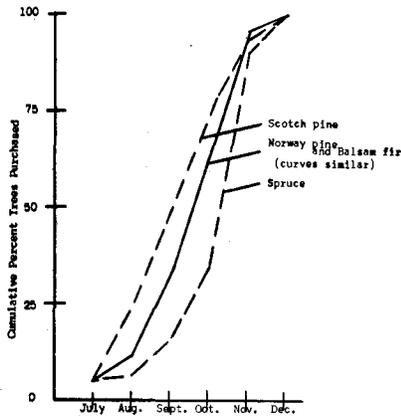


Figure 3. Month of Purchase of Species, 1961.

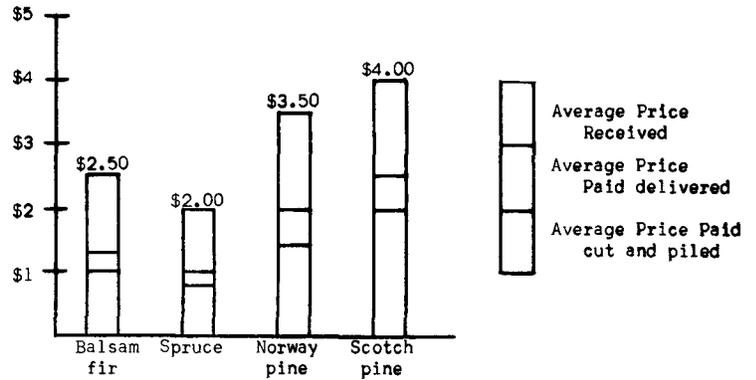


Figure 4. Reported Median Lot Average Prices for 6-8' Christmas Trees, 1961.

As indicated in Figure 4 and Table 2, the pines were the most expensive trees for retailers to purchase, but they also commanded the highest dollar margins from the consumers. Some weakening in prices received for balsam fir and spruce were noted in comparisons with 1960 data. This is, undoubtedly, a result of the oversupply reflected in the high proportion of unsold trees for these two species as noted above. Prices shown for pine were largely unchanged from those reported for 1960.

Table 2. Range of Reported High and Low Retail Prices for 6-8' Trees, 1961.*

Species	High	Low	Median Lot	
			High	Low
Balsam fir	\$2.50-8.00	\$0.50-2.50	\$4.00	\$1.35
Spruce	1.00-6.00	0.50-3.00	3.00	1.00
Norway pine	2.50-8.00	0.75-4.00	5.00	2.50
Scotch pine	3.50-10.00	1.00-5.00	6.00	3.00

* These ranges include 90% of the reported values thus removing extreme observations. Some of the variation in price range was undoubtedly due to quality differences in the trees.

stores. The low quality of trees received by operators was another common complaint (25%). The frequency of this comment indicates that too many non-saleable trees were reaching the retail lots. In future market periods both growers and buyers should take steps to reduce this inflow of inferior quality material. Wider use of the U. S. grading standards for Christmas trees would be a useful step in this direction.

Nearly half (64) of the reporting lot operators reported selling some flocked trees in 1961. Fourteen of these indicated this was their first year of marketing this product while another seven reported that they had discontinued handling this line of product in 1961.

The most frequent comment offered by retail lot operators (29%) was the complaint of excessive sales competition resulting from either too many lots in an area or the sale of trees at "discount" or as "loss leaders" by some