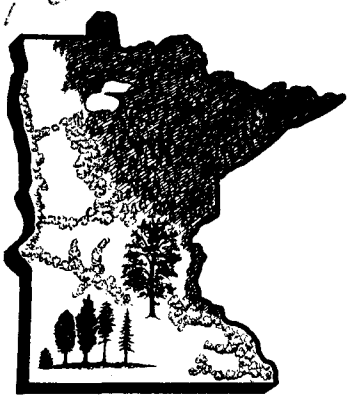

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SOME OBSERVATIONS ON ARTIFICIAL CHRISTMAS TREES: U.S. PRODUCTION AND MARKETING IN MINNESOTA

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The plastic and metal artificial Christmas trees are becoming an increasingly common decoration on the American scene. Despite the fact that this decorative tree form has had an appreciable substitution impact on the natural Christmas tree market, relatively little is known about the artificial tree industry. To obtain greater knowledge of this industry, a study was conducted jointly by the School of Forestry and the Agricultural Extension Service in 1965. The results reported herein are based on 1964 Christmas season data reported by certain of the retail and production firms of this industry.

Twenty-one artificial tree producers in the United States were identified and contacted with a mail questionnaire. Three-fourths of the group (76 per cent) completed and returned questionnaires. Another questionnaire was mailed to all 104 "general" and "drug" retail firms from the St. Paul-Minneapolis-Duluth metropolitan areas of Minnesota employing twenty-five or more persons. A 65 per cent reply was obtained from these firms.

National Producers

The artificial Christmas tree industry can be characterized as relatively young. Only 14 per cent of the firms reporting 1964 production were producing trees prior to 1955. Of the remainder a majority had started to manufacture artificial trees since 1959. Diversification of product is a characteristic of most firms. Over 57 per cent of the reporting producers manufactured both plastic and metal trees, 29 per cent only metal trees, while 14 per cent produced only plastic trees.

The number of trees manufactured by eight artificial tree producers reporting trend data more than doubled over the period 1960 to 1964 (Table 1). Their total output in 1964 was 1.1 million trees.

Table 1

Reported Industry Production Trends, 1960-1964

	Metal Trees		Plastic Trees		Total Trees	
	Sales No.	Change over previous year (%)	Sales No.	Change over previous year (%)	Sales No.	Change over previous year (%)
1964	914,000	+4.5	220,000	+20.9	1,134,000	+7.4
1963	874,500	-19.6	182,000	+136.4	1,056,000	+9.3
1962	1,087,400	+72.9	77,000	+51.0	1,164,400	+71.5
1961	628,800	+40.2	51,000	+25.9	679,000	+38.8
1960	448,500		40,500		489,000	
No. firms	7		4		8	

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Production varied widely among individual firms, ranging from 4,000 to 475,000 trees with the median firm producing 120,000 trees. Producers indicated a greater fluctuation from year to year in the manufacture of plastic trees than of metal trees over this period. Metal tree production doubled while plastic tree output showed more than a five-fold increase over this period for reporting firms.

Artificial tree producers stated that almost 80 per cent of their products were sold directly to retailers with the balance to wholesalers and ultimate consumers. It was further reported that their most important sales outlets were located in the Midwest and the Northeast.

To the extent that the data in Table 1 reflect trends for the total manufacturing of artificial trees, a leveling off of production has occurred within the past two or three years. This was accompanied by an adjustment within the industry whereby plastic trees have been substituting for metal trees. Producers, however, did not anticipate the production stability of the period 1962 to 1964 to be a continuing trend. It was their judgement that total production would increase approximately 17 per cent between 1965 and 1970. In this period production of metal trees and plastic trees would rise approximately 15 per cent and 27 per cent, respectively.

Minnesota Metropolitan Retailers

Growth of the retail segment of the artificial Christmas tree industry in the metropolitan areas studied has approximately paralleled growth in manufacturing. Among the retailers who reported sales of artificial trees in 1964, only 14 per cent were selling this item prior to 1955. The majority of retail firms began to merchandise artificial trees during or after 1960. In 1964 only 21 per cent of these responding retailers sold just plastic trees and 5 per cent sold only metal trees. Three-fourths of the retailers sold both metal and plastic trees.

The 1964 sales of artificial trees by metropolitan retailers who replied were nearly two and one-half times their corresponding level in 1960. Retailers reported metal tree sales growth averaged 28 per cent yearly while plastic tree sales growth averaged about 41 per cent over the same 1960 to 1964 period. The slower growth in metal tree sales was presumed to be the result of a substitution effect wherein consumer preference was shifting toward larger and more "natural" looking plastic trees.

Table 2 shows the average prices received for artificial trees and the proportion of total sales in each size class as reported by Minnesota metropolitan area retailers for 1964. Prices received for artificial trees exhibited substantial ranges with an extreme price range of $45 in the case of the "Over 6 ft." class of plastic tree.

Table 2

Average Prices and Proportion of Metropolitan Area Retail Trees Sold by Size Class, 1964

	Less than 3 ft. Class			3 to 6 ft. Class			Over 6 ft. Class		
	Average Price	Trees		Average Price	Trees		Average Price	Trees	
		%	No.		%	No.		%	No.
Metal Trees	$2.77	11.3	237	$6.60	54.3	1,140	$12.48	34.4	723
Plastic Trees	2.95	10.9	293	8.47	61.1	1,650	18.37	28.0	747
Both	----	35.0	70	----	27.5	55	-----	37.5	75
	$2.86	12.0	600	$7.59	56.9	2,845	$15.54	31.1	1,545

Such a range indicates a correspondingly wide choice of styles and quality levels of artificial trees available for consumer selection. The table also shows that trees of more than three feet in height accounted for almost 90 per cent of the metropolitan area retail sales with the smaller, "table-top " tree being relatively unimportant.

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