



**You Want to
Add Something
New to Your
Christmas
Tree Farm.**

What's Next?

Uncertainty surrounding the COVID-19 pandemic has shaken up consumer markets, with few agribusinesses operating the way they traditionally conduct business. Indeed, the ongoing turmoil has fostered interest in niche opportunities. The shakeup in agriculture is different for each supply chain, meaning there is no “one-size fits all” protocol to assess the potential for new markets. For example, the outdoor activities offered by agritourism firms gained popularity over the growing season. Similarly, consumer interest in gardening and local foods also experienced an increase in demand. This interest has led smaller-scale producers to be especially interested in diversifying their product offerings – leading to geographic diversity of once-concentrated industries.

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Christmas tree producers are not exempt from this year's dramatic swings in the market. In this article, we use data from the recently launched MSU Horticulture Demand Survey to discuss three key considerations for developing revenue streams that might be complementary to your Christmas tree business. In late November 2020, we asked 973 U.S. households to reflect on how their plans to decorate for the holidays this year have been altered by COVID-19. We plan to conduct a version of this survey each year to track consumer spending patterns, helping Michigan State University Extension answer consumer-focused questions more rapidly.

Clearly Define your Target Market

Who is going to buy what you are thinking of selling? We cannot overemphasize the importance of understanding your target market. Can you precisely describe the geographics, demographics, and psychographics of your consumer? In addition, do you understand the products that your target market willingly substitutes and complements your Christmas tree with? Without understanding the core relationships between related products, it is quite easy to overstate the possible size of your new market.

Lack of data is a critical obstacle to assessing niche crop opportunities, creating a need for primary data methods for demand assessment. New media like Twitter, Instagram, and Facebook offers you a low-cost opportunity to engage with your customers more directly and personally than ever before. Your new media followers are an important resource for collecting data to understand new opportunities. Indeed, new media helps you collect data on how customers engage with your brand, allowing you to easily develop two-way relationships with your customers. Using questions or poll features on social media sites allows you to interact while also gaining useful feedback. Make sure your questions are specific and simple. For example, while we were developing the Horticulture Demand Survey, we wanted to get a quick range of how much consumers spend on holiday decorating each year. We simply asked our Twitter audience and had 123 responses in 24 hours.



You can also build relationships and gather feedback by tagging and engaging relevant influencers and businesses. Remember, the partnership works best if you share similar target markets. For example, floral and ornamental companies might benefit by interacting with a local wedding photographer as both businesses share similar target customers. Collaborating with other social media accounts can be mutually beneficial as the relationship can increase each other's exposure. Again, it is crucial to make sure your collaborator has the target audience you want. Analytical tools such as Buffer can help compare the audience of your potential collaborator.

Another idea for building relationships and gathering feedback from your target market might be to include a giveaway, coupon code, or contest. Giveaway contests are a great way to increase traffic. For example, maybe offer a unique Christmas ornament to customers who tag your business on their social media platforms. Be sure to include a clear request like asking your audience to follow your page, tag friends, or write a fun caption to your post.

As an example, consider the decorating items most common to real Christmas tree buyers. In our Horticulture Demand Survey, we asked households who are planning to decorate for Christmas this year how they decorated their home last year to better understand what this year's purchasing decisions may be like. Roughly 8% of participants that are planning on decorating this year did not decorate in 2019, suggesting a potential increase in demand for Christmas trees and decorations this year. Of the households that did decorate in 2019, 93% decorated the inside of their home and 57% decorated the outside of their home. The most commonly purchased decorations included lights (72%) and indoor decorations such as craft signs (66%). Interestingly, artificial Christmas trees, garland, and wreaths were purchased by a greater percentage of households than fresh products. In 2020, however, we could see a shift in demand towards fresh cut trees, garland, and wreaths given the increased demand for agritourism. Of the 461 households in our sample planning to purchase a Christmas tree this year, over 60% stated they were planning to purchase either a fresh cut tree or a live tree in a container. Further, of the households planning to purchase a live cut tree this year (231 households), 8% stated that this would be their first time.

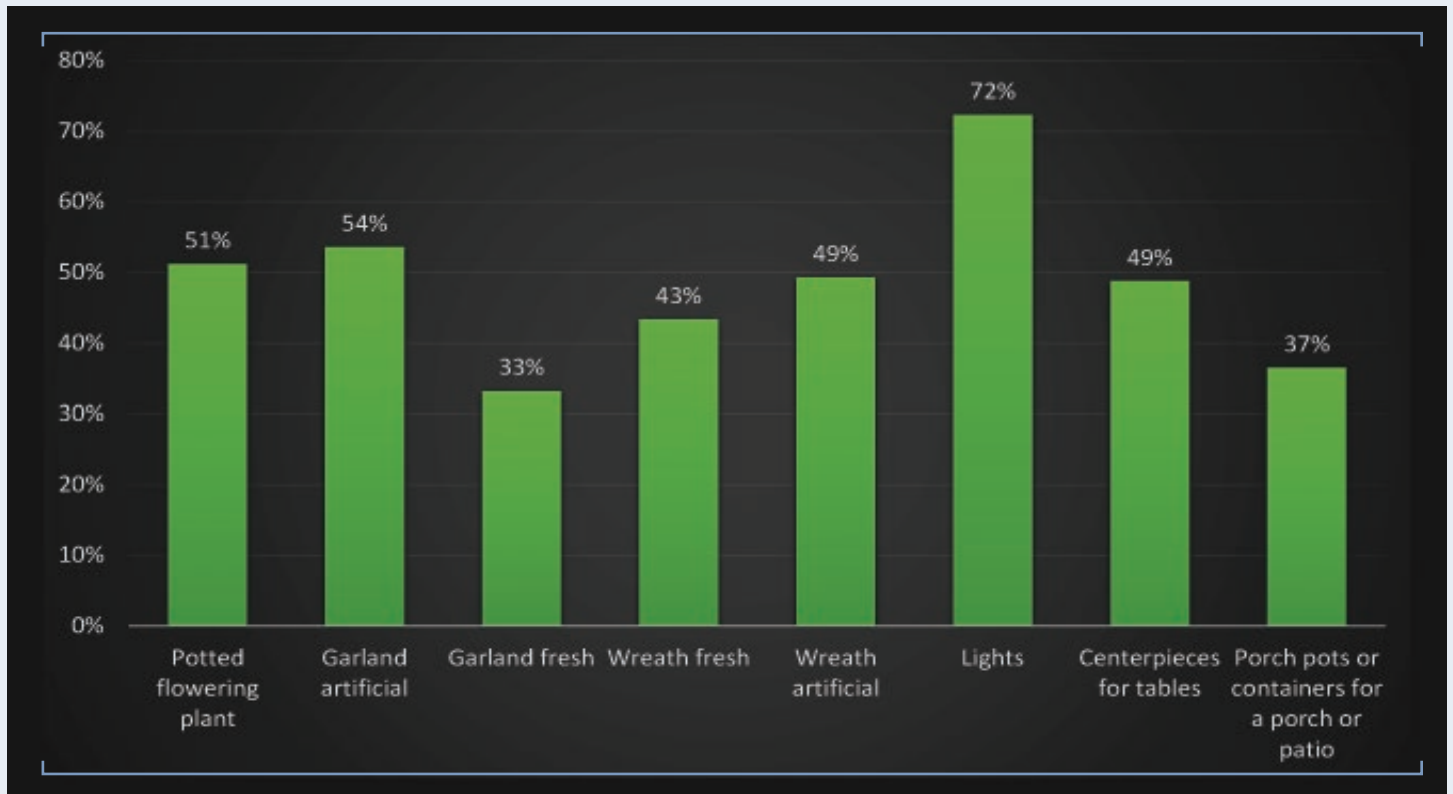
Execute Your Strategy

Only once you've done your due diligence should you implement your strategy. Consider this past holiday season when it was especially important to consider your customers' health and safety concerns. Our consumer demand research suggests that people who decorate for the holidays were also significantly concerned about contracting COVID-19. While over 70% of participants generally agreed that they tried to avoid being in crowds and did not like being around people who do not wear face masks, roughly half were reluctant to go shopping in-person.

Reassess and Repeat the Process

If you choose to move forward with a new venture, be sure to set measurable goals for assessing a successful outcome. Was the primary goal to increase traffic at your farm? Or were you hoping that you might be able to increase the expenditures of customers who were already visiting your operation each year? Our experiences with COVID-19 emphasize how drastically agricultural markets can change, so be especially sure to collect data in a way that enables you to compare your successes and failures each year.

Figure 2: Of the households who decorated for the Holidays in 2019, lights were the most commonly purchased item, followed by artificial garland.



Note: Responses (N=890) to the question, "What decorations did you purchase in 2019?"

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Our survey results suggest that, on average, consumers will spend approximately \$20 less on Christmas decorations this year than last year, which could be driven by financial insecurity, less in-person shopping, and/or smaller gatherings. Indeed, consumers are also planning on attending half the number of Christmas-oriented live events (concerts, theater performance, etc.) and parties this year compared with last year.

This article provides some insight about moving the conversation from can you do something on your operation to should you do something on your operation. By thinking ahead and “doing your homework,” you might be able to avoid expensive mistakes. To recap, make sure you:

1. Clearly define your target market, being as specific as possible with who you are trying to reach.

2. Execute your strategy, anticipating the need for flexibility in your implementation.
3. Reassess your market analysis and repeat the process with an eye on the next season.

As an additional check to be sure you are moving in the right direction, keep in mind the support systems provided by Extension specialists across the country who would be thrilled to talk with you about the costs and benefits associated with new markets. As an example, the MSU College of Agriculture and Natural Resources recently launched a monthly survey platform to focus on grower marketing concerns.▲



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