

PRICING YOUR CHRISTMAS TREES TO MAXIMIZE PROFITS

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CTFANY Summer Meeting

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DON'T BREAK ANTITRUST LAWS

Set prices on your own



Price Fixing

CHRISTMAS TREE PRICING ANALYSIS

1 Breakeven
Point
Analysis

2 Market Price
Analysis

3 Unique
Selling
Proposition

#1

BREAKEVEN POINT ANALYSIS

FIXED COSTS VS VARIABLE COSTS

Fixed Costs	Variable Costs
Remain same regardless of number of trees sold	Change based on number of trees sold

- Mortgage Payment; Land Rent; Property Taxes
- Equipment Payments; Interest; Insurance
- Fertilizer; Herbicides; Seedlings

- Harvest Labor
- Advertising
- Other Harvest Expenses

BREAKEVEN POINT CALCULATION

Two Ways

By # of Trees

Fixed Costs

**(Avg Sale Price Tree –
Variable Costs Tree)**

By Revenue

Fixed Costs

**((Avg Sale Price Tree –
Variable Costs Tree)/ Avg
Sale Price Per Unit)**

BREAKEVEN POINT EXAMPLE



Fred Fraser is a Christmas tree grower with the following income and costs:

Average price per tree: \$75

Fixed Costs	Variable Costs
Mortgage: \$25,000	Harvest Expenses: \$5/tree
Property Taxes: \$5,000	Advertising: \$1/tree
Equipment Payments: \$2,500	
Fertilizer/Herbicides: \$10,000	
Repairs: \$25,000	
Shearing Labor: \$12,500	
Total: \$80,000	Total: \$6 / tree

BREAKEVEN POINT CALCULATION

Two Ways

By # of Trees

$$\begin{array}{r} \$80,000 \\ \hline (\$75 - \$6) \\ = \\ 1,159 \text{ trees} \end{array}$$



*Fred must sell **1,159 trees** to breakeven on his yearly expenses*

By Revenue

$$\begin{array}{r} \$80,000 \\ \hline (\$75 - \$6) / \$75 \\ = \\ \$86,957 \end{array}$$



*Fred must make **\$87K in revenue** to breakeven on his yearly expenses*

#2

MARKET PRICE ANALYSIS

WHO ARE YOUR COMPETITORS?



PERFORM A MARKET PRICE ANALYSIS

	Your Farm	Farm #1	Farm #2	Farm #3
How are trees priced?				
Species Sold				
Prices				
Extras				

HOW DO YOUR PRICES COMPARE?



Under-Market

- Consider raising prices
- Do you need to offer any additional services?



At-Market

- Look for ways to differentiate your farm to raise prices further
- Craft a Unique Selling Proposition (more on this later!)



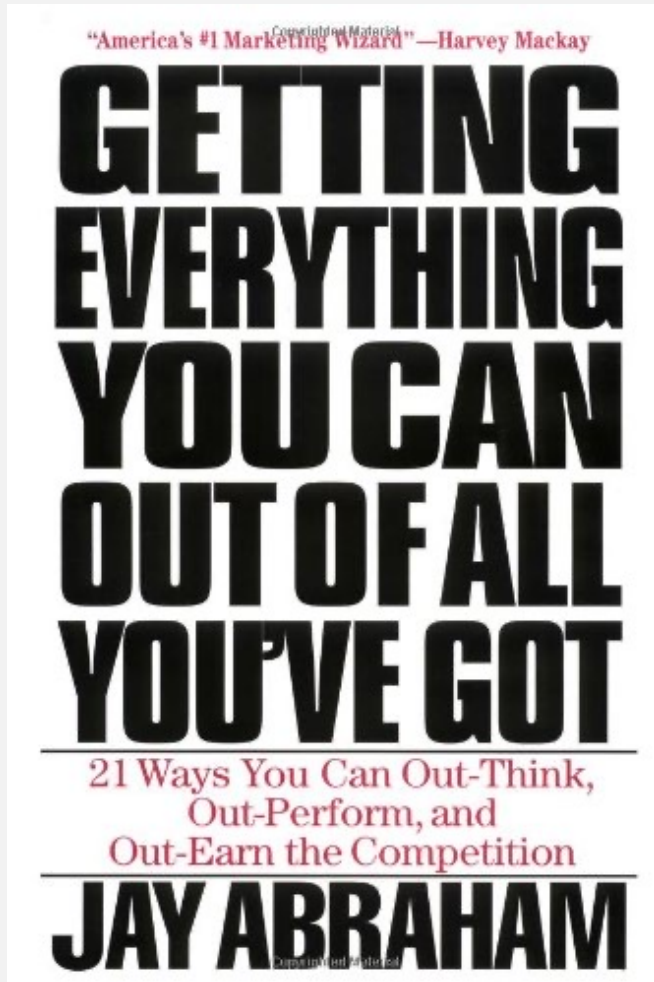
Above-Market

- Can you justify your higher prices?

#3

UNIQUE SELLING PROPOSITION

WHAT IS A UNIQUE SELLING PROPOSITION?



- A statement about what your farm does that provides your customers with a result or **advantage superior to the competition's.**
- **“Why”** customers should choose to buy their Christmas tree from you over another Christmas tree farm, tree lot, or big box store.
- Or for wholesale growers - **“Why”** a retailer chooses to purchase their Christmas tree inventory from you rather than from another wholesaler.

ADVANTAGES OF HAVING A USP



USP EXAMPLES



**30 minutes
or it's free!**



**We're In
Business To
Save Our
Home Planet.**



A “hassle-free, authentic Christmas experience” by “delivering fresh-cut Christmas trees from local farms right to your door”

HOW TO CREATE A USP

Step 1:

Identify what your customers want the most.

- Family experience?
- Tree Selection?
- Convenient Location?

Step 2:

Position your farm as providing a unique benefit (differentiation).

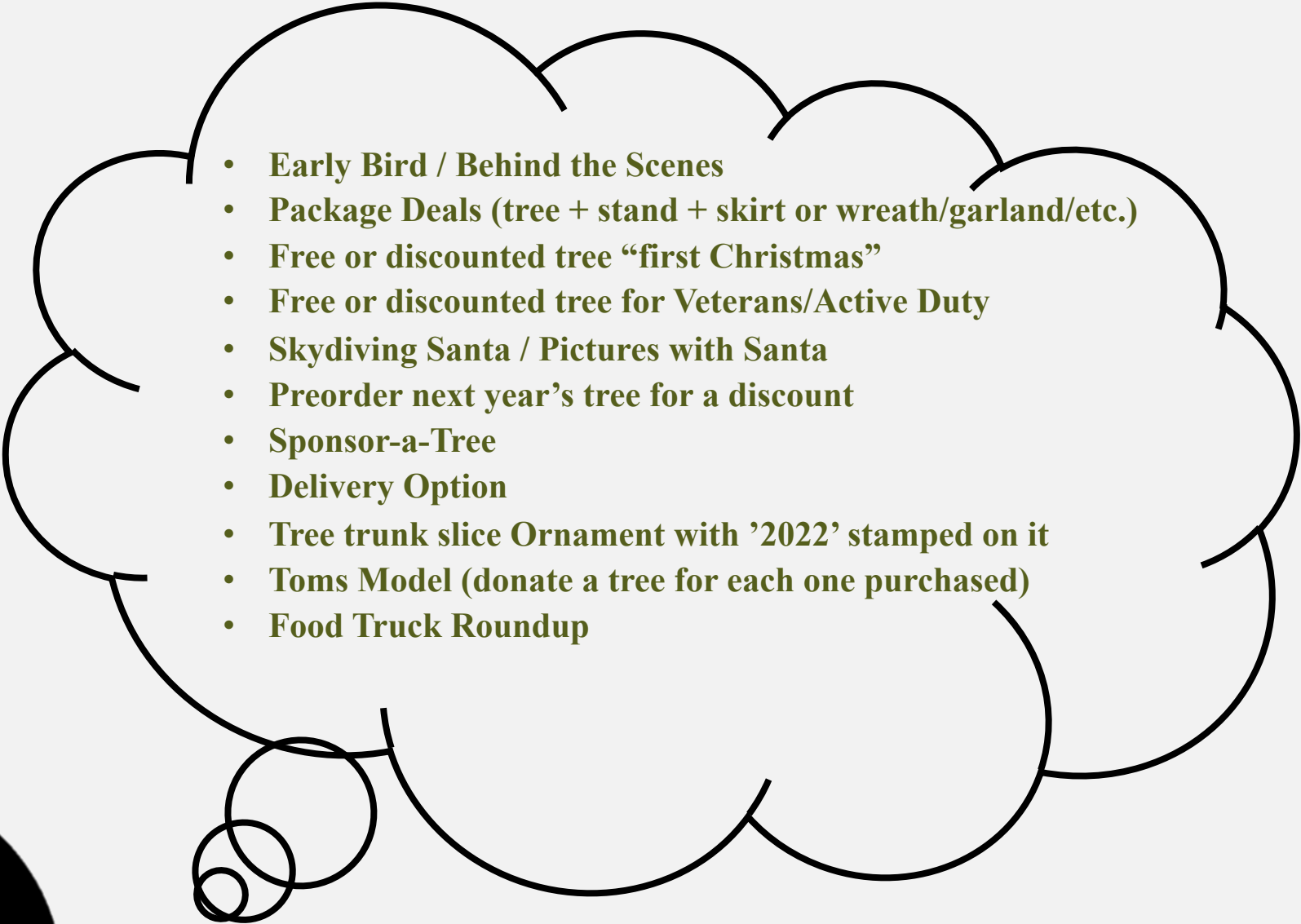
- Location?
- Tree Variety?
- Additional Activities?
- Amenities?
- Guarantee?
- Lowest Price?

Step 3:

Create a crisp, clear statement that promises the most you could possibly offer.

- "Elevator Pitch"
- Quick
- Concise

DIFFERENTIATION IDEAS

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- **Early Bird / Behind the Scenes**
 - **Package Deals (tree + stand + skirt or wreath/garland/etc.)**
 - **Free or discounted tree “first Christmas”**
 - **Free or discounted tree for Veterans/Active Duty**
 - **Skydiving Santa / Pictures with Santa**
 - **Preorder next year’s tree for a discount**
 - **Sponsor-a-Tree**
 - **Delivery Option**
 - **Tree trunk slice Ornament with '2022' stamped on it**
 - **Toms Model (donate a tree for each one purchased)**
 - **Food Truck Roundup**