

# Marketing Proposal for Seven Oaks Farm



# Background

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William Bohnert settled in Southern Oregon's scenic Rogue Valley and started a family in 1884. He raised six children, many of whom stayed in the area to farm. His youngest son, John, purchased Seven Oaks Farm in 1934. Now in its fifth generation, Seven Oaks Farm is known for its legendary sweet corn, fresh produce, hay, cattle, and fall harvest events.

This 120-acre farm produces over 65 different crops, including a broad array of vegetables, fruits, and flowers, as well as locally produced honey and salsa. The farm offers activities for all ages ranging from canning demonstrations, a petting zoo, herb- garden, and school tours. During the popular harvest fair festivities, the cornstalk maze and hay rides beckon visitors as they select the perfect pumpkin or stroll on the garden paths. Produce is sold through a direct-marketing system via the country store from the end of July to the first of November. Employees include three generations of family members, two full-time staff and eight part-time produce stand workers.

Business has continued to grow, but with an eye towards the future, farm management sought out Gold Star Marketing to create a marketing plan to further increase profits and offer additional product flexibility in this challenging economic environment.

## I. Analysis of Market

### A. Buyer Profile and Behavior

Based on Gold Star Marketing research, convenience and customer service are the primary factors driving Christmas tree sales. The potential buyer lives nearby, works fulltime, shops weekends, and raises a family. Women most often make this purchasing decision, accompanied by other family members. Household income ranges from \$30,000 to \$80,000. Buyers believe in supporting sustainable agriculture and buying local products.

### B. Competitor Strengths and Weaknesses

#### 1. Local tree farms: Yuletide Trees and Gutches Tree Farm

Upon visiting the two tree farms within the county, we discovered they offer the experience of hunting down and cutting the perfect tree among the acres of options. Most trees were priced at \$20 each. Yuletide Trees also offered complementary hot drinks and loading assistance. These tree farms' weaknesses included hard-to-reach locations, poor advertising, and limited facilities. Their tree selection was limited to Scotch Pines and some Douglas Firs at higher elevations, and owners closed down when they met their seasonal 250-tree sales goal.

## **2. Tree lots**

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We visited twelve local tree lots in 2011. Many lots were conveniently located near urban areas, open daily for thirty days before Christmas and well into the evening. Their tree selection varied more widely than that of the tree farms, but trees were often priced significantly higher, averaging \$45. Tree lots suffer from a lack of name recognition, the transitory nature of their location, and generally weak customer service.

## **3. Cutting a family tree in the forest**

For a \$5 permit, a family may drive an hour or more into the nearby forest to hunt for their family tree. This adventure provides a memorable experience but may be affected by poor weather, the need for chains, the distance, and the price of gas. The Forestry Service estimates 8,000 permits are issued annually.<sup>1</sup>

## **4. Artificial tree**

Buyers who prefer an artificial tree are rarely swayed by the lure of a fresh-cut option. Although an artificial tree averages \$78, some consumers prefer the convenience.<sup>2</sup> However, over 85% of artificial trees are produced in China and do not decompose in landfills at the end of their average seven-year life.<sup>3</sup>

## **C. Product/Firm's Strengths and Weaknesses**

Customer service, family atmosphere, and impressive brand loyalty are Seven Oaks' greatest strengths. With over 4,000 customers recorded as Facebook fans, a loyal buyer base gleaned from summer produce sales already exists. Their ideal location, with freeway visibility and easy access, is a significant advantage. Extensive parking, a large country store offering shelter, restrooms, and product expansion flexibility are added benefits. Expansive oak trees, garden paths, and their petting zoo add to the charm. These strengths combine to provide a unique selling proposition (USP) that sets Seven Oaks Farm apart from their competitors. The Farms' minor weaknesses include the need to master tree care as well as better manage their Facebook and web pages to maximize these marketing tools.

## **D. Sales Trends and Forecasts**

The state of Oregon markets 37% of the Christmas trees grown in the United States, and leads the nation with nearly eight million trees sold in 2010.<sup>4</sup> Over 23% of households nation-wide purchased a fresh tree to grace their family festivities in 2010.<sup>5</sup> Based on recent sales trends, buyers are shifting to the purchase of fresh-cut Christmas trees in an effort to support local businesses and sustainable agriculture. These consumers are focused on supporting the local economy whenever possible, and this "buy local" emphasis is projected to grow.<sup>6</sup> With a successful fresh produce and country store operation, Seven Oaks has capitalized on the "locavore" market. Owners indicate that net produce sales totaled over \$120,000 in 2011. By adding only three weeks to their sales season, Seven Oaks Farm is poised to utilize their existing strengths and enter another growing market.

## II. Business Proposition

### A. Key Planning Assumptions

Seven Oaks Farm is seeking to diversify its product line and increase profit in a struggling economy. Owners are cautious about significantly increasing their sales season and hope to guard their family time during the holidays. Countywide demographics and census data indicate 39,000 households reside within a five-mile radius of the farm.<sup>7</sup> Research indicates that 23% of these, or 8,900 households, are potential buyers of fresh-cut trees.<sup>5</sup>

### B. Target Market (based on surveys conducted)

1. Women, 30 years and older
2. \$30,000 to \$80,000 in annual household income
3. Fulltime employees with children
4. Resides within five miles of farm
5. Prioritizes convenience, family-atmosphere, and support of local businesses

### C. Measureable Goals and Objectives

1. Sell 200 Christmas trees, 50 fresh wreaths, and 25 holiday centerpieces in the first year, doubling this number in the second year
2. Survey 65% of Christmas tree buyers and increase Facebook fans to over 5,000 in year one
3. Create an additional earning before tax (EBT) of approximately \$7,300 in year two and over \$13,000 in year three

### D. Strategy/Mission Statement

The mission of Gold Star Marketing is to recommend Oregon-grown holiday products for Seven Oaks Farm that expand their product offerings and provide additional income in the off-season. We believe that brand loyalty and the unique value-added experience we suggest will make this venture a resounding success.

## III. Action Plan

### A. Product Positioning

Considering the target market, this Christmas tree venture will be positioned as a unique family experience with impeccable customer service. The fresh wreaths and centerpieces will offer an enticing alternative to consumers with holiday gift giving in mind. The incomparable opportunities which Seven Oaks farm can provide potential buyers will set them apart from their competitors and be difficult to duplicate.

## B. Price

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Price is dictated by height and variety of tree. Nationally, the average cost for a fresh-cut tree from a tree lot is \$46. The ready availability of Oregon trees and the option to travel to the forest and cut your own tree drives a lower cost in Southern Oregon.<sup>2</sup> Our pricing recommendation guarantees a minimum 100% return. Gold Star Marketing survey results indicate 94% of respondents are eager to purchase at this price. Although this price exceeds that of local tree farms, the price is highly competitive in the local fresh-cut tree market.

However, our research clearly shows that Christmas tree buyers are price-insensitive and emphasize quality and customer service over cost, and in this realm, Seven Oaks Farm clearly leads the competition.

### Proposed Retail Price

Tree Heights	<5'	5-7'	8-9'	10-12'	Other
Noble	\$10.00	\$30.00	\$38.00	\$45.00	
Douglas		\$20.00	\$24.00		
Wreaths					\$15.00
Centerpieces					\$30.00
Pinecone Firestarters/Scented					\$4.00

Retail prices reflect a minimum 100% markup.

### Wholesale Costs

Expenses	Unit Price	Year 1		Year 2		Year 3	
		Units	Cost	Units	Cost	Units	Cost
Trees		200		400		600	
Noble 3-4'	\$5.00	10	\$50.00	20	\$100.00	30	\$150.00
Noble 5-7'	\$15.00	60	\$900.00	120	\$1,800.00	180	\$2,700.00
Noble 8-9'	\$19.00	75	\$1,425.00	150	\$2,850.00	225	\$4,275.00
Noble 10-12'	\$20.00	20	\$400.00	40	\$800.00	60	\$1,200.00
Douglas 5-7'	\$10.00	25	\$250.00	50	\$500.00	75	\$750.00
Douglas 8-9'	\$12.00	10	\$120.00	20	\$240.00	30	\$360.00
Tree Stands	\$1.00	100	\$100.00	100	\$100.00	100	\$100.00
Twine	\$25.00	1	\$25.00	\$2	\$50.00	3	\$75.00
Chain Saw	\$100.00	1	\$100.00	\$0	\$0.00	0	\$0.00
Wreaths		50		100		150	
Rings	\$0.89	50	\$44.50	100	\$89.00	150	\$133.50
Florist Wire	\$0.05	50	\$2.50	100	\$5.00	150	\$7.50
Bows/Decorations	\$1.00	50	\$50.00	100	\$100.00	150	\$150.00
Centerpieces		25		50		100	
Baskets	\$1.00	25	\$25.00	50	\$50.00	100	\$100.00
Florist Wire	\$0.25	5	\$1.25	50	\$2.50	100	\$5.00
Foam/Candles	\$1.00	25	\$25.00	50	\$50.00	100	\$100.00
Bows/Decorations	\$1.00	25	\$25.00	50	\$50.00	100	\$100.00

### **C. Place**

The proposed distribution channel will be a direct-sales system from Seven Oaks Farm. For year one, we recommend selling during the first three weekends in December. Starting one week later than most competitors will insure fresher trees. In future years, Seven Oaks may decide modify these dates or take pre-orders for specialty trees. Staging some trees inside the country store will increase buyer convenience for those customers pressed for time or hindered by weather during the busy holiday season.

### **D. Promotion**

Our research clearly showed “word of mouth,” or viral marketing, dominates the Christmas tree market. Seven Oaks should target their campaign to begin four to six weeks prior to their first sale and advertise during the well-known harvest festivities. Additionally, working to enhance and expand digital marketing efforts will capture a greater share of the local market and reach those customers conducting online searches. Consequently, we have chosen the following promotional tactics as the most likely means of success with the lowest cost:

#### **1. Traditional Media**

- *Medford Mail Tribune* Holiday Bazaar Advertisement
- *Local Joy* and *Southern Oregon Family* Magazines directly targeted toward women
- Existing farm roadway signs
- Banners and flyers posted during your special harvest activities

#### **2. News and Social Media**

- Existing Web and Facebook sites with improvement in Search Engine Optimization
- Quick Response (QR) codes on all promotional materials
- Email and Twitter notification for existing and new customers
- YouTube posts with helpful tree care hints or holiday decorating ideas
- Free Internet Advertising via sites such as Craig’s List, [buylocalrogue.org](http://buylocalrogue.org), [pickyourownchristmastree.org](http://pickyourownchristmastree.org), [www.christmastreemap.com](http://www.christmastreemap.com), and the Pacific Northwest Christmas Tree Association

With 60,000 smart phone users in Jackson County as of 2011<sup>8</sup>, adding a Quick Response (QR) code to advertising and optimizing search engine results makes good business sense. Based on sales and the results of additional survey data in 2012, we may recommend additional modifications for years two and three as we review which promotions are the most profitable.



### 3. Point of Sale

Seven Oaks Farm is uniquely poised to offer a magical Christmas tree buying experience for young and old alike. With a few Christmas tree lights, decorations, and Christmas music, they can transform the country store into a winter wonderland. Complementary drinks and candy canes, Christmas carolers in the form of local school-age musicians, and a tractor driven by Santa himself will attract prospective buyers. Simply offering a fresh-cut trunk and twine for loading will keep customers returning each year.

## IV. Evaluation

For years one and two, monitoring customer satisfaction will be done via customer surveys as well as through informal discussions with customers. In an effort to obtain a 65% survey return, and in keeping with the family atmosphere, customers who complete a survey will receive an attractively bagged gingerbread cookie with an old Seven Oaks family recipe attached. Additionally, the use of internal software will be vital to keep accurate records of receipts and expenses. Changes in promotion methods may be recommended after sales results are analyzed at the end of the holiday season.

### A. Achievements/Original Research

Gold Star Marketing compiled purchasing data from 365 tree lot sales in 2010 and 2011, and then conducted an online survey of 330 potential buyers, seeking demographic and product interest information in 2011. A second personal interview survey of 200 consumers conducted in 2011 sought information regarding potential sales and advertising information. See Appendix for results.

### B. Recommendations for Future Action

The conservative number of trees and wreaths we recommend selling in year one gives Seven Oaks Farm the opportunity to further study their target market and alter future sales plans as needed. Based on customer response gathered from Facebook and on-site surveys, combined with sales data, we may suggest altering the days or hours of operation, changing the variety and size of trees offered, or modifying the family-oriented activities Seven Oaks provides.





## V. Budget

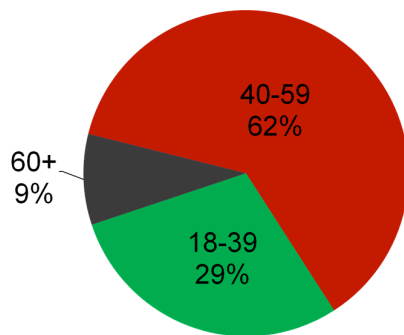
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	Year One			Year Two		Year Three	
Revenue	Est. Revenue			Est. Revenue		Est. Revenue	
Trees	\$6,640.00			\$13,280.00		\$19,920.00	
Wreaths	\$750.00			\$1,500.00		\$2,250.00	
Centerpieces	\$750.00			\$1,500.00		\$3,000.00	
Pinecone Bags	\$200.00			\$320.00		\$360.00	
Total Revenue	\$8,340.00			\$16,600.00		\$25,530.00	
Expenses	Unit Price	Units	Cost	Units	Cost	Units	Cost
Trees <sup>1</sup>	Variable	200	\$3,145.00	400	\$6,290.00	600	\$9,435.00
Tree Stands	\$1.00	100	\$100.00	100	\$100.00	100	\$100.00
Twine/Chainsaw	\$125.00	1	\$125.00	1	\$125.00	1	\$125.00
Tractor Diesel	\$4.00	10	\$40.00	10	\$40.00	10	\$40.00
Wreaths <sup>2</sup>	\$1.94	50	\$97.00	100	\$194.00	150	\$291.00
Centerpieces <sup>2</sup>	\$3.05	25	\$76.25	50	\$152.50	100	\$305.00
Pinecone Bags	\$2.00	50	\$100.00	80	\$160.00	90	\$180.00
Labor <sup>3</sup>	\$8.80	0	\$0.00	0	\$0.00	0	\$0.00
Advertising							
Banners/Flyers	\$75.00	2	\$150.00	2	\$150.00	1	\$75.00
Magazine/Newspaper	\$89.00	1	\$89.00	1	\$89.00	1	\$89.00
Christmas Lights	\$20.00	5	\$100.00	0	\$0.00	3	\$60.00
Internet Advertising	\$0.00		\$0.00		\$0.00		\$0.00
Gold Star Marketing	\$100.00	20	\$2,000.00	15	\$1,500.00	10	\$1,000.00
Giveaways							
Premiums(Cookies) <sup>4</sup>	\$1.00	150	\$150.00	150	\$150.00	150	\$150.00
Candy Canes/Drinks	\$84.00	1	\$84.00	2	\$168.00	3	\$252.00
Santa Suit	\$90.00	1	\$90.00	0	\$0.00	0	\$0.00
Fixed Costs							
Business License <sup>5</sup>	\$200.00	0	\$0.00	0	\$0.00	0	\$0.00
Insurance <sup>6</sup>	\$100.00	1	\$100.00	1	\$100.00	1	\$100.00
Utilities	\$50.00	1	\$50.00	1	\$50.00	1	\$50.00
Total Expenses			\$6,496.25		\$9,268.50		\$12,252.00
Total Revenue			\$8,340.00		\$16,600.00		\$25,530.00
EBT			\$1,843.75		\$7,331.50		\$13,278.00
ROI			28.38%		79.10%		108.37%

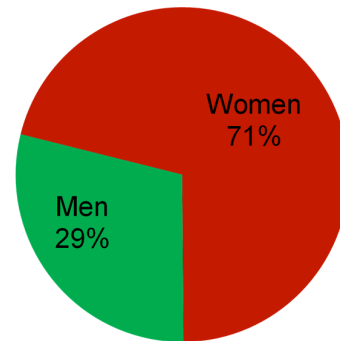
Notes:

1. Transportation included in cost of trees. Tree costs vary based on height and variety (See Appendix).
2. Boughs and greenery collected from forest and tree cuttings. Costs include all mechanics.
3. Labor includes three generations of farm-family members, and two full-time previously-compensated employees. Additional labor may be obtained via apprenticeships as needed.
4. Old Seven Oaks Farm family gingerbread recipe and cookie used as premium for completed surveys.
5. Cost already incurred in produce stand expenses.
6. Country Insurance estimates \$100 additional liability insurance for Christmas sales venture.

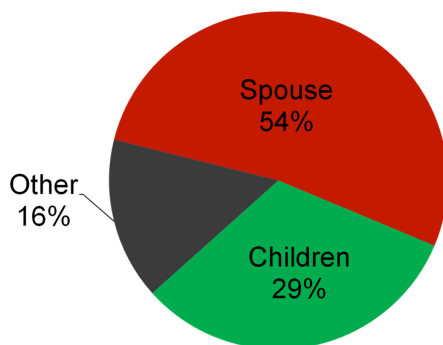
Age of 2011 Christmas Tree Buyers



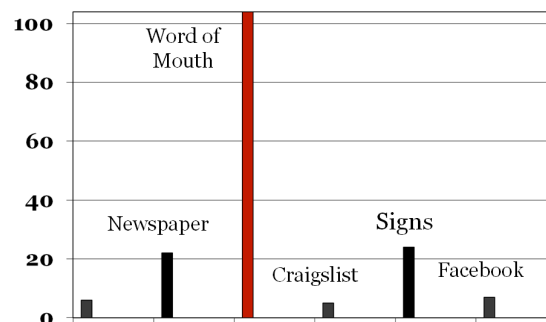
Gender of 2011 Tree Buyers



Buyers Accompanied By

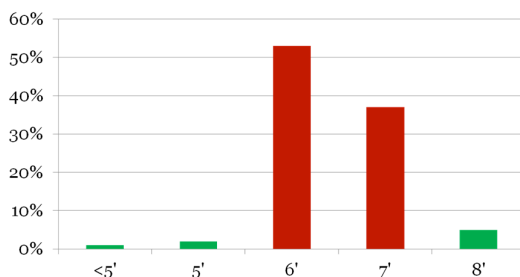


Advertising Survey Results

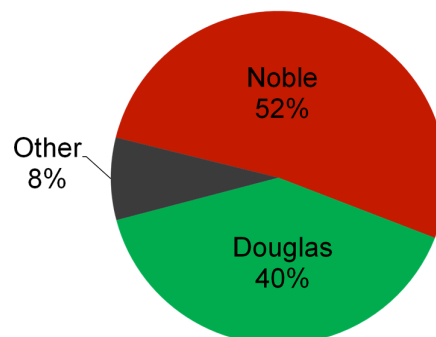


Tree Popularity By Height

(Douglas Fir and Noble Fir)



Tree Varieties Sold



## VI. References

- <sup>1</sup> Rogue River-Siskiyou National Forest News & Events. 16 Nov. 2011. Web. 12 Dec. 2011.
- <sup>2</sup> Nielsen Research 12 Dec. 2011 Nielsen Holdings N.V. 18 Jan. 2012.
- <sup>3</sup> Henry, Terrence. "How green is your Christmas tree?" 9 Dec. 2011. Web. 20 Feb. 2012.
- <sup>4</sup> Oregon Ag Facts & Figures. Oregon Department of Agriculture, Salem, OR. 22 Aug 2011.
- <sup>5</sup> National Christmas Tree Association. 2010. Web. 7 Jan. 2012.
- <sup>6</sup> USDA. "Rural Conditions and Trends". 8, no. 23. 2011.
- <sup>7</sup> US Census Bureau Quick Facts for Jackson County Oregon. 2009. Web. 11 Jan. 2012.
- <sup>8</sup> Southern Oregon Media Group comScore, 2011. *Medford Mail Tribune*. 15 Jan. 2012.
- <sup>9</sup> Radamacher, Hank. Country Insurance. Personal Interview. 17 Jan. 2012.