



CHRISTMAS TREE PROMOTION BOARD ANNUAL REPORT 2017





2017 PROMOTIONAL CAMPAIGN

The Christmas Tree Promotion Board built on the success of the inaugural “It’s Christmas: Keep It Real” campaign in 2017 with explosive growth in viewership, engagement, media appearances and amount of content produced.

How explosive are we talking? Consider these metrics:

- **MEASURABLE REACH:** More than 15 million people saw the campaign online, an increase of 257 percent from 2016.
- **ENGAGEMENT:** Nearly 4 million people commented, shared and liked the content produced for the campaign, an increase of 110 percent.
- **VIDEO VIEWS:** More than 3.5 million people viewed the “Keep It Real” videos, an increase of 242 percent.

In total, the 2017 campaign notched more than 261 million impressions. As CTPB Executive Director Tim O’Connor explained, that doesn’t mean 261 million people saw the campaign, but that the messages were put out and received 261 million times to the target audience.

“That’s a substantial reach for a campaign of this size,” O’Connor said. “And it was achieved at Christmas, which is a busy time of year with lots of brands competing for consumers’ attention.”

The growth of the “Keep It Real” campaign can be traced back to around this time last year, when the CTPB and its marketing partners began examining what worked well and what needed tweaking for the 2017 campaign. Part of that examination process included looking at consumer research to determine what message would best resonate with the target audience: primarily millennials who are starting families.

In the end, the CTPB decided to emphasize three messages:

- Growing, using, and recycling real Christmas Trees is good for the environment.
- Buying real Christmas Trees provides business for North American farmers.
- Selecting a real Christmas Tree makes memories for families and friends.

“The three points were critical,” O’Connor said. “Consumer research shows that those are the

most effective messages for our target audience, so the campaign had to be about delivering those messages if we were going to move the needle on attitudinal change. We very successfully did that.”

At the center of the three messages were Christmas Tree growers, who starred in the “Keep It Real” promotional videos, made numerous appearances in TV and radio interviews, and participated in tree-lighting ceremonies across the country (which included more TV and radio interviews). Growers also helped contribute to the social media effort by promoting content from the campaign with their own online audiences.

“For this campaign to reach its maximum potential, we need growers to be engaged,” said CTPB 2017 campaign vice chairperson Rex Korson, who will chair of the 2018 promotion committee. “It’s done through social media, but you have to have them understanding how to use those assets. That was a big part. I think we’re very successful with that.”

Korson singled out the efforts of Marsha Gray, who significantly increased her time commitment to the CTPB as the full-time director of industry communications and program coordination in 2017. Korson said that having an industry veteran like Gray available to coordinate grower outreach was instrumental to the campaign.

“The extended reach was due in part to the Christmas tree industry getting engaged on social

media, sharing videos and sharing daily messages,” Gray said. “It’s huge, because it’s organic. A Christmas tree farm in Maine can share the same content as a Christmas tree farm in Texas as can a Christmas tree farm in California. They all share the same video with unique customers; widening the base and creating greater impact.”

Engaging content is also key to a successful campaign, and the CTPB’s marketing and public relations partners, Concept Farm and Fleischman Hillard, produced, scheduled and distributed quality content.

Griffin Stenger, the operations manager for Concept Farm, and his team spent 12 days capturing video at six different farms in five states, where they would get up early to film at sunrise and stay late to film at sunset.

“We had a pretty good agenda of what we wanted to get, but once we got there it was very improvisational and we had a lot of fun,” Stenger said.

The “Keep It Real” videos did big numbers on social media. The video Stenger calls “Eco1,” the first of several environmentally-focused videos that features farmers explaining the vastly different impacts real and artificial trees have on the planet, racked up more than half a million views with no promotional money behind it.



CHRISTMAS TREES REAL VS. ARTIFICIAL

“Some of the videos had a real, natural viral spread,” Stenger said. “Eco1 just got tremendous pickup.”

Mark Arkills, who chaired the 2017 CTPB campaign, said the grower videos were important for connecting with consumers.

“People like to know where it comes from, the farm to table idea,” Arkills said. “It’s the same thing with Christmas trees. It makes people feel like they’re in touch with nature and farming.”

Working in tandem with Concept Farm this year was Fleischman Hillard, which took on the public relations role. Gray said the decision to have the two companies work in tandem really improved the overall reach of the campaign.

“I would attribute a lot of that increase to a very strategic decision that we made to select Fleischman Hillard for public relations,” Gray said, adding that it “really secured the reach of the campaign.”

Liz Conant of Fleischman Hillard said the firm took a variety of approaches to public relations, using print, television, radio, bloggers with big followings and interactive events like Christmas tree lightings in St. Louis, Portland (OR), Boston and Sacramento to deliver the three key messages. The success of the public relations campaign is due in part to the growers who took time to talk about their livelihood.

“The Christmas tree farmers are really busy during that time of year, but what we would love to do is work with even more Christmas tree farmers,” Conant explained. “You can’t replace having a real Christmas tree grower talk about what they do. . . . Their stories and points of view are invaluable. You can’t hire a spokesperson to talk about something like that if they haven’t lived it and breathed it.”

The CTPB is currently focused on post-campaign consumer surveys (see related article on pages 24 to 27) and will soon begin talking about what the 2018 campaign will look like, Korson said. O’Connor said it’s too early to tell what this year’s campaign will entail.

“We know from our consumer research following the campaign that our messages were highly effective and that our target audience was impacted by them, so we know we’ll be delivering a version of those messages,” O’Connor said. “But we’ll be refining how we present them. We’ll use some things again and create some new things too.”

Korson said he has big shoes to fill in taking the reins from Arkills as the campaign chairperson, but with Fleischman Hillard and Concept Farm working with the CTPB he said the campaign should be able to continue growing into its third year.

“It’s really important for our agencies to have insight into the growers, the industry and the campaign objectives, then we turn it over to them and let them do what they’re really good at to develop the 2018 campaign,” Korson said.

Stenger compared the ongoing campaign to growing a real Christmas Tree. It takes about eight years for a tree to reach maturity, and Stenger said it will take at least that long to educate the target audience on why real trees are better than artificial. As an example, Stenger noted that the average lifespan for artificial trees is about seven years, and families that grew up with artificial trees might need to wear those trees out before they make the switch to real trees. In short, it takes time to change consumers’ habits.

“We’re seeing shifts in understanding and intent. People who saw the campaign are understanding the key messages,” Stenger said. “People who saw that campaign are resonating with that message, and they’re now likely considering a real tree based on seeing that message.”

Conant said she’d like to get more growers involved in outreach efforts with traditional media in 2018 because there is no substitution for authenticity. Gray echoed that statement when talking about what worked well for 2017.

“The growers really connect well with consumers, and consumers see the real deal,” Gray said. “That’s a powerful piece. It’s great to have celebrities, but real people are very appealing to consumers.”

Year two of the “It’s Christmas: Keep It Real” campaign was a big success when you consider the following statistics:

- 31** The number of satellite TV interviews with Real Christmas Tree farmers that aired across the nation, which resulted in 10.8 million impressions.
- 223** Number of online news outlets that covered the kickoff of the campaign, resulting in 20 million online impressions.
- 503** Number of online news outlets that cited or republished an infographic about the benefits of buying a Real Christmas Tree, resulting in 134 million impressions.
- 300,000** The number of views for SnapTalk, a video featuring farmer Mark Steelhammer and his daughter Kendra, where the two made fun of Mark’s lack of knowledge about social media.
- 2.3 million** The number of impressions gained by sponsorships with social media influencers, aka bloggers with big followings.
- 4.8 million** The number of impressions made through promotion of tree-lighting ceremonies in St. Louis, Portland (OR), Sacramento and Boston.
- 6.9 million** The number of people reached with sponsored posts on Twitter, Facebook and Instagram between Thanksgiving and Christmas.
- 7.4 million** The number of impressions gained by The Real, a daytime talk show that produced two segments, two email sponsorships and seven social media posts about the campaign.
- 45 million** The number of viewers who saw campaign ads on the Hallmark Channel. The campaign bought 34 ads to run during the week after Thanksgiving. That’s an average of nearly 133,000 viewers per ad.
- 200,142,598** Number of impressions gained through 885 total articles, segments and content pieces covered in the media.
- 261,331,275** Total campaign impressions for 2017

CONSUMER RES INSIGHTS



CTPB conducts consumer research to learn about consumers' attitudes towards real Christmas trees, what motivates them to choose a real Christmas tree and the barriers that stand in the way of converting them to become real Christmas tree customers. Additionally, this research measures the effectiveness of CTPB's ad campaign and the specific messages used in the campaign to improve its results each year from these learnings. CTPB conducts its consumer research in January immediately following the Christmas season and the completion of its ad campaign by surveying a sample of 1,000 adults balance by gender, age, income, education, ethnicity and region to represent the US population.

The goal of CTPB's consumer advertising campaign is to build long-term demand with Millennials (young adults born between 1977 – 1995), Gen Xers (born between 1965 – 1976) and families with children at home. Millennials are a critical target for the industry's future; they are the largest generation ever but are inclined to choose artificial trees. We must win them over to be real tree customers. Families with children at home are our core customers today; we need to reinforce to them the real tree is the best choice for their family.

Our consumer research in January 2017, following CTPB's first ad campaign, and again in January 2018 show significant barriers exist that must be overcome to win over Millennials to real Christmas trees:

- The type of tree young adults grew up with as a child is highly correlated to the type of tree they choose for their own families today. Unfortunately, only 42% of Millennials and 45% of Gen Xers grew up with an artificial tree (see Figure 1) resulting in 64% of US consumers having an artificial Christmas tree in 2017 (see Figure 2).
- The majority of consumers believe an artificial tree is better for the environment than a real tree. This belief is also highly correlated with the type of tree they had as a child and is reinforced by environmental education that cutting down trees is bad for the environment. Young adults today want to do what is best for the environment when they can, overcoming this barrier will require delivering strong messages over time about the sustainability of real Christmas trees and their environmental superiority over artificial Christmas trees to reverse these beliefs (see Figure 3).
- The belief that an artificial tree is better for the environment is also highly correlated to the type of tree the consumer grew up with. But can be positively influenced by having a real tree experience (see Figure 3).

FIGURE 1

Mostly Had a Real Tree as a Child by Age

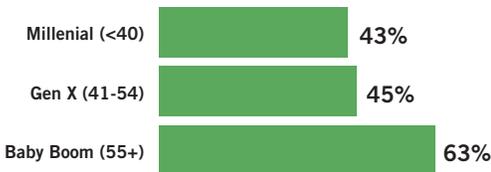


FIGURE 2

Type of Tree in 2017

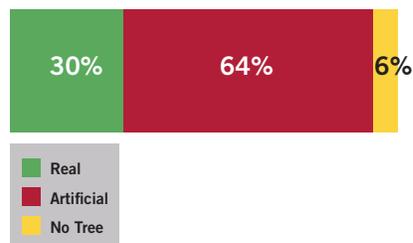
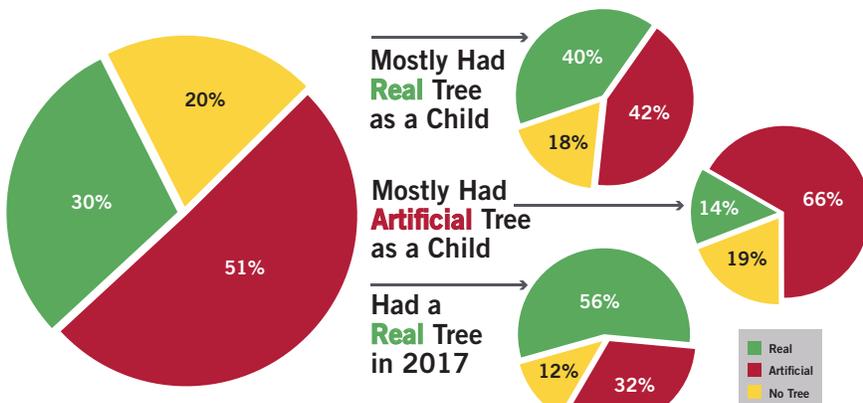


FIGURE 3

Type of Tree Better for the Environment Overall Responses



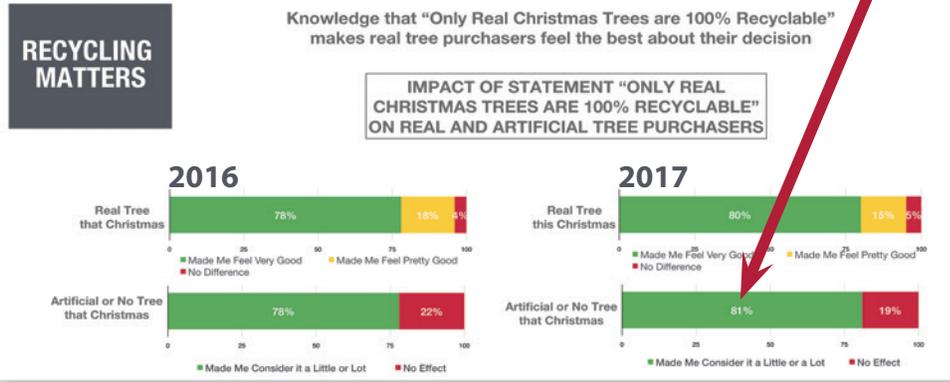
CTPB's ad campaign was targeted at Millennial and Gen X families to deliver messages proven to be effective at overcoming these barriers headlined by; A real Christmas tree is a choice you can be proud of:

1. Growing, using, and recycling real Christmas trees is good for the environment. (Figure 4)
2. Buying real Christmas trees provides business for farmers. (Figure 5)
3. Selecting a real Christmas tree makes memories for families and friends. (Figure 6)

RESEARCH

FIGURE 4

The CTPB's campaign recycling message caused 81% of artificial tree users and those with no tree in 2017 to consider a real Christmas tree a lot.



Our 2018 consumer research confirmed all three messages were highly impactful in improving our target consumers' attitudes about real Christmas trees and increasing their interest in having a real Christmas tree for 2018 (Figure 7).

Consumer research is critical to guide and evaluate marketing. CTPB's consumer research has taken a more in-depth look at the consumer by the real Christmas tree industry than had been possible previously. From this research we learned that most young adults today have grown up with an artificial tree and believe an artificial tree is better for the environment. These experiences and beliefs have formed widely-held attitudes among young adults that are highly unfavorable to real Christmas trees. It took the artificial tree industry a generation to go from zero to over 60% market share, it will require a sustained effort by the real Christmas tree industry to overcome these barriers. But the research also confirms we have impactful messages that are measurably improving Millennials and Gen Xers attitudes towards real trees. Attitudinal change about the experience of having a real Christmas tree and the environmental superiority of a real Christmas tree are the first steps to increasing future demand.

FIGURE 5

The CTPB's campaign message buying real trees helps farmers caused 94% of artificial tree users and those with no tree in 2017 to consider a real tree a lot (53%) or a little (41%).



FIGURE 6

The CTPB's campaign message on the experience of getting a real tree caused 93% of artificial tree users and those with no tree in 2017 to consider a real tree a lot (45%) or a little (48%).

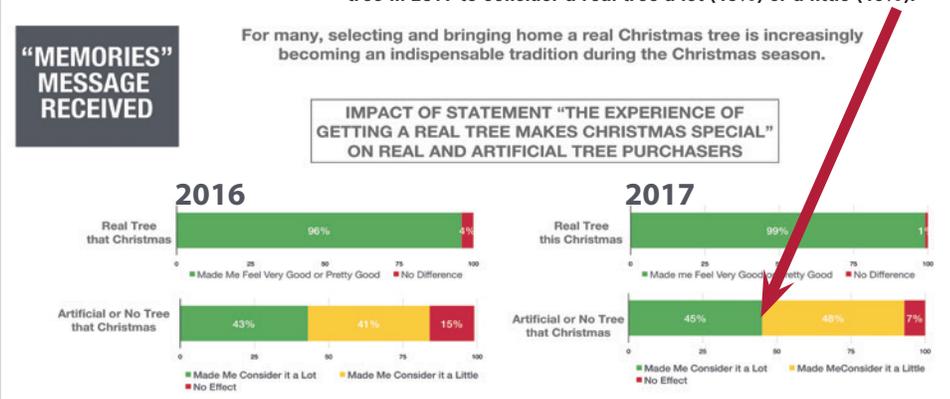
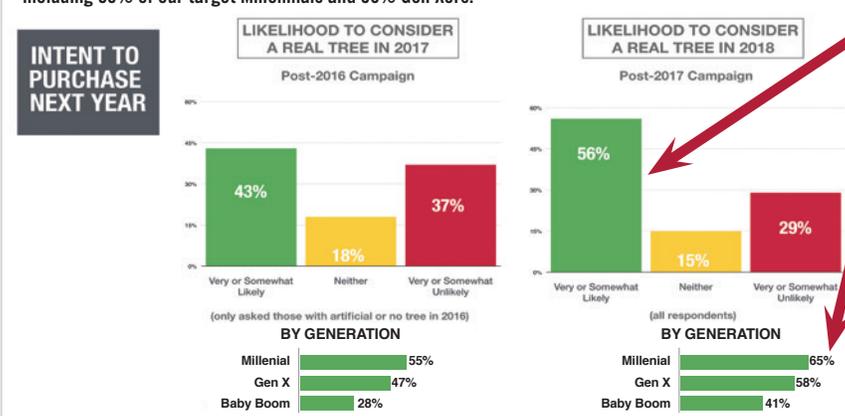


FIGURE 7

Ultimately, the goal of the CTPB's campaign is to increase long-term demand for real Christmas trees for a successful future for the industry, particularly among Millennial and Gen X families. The consumer research confirms significant progress is being made to improve the likelihood of consumers' considering a real tree, with 56% saying they are very or somewhat likely to do so in 2018, including 65% of our target Millennials and 58% Gen Xers.





2016-2017 FINAN

CTPB is required to have an independent Certified Public Accountant audit its accounting records each fiscal year in accordance with Generally

Accepted Government Auditing Standards. The second audit of CTPB was completed February 27, 2018 by Propp Christensen Caniglia, Roseville,

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS July 31, 2017 and 2016

ASSETS

	2017	2016
Current assets:		
Operating cash	\$ 863,779	\$ 1,033,506
Cash reserves	354,635	172,930
Total assets	<u>\$ 1,218,414</u>	<u>\$ 1,206,436</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accrued expenses	\$ 35,212	\$ -
Unrestricted net assets:		
Designated by the Board for cash reserves	354,635	172,930
Undesignated	828,567	1,033,506
Total unrestricted net assets	<u>1,183,202</u>	<u>1,206,436</u>
Total liabilities and net assets	<u>\$ 1,218,414</u>	<u>\$ 1,206,436</u>

RESEARCH A FOCUS FOR CTPB



The CTPB has firmed its commitment to Christmas tree production research by funding research projects and committing approximately \$250,000 in funding thus far.

The first research project that is being funded by the CTPB is a continuation of the **CoFirGE** (Cooperative Fir Germplasm Evaluation project). Researchers from six universities are cooperating on evaluating performance of Turkish and Trojan Fir.

European fir species are emerging nationally as new and popular alternatives to traditional regional species due to their disease and insect resistance, acceptance in the marketplace and growth habits. The CoFirGE project is one of the

most extensive research initiatives ever to be done in the US with a Christmas tree species - over 30,000 trees are being evaluated on sites in Pennsylvania, North Carolina, Connecticut, Michigan, New York, Oregon, Washington and Denmark.

The CTPB has also provided funding for the **“Development of IPM Strategies for Management of Slugs on Christmas Trees”**. Slugs are one of the most important pests of Christmas trees grown in the Pacific Northwest relative to load rejections in Mexico, Japan, Hawaii and other Pacific Rim destinations. In order to develop effective tools for controlling these pests

it is critical to know what species are infesting the target crop. Surprisingly this information is currently lacking for slugs in Christmas trees thereby making it very difficult to design effective approaches for their management. The plan is to sample in plantations for 12 months to determine the seasonal abundance of pest species and in year two, use this information to develop effective tools for both pre and post-harvest management with the ultimate goal of minimizing slug contamination of exported trees.

Two other research projects being funded by the CTPB tackle the extremely costly issue of cone removal. These projects strive to reduce

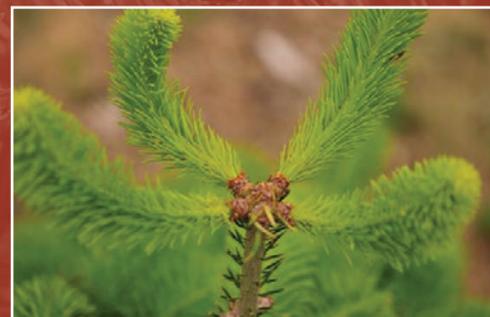
CA. They issued a clean opinion of CTPB's financial statement, also known as an "unmodified report" in accounting terminology.

These excerpts from the audit provide an overview of CTPB's financial status at the end of its 2016-2017 fiscal year. Please visit the CTPB

website to see the full audit report <http://www.christmastreepromotionboard.org> (the audit is posted on the Industry Information page).

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED CASH BASIS For the Year Ended July 31, 2017 and the Period Ended July 31, 2016

	2017	2016
Revenue:		
Assessments	\$ 1,817,050	\$ 1,729,302
Expenses:		
Promotion committee	1,439,394	140,817
Research committee	75,567	37,328
Industry relations committee	57,577	14,777
Professional services	173,496	202,427
Board meetings	19,196	80,352
General and administrative	40,700	31,257
USDA fees	34,354	15,908
Total expenses	1,840,284	522,866
Change in unrestricted net assets	(23,234)	1,206,436
Unrestricted net assets, beginning of year	1,206,436	-
Unrestricted net assets, end of year	\$ 1,183,202	\$ 1,206,436



production costs, reduce time to market and increase tree value.

“Cultural Options for Reducing Coning of Fir Christmas Trees NCSU” is focused on herbicide application techniques to remove emerging cones. Recent research in NC has identified herbicides with the potential to selectively kill cones without damaging the rest of the tree. An application study will be conducted using backpack, hydraulic and mist blower sprayers to identify optimum equipment and application techniques.

The other coning project, **“Cultural Options for Reducing Coning of Fraser fir Christmas Trees Michigan”** focuses on two approaches; pro-active

cone control (is it possible to keep the trees from coning) and re-active cone control (post-emergent treatment). This project evaluates coning and growth responses of Fraser fir trees treated with a plant growth regulator. It also initiates a new round of trials to further evaluate the utility of applying herbicides to developing Fraser fir cones to prevent cone development. This research project revealed an added bonus: Plant growth regulators (PGR) treatments reduced shoot growth and increased bud density in Fraser fir.

An immediate needs research project being funded by the CTPB is **“Determining the Impact of Elongate Hemlock Scale on Shipped**

Christmas Trees into Florida.” This pest has been a leading cause of load rejections of cut Christmas trees from NC into Florida. In 2012, the Florida Department of Agriculture and Consumer Services reported EHS entering Florida on cut Fraser fir. As incidence reports continued to increase, FDACS-DPI requested a robust host study of trees in the families *Cupressaceae*, *Pinaceae*, and *Taxaceae* to alleviate regulatory and environmental concerns associated with EHS being shipped into Florida where it is not established. This study strives to determine the susceptibility of important Florida conifer species as potential hosts of EHS.



Christmas Tree PROMOTION BOARD

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CTPB INFORMATION

MEET THE BOARD

Eastern Representatives:

Bentley Curry, Louisiana
Della Deal, North Carolina
Jim Corliss, Maine
Jim Rockis, West Virginia

Central Representatives:

Rex Korson, Michigan
Beth Walterscheidt, Texas

Western Representatives:

Roger Beyer, Oregon
Paul Battaglia, California
Jim Heater, Oregon
Betty Malone, Oregon
Mark Steelhammer, Washington

Importer Representative:

Chris Maciborski, Michigan

Executive Committee:

Chairman, Jim Rockis
Vice Chairman, Rex Korson
Treasurer, Paul Battaglia
Secretary, Beth Walterscheidt

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