

While a majority of consumers love to decorate their homes for the holidays, and with that familiar icon of the Christmas tree, there are still quite a few that don't. The reasons for not decorating range from limited space to inconvenience to costs as well as safety.

Our innovative new take on decorations can expand this product market even further by appealing to existing decorators and to those consumers who currently feel overlooked. The *Tree Bulb* does so by eliminating inconveniences and many other concerns.



The *Tree Bulb* provides the traditional image of a Christmas tree, complete with decorative lighting, but without the inconveniences, hazards and high costs.

It features a standard Edison screw base that can be applied within any light bulb socket. Extending from this base are strands of electric wiring that are encased in insulation of an evergreen color. LEDs of various colors periodically project through this insulation to provide a true Christmas feeling. Also extending from the insulation are artificial evergreen needles in garland design.

Instead of lugging heavy trees into homes and mounting them within awkward stands, and instead of painstakingly assembling and disassembling an imitation Christmas tree, the *Tree Bulb* simply requires a few twists of its base into a standard lamp.

Instead of taking up space and congesting the rooms in which they're displayed, the *Tree Bulb* simply applies to currently-used space.

And instead of the high costs of a Christmas tree, not to mention the hazards they can create within their environments of use, the *Tree Bulb* is an inexpensive, safe decoration that can be used in any household – and even in business environments, too. It's extremely simple to set-up and use, and doesn't require tools, unique skills, installation costs or the need to constantly water.

Holiday decorations are a huge market that enjoys very high sales by appealing to a large consumer market. The new *Tree Bulb*, which your company is invited to include in its product line, can join this successful product field.

# Features & Benefits Of *The Tree Bulb*

## *Features*

- Base:
  - Threaded Edison screw base of E26 format.
  - Electrical contact on bottom-exterior.
  - Vitrite insulation on bottom-interior.
  - Top plane sealed by thermoset melamine.
  - Extension wire projecting through top plane.
- Extending decorative branches:
  - Twelve (12) wires of 10" length, attached to extension wire from base.
  - Encased with PP insulation of forest green color to depict branches.
  - Imitation evergreen needles of 1" length extending from insulation at 45° angles.
  - Various sized LEDs, connected to interior wiring and projecting through insulation, periodically placed on each wire/branch.



## ***Benefits***

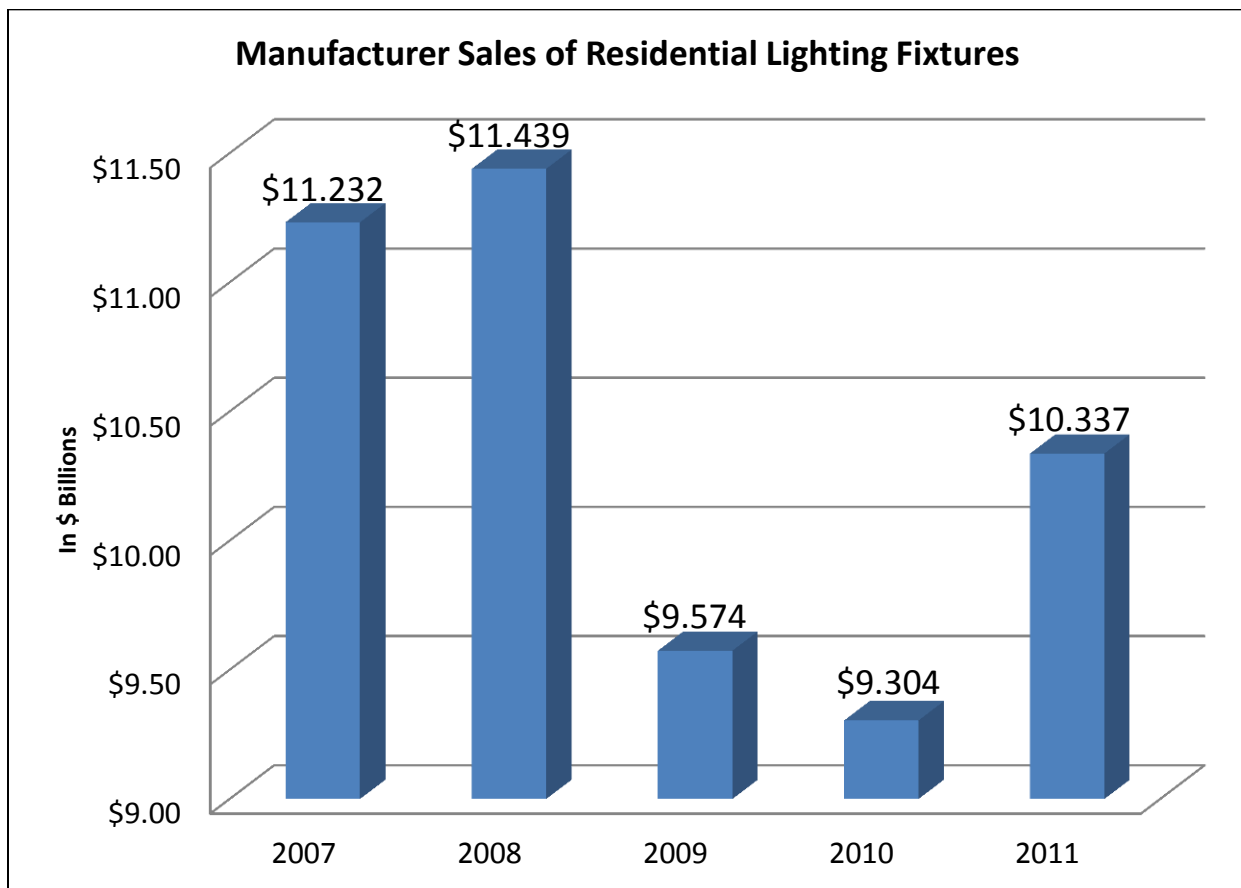
- Provides a new format of holiday decoration.
- Expands the traditional format of holiday decorations to a new realm.
- Easier to set-up than other formats of holiday decoration.
- Can be applied upon common lighting fixtures.
- Requires no additional space for its display.
- Requires no moving of furniture for its display.
- Requires no labor to set up for display.
- Needs no maintenance.
- Does not crowd its environment of use.
- Produces no waste, unlike natural Christmas trees.
- Creates no dangers, unlike natural Christmas trees.
- Easier to apply than artificial Christmas trees.
- Requires less room than artificial Christmas trees, and in both display and in storage.
- Less expensive than both natural and artificial Christmas trees.
- Accommodates small households.
- Can appeal to a very large consumer group.
- Can satisfy the established desires of this consumer group.
- Can extend this product market to a new consumer group.
- Removes the obstacles that currently keep this new consumer group from the product field.

Manufacturing Industry  
Of  
***The Tree Bulb***

SIC	Industry	Companies	Annual Sales
3645	Residential Lighting Fixtures	636	\$10.337 billion
3648	Lighting Equipment, NEC	327	\$4.329 billion

The *Tree Bulb* can be presented to companies in these three industries, each of which are capable of manufacturing it. Despite a name that implies otherwise, SIC 3699 includes companies that specialize in holiday lighting for residential use.

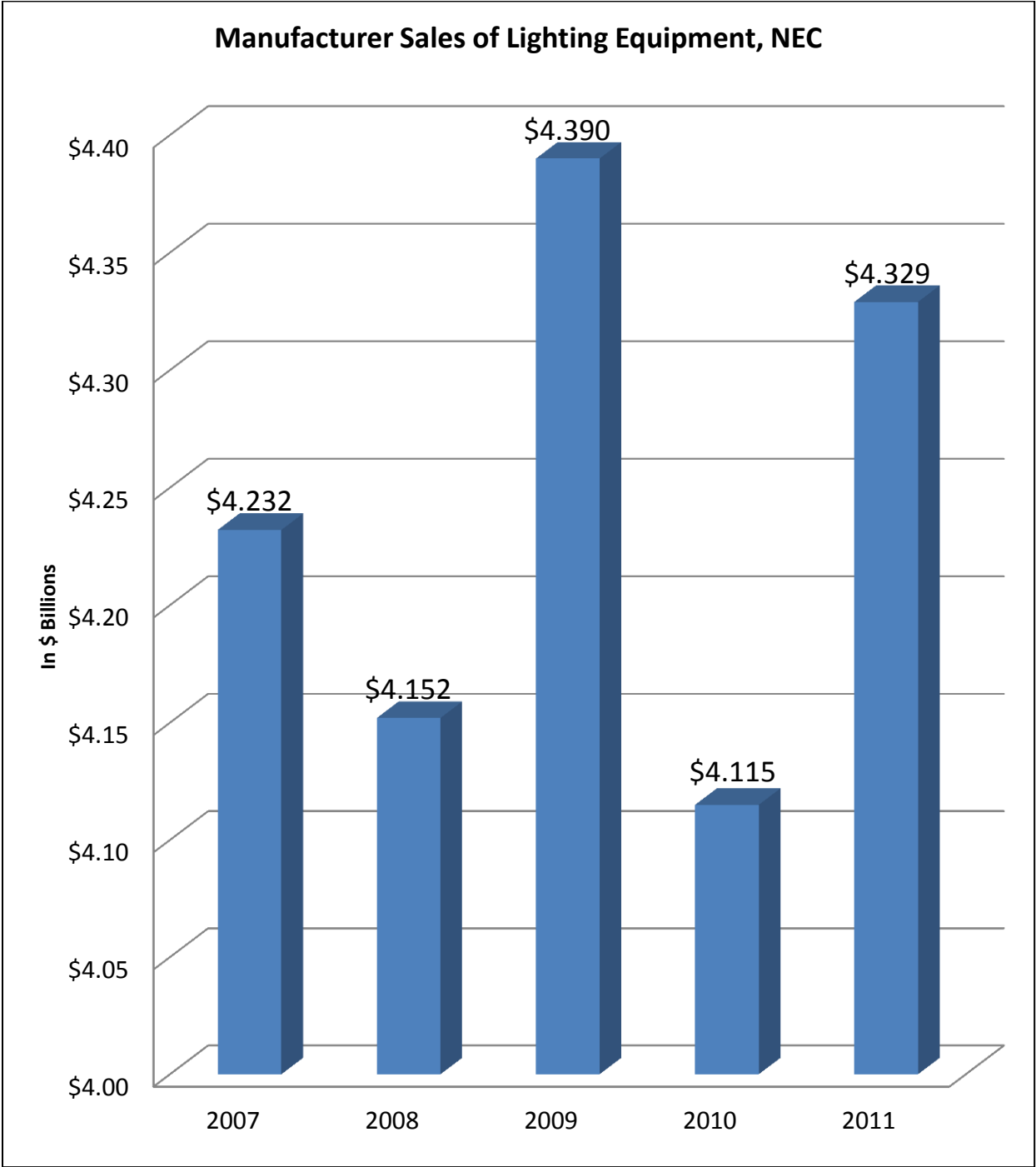
The following chart shows the most recently recorded sales history of the Residential Lighting Fixtures manufacturing industry:



**Source:** U.S. Bureau of the Census

Annual sales of this industry are rebounding, but still show a 7.97 percent decline in first year/last year comparison.

The following chart shows the most recently recorded sales history of the Lighting Equipment, NEC manufacturing industry:



Source: U.S. Bureau of the Census

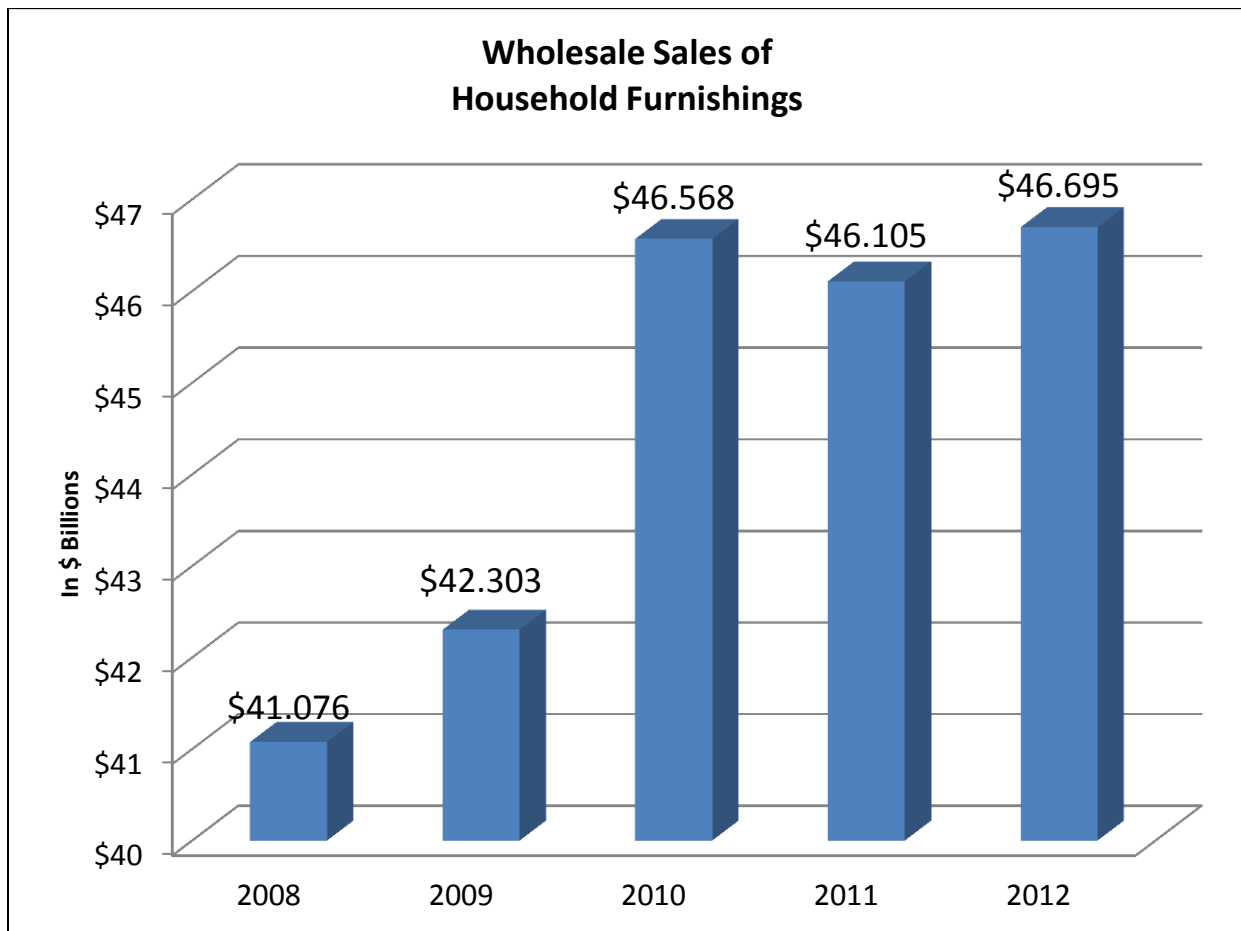
Annual sales of this manufacturing industry vary based on both demand and costs of materials, and show a 2.29 percent growth in first year/last year comparison of the most recently-recorded five-year period.

Wholesale Industry  
Of  
***The Tree Bulb***

SIC	Industry	Companies	Annual Sales
5023	Household Furnishings	20,989	\$46.695 billion
5199-0205	Christmas Novelties	182	\$265.2 million

The *Tree Bulb* can be distributed to appropriate retailers by this wholesale industry (SIC 5023), which includes other holiday decorations in its product line, as well as the furnishings to which the *Tree Bulb* can be attached. Companies that specialize in Christmas-themed novelty products can carry the *Tree Bulb*, as well.

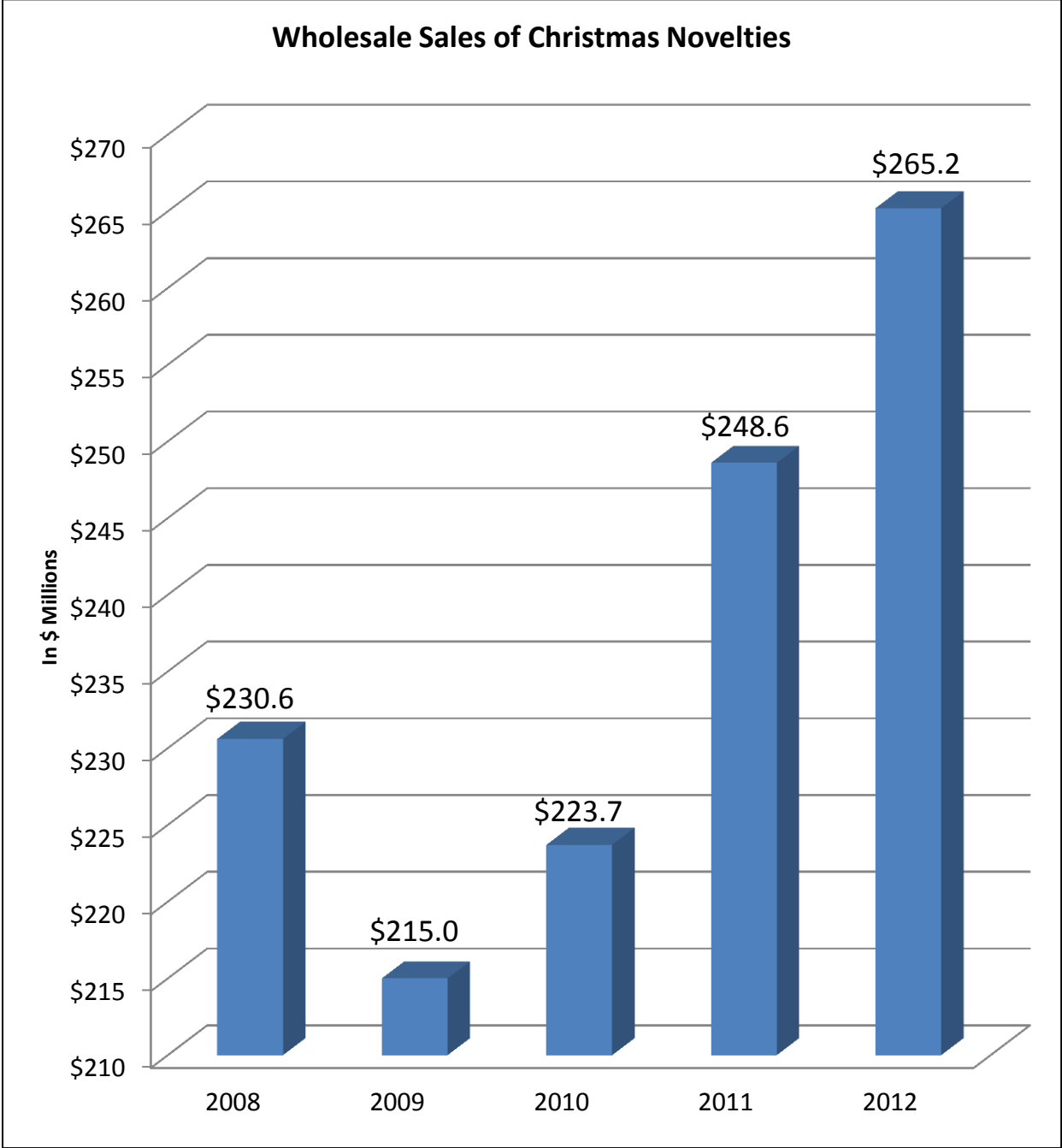
The following chart shows the recent sales history of the Household Furnishings merchant wholesale industry:



**Source:** U.S. Bureau of the Census

Annual sales of this industry grew 13.68 percent in the last five years.

The following chart shows estimates of the recent sales history of the Christmas Novelties merchant wholesale industry:



Sources: U.S. Bureau of the Census and Hoovers (estimates)

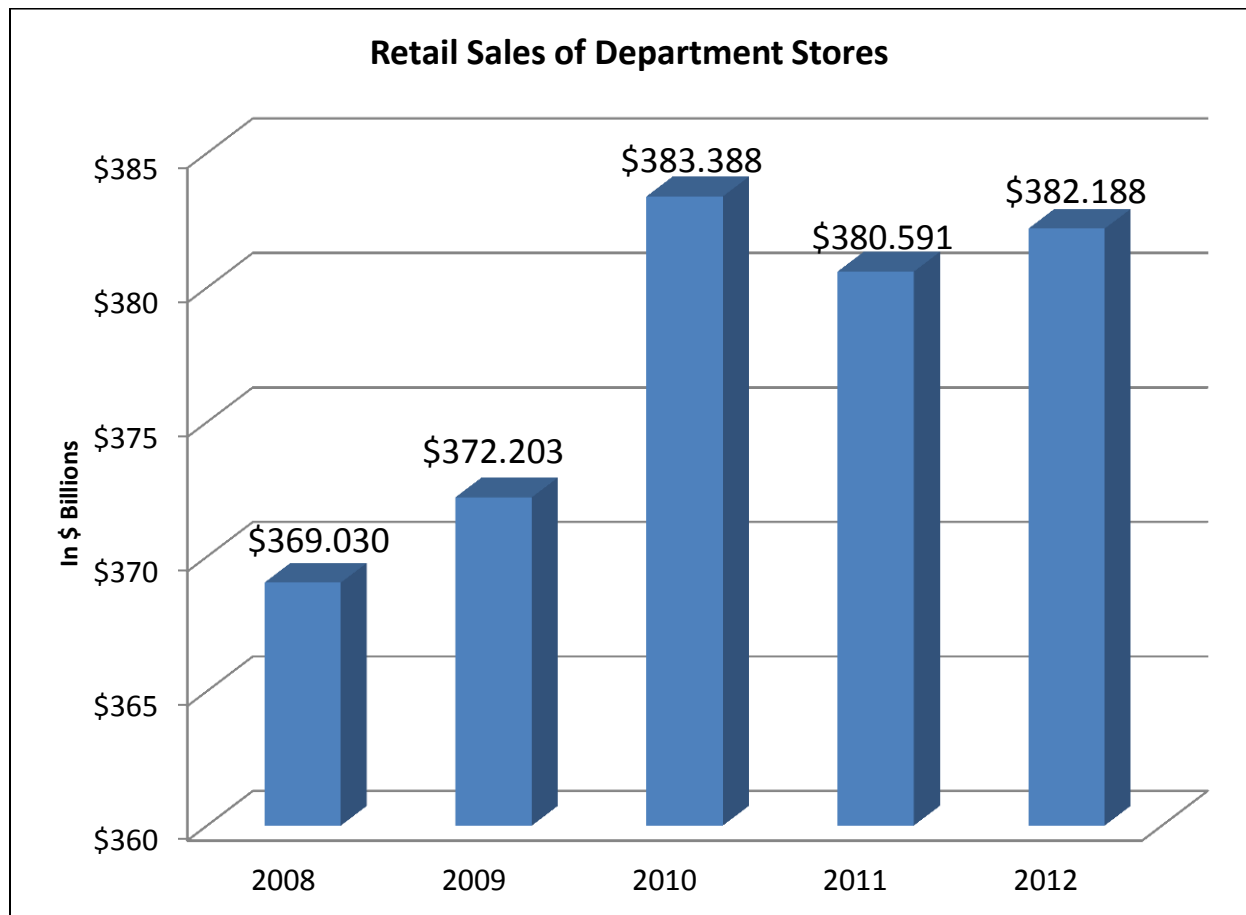
Annual sales of this industry are estimated to have grown 15 percent in the past five years.

Retail Industry  
Of  
***The Tree Bulb***

SIC	Industry	Companies	Annual Sales
5311	Department Stores	19,052	\$382.188 billion
5719	Miscellaneous Home Furnishings	21,503	\$25.378 billion
5947	Gift & Novelty Shops	90,504	\$32.451 billion

The *Tree Bulb* can be sold with other holiday decorations in the retail environments that are most responsible for their sales.

The following chart shows the recent sales history of Department Stores, where many holiday decorations are sold:

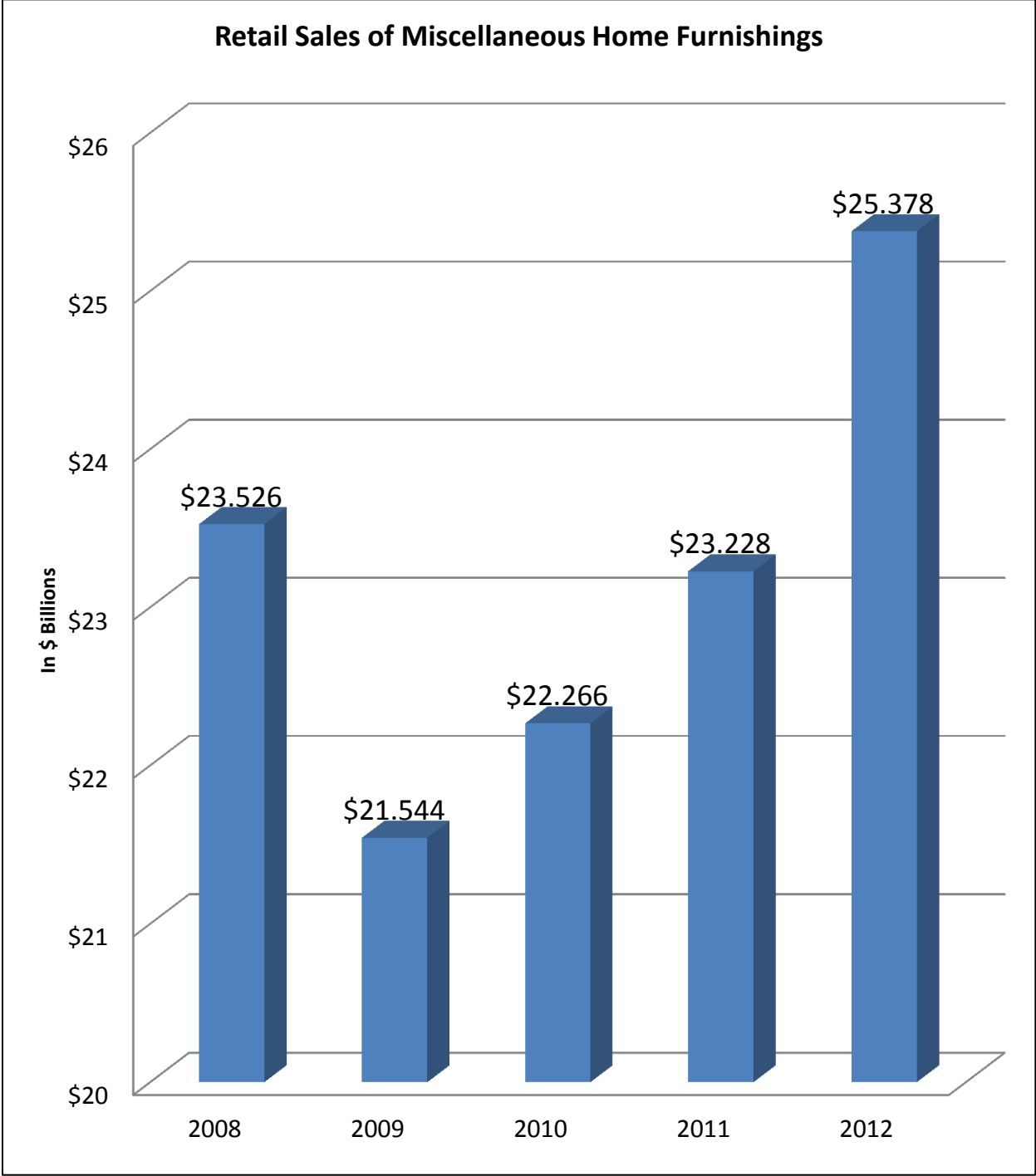


Source: U.S. Bureau of the Census

Annual sales of Department Stores grew 3.57 percent in the last five years.



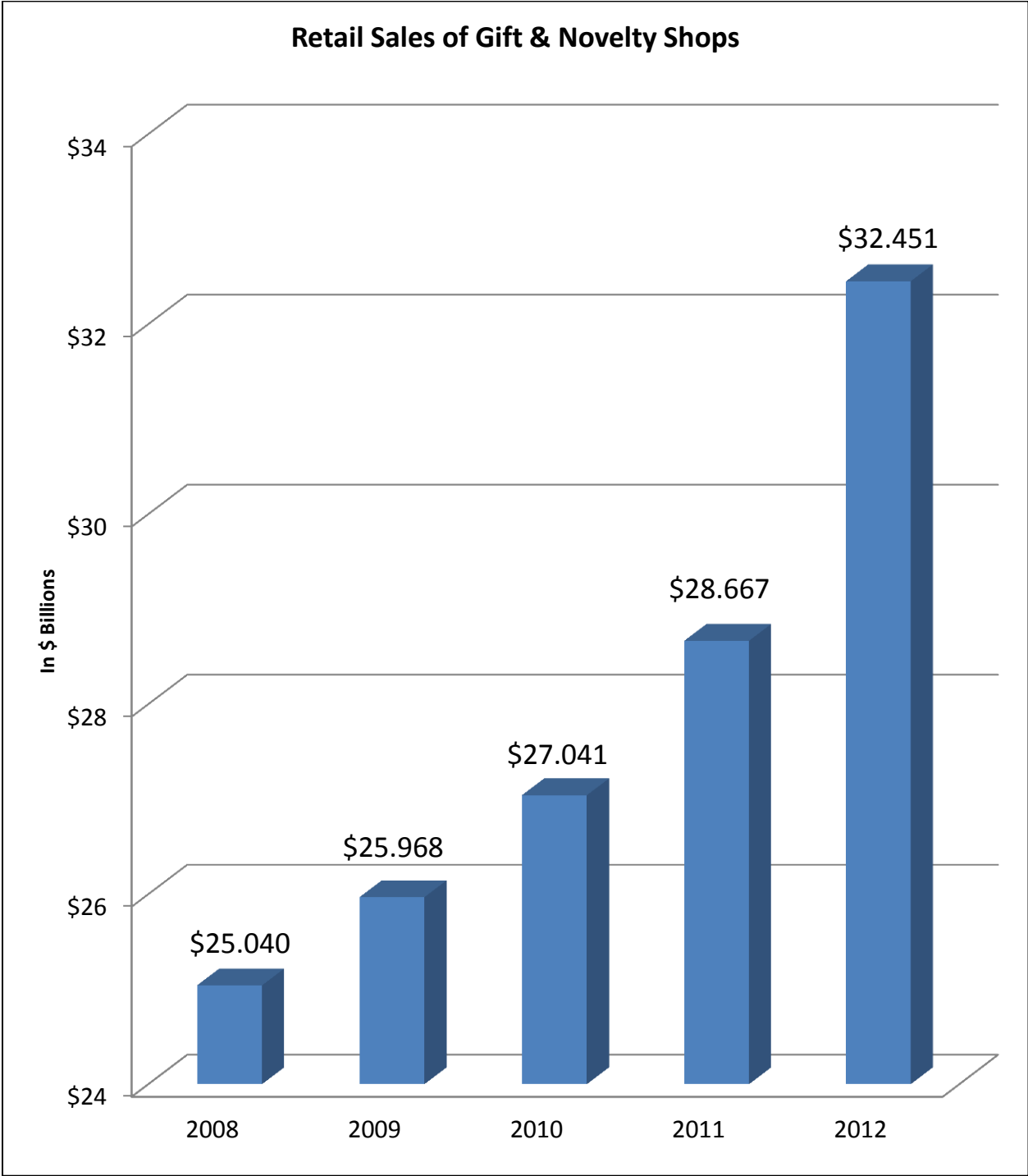
The following chart shows the recent sales history of the Miscellaneous Home Furnishings retail industry, which can include the *Tree Bulb* with other holiday decorating items:



Source: U.S. Bureau of the Census

Annual sales of this retail industry grew 7.87 percent in first-year/last-year comparison.

The following chart shows the recent sales history of Gift & Novelty Shops, which includes stores that even specialize in holiday-themed goods:



Source: U.S. Bureau of the Census

Annual sales of this industry grew 29.6 percent since 2008.

Marketing Potential  
Of  
***The Tree Bulb***

**The *Tree Bulb* can join a large and profitable product market.**

- Americans spend \$228 billion every year on holiday goods, and that does not include the sales of Christmas presents. In fact, 40 percent of that whopping dollar amount went to holiday decorations alone, and almost 90 percent of all U.S. households purchase Christmas decorations.
- Christmas trees are a major part of that product segment, bringing in over \$1.3 billion in annual sales. This large dollar amount shouldn't be any surprise, though; approximately 80 percent of all U.S. households use that traditional decorating item in their homes.
- That's not just live Christmas trees, though. In fact, 49 percent of all Christmas trees sold are artificial, which amounts to over \$580 million in annual sales. Consumers purchase these artificial trees mostly for convenience; they require no maintenance while on display, and can be conveniently taken apart and stored for next year's use, too.
- The new *Tree Bulb* can join this large and profitable market, and can even extend it further, especially when it provides the same conveniences that consumers desire and actively seek as demonstrated by their very-high purchases.
- Even better, this new holiday decoration isn't limited to Christmas alone! It can be produced in designs for use with many other holidays, and even as a standard year-round decoration, as well.

**The *Tree Bulb* can extend this product market to even more consumers.**

- Yes, 80 percent of American households include Christmas trees in their holiday décor. While impressive, it must be remembered that this leaves over 23 million households without this standard holiday decoration.
- Why do so many choose not to use Christmas trees? Because of their inconvenience! These Americans simply do not have room for these holiday icons, which can easily take up twenty square feet of the living space from their homes. In fact, 12 million U.S. families choose not to get a Christmas tree for this one reason.

- The designs of new homes make this problem even worse. New homes aren't made with standard square-shaped rooms surrounded by four walls; they have individual designs, with extending walls, vaulted ceilings, multiple corners...and no space for a standard Christmas tree without interfering with, and taking up much of the living space of these rooms.
- With the current rate of household construction, the number of families that won't be able to fit a standard Christmas tree, real or artificial, in their homes with these new designs will grow by about 1.4 million every year.
- The *Tree Bulb*, however, can allow this traditional holiday décor to be included in any home of any size and shape, and without interfering with design or taking up additional space. Just insert into the Edison sockets of currently-used furniture items, and voila – lighted decorations without any additional space.

**The *Tree Bulb* can even help reclaim this industry from foreign competition.**

- As noted, artificial Christmas trees account for 49 percent of the unit sales and 45 percent of the dollar sales of this product field. Unfortunately, however, an outstanding majority of these sales go to foreign companies.
- Approximately 85 percent of all artificial Christmas trees in the United States are made in China. Sadly, this number is growing, and at an annual rate of about 1.5 million trees and over \$10 million dollars every year.
- The *Tree Bulb* can help American companies reclaim this industry, however. Its patent protection will prevent its duplication by others, and by meeting the needs of so many American households it can prevent their dependence on foreign-produced Christmas trees.

**Sources:** “Consumer Intentions and Actions Survey,” National Christmas Tree Association, *Current Construction Reports* and “Christmas and Seasonal Decorations Report”

Potential Consumer Base  
Of  
***The Tree Bulb***

The *Tree Bulb* can appeal to the very high percentage of the American consumer market that expresses interest in holiday decorations.

For example, approximately 88.3 percent of all U.S. households purchase some type of Christmas decoration for use within or upon their homes.

117.572 million U.S. households x 88.3 percent	103.816 million households
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If the *Tree Bulb* were to reach only one percent of these consumer households, this would still amount to sales of over 1 million units.

Target markets can be further narrowed in application of how the *Tree Bulb* can be used – in the format of a Christmas tree. Approximately 80 percent of all U.S. households use some type of Christmas tree in their homes as a holiday decoration, and the *Tree Bulb* can include all of them as potential consumers.

117.572 million U.S. households x 80 percent	94.058 million households
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Reaching this slightly-narrowed consumer market with only two percent penetration would result in sales of about 1.9 million units of the *Tree Bulb*.

When applying more definitive terms of applicability to smaller groups, and at more applicable rates, the number of potential consumers only grows larger. For example, 49 percent of U.S. households use imitation Christmas trees for reasons that dominantly include cost and convenience.

117.572 million U.S. households x 49 percent	57.61 million households
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In these more definitive terms, the *Tree Bulb* could achieve sales of approximately 2.9 million units with only five percent penetration within this more definitive target market.

The ease of use and placement of the *Tree Bulb* can open this market further to the households that do not use any type of Christmas decoration in their homes for the holidays. After all, this new product provides convenient solutions to the main reasons these consumers avoid such purchases: it's safe, inexpensive, requires no additional space in its placement, and is very small and easy to store.

117.572 million U.S. households x 11.7 percent	13.756 million households
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Appealing only to this very small consumer group, and with only a five percent rate of penetration, would still result in sales of approximately 688,000 units of the *Christmas Bulb*.

Also, please remember that approximately 12 million of those non-tree purchasing households list small space as the principal reason for their lack of purchase.

Reaching a higher 10 percent of that specific group by successfully responding to their primary purchase restriction would result in sales of 1.2 million units of the *Tree Bulb*.

Applicable consumers can also be identified demographically.

<b>Purchasers of Christmas Decorations</b>		
<b>By Age</b>	<i>Demographic Share</i>	<i>Demographic Index</i>
Under 25	3.15 %	46
25 to 34	14.25 %	81
35 to 44	23.24 %	112
45 to 54	23.46 %	116
55 to 64	22.44 %	153
65 and Older	13.45 %	67
<b>By Income</b>	<i>Demographic Share</i>	<i>Demographic Index</i>
Under \$15,000	6.99 %	45
\$15,000 to \$24,999	5.21 %	41
\$25,000 to \$34,999	8.42 %	66
\$35,000 to \$49,999	12.79 %	77
\$50,000 to \$74,999	17.85 %	91
\$75,000 to \$99,999	17.27 %	166
\$100,000 and Over	31.47 %	250
<b>By Ethnicity</b>	<i>Demographic Share</i>	<i>Demographic Index</i>
White	78.03 %	107
Black	4.01 %	36
Hispanic	7.54 %	80
Other	10.42 %	166

**Sources:** "Christmas and Seasonal Decorations Report," National Christmas Tree Association, Third Wave Research, *Current Population Reports* and U.S. Bureau of the Census.

Cost & Price Estimates  
For  
***The Tree Bulb***

All estimates for the possible costs and prices of a new, yet-to-be-manufactured item are very difficult to estimate. This difficulty is due to potential variations in the costs of initial materials, the rate of production for the item, and its initial consumer demand. As a result, these estimates are very difficult to comprise.

Moreover, research on estimated costs and prices is very restricted so as to avoid improper disclosure of the *Tree Bulb* while still in these beginning stages.

In order to provide further detailed information for consideration, however, such estimates should be offered. The “Best Estimate” enclosed within is primarily based upon pricing of similar products (when possible) by this applicable manufacturing category, current cost of necessary materials, and average value added for the applicable manufacturing industry.

These estimates are subject to change and are enclosed only to offer a preliminary means of evaluation of product value for the *Tree Bulb*. Of course, only its manufacturer could properly determine the costs and prices.

The broad estimates on potential costs and prices for the *Tree Bulb*, throughout the line of distributors, could be:

	<b>Low Range</b>	<b>Mid Range</b>	<b>High Range</b>
<b>Materials Cost</b>	\$2.75	\$3.30	\$4.00
<b>Manufacturer’s Cost</b>	\$4.90	\$5.90	\$7.10
<b>Wholesale Price</b>	\$8.30	\$10.05	\$12.15
<b>Supplier’s Price</b>	\$11.25	\$13.50	\$14.70
<b>Retail Price (MSRP)</b>	\$16.69	\$19.99	\$23.98

**REMINDER:** It is extremely important to remember that the above costs and prices are only estimates. Actual costs and prices can only be determined by manufacturing companies with a good understanding of their own production capabilities and by suppliers and outlets, based on the final prices offered to them.