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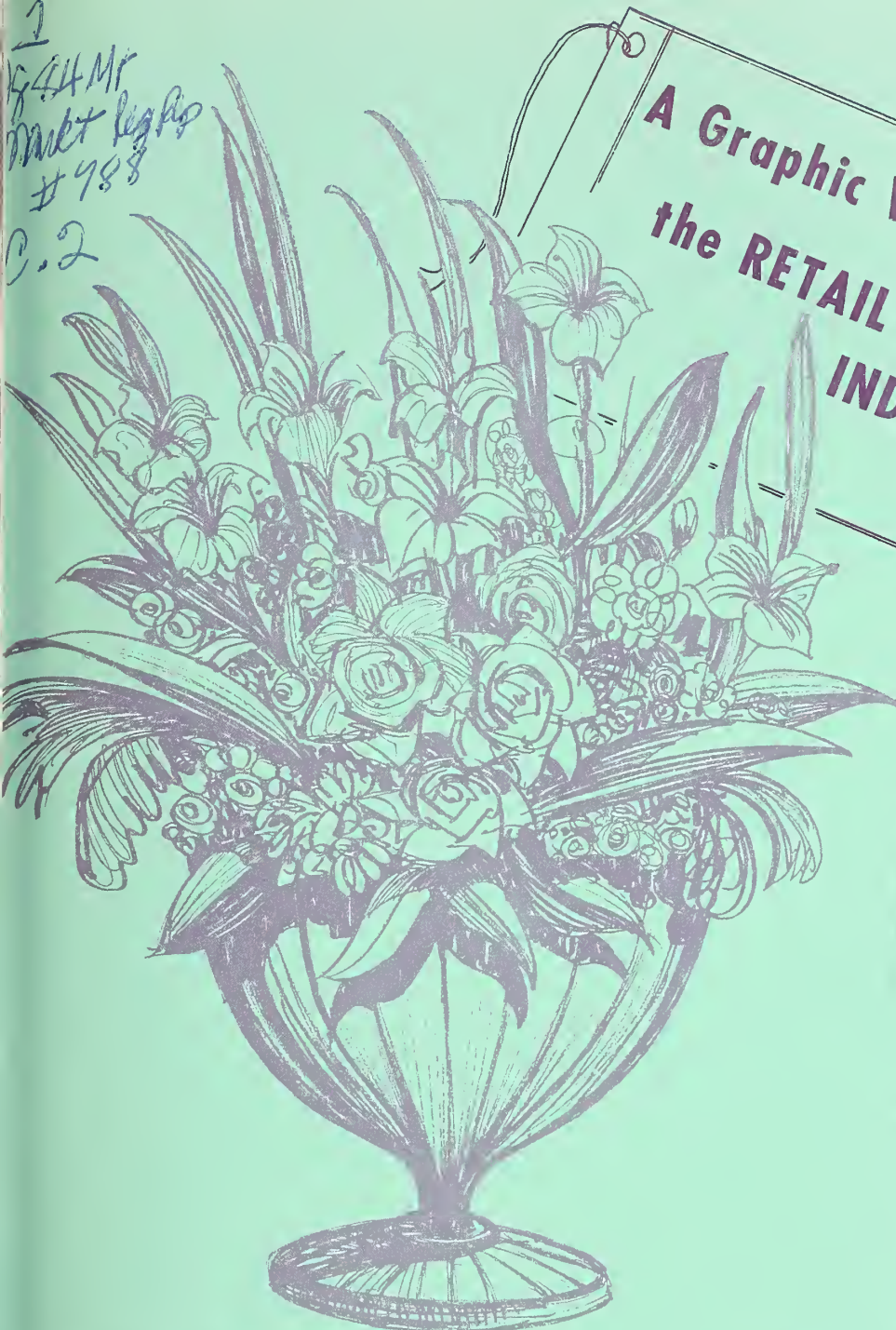
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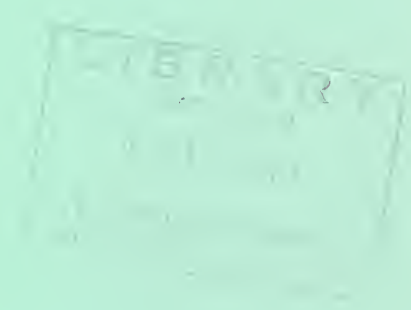
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**A Graphic View of
the RETAIL FLORIST
INDUSTRY**



CROPS PROTECTION
RESEARCH BRANCH

Rec AUG 11 1967

Answered _____



MARKETING AND MANAGEMENT PRACTICES

PREFACE

This report is based primarily on information obtained from over 2,500 retail florists during a national mail survey conducted during May 1964 to May 1965. Parts of the survey data collected in 1964 were published in December 1965 in Profile of the Retail Florist Industry, Marketing Research Report 741. Findings reported in that publication are here updated, using 1965 data. In addition, this report contains some of the findings reported in two other publications: (1) The Demand for Flowers-by-Wire, June 1966, Marketing Research Report 762; and (2) Marketing Flowers--Credit and Financing Problems of Retail and Wholesale Florists in Four Iowa Cities, April 1965, Marketing Research Report 704. The present report will provide retail florists with a single source for the most complete and up-to-date research information available in the industry.

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April 1967

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U.S. RETAIL

Highlights of

Retail florists operate 22,000 shops that--

serve as major outlets for a \$360 million agriculture crop;
account for over \$1 billion in sales annually;
provide nearly 100,000 jobs;
are concentrated in downtown or other incity business districts;
open at 9 a.m. and close at 6 p.m.; and
are owner-initiated businesses in 50 percent of the cases.

Most florists are owner-managers--

who are small businessmen with annual sales under \$50,000;
who work an average of 52 hours per week while their full-time employees average 44 hours per week.

Florists--

purchase most of their perishable supplies;
do not practice cooperative or group buying;
do most of their buying by telephone;
use standing orders on a limited basis;
rely on wholesale suppliers for information on supply levels and condition of perishables;
and
would like additional supply information reported regularly and some standardization of quality.

About one out of--

four florists receives a discount from suppliers for prompt payment of bills;
eight is penalized by suppliers for late payment of bills; and
11 receives supplies by c.o.d. delivery.

Most retail florists--

offer almost unlimited free credit;
use their own vehicles for most deliveries;
provide free parking, even though the majority of sales are delivered; and
provide worldwide coverage in transmitting orders.

Very few florists offer self-service; some--

favor self-service (one out of five) for some locations, for holidays or other busy periods, or to increase in-store traffic.
consider self-service ineffective because customers need personal service; and

Florists--

depend on funerals for nearly half their sales;
rely on the telephone for the majority of their business;



FLORISTS



1964-1965 Survey



find that arrangements account for over half their sales;
find that artificial flowers account for 7 percent of total gross sales.

Some florists--

consider mass market outlets as detrimental to sales in their shops;
operate floral concessions in mass markets and more would be interested if offered attractive or profitable arrangements;

Florists--

favor in-store customer traffic to stimulate sales; and
have difficulty promoting in-store traffic in locations with light pedestrian traffic.

Florists--

use window displays to stimulate sales;
change displays often to attract attention;
display prepared arrangements in their shops on a limited basis; and
consider supplies of in-store promotional materials sufficient, although some would like to have these materials improved.

Florists--

spend less than 2 percent of gross sales on advertising;
primarily use newspapers and yellow pages to advertise; and
orient most of their advertising toward special occasions, stressing shop image rather than product use.

Florists who feature specific floral products--

generally charge regular prices for them; and
have found prepared arrangements and cut flowers to be most successful.

Few florists have financing problems--

Only a third find it necessary to borrow (to finance supplies, pay current bills, buy equipment, and to expand or remodel);
only 4 out of 100 who apply for loans are refused; and

those with problems can improve their ability to borrow by:

- improving management practices,
- keeping bad debts and losses down,
- paying promptly to get discounts,
- building reserves, and
- establishing good relations with lending institutions.



U.S. RETAIL FLORISTS

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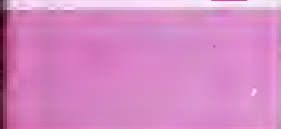
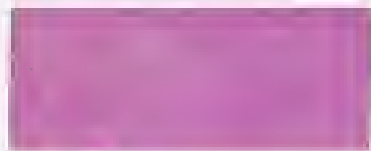
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INTRODUCTION

Retail florists occupy a unique position in the business world. The products and services they sell fulfill a social rather than physical need. Floral products can be used to convey not only sympathy, respect, and gratitude, but many other human feelings that are difficult for people to express any other way.

Unlike food consumption, for which the potential market is limited by the capacity of the human stomach, consumption of a social product such as flowers is potentially unlimited. The majority of floral product sales are dictated by social custom. Although these customs are deeply ingrained, the floral industry's full potential remains to be achieved. However, the market is gradually expanding, and floral product sales can be further maximized through increased promotional and merchandising efforts and improved management practices.

Current economic conditions tend to favor expansion of the market for floral products. The future of the retail florist industry, and to some degree the future of the growers of floral products, may depend on whether or not this challenge is met. Failure on the part of

florists to take full advantage of their opportunities may have a lasting effect on the pattern of growth of the floral industry.

In the United States, retail florists represent a billion dollar industry. Through their sales and extensive services, florists have made important contributions to the American economy and to U.S. agriculture. In 1964, this industry provided full-time employment for nearly 100,000 persons, and represented the major outlet for over 20,000 growers of floral products.

This publication has been designed to supply the retail florist with information necessary for evaluation of his operations. To facilitate individual comparisons with the total industry, florists have been classified into four groups, determined by annual dollar volume of sales:

Small	Under \$50,000
Medium.....	\$50,000 - \$99,999
Large	\$100,000 - \$249,999
Very large,....	\$250,000 and above

FARM VALUE OF FLORICULTURE CROPS

COMPARISON WITH OTHER SELECTED CROPS



Farm Value of Other Selected Crops During 1964

Crop	Value <u>1/</u>	Crop	Value <u>1/</u>
Potatoes	604	Green Beans	89
Sweetpotatoes	64	Dry Beans	136
Onions	74	Soybeans	1,830
Grapefruit	87	Cotton	2,521
Lemons	56	Tobacco	1,413
Oranges	426	Wheat	1,610
Strawberries	130	Corn	1,993

1/ Rounded to nearest million.

The above figure illustrates the importance of floral crops as an agricultural commodity, relative to other well-known and important agricultural crops. Using the 1964 crop year as the base, floral crops in dollar value far exceed a number of other agricultural crops that are produced in the United States (including Alaska and Hawaii). The latest available figures show that the dollar value at wholesale prices of the floral crops produced annually is nearly \$360 million. This is about 30 percent above the 1959 floral crop value.

This increase in value was due primarily to an increase in the quantities produced, since

the prices to growers and the acreage devoted to production changed very little during that period. This substantial production growth, achieved on fewer acres, was made possible by the use of improved cultural practices. Some of the major factors commonly associated with improved efficiency in production are (1) regional specialization in production, taking advantage of suitable climate, soil conditions, and availability of labor; (2) mechanization; (3) improved fungicides and herbicides; and (4) improved plant varieties.

1/ Equivalent wholesale value of all sales. 2/ Not available

Because of the importance of floriculture to U.S. agriculture, a crop survey for selected floral crops was conducted in 1957, for the 1956 crop year, at the request of leaders in the floral industry. The following crops were selected for the survey: (1) rose, (2) carnation, (3) gladiolus, and (4) chrysanthemum, both standard and pompons. Since that time, surveys have been conducted for each crop year except 1960. The number of States covered has varied from year to year in accordance with levels of financial support. However, the crops that were surveyed remained the same.

3

U. S. RETAIL FLORIST SHOPS

THERE ARE ABOUT
22,000 OF THEM



Shop Size	Florists	Percentage of Total	Annual Sales ¹	Percentage of Total	Average sales per shop ²
	Number	Percent	Dollars	Percent	Dollars
Small.....	14,476	65.8	\$47,191,000	31.2	\$23,617
Medium.....	4,516	20.3	\$3,647,500	30.3	\$7,814
Large.....	1,100	4.9	\$94,020,200	16.4	\$85,313
Very large.....	352	1.6	\$35,320,400	12.1	\$94,433
Total.....	21,444	100.0	\$1,114,178,600	100.0	\$50,547

¹ Rounded to the nearest \$100.

² Based on all mail respondents (figures rounded to nearest dollar).

³ This figure is based on the total number of shops compiled from all major printed sources available in 1964 and takes into consideration those shops that operate under multi-ownerships and those that might have gone out of business or taken business in 1964.

Of more than 2,500 retail florists surveyed in 1964-65, none reported annual sales of as much as \$1 million. However, the Census of Business did report that in 1963 there were three such shops in the

United States, and that their combined sales totaled \$4,800,000.¹

¹ U.S. Bureau of the Census, Census of Business 1963 Retail Trade: Sales Size. U.S. Bur. Census 63-RS2, 1965.

LOCATION OF SHOP



DOWNTOWN BUSINESS DISTRICT	24%
OTHER BUSINESS DISTRICT IN CITY	26%
SHOPPING CENTER	6%
RESIDENTIAL	27%
SUBURBAN	17%

Shop size	Location of shop				
	Downtown	Other intown business	Shopping center	Residential	Suburban
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	24	26	5	27	18
Medium.....	27	25	8	23	17
Large.....	23	35	9	19	14
Very large.....	20	26	7	27	20

Source: 1964-65 survey.

For the past two decades, population growth in the United States has been increasingly concentrated in metropolitan areas. As of 1965, nearly two-thirds of our population lived in 212 Standard Metropolitan Statistical areas. During the 5-year period, 1960-65, the suburbs accounted for 85 percent of the total population growth. Consequently, in 1965, 52 percent of the people living in metropolitan areas lived in the suburbs, compared with 49 percent in 1960. Suburban families in 1965 averaged about \$1,100 more income per year than families in the central cities. Also, in the suburbs only 10 percent of the families earned \$3,000 or

less, compared with 15 percent in central cities. Therefore, suburbanites may offer florists more sales potential than families in the central city.

And yet, as of 1964 about half of the florists were located in cities, with only 17 percent in the suburbs. Since the population growth and family income seem to favor the suburbs, florists might wish to review their current location and weigh the possible advantages of relocating closer to centers of population growth and greater purchasing power.

HOW FLORISTS ACQUIRE THEIR SHOPS



WHICH THEY	8%
PURCHASED FROM RELATIVE	18%
PURCHASED FROM OTHER THAN RELATIVE	33%
INITIATED	43%

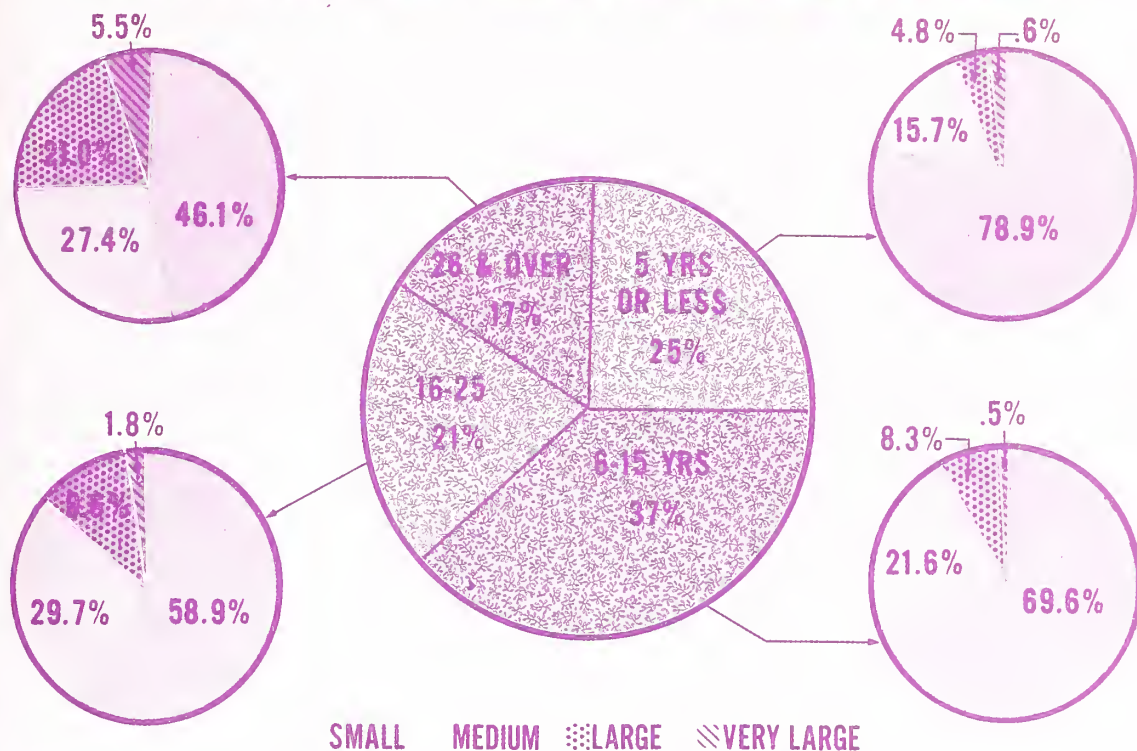
Shop size	Inherited	Purchased from--		Initiated
		Relative	Other	
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	7	8	34	51
Medium.....	9	11	35	45
Large.....	14	17	26	43
Very large.....	13	12	22	53

Source: 1964-65 Survey.

About half of the florists surveyed entered the business by starting their own shops. This ratio seems to hold for all sizes of shops. The

proportion that inherited all or a part of the business was not large, particularly among operators of small shops.

HOW LONG THEY HAVE BEEN IN BUSINESS



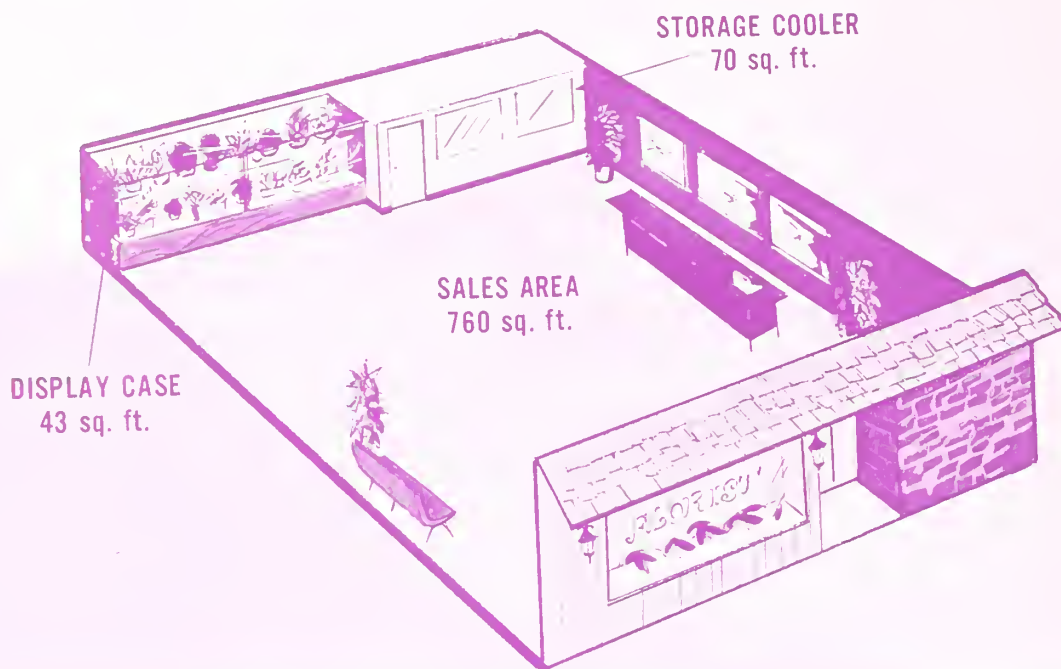
Shop size	Years in operation				
	1 and under	2-5	6-15	16-25	26 and over
	Percent	Percent	Percent	Percent	Percent
Small.....	5	26	38	19	12
Medium.....	3	15	35	27	20
Large.....	1	11	31	21	36
Very large..	3	6	12	23	56

Source: 1964-65 survey.

Nearly two-thirds of the florists in business in 1964 began operating in 1950 or later. The average age for all shops in operation in 1964 was about 15 years. Small shops showed the least longevity, averaging about 12 years of operation. Only about 30 percent of the small shops in operation in 1964 had been in business more than 15 years. In 1964, the average

number of years of operation for medium-sized and large firms was 17 and 22 years, respectively. In each group about half had been operating for 16 or more years. Very large firms showed the most stability, averaging close to 32 years of operation. Nearly 80 percent of the very large firms had been in operation 16 or more years.

AN AVERAGE-SIZE SHOP



Shop size	Frontage	Window	Selling area	Display case		Cooler case		Shops having display case with storage cooler
				Area	Frontage	Area	Frontage	
	<u>Lin. ft.</u>	<u>Lin. ft.</u>	<u>Sq. ft.</u>	<u>Sq. ft.</u>	<u>Lin. ft.</u>	<u>Sq. ft.</u>	<u>Lin. ft.</u>	<u>Percent</u>
Small.....	30.00	18.00	610	36	8	55	8	86
Medium.....	37.00	25.00	858	51	10	80	10	93
Large.....	46.00	31.00	1,337	66	12	133	12	98
Very large.....	74.00	50.00	1,844	170	18	219	18	100
All.....	34.00	22.00	760	43	9	70	9	89

Source: 1964-c5 survey.

In the average shop, about two-thirds of the frontage is devoted to the display window. The ratio is about the same for all shops, regardless of size. Practically all florist shops have a refrigerated display case and, in addition, nearly 90 percent also have a storage cooler.

Of the large and very large shops, nearly all have both types of facilities. The storage coolers are about 50 to 65 percent larger in area than the display cases, but the frontage of each type of facility is about the same, ranging from 8 feet in small to 18 feet in very large shops.



MONDAY	4	54	97	100	100	100	74	13	4
TUESDAY	4	54	97	100	100	100	74	12	3
WEDNESDAY	4	54	97	100	96	92	69	11	3
THURSDAY	4	54	97	100	99	99	73	14	5
FRIDAY	4	54	97	100	100	100	75	19	9
SATURDAY	4	54	97	100	99	97	69	12	3
SUNDAY	2	13	27	30	17	8	5	1	0
	7:00	8:00	9:00	12:00	1:00	5:00	6:00	7:00	8:00
		A.M.				P.M.			

Shop size	Percentage open at specified hours on--															
	Weekdays								Sundays							
	a.m.				p.m.				a.m.				p.m.			
	7	8	9	12	1	5	6	7	7	8	9	12	1	5	6	7
	- - - - Percent - - - -				- - - - Percent - - - -				- - - - Percent - - - -				- - - - Percent - - - -			
Small.....	4	49	96	100	99	99	68	13	2	12	25	28	16	8	1	1
Medium.....	3	62	100	100	100	100	79	12	2	12	24	26	12	6	4	--
Large.....	3	69	99	100	100	100	88	12	0	18	43	45	26	13	4	1
Very large.....	6	67	100	100	100	100	89	25	0	33	50	50	28	28	22	11

Source: 1964-65 survey.

More than half of the florists are open for business by 8 a.m. each weekday; and nearly all are open by 9 a.m. About a fourth of all florists close their shops by 6 p.m., and relatively few remain open after 7 p.m. Small florists tend to open later than others and also to close sooner. A small proportion of the shops, primarily small ones, are closed Wednesday and Saturday afternoons. Some of

the small shops are also closed Thursday afternoons. Very large firms do not follow the practice of closing in the afternoons during weekdays.

Nearly a third of the florist shops are open Sundays on a regular basis. A much greater proportion of large and very large firms follow this practice, and they generally stay open for longer hours.

MANAGEMENT AND MODERNIZATION OF FLORISTS SHOPS



MANAGEMENT	% OF SHOPS	MODERNIZATION	% OF SHOPS
• OWNER MANAGED	74	• WITH AIR CONDITIONING	46
• MANAGED BY PAID MANAGER	9	• REMODELED 1959-'64	41
• HAVING NO FULL-TIME MANAGER	13	• REMODELED 1954-'59	18
• STATUS UNKNOWN	4		

Shop size	Percentage of shops managed by--			Percentage of shops that were--		
	Owner	Paid manager	Part-time manager	Air-conditioned	Remodeled 1959-64	Remodeled 1954-59
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	76	5	15	41	38	15
Medium.....	72	11	10	52	49	20
Large.....	73	19	--	61	44	30
Very large.....	50	41	--	62	50	44

Source: 1964-65 survey.

Nearly three-fourths of all florist shops are owner managed, an indication that the majority of these businesses are independently owned. Paid managers are relatively few and are found primarily in larger shops or in shops belonging to multiunit firms. Only about 4 percent of the shops belong to operators with two or more shops. A fairly high proportion of the small and medium-sized florist shops are operated as part-time businesses and do not have full-time managers.

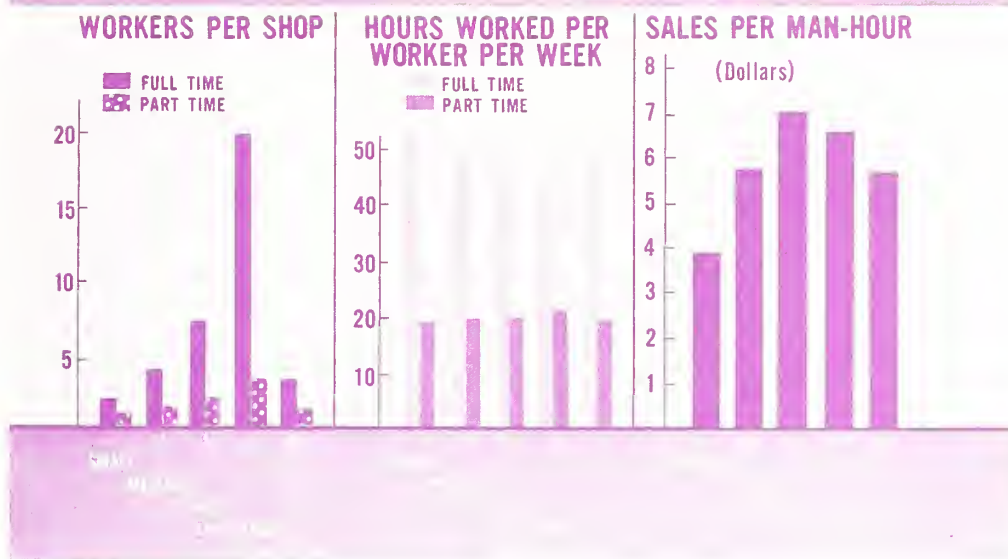
Air-conditioned shops are not as prevalent as one might expect. Less than one-half of the shops are air conditioned.

While shop remodeling is on the increase, over 40 percent of the existing shops have not been

remodeled during the past decade. Most remodeling has consisted of enlarging existing shops by increasing the sales or preparation areas, or both. A few florists have also relocated to gain the needed space.

Improved appearance of the shop was another reason reported for remodeling. This generally consisted of redecorating inside or out, with minor alteration in physical facilities. Considerably less attention has been given to replacing or acquiring refrigerated display cases and coolers, more modern lighting, or air conditioning.

LABOR FORCE AND PRODUCTIVITY



Shop size	Shops with family workers only							Shops with some paid employees						
	Workers per shop		Workweek per worker		Annual sales per--			Workers per shop		Workweek per worker		Annual sales per--		
	Full-time	Part-time	Full-time	Part-time	Worker	Shop	Man-hour	Full-time	Part-time	Full-time	Part-time	Worker	Shop	Man-hour
	No.	No.	Hrs.	Hrs.	Dol.	Dol.	Dol.	No.	No.	Hrs.	Hrs.	Dol.	Dol.	Dol.
Small.....	1.7	1.3	52.9	18.0	10,771	19,280	3.92	2.4	1.4	49.4	19.0	10,029	27,378	3.91
Medium.....	2.6	2.0	48.5	20.0	21,971	58,222	8.71	4.2	1.6	48.2	19.4	14,421	67,633	5.75
Large.....	4.0	1.0	48.8	13.0	29,850	121,491	11.76	7.7	2.4	46.5	20.0	16,820	142,300	7.05
Very large.....	--	--	--	--	--	--	--	19.8	3.4	45.4	21.0	15,687	333,345	6.64

Source: 1964-65 survey.

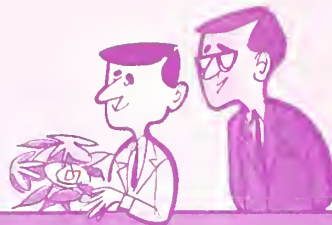
Florist shops operating on a full-time basis (with and without outside help) averaged over \$52,000 in sales per shop in 1964, and employed an average of 3.5 full-time and 1.2 part-time employees. Owners working full time averaged over 50 hours a week, while the full-time employees averaged about 44 hours a week; part-time employees averaged 20 hours a week.

About 22 percent of the full-time shops, mostly the small ones, operated with only family help. Shops operating with only family help averaged fewer employees, and employees worked longer hours per week. In the medium-sized and large shops operating with only

family help, sales per man-hour were much higher than for comparable sized shops that hired outside employees.

Sales per man-hour for all florist shops operating on a full-time basis increased with the size of shop up to the very large shops, at which size, sales per man-hour tended to decline. This may be an indication that the management in these very large operations, averaging 20 or more employees, is unable to exercise maximum control over the work schedules of employees which, in turn, affects their productivity.

FORMAL EMPLOYEE TRAINING



Shops that provide training in:

SELLING BY PHONE

17%

SELLING IN SHOP

21%

ARRANGING FLOWERS

24%

Shop size	Percentage of shops providing training in--		
	Selling by phone	Selling in shop	Flower arrangement
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	13	17	19
Medium.....	21	23	29
Large.....	33	33	36
Very large.....	50	56	56

Source: 1964-65 survey.

Formal training of employees is not widely practiced among florists. This indifference to training can result in inefficiency and declining sales because of a lack of fresh ideas in design and management. When training is provided, flower arranging tends to receive the greatest emphasis. The larger shops stress training more than the small ones, primarily because they hire more outside help and have greater employee turnover. On the other hand, small shops often operate as a family unit, with the owners doing most of the selling and arranging. Because of this, small florists tend to overlook the need for training or think they do not have time for it.

In place of formal training, or as a supplement to it, some florists provide training of employees in their own shops on an informal or apprenticeship basis.

Flowers-by-wire organizations offer the major source of training by conducting classes locally or at conventions and other meeting places. Other sources of training are the classes offered by interior decorating firms, universities, extension service and correspondence schools, and commercial design schools.

ITEMS SOLD BY FLORISTS ... SHARE OF TOTAL SALES



	PERCENT
FRESH FLOWER ARRANGEMENTS	55
FLOWERING AND FOLIAGE PLANTS	18
FRESH FLOWERS, SOLD LOOSE	12
ARTIFICIAL FLOWERS AND PLANTS	7
GIFTWARE ITEMS	4
SHRUBS AND TREES	1
GARDEN SUPPLIES	1
LANDSCAPING SERVICE	NEGLIGIBLE
OTHER	2

Shop size	Percentage of total sales realized from specified item								
	Fresh flowers arranged	Potted plants	Fresh flowers unarranged	Artificial flowers	Giftware	Shrubs & trees	Garden supplies	Landscape service	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	56	17	12	7	3	1	(¹)	(¹)	2
Medium.....	57	18	10	8	4	(¹)	1	(¹)	1
Large.....	55	19	10	7	6	1	(¹)	(¹)	1
Very large.....	46	19	13	5	5	4	4	3	2

¹ Less than 1 percent.

Source: 1964-65 survey.

Sales of fresh flowers represented two-thirds of total sales by florists in 1964, with arrangements accounting for the bulk of these sales. Artificial (permanent) flowers and plants were also important, outranking the combined sales of giftware items, nursery products, garden supplies, and landscaping services. With increases in variety and improvements in quality, sales of artificial flowers could experience a

considerable rate of growth in the next decade. The implication of this in terms of fresh flowers is not clear. But it does warrant close observation.

The percentage distribution of sales was about the same for all except the very large shops. Among very large shops there was more emphasis on garden supplies, shrubs, trees, and landscaping services.

DISTRIBUTION OF SALES BY CUSTOMER'S USE OF PURCHASES



PERCENT OF SALES

FUNERALS AND MEMORIALS	46
HOSPITALS	18
WEDDINGS	9
CONVENTIONS AND BUSINESS MEETINGS	4
CHURCH USE	5
HOME USE	10
OTHER	7

Shop size	Percentage of total sales by specified use						
	Funerals	Hospitals	Weddings	Conventions	Church	Home	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	47	18	9	4	5	10	7
Medium.....	42	21	8	4	5	11	9
Large.....	42	20	8	4	4	14	8
Very large.....	35	25	7	6	3	14	10

Source: 1964-65 survey.

Funerals, memorials, and hospitals account for nearly two-thirds of the total dollar volume of sales by florists. These are sometimes referred to as "necessity sales," or sales resulting from social custom. This segment of sales has limited potential for expansion. Flowers for funerals accounted for the greatest portion of the "necessity sales," and research has shown that excessive use of floral tributes at funerals has given rise to campaigns for

expressing sympathy through memorial funds rather than flowers. Therefore, a more obvious opportunity for expanding the market for floral products lies in areas of currently limited flower use such as display in homes, churches, and commercial offices, at weddings, etc. Very large shops may have already recognized this, as only about one-third of their 1964 sales were for funerals.

WIRE SERVICE MEMBERSHIP

84% OF THE FLORISTS BELONG
TO A WIRE SERVICE



ONE-FOURTH OF THOSE WHO HAVE WIRE SERVICE MEMBERSHIP BELONG TO 2 OR MORE SERVICES

OF THOSE WHO HAVE MULTIPLE MEMBERSHIPS TODAY,

4% OBTAINED THEM BEFORE 1955

7% OBTAINED THEM IN 1955 - 1959

89% OBTAINED THEM IN 1960 AND AFTER

AMOUNT OF BUSINESS

% OF GROSS SALES

INCOMING

9.5%

OUTGOING

10.5%

Shop size	Percentage of florists belonging to wire service	Percentage of florists belonging to 2 or more wire services who obtained multiple membership--			Wire sales as a percentage of gross sales	
		Before 1955	1955-59	1960 & after	Incoming	Outgoing
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	77	2	9	89	11.0	9.7
Medium.....	95	6	6	88	9.5	11.2
Large.....	98	--	--	100	8.7	10.8
Very large.....	94	--	--	100	7.3	9.8

Source: 1964-65 survey.

A great majority of florists are members of flowers-by-wire organizations. More than half of the wire service members joined primarily for the added sales volume generated by wire orders. Another important reason for joining was to provide more service to their customers. Wire orders accounted for 9 to 10 percent of

total industry sales in 1964. Except for operators of small shops, the majority of the members said they sent out more orders than they received. Generally, flowers-by-wire sales accounted for a larger share of total sales in smaller shops than in very large shops.

WIRE SERVICE SALES



53% OF WIRE SERVICE MEMBERS CHARGE TO PLACE ORDERS

CHARGES RANGE FROM \$.25 TO \$1.00

AVERAGE CHARGE PER ORDER - \$.50

40% OF THOSE WHO CHARGE REPORTED CUSTOMER COMPLAINTS ABOUT CHARGES

AVERAGE VALUE OF ORDERS

WIRE ORDERS:

INCOMING - \$7.46

OUTGOING - \$7.78

NON-WIRE ORDERS: \$6.50

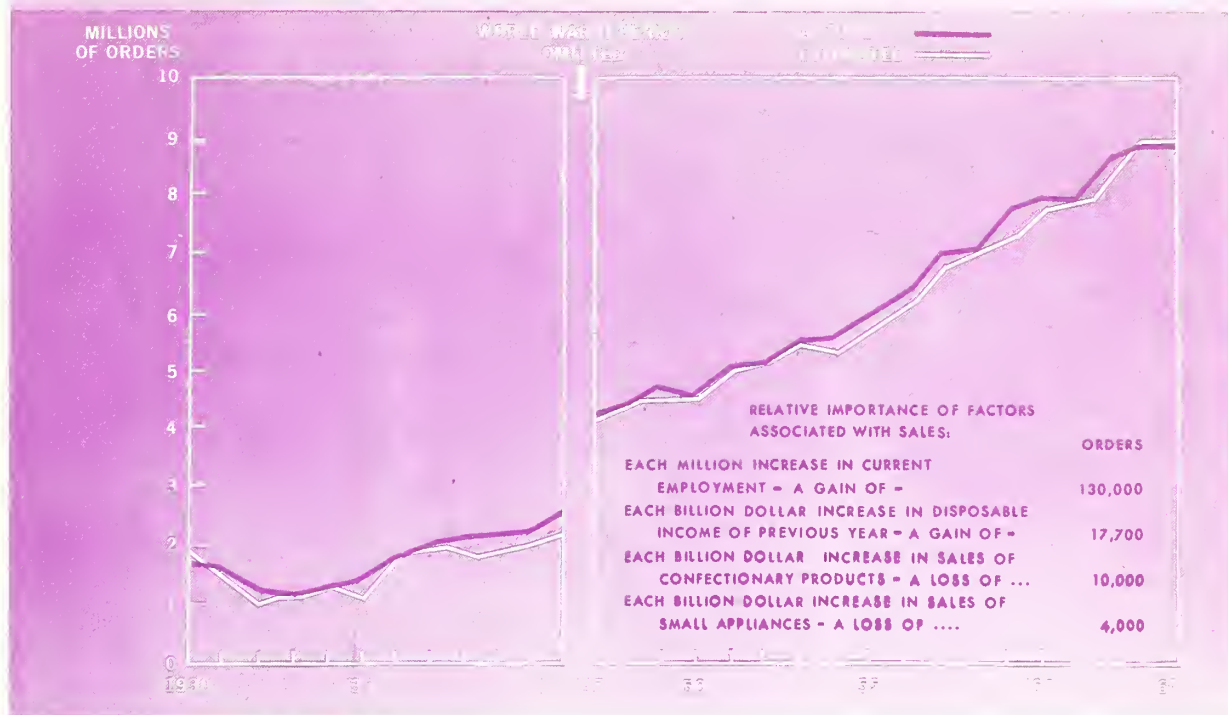
Shop size	Average charge for placing wire order	Percentage of florists reporting that customers complained about wire order charge--			Average value of wire order		Average value of nonwire order
		Often	Seldom	Never	Incoming	Outgoing	
	Cents	Percent	Percent	Percent	Dollar	Dollar	Dollar
Small.....	51	1	36	63	7.23	7.19	6.32
Medium.....	49	1	37	62	7.46	7.75	6.69
Large.....	50	1	47	52	7.57	8.10	7.18
Very large.....	52	1	38	61	8.02	8.45	7.81

Source: 1964-65 survey.

Most retailer members charge a fee of about 50 cents for placing flowers-by-wire orders. A fairly high proportion of florists, especially among large shops, reported occasional customer complaints regarding this charge.

Orders filled by the reporting firms averaged somewhat lower than orders transmitted. Possibly this reflects the fact that orders received from Canada and other foreign countries were included, and these usually are smaller than orders originating in the United States.

ESTIMATING ANNUAL ORDERS FOR FLOWERS BY WIRE



Sales volume in number of orders, actual and estimated, U.S., 1935-41 and 1947-65

Year	Actual orders	Est. FTD orders 1/	Error bet. actual & est.	Year	Actual orders	Est. FTD orders 1/	Error bet. actual & est.
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	Number	Number	Percent		Number	Number	Percent
1935:	1,348,518	1,315,888	2.5	1953	5,344,533	5,381,751	-0.7
1936:	1,636,431	1,647,646	-0.7	1954	5,489,489	5,574,052	-1.5
1937:	1,868,888	2,000,933	-6.6	1955	5,897,979	5,857,748	0.7
1938:	1,900,265	1,872,648	1.5	1956	6,271,553	6,345,246	-1.2
1939:	2,026,004	1,945,360	4.1	1957	6,906,444	6,704,360	3.0
1940:	2,213,308	2,204,812	0.4	1958	6,948,346	6,885,970	0.9
1941:	2,494,867	2,554,816	-2.3	1959	7,654,680	7,449,256	2.8
1947:	4,199,982	4,041,095	3.9	1960	7,878,779	7,620,152	3.4
1948:	4,259,239	4,286,504	-0.6	1961	7,848,963	7,835,804	0.2
1949:	4,546,160	4,602,433	-1.2	1962	8,012,220	8,206,155	-2.4
1950:	4,489,787	4,467,822	0.5	1963	8,245,081	8,539,317	-3.4
1951:	4,846,703	4,859,494	-0.3	1964	8,779,934	8,848,503	-0.8
1952:	5,017,315	5,167,022	-2.9	1965	9,745,730	9,656,403	0.9

1/ Estimates are based on disposable personal income, employment, confectionery sales, and household appliance sales.

Flowers-by-wire orders have shown a fairly steady increase between 1935 and 1965, exclusive of the 5 war years 1941-46. Personal disposable income in the previous year appears to be the primary economic factor affecting current-year flowers-by-wire sales. Other important factors are current levels of employment, sales of

household appliances and sales of confectionery products (sweets).

Increases in income and employment are associated with increased sales of flowers-by-wire. Sales of household appliances and confectionery products, however, compete with sales of flowers-by-wire.

TELEPHONE SALES

SALES MADE BY TELEPHONE

75% OF TOTAL



**58% OF THE FLORISTS TAKE TELEPHONE ORDERS AFTER HOURS
OF THESE,**

12% HAVE ANSWERING SERVICE

17% USE HOME PHONE

54% USE BUSINESS PHONE OR EXTENSION

17% DID NOT IDENTIFY TYPE OF SERVICE

EVALUATION OF AFTER-HOUR SERVICE BY FLORISTS OFFERING IT:

PROFITABLE 67%

UNPROFITABLE 3%

BREAK-EVEN 25%

MERELY A CUSTOMER CONVENIENCE 2%

OTHER 3%

Firm size	Proportion of florists offering after-hour service ¹	Kind of after-hour telephone service provided ¹				Profitability of service ¹		
		Answering service	Home phone	Business phone	Unidentified	Profitable	Unprofitable	Break even
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	64	8	18	58	16	71	3	26
Medium.....	49	16	14	47	23	67	1	32
Large.....	41	31	11	59	19	76	3	21
Very large...	50	50	12	25	13	71	--	29

¹ Percentages are of firms providing after-hour service.

Source: 1964-65 survey.

The telephone is indispensable to florists. About three-fourths of their total business is by telephone. A majority of florists surveyed provided telephone service for receiving orders after hours. Except for the very large shops, this was usually handled by having an extension of the business telephone in the home of the owner or an employee, or by listing the owner's telephone for after-hour calls. Fifty percent of

the very large florists offering after-hour service used a commercial answering service. Nearly all the florists providing after-hour telephone service had found it a profitable or at least a break-even service. The costs ranged from about \$12 to \$20 per month. Since more of the very large florists use a commercial answering service their cost per month is the highest.

CREDIT TO CUSTOMERS

95% OF FLORISTS OFFER CREDIT

THESE FLORISTS MAKE 73% OF THEIR SALES ON CREDIT

THEIR BAD-DEBT LOSSES ARE ONLY 1% OF GROSS SALES

12% OF THEM CHARGE FOR PAST-DUE ACCOUNTS.

TREND IN BAD-DEBT LOSSES IN PAST 5 YEARS HAS BEEN UP FOR 20% OF THEM, DOWN FOR 17%. FOR THE OTHER 63%, LOSSES HAVE REMAINED ABOUT THE SAME.

METHODS USED FOR COLLECTING

PERCENT OF THOSE EXTENDING CREDIT

TELEPHONE	38%
PERSONAL VISIT	19%
FORM LETTER	20%
COLLECTION AGENCY	17%
LEGAL CHANNELS	5%

Shop size	Volume of credit sales as a percentage of total ¹	Percentage of florists who charge for past-due accounts	Bad debt losses as a percentage of gross sales	Florists reporting specified trend in bad-debt losses, 1959-64		
				Increase	Decrease	No change
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	68	10	0.89	17	18	65
Medium.....	73	20	.76	24	18	58
Large.....	71	15	.72	24	11	65
Very large.....	78	--	.45	29	14	57

¹ Data apply only to florists offering credit. Percentages were small shops, 94; medium shops, 97; large shops, 100; and very large shops, 97.

Source: 1964-65 survey.

Florists, regardless of the size of operation, are quite liberal in offering customer credit. They do most of their business on credit; and the larger the business the greater is the proportion of credit sales. Florists not only offer credit readily, they tolerate past-due accounts without penalty. In 1964, only about one out of eight of the florists surveyed charged a fee for accounts past due. None of the very large firms indicated making such a charge. Among other businesses, the percentage imposing a service charge

for past-due accounts appears to be much higher.

Despite liberal handling of credit accounts, losses due to bad debts averaged less than 1 percent in 1964. This is well in line with other businesses that do not insist on 30-day collection. The rate of loss due to bad debt among small firms was about twice the rate of loss among very large firms. A majority of the florists indicated that losses due to bad debts had not changed materially in the past 5 years.



ESTABLISHING CREDIT FOR FIRST TIME PURCHASERS

25% REQUIRE NO CREDIT CHECK WHEN SELLING TO STRANGERS • 62% REQUIRE CREDIT CHECK WHEN SELLING TO STRANGERS • 13% REQUIRE PURCHASERS TO COME INTO THE SHOP



Type Of Credit Information Requested	Florists Requesting Each %
EMPLOYMENT	22
PERSONAL	22
REFERENCES	25
BUSINESS OR CREDIT	15
PERSONAL	
CREDIT AGENCY REPORT	11
OTHER	5

Shop size	How florists treat first-time purchasers ordering by telephone		
	Refuse order unless purchasers appear in person	Accept order without question	Accept orders only if purchaser is able to furnish some credit information
	Percent	Percent	Percent
Small.....	12	31	57
Medium.....	12	15	73
Large.....	18	14	68
Very large.....	25	8	67

Shop size	Type of information requested or relied on most					
	Personal	Employment	References		Credit agency	Other
			Business	Personal		
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	22	23	25	15	11	4
Medium.....	21	20	28	13	12	6
Large.....	21	28	23	15	9	4
Very large.....	14	7	21	15	36	7

Source: 1964-65 survey.

Three out of four florists surveyed required some kind of credit information from first-time purchasers placing orders by telephone. In fact, one in eight would not accept the order unless the customer appeared in person and submitted a formal credit application, or agreed to pay in advance or upon delivery.

Most of the florists who accepted phone orders on credit from first-time purchasers without requiring any credit information realized that they were taking a risk. The rest thought that they could judge purchasers by the neighborhood

in which they lived, or relied on their belief in the basic honesty of people.

Looking at the credit policies among the different sized shops, it is easy to see why small shops have had twice the loss rate due to bad debts as the very large shops. Among small shops, nearly 1 out of 3 accepted telephone orders from new customers on credit, while among very large shops only 1 in 12 followed this practice. Very large firms placed less emphasis on personal and employment information and more emphasis on checking with local credit agencies.

FREE DELIVERY AND FREE PARKING



97% OF FLORISTS OFFER FREE DELIVERY
77% OF THE SALES ARE DELIVERED FREE
DELIVERY COSTS FLORISTS AN AVERAGE OF \$.67
OF THOSE WHO DELIVER FREE
72% HAVE RESTRICTIONS ON DELIVERY
16% USE COMMERCIAL VEHICLES
13% USE AIR-CONDITIONED VEHICLES
63% NEVER POOL DELIVERIES WITH OTHER FLORISTS;
6% POOL DELIVERIES OFTEN
31% POOL DELIVERIES OCCASIONALLY
68% OF FLORISTS PROVIDE FREE PARKING

Shop size	Florists offering free delivery	Proportion of sales delivered	Average cost per delivery	Minimum order size delivered	Maximum distance for delivery	Percentage of florists who deliver free who--				
						Have restrictions on delivery	Use commercial vehicles	Use air-conditioned vehicles	Pool deliveries often	Provide free parking
	Percent	Percent	Cents	Dollars	Miles	Percent	Percent	Percent	Percent	Percent
Small.....	97	75	68	4.00	11	69	11	12	5	68
Medium.....	98	80	65	3.50	10	77	21	12	6	69
Large.....	97	81	70	3.50	10	82	38	17	16	66
Very large.	100	79	78	4.00	17	85	25	25	14	78

Source: 1964-65 survey.

"Across the street or around the world we deliver in one day," would be a very appropriate florist's motto. Nearly all florists provide free delivery and deliver most of what they sell. However, most florists, regardless of size, have some type of restriction either on size of order or distance of delivery, or both. These restrictions appear quite reasonable. The minimum order in 1964 ranged between \$3.50 and \$4.00, and the average distance of delivery was about 10 miles. Very large firms accepted deliveries up to 17 miles. About 10 percent of all florists indicated that they delivered throughout the city limits or the entire county regardless of distance.

Most florists have their own vehicles for delivery, but commercial delivery serv-

ice is also used, especially by the larger firms.

Air-conditioned delivery vehicles were used by about 1 in 13 florists in 1964. They were most often used by the large and very large firms.

Even though delivery costs represent 10 percent of the average order, pooling of deliveries is rare among florists. It is practiced least by the small and very large firms. A more efficient system of delivery, such as pooling, might substantially improve profits of florists.

Although most sales were by phone and most orders were delivered, a fairly high proportion of florists of all sizes offered free customer parking in 1964.

ADVERTISING AND PAID MEDIA



74% OF THE FLORISTS ADVERTISE IN PAID MEDIA.
THEY SPEND NEARLY 2% OF THEIR GROSS SALES ON ADVERTISING.

WHERE THE 74% ADVERTISE:	USAGE	MONEY SPENT
	% OF TOTAL	
NEWSPAPER	74	28
YELLOW PAGES	74	25
CHURCH OR SCHOOL PUBLICATION	59	8
RADIO	33	12
DIRECT MAIL	26	12
BILLBOARD	7	2
TELEVISION	4	2
OTHER	32	11

Media used	Shop size							
	Small		Medium		Large		Very large	
	Shops using	Pct. advertising budget	Shops using	Pct. advertising budget	Shops using	Pct. advertising budget	Shops using	Pct. advertising budget
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Newspaper.....	71	26	77	20	80	28	38	36
Radio.....	28	10	4	11	42	13	50	20
Television.....	1	1	1	3	1	4	12	1
Billboard.....	1	1	6	1	21	6	25	3
Church publications.	55	10	64	8	62	7	62	8
Yellow pages.....	72	36	78	26	90	17	82	11
Direct mail.....	13	1	31	1	58	15	62	13
Other.....	28	12	36	15	40	9	50	9

¹ Negligible.

Source: 1964-65 survey.

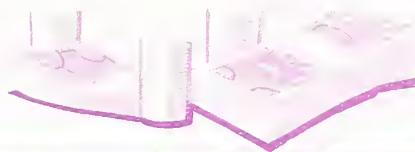
Nearly three-fourths of the florists surveyed advertised in paid media. In 1964 they spent nearly 2 percent of gross sales for advertising. Newspapers and the yellow pages of telephone directories were the media most often used, and accounted for a major portion of the advertising budget.

Small florists spent over a third of their advertising budget on yellow pages, while the larger florists emphasized newspaper advertising in their budgets.

Church and school publications and year-books (professional or civic) were also used by a high proportion of the florists, but these media received only a small portion of the total budget. Use of radio and direct mail was quite extensive, particularly among medium and larger florists.

Billboards and television were used by some of the florists, primarily those classed as large and very large, but this form of advertisement received only a very small share of their total budgets.

ADVERTISING BUDGET



HOW DETERMINED

% OF FLORISTS WHO ADVERTISE

HAVE NO PLAN	52
BY GROSS SALES	23
PREVIOUS YEAR'S EXPERIENCE	13
ALLOT FIXED AMOUNT	5
OTHER	7

WHAT FLORISTS THINK THEY ARE SPENDING

% OF GROSS SALES	% OF FLORISTS WHO ADVERTISE
1.6 TO 3.5	51
3.6 TO 5.5	24
1.5 OR LESS	15
8.6 OR MORE	8
5.6 TO 8.5	2

CURRENT YEAR'S BUDGET PLAN, COMPARED WITH PREVIOUS YEAR'S

	% OF FLORISTS WHO ADVERTISE
SAME	69
HIGHER	21
LOWER	10

Shop size	Advertising budget based on-- ¹					Current budget, compared with budget of previous year ¹		
	No plan	Gross sales	Previous year's experience	Fixed amount	Other	Same	Higher	Lower
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	55	21	12	6	3	72	17	11
Medium.....	48	20	19	2	7	62	27	11
Large.....	49	29	6	4	11	69	22	9
Very large.....	20	50	--	--	30	56	44	--

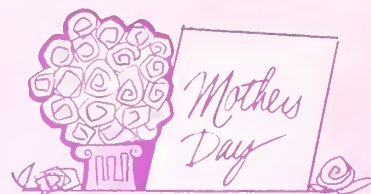
¹ Data apply only to florists who advertise.

Source: 1964-65 survey.

When it comes to setting up advertising budgets, the survey indicates that the majority of florists employ a "fly by the seat of the pants" method. However, some set their budgets on the basis of gross sales or previous experience, and others have a fixed budget regardless of sales or experience. Spending advertising money without a predetermined plan was least common among the very large firms.

Among those who planned an advertising budget, gross sales for the current or previous year, or previous experience with advertising were the two most common bases.

Budgets for the survey year indicated that many firms, particularly the largest ones, planned to increase the amount spent for advertising. A few florists planned to decrease the amount.



IDEA STRESSED

OF FLORISTS WHO ADVERTISED

SHOP IMAGE

36

OCCASION OR USE

35

SERVICE AND CONVENIENCE

17

VALUE OR PRICE

11

NON-FLORAL PRODUCTS

1

Firm size	Frequency of advertising (percentage of firms) ¹				Ideas stressed in ads (percentage of firms) ¹					Percentage of firms mentioning specified effects of advertising on sales				
	Never	Bi-weekly	Monthly	Special occasions	Shop image	Occasion or use	Service and conven.	Value or price	Non-floral prod.	Increase	Very little	Questionable	Makes shop known	A necessity
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	1	—	1	98	34	41	13	10	—	38	31	18	12	1
Medium.....	1	—	—	99	29	31	22	8	—	49	22	13	14	2
Large.....	—	—	6	94	32	14	17	19	—	46	16	21	13	4
Very large..	1	—	—	99	29	16	26	23	—	69	—	15	15	—

¹ Percentages apply to florists who advertise.
Source: Florists' Survey.

Among the florists surveyed, nearly two out of three who advertised limited their ads to special occasions. Of the one-third who advertised on a regular basis, half advertised weekly and the rest monthly. Regular advertising was practiced least by small firms and most by very large ones.

More than half of the florists directed their advertising primarily toward creating a favorable image of their shop, stressing quality, customer satisfaction, service, convenience, and reliability. Only about one-third of the florists placed greatest stress on the occasions for which floral products serve best. Advertising floral products as a good value at a special price was even less frequent, particularly

among small and medium-sized firms. Emphasis on price was much more prevalent among the large and very large firms than among the other size groups.

More than half of the florists who advertised felt that it had been helpful to sales or at least had made their shop better known—a prerequisite for maintaining or expanding sales. The proportion of florists attributing increased sales to advertising was lowest among the small florists.

While only a few florists doubted the value of advertising, nearly 20 percent questioned whether its impact could be measured precisely.

FLORAL PRODUCT FEATURES



37% FEATURE SPECIFIC FLORAL PRODUCTS
64% CHARGE REGULAR PRICES FOR FEATURED ITEMS
35% CHARGE EXTRA TO DELIVER THEM

MAIN METHOD USED TO TELL CUSTOMER ABOUT FEATURE:

% OF FLORISTS

NEWSPAPER AD	40
WINDOW SIGN	20
RADIO	17
DIRECT MAIL	8
OTHER	15

RESULTS OF FEATURES:

EXCELLENT	37
GOOD	56
POOR	5
OTHER	2

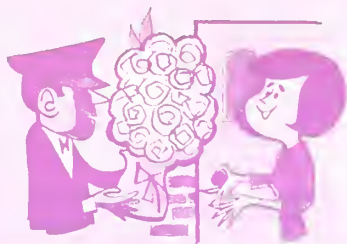
Shop size	Percentage of florists who use specified methods to advertise feature ¹					Percentage of florists who find results of featuring ¹⁻⁻			
	News- paper ad	Window sign	Radio	Direct mail	Other	Excel- lent	Good	Poor	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	44	21	16	7	12	31	62	6	1
Medium.....	38	21	15	9	17	40	51	7	2
Large.....	36	18	18	9	19	33	55	9	3
Very large.....	33	11	17	11	28	75	25	--	--

¹ Data apply only to florists who feature specific floral products.

Source: 1964-65 survey.

More than one-third of the florists featured specific floral products in 1964, and a majority of them charged regular prices for the items featured. Newspapers were the most popular method of advertising featured items, although window signs and radio spots were also used fairly frequently.

Among florists who featured specific floral products, nearly all considered the practice beneficial to sales. Only 5 percent reported having experienced poor sales results. Those expressing satisfaction with the results of features were primarily in the group of very large firms.



MOST SUCCESSFUL FEATURE



	OF ALL FEATURES
ARRANGEMENTS AND CORSAGES	42
CUT FLOWERS	29
GROWING PLANTS - FLOWERING AND FOLIAGE	25
ARTIFICIAL FLOWERS AND PLANTS	4

Firm size	Most successful feature. ¹				Occasion ¹			
	Arranged flowers and corages	Cut flowers	Plants	Artificial flowers and plants	Unidenti- fied	Special events	Seasonal	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	41	31	23	5	51	38	7	4
Medium.....	41	29	26	4	47	36	10	7
Large.....	4	37	21	4	51	25	13	13
Very large.....	43	17	25	--	42	24	3	28
All.....	42	29	25	4	49	34	9	8

¹ Percentages are of times an item was named by the survey firms.

Source: 1964-65 survey.

More than two-thirds of the successful features reported were those which included fresh flowers, with arrangements accounting for the largest share of these. Very large firms had particularly good success with featured arrangements. Flowering and foliage plants, including dishgardens, were among the more popular features.

Nearly half of the florists failed to identify the occasion for features, but of those identified, most were special events. Featuring of items

for other than special events was seldom mentioned, particularly among small and medium-sized firms. Large and very large firms showed some inclination to promote floral products for occasions other than special events.

Except for small florists, the majority of the firms reported that reduced prices were charged for featured items. About one-third of the florists who featured items at reduced prices charged extra for delivery, and another tenth restricted featured items to cash sales.

FLORAL WINDOW DISPLAYS

82% OF THE FLORISTS BELIEVE
THEY STIMULATE SALES
86% USE THEM



WHEN DISPLAYS ARE CHANGED % OF FLORISTS

WEEKLY	35
PRIMARILY ON SPECIAL OCCASIONS	29
MONTHLY	25
OTHER	11

Shop size	Floral window displays		Florists reporting that displays are changed--			
	Percentage of florists using them	Percentage of florists who believe they stimulate sales	Weekly	On special occasions	Monthly	Other
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	79	84	34	31	26	9
Medium.....	86	90	34	30	27	9
Large.....	88	93	45	24	21	10
Very large.....	100	100	44	17	17	22

Source: 1964-65 survey.

Window displays are highly regarded and widely used as a means of stimulating sales of floral products. Use of in-window displays tends to increase with size of shop. The fre-

quency with which displays are changed varies among florists, but most change them fairly regularly.

LIVE FLOWER ARRANGEMENTS DISPLAYED

38% OF THE FLORISTS DISPLAY
PREPARED ARRANGEMENTS



WHERE DISPLAYED

% OF FLORISTS DISPLAYING

CASE	55
SALES AREA	16
BOTH PLACES	29

PRICING

77% OF THE FLORISTS WHO DISPLAY ARRANGEMENTS
PRICE MARK THEM

PRICES RANGE FROM \$4.50 TO \$12.00

THE MOST POPULAR PRICE IS \$6.00

Shop size	Location of display ¹			Pricemark arrangements ¹	Price range ²		Most popular price ²
	Case	Sales area	Both		Average		
					High	Low	
	Percent	Percent	Percent	Percent	Dollars	Dollars	Dollars
Small.....	58	17	25	74	10.50	4.25	5.50
Medium.....	53	11	31	78	12.00	4.25	6.50
Large.....	43	18	39	88	15.50	4.75	7.25
Very large.....	72	5	27	82	14.00	5.00	7.50

¹ Percentages are of florists displaying live flower arrangements.
Rounded to nearest 25 cents.

Source: 1964-65 survey.

Florists make it a practice always to display fresh floral arrangements in their shops. Because of the perishable nature of fresh flowers, most florists keep the arrangements in refrigerated display cases. However, it is not uncommon to find arrangements displayed in the sales area as well.

Most florists pricemark their displayed arrangements, and report the \$6 items to be the best sellers. Small florists display less expensive arrangements and their best sellers have tended to be lower priced items.

FLOWERS SOLD UNARRANGED



PERCENT OF FLORISTS

38 CHARGE THE SAME AS FOR ARRANGED FLOWERS

34 OFFER TO ARRANGE THEM FREE

60 TRY TO SELL ACCESSORIES WITH THEM

55 GIVE ACCESSORIES WITH THEM

ACCESSORIES GIVEN MOST OFTEN

RIBBONS, OASES, WIRE, GREENS, INEXPENSIVE VASES

Shop size	Unarranged flowers: percentage of florists who--			
	Charge same as for arranged	Offer to arrange free	Try to sell accessories	Give accessories
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	34	34	58	52
Medium.....	42	33	63	58
Large.....	52	37	67	64
Very large..	33	28	72	72

Source: 1964-65 survey.

Methods of pricing flowers vary. Over a third of the florists interviewed charged the same price for arranged as for unarranged flowers. Another third offered to arrange flowers for the customer without additional charge, and the majority offered to sell accessories

with unarranged flowers. The practice of giving limited accessories with unarranged flowers was also widespread, as was the attempt to sell additional accessories. Both these practices were most common among very large firms.

SELF-SERVICE



PERCENT OF FLORISTS

81 PRICE MARK MOST ITEMS ON DISPLAY

27 OFFER PLANTS, SELF-SERVICE

5 OFFER CUT FLOWERS, SELF-SERVICE

15% OF TOTAL SALES ARE MADE THROUGH SELF-SERVICE

Shop size	Percentage of florists who--			Self-service sales as percentage of total ¹
	Pricemark most items	Offer self-service for purchase of--		
		Plants	Cut flowers	
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	77	25	3	15
Medium.....	87	33	5	7
Large.....	83	30	11	11
Very large.	94	33	17	19

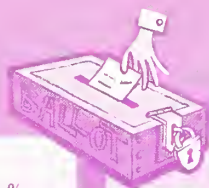
¹ Data are for florists who offer self-service.

Source: 1964-65 survey.

Although a high percentage of florists price-mark most items displayed in the shop, self-service is practiced only on a limited scale, and very rarely with cut flowers. Flowering and foliage plants were the items offered most frequently on a self-service basis.

Self-service sales accounted for about 15 percent of total sales in shops operating on that basis. Very large and small shops sell more through self-service than do other sized shops.

SELF SERVICE PRO and CON



21% FOR
79% AGAINST

FOR

%
OF THOSE
VOTING
FOR

GOOD SHOP LOCATION	24
ENCOURAGES BROWSING	22
SAVES SERVICE TIME	21
GOOD WAY TO SELL PLANTS	17
GOOD WAY TO SELL ON SPECIAL OCCASIONS	16

AGAINST

%
OF THOSE
VOTING
AGAINST

CUSTOMER NEEDS SERVICE	41
PRODUCT LOSS TOO HIGH	27
POOR SHOP LOCATION	16
MOST SALES BY TELEPHONE	8
OTHER	8

Shop size	Per- centage favoring self- service	Percentage of florists favoring self-service who gave as chief reasons --					Per- centage opposed to self- service	Percentage of florists opposed to self- service who gave as chief reason --				
		Shop is well located	It en- courages browsing	It saves service time	It is a good way to sell plants	It is good on special occasions		Customers need serv- ice	Product loss is too high	Shop is poorly located	Most sales are by telephone	Other reasons
Small.....	20	20	30	21	18	11	80	39	33	14	8	6
Medium....	22	35	12	15	12	26	78	48	18	19	7	8
Large.....	25	24	6	29	23	18	74	39	25	18	9	9
Very large	33	34	33	33	0	0	67	43	0	29	28	0

Source: 1964-65 survey.

Only one florist out of five among those surveyed considered self-service an efficient selling tool. Among large and very large firms, the percentage favoring self-service was somewhat higher.

Florists favoring self-service emphasized the desirability of having a shop location with the potential for abundant in-store customer traffic. Many of these florists reported self-service to be an excellent labor saver and an effective method of encouraging customer browsing, thereby maximizing sales. Some of the florists found self-service to be an ineffective merchandising tool, particularly for selling flowering and foliage plants during holidays and other busy periods.

Nearly four out of five florists considered self-service in florist shops ineffective. The

reason given most often was that customers need personal service and attention to help them make the appropriate selection. Possible losses due to excessive customer handling of products was another reason given, particularly when cut flowers were offered. Poor shop location and the fact that the majority of sales were handled by telephone were also considered by some florists as important reasons for not using self-service.

Proportionately fewer of the very large firms indicated opposition to self-service, and none were concerned about possible losses due to customers handling the products. However, they were in agreement with other florists that customers needed assistance in making their selections.

IN-STORE TRAFFIC

76% OF THE FLORISTS
THINK IN-STORE TRAFFIC
STIMULATES SALES



HERE'S HOW THEY BUILD IT:

	PERCENT
KEEP SHOP ATTRACTIVE, SHOW SPECIAL DISPLAYS	47
INVITE CUSTOMERS THROUGH REGULAR ADS	16
OFFER SPECIALS	13
HANDLE NON-FLORAL ITEMS	8
HOLD OPEN HOUSE	5
OTHER ACTIONS	11

32% OF IN-STORE CUSTOMERS ARE MALE, 68% FEMALE.
AVERAGE VALUE OF ORDERS OF WALK-IN CUSTOMERS, \$5.25,
COMPARED WITH \$6.75, OF TELEPHONE ORDERS.

Shop size	Percentage of florists favoring in-store customer traffic	Percentage of florists who build in-store traffic by--					
		Keeping shop attractive & showing special displays	Inviting customers through regular ads	Offering specials	Handling nonfloral items	Holding open house	Other actions
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	72	24	16	12	8	4	10
Medium.....	65	38	18	14	9	6	14
Large.....	91	46	17	18	4	6	11
Very large.....	78	54	19	15	--	8	8

Source: 1964-65 survey.

Of the florists surveyed, three-fourths favored encouraging in-store customer traffic as a means of increasing sales. Most florists try to build this type of trade by having special in-store displays and keeping an attractive shop. Some also invite customers through advertising regularly, in addition to offering special sales of floral items. More large shops favored in-store traffic than did the others.

Most shops have a disadvantage in building in-store customer traffic because they are

located where pedestrian traffic is light. Very few are in areas of heavy pedestrian traffic. Nearly half of the surveyed shops were located near heavy vehicular traffic and only 12 percent were in areas of light traffic.

Although walk-in customers spend less per order than do telephone customers, they still average about \$5 per order. Two out of three walk-in customers are women.

IN-STORE PROMOTIONAL MATERIALS



58% THINK IN-STORE PROMOTIONAL MATERIALS STIMULATE SALES

70% ARE GETTING SUFFICIENT SUPPLIES OF SUCH MATERIALS

10% USE ANIMATED DISPLAYS

KIND OF ANIMATED DISPLAY	PERCENT WHO USE THIS KIND
SPECIAL OCCASION SUBJECT, SUCH AS SANTA CLAUS OR EASTER BUNNY	38
TURNTABLE	23
WATERFALL OR FOUNTAIN	23
BATTERY-OPERATED	7
OTHER	9

Shop size	In-store promotional materials: percentage of florists who--			Percentage of florists using specified kinds of animated displays				
	Indicated they stimulate sales	Are getting enough	Use animated displays	Special-occasion pieces	Turn-table	Waterfall or fountain	Battery operated	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	54	68	05	37	21	15	15	12
Medium.....	63	71	10	44	22	22	3	9
Large.....	70	76	12	42	26	21	11	--
Very large.....	61	66	06	50	--	50	--	--

Source: 1964-65 survey.

The majority of in-store promotional materials are supplied by trade associations. In-store promotional materials are considered a sales stimulant by a majority of the florists surveyed. Medium sized and large firms accord more value to them than do small firms. Most florists reported they were receiving suf-

ficient quantities of promotional materials.

Use of animated display pieces was chiefly limited to special holidays such as Easter and Christmas. Their use was more extensive among the intermediate sized shops than among the very large or small shops.

SUGGESTED CHANGES IN IN-STORE PROMOTIONAL MATERIALS



PERCENT OF FLORISTS

IMPROVE OVERALL APPEARANCE	36
PROVIDE UNPRICED ARRANGEMENTS	25
MAKE PIECES SMALLER	14
MAKE PIECES MORE DURABLE	10
ANIMATE DISPLAY	7
OTHER	8

Shop size	Promotional materials should be-- ¹					
	Improved in appearance	Unpriced	Smaller	More durable	More often animated	Other
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	37	28	13	7	2	13
Medium.....	39	21	11	11	11	7
Large.....	17	17	22	22	17	5
Very large.....	75	15	--	--	--	--

¹ percentages are of all suggestions offered.

Source: 1964-65 survey.

A desire for overall improvements in in-store promotional materials seems to be shared by many florists. One suggestion made by a number of florists surveyed was for display pieces that show unpriced arrangements. This would provide florists greater flexibility in pricing, use of products in season, and design.

Some retailers also would like more in-store promotional materials of a permanent nature, while others want smaller displays for greater versatility. There also appears to be some interest in having more kinds of animated display materials. Managers of many of the very large shops noted a need for overall improvement in the appearance of displays.

REQUESTED IN-STORE PROMOTIONAL MATERIAL

11% OF THE FLORISTS ARE NOT GETTING ALL THE PROMOTIONAL MATERIALS THEY NEED



WHAT THEY WANT

PERCENT WANTING

PHOTO REPRODUCTIONS	20
WINDOW POSTERS	18
POSTERS FOR GENERAL USE	14
ALL TYPES OF POSTERS	13
SPECIAL OCCASION POSTERS	12
EDUCATIONAL POSTERS	9
OTHER	14

Percentage of florists not getting enough promotion materials who want more--

Shop size	Photo reproductions	Window posters	General use displays	Special occasion or use displays	Materials of all types	Educational materials	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	21	19	18	13	13	4	12
Medium.....	20	15	10	10	5	15	25
Large.....	18	18	9	9	28	9	9
Very large.....	25	25	--	--	--	50	--

Source: 1964-65 survey.

Only 11 percent of the florists reported they were not getting enough in-store promotional materials. Photo reproductions and window posters ranked fairly high among the items in short supply. Others mentioned included posters for general use as well as for special occasions.

Educational posters ranked fairly low on the list of needs expressed by all florists except those operating very large firms.

Floral sales might benefit from consumer education programs using in-store promotional materials.

ARTIFICIAL FLOWERS AND PLANTS



84% OF ALL FLORESTS SELL ARTIFICIAL FLOWERS AND PLANTS

THEY ACCOUNT FOR 7% OF TOTAL GROSS SALES OF FLORESTS WHO SELL ARTIFICIALS

60% SELL THEM LOOSELY

34% SELL THEM ARRANGED ONLY

6% SELL THEM BOTH WAYS

PRICE OF ARRANGEMENTS RANGES FROM \$3.25 TO \$46.75

FLORESTS' OPINIONS ABOUT THE EFFECT OF SALES OF ARTIFICIAL FLORAL PRODUCTS ON FRESH SALES

NO EFFECT

60%

REDUCE FRESH SALES

10%

INCREASE FRESH

30%

Firm Size	Percentage of florists who sell artificial	Percentage of florists selling artificial products as percentage of gross sales	Percentage of florists selling artificial products as follows:			Price range of artificial products displayed		Percentage of florists reporting that sales of artificial products have--		
			Loose only	Arranged only	Both ways	Average low	Average high	No effect on fresh sales	Reduce fresh sales	Increase fresh sales
	Percent	Percent	Percent	Percent	Percent	Dollars	Dollars	Percent	Percent	Percent
Small.....	81	7	4	41	57	3.25	18.50	60	31	9
Medium.....	88	8	1	38	66	3.25	28.50	63	20	17
Large.....	91	11	1	27	71	4.25	46.75	67	18	15
Very large...	94	12	1	22	76	4.25	34.75	50	25	25

Source: 1964-65 survey.

A great majority of florists handle artificial flowers and plants. In addition to being an important source of revenue, artificials provide customers a fuller line of products from which to choose. Most florists handling artificials sell them loose as well as arranged, but prefer selling arrangements.

While most florists interviewed reported that sales of artificials had no effect on sales of fresh floral products, about one out of four said that sales of artificials cut into sales of fresh products. Small florists seemed most

concerned about the adverse effects of artificials on sales of fresh flowers.

A few florists, about one in eight, considered sales of artificials as a stimulant to sales of fresh flowers.

Some artificial arrangements displayed were priced as high as \$600. The prices of artificial flowers and plant arrangements displayed ranged from an average low of \$3.25 among small firms to an average high of nearly \$47 among large firms.

USE OF ARTIFICIAL PLANTS AND FLOWERS



HOW CURRENT PURCHASES ARE USED:	%
HOME DECORATION	39
IN CEMETERIES	20
IN HOSPITALS	17
IN COMMERCIAL ESTABLISHMENTS	14
AS GIFTS	8
OTHER	2

Shop size	Percentage of purchased artificials used for--					
	Home decoration	Cemeteries	Hospitals	Commercial establishments	Gifts	Others
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Small.....	37	24	18	10	8	3
Medium.....	40	13	18	17	11	1
Large.....	43	8	10	30	6	3
Very large.....	50	4	8	38	--	--

Source: 1964-65 survey.

The uses for artificial flowers and plants vary, although home decoration appears to be the most popular use. Other uses for artificials as indicated by the florists interviewed are (in order of importance) for cemeteries, hospi-

tals, and commercial establishments. Sales to commercial establishments appear to be highest among large and very large shops. These ratings represent number of sales and not dollar value.

MASS MARKET OUTLETS

68% OF THE FLORISTS ARE NEAR MASS MARKET OUTLETS THAT SELL FLORAL PRODUCTS.



EFFECT ON REGULAR FLORISTS

IF MASS MARKET OUTLETS INCREASED THEIR SALES OF FLORAL PRODUCTS:

64% OF FLORISTS THINK THEIR SALES WOULD DECREASE.

29% THINK THEIR SALES WOULD NOT BE AFFECTED.

7% THINK THEIR SALES WOULD INCREASE.

CONCESSION OPERATION

5% OF FLORISTS HAVE OPERATED MASS MARKET CONCESSIONS.

2% ARE OPERATING THEM NOW.

1% HAVE DEFINITE PLANS TO OPERATE THEM.

19% ARE INTERESTED IN OPERATING SUCH A CONCESSION IF GIVEN AN ATTRACTIVE OPPORTUNITY.

Firm size	Effect of mass market outlets on florists' sales (percentages of florists who report they--)			Florists' experience and interest in operating in mass outlets (percentage who--)				Percentage of mass market outlets near florists that handle floral products--		
	Increased sales	Have no effect	Decreased sales	Have operated one	Are operating one	Plan to operate one	Want to operate one	Percentage of flor. loc. near mass mkt. outlets	Continuously	Occasionally
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	1	14	2	4	1	1	18	67	58	42
Medium.....	1	14	1	4	1	1	22	70	67	33
Large.....	14	11	1	11	2	--	24	67	74	26
Very large.....	2	11	1	24	1	--	--	89	50	50

Source: 1964-65 survey.

Mass market outlets for floral products are fairly well distributed in most major markets. More than two-thirds of the florists reported that one or more such outlets were located near their shops. In most cases these markets did not handle floral products on a continuous basis. Most small florists considered these outlets as a detriment to their own sales, but a few reported that sales of floral products in mass outlets actually benefited their sales.

Some florists seemed totally unconcerned about mass outlets. This latter group was comprised primarily of large firms.

Very few florists surveyed had plans for or had had experience in operating concessions in mass outlets. Except for the very large firms, there was considerable interest expressed in the potential for operation of concessions in mass markets.

HOW FLORISTS GET THEIR SUPPLIES OF CUT FLOWERS AND PLANTS



FLORISTS BUY 88% OF THEIR CUT FLOWERS, 74% OF FLOWERING AND FOLIAGE PLANTS, AND 99% OF GREENS—THEY GROW THE REST THEMSELVES

CUT FLOWERS

FLOWERING AND FOLIAGE PLANTS

PERCENT OF TOTAL PURCHASES

HOW ORDERED:

BY TELEPHONE

ON PERSONAL INSPECTION

STANDING ORDER

OTHER

88%

35%

5%

2%

74%

44%

7%

1%

ONLY 3% OF THE FLORISTS BUY ANY PERISHABLES COOPERATIVELY

THESE FLORISTS BUY 23% OF THEIR CUT FLOWERS, 14% OF THEIR FLOWERING AND FOLIAGE PLANTS THAT WAY

Shop size	Percentage of specified items purchased by florists			Percentage of cut flowers purchased as specified				Percentage of flowering and foliage plants purchased as specified			
	Cut flowers	Flowering and foliage plants	Greens	By telephone	On personal inspection	Standing order	Other	By telephone	On personal inspection	Standing order	Other
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Small.....	92	86	97	58	34	6	2	48	44	4	4
Medium.....	86	76	99	60	29	10	1	50	38	8	4
Large.....	92	79	100	59	27	13	1	50	38	7	5
Very large.....	67	49	100	62	20	18	--	74	15	9	2

Source: 1964-65 survey.

Small florists reported that in 1964 they bought approximately 91 percent of the perishables used in their operation, whereas very large firms reported buying only about 63 percent. Thus, the overall ratio for the industry was 86 percent purchased, and 14 percent grown. Florists reported they do most of their

buying by telephone, although buying through personal inspection is also fairly important.

Cooperative or group purchasing is practically nonexistent among florists; it accounted for only 3 percent of total purchases in 1964. Small shops, which perhaps could benefit most from cooperative purchasing, practice it least.

STANDING ORDERS



FREQUENCY OF DELIVERY

WEEKLY OR MORE OFTEN	88
HOLIDAYS OR SEASONALLY	11
OTHER	4
UNIDENTIFIED	2

ITEMS BOUGHT BY STANDING ORDER

PERCENT OF STANDING ORDERS

GLADS	20
CARNATIONS	21
ROSES	16
FLOWERS AND OTHERS	10
POMPONS AND MUMS	11
PLANTS OR GREENS	7
OTHER	5

Shop size	Percentage of standing orders delivered--				Percentage of standing orders that are for--							
	Weekly or oftener	Holiday or seasonal	Other spec. times	Un-identified	Glads	Carnations	Roses	Other flowers	Pompons and mums	Plants	Greens	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	40	19	4	37	20	20	18	14	8	10	5	5
Medium.....	54	10	4	32	22	21	16	10	10	7	5	4
Large.....	42	2	2	54	21	20	23	10	11	4	7	4
Very large.	28	--	15	57	13	20	27	13	13	7	--	7

Source: 1964-65 survey.

Relatively few of the florists surveyed used standing orders in buying perishables. However, in view of the continued trend toward centralization of production of major floral products, often distant from population centers, standing orders could prove to be a very efficient method of getting supplies of perishables. But for this practice to gain wide acceptance, the floral industry will have to provide a method of standardizing the quality of the floral products being offered. Most of the florists receiving

floral products on a standing-order basis get deliveries weekly or more often. Most frequent deliveries are to medium-sized firms. Some standing orders are scheduled only for holidays or during certain seasons. Fresh flowers dominate among items received on a standing-order basis, representing over 80 percent of the deliveries. Gladioli, carnations, and roses are the flowers received most commonly through standing orders.

C.O.D. DELIVERY

9% OF FLORISTS RECEIVE SOME DELIVERIES C.O.D.

THE REASONS-

OF THOSE RECEIVING

BUYERS REQUEST IT 40

ACCOUNT IS DELINQUENT 33

ORDER OR SUPPLIER IS SMALL 16

ACCOUNT IS INACTIVE 12

OUT-OF-TOWN SUPPLIER 8

TO QUALIFY FOR DISCOUNT

PROMPT-PAYMENT INCENTIVES

10% OF FLORISTS ARE

RECEIVING A SPECIFIED DISCOUNT

FOR PROMPT PAYMENT

BY THE SUPPLIER

WHICH IS A DISCOUNT

FOR PAYING BILLS

WITHIN 10 DAYS

OF THE INVOICE

Shop size	Florists receiving shipments c.o.d.	Florists receiving shipments c.o.d. for specified reason						Florists subject to		Florists receiving specified discount for prompt payment			Florists paying specified penalty in case of late payment		
		At own request	Delinquent account	Supplier or order too small	No account with supplier	Out-of-town supplier	To qualify for discount	Promptness discount	Lateness penalty	Less than 2 pct.	2 pct.	More than 2 pct.	Less than 2 pct.	2 pct.	More than 2 pct.
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	10	40	21	16	16	4	3	21	7	23	67	10	63	14	23
Medium.....	8	32	20	32	12	--	4	31	7	16	72	12	90	5	5
Large.....	8	75	12	13	--	--	--	34	7	7	81	12	78	--	22
Very large..	--	--	--	--	--	--	--	50	6	18	82	--	100	--	--

Source: 1964-65 survey.

Only 1 florist in 11 received supplies on a c.o.d. basis in 1964. Most such deliveries were made at the request of the florists, particularly among the large firms. Only one in 5 florists that received c.o.d. deliveries did so because they owed the suppliers for previous deliveries.

Wholesale suppliers of perishables are fairly liberal in offering discounts to florists for paying bills promptly, and are somewhat reluctant to penalize them for late payment of bills.

About the same proportion of shops, regardless of size, were subject to penalties for late payment of bills. However, discounts to small firms for prompt payment were not nearly as common as for the larger firms.

Discounts are usually offered for payment made within 10 days; penalties are imposed after 30 days. Quite a few medium-sized firms and some small ones reported that they were penalized for bills if unpaid after 10 or 15 days, while large firms reported that they were given 60 days to pay bills without a penalty.

SUPPLY INFORMATION



SOURCE (USE BY FLORISTS)	% OF FLORISTS
WHOLESALE SUPPLIERS	41
PRINTED MEDIA	20
GROWERS AND ROUTE DELIVERY MEN	17
TELEPHONE CALLS TO SUPPLY SOURCE	17
VISITS TO MARKET	14
OTHER	7

11% OF FLORISTS ARE DISSATISFIED WITH THEIR PRESENT SOURCE OF SUPPLY INFORMATION

SOME OF THEIR SUGGESTIONS FOR IMPROVEMENT

PROVISION OF REGULARLY

SCHEDULED IMPARTIAL AND

RELIABLY WRITTEN REPORTS ON SUPPLY CONDITIONS

ADDITION OF A STANDARDIZED GAUGE OF FLORAL QUALITY FOR FLORAL CHECKS

IMPROVED CONTACT WITH GROWERS

Firm Size	Percentage of florists receiving supply information from--					
	Wholesale supplier	Printed media	Growers and route salesman	Telephone calls to supply source	Visits to market	Other
	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	31	22	11	16	8	9
Medium.....	34	22	14	15	12	4
Large.....	31	24	8	20	13	4
Very large.....	23	15	31	15	8	8

Source: 1964-65 survey.

Wholesale suppliers represent the most important source of information for retail florists about current and future supplies. Printed media are also fairly important. Very large firms check frequently with growers and salesmen about supplies.

Most of the florists surveyed reported they were satisfied with their sources of supply in-

formation. Those who stated they were not satisfied said they would like to have (1) regularly scheduled, impartial, and reliably written reports on supply conditions; (2) a standardized gauge of floral quality; and (3) more contact with growers.

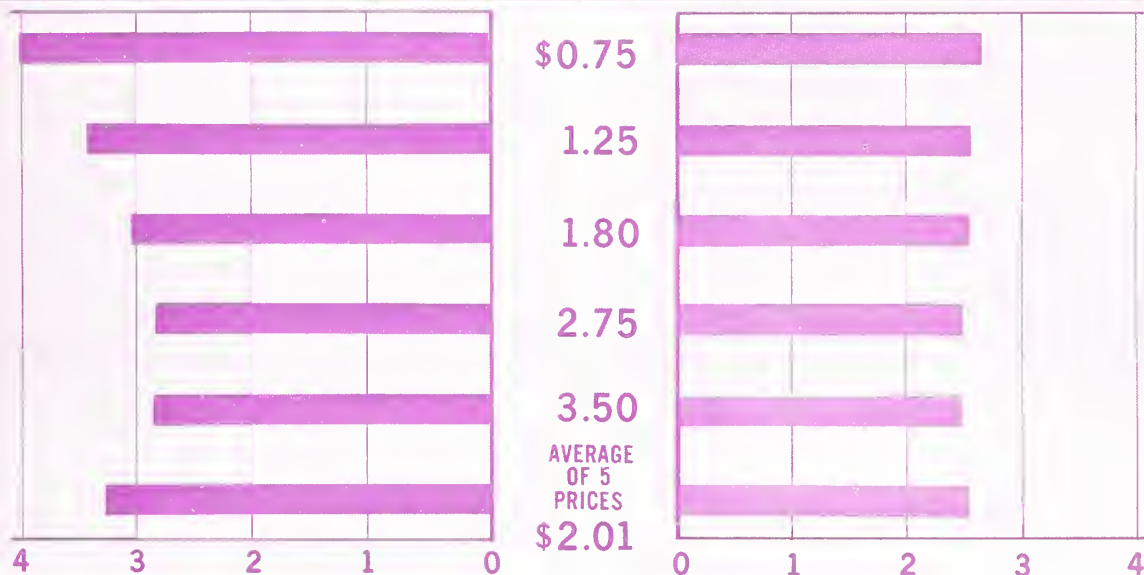
AVERAGE RETAIL MARK-UP RATIOS



ARRANGED

WHOLESALE COST

UNARRANGED



Shop size	Average markup ratio									
	Arranged flowers, when wholesale cost was--					Unarranged flowers, when wholesale cost was--				
	\$0.75	\$1.25	\$1.80	\$2.75	\$3.50	\$0.75	\$1.25	\$1.80	\$2.75	\$3.50
Retail price:	----- Markup ratio -----									
Small.....	4.0	3.3	3.0	2.7	2.7	2.5	2.4	2.3	2.3	2.3
Medium.....	4.0	3.5	3.2	3.0	3.0	2.7	2.6	2.6	2.6	2.5
Large.....	4.2	3.6	3.3	3.0	3.1	2.9	2.7	2.7	2.6	2.6
Very large....	4.3	3.6	3.3	3.1	3.1	3.0	2.8	2.8	2.7	2.7

Source: 1964-65 survey.

Nearly all retail florists are familiar with the term "3-to-1." It is likely that most florists would say that they use that ratio as their markup for cut flowers. However, for arrangements sold at \$7.50 or less, the ratio of 3-to-1 is exceeded. The markup for flowers sold unarranged is less, averaging close to 2.5 to 1, regardless of the retail value of the order.

It is of interest to note that the markup ratio for flowers, whether sold arranged or unarranged, tends to be highest among very large firms. Not surprisingly, the higher the wholesale cost of the cut flowers, the lower the ratio of the markup for all shops. The largest variation in markup is in pricing on flowers sold arranged.



WHAT FLORISTS CONSIDER WHEN THEY PRICE ARRANGEMENTS

All florists consider the cost of flowers used. In addition some consider

COST OF ...

• CONTAINERS	54
• ACCESSORIES	34
• LABOR	35
• DELIVERY	6

Shop size	Percentage of florists considering cost of--				
	Cut flowers	Containers	Accessories	Labor	Delivery
	Pct.	Pct.	Pct.	Pct.	Pct.
Small.....	100	54	35	36	6
Medium.....	100	56	32	34	5
Large.....	100	52	32	37	3
Very large..	100	64	28	29	0

Source: 1964-6 survey.

Because over half of the gross dollar volume of sales by florists is accounted for by fresh flowers sold in arrangements, it is rather important to florists to price them realistically for a satisfactory profit.

In general, arrangements consist of cut flowers, containers, and accessories (including greens). They require labor to prepare and are usually delivered. However, many florists consider only the cost of the cut flowers when pricing an arrangement.

About half of the florists interviewed included container cost when pricing an arrangement.

Two-thirds of those who charged for the containers used the retail value or double the wholesale cost as the basis (the two are about the same). Adding a flat charge of a specified dollar amount is another method frequently used to cover container cost.

Only about one-third of the florists included a charge for accessories and labor used in preparing an arrangement. For accessories, charging retail value and charging a percentage of the total value of the order were the most common practices. To cover the cost of labor, large and very large shops allowed a fixed percentage of the value of the order (usually 15 percent). Among small and medium-sized shops, adding a fixed dollar amount to cover labor was the most common practice.

Although it costs florists an average of nearly 70 cents to deliver an order, only 6 percent of the florists interviewed took this cost into consideration when arriving at the value of an arrangement.

Q. HOW MANY FLORISTS BORROW MONEY? A. NEARLY 1/3

THEY USE THE MONEY FOR:

PERCENT OF BORROWERS

WORKING CAPITAL

50

EXPANDING BUSINESS

11

REMODELING

18

DELIVERY VEHICLES

11

OTHER

10

Shop size	Percentage of florists borrowing money	Percentage borrowing for specified purpose					
		Working capital	Expand business	Remodeling	Delivery vehicles	Start or buy new shop	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small.....	28	56	9	19	9	5	2
Medium.....	41	53	11	16	12	3	5
Large.....	42	49	16	17	10	2	6
Very large.....	44	33	34	17	8	0	8

Source: 1964-65 survey.

The proportion of florists who borrow money is lowest among owners of small shops.

Florists primarily borrow working capital to finance supplies and to pay current bills. Other uses for borrowed money include enlarging or modernizing shops and financing

delivery vehicles. Among very large firms, more than a third borrow to expand business.

A survey of bankers in 4 Iowa cities in 1964 showed the most common sources for loans to be local banks, equipment manufacturers, and large insurance companies.

RATE OF LOAN REFUSAL

4 OUT OF EVERY **100**
FLORISTS ARE REFUSED LOANS



BANK

REASON FOR REFUSAL	PERCENT OF THOSE REFUSED
INSUFFICIENT COLLATERAL	38
POOR PROFIT RECORD	26
FIRST TIME BORROWER	20
OTHER	16

Shop size	Percentage of florists who have been refused loans	Percentage refused loans for specified reason			
		Insufficient collateral	Poor profit record	First-time borrower	Other
Small.....	4	39	19	23	19
Medium.....	4	33	45	22	--
Large.....	3	100	--	--	--
Very large.....	--	--	--	--	--

Source: 1964-65 survey.

Only 4 out of every 100 florists who requested loans in 1964 were turned down. Thus, it is apparent that financing is not a major problem for florists. The reasons for loan refusal differed somewhat among different sizes of firms,

but the rate of loan refusal was about the same except for the group of very large firms, whose requests for loans seemingly are seldom, if ever, refused.

BANKERS' CHECKLIST

(IOWA STUDY)

ITEMS CONSIDERED BY BANKERS
IN JUDGING LOAN APPLICATIONS
... IN ORDER OF IMPORTANCE



1 FINANCIAL STRUCTURE OF BUSINESS

2 RECORD OF SUCCESSFUL OPERATION

3 THE APPLICANT

• MANAGERIAL EXPERIENCE

• CHARACTER

4 COLLATERAL

5 INCOME

HOW TO IMPROVE CREDIT STANDING

(IOWA STUDY)



BANKERS' SUGGESTIONS TO FLORISTS

IMPROVE MANAGEMENT

CONTROL ACCOUNTS OUTSTANDING

PAY BILLS PROMPTLY

BUILD RESERVES

ESTABLISH GOOD RELATIONS WITH
YOUR BANKER

In 1964, officials of 12 banks were interviewed in 4 Iowa cities to ascertain their loan policy regarding retail florists. Results of the survey showed that bankers view loan applications on the merit of the applicant, purpose, and security of the loan rather than the type of business the

applicant has. The primary guidelines bankers use in considering each loan application and their specific suggestions to florists who wish to be considered good credit risks are listed in the above two charts.

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