

Brenda's House of Flowers put an innovative and aggressive spin on the otherwise passive loyalty card concept and is reaping the benefits.

By Kate F. Penn

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A Loyal Following

Skip Shipman would probably bet you a five-spot that the average U.S. consumer has a handful of frequent buyer “loyalty” cards stuffed somewhere in a purse or wallet, on the top of a dresser, or in the pocket of jeans destined for the washing machine. He’d go double or nothing to say most go unused.

And that’s precisely why he decided to start a loyalty program at his company.

Stop the Hemorrhaging

Sound crazy? People do crazy things when they’re desperate. In October 2003, when Shipman opened the 2004 BellSouth Yellow Pages for Cherokee County, he immediately flipped through to check out his full-page ad. When he spotted it, his eyes immediately were drawn to a horrendous mistake made by the publisher: his competitor’s phone number was put in the

ad instead of his own. Sales dropped 33 percent the month the book hit the streets, and another 25 percent each of the following two months.

“We struggled through 2004 with the promise from BellSouth this would never happen again and a 50 percent discount on our ad,” Shipman recalls. BellSouth kept its promise — sort of. The next year, they did not put the competitor’s number in their ad, but they *did* completely leave out the Brenda’s House of Flowers ad altogether. “People thought we’d gone out of business,” Shipman says.

There was no time to wallow in self-pity. “I was forced to do something to stop the hemorrhaging and create a systematic way of shoring up my business,” Shipman recalls. He hooked up with an old friend, Brent Duskin, who owns a direct marketing company in Washington State, analyzed the situation and came up with a plan to reverse the “downward spiral.” Enter: the Brenda’s House of Flowers VIP Loyalty Card program.



SMART CARDS Brenda's House of Flowers co-owners (from left) Lyn and Skip Shipman, their nephew Ryan Bermingham, and the entire staff had input into the loyalty card program that will generate more than \$360,000 in new sales in 2006.

Shipman's the first to admit that loyalty card programs are anything but unique. And after researching some floral and non-floral frequent buyer programs, evidence that they help increase sales was slim to non-existent, particularly among florists. While that would be enough to make some not even consider loyalty cards, Shipman was intrigued. In the same way he was intrigued when he and his wife, Lyn — newly "empty nested" and hungry for a new business venture — researched the potential of getting into the floral industry (Lyn go attached to florists during her career in hotel management.). He saw some weaknesses in his local market, which to him meant "an opportunity to

do something right." Lyn's Christmas present that year, 1996, was Brenda's House of Flowers, a business doing \$350,000 in sales with the potential to do much more.

Loyalty Card Ills

He saw that same potential in loyalty card programs. He scrutinized existing ones to see what exactly they were doing wrong: Armed with that information he and the Brenda's House of Flowers team would figure out how to do it right.

Shipman had the benefit of nearly 25 years spent taking various products and companies — ranging from soaker hoses to college loans — from their infancy to the peak of their success. His most

Brenda's House of Flowers

Co-owners: Skip and Lyn Shipman and their nephew, Ryan Bermingham

Established: 1984

Bought by the Shipmans: 1996

Located: Woodstock, Ga., 30 miles north of Atlanta. Population 18,400

No. of Employees: 14 full time

Physical size of retail store: 4,500 square feet; 1,600 showroom

Sales in 1996: \$350,000

Sales in 2005: More than \$1.5 million

Sales projection for 2006: \$1.9 million to \$2 million

recent venture was heading up a small IT company in Atlanta. He rattles off a laundry list of loyalty card failings: they "lacked imagination" and looked cheap, because they were usually printed in



PERFECT TIMING Jason West, floral consultant at Brenda's House of Flowers, welcomes a new VIP Loyalty Card member, Maureen Boll, of Woodstock, Ga., who signed up during the photo shoot for this article.

black and white, on paper or thin plastic throw-away cards. Shipman's marketing mindset picked up on problems in how most loyalty cards were distributed: "They were sent to everyone with a shotgun approach," he says, "spending as little money as possible, hoping someone would reorder." Programs he looked at weren't making a conscious attempt to actually qualify and retain the customer, and they did nothing to "produce the personal relationship necessary to create loyalty." Worse yet, as Shipman saw it, they had no way of tracking results.

Shipman set out to develop a loyalty card program that would break out of existing card programs used in the industry. "Our challenge was to address each of the (weaknesses) and create a cost-effective loyalty card program that

produced significant results with an exceptional ROI (return on investment)," he says. The Brenda's House of Flowers team's ability to do that — and then some — won over the judges and garnered the company Floral Management's 13th Annual Marketer of the Year title.

A Well-Oiled Machine

It took Shipman and his team about 17 months, beginning in the summer of 2004, to develop, beta test and tweak the VIP Loyalty Card program to the point where Brenda's House of Flowers could officially launch it, in January 2006. Shipman says he's happy to save others the work by sharing, what he says, are the key components of any effective loyalty card program.

Recruiting loyal subjects. Giving a loyalty card to every customer proves costly and does not ensure that they'll necessarily use it, Shipman says. Brenda's House of Flowers approaches theirs as an opt-in program, presented to customers after they've placed an order. "Don't just give it to anybody," Shipman says, "or your ROI will go out the window. Only give it to opt-in customers who are already flower-buyers."

They developed a script for "floral consultants" (sales team members) to use with customers after they've made a purchase (see Info to Go). Training staff on how to pitch the program is critical, as is making that pitch consistent with your business's image, Shipman says. "By incorporating your own 'style' into the pitch, you will become more successful



What Makes a Marketer of the Year?

When Floral Management launched the Marketer of the Year Award in 1994, we

hoped to draw attention to some of the industry's outstanding marketing efforts — and inspire the rest of the industry with their ideas. Floral Management invites, retailers, wholesalers and growers to take part in the contest, luring them with the prospect of a \$5,000 cash prize. For the 12th year in a row, that cash prize is sponsored by Design Master color tool, inc.

The Criteria

What constitutes an outstanding marketing effort? The judges are charged with reviewing the entries and rating each entrant in the following four categories: effectiveness of campaign, originality, professionalism and overall excellence.

The Judges

We know that only experienced marketers with a track record of success are qualified to judge other marketing efforts. So, each year we choose a panel of seasoned professionals within and outside the floral industry.

J. Sten Crissey, AAF, retailer, Crissey Flowers & Gifts, Seattle, Wash., and past president of the Society of American Florists (SAF).

Danielle Mackey, director of consumer marketing practice, for Ogilvy Public Relations Worldwide, the agency that handles the consumer relations campaign for the Society of American Florists (SAF).

BJ Dyer and Guenther Vogt, owners of Bouquets, Denver CO.

Carol Caggiano, AIFD, PFCI, owner of A. Caggiano, Inc., Jeffersonton, VA.

Marty Loppnow, Waukesha Floral & Greenhouse, Waukesha, WI

How to Enter

Want to be an entrant in Floral Management's 2007 Marketer of the Year? Call, fax or E-mail a request for an entry to Kate F. Penn, at Floral Management, (800) 336-4743; fax (800) 208-0078; E-mail kpenn@safnow.org. Applications for the 2007 award will be mailed after the first of the year.

Past Winners

- 2005** Frances Hopkins, Under A Foot Plant, Co., Salem, Ore.
- 2004** Marty & Jane Loppnow, Waukesha Floral & Greenhouse, Waukesha, Wis.
- 2003** Scott Carlson, Florabundance, Miami
- 2002** BJ Dyer, AIFD, and Guenther Vogt, Bouquets, Denver
- 2001** Andrew Manton-Zamora and Rutger Borst, Apisis Group, Miami
- 2000** Southern California Plant Tour Days
- 1999** Greg and Heather Katz, Al Manning Florist, Kansas City, Mo.
- 1998** Bill Cutting, Kuhn Flowers, Jacksonville, Fla.
- 1997** Brooks Jacobs, Greenbrook Flowers, Jackson, Miss.
- 1996** Sylvia Nichols, AIFD, The Window Box, Cheshire, Conn.
United Floral Exchange, Carlsbad, Calif., and Denver.
- 1995** Mary Dark, Broadmoor Florist, Shreveport, La
Greg Royer, Royer's, Lebanon, Pa.
- 1994** Mary Lore, McFarland Florist & Greenhouses, Inc., Detroit
Tom Aykens, AAF, Memorial Florist & Greenhouses, Appleton, Wis. 🌸

— **Kate F. Penn**
E-mail: kpenn@safnow.org

in bringing on new accounts.” An incentive plan gives the staff an added reason to recruit VIP customers.

A Carrot Worth Biting

It's the customer incentive — the carrot that's dangled to entice them to sign up — that's the key to the success of the program: VIP sign-ups get a free bouquet, \$20

in Brenda's House of Flowers coupons and 10 percent off on all orders placed on the Web site. “The VIP package is designed to capture wallet share,” Shipman says, “it entices customers to bookmark the Web site, get the customer to actually walk into my shop (to pick up the free bouquet) and provides discount coupons to get them to call and re-order.”

Exactly what that discount should

apply to has evolved over time. Initially, VIP customers got 10 percent off on any order, but that proved too costly. “So we only do 10 percent if you go to the internet and order,” Shipman says.

The notion of a permanent discount might be daunting to some, who assume it will erode already small margins. But Shipman says the discount's ability to lure VIP sign-ups outweighs any

bottom line implications of an ongoing discount. In fact, once they implemented the 10 percent discount for online orders, they found that only 25 percent of VIP customers actually used the Web site, so 75 percent of the orders (from VIP customers) are full-value orders. And orders that do come through the Internet are less costly in other ways.

“Think about it this way: when someone places an Internet order at Valentine’s Day or Mother’s Day,” Shipman points out, “it didn’t tap your phone, so you got a full-blown order. You actually make money by having them to go to the Web site rather than through a (customer

THANKS A LOT A customized thank you card establishes a bond with new VIP customers and hastens their return to the store, by encouraging them to pick up their free bouquet and redeem one of their \$5 gift certificates. Above right, Alison Sawyer, vice president of administration, and April “Flash” Flood, corporate client concierge, review a card before it goes out.



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If the florists don't stand up and start fighting back against the order gatherers and Proflowers, we'll go the way of travel agencies, which are now few and far between.

—Skip Shipman
Brenda's House of Flowers

service representative).”

More evidence of success on the Web: This August, the business's average Web sale went up seven percent (from \$61 to \$65) over the same month last year.

Making it official. A VIP package — including a full-color, heavy plastic customized VIP membership card, and the coupons with customers' names printed on each one — gets sent to customers within two weeks (they're processed on the 1st and 16th of each month). After testing the program, Shipman added an additional step, to put something in front of customers even sooner: Within 24 hours of signing up a new VIP account, the employee who handled it sends a customized “thank you” card. “That has been tremendously good for us,” Shipman says. He encourages employees to write a personal note, mentioning something from the conversation (like “I hope your grandmother is feeling better,” for someone who ordered get-well flowers).

He showed the card to a customer who walked in off the street to see what he thought. “The customer said, ‘most companies have a no-service approach. This is really incredible,’” Shipman recalls (that customer asked to be a VIP customer that day).

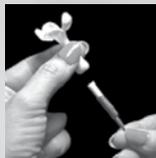
In addition to the “feel good” effect of the card, it includes the new customer's VIP discount code so they can order again and pick up their free bouquet before they actually get their VIP Card in the mail.

Reeling in Web shoppers.

With the phone- and in-store sign-up process in place, Shipman's team realized a missing link in the VIP recruitment plan: Web customers. “We get a lot of Web business — about \$100,000 in Web sales projected in 2006, compared to \$8,400 in 2003,” he says, “but our customer service reps never have a chance to talk to someone on the Web site,” Shipman says. So in March, they implemented a pop-up that comes up

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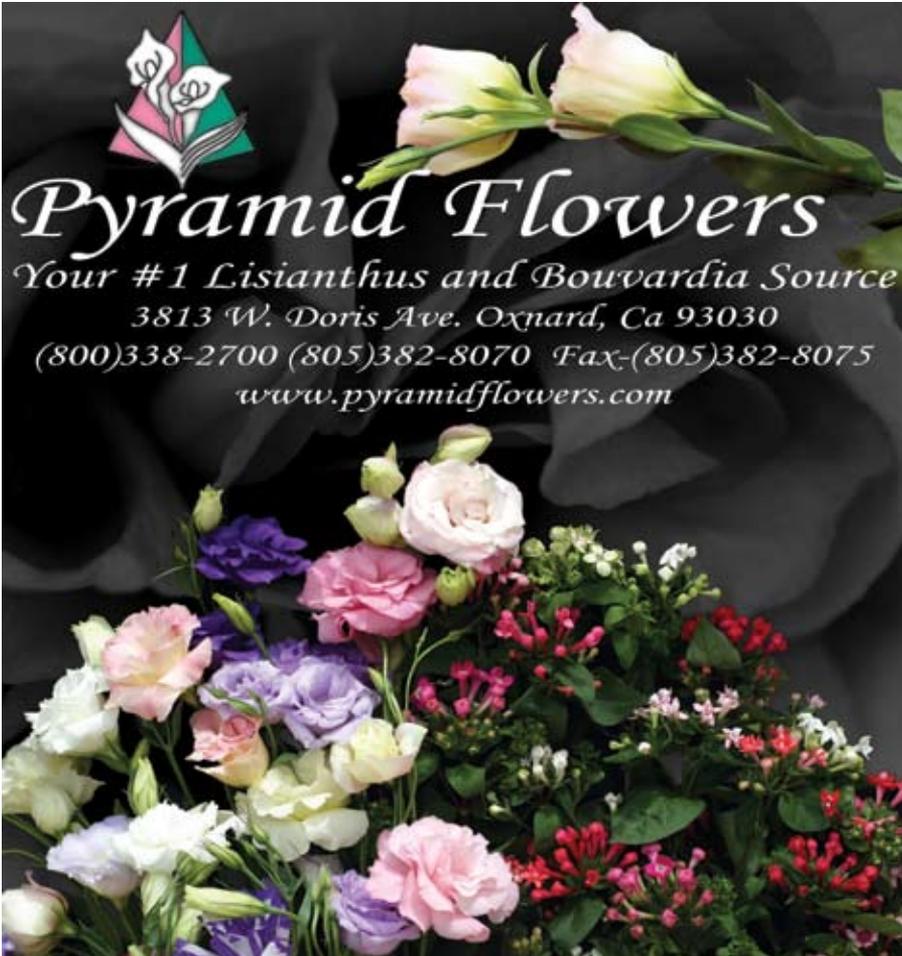
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once the order is placed. It tells customers what they could have saved if they were a VIP customer and encourages them to sign up. "We're averaging about 20 VIP customers per month via the Web," Shipman says.

Strengthening the bond. Ever mindful that the Web based business — while efficient — does not allow for much relationship building, Shipman sends out 12 educational e-newsletters a year to each VIP customer. "With all the spam out there, we don't want to be intrusive with this," Shipman says, so it's a "no sales pitch," purely educational newsletter. (He uses SAF's consumer research and information, available on SAF's consumer Web site, www.aboutflowers.com). "It reinforces to my opt-in customers that Brenda's House of Flowers is the authority when it comes to floral and gift giving trends," Shipman says.

After the August e-newsletter went out, about 30 percent of the 2,800 recipients opened the email within 72 hours, only 4 unsubscribed and 14 went directly to his Web site.

During big floral holidays, VIP customers get "unpublished offers" via email blasts. "This makes (VIP card-holders) feel special and entices them to be loyal to our brand," Shipman says.

Reaping the Benefits

During the months following the official January 2006 launch of the Brenda's House of Flowers VIP Loyalty Card program, Shipman was convinced he was misreading the numbers. By May, local and wire out sales ("the sales that are directly under our control," Shipman says) were up 15.5 percent. Of that increase, nearly 22 percent was from new VIP accounts. "I had to keep looking at the numbers to see if I put the accounts together right," he recalls. "But I kept pulling out the numbers and getting the same stats . . . It just exploded."

And it continues to do so. If Shipman



BY THE PEOPLE Skip Shipman says that, ultimately, it's the quality and warmth of the experience with the Brenda's House of Flowers staff, like Donna Cheatham (above), who's been with the company for 10 years, that secures customer loyalty.

**I'm in it for the long haul.
The floral industry is like the circus
— it just gets in your blood.**

*— Skip Shipman
Brenda's House of Flowers*

had stopped the program in May, he still would have been on track for generating more than \$366,000 in new sales volume from existing VIP cardholders in 2006.

Web site sales are consistently showing increases each month over the previous year, and at least 60 percent of Web sales are consistently from new VIP cardholders — which, at press time, numbered 2,800. In the month of August alone, “in the dead of summer,” Shipman points out, they added 314 new VIP accounts.

As of May 31, 2006, the VIP program cardholders had generated \$152,683 in

total dollar volume for Brenda's House of Flowers. At what cost? Shipman says the fulfillment cost of the VIP card package, the personalized thank-you cards, the e-mail newsletters, e-mail promotional blasts and CSR incentives for 1,951 new VIP cardholders (as of May) averaged \$6 each, for a total cost of \$11,706. “For every \$1 spent, I generated \$13.04 in revenue,” Shipman says.

Don't Try this at Home

Skip and Lyn Shipman, and their nephew and co-owner, Ryan Birmingham, are many things: they're



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innovative (the VIP loyalty program is proof of that).

They're plucky: They

reinvented a concept

that few retailers — whether in or outside the floral industry

— have made successful. They're optimistic: They got burned twice by the Yellow Pages and kept forging ahead.

But Shipman knows his limits. He can't add hours to the day. So, soon after developing the VIP loyalty program, he turned it over to an outside company — owned by the friend he initially worked with to brainstorm the concept — to handle the fulfillment.



Info To Go

VIP Script

Read Brenda's House of Flowers' script for phone sales staff, by clicking on the Info to Go logo on the home page of SAF's member Web site, www.safnow.org. Or get it via SAF's Fast Fax, by calling (888) 723-2000 and requesting document #876.

Brenda's Corporate VIP Program

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“My forte is running this business,” he says.

“Being able to out-source this has given us the best of both worlds.

Time to manage our shop and continue a program that’s ongoing, that brands us and puts us in front of the public.”

He advises florists considering a program like this to do the same. To those who think they can’t afford to work with a third party, Shipman asks, “When are you going to have the time to put all of the pieces of this puzzle together, much less implement it? Your core business is selling flowers at retail.” Bring in a professional with a successful track record, “and let them build the program for you.” Above all, make sure it can be tracked. “If you can’t track it, then don’t do it,” he says. (He uses his point of sale system, Teleflora’s Daisy Linux, to track his). “If you’re not growing like you expected, then do something different.”

There are no “ifs, ands or buts” on that point with Shipman. In fact, at press time (and unbeknownst to Marketer of the Year judges during the judging period), he was working on an official launch of what will be called the VIP Florist Network (VFN). “I want other florists to be able to use this program,” he says. “Our industry is fighting for its life right now,” Shipman says. “If the florists don’t stand up and start fighting back against the order gatherers and Proflowers, we’ll go the way of travel agencies, which are now few and far between.” Shipman has no intention of going that route: “I’m in it for the long haul,” he says. “The floral industry is like the circus — it just gets in your blood.”

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