

Slow and Steady Success



by **Kate F. Penn**

Flowergrower.com's targeted approach helps it capture Floral Management's 2001 Marketer of the Year Award, sponsored by Design Master color tool, inc.

Imagine marketing a product that only

a small percentage of your target audience is using and that a host of other companies have tried — unsuccessfully — to bring to market.

That's the challenge faced by Flowergrower.com — an online marketplace that connects retailers with growers.

Company co-founders Andrew Manton-Zamora and Rutger J. Borst are not the first to try to convince florists to buy flowers online. Just 12 months ago the SAF Annual Technology Fair was flooded with companies marketing their versions of an online business-to-business marketplace for retailers. Today, only a handful of those still exist — Flowergrower.com is one of them.

Manton-Zamora, former CEO of AFX-Riverdale Farms, isn't about to speculate on the demise of the dot coms. But he says what Flowergrower.com has on its side is time and patience. "We've always known that in order to achieve change," Manton-Zamora says, "we have to build this concept around a model that will allow us the time necessary for the market to adapt to something new." They didn't even think about marketing the product to the industry until they had first addressed the critical "internal" marketing agenda: understanding and addressing customer apprehensions about the product.

It is this calculated, strategic approach that garnered Flowergrower.com Floral Management's 2001 Marketer of the Year. Here's the story.

Priming the Product

When Manton-Zamora and Borst began late in 1999 developing what is now Flowergrower.com, they knew that succeeding as an online marketplace in the floral industry would take more than an expensive ad campaign. First, they'd need to develop a product that a reluctant and skeptical market would embrace —



Developing a logo was only a small step toward introducing Flowergrower.com to the industry for co-founders Andrew Manton-Zamora and Rutger Borst.

reluctant, due to a lack of exposure to e-commerce technology (only three of 10 retailers have purchased inventory online, according to an SAF survey), and skeptical due to dot-com fallout and “being burned” by some “grower-direct” companies whose distribution channels are anything but direct. Potential customers would need assurance and proof of a sound model.

First, they developed a “neutral” trading platform — a key comfort factor for retailers leery of “grower-direct” operations with vested interests in a grower, retailer or wholesale operation. “We don’t have inventory, so retailers are not

buying from us,” Manton-Zamora says. Intelliflor™ is Flowergrower.com’s proprietary software that links retailers to growers and lets them choose product directly from the supplier of their choice by the bunch, not the box, and select the shipping method. “If they don’t like someone this week,” says Manton-Zamora, “they can try another grower next week.”

Manton-Zamora and Borst envisioned not only a trading platform, but also a solution. “Many people have ventured into e-commerce as a method of promoting and trading flowers — not as a method of improving the supply chain,”

says Manton-Zamora. “They don’t handle what happens to the product after it leaves the grower,” so product quality control can be diminished.

Enter: Flowergrower.com’s Apisis Logistics™, a series of hubs in main growing areas where product is received, packaged, consolidated and imported into the United States. Retailers receive the product within 72 hours of being harvested. Right now, there are hubs in Aalsmeer, Holland, Quito, Ecuador, Bogota, Colombia and plans for one in California. “Every single bunch that leaves the farms has a barcode that traces the day it was picked,”



says Borst, who grew up immersed in the floral industry in Holland and has worked for bulb exporter and propagator PhytoNova BV, the Rijnsburg Flower

Auction in Holland and Westerlay Roses in Carpinteria, Calif. "If there are problems, we can decide whether we need to change farms."

Finally, the third arm of

Flowergrower.com knocks down the wall of fear facing both sides of the supply chain: retailers fear they won't get product; growers fear they won't get paid. Enter Escrowflor™,

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 eighth 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 out-

side the floral industry.

Tom Aykens, retailer, Memorial Florist & Greenhouses in Appleton, Wis., and former Marketer of the Year.

J. Sten Crissey, AAF, retailer, Crissey Flowers & Gifts in Seattle, Wash., and past president of SAF.

Steve Dahlloff, marketing director for Ogilvy Public Relations Worldwide, the agency that handles the consumer relations campaign for the Society of American Florists.

Mark DeJong, grower, DeJong Greenhouses, Inc., in Pella, Iowa.

Judy Mears, wholesaler, Mears Floral Products, in Springfield, Mo.

How to Enter

Want to be an entrant in Floral Management's 2002 Marketer of the Year? Call, fax or e-mail a request for an entry to Cheryl M. Burke at Floral Management, (800) 336-4743; fax (800) 208-0078; e-mail cburke@safnow.org. Applications for the 2002 award will be mailed after the first of the year.



More than 40 different print and online publications picked up on the Flowergrower.com story.



ONLINE MARKETPLACE: Flowergrower.com's Lucien Roger (left) and Andrew Rosen (right) have created a system that allows growers to buy directly from growers.

Blooming dotcoms

Tech prophets have said the Internet would empower customers, cut out middlemen and lower prices. Here's what that world looks like.

BY ANDREW L. SHAPIRO
 The flower business is one industry caught by surprise. In the last 18 months, it has seen a wave of new entrants, including the Internet-based Flowergrower.com, which has disrupted the traditional supply chain between growers and retailers. The company's success has led to a surge in online sales, with some growers reporting a 20% increase in revenue. The company's success has led to a surge in online sales, with some growers reporting a 20% increase in revenue.

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Flowergrower.com's financial service, which manages the details of every transaction: buying, exporting, importing, packaging, customs and redistribution. "Escrowflor ensures growers will get paid for all sales made on our platform and ensures florists will be satisfied with their purchases before they pay for them," Manton-Zamora says.

Branding a Buzz

After spending a year developing the technological backbone of the company, Borst and Manton-Zamora faced their next challenge: marketing the concept to an industry deeply rooted in tradition and somewhat skeptical of the online buying process. "We had to come up with something original, something memorable that would distinguish us from the rest," says Borst. "We needed an identity, a brand, an image that would represent us and be the cornerstone of all our marketing."

While "flower grower" may immediately bring to mind an image of a grower and flowers, the co-founders wanted to take a more subtle approach with the logo. "Most people in this industry cre-

ate logos out of flowers," Manton-Zamora says. "We did not want to get stereotyped into one particular product or theme. We wanted something neutral and light, something memorable, and something that would represent the many facets of our evolution." After many attempts and numerous entries from different graphic designers, the bee was born. "It only took one look and we knew we had something special," Manton-Zamora says.

Ready to Launch

With the three-pronged sales, logistics and financial aspects of the business in place — and an eye-catching logo — Flowergrower.com was ready to put its message in front of its target audiences.

They started with growers. Emphasizing the most unique aspects of the flowergrower.com platform — guaranteed payment, improved logistics that simplify and speed the shipping process — Borst and Manton-Zamora introduced prospective growers to the business on its Web site and in Powerpoint presentations both via e-mail and in person at trade shows.

"After a lot of hard work, we were

successful in recruiting enough growers (about 20) to get the whole thing started," Manton-Zamora says.

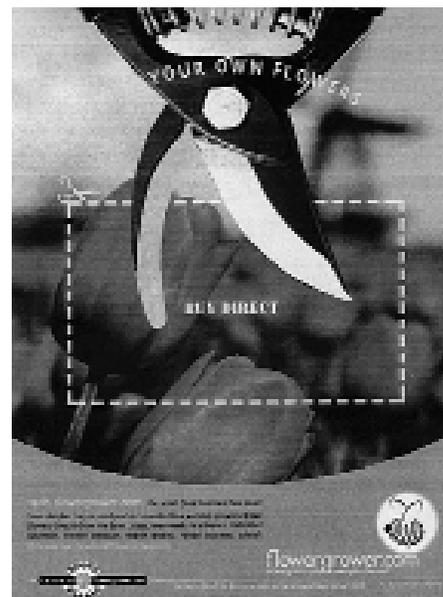
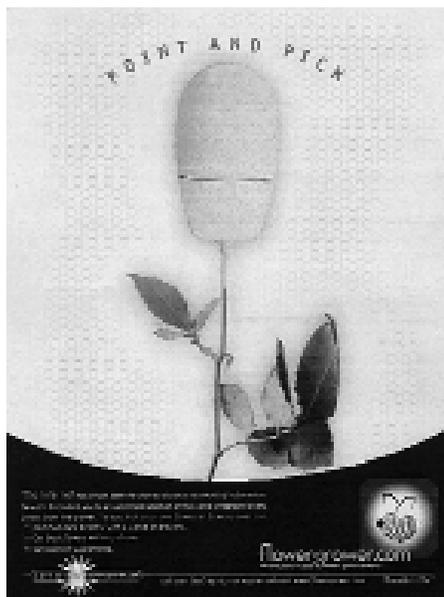
Recruiting retailers was the harder part. "Technology is changing so fast," Borst says, "many retailers think that it's going to be too difficult."

Rather than going for fast retail growth sign-ups through cold calling and early sign-up discounts, they opted to stick with trade magazine advertising, backed up by direct mail postcards, brochures and e-mail. "We wanted to attract retailers for the right reasons — because they want to use the technology," says Manton-Zamora. "Not just because they're looking for a deal." They reinforced the brand identity with eye-catching boxes and mouse pads that carry the signature bee logo.

Slow and Steady

In November 2000, 36 retailers had signed up to use the system. Flowergrower.com today has more than 1,000. Of those, about 400 regularly use the system. They have 35 growers trading on the site — and another 200 on a waiting list. Gross sales between November 2000 and May 2001 are \$345,526; by May

Flowergrower.com announced its concept to the industry through a series of ads that ran in trade publications.





Hey, What's the Idea?

So many good concepts, so little space. Floral Management's 2001 Marketer of the Year contest attracted the kind of ideas that make you say, "I wish I would have thought of that." And that's why we're sharing the insight and innovation of the top entries. Prepare to be inspired.

A Donation Solution

Art Conforti put an end to the weekly requests for donations. The owner of **Beneva Flowers & Gifts in Sarasota, Fla.**, now gives a little something back to local churches, schools and organizations every day.

He started the Helping Hands program so that every time someone places an order, that customer can request that \$2 of the purchase price be directed to a school or church in Sarasota.

The organizations sign up as partners with the shop and Conforti mails them a check each month for the amount generated by Helping Hands. Schools and churches on the receiving end do their part by encouraging members and parents to shop at Beneva Flowers. (The more business they send, the more money the organization gets). Many promote the shop in bulletins and newsletters and distribute Helping Hands vouchers, giving Conforti free advertising and directing traffic his way.

To amplify the word-of-mouth publicity, Conforti uses Helping Hands business cards, contributions to organizations that promote the partnership (signage at a local little league, an ad in the school paper) and an online information link to direct the contribution for Web site orders so out-of-towners can select the United Way.

"People feel good when they are doing business with people who are giving back to a good cause," Conforti says. "I know I do."

Referral Rewards

Tina Stoecker, AIFD, PFCI, didn't want her customers to wait until their friends asked for the name of a good florist. So she gave them a monetary incentive to let her be the one to tell their pals about **Design of the Times Florist in Melbourne, Fla.**

At the bottom of every statement mailed to the current client base, Stoecker requested the names and addresses of three friends or relatives. For every name turned in, that customer received a 25 percent discount on the next order. Then the staff at Design of the Times sent a letter to the friends and relatives, mentioning that their friend was a satisfied customer of the shop and asking them to open an account. New customers received a 10 percent discount on the first order. Each letter included a membership card in the name of the recipient.

In just four months, 262 current clients sent in completed forms. These referrals generated 57 new customers and \$7, 248.69 in sales. That's a growth rate of 12.5 percent, compared to the shop's yearly average of 6 to 7 percent growth. The mailing cost was \$105.78. It cost \$70 to give referring customers the 25 percent discount and \$241.62 to give new customers the 10 percent discount.

"By asking clients to refer us to friends, we were involving them in the success of their flower shop," Stoecker says.

Public Radio Publicity

"Don't call your local florist." A week before Valentine's Day, thousands of Miami-area residents heard this message loud and clear when they listened to WLRN-FM, a local public radio station. In an effort to raise funds, National Public Radio was taking rose orders from listeners via a 1-800 number and sending them to a florist in Ohio, who then wired the orders. Chaim Casper was one of those listeners — and a local florist.

The owner of **Surf Florist in Surfside, Fla.**, grabbed the phone, called the station and gave the development director an offer he couldn't refuse. Let local florists fill and deliver the orders. Casper recruited 16 florists to join the "Roses on the Radio and Flowers Too" program.

Listeners understood that they were paying above-market prices so a portion of the price could go to the station, with the rest left for flower fulfillment — that was the fund-raising side of the promotion. The station handled all the paperwork and paid the florist within two weeks of the promotion. "Everybody wins," Casper says. "It keeps local money, local."

Florists were mentioned on the station's Web site, where orders are placed, and a program hosts mentioned the names of every florist on air (two to three shops per station break.) As part of the program, Casper does an interview on the air with the station's hosts. And not a dime of the advertising budget is spent.

In 2000, Surf Florist received 594 radio orders and 681 during Valentine's Day 2001. The radio station grossed \$78,000 in 2000 and \$120,000 in 2001. The 16 florists involved received about half of the money. Impressed by the success of the 2001 campaign, six more florists have signed on. "The great thing," Casper says, "is that it can be duplicated in almost every community, big and small, throughout the country."

Create a Best Seller

Until 2000, Frances Hopkins ran **Under a Foot Plant Co, a wholesale grower in Salem, Ore.** Looking for ways to "breathe life" into a flat groundcover market, she put together a group of resilient perennials that endure light to moderate traffic and began marketing them under the brand name "Stepables." If you didn't hear it on "Good Morning America" or "Rebecca's Garden," you might want ask local garden center owners if they speak the Stepable language. With 400 garden centers now carrying the trademarked-product, Hopkins no longer runs Under a Foot, but instead devotes her time to promoting and distributing Stepables.

When the line was first introduced, she had to sell the idea to growers, who would produce the products, garden centers and consumers. Hopkins wanted consumers to recognize immediately when they walked into a garden center and ask for it by name.

Enter "Happy Guy," a vibrant, three-foot point-of-purchase personality. The whimsical, dancing figure is part mascot, part merchandise. Colored in bright yellow, Happy Guy has a big, goofy grin and even bigger hands to hold up the Stepables sign. Each participating garden center gets its own Happy Guy to stand among the plants. 🌱

— Amanda Temple

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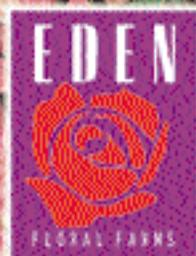
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the company had spent slightly more than \$70,000 to introduce the brand to the industry. With the initial launch under the company's belt, monthly marketing expenses began decreasing for the second half of the year.

"We're not trying to win a race," Manton-Zamora says. "We get enough business through the system right now to sustain us. If we promise the world to everyone, we would get too much business and would not be able to satisfy the people on the system."

This slow-growth approach allows the company to tweak the technology, making improvements along the way. A customer service center in the Miami headquarters addresses questions and concerns, whether it involves navigation difficulties or something as simple as password confusion — "a common one," says Borst. Users forget their passwords and, because of the secure nature of the system, passwords are not stored anywhere. The solution: temporary passwords for those who've lost theirs.

Borst is tackling another more comprehensive task: providing product information. "We assumed, for example, that all retailers know that roses from Holland have smaller heads than roses from Ecuador — but we've found through feedback that the buyers don't necessarily know this," Borst says. The site is being updated with more comprehensive information about varieties, so buyers can make educated purchases.

Interest from potential investors was bolstered by a massive public relations effort targeted both in and out of the floral industry that garnered Flowergrower.com feature articles in more than 40 newspapers, magazines and online nationally and as far away as Australia. The PR blitz landed them a segment on Discover Channel's "Technology Today" and on National

Public Radio. "Because of that exposure, we've been approached by a lot of different financing, logistics and trading companies," Manton-Zamora says. The company has a group of long-term investors, mostly in the agri-business and traditional industries.

Just as fervently as he believes in the slow growth approach of the business, Manton-Zamora maintains he's not out to obliterate the wholesaler. On the contrary, the company is looking for ways to partner with wholesalers to "work together to make it a win-win for all."

"We started with the idea that everything would go direct," says Borst, "which requires retailers to order three to four days before they actually need the product. We know that this is only a part of the market. The other, and most likely, larger part of the market is the last-minute business." That's where wholesalers would come into the transaction: they would carry product from Flowergrower.com farms, so retailers could access it for their immediate needs.

"The wholesaler can help us market this faster and more efficiently. And the grower helps us fulfill the supply needs," Manton-Zamora says, adding that a number of wholesalers have expressed interest in carrying Flowergrower.com inventory. At press time they were in the process of ironing out the details of how such a system would work with wholesalers, with plans to make it available this fall.

Ultimately, Manton-Zamora wants the industry to be able to guarantee flowers to the consumer, with a well-organized, "transparent" supply chain where buyers know exactly where product is every step of the way. "This is the only way to increase consumption," he says. 🌿

Kate F. Penn is editor in chief of Floral Management magazine and vice president of publishing and communications.

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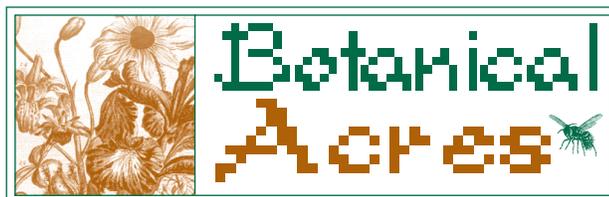
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After twenty-six years as a floriculturist in southern California, I sure have experienced a lot of industry changes. With all the ups and downs of new age e-commerce and e-mail business relationships it's hard to tell just who and where anyone is anymore.

At our flower farm we treat our clients as equally important as the valuable bulbs and seeds we cultivate daily. Our floral professionals respect the most crucial asset of today's business world – the human-business element! Our hearts and hands go into the rich soil of our earth everyday and we are proud to call our CEO "Mother Nature."

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