



SAF *Amelia*
ISLAND **2015**

SEPTEMBER 9-12

131st ANNUAL CONVENTION

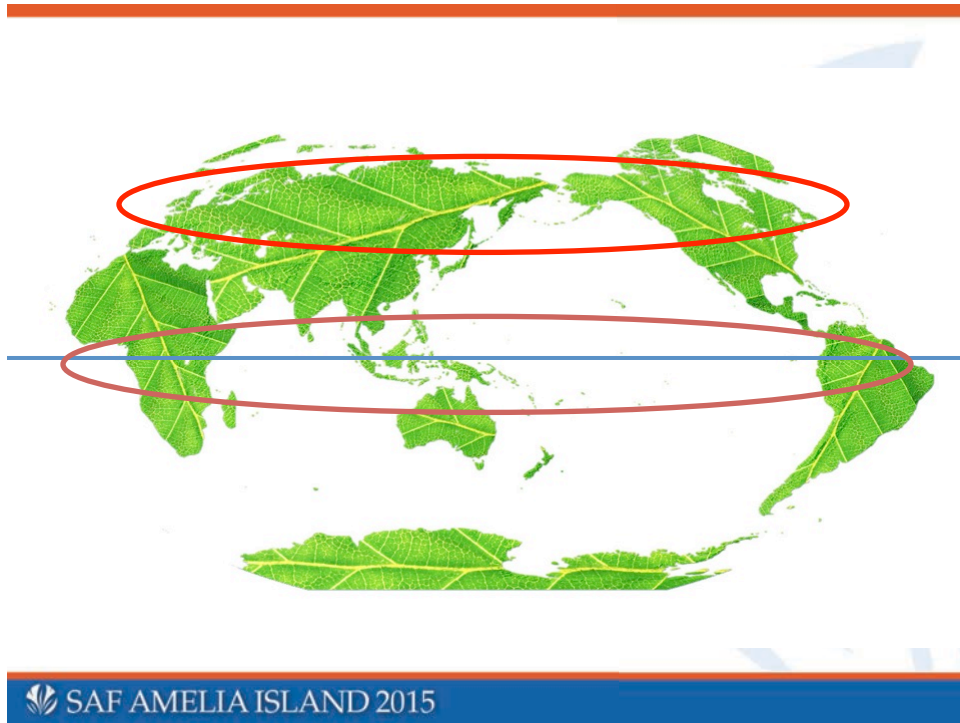
Ritz-Carlton Amelia Island | Amelia Island, Fla.



Society of American Florists

State of the Floral Industry
Follow the Flowers





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WHY?

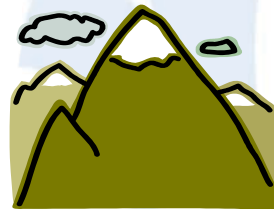
Sun

- More sun at the equator
- More sun on a mountain



Temperature

- Equator + High = Moderate Temperature
- No seasons



Less Expensive Labor

- Labor is ~40% of the cost of a flower



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Pre-50's

- Flowers were grown close to large cities, greenhouses were close to the population centers, and flowers could be transported to central markets.
- This was due to poor storage, transport and postharvest technologies.
- Growing flowers in Colombia or Kenya had not been thought of.

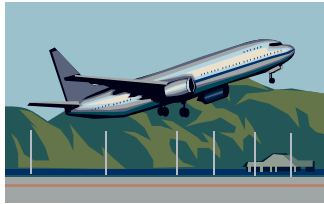
LA Flower Market 1950's



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Pre-1970 consumption and growing took place in the same geography.



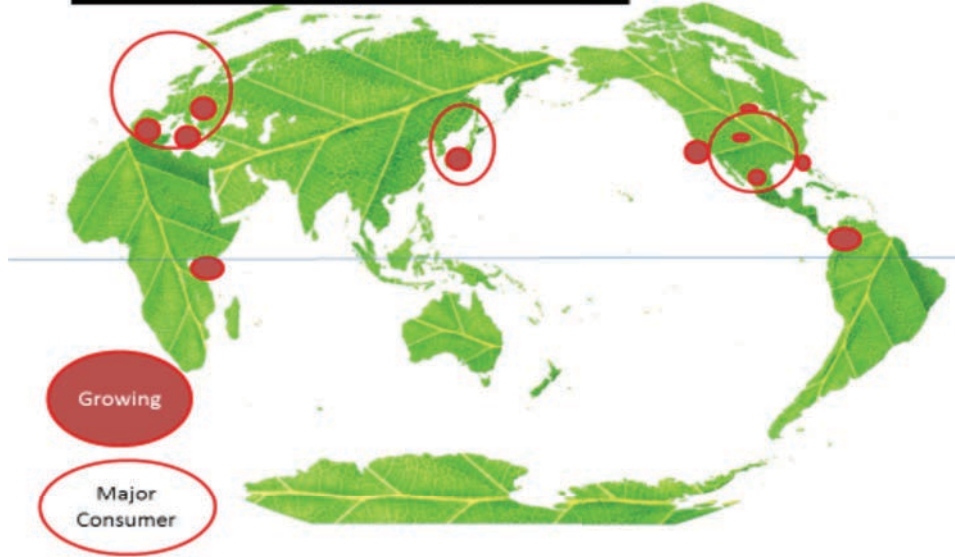


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1980's Major Export/Supplier of Major Markets



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1990's

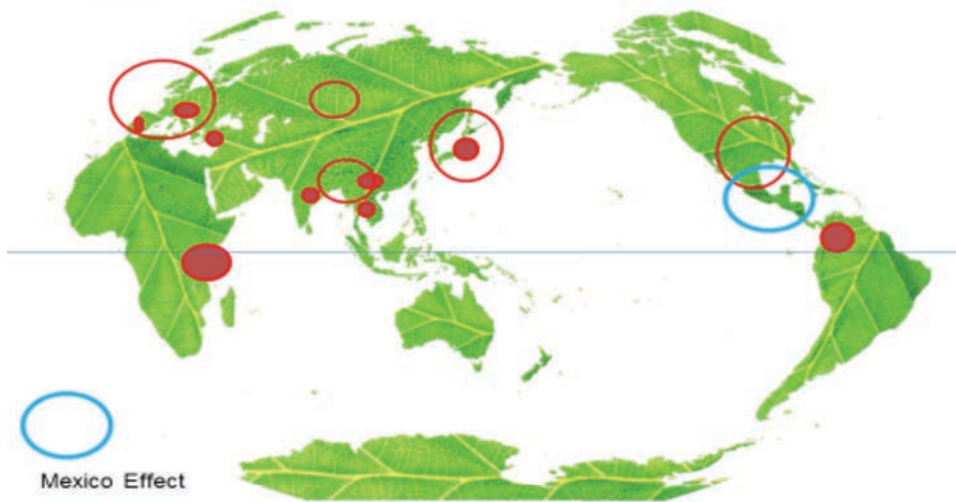


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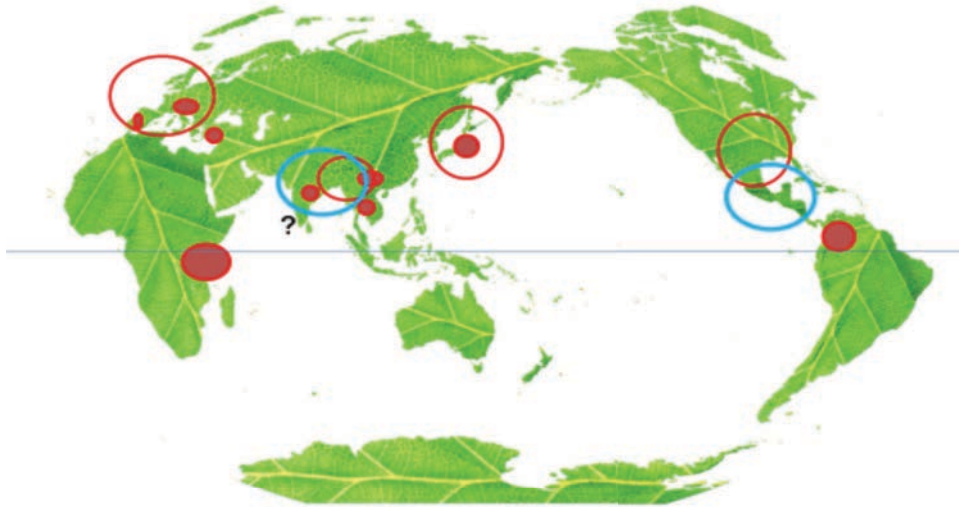
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2000



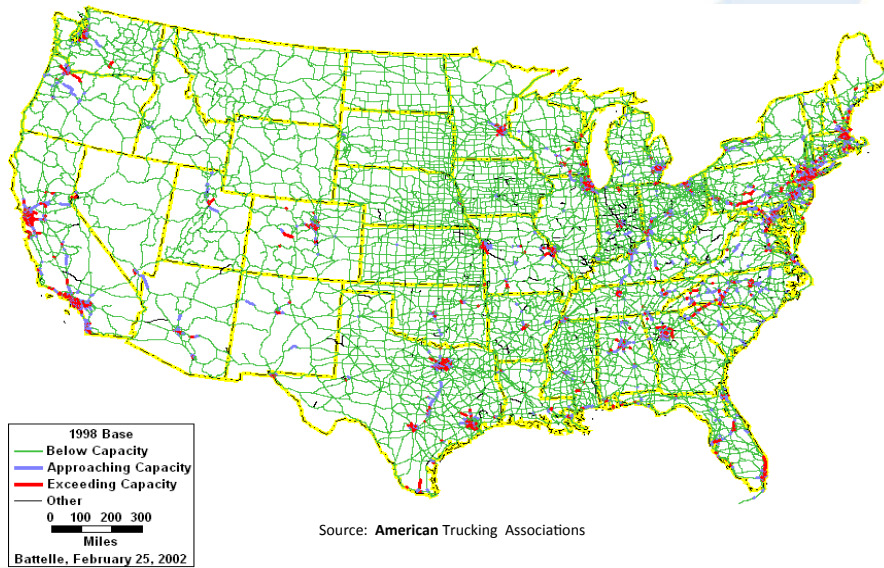
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2015



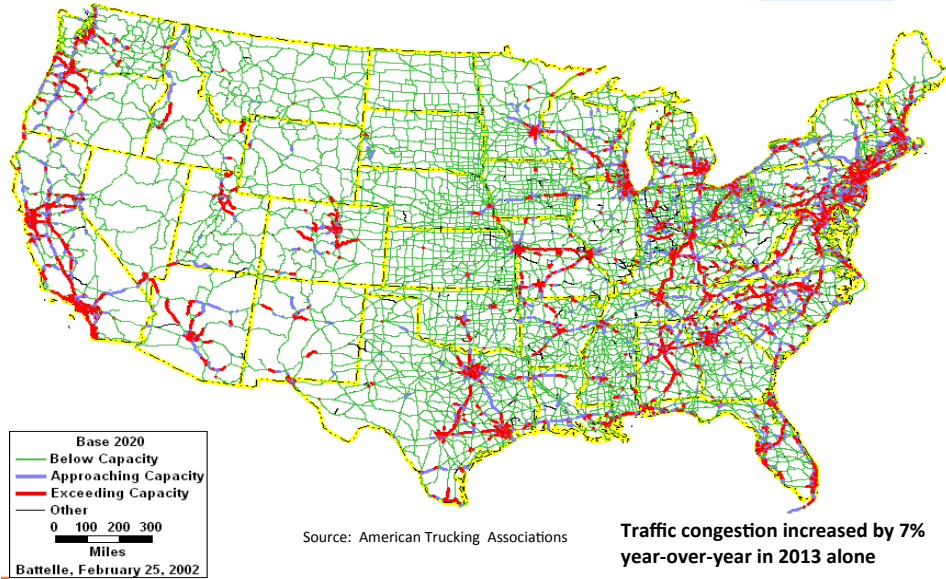
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Highway Congestion - 1998



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Highway Congestion - 2020

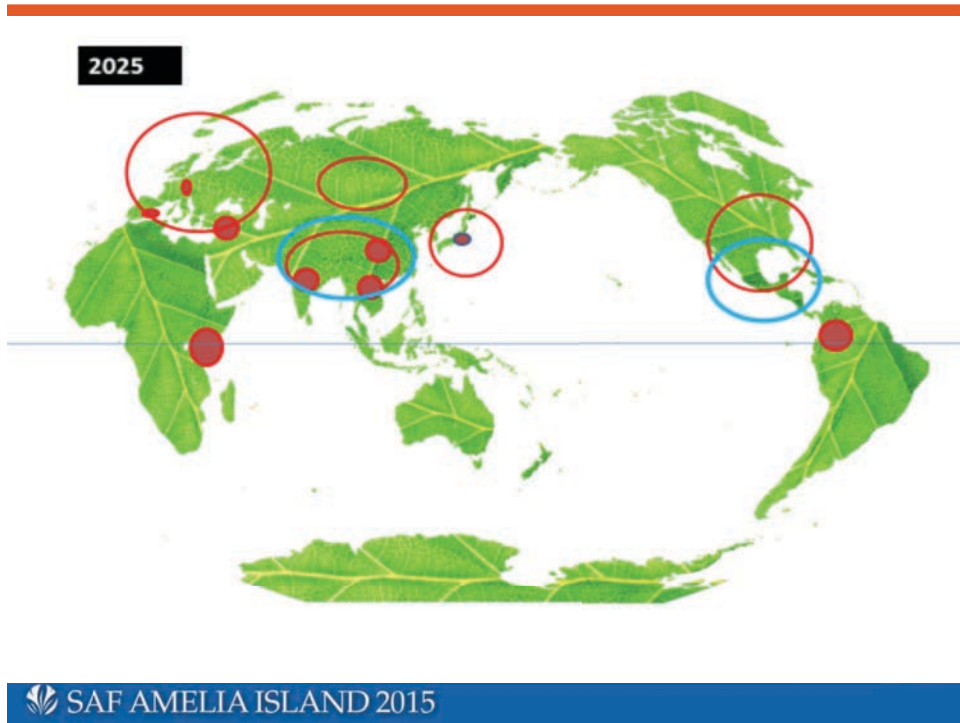


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Sea Freight Can Save 50% Of Transportation Costs



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What To Watch For In The Next 2-3 Years . . .



What To Watch

- Sea Freight/Transportation
- Kenya International Airport
- India exporter or not?
- Storage technologies
- Technologies we don't know about, the adjacent possible
- Water
- Consolidation – supply chain will become more global, less competition
- Growing Areas -- Specialties – Ecuador/Russia creating less flexibility

MACRO

- Climate change
- Consumption trends
- Exchange rates (e.g., Peso, Yen)
- Geopolitical

Movement of Stems Channel Distribution



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Retailer-Ruled Florists



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How supermarkets changed the world of flowers. . .



- The current distribution was set up for smaller retail florists.
- Supermarkets required:
 - Mass consistency in flower type, quality, etc.
 - Logistics that spanned many states.
 - Short-controlled supply chain.
 - Highly competitive price.
- This was the downfall of the local grower.

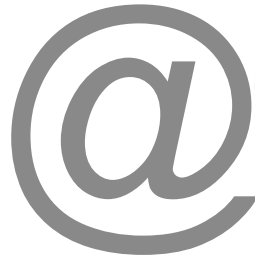
1990

Wholesale - 90%
Supermarkets - 10%

Wholesale - 99%
Supermarkets - 1%

Wholesale - 99%
Supermarkets - 1%

Then, along comes the Internet to shake things up ...



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2000

Wholesale - 70%
Supermarkets - 30%

Wholesale - 95%
Supermarkets - 5%

Wholesale - 69%
Supermarkets - 30%
Internet - 1%

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2015

Wholesale - UK 40%, EU 68%
Supermarket - UK 58%, EU 30%
Internet - UK 2%, EU 2%

Wholesale - 69%
Supermarket - 30%
Internet - 1%

Wholesale - 40%
Supermarket - 43%
Internet - 17%

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2025

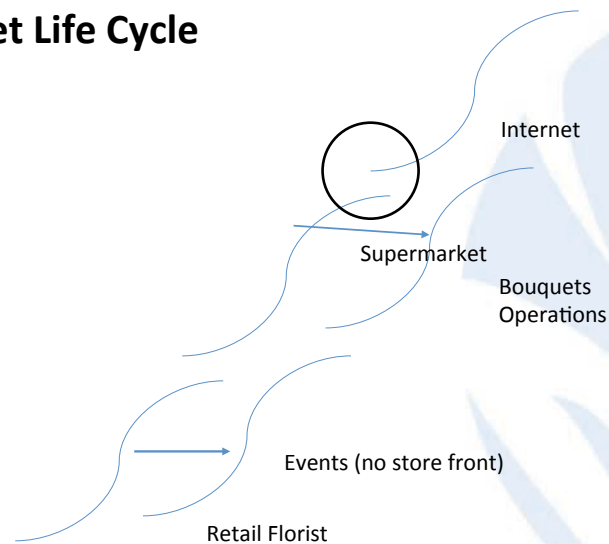
Wholesale - UK 30%, EU 45%
Supermarket - UK 58%, EU 45%
Internet - UK 12%, EU 10%

Wholesale - 40%
Supermarket - 45%
Internet - 15%

Wholesale - 30%
Supermarket - 45%
Internet - 25%

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Market Life Cycle



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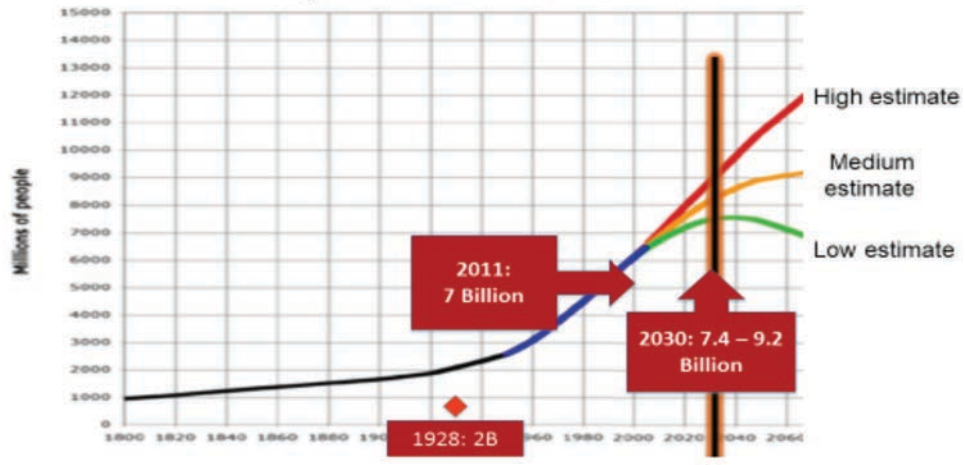
Innovation

- **Experiment, Experiment, Experiment!**
- **IFF – Intelligent, Fast, Failure**
- **Supermarkets can be testing 5 models at one time to see what works and what doesn't**
- **When is the last time you experimented with your business?**

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3

Population Growth

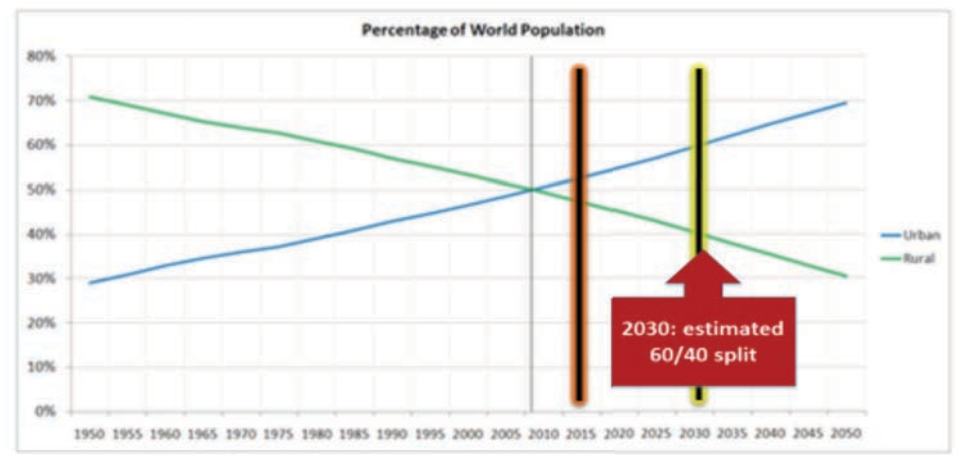


Source: United Nations Dept. of Economic and Social Affairs

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4

+ Increasing Urbanization



Source: United Nations Dept. of Economic and Social Affairs

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What To Watch ...

- **Store-to-home delivery/pick up**
 - UK: Starting on large scale; US: Is starting
 - Amazon (farm to home)
- **Farm to consumer**
- **How the Internet matures**
 - Amazon vs. Alibaba model
- **Country characteristics – Seoul, Korea vs. Berlin, Germany**
- **Things you never thought of but can imagine**
- **Demographics**

