



Staying Updated
on Tech



Finding
Talent



NAVIGATING
UNCERTAINTY

WHAT COMES NEXT?



Selling More
Flowers

Floral Management asked industry leaders to share their key challenges and opportunities for 2018 and beyond. Here's what they had to say.

BY MARY WESTBROOK



Attracting
Millennials



COMPETING
WITH
DISRUPTORS

The economy is good. The geopolitical scene is less certain. Consumers are confident. They also have more choices than ever, and they still spend far differently on flowers by generation. Social media and the internet give small business owners tools they never dreamed of — those same tools, though, often require high, sometimes overwhelming, levels of time and energy to maintain. Certain costs are higher, some supply chain standbys and standard processes are changing, and employees — reliable, dedicated workers — are still tough to find and keep, a tough predicament as some longtime floral industry members get a little grayer and look to pass the torch to the next generation.

Welcome to 2018, a new year with plenty for the floral industry to be excited about and also no shortage of challenges (new and long-standing) to work through.

Floral Management recently reached out to heads of national companies and groups and some of our longtime volunteer leaders to find out what they are worrying about, strategizing over and feeling good about in this new year. What we found: full to-do lists and measures of both optimism and caution. What we didn't find: easy answers or quick fixes. 🌱



HELPING THE INDUSTRY STAY COMPETITIVE

KATE PENN CEO, SOCIETY OF AMERICAN FLORISTS



I'm excited about: "Consumer confidence is at its highest level in 17 years, while unemployment is also at its lowest in the same time frame. This recent consumer confidence, coupled with a strong labor market survey, suggests that 2018 could be a strong year for the industry."



A challenge for the industry: "The impact of hurricanes and fires through the last quarter of the year will linger well into 2018 for industry members in and served by suppliers in those markets. Industrywide, health care and labor costs are rising for all segments. Finding talent is a challenge all segments can relate to — some say it is the industry's biggest issue."



I think a lot about: "The quality of our industry's product has never been better, thanks to research that's led to better breeding, growing and post-harvest practices. But businesses are plagued by peaks and valleys. We have to level those out, but that's not going to happen until we get consumers thinking about flowers year-round, with a national promotion order."



One more thing: "We know that increased mobile purchasing creates opportunity for our industry — it's where retailers are seeing the biggest gains. We've been preaching mobile for five years now, and it's great to see so many retailers seeing growth here. Driving in-store traffic has been more challenging, but there's lots of evidence that millennials appreciate a unique in-store experience — and the fact that Amazon is buying brick and mortar suggests it's not dead."

“Baby boomers now have other priorities that may limit floral spending. We need to look toward the next big generation of floral purchasers — millennials.”

RENATO CRUZ SOGUECO



EVANGELIZING DIGITAL MARKETING

RENATO CRUZ SOGUECO

VICE PRESIDENT, DIGITAL STRATEGY AND EDUCATION, BLOOMNET

I'm excited about: “Floriology recently launched a new program to help florists drive more website sales by assisting them with search engine optimization, blogs, social media posts, search marketing, and ratings and reviews. It’s a culmination of the best digital marketing practices I’ve explored and developed over my career, including two decades at the Society of American Florists.”

A challenge for the industry: “More intense online competition, not only from other online floral businesses but from other gift categories and, of course, Amazon, along with the need to market to mobile customers. The danger in this noisy marketplace is that flowers as a gift choice will become less top-of-mind.”

I think a lot about: “When florists don’t invest in online ads in their local markets, it’s even more cost-effective for national marketers to advertise in almost every market, since online advertising is a bidding system. National company ads appear at the top of the search page, where customers are most likely to click. Even more dubious: These advertisers know the top florists in every market, and they use their business names as keywords. Consumers click on a competitor’s ad, thinking it’s their florist. Florists lose that order or fill it at a discount, which funds the advertiser’s business.”

One more thing: “Florists for the past two decades have relied on baby boomers as reliable floral customers, but these customers now have other priorities that may limit floral spending. We need to look toward the next big generation of floral purchasers — millennials. That requires education, in business practices and design style, but florists who can cater to the tastes and tailor their services to the needs of different generations will be the most successful.”



ADJUSTING TO REDUCED AIR CARGO CAPACITY

MARLA O’DELL

PRESIDENT, WHOLESALE FLORIST & FLORIST SUPPLIER ASSOCIATION
VICE PRESIDENT, SALES AND MARKETING, CSS INDUSTRIES — BERWICK OFFRAY

I'm excited about: “I see wholesalers embracing technology like never before. They’re using it to manage inventory and inventory turns, communicate and conduct business transactions with suppliers and customers, and stay engaged and relevant with their customer base.”

A challenge for the industry: “The biggest concern I hear about is the uncertainty with South American air cargo capacity and subsequent rates. This challenge will cause a ripple effect through the industry in both product availability and pricing.”

I think a lot about: “The floral industry is uniquely positioned to differentiate from the mass market with both their fresh and their hard goods offerings. Consumers are hungry for that uniqueness, but we have to keep one eye on the ‘Amazon ball.’ We know Amazon’s distribution capabilities are phenomenal and its pockets are deep. We can’t become complacent.”

One more thing: “I’m amazed at the willingness of all wholesalers to share information. I hear some smaller wholesalers comment, ‘WF&FSA is just for the big guys.’ The ‘big guys’ are right there sharing information as well. A rising tide lifts all ships.”



FIGHTING FOR DRIVERS

DAVID ARMELLINI

SAF WHOLESALERS COUNCIL

PRESIDENT, ARMELLINI EXPRESS LINES



I'm excited about: "As of Dec. 18, 2017, all truck carriers had to start using electronic logging devices, which track when you start driving, when you stop, your route; and a lot more — all to ensure you are following federal hours of service regulations. We've been using them since 2009, but that put us in the minority — only about 40 percent of trucks on the road were using them before the Dec. 18 deadline. If you are tracking with paper, it's easy to stretch the truth. This will level the playing field."



A challenge for the industry: "Airlines have reviewed their overall business plans, and they've found that other industries pay [carriers] more, so they've raised rates, and they're providing less service. Our industry was spoiled in the past with next-day service from South America from three different points, six days a week. We won't see that again anytime soon. In addition, if our industry could come up with a standardized box size, we'd see so much more efficiency."



I think a lot about: "Finding qualified drivers. It can be a very good living, but people don't raise their kids to be truck drivers. Meanwhile, the population of drivers is getting older. Carrier costs continue to rise, and labor is certainly one of those costs: If we don't pay our drivers a competitive wage, another industry will."



One more thing: "We see driver-less and driver-assisted trucks as a major change coming into the floral industry. That technology will affect the industry; it could affect it in a positive way. I think we'll see driver-assisted technology within five years."



TAKING ON DROP SHIPPING

JEFF BENNETT

PRESIDENT, TELEFLORA



I'm excited about: "In 2018, we'll complete the roll-out of our new web hosting platform for florists — leveraging the Oracle e-commerce platform, which offers enhanced performance and greater capabilities, all while maintaining flexibility for florists to be as hands-on or as hands-off as they choose."



A challenge for the industry: "The rising costs of customer acquisition, and intense competition online, particularly in search engine marketing. It's difficult for most shops to navigate this effectively. Another significant challenge longer term will be same-day fresh flower delivery, as more florists go out of business. Over 5 percent of florists close their doors every year. We expect that will continue in 2018. It pains us to see long-standing local businesses close."



I think a lot about: "The sheer magnitude of drop-ship flowers. Shop owners don't seem to realize that hundreds of millions of dollars are bypassing local florists today. Consumers aren't typically aware these brands are sending 'flowers in a box,' which requires the recipient to assemble them themselves. It's important for us to maintain a positive message about flowers to the consumer. It's risky to directly advertise 'boxed flowers are bad'; many consumers only retain part of an ad message, and they might misconstrue it as 'flowers are bad.' We would rather speak positively about the flower-buying experience as a benefit to the industry."



One more thing: "Consumers are being taught on a daily basis that flowers cost \$19.99 or less, and that they come with 40 percent discounts. It's not good for the industry, or for providing the ultimate consumer experience."

"Consumers are being taught on a daily basis that flowers cost \$19.99 or less, and that they come with 40 percent discounts." **JEFF BENNETT**



IMPROVING SATISFACTION — AMONG FLORISTS AND CONSUMERS

TOM MOELLER
EXECUTIVE VICE PRESIDENT,
FLORIST SEGMENT, FTD



I'm excited about: "The opportunity for our company to 'think fresh': test and learn, and take action that can move the needle in all facets of our business — marketing, merchandising, supply chain and doing a better job at supporting and caring for our florist members."



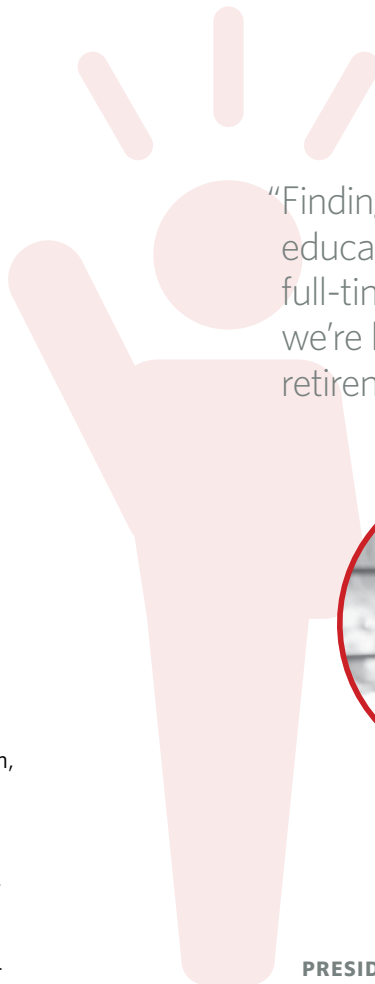
A challenge for the industry: "Rising consumer expectations about transparency, product value and delivery status, coupled with a very competitive sales environment. I think we all need to spend some time understanding how Amazon is changing consumer expectations, which will transfer to purchasing floral gifts too."



I think a lot about: "Issues around improving satisfaction for both consumers and florists. Too frequently, we have complaints that the consumer doesn't see the value for the money spent or doesn't receive the product on time. We also hear from florists that they aren't receiving enough orders or can't make any money. Inherent in our future strategy will be ways to improve both. We want to be better at driving consumer and florist satisfaction by delivering an incredible experience and clear value for all. We want to be a company that consumers and florists trust and want to be part of."



If I had a magic wand... "We would all focus on the end consumer, regardless of the nuances and challenges of the industry. If we all just take care of the consumer, the industry would be healthier."



"Finding qualified, energetic, educated employees. That's a full-time focus. As an industry, we're looking at a wave of retirements." **BILL LAFEVER**



DEVELOPING NEW LEADERS

BILL LAFEVER, PFCI
SAF PRESIDENT
PRESIDENT, BILL DORAN COMPANY



I'm excited about: "Product. 'Pink Porcelain' and 'White Porcelain' roses, for example, have a big head size relative to stem length — great for weddings. Light pink and white roses often get bruised in shipping, but in our tests, these varieties had very little damage. Our customers' 2018 outlook for events and corporate accounts is overall very good. The stronger economy probably plays a role, but retailers have been smart about marketing to those customers."



A challenge for the industry: "Logistics. There are fewer flights out of South America, and flowers get bumped because other industries — produce, for example — pay more per kilogram. That slowdown makes last-minute orders even harder."



I think a lot about: "Finding qualified, energetic, educated employees. That's a full-time focus. As an industry, we're looking at a wave of retirements. A lot of wholesalers stopped hiring during the recession — we all had to get very lean. Now, we're backfilling, but it's like when you plant a tree: You don't get shade right away. We now have five managers under 30. We need these young people to connect with younger customers and become our next generation."



One more thing: "I wish we'd all focus less on Valentine's Day and Mother's Day. We're so reliant on those holidays; yet because demand is so high, we end up giving customers less and charging more during those times. I want to see people buying more everyday flowers."



MAKING ONLINE PURCHASING EASIER AND SAFER

MICHAEL DELGORIO

DIRECTOR OF CORPORATE DEVELOPMENT, LOVINGLY



I'm excited about: "Real, local florists are at a turning point. Shop owners who've embraced technological change and have fun with online selling will come out on top."



A challenge for the industry: "Florists who do not have a fully and regularly optimized online sales funnel will pay the price of not driving growth for their shops. That doesn't mean florists need to be technologists. They just need to place their confidence in the tech resources that put their interests first."



I think a lot about: "Our data shows only 9 percent of florists' websites are secure per Google standards. The other 91 percent of floral retail websites will alert shoppers on a Google browser that they are not on a secure site. Our Security With a Capital 'S' campaign is aimed at securing a florist's entire website, not simply their product checkout page."



One more thing: "In 2017, technology is said to make us more lonely rather than offer bridges to new relationships. So, building relations as a core mission is a huge challenge in an age of technological insulation from live, real-time, human connections. People, in both the short and long term, need optimistic bypasses from the 'bottomless pit' of online content, which places barriers between relationships."



"Thanks to technology, the end users of floral products are becoming more and more aware of the endless options on the hard goods side."

LAURA SHINALL

NAVIGATING RISING COSTS

LAURA SHINALL

SAF BOARD OF DIRECTORS PRESIDENT, SYNDICATE SALES



I'm excited about: "Thanks to technology, the end users of floral products are becoming more and more aware of the endless options on the hard goods side. This transparency plays into the hands of those who have chosen to invest heavily in technology, all done in the spirit of helping partners provide products and information when and where needed."



A challenge for the industry: "Transportation costs continue to rise. Fuel may be the most visible cost, but by no means is it the only cost where we are seeing significant increases."



I think a lot about: "Our employees. We have a real opportunity to learn from the next generation's ideas and their technology practices, and at the same time mentor them in the intangibles that come from years of experience and hard work."



One more thing: "We care deeply about and are committed to keeping jobs in Indiana and the U.S. Not only do we believe the quality of domestically produced products is better, we believe we are better able to manage inventories, thus allowing us to better serve our customer base. The influx of inexpensive, lower-quality product produced in other countries threatens our workforce and the ability to maintain our quality standards."



SPEAKING UP FOR THE INDUSTRY IN WASHINGTON

Throughout the year, the Society of American Florists lobbies for the industry on Capitol Hill — helping to keep members' needs high on lawmakers' radars. A great deal of strategy goes into refining those messages, said Shawn McBurney, SAF's senior director of government relations.

"In 2018, we anticipate that we'll be focused on the continued funding of the **Floriculture and Nursery Research Initiative**, building on our success last year, and the **STARS Act**, which has gained even greater importance with the federal government beginning to impose fines on employers for not properly complying with the Affordable Care Act," he said.

Make plans to be part of that conversation and to share your story firsthand with lawmakers. SAF's Congressional Action Days are March 12-13. Find out more and register at safnow.org.

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RAISING THE PROFILE OF AMERICAN GROWN FLOWERS

KASEY CRONQUIST, PFCI
CEO, CALIFORNIA CUT FLOWER COMMISSION



I'm excited about: "The momentum we have for the origin-based trend. We've seen it for years with food in farm-to-table. We'll be bringing even more people to beautiful flower farms in 2018 with our Field to Vase dinners — some farms we've been to before and some that are new to us."



A challenge for the industry: "Regulatory issues and the cost of doing business are struggles everywhere, but it's especially true in California. Our challenge is to communicate what it takes to grow flowers sustainably in California, compared to the other places in the world."



I think a lot about: "We need to do a better job communicating with members of Congress to address our labor issues in the U.S."



If I had a magic wand... "I'd erase the connection between cannabis and cut-flower production in people's heads. The subject has caused a lot of confusion. There's not going to be a significant change to the floral industry."



ADAPTING TO THE 'AMAZON EFFECT'

JO BUTTRAM, AAF, AMF
SAF BOARD OF DIRECTORS
OWNER, SHIRLEY'S FLOWERS INC.



I'm excited about: "My staff. We really searched and interviewed lots of people, and we waited until we had the right fit. It paid off. They are all excited about coming to work and sharing their ideas. We listen to them and try new things, and it gives the whole shop a new energy."



A challenge for the industry: "The Amazon effect. Customers want and expect free, fast delivery. We're tinkering with delivery options and pricing, and streamlining our online ordering process."



I think a lot about: "Our customers want our flowers to be convenient. We have a partnership with a big-box store, which helps us meet that need. We get an extra piece of the pie by being in the stores — and it is a growing piece that we hope to expand."



One more thing: "People are looking for experiences, not just shopping opportunities. We're finding new ways to do that. For instance, we now use a traveling vintage camper to sell flowers outside of the physical store. People love it."



COMMUNICATING MORE EFFECTIVELY

AUGUSTO SOLANO
PRESIDENT, ASOCOLFLORES



I'm excited about: "The great [progress] we made in 2017 in social media. We want to strengthen that effort next year, promoting 'Flowers of Colombia' as an inspirational brand based on diversity, which is one of our country's greatest assets and [something] that is present in our geography, people, flora and fauna, and, of course, in the 1,400 flower varieties we commercialize each year."



A challenge for the industry: "To strengthen and promote the culture of sustainability by which our flowers become a product of a permanent social and environmental commitment: Do things right — this is the anchor of our culture. Forty-two percent of Colombian flower exports are certified through Florverde Sustainable Flowers (FSF), an independent social and environmental certification standard."



I think a lot about: "How to sell flowers to the consumers of the future, including millennials. We need to communicate in a different way to consumers and the supply chain, in a way that is understandable, so that we can fill consumers' needs and increase flower sales."



One more thing: "This year, we created a project called 'Proudly Growing,' which is part of our talent attraction and employment brand strategy. We are looking to enhance and make our sector one of the best places to work. We want to attract the best talent of the new generations."



"A lot of florists are still so price-driven, while the retail landscape has changed dramatically." **SARAH BAGLE**

PUSHING STORIES, NOT PRICES

SARAH BAGLE CREATIVE DIRECTOR, ACCENT DÉCOR



I'm excited about: "Getting consumers to understand the value of floral-design services. Consumers don't always understand the talent that goes into creating a flower arrangement, or the origin of the flowers and what it took to make the arrangement a reality."



A challenge for the industry: "A lot of florists are still so price-driven, while the retail landscape has changed dramatically. People are looking for that story or cause to put their money behind."



I think a lot about: "Educating people about the fact that there are hands making each of our products, and communities that are built around our industry around the globe. I want each person who contributes to the making of our products to be respected as an artisan."



One more thing: "Florists make so little for the work that they do. I believe if that changed, the industry could attract a lot younger talent."



DIG DEEPER

Check out extended interviews from some of the industry members featured in this month's story, along with insight on developing next-generation florists from the **Texas State Florists' Association** and the **American Institute of Floral Designers** at safnow.org/moreonline. You'll also find perspective on how government regulations around the world affect the industry, from **Ball Seed's** Joaquin del Torre; thoughts on working with and serving multiple generations, from boomers to millennials, from Rod Crittenden, executive director of the **Michigan Floral Association**; and thoughts on why specialty growers around the country deserve to be taken more seriously, from Judy Laushman, executive director of the **Association of Specialty Cut Flower Growers**.

Mary Westbrook is editor in chief of Floral Management. mwestbrook@safnow.org



40 DISARMING STYLES FROM 2½-7" TALL

Blob House Mini Desktop Planters

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 Las Vegas Market - World Market Center