

The Year Ahead



BY MARY WESTBROOK

SHUTTERSTOCK/LUKAS GOJDA

All right, everyone: Pull out your crystal balls. Where will your business be a year from now? Will you have the same team? Be facing the same regulations? Will you feel more or less connected to your customers? What about the floral industry at large? What will happen in 2019 with national companies? Will backups and delays at airports in Ecuador — or truck driver shortages here in the U.S. — affect your business? And how about the state of retail or even the U.S. economy: Will new technology further change how, when and where customers shop? Is the strong economy bound to slow down?

Is your head spinning yet? In a time of unprecedented social and technological change, it's easy to feel overwhelmed; yet with each new development — in tech, trends and the economy — comes new opportunity. This month, we asked industry members from across segments to share some of the major challenges and opportunities currently facing their businesses and the industry, to help you better understand the landscape, and identify where you want your business to grow.



Increase Demand

Tim Dewey

Vice president of procurement, e-commerce, marketing and quality, DVFlora, Sewell, New Jersey
SAF Wholesalers Council

Challenges ♦ "Lack of availability of space and the increasing costs of airfreight to bring in our flowers. Sea container shipping is becoming a reality. For many years, floral containers have been shipped to Europe from Colombia; now this shipping method provides a lower cost and viable option to some ports in the U.S. Planning for sea containers requires a different mindset and more advanced planning, rather than the 'demand/response' model we have today in the supply chain."

Opportunities ♦ "We're encouraged by the amount of new floral businesses opening up — these are not necessarily traditional retailers, but more event-only companies. As an industry, we have the opportunity to create increased awareness and demand for our products. We deal with fresh cut flowers, a natural product that customers love, and we have to continue to increase consumption — including among millennials, a group that already likes flowers and plants in their lives."



Partner Up

Rakini Chinery, AAF, AZMF

Owner, Allen's Flowers, Prescott, Arizona
SAF Retailers Council

Challenges ♦ "I'm always thinking of ways to find customers and researching new tools to get them to buy. I also wish the industry as a whole would find a way to keep order-gatherers in check. They overpromise and undersell. That hurts everyone. Finding new staff, especially floral designers, is really hard, too. Finally, customer expectations are so high. More and more people are surprised that we charge for delivery. But that's part of the 'Amazon effect' — that, and people waiting until the last minute to order."

Opportunities ♦ "I'm always excited about the new possibilities of social media — new ways to share information directly with customers. People care about local businesses, and we're doing a lot of cross-promotion and contests to tap into that interest. We're in the process of developing a separate wedding-event business to appeal to more brides."

GO DEEPER

Find extended interviews and additional perspectives at saf-now.org/moreonline.



Look Inward

Scott Levin

President and CEO, FTD,
Downers Grove, Illinois

Challenges ♦ "For FTD and our florist members, the challenge is to keep up with customers' expectations. Everything is available in clicks and moments, with free shipping and all the rest. We have to distinguish how our gifting experience is different from the experience of getting a brown box from Amazon and emphasize the importance of our skilled florists. We have to continue to invest in new technology to meet those consumer expectations, to get more consumers to buy more flowers."

Opportunities ♦ "The past year has taught us that it's really important to keep our eye on the ball. We're ready to reclaim our heritage. We have to make customers and our member florists our priority in everything we do. We completed our corporate restructuring in July. We're now leaner and more agile, faster in our decision-making. I've also spent a lot of time re-engaging with our employees on all fronts. I feel like our team is more energized than it has been in a long time. We're expecting \$32 million to \$37 million in cost savings in 2019. In addition, we'll be investing \$35 million to \$40 million in capital expenditures that will benefit both our consumer and florist businesses and improve the consumer experience."



Sell What's Unique

Bill LaFever, PFCI

Bill Doran Company, Rockford, Illinois
President, SAF

Challenges ♦ "The No. 1 challenge for our customers, retail florists, is time: There are just not enough hours in the day. Between hiring and training, HR, finances, marketing, paying bills, and then actually doing the 'real' work of making beautiful floral arrangements, retail florists are stretched across business functions. As an industry, we need to ask how we can make the processes involved in running a retail flower shop simpler, smoother and more enjoyable, to be able to attract the next generation and to keep the current generation motivated."

Opportunities ♦ "There is a massive opportunity to help retail floral businesses tell their story and grow their sales. Consumers want to do business locally and with artists. That combination of local and artistry defines our industry. Another opportunity is consumers' desire for something unique, whether for self-consumption or as a gift. Our industry is perfectly aligned for the unique and customizable. We can have a huge impact here."



Seek Inspiration

Holly Heider Chapple

Owner, Holly Heider Chapple Flowers, Waterford, Virginia

Challenges ♦ "It's very easy for event florists to end up taking on work out of

fear. I'd like to be more intentional about choosing our clients. I also want to stop leading so much from Pinterest or image boards. There's been so much hustle to grow our business. I want to focus now on having the right number of

Opportunities ♦ "Education, time and inspiration are so important. Find places that inspire you. I try to design once a week just for myself, without the parameters of a client telling me what to do. It's important to get outside of your comfort zone. Find someone who does things differently. Learn from them."



Attract Millennials

Marco Groot

CEO, Hilverda de Boer USA, Ridgefield, Connecticut

Challenges ♦ "Domestically, it is hard to get truckers in our industry and international air cargo space is getting tighter. We are facing

more airline delays due in part to oversold space capacity. Also, Brexit will be a big challenge for flowers from Europe. Most freight flies through London, and when Brexit happens, we may be faced with delays getting product into and out of Great Britain, because of closed borders or even duties."

Opportunities ♦ "By 2025, the majority of our clientele will be millennials. This generation sees value in flowers and plants, and because they are so connected digitally, they will be easy to reach — we don't have to wait until they walk by the storefront to buy flowers. The whole floral chain needs to be ready to reach out to this generation online."



Go Green

Mike Mooney

*Market Development Manager, Dramm & Echter, Encinitas, California
SAF Board of Directors*

Challenges ♦ "Increased labor and

transportation costs and more automation in the form of machinery to help us bunch the flowers. With transportation, we are exploring sea container shipping. As an industry, I wish we would talk more about collecting data on temperature change and climate change to see how it affects growing flowers."

Opportunities ♦ "The economy is good, so we are excited about overall flower consumption. I also see opportunities in greens, particularly millennial demand for cut greens and cut foliage. I'm excited to see baby eucalyptus and other type of greens from southern California and north Baja Mexico becoming more popular."



Innorate or Bust

Ben Powell

*President, Mayesh Wholesale Florist, Los Angeles
President, WF&FSA*

Challenges ♦ "We are in a fight for

talent with other industries and each of us must find ways to attract people, especially younger people, to our companies. The floral industry has a story to tell as far as career paths are concerned, and it is up to us to tell it. Industry-specific challenges also include the continued consolidation among retail florists. There are simply less of them than there once were. That presents a challenge for growth."

Opportunities ♦ "Wholesalers must justify our role in the industry supply chain. For those willing to innovate, whether it is with technology, specialty products, logistics, marketing, education or something else, there are plenty of opportunities to get closer with customers who need a partner. Those of us who do that will be just fine."

THE AMAZING RACE

Many industry members pointed to logistics as a major challenge in 2019. Unfortunately, this isn't new, and it isn't going away soon. Here's a rundown of some of the key sticking points.

Air Transport

Fewer airlines are flying routes between North and South America, and there continues to be an imbalance between northbound and southbound freight. Other industries, including produce companies, pay more for cargo space than flower growers can afford. Reduced cargo space and fewer flights mean that more flower shipments are delayed. What's more, the window for increased rates around Valentine's Day keeps expanding.





Think Globally

Augusto Solano

President, Asocolflores, Bogotá, Colombia

Challenges ♦ “[The need to] increase consumer demand. This is one of the aspects where the industry has failed to come together and one of the reasons why prices have been weak. Selling flowers to new generations [of consumers] is also still a challenge. Also, as the demand for Colombian flowers abroad increases, we have to improve capacity, with new shipping routes and frequencies. Sea containers are becoming [more viable] as an alternative in some cases.”

Opportunities ♦ “The United States has been the most important market by far [for Colombian growers], and will continue to be so; however, there seems to be increasing opportunities in Asian countries, mainly China and Korea. We also already have good market share in Japan.”



Love Your Local

Jennifer Barnard

Owner, Tillie’s Flower Shop,

Wichita, Kansas

SAF Retailers Council

Challenges ♦ “It is getting harder to find and retain good help. A good hire that is committed to our company and to our customers is as important, and perhaps more important than it ever has been, because customers are becoming more demanding and have greater expectations of how they should be treated and serviced.”

Opportunities ♦ “People seem to be much more ‘community minded’ lately and they are shopping with local businesses — especially businesses displaying community pride and involved in community events and local charities. We have developed a product line featuring our city flag and also our local sports teams. We are also involved with supporting local charities. We see more interest in sustainability, so we have featured locally grown flowers and have seen an exceptionally good response.”



Come Together

Oscar Fernandez

Director of sales,

Equiflor/Rio Roses, Miami

SAF Board of Directors

Challenges ♦ “Freight rates are reaching unprecedented levels in the flower business and our industry has always been reluctant in passing the increases in cost along.”

Opportunities ♦ “For my company, it’s the integration of a new Costa Rican farm, which is currently producing over 100 hectares. Across the industry, we need to do a better job of showing the end consumer what a beautiful product we sell and how good it is for the soul. We need to work closer together. No one should go at this alone.”



Leverage Tech

Jeff Bennett

President, Teleflora, Los Angeles

Challenges ♦ “Our top challenge continues to be florists going out of business. We never like to see longstanding local businesses close their doors, which has a significant impact on our business and how consumers shop for flowers. Local florists continue to face significant pressure from drop shipping and grocery. The amount of order volume that is bypassing local florists is staggering, and it continues to dramatically alter the landscape of the industry.”

Opportunities ♦ “Harnessing the power of improved technology. Shops that want to compete effectively and thrive in today’s marketplace need to leverage all that technology has to offer, whether it’s the latest web hosting, POS, or new social media and marketing tools. Technology is constantly introducing better and smarter ways to run a florist business that appeals to how consumers shop today.”

Trucking



There is a record shortage of truck drivers, with an estimated 50,000 more drivers needed to meet demand across industries, according to the American Trucking Associations. This is despite the best efforts of many companies — including those transporting flowers — to attract, train and retain drivers.

Sea Containers



Some industry members are transporting flowers by sea — a solution in some cases but one that requires more lead time and changes in procedures at the grower level to ensure optimal flower quality. One additional challenge: At press time a strike among Colombian truck drivers was affecting sea container shipments there.

Buyers



Buyers may need to start planning and buying further ahead and be more flexible in ordering. Higher costs are a strong possibility, along with the need for the industry to rethink long-held norms, including the standardization of box sizes, to maximize cargo space.



Take Action

Liza Roeser-Atwood

Founder and CEO, Fifty Flowers,
Boise, Idaho
SAF Wholesalers Council

Challenges ♦ “On a business level, we’re asking ourselves: ‘How do we stay the leader in our market?’ We are studying other business sectors intensely, bringing in executive-level talent from outside of the industry and re-evaluating our own hiring processes. On an industry level, we have some big issues to address. For example, we’re losing farms to more lucrative crops, and global warming is changing growth cycles and patterns. We need to talk openly about these things and come up with strategies and solutions.”

Opportunities ♦ “I wish we could join together more and work together as an industry, without the name-calling. I field comments from other industry members every day about how my company is evil, because we work with DIY customers; yet I am constantly talking about the importance of supporting local florists and promoting the overall consumption of fresh flowers. That negative energy overshadows the good in the floral industry. We’re in a time of major change — for the industry and, really, humankind. To stay relevant as an industry, we need to help each other and engage in some out-of-the-box thinking.”



Find New Paths

Danny Sanchez

CEO, South Florals Group, Miami, Florida

Challenges ♦ “I think a lot about the overall landscape of retail and the industry — which includes trying to figure out

where some of the larger conglomerates are going — the wire services and some of the new, younger companies. Overall, I’m expecting more consolidation in the industry. I’m also working on improving employee retention, in the face of rising labor costs. As Amazon, Target and Wal-Mart start to move toward a \$15 minimum wage, they could drive up costs for everyone.”

Opportunities ♦ “We need to focus on technology as it relates to the future of retail — online platforms, digital marketing, live chat, documenting important moments with customers and sharing those on social media. Plant sales and plant maintenance are areas I’m excited about. Those represent consistent business. Plus, millennials are crazy about plants — they have more plants in their homes than their grandparents ever did.”



Embrace Education

Mark Nance, AAF

President, BloomNet/1-800-Flowers.com,
Jacksonville, Florida

Challenges ♦ “The declining number of retail flower shops throughout the floral marketplace. Additionally, fewer florists are opening new shops. Combined, these challenges result in less coverage for fulfilling orders... Industrywide, retail florists are facing an increase in competition for floral orders coming from outside the traditional channel of brick-and-mortar retail flower shops. Supermarkets, big-box stores, event venues and convenience stores now offer floral products.”

Opportunities ♦ “We see education as a powerful way for the entire industry to continue to grow and prosper. In addition to providing educational offerings through our Floriology Institute, we closely collaborate with many state and industry associations across the floral industry, sharing ideas and continually exploring and implementing innovative approaches florists can use to thrive. For example, we are helping florists capitalize on emerging opportunities in the digital and mobile marketplace, as well as helping them use social media as a tool to deepen connections with their customers.”



Change the Market

Alejandro Martinez

CEO, Expoflores, Quito, Ecuador

Challenges ♦ “Logistics — mainly air cargo space. The floral industry is losing out for many reasons, including fewer

flights and stronger demand for space from other industries. It’s a big and complicated challenge that forces us all to look for alternatives, some of which, including sea containers, could work, but only if we change the way the market is currently growing, buying and selling flowers so that there is more lead time all along the supply chain.”

Opportunities ♦ “We’re being replaced on special occasions by other products — chocolate and wine, etc. — and we have to work together. It doesn’t matter if the flowers are grown in Ecuador, Colombia, California or somewhere else. The goal is more consumption. Consumers are buying right now. They’re just not buying enough flowers.” 🌸

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STORM CLOUDS ON THE HORIZON?



When Charlie Hall, Ph.D., professor and the Ellison Chair in the Department of Horticultural Sciences at Texas A&M University,

presented at SAF Palm Springs 2018 last September, floral industry members had one question for him: When will the next recession be?

For Hall, the winner of SAF's 2018 Paul Ecke, Jr., award, answering that question is complicated and involves myriad factors — including how new tariffs could affect the economy. One thing that is clear: Economic slowdowns and recessions are inevitable. Hall said his best advice is to prepare your business now to be recession-proof.

"People see flowers as luxuries, and luxuries are turned aside during economic hardship," he said. "It's more important than ever that florists stay focused and communicate the benefits of flowers, and of retail florists, and that they communicate those things so clearly that customers don't see their products and services as luxuries — but as essentials."

Want to become more informed about how national issues, including the economy, tariffs, trade, research funding, health care and immigration reform, affect your business? SAF engages with legislators year-round to advocate for the industry — but your voice is critically important. During **SAF's Congressional Action Days**, March 11-12, you can be part of that conversation. Find out more at safnow.org. -M.W.

BOLD AND BEAUTIFUL: DESIGN TRENDS FOR THE NEW YEAR

What do current events have to do with design? A lot, according to Michael Skaff, AAF, AIFD, PFCI, who spent nine months researching emerging trends for the International Floral Distributors' 2019 Floral Trend Forecast. "For instance, we're seeing a lot of bold, strong colors right now," he said. (Case in point: 'Living Coral,' Pantone's 2019 Color of the Year. Stay tuned for in-depth coverage in next month's issue.) "People are experiencing prosperity and feeling more confident. They're also taking a stand in response to a political environment that's as chaotic as ever."

Here are four styles Skaff expects to dominate this year.

FOREST WALK

Society's affection for nature has influenced trends for several years, evidenced in 'Greenery' as Pantone's 2017 color of the year and houseplants' popularity. "Forest Walk is a continuation of the environmental trend, but it's darker and deeper than what we've seen in years past," Skaff said.



THE BELIEVER

The Believer uses "hopeful, peaceful colors," grounded with neutrals. "Pink and blue play well together, just like black and white, but it's a less expected combination," Skaff said. "It's elegance with a modern twist."

ETHEREAL BLISS

Ethereal Bliss appeals to people who wish to cocoon themselves. "When you've dealt with a stressful work day and long commute full of beeping horns, you want to be greeted by something soft and comforting," Skaff said.



HEAR ME ROAR

Sculptural, daring and a little bit earthy, Hear Me Roar combines architectural design with bold colors. "This is the ultimate in style, ideal for clients who want to make a statement," Skaff said.



Find out more at safnow.org/moreonline.

—Katie Hendrick
Vincent

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