



Feeling Groovy!

In a new SAF survey,
62 PERCENT of respondents
expressed **OPTIMISM** about 2019 sales.

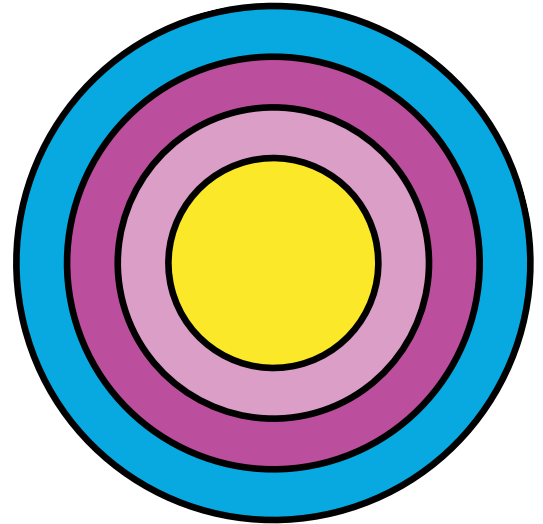
BY MARY WESTBROOK

Floral professionals who weighed in on a Society of American Florists' economic survey indicated they feel pretty good about sales in the first and second quarter of 2019 — along with the prospect of returns still to come in the remaining months of the year.

Forty-seven percent of respondents to the SAF survey said they are "optimistic" about sales this year, and another 15 percent categorized themselves as "very optimistic." Nearly 30 percent are more cautious, calling themselves "neutral" or "uncertain." About 8 percent said they are "pessimistic." Remaining respondents, less than 1 percent, are "very pessimistic."

Retailer respondents reported an average transaction of slightly more than

\$74



This year's survey was mailed to SAF members on July 20, 2019, and had a response rate of 6.8 percent. The survey includes insights from SAF members across segments.

Sunny Sales Outlook

About 50 percent of respondents said business is "good" — another 12 percent classified it as "excellent." Meanwhile, about 33 percent said business is "OK." The rest of respondents, around 5 percent, said business is "poor" or "terrible."

Those results are similar to returns from the same time last year, when 48 percent of respondents to an SAF survey said business at that time was "good."

About 52 percent of respondents to the survey this year said gross sales combined from the first and second quarter were up, compared to the same period last year; another 30 percent said they were "about the same."

Among those who said gross sales were down, 62 percent said the decrease was by no more than 10 percent.

Among those who saw gross sales increase, 71 percent said the uptick was between 1 percent and 10 percent. (Questions related to net profits yielded similar results.)

Spending Predictions: Labor Continues to Challenge

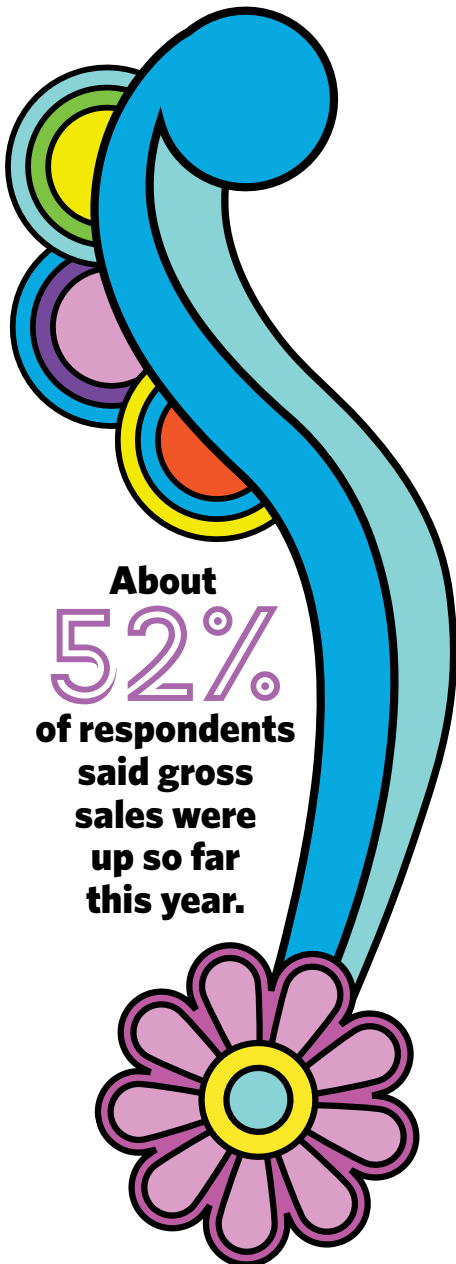
The survey also delved into spending predictions and found that 49 percent

of respondents expect to spend more on labor this year — even though 54 percent of respondents have no plans to add more staff in the next six months.

Other spending-related findings:

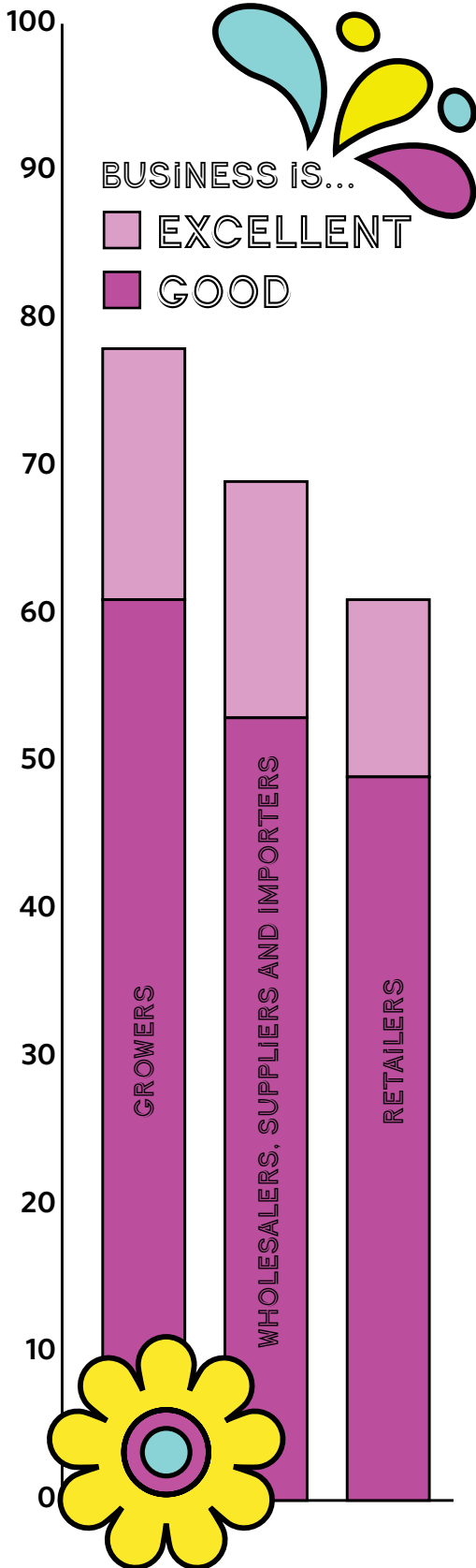
- **Perishable products:** 41 percent of respondents predict their spending in this category will be higher this year; 37 percent said it will likely be about the same.
- **Hardgoods:** 37 percent of respondents predict spending in this segment will be about equal to last year; 34 percent are planning for an increase.
- **Giftware:** Respondents were fairly evenly divided in this area, with 21 percent predicting an increase, 26 percent planning for decreased spending, and 30 percent expecting to spend about the same in 2019 as 2018. The rest were unsure.
- **Capital investments:** About 36 percent of respondents said they'll likely spend about the same this year; a quarter are planning to increase their spending.
- **Energy:** More than half of respondents (53 percent) predicted energy costs will be about the same this year — about a third said they think they'll spend more.

In addition, 41 percent of respondents to this year's survey said they have no plans to make changes to pay, schedules, benefits or staffing levels in the next six months.



About 52% of respondents said gross sales were up so far this year.

Outlook by Segment



45%

of respondents agree with the statement

"We have a difficult time attracting nonseasonal candidates for experienced design positions."



SHUTTERSTOCK BY VASABI

National Issues

About 52 percent of respondents said they expect health care costs to have an effect on business this year; 40 percent said the same thing about tax reform, and 19 percent said immigration reform will have an effect.

Write-in responses to this section of the survey showed the breadth of issues with which many in the industry are wrestling.

"[Immigration issues] start by affecting the growers the most, then the wholesalers, and then the retailers. It affects the entire industry and is a real concern," wrote one retailer in the Midwest. "Our two biggest concerns are immigration reform and the push for increased minimum wage."

"For immigration, I worry about escalating prices from growers from lack of

workers," wrote a retailer/grower in the West. "For health care, I worry that my managerial staff will need better benefits and leave for corporate type jobs."

"The new tax laws actually helped my business and it allowed me to add money into the company 401K program," noted one retailer in Texas.

A retailer in the Northeast had a different experience. "Tax reform [was] not significant enough," wrote the respondent. "Small businesses are still faced with a myriad of tax issues. With immigration reform: Who will do the work that the immigrants were doing? [And] health care is still unaffordable for many including operators of small businesses." 🌿

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

How Likely Is a Recession?

While the results from the SAF survey indicate a relatively positive take, at press time major media outlets were warning of the potential for a recession. Is it time to worry?

No — but it is time to prepare, said Charlie Hall, Ph.D., professor and Ellison Chair in the Department of Horticultural Sciences at Texas A&M University. That's because downturns in the economy are inevitable — for his part, Hall says he thinks the chances the U.S. will enter into a recession this year are about 33 percent, but up to 80 percent by 2021. Read more on p. 36.

-M.W.

