



IN COOPERATION WITH COLORADO STATE UNIVERSITY

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An Economic Analysis Of The Carnation Industry Part III--Carnation Shippers And Wholesalers

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All shippers and wholesalers for whom addresses could be obtained were mailed questionnaires on December 1, 1965. Colorado shippers did not respond to the survey. Midwest wholesalers were contacted but no Midwest shippers were contacted, since it is believed that most growers in the Midwest serve local markets. For obtaining data on exports of carnations by shippers 7 producing areas were used as points of departure (see Figure 1).

To establish a seasonal flow pattern of carnations received by wholesale buyers from producing areas, the U.S. was divided into nine marketing areas as used by the U.S. census. These areas are as follows: PACIFIC - Washington, Oregon, California, Alaska, Hawaii

MOUNTAIN - Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico

WEST NORTH CENTRAL - N. Dakota, S. Dakota, Nebraska, Minnesota, Iowa, Kansas, Missouri

EAST NORTH CENTRAL - Wisconsin, Michigan, Illinois, Indiana, Ohio

MIDDLE ATLANTIC - New York, Pennsylvania, New Jersey

NEW ENGLAND - Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island

SOUTH ATLANTIC - Maryland, Delaware, District of Columbia, W. Virginia, N. Carolina, S. Carolina, Georgia, Florida

EAST SOUTH CENTRAL - Kentucky, Tennessee, Alabama, Mississippi

WEST SOUTH CENTRAL - Oklahoma, Arkansas, Louisiana, Texas

Carnation flow pattern from producing areas to market areas

California carnations are shipped to some extent to all marketing areas of the U.S. and also to other countries. Carnations produced in Southern California are mainly exported to the East North Central, Middle Atlantic, South Atlantic, and West South Central market areas. About 12 percent of Southern California's carnation production is sold within its own market area (California, Oregon, Washington).

Northern California carnation shippers indicated that less than 2 percent of their volume is sold within their own market areas. The major markets for Northern California carnations are West North Central, East South Central, and West South Central.

Shippers in the Pennsylvania - New York - New Jersey producing areas indicate that 85 percent of the carnations are sold in their own marketing area (Middle Atlantic) and that 15 percent are shipped to the South Atlantic market area.

About 3/4 of the carnations produced in Massachusetts were shipped into the Middle Atlantic area and 1/4 sold in the local New England area.

¹This is a very condensed version of the thesis written by S. T. Besemer in partial fulfillment for the M.S. Degree at Colorado State University. The complete thesis may be obtained on loan from CSU upon request.

Two North Carolina-Virginia grower-shippers reported that all of their production was sold in their own market area (South Atlantic).

Transportation methods from shipping points to market areas

California carnations are shipped primarily by air to all market areas. Refrigerated trucks are also utilized for shipment within the Pacific market area, also into the Mountain and West South Central areas. The eastern carnation producing areas rely mainly on trucks and buses for transportation with occasional use of rail or parcel post.

Carnation receipts by wholesalers from producing areas

Table 1 gives the number of boxes (about 600 blooms) of carnations received annually by the wholesalers for each market area reporting in the survey. The volume of boxes reported here does not represent the total volume that the market areas receive. The percentage of receipts from production areas are based on the reported volume. The receipts of carnations by wholesalers corresponds generally with the market area shipped to by production areas. The percentages of volume shipped and volume received cannot be compared directly. However, receipts by wholesalers in market areas confirm most of the major markets for the production areas. Each market area receives a high percentage of total volume from its own production area, if one exists within the market area. The northeast areas receive a high percent of their carnations from local growers and nearby producing areas.

The East North Central area, with Chicago as a hub, receives over 25 percent of its carnation volume

from local growers, nearly 50 percent from Northern California, and about 12 percent each from Southern California and Colorado. The West North Central and West South Central areas receive about 50 percent of their carnations from Colorado, with the balance coming from Northern California, and to some extent from Southern California. No data were available from the Mountain area.

Seasonal flow--Carnations to markets

The average receipts of carnations for seven periods of the year in 8 market areas from 7 production areas is illustrated in Figure 1. The seven periods of the year include Christmas, Valentine's Day, Easter, Mother's Day, Memorial Day, June and July-September. Briefly, the market areas maintain a rather constant percentage of receipts from a production area for the major holidays. This would indicate reasonably stable channels of buying. If percentages received shift from one source to another, this occurs frequently in the July to September period. Northern California provides a higher percent of the July-September flowers. In most cases a slight increase also comes from Southern California during the summer period. Local production for most market areas is lower during the summer period.

Average seasonal wholesale prices

The average wholesale price for each market area (based on wholesalers responding to the survey) for seven periods of the year is summarized in Table 2. Three conditions are evident from this table. First, wholesale prices are similar for Christmas, Valen-

Table 1. Wholesale volume of carnations and average percent received by marketing areas from producing areas based on seven periods of the year.

Market area	Wholesalers reporting	1,000 boxes*	Percent received from producing areas						
			So. Cal.	No. Cal.	Colo.	Penn-N.Y.- N.J.	Mass.	N. Ca.- Va.	Local growers
Pacific	10	45	3.5	84.9	0.3				11.4
Mountain	0								
W. No. Central	13	12	10.4	23.1	58.9				7.6
E. No. Central	12	9	11.7	48.5	12.8				27.0
Middle Atlantic	14	109	15.6	14.4	9.4	32.0	8.9	6.3	13.4
New England	2	2	3.9	1.8			91.1		3.2
South Atlantic	18	15	12.2	33.2	27.6	13.0	3.3	5.8	4.9
E. So. Central	11	11	7.4	48.2	27.9		0.1		16.4
W. So. Central	13	10	18.3	38.8	42.7				0.2

* Volume represents only that for wholesalers reporting. Boxes average 600 blooms each.

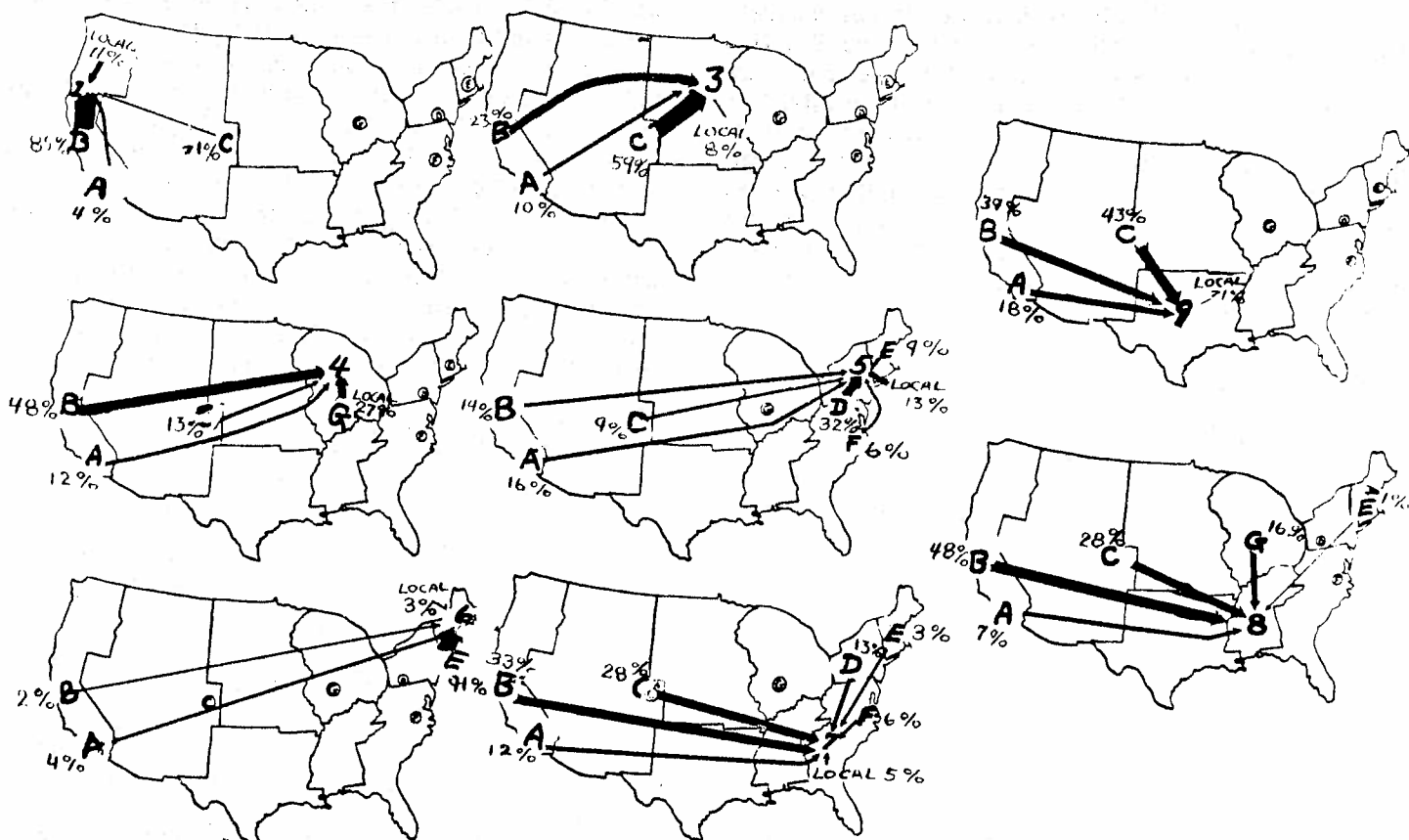


Figure 1. Percent wholesale carnation receipts by eight market areas from production areas based on volume for seven demand periods of the year.

The following letters have been used to represent production areas received from in Figure 1:

- A - Southern California
- B - Northern California
- C - Colorado
- D - Pennsylvania-New York-New Jersey
- E - Massachusetts
- F - North Carolina-Virginia
- G - Midwest

Period	Market areas								
	Pacific	Mountain	W. North Central	E. North Central	Middle Atlantic	New England	South Atlantic	E. South Central	W. South Central
Christmas	13.0	14.5	18.0	18.0	18.2	16.0	18.9	18.2	17.3
Valentine's Day	11.8	14.5	17.6	17.7	18.1	15.0	19.3	17.6	17.0
Easter	11.8	14.5	17.3	17.8	18.0	15.0	18.0	18.0	16.9
Mother's Day	12.3	14.5	17.4	18.3	15.9	16.0	18.0	17.9	17.2
Memorial Day	10.2	10.0	13.7	13.2	11.3	9.0	14.5	13.6	15.5
June	9.1	10.0	13.1	12.1	10.0	6.0	12.9	13.5	14.5
July-September	8.6	9.0	13.2	10.8	8.8	6.0	12.5	13.6	14.0

Table 2. Average seasonal wholesale prices in cents bloom for market areas.

tine's, Easter and Mother's Day in any one market. Second, prices generally are lower in the Pacific, Mountain, and New England market areas than they are in other areas. Third, there are essentially two wholesale prices for the year - a higher price in winter and spring, and a lower summer price. Some areas maintain a higher summer price than others. Market areas West North Central, East South Central and West South Central show a more uniform price for all periods. New England indicated the greatest price fluctuation from summer to winter.

Marketing problems

Several problems needing solution for marketing carnations were clearly indicated in this survey and have also been mentioned by other writers. Uniform grading, on a national basis, was most frequently

mentioned by wholesalers as a possible way to improve marketing of carnations. Crop timing and color assortment must also be improved by growers so that the market demand can be met more consistently with a supply of fresh flowers. Cut flower storage is partially effective to regulate supply but cannot be abused. Packing and handling carnations by all phases of the industry from growers to consumers was also indicated as needing further improvement. Transportation delays continue to be a problem, but they will lessen as technology improves. Increased communication and cooperation with transportation firms should be undertaken by the carnation industry.

Your editor,

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COLORADO FLOWER GROWERS ASSOCIATION, INC.

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