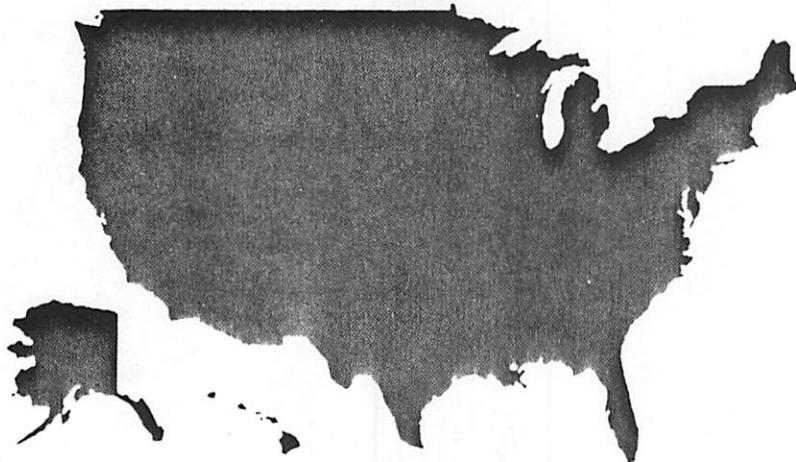


Consumed in the U.S.A.: America's passion for flowers blooms



Floral industry analysts are predicting that the United States will become the number one flower-consuming nation on a per capita basis.

by Jean Adamczak

"USA is number one!" Athletes competing in international sports competitions often shout this slogan after winning an event. Armed services personnel serving in the Persian Gulf often use the motto like a battle cry, proclaiming their fierce national pride to friend and foe around the world.

Soon, perhaps within this decade, members of the floral industry will also chant, "USA is number one!" Number one in per capita consumption of fresh cut flowers, that is.

"By the year 2000, the country that will have the highest per capita consumption of flowers, in terms of dollars and cents per person, will be the United States," Dr. Harry Tayama, a horticulture professor at The Ohio State University (OSU) and executive director of the Ohio State Florists' Association, said. "I really believe that we [United States] will become the number one flower-consuming country in terms of dollars, not stems, in the world," Tayama said to industry members at the 1990 International Floriculture Industry Short Course.

Why America?

As of 1988, the United States was 10th

in per capita flower consumption, with the average consumer spending \$19.50 on blooms available from 35,000 retail outlets nationwide (not including supermarkets or mass merchandisers), Tayama said. At the top of the list in per capita consumption of flowers in 1988 was Japan, with consumers spending \$40 on flowers, Tayama said. Number two was Switzerland, followed by the Netherlands, Italy and Germany to round out the top five per capita flower-consuming nations. (See Chart 1.)

What will enable the United States to climb from the bottom of the top 10 list to the top? Demographics, for starters.

The average American consumer buys only about half as many fresh cut flowers as the average European or Japanese consumer, Tayama noted. Changing demographics indicate that trend will shift, probably within this decade.

"There are certain parts of the world where people live predominantly either in cities or in the country," Tayama pointed out. "From the year 1990 to the year 2000, there will be an increase from 43 percent to 47 percent of the world's population living in cities."

In the year 2000, approximately 75 percent of the North American population

will be dwelling in cities, the professor noted. Why is that important? "Because in all of our marketing research, we have always found that city people buy more flowers by far than country people. This is a very important demographic."

Age is another changing demographic that will help America claim number one status in per capita flower consumption. In compiling and analyzing industry and demographic information, Tayama, along with former OSU colleague Dr. Tom Prince, discovered that American flower consumers between the ages of 30 and 60 purchase the most flowers. According to Tayama's figures, 42.5 percent of the U.S. population will fall within that age range by the year 2000.

Additional data compiled by Tayama and Prince further strengthened their prediction of American domination in per capita flower consumption. Tayama explained:

"Some more data that we generated gives us the figures for gross domestic product [this is not entirely money, because Japan would be number one]. This includes all the service industries and this is why I think the United States will be, before too long, the number one flower buying country in the world. We are certainly by far number one in gross domestic product. There isn't a country that is even close to us, Japan or Germany," he pointed out. (See Chart 2.)

Who will buy?

If America is to become the number one, per capita flower-consuming nation, a lot of people are going to have to start buying flowers, or increasing their present flower consumption. Convincing Americans to buy more flowers, more frequently, must start at the grower level, Tayama said.

"In the United States, we have to stop doing the things we're now doing as flower growers," he opined. "What we do is produce whatever we want to for our customers. And after we finish the crop, we hope that we'll be able to sell it. That's called selling."

But what growers and the rest of the industry need to start doing is marketing. "Why don't we start by conducting a

CHART 1

Per capita consumption of flowers for selected countries

COUNTRY	POPULATION IN MILLIONS (1985 ESTIMATES)	NUMBER OF RETAIL OUTLETS*	PER CAPITA CONSUMPTION (1988 U.S.)
United States	238	35,000	\$19.50
Japan	121	23,000	\$40.00
Germany	61	20,000	\$31.00
Italy	57	N/A	\$32.50
United Kingdom	56	5,000	\$ 8.50
France	55	13,000	\$22.50
Spain	39	4,600	\$ 7.00
Netherlands	15	11,000	\$35.00
Belgium/Luxembourg	10	5,500	\$24.50
Sweden	8	1,800	\$28.00

*Retail type outlets only. Does not include mass market floral outlets.

Source: Fourth International Floriculture Seminar Transcripts, published by Pathfast Publishing

study to determine what our customers want?" Tayama continued. "Do they all want a 6-inch poinsettia? Do they want 90 percent red roses? Is that what they really want? Do they always have to buy a dozen roses? Do they always have to buy this or that because that's what's offered? I don't think so.

"We need to do market research and we need it very, very badly. I think we ought to start investing some money to find out what our customers want, rather than just producing a product and then trying to sell it. I think it's about time that this industry got up to that level of sophistication."

Some of the questions Tayama suggested industry members ask when conducting market research included:

- Which crops are in demand today and will be in the future?
- What quantities of these crops are required?
- Which sizes are required?
- Which times of the year are specific crops required?
- Which colors are desired and at what time of the year?
- Which age group is buying flowers?
- Which sex is purchasing flowers?
- Which price range is desired?
- Do people buy flowers for an occasion or just for everyday use?

Finding the answers to these key questions will help everyone in the American floral industry better target their markets and provide consumers with the desired products at affordable prices, Tayama said.

Where to buy?

If the United States is to become the world's largest flower-consuming nation,

more retail outlets must open to accommodate consumers. The more retail outlets, the more purchasing opportunities consumers will have, Tayama said, relating the following analogy to make his point:

"What would we do in terms of beef consumption, if all of the McDonald's, Burger Kings and other fast food places

were gone? What do you think would happen to our consumption of beef? It would go down. Beef consumption has gone up because it's so easy for us to buy beef, to buy a hamburger. What I'm saying, simply, is that the more outlets you have per capita, the higher per capita consumption.

"Many of you have been to Holland," Tayama said to the international audience, "can you even walk two blocks in Holland without being able to buy flowers? You'll find many opportunities to buy flowers there, and doggone it, they're all very good flowers and the price is right."

Statistics show that if flowers are available, the Dutch will buy them. Flower consumption in the Netherlands is 10 times higher than in the United States, according to one floral analyst. In the Netherlands, 85 percent of the population buys flowers, while in the United States only 42 percent purchase blooms. The Dutch buy flowers between 15 and 20 times a year, while Americans buy only once or twice a year. Most significant is the number of retail outlets in the two countries. According to one floral source, there is one retail flower outlet for every 2,000 people in the Netherlands. In the United States, there is one retail floral outlet for every 10,000 people. These figures, along with Tayama's statistics and compilations, reveal why more floral outlets are needed in the United States. Especially if America is to lead the world in per capita flower consumption.

Who will supply?

If Tayama is right and the United States becomes the world's largest flower-consuming country, where will the flow-

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CHART 2

The world's top 10 economies as measured by gross domestic product (GDP)

COUNTRY	1988 GDP (\$ BILLIONS)
United States	4,864.3*
Japan	2,858.9*
West Germany	1,208.3*
France	945.9
Italy	828.8
United Kingdom	812.1
Canada	486.5
Brazil	384.6
China	370.6
Spain	342.3

*GDP includes gross national product plus output produced by domestic production factors in foreign lands.

Source: Fourth International Floriculture Seminar Transcripts, published by Pathfast Publishing

A T A G L A N C E**Indonesia****Population:** 187,651,163 (1989)**Total land area:** 735,538 square miles (less than three times the size of Texas)**Capital:** Jakarta**Monetary unit:** Rupiah

Information from The Universal Almanac 1991 governments must intervene to help the growers.

Van Raamsdonk also pointed out that road systems are deficient, or lacking altogether, in many production areas.

"Optimal flower production generally takes place in higher mountain areas because of climatic conditions in those regions," he explained to the gathering. "The distance between production locations and airports is usually quite far. As transportation is mainly possible only by uncooled trucks, good road networks are absolutely essential. However, in many cases, paved roads simply do not exist, resulting in long transportation times. This problem is especially common to Indonesian flower growers, and needs to be solved before they will be able to export."

Malaysia, however, is ahead of its competitors, he reported. It takes about four hours to drive flowers from production centers in Malaysia's Cameron Highlands to the airport in Kuala Lumpur. That time will be shortened to one hour when construction of an airstrip near the growing area is completed.

These new growers must also learn how to properly care for flowers when they're harvested, van Raamsdonk stressed. They must build the facilities necessary to properly process flowers. "For example," he said, "cool storage facilities are not available. Chemical treatments to extend the lives of fresh cut flowers are unknown. Packing techniques

A T A G L A N C E**Malaysia****Population:** 16,726,766 (1989)**Total land area:** 127,320 square miles (slightly larger than New Mexico)**Capital:** Kuala Lumpur**Monetary unit:** Ringgit

Information from The Universal Almanac 1991

and materials are still to be developed. This lack of information and know-how already cost a lot of potential business and damaged the just-starting good will. Education and the will to invest and therefore, thinking long term instead of short term, is a must," he asserted. "However, this willingness to invest money in education and to think long term is yet to be found. For this reason, many countries are delaying the speed of potential growth and thus potential business."

Until Pacific Rim growers implement proper postharvest procedures, the quality-conscious Dutch auctions will be closed to their products, van Raamsdonk cautioned.

The final factor affecting the future of the Pacific Rim's floriculture industry is the cost of air transportation. Obtaining favorable air freight costs is vital if these distant lands are to successfully transport their crops to large consumer markets. Van Raamsdonk said the cost of

A T A G L A N C E**Thailand****Population:** 55,524,352 (1989)**Total land area:** 198,114 square miles (twice as large as Wyoming)**Capital:** Bangkok Metropolis**Monetary unit:** Baht

Information from The Universal Almanac 1991 freight from Amsterdam to Taipei, Taiwan, is \$2 per kilogram (2.2 pounds); from Taipei to Amsterdam, \$6 per kilogram. "Freight prices from, for example, Indonesia and Malaysia to Holland are fortunately much lower," he said. "This means that on the condition of sufficient quality and quantity, there is a realistic potential to export those flowers to Dutch flower auctions, which are able to absorb large quantities of imported flowers."

Van Raamsdonk concluded that the opportunities for Pacific Rim flower growers are enormous. The Asian people have a love of flowers, which creates a good internal market. Additional business can be reaped through exporting blooms to the world. The Pacific Rim, he asserted, will be responsible for a lot of growth in flower consumption. It will also play a big part in filling the demand for flowers. If international quality standards are met, marketing strategies developed, international breeding rights respected and long-term plans are laid, "the sky is the limit" of the potential possessed by these developing nations, he asserted. □

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others come from? Probably from every other country except the United States.

According to 1985-1988 estimates Tayama obtained from the Netherlands, the United States is the fourth largest flower producer, with 5,067 hectares then under production. In 1987, America produced cut flowers worth \$1.1 billion and consumed \$1.5 billion worth of cut flowers (wholesale value), according to Flower Council of Holland statistics. Unfortunately for domestic growers, most of those flowers were imports from Israel, Mexico, Colombia and the Netherlands.

Tayama also noted that more than 75 percent of all the carnations and approximately 75 percent of all pompon chrysanthemums consumed in the United States are imported. More than 40 percent of all roses, America's national flower, are also imported, he said. If pending trade agreements with Mexico and several other Latin American countries are activated, imports of fresh cuts to America would further increase.

Although imports spell bad news for domestic flower producers, foreign growers' increasing interest in America will help turn the nation into the world's leading consumer of flowers, surpassing Europe and Japan, Tayama said. "However, I would really like to see what we consume produced right here in the United States," he added. "I would really like to see us export flowers by the year 2000."

Tayama also said he believed U.S. growers could produce fresh cuts equal to or better than those being imported. But first a few changes must be made.

"We certainly have to improve the quality of product we're producing," he noted. "We've got to know what our customers want, we have to improve our channels of distribution and we really have to get serious about what we're doing.

"I really believe that we will become the number one flower-consuming country in terms of dollars, not stems, in the world," Tayama reiterated. □

A T A G L A N C E**United States****Population:** 250 million (1990)**Total land area:** 3,615,122 square miles**Capital:** Washington, D.C.**Monetary unit:** U.S. dollar**National flower:** Rose**National colors:** Red, white and blue

Information from The Universal Almanac 1991