

Facts Important in Selling Flowers

Dr. Max Brunk
Department of Agricultural Economics
Cornell University

I am going to call the cards as I see them. If you do not agree with some of the ideas that I express, I would really like to have comments from you. That's the only way we can build a flower marketing program of research.

The flower industry is an important branch of agriculture which has been neglected by economists. This is hard to understand for in the short time I've been associated with the flower business, I have become completely intrigued with it. Flowers enjoy a necessity characteristic such as is enjoyed by few agricultural commodities. In many respects, florists are in an envious position. Perhaps economists have prematurely judged the importance of floriculture as an industry.

At long last we seem to be breaking the ice. This has been made possible only by the profound interest support and encouragement of your organizations; particularly the New York State Flower Growers Association and some other societies. We now have for the first time a group of well qualified graduate assistants working on the economics of floriculture. No field is more fertile, more challenging and more promising of productive efforts than the economics of floriculture.

Problem Areas in Marketing

Most of these economic problems in floriculture stem around marketing. They can be divided into (1) problems related to market development and (2) problems related to physical operating efficiency.

Today there are far too many retailers attempting to sell the customer what they think the customer should have rather than what the customer wants. The customer knows what she wants. Last spring I walked into a shop in Los Angeles. In the middle of the floor was a large, pretentious display of Haliconia. I asked the price and the manager replied, "those are \$20 a dozen." I don't know a thing about flower arrangement but I can't for the life of me figure how I could use a dozen at one time. Since I'm not quick at figures, I can't divide twenty by twelve and figure how that change fits my pocketbook. Before I left that shop about twenty minutes later I heard that same manager fruitlessly explain to a customer how the flowers she had requested failed to be suitable for her needs. This is serious. She knew what she wanted.

We all recognize the need for improved selling practices. You often call in selling experts who are capable of extolling all sorts of attractive, glamorous and novel selling ideas. Most of these ideas, however, come from other businesses. Some of them perhaps come from the air. I wonder how well they fit the retailing of flowers. How much really objective information do we have regarding the effect of certain merchandising practices on consumer acceptance? The only way we can find out what people want is to give them the opportunity of responding to different merchandising practices and products through tests so that we can measure the effects of them. Such tests run just like field plot tests.

This little quotation taken from the Home Garden, dated May 1952 tells us why Americans are not flower conscious. "Flower hybridizers, especially those who breed bearded Iris, are a race apart in the commercial world. Unlike manufacturers (which indeed they are) they do not make market surveys to determine public taste nor do they make a constant effort

to cater to it. On the contrary, they set for themselves standards of perfection, strive to attain them and then pass the 'fruits' of their efforts on to the public on a 'take-it-or-leave-it' basis." That is a truly pathetic statement.

I maintain that our customers are rational human beings. I believe that their wants are an inate part of them and that the struggle of merchandising is to constantly seek better ways of satisfying those wants. Once a reporter asked a politician "Do you feel that you have influenced public opinion?" and the politician answered, "No, public opinion is something like a mule I once owned. In order to keep up the appearance of being the driver I had to watch the way he was going and follow closely." I dare say that the politician made a greater success than the grower who wrote the statement about Iris. In looking at this problem in marketing I like to take the attitude that people have certain likes and dislikes, that they have inherent wants and that all we really accomplish either as growers, wholesalers, or retailers, is partial success toward filling those wants. If we distort such wants, we reduce our market outlet. We just kid ourselves when we think we create a want in a consumer's mind.

Research Selling

We are sadly in need of research to tell us what people want. Questionnaire surveys are of little value. Actual store experiments where people are given the opportunity to respond will give the answers.

Growers must take the lead in determining how the public wants their flowers. The apple growers have completely altered and greatly improved the merchandising practices of grocery stores as it pertained to their product and it has paid off in no small way. Through experimental tests they found how customers responded to different practices, then they put their product up in that way and offered it to the wholesale and retail trade in that form. It didn't take the retailer long to catch on and its in general practice today. It was the grower who did this. He followed his product through to the ultimate consumer.

While we must do everything in our power to help the retail florists build and expand his market, we must at the same time recognize the kind of special market being serviced by him. The retail florist is in business today because he is selling services as well as the product that has in the past required special handling because of its perishability. He fails to reach the mass markets where displays for impulse sales and convenience of purchase are prime factors. There appears to be little appreciation by the retail florist that he is reaching only a small part of the potential market for flowers and that the development of mass market outlets may actually serve to stimulate the retail florist business as people learn to use and love flowers for something besides a funeral or a wedding.

The development of mass market is largely a problem in the mechanics of distribution, how to get the product delivered to the store in good condition, in learning where and how to display the product in the store, how to price it, what size units. We cannot draw upon the experience of the retail florist. We're not servicing the same kind of trade. Market surveys of opinion and attitudes cannot answer these questions for these are problems of innovation.

I sincerely believe that the greatest opportunity in

market development lies in getting your product into mass markets where it can more effectively compete for the dollars people spend. In no way, should such markets be regarded as alternative outlets for quite to the contrary, there is good reason to believe that they will prove complimentary to the retail florist business.

We are working on the problems relating to physical operating efficiency because we have support from the industry for this. What our answers will be I haven't the slightest idea. Whether you are a retailer or grower, I think you should have the answer. I think that within the next year we will have a rather interesting story.

Advertising

Whether or not to advertise as an industry needs consideration of the kind of market we're servicing. We have two types of markets. (1) Necessity market; made up of the funeral, the weddings, the special occasions services. (2) The luxury market; made up of the use of flowers every day in the home. (Necessity and luxury are here used in the economic sense)

The necessity market is determined largely by customs and mores in society. It doesn't change a great deal from year to year. Certainly we cannot expect advertising to materially affect the death rate or bring about weddings. Let us also recognize that this is the largest part of our market. The undeveloped part is the luxury market. The type of market that depends heavily on impulse sales. Because your retail florist shops are specialized outlets about the only possible way that you can expect to develop that market is through some type of advertising either as a firm or as an industry. Our advertising must stimulate sales in the luxury market; it must stimulate impulse purchases. If you don't have flowers out where people can see them or where people can pick them up conveniently then through some medium people must be told where to go to get them. The more you can develop your mass market outlet, the more you are likely to benefit from your advertising campaign. The first principle in developing a broad advertising program is to get your product out where people can buy it.

Please Omit

I have used the "please omit" problem at times to illustrate the need for factual information in the industry. You should know the facts then you can judge the importance of certain elements and how to attack the problems. For some time I was unable to determine the importance of this problem. Much talk over the country but no statistical evidence. We went back in the New York Times and counted thousands of notices. Taking every third year and seven days out of every month, we found a definite increase in "please omit" since about 1930 in New York City. This is in just one isolated market and not all over the country. In the past 20 years "please omit" notices in the New York Times have increased from 6 per cent to about 12 per cent. In 1903 this "omit" problem was a little greater than it was in 1951. F.I.C. is working on this problem and it is very difficult to combat because those notices designating some alternative charity specify a great mixture of organizations. Except for one or two charity organizations which are commonly designated, the remainder of the alternatives are scattered all over the map. I can't find out what this "omit" trend is tied to. It's not tied to the price level. The incident was the lowest in 1926 and highest years ago and now. But regardless of its cause, if you attack this problem as individuals you'll make many mistakes and many enemies. Organized industry and wide effort can certainly be far more effective but you as individuals must know the facts and decide how far to carry in this direction.

I've been quoted as saying it's a negative program

and in so far as it applies to funerals I think of it in that sense. Keep in mind that while you're looking at this problem that you had also better be looking for ways to better satisfy the public in their wants. Real market development is what we need. Trying to re-establish the "status quo" is important but it won't do much to really expand your markets.

Grading a Necessity

I am amazed at the lack of grading standards in the industry. A while back we compared prices in New York City and Chicago. In New York City price fluctuations on the lower grades were great while in Chicago price fluctuation on the lower grades were just the same as on the higher grades of roses.

When I went to Chicago I found one day the grade may be one length and the next day something else. Here was the answer to our price behavior on these two markets! How in the world, can you, as growers, interpret the advantage of shipping to alternative markets when you have that kind of grading? How can you compare prices between markets?

Until you get some sort of standard grades accepted in the industry, you're going to have a very definite distribution problem and you're going to have wide differences in prices between markets. You are also probably going to have continuous suspicion of wholesaler practice because of different standards. I might add that that suspicion will probably be well founded. It may bring about compulsory regulations if it continues. The cures to some of these ills are sometimes worse than the ills themselves. Although some federal regulations have worked very well, especially in the fruit and vegetable trade where they have the Perishable Agricultural Commodities Act in which certain accounting and trade practices are required and enforced through licensing arrangements. I'm not advocating a P. A. C. A. for this business but this will come about one of these days if you don't get some of these wholesale trade practices straightened out.

Price Information Lacking

One severe lack in the industry is adequate price information. I am appalled by the lack of it. The only information we can get on prices are those reported in several trade journals and those reported on the New York City market.

Certainly there is a need for more adequate price reporting so that we can determine what alternative markets from day to day give us the best advantage. Let's stop this business of going to the wholesaler and saying "please sell our products." Wholesale commission merchants should be the agents of growers -- not their masters.

Crop Reporting

Crop reporting information is lacking. A very simple job for an industry as compact and as large as this. What are the expected productions for various periods of time? You haven't the slightest idea except as you call up your neighbors to try to find out and as a result you get these periods of overpinching and underpinching. I am very happy to see this organization instrumental in getting some work started along that line this year and I think it can be a very valuable service.

Wholesale Reporting Lax

We need to study wholesale trade practices. I'm amazed by some of the accounting practices of wholesalers and as how they can report back to growers at their leisure, sometimes once a week, sometimes once a month, sometimes once a year or when they damn well please. Until something is done to make the wholesale commission merchant your agent I think you're going to continue to have marketing problems. Your commission sale is something of a farce for it really is not a commission sale and it's not an out-

right purchase but a hybrid between the two.

Some obvious problems of physical operating efficiency exist in the industry. There are all kinds of shipping containers in the trade and it makes marketing awfully difficult all the way from manufacturing to handling in the wholesale market. Certainly there is need for some kind of standardized container. There is perhaps need for some kind of a container that will fill a jobbing requirement for the wholesaler for most wholesalers are actually jobbers. They are selling out this product in terms of one orchid or a dozen or two roses at a clip. It's a jobbing operation, pure and simple. I'll bet it takes some retailers longer to pick out an orchid than it does their customers! No wonder you have high expense in this type of wholesaling. A jobbing container would avoid a lot of this excessive physical handling.

There are a number of problems with wholesale market location. The New York City market is terribly congested so that a very large part of the business has been diverted to the telephone which is bad for business. One result is an increase in the number of truckers whose operation serves to raise your marketing cost. There are agencies available for working on problems of market location and layout and they are available without cost to the industry if the industry will but let be known their problems. If we could break the wholesalers physical operations down into detailed jobs so that we could compare similar jobs between firms we would then be able to compare costs in man-labor between firms step by step and determine the variations in efficiency in the industry as it now exists. That is only the first step in indentifying problems. It does not tell us how to take one practice of one firm and plant it in the operations of another firm. Many of your inefficiencies have originated by taking some physical operating procedure out of one firm and planting it in the middle of an environment in which it does not fit. But nevertheless, that is the first step, to get the variations in the cost of doing these things. Once these are identified, they give clues where problems are and where methods can be of value to the individual firm. Again we hope, in building this program in the economics of floriculture, to include that type of research.

Census the First Contribution

I wish to close by calling to your attention one product of this year is the census of horticultural specialties. That has really been a milestone in the flower industry. Steps should now be taken to see that this sort of think is perpetuated. It's too late to wait until 1958 to decide that you want some kind of census in 1960. I do not say that we should go out and ask for a complete Sears and Roebuck Catalogue like we got this year. There is always a tendency to cover too much information in a first attempt like this. In the future, we may get more accurate information if we don't ask for as much and certainly such an approach will have better chances of being approved. Some census information is valuable in pointing out the importance of your industry, in selling programs, in supporting your research program, and combating such things as freight rate cases and the like.

Undoubtedly there are many other problems which I have not touched, but I think this gives you some indication of our thinking. There is probably a lot of differences of opinion and we would like very definitely, if you differ with us, to let us know because the only way we can formulate a sound, long-term program is to get the pros and cons and weigh them out to build a stronger program over the years.