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Behind the scenes

# Sierafor: A Dutch importer tackles the US mass market

by Ann Dee Allen

TO THE CASUAL OBSERVER, a network of lines drawn on a map between Detroit, Boston, Washington DC, Atlanta, St. Louis and Minneapolis might look like a child's interpretation of a Tinker Toy creation. But the sight of such "art" brings a wide, child-like grin to the face of Johan H. Grobben. Pen in more lines connecting Detroit, cities in the Netherlands, Israel, South America, the west coast and Florida and pride radiates from that smile.

You might say that the map is Grobben's creation, with a little help from his friends. Johan H. Grobben is president of Sierafor USA Inc.—a new Detroit subsidiary of a Dutch floral cooperative. The US operation was nothing but lines on a map a little less than two years ago. Today those lines represent air and truck routes where cut flowers are transported from growers to consumer marketplaces.

Most of those marketplaces are supermarket chain stores. They include Jewel, Kroger, A&P, Super-Valu,

with all the automobile parts being flown from the Detroit area overseas there are many empty freighters making the return trip.

The first company Grobben approached to market Sierafor cut flowers was Farmer Jack. "I found that Farmer Jack is the leader in the Detroit metro area," he says. "I figured, 'If I do well with the leader, then I can go with anyone.'"

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Red Owl, Farmer Jack, Giant Food and National Tea. There, Sierafor flowers are sold in mixed bouquets grouped in plastic buckets in produce and floral departments.

Grobben set up Sierafor in Livonia MI in October, 1978, and the first Sierafor flowers were delivered in February, 1979. The Detroit area was chosen for its location and cultural characteristics.

"Generally, when people talk about foreign companies, they think about locating in New York," says Grobben. "Detroit has the most competitive market in the US; I thought if Sierafor could succeed there, it could do even better elsewhere.

"Detroit is a working person's city—people there are technically minded. I thought if we could get these people interested in flowers then we could do it anywhere."

In addition, Detroit is centrally located in the eastern half of the continental US and has other transportation advantages. Grobben says the commodity rate on goods shipped between Amsterdam and Detroit is low. Also,



Johan H. Grobben, president of Sierafor USA

"I can prove to you that flowers can be sold as an impulse product." I really had to sell myself; they weren't waiting for me."

He asked executives at Farmer Jack to market the flowers in 10 stores and if they found it to be "a profitable situation" the number of stores would be increased. "I believe in starting small and enlarging a concept," he says.

There were discouraging sales the first few weeks, but revenue slowly built as Grobben dedicated all of his time to the project. "I wanted to do everything right, so I did it myself," he says. "I even made 4 am deliveries sometimes. I still live with it. It's not a nine-to-five job."

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Joe Fuitano, director of store-level operations for Borman Foods—which operates the 83 supermarkets in the Farmer Jack chain—has worked closely with Sierafor since the advent of the project.

"We had brought in cut flowers on occasion, but this was our first weekly program," Fuitano says. "We are involved in foliage plant sales and this was just another service to the customer. It seemed like a natural thing to do."

The bouquets were test-marketed in many stores after the initial phase appeared to be working. In some stores they didn't sell at all. However, 30 stores in the chain market them weekly and Fuitano says more stores will be added.

"On given weeks, such as during the Easter season, we will go with all the stores," he says.

"This is a tough market. People in the U.S. just aren't flower-oriented. But through what we did, other major chains went with them."

Fuitano says Borman and Sierafor people worked to-

wassen, (floricultural), afzet (sales) and organisatie (organization.).

Grobben attributes Sierafor USA's gains to Sierafor NV, which he calls the American company's backbone. The Netherlands-based company is owned in equal parts by the 12 large cooperative Dutch flower auctions and 2,500 wholesale exporters and growers.

The auction system is one of the main reasons Grobben is able to deliver consistently and with confidence that flowers will be of the quality ordered. He buys directly from the auctions.

"If Jewel has a request and wants to run a rose campaign—let's say every store wants 100 dozen roses and there are 1,000 stores, so 1.2 million roses are needed—I just 'go' to the auction and buy them," he explains. "With Sierafor's link to the auction it's no problem."

He says it is not impossible for American wholesalers to deliver large quantities of flowers to supermarkets, but they can't handle it at peak demand periods.

However, peak demand periods are yet to be a prob-

This page: A part-time worker for Sierafor makes bouquets for supermarkets by placing various blooms in slots on a conveyor.

Facing page: When flowers come to Sierafor headquarters they are separated, put into bouquets, wrapped, priced, labeled with a care tag and boxed to be sent to sales outlets. Three-thousand bouquets can be made per hour with six employees working at full speed.



gether during the start of the project. A Borman management team provided input on pricing and displays. It also attended a Sierafor seminar where plant marketing, care, handling and preservation were discussed.

"It mostly covered things we knew before," Fuitano says about the seminar. "It was interesting, but what was most important was to get people to follow what was said."

"This is a market that is going to develop more and more through the years—but it's going to take time."

A little more than a year ago, Farmer Jack received its first shipment of Sierafor cut flowers. Today Sierafor employs 18 people in Livonia. Ten work part time putting together bouquets. There are five sales representatives, one in Boston.

Although there is more than one Dutch accent greeting callers at Sierafor, Grobben does not want the company to be a US-based Dutch operation.

"My philosophy is to work with Americans," he says. "It takes about five years to learn the American mentality for 'big deals.'"

Grobben worked with a grower in Florida when he came to the US as an exchange student in 1966. He has been back and forth from the Netherlands ever since.

ONE WORD that sounds right only with a Dutch accent is Sierafor. The name was chosen when the cooperative that owns Sierafor USA—Sierafor NV—was created in the Netherlands. It means floricultural sales organization. It was created by combining three Dutch words: *Sierge-*

*lem* for supermarkets selling flowers. "The US is a sleeping giant for flower sales," Grobben says. "When flowers sell here as well as they do in Europe, people won't worry about the competition because there won't be enough flowers."

"There is no comparison between what goes on in Europe and flower consciousness here. Americans are getting more flower-minded, but we must make flowers more available by providing small, inexpensive bouquets so the public doesn't view them as occasional products for traditional use."

The Dutch entrepreneur says the reason that floral products aren't as popular in the US as they are in Europe is not that Americans are anti-flowers. "People like flowers here; we just have to develop better marketing programs," Grobben says. "There is no unity to develop a marketing program here. People are at each other's throats. And growers' organizations haven't done anything with market development."

One of Grobben's ideas for American marketing development is to set up an auction in the US. Europeans would be willing to provide information, and a director from an auction in Europe could be hired to organize it. Several growers' organizations could finance it and people could be sent to Europe to receive training.

"An auction would be the best thing to happen in the US," he says. "It hasn't been set up here due to lack of know-how. Nobody—a grower, wholesaler or retailer—can develop marketing strategies alone. If [Americans]



can put 50 states together, they can do this. All it takes is leadership."

**SIERAFOR'S OPERATION** (and that of most wholesalers) is an example of this pooling process. Grobбен orders flowers from many places, including Holland, Israel, South America, Colorado, California and Florida, puts them together and sends them all over the US.

On Monday mornings Grobбен surveys supply sources to see what flowers will be available. Sierafor salespeople contact account-holders via mailgrams, telephone calls and Telex messages as to which flowers will be available and at what prices. The chains then decide upon their needs and the week's orders are placed with Sierafor.

Every Monday evening Grobбен receives prices from the auction in Holland which give him an indication of what certain flowers will cost for that week. The prices are coded according to quality, which helps him determine the value of the products according to their worth.

Tuesday mornings Grobбен notifies the Sierafor buyer in Holland what should be purchased at the auction. With Telex, he can order according to quality, price, length of stems and amount of flowers per box.

With the help of advanced technology in communications, Grobбен can give the Sierafor buyer an order, have the buyer purchase it at the auction and receive the flowers in Livonia the evening of the same day they were cut. "Distance doesn't mean anything anymore these days," as he puts it.

(supermarkets) want, Grobбен says. The prices of the bouquets have increased since they were first sold by Sierafor, but wholesale prices for bouquets are usually between \$1.30 and \$2. Retail prices range from \$2.49 to \$2.99. A "super" bouquet, with a larger number of flowers, sells for \$3.50.

Costs are variable, according to Grobбен, but the flexibility of what can be put into bouquets makes it easier

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to maintain a constant ratio between cost and profit. Bouquets are composed according to buyers' requests, flowers available and cost.

Depending on seasonal and supply factors, bouquets are made up of a few of the following flowers: Roses, chrysanthemums, lilies, gerberas, spray carnations, orchids, daffodils, daisies, freesias, lilacs, irises, gladioli and tulips. Kniphofias, button snakeroots, alchemillas, godetias, 'Gina' roses and 'Aladin' tulips are among those flowers not native to the US that are occasionally used in bouquets.

Transportation is the most unpredictable cost. For example, tulips need less space than gerberas, so more can



Bulk shipments come in by air to Chicago where they are checked by US Department of Agriculture inspectors. Then they are flown to Detroit and transported to Livonia by truck. At Sierafor headquarters, workers make bouquets, put them in the plastic wrap they will be sold in, apply price tags at supermarkets' requests and pack them 30-to-a-box. With six people working full time, 3,000 bouquets can be made per hour.

Tuesday, Wednesday and Thursday nights, trucks contracted by Sierafor depart for supermarket distribution spots, and by the next morning flowers are in the stores. There, the wrapped bouquets are put in plastic buckets with preservative and placed in display boxes that Sierafor provides.

PRICES of bouquets depend on what flowers customers

be sent per truck.

Production costs are also up in Europe (and everywhere), Grobбен adds. He says he doesn't understand how growers in America are meeting costs, especially with increasing energy prices.

"Glad's in the south have sold for the same price for the last eight years," he says. "This indicates that the grower isn't getting any increase in price. Something is wrong."

With auction clocks in Europe, prices of flowers are based on the amount and quality of flowers that growers have to sell and what buyers demand. In addition, all buyers pay the same price for a product and are assured of quality because products are coded before prices are determined.

"The US has an unhealthy system compared to this,"

he says, citing one hypothetical situation. "A wholesaler could order flowers for a buyer and the grower could pack bad merchandise. The buyer is stuck with a poor product, the grower claims no responsibility and the wholesaler is caught in the middle."

SUPERMARKETS carrying the flowers are experiencing successful sales, according to many produce managers polled about the products. Grobбен estimates that there are between 500 and 700 stores selling them.

"Sierafor has good quality merchandise," says Mark Nausdigien, manager of Westborn Farmer's Market, an independent market in Dearborn MI. "It's a nice package and their price is competitive."

Nausdigien says the store has been selling flowers for many years but began using Sierafor six months ago. Sierafor flowers are about 50 cents to \$1 less than those purchased from other wholesalers and Sierafor is the first company Westborn has dealt with that sends flowers already cut and packaged, Nausdigien says.

Generally, Westborn receives three shipments a week. Thirty cases of the flowers were ordered for Easter sales. The flowers sell well there partly because they are priced lower than at other places and also because customers visit the market for specialty items, such as better produce, cheeses and wine—and they are already seeking an added touch when they come in, Nausdigien says.

According to Tim Wilson, produce manager of Farmer Jack in Westland MI, things are running smoothly with Sierafor. The supermarket began carrying flowers about one year ago and was served by a Sierafor representative every week for the first few months, Wilson says.

The manager attended one of the two seminars Sierafor has held for accounts—which include tips on care and discussions of the auctions and flower popularity in Europe by speakers from the Netherlands.

"It only takes 10 minutes to put up the display," Wilson says. "There haven't been any problems."

Conflicting statements from A & P personnel in Westland MI may demonstrate problems that can develop when information is not passed from one step in the store hierarchy to the next. Wally Kowkleyzyk, produce manager, says a Sierafor representative went to A & P to explain how to set up and care for the displays. He also says there have been no complaints since the store has been receiving three deliveries per week since early March. Of the 75 bouquets that are sent to the A & P, about 15 do not sell, he says.

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However, John Lamb, a clerk in the department, says he doesn't know of any representatives visiting the store and wasn't told how to care for the flowers. He says the store has suffered a 25 percent loss of the blooms.

"It's a really nice display and [they are] nice flowers, but they're too expensive," Lamb says.

"Store-level communication is very important," Grobбен says. "Produce managers aren't florists. They don't want to be responsible for floral care—they want Sierafor to do it."

Grobбен says that, despite the fact that all the flowers need is adequate water, store personnel are sometimes reluctant to provide more care to flowers than to produce.



Miriam Grin, Sierafor sales representative, checks bouquets at a Michigan supermarket.

"We have ferns that have spores on the bottom of the leaves," Grobбен says, giving an example of communication breakdown. "I get calls from produce managers who think the spores are insects that will damage the produce."

"I think they have reached a point where they need additional information."

RETAIL FLORISTS generally do not place mass merchandisers high on their popularity lists, Grobбен realizes. Many retailers see mass marketing of flowers as a threat to their livelihoods.

"It has been proven in Europe that this [mass merchandising] helps the traditional trade," he says. "No one has been run out of business—it only makes everyone more flower-minded. But the public won't get that way if they have to buy flowers for \$15."

"In Europe, there are thousands of flowers in supermarkets for customers to take home after shopping; but people don't use supermarkets for special needs. We cannot substitute for florists. Floristry is a skill."

He adds that consumers will continue to go to florists when they need flowers for weddings and funerals and to take to hospitals. That is the majority of the business done in the US today and mass marketers would only be creating and filling a different need. Not many consumers would go to florists for non-occasion bouquets, but seeing flowers every time they go to the store could make customers become accustomed to having them around and cause them to discover new reasons to use arranged flowers.

Citing the situation in Europe, Grobбен says that grocery store floral departments are good for the general trade only if they stay within limits. "Some stores try to do specialty work and it doesn't work. If a grocery wants to do this it must offer a designated amount of square feet and train people."

"You can't sell a dozen roses in the supermarket for \$36."

Grobбен is just as interested in doing business with retailers as he is in dealing with supermarket buyers. He says he thinks they can benefit from getting flowers through the Dutch auctions, but that they, like supermarket executives, must be convinced. Currently, about 120 florists are being sent Sierafor mailgrams with price quotations and product specifications for ordering.

"It's really nice to see spring flowers in the cooler in winter," Dean Mooney, manager of the flower shop at Bordine's Better Blooms, Rochester MI, says. But seeing the blooms in a cooler was not the biggest payoff for Bordine's when it began marketing the flowers in January. "We have had lots of compliments from the clientele," he says.

Bordine's is an operation which includes three acres of greenhouses, a large garden center and a flower shop. Once a week it receives a shipment from Sierafor containing tulips and irises and other spring flowers that are almost nonexistent in the area.

"We are able to provide customers with different types of flowers that way," he says. "Any flower off-season is more expensive, but if I can find something from an importer that I can't buy locally, I'll go to an importer."

"We carry a large gift line and deal with many importers. It saves to buy directly from them."

Mooney says Bordine's did not replace any other whole-

saler that the shop had previously worked with. Sierafor stock only adds to what Bordine's carried before.

The shop manager agreed to try one box of flowers after he was approached by a Sierafor representative. "They held up very well so we decided to go with it," he says. "It's no problem—the flowers are shipped to us in loose bunches."

Since the start of the shop's association with Sierafor there have been two minor problems. Once a shipment of freesias was misplaced in a greenhouse and was found three days later. Although the flowers had been without water they were in good shape and were able to be used in arrangements, Mooney says.

Another time a box of mixed flowers arrived that contained a disproportionate number of a particular bloom. Mooney called Sierafor and it sent a balanced mixture.

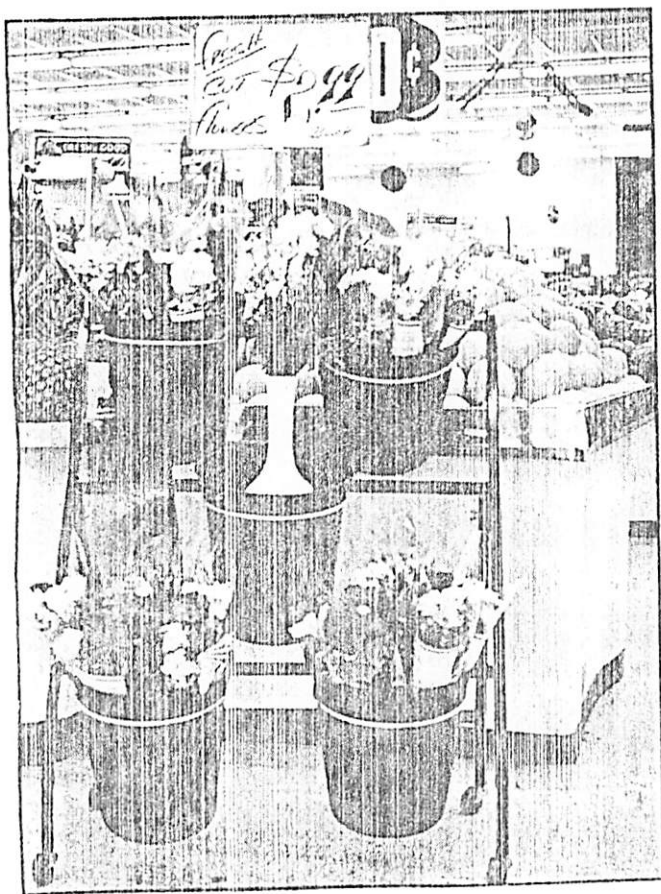
"We had one problem," Ruth O'Brien, manager of Ray Hunter's Floral Shop in Southgate MI, says. "Some 'Enchantment' lilies arrived that looked as though they had been frozen. We called Sierafor and got credit for them."

Hunter's also has carried Sierafor flowers since January. O'Brien says the flowers that are ordered are only those that are not available locally. Hunter's last Sierafor order included amaryllises, lilacs, 'Enchantment' lilies and 'Firecrackers'. She says most orders have included tulips and freesias.

"I just sold a \$600 wedding because the people wanted freesias," she says. "I've sold other weddings because we have different flowers that people don't find other places."

"The comments from customers are well worth the investment. They're tired of roses and carnations. They don't know what to ask for but they like what they see."

Hunter's has one acre of greenhouses,—which are used for houseplant and holiday plant production—a flower shop in Southgate and three other shops in the area.



Supermarket displays vary from a few buckets of mixed bouquets to large floral departments.

**THE FUTURE**—Selling to retailers was just one of the new developments discussed at a meeting between Grobбен and officials at Sierafor NV at the start of the year. Sierafor NV also gave Grobбен the go-ahead to plan new Sierafor USA sites. And Grobбен would like nothing better than to draw some new lines between Detroit and other cities on his US map. He would be responsible for any North American divisions that were started.

"In the next two years we hope to open two more satellites," he says. "One of those will be in Houston."

Other objectives are to add more stores to the account list and to increase weekly sales at stores where the flowers are currently sold.

Holland's cut flower export volume increased worldwide from \$250 million in 1971 to \$625 million in 1977. In many importing countries per capita purchases grew due to more plentiful supplies and merchandising efforts by independent and chain supermarkets, Grobбен says.

Cut flower sales in the US now are about \$250 million wholesale. He predicts that they could grow by more than 50 percent by 1982, with most of the sales being added by mass merchandising.

He also has personal reasons for making Americans more partial to flowers and letting industry members see what can be accomplished with better marketing strategies. Part of his job is to be a liaison between Dutch exporters and American importers. And the prospect of helping to organize a North American flower auction has crossed his mind more than once.

But right now Grobбен is just trying to make flower buying contagious in the US. "I know it will work," he says, "but it will take time." "If I didn't have confidence in it I would pack my bags."