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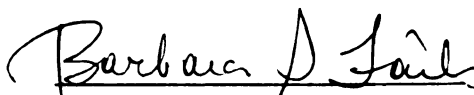
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**AN ANALYSIS OF MICHIGAN RETAIL FLORIST  
BUSINESS PRACTICES AND PROFITS**

**By**

**Carolyn Ann Collins**

**A THESIS**

**Submitted to  
Michigan State University  
in partial fulfillment of the requirements  
for the degree of**

**MASTER OF SCIENCE**

**Department of Horticulture**

**1997**



## **ABSTRACT**

### **AN ANALYSIS OF MICHIGAN RETAIL FLORIST BUSINESS PRACTICES AND PROFITS**

**By**

**Carolyn Ann Collins**

**Comprehensive industry statistics are valuable tools for today's small business owners and managers. The traditional full-service retail florist is now competing with supermarkets, limited service flower shops, corner vendors, and telemarketing, catalog, and Internet firms. Though some retail florist business information does exist on a national basis, none specifically addresses Michigan.**

**In March of 1996, a comprehensive business mail survey of Michigan full-service retail florists was conducted with the cooperation of the Michigan Floral Association. The survey focused on 1995 general business operations, delivery services, advertising and marketing practices, staffing and wages, and financial status. Statistical analyses of the initial results showed total wage expenses and occupancy costs to be controlling factors of net profits. The cost of delivery service and wire service membership also affect profitability. Full-service retail florists must examine and modify the cost structure of their businesses to generate the highest possible net profits.**

**To my Grandma Rita, the greatest eclectic gardener in the universe.**

## ACKNOWLEDGMENTS

I would like to sincerely thank my major professor, Dr. Barb Fails, for her seemingly endless help and advice during all phases of my graduate program. Her unique qualities as a teacher, advisor, mentor, and friend will always be remembered and appreciated. Her insight has helped me see the “big pictures” in life. My graduate committee, Dr. Tom Pierson, Dr. Kirk Heinze, and Dr. John Biernbaum, deserve many thanks for their individual perspectives on my research, education, and future career.

A study such as this would not be possible without the assistance of the members and staff of the Michigan Floral Association. Their limitless cooperation and knowledge of the industry contributed to the success of this survey.

Embarking on this adventure in Michigan was a difficult decision. I would like to thank my family for their moral support and for petting my doggies. Jim Lucas deserves a trophy for all the help he gave me on the survey, but more importantly, he deserves all the best this world has to offer for being my best friend and making life fun.

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## INTRODUCTION

Comprehensive industry statistics are valuable tools for today's small business owners and managers. The traditional full-service retail florist is now competing with supermarkets, limited service flower shops, corner vendors, telemarketing, catalog, and Internet firms.

Though some retail florist business information does exist on a national basis, none specifically addresses Michigan retail florists. Most information is collected by private organizations and, therefore, is not in the public domain. Also, the majority of research aimed at the retail florist industry traditionally targets consumers or markets, not business practices. Wire service surveys have been the primary source of business data for retail florists, notably the *FTD Flower Business Fact Book* (Florists' Transworld Delivery Association, 1991), the AFS "Annual Wage Survey" presented in *Floral Finance* (American Floral Services, 1996), and the annual "Floral Industry Trends" article presented in Teleflora's *Flowers&* (Teleflora, 1996).

The last nonpartisan study of retail florist business practices, *Business Analysis of Pennsylvania Retail Florists* (Voigt, 1977), was conducted in 1977. This twenty year-old study surveyed 47 retail florists in Pennsylvania to determine costs of goods sold, gross

profit, operating expenses, employee wages, and a number of qualitative factors such as family influences on business operations.

Focus group studies conducted by the Michigan Floral Association (MFA) during the summer of 1995 revealed a demand by members for detailed Michigan retail florist industry statistics on delivery services, advertising and marketing practices, staffing and wages, and financial status. These focus group studies were conducted as a part of Project Renew, an initiative by the Michigan Floral Association to revitalize the organization with greater member involvement. MFA, through Project Renew, partially funded this study and provided valuable industry expertise. The preliminary findings from this study were published in the *Michigan Floral Retailer Business Report* (Collins and Fails, 1996) and were presented throughout Michigan at the first-ever MFA regional meetings.

**Objectives:** Researchers developed a comprehensive mail survey, according to the Total Design Method (Dillman 1978), to address the following objectives:

1. Create a comprehensive report detailing the 1995 business practices and the financial status of the Michigan retail florist industry.
2. Determine the factors having the greatest impact on the profitability of Michigan retail florists.
3. Recommend appropriate business practices and financial tests for improving net profits.

**Hypotheses:** The following hypotheses were developed to facilitate the overall statistical analysis of data:

1. There are no differences in business practices when responses are grouped by annual gross sales.
2. There are no differences in financial status when responses are grouped by annual gross sales.

**Survey Population:** The initial target population for the survey was all cut flower retailers in Michigan. The mailing sample was constructed from a compilation of the Michigan Floral Association's mailing list and the *Michigan Business Directory* (American Business Directories, 1995). To better target the cut flower retailer population in Michigan, the compilation was reduced by the removal of any business name which did not include one of these words or some variation of them: flower, floral, florist, bloom, bouquet, centerpiece, blossom, petals. The following exceptions applied: if the business was known to be wholesale, dried or artificial flowers only, or greenhouse or garden center only, it was removed from the list; conversely, all supermarkets were retained, as well as any business not complying with the name criteria, but known to sell cut flowers at retail. The final mailing list still contained the nine different business descriptions listed in the survey (Appendix B).

Due to the limited response rates for most of the business descriptions, the researchers limited the response analysis to Michigan independent, full-service retail florists (those businesses which offer delivery and wire services). Respondents were asked to complete the survey using data from their most recently completed fiscal year, which basically

meant 1995 data. The frame the sample was drawn from and the extent of the research instrument were other limiting factors.

In Chapter 1, the *Michigan Floral Retailer Business Report* (Collins and Fails, 1996), a review of the pertinent literature and a discussion of the survey methods are presented.

Chapter 2 is a manuscript in which business practices and profits with respect to annual gross sales are analyzed and the factors which contribute most to a retail florist's profit level are determined. This manuscript will be submitted for publication to *HortScience*.

Chapter 3 is an article detailing the cost of delivery services in Michigan and how business owners and managers can improve the profitability of their delivery service.

This article was published in the March 1997 issue of *Floral Management*.

## **CHAPTER 1**

### **MICHIGAN FLORAL RETAILER BUSINESS REPORT 1996**

## **ACKNOWLEDGMENTS**

Meaningful survey results only occur when businesses take the time to complete the survey questions. We are especially grateful to those 250 retail businesses who participated in the study. They have earned a complimentary copy of this report. Many individuals provided direction and guidance which led to this final report. Their contributions of time and expertise are greatly appreciated.

<b>Dr. Kirk Heinze</b>	Chairperson Interim, Department of Agricultural & Extension Education, MSU
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<b>Virginia Metty</b>	MFA Project Renew, Century Florist Supply
<b>Art Bone</b>	MFA Project Renew, Kesel Foods
<b>Dave Loweke</b>	MFA Board of Directors, MFA Project Renew, Connor Park Flowers
<b>Rod Crittenden</b>	MFA Board of Directors, R. P. Crittenden & Co.
<b>Brad Jacobsen</b>	MFA Board of Directors, Jacobsen's Flowers
<b>Bruce Anderson</b>	MFA Board of Directors, Moering-Woods Florist
<b>Susan Pagenstecher</b>	MFA Board of Directors, Mary Jane Flowers
<b>Ron Frommert</b>	MFA Board of Directors, American Floral Services
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<b>Skeeter Parkhouse</b>	MFA Board of Directors, Mummaw Creative
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<b>Sandy Allen</b>	<b>Department of Horticulture, MSU</b>
<b>George &amp; Rhea Van Atta</b>	<b>VanAtta's Greenhouse &amp; Flower Shop</b>
<b>John Hosek</b>	<b>Floral Impressions</b>
<b>Joe Ferarro</b>	<b>Bancroft Flowers</b>
<b>Robert Anthony</b>	<b>Jon Anthony Flowers</b>



## **PROJECT RENEW DONOR RECOGNITION**

Funding for this research project was provided from the generous donations of the individuals and companies who shared in the vision of Michigan Floral Association's "Project Renew". We recognize these donors, who made a financial commitment by the printing date (September 1, 1996). Ongoing new programs through "Project Renew" require additional funding for start-up expenses, and Michigan Floral Association invites the financial support of all members of the floral industry to achieve its remaining objectives.

The John Henry Company  
Patterson's Flowers  
Sunnyslope Floral  
Perkin's Flowers  
Southview, Inc.  
Dr. Barb Fails  
Main's Importing  
Kraatz Flowers  
Marsha Gray  
Don Charuba Co.  
Avalon  
Skeeter Parkhouse  
Hearts and Roses  
Jim Wilson  
Creation Flowers Plus

American Floral Services  
Redbook Floral Services  
Century Florist Supply  
Rokay Floral  
Avery Imports  
Blossoms  
Ketzler's Florist  
Moehring-Woods Florist  
R. P. Crittenden  
Great Northern Drug  
Furnival's Flowers  
Jim Doll  
Mark C. Weiss  
Parker Floral School  
Flowers from Sky's the Limit

Moore Greens  
K Drive Greenhouse  
Gerych's Greenhouse  
DWF of Flint  
Jacobsen's Flowers  
Conner Park Flowers  
Vogt's Flowers  
Mary Jane Flowers  
Bob Moore Flowers  
Burgett Floral  
Kentwood Floral  
Walt Demey  
Saline Flowerland  
Colorco  
Veronica and Lee Vickers

## **EXECUTIVE SUMMARY**

**In March of 1996, a comprehensive business survey was conducted of Michigan cut flower retailers. Of the 1508 retail businesses targeted, responses from 183 full-service retail florists and 37 combination florist and greenhouses or florist and garden centers are presented.**

**Some highlights (1995 financial records) of regional and overall statewide mean results from full-service retail florists include: \$347,366 annual gross sales, 1389 ft<sup>2</sup> retail space, 39.6% of advertising budget spent on yellow pages advertising, and \$3.53 delivery charge. Additional data and analysis contained within this report provide Michigan floral retailers with a tool to judge their business operations.**

## **INTRODUCTION**

**The Michigan Floral Retailer Business Survey was a direct result of focus group studies conducted in 1995 by the Michigan Floral Association's Project Renew. Project Renew, an initiative to revitalize, refocus, and reinvest in the Michigan Floral Association, launched these focus group studies to identify business topics of concern to members. The four primary categories identified, and incorporated into this study, include sales and financial information, delivery practices, employee wages and benefits, and advertising and marketing practices.**

**Michigan has never had a statewide statistical report on the business practices and profitability of floral retailers, until now. This comprehensive report contains information gathered by the Michigan State University, Department of Horticulture, in a mail survey conducted in March of 1996.**

**A comprehensive survey was developed by Dr. Barb Fails and Carolyn Collins of Michigan State University to obtain statistical information on these topics for floral retailers to use in evaluating their businesses. An advisory group of leading floral retailers provided direction to help make the study most meaningful. Additional expertise was obtained from the faculty at Michigan State University in the departments of**

Horticulture, Agricultural Economics, and Agriculture and Extension Education. This team of experts developed the following objectives:

- to obtain comparative business data for Michigan floral retailers which would provide a benchmark for individual business assessments
- to analyze data with meaningful ratios and comparisons that provide some measure or recommendation on profitability factors
- to assess the overall financial status of, and economic contribution by, Michigan floral retailers

One thousand five hundred and eight surveys were mailed to Michigan floral retailers in March of 1996. Table 2 indicates responses by region (refer to MFA's regional map on page 59). All responses were kept confidential.

Of those 250 returned surveys, 183 were from full-service retail florists, and 37 were from combination florist and greenhouse or florist and garden center businesses (Table 1). This report presents data collected from each of these two business descriptions. Because of the limited response from the other possible business descriptions (limited service flower shops, supermarket floral departments, floral franchises, retail greenhouse or garden center only, dried or artificial flowers only, special events or rental company, gift or novelty store), data obtained from these business descriptions cannot be considered meaningful. Results from these latter business descriptions, therefore, are not included in this report.

**Table 1. Survey Responses by Business Description (all regions)**

<b>Business Description</b>	<b>Number of Responses</b>	<b>Percentage of Total Response</b>
Independently owned, full-service flower shop (delivery and wire services)	183	73.2%
Combination florist and greenhouse or florist and garden center	37	14.8%
Independently owned, limited service flower shop (no wire service or delivery)	7	2.8%
Supermarket floral department	4	1.6%
Retail greenhouse or garden center only	3	1.2%
Dried and/or artificial flowers only	7	2.8%
Special events or rental company	3	1.2%
Floral franchise	2	0.8%
Gift and/or novelty store	2	0.8%
No response given	2	0.8%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

**Table 2. Responses by Region**

	<b>Region 1</b>	<b>Region 2</b>	<b>Region 3</b>	<b>Region 4</b>	<b>Region 5</b>	<b>Region 6</b>	<b>Total</b>
Number of surveys mailed	633	151	149	198	173	204	1508
Total number of responses	75	32	20	39	35	49	250
Overall response rate	11.8%	21.2%	13.4%	19.7%	20.2%	24.9%	16.6%
Number of full-service retail florist responses	59	24	12	24	23	41	183
Number of combination business responses	14	5	5	4	6	3	37

Respondents were asked to answer questions using data from their last complete fiscal year. Therefore, most data, especially financial data, were from 1995.

Information compiled from the survey has been sorted into five primary assessment categories: **general business operations, delivery service, advertising and marketing practices, wages and benefits, and financial information.** Additional information, not directly requested on the questionnaire, was calculated using the given responses.

This report is a tool to help you discover industry trends and understand the forecasting of sales, wages, and comparable financial ratios among Michigan florists. Use this information to provide a comparative benchmark on common retail floral business practices, and to assess the contribution certain business practices may have on sales and financial success. While the results of this study specifically benefit Michigan floral retailers, applications may be drawn for florists in other market areas. MFA intends to repeat this study in the future.

Terms used to describe the survey data include:

**Mean:** mathematical average of a set of responses (sum of all response values divided by the number of responses)

**Median:** middle number in an ordered set of survey responses

**Mode:** most frequent response value occurring within a set of survey responses

**Range:** interval between the smallest and the largest values in a set of survey responses

## INDUSTRY OVERVIEW

Limited retail floral business statistics prevent business owners from fully responding to new opportunities. Though some information does exist on a national basis, none specifically addresses Michigan floral retailers. Most information is collected by private organizations, and therefore, becomes their own proprietary data and is not released to the general public. Given the high level of competition in the industry and the turnover rate for newly opened businesses, accurate business knowledge is critical to success.

Wire service surveys have been the primary source of business data for floral retailers, notably the FTD *Flower Business Fact Book*, the AFS “Annual Wage Survey” presented in *Floral Finance*, and the annual “Floral Industry Trends” article presented in Teleflora’s *Flowers&*.

FTD reported, in 1986, that flower shops in the East North Central region of the United States had an average annual gross sales of \$200,000. Deliveries accounted for 80% of sales, and 26% of businesses had computers (other than Mercury systems) in their shop. Stores were open an average of 53.8 hours per non-holiday week.

The *Floral Finance* study reported in May of 1996, that 1995 average gross sales for U.S.

flower shops were \$345,705. The average sales floor was 1247 square feet, while the average design area encompassed 795 square feet. Sales averaged \$169 per square foot of total shop space. Out of all U.S. flower shops, only 35.7% offered health insurance coverage to their employees. AFS region 4, which includes Michigan, had the following employee wage averages (over all experience levels): \$7.27 for designers, \$6.39 for salespeople, \$6.97 for office staff, \$6.07 for delivery staff, \$11.93 for a non-owner/manager, and \$14.29 for an owner/manager.

In the “Floral Industry Trends” article in January 1996, *Flowers&* reported a national value of \$14.1 billion in retail sales of floral items in 1995, with average sales per shop of \$188,800. Supermarkets accounted for \$2.9 billion in gross sales of floral items, with other mass market outlets contributing an additional \$3.8 billion in sales.

The most recent nonpartisan study of floral retailers available is the Pennsylvania State University report by Dr. Alvi Voigt in 1977. This study surveyed 47 retail florists in Pennsylvania to determine cost of goods sold, gross profit, operating expenses, and employee wages. A number of qualitative factors, such as family influences in the florist business, were also examined. The Penn State study found that flower shops were more profitable than flower shop/greenhouse combination businesses. Cost of goods sold generally decreased as sales volume increased, but only to a point. It was higher for those businesses with the highest total sales volume, therefore suggesting either a loss of efficiency or an increase in lower-margin “everyday” flower sales. No similar university studies have been conducted since.



Dr. Alvi Voigt has continued to monitor the status of the floral industry. He recently claimed, in the February 1996 issue of the Illinois State Florists' Association Bulletin, "All U.S. flower shops averaged \$152,550 in sales per shop in 1982; \$180,240 in sales per shop in 1987; and \$209,180 in sales per shop in 1992." According to Dr. Voigt, payroll as a percentage of sales for U.S. flower shops averaged 20.8% in 1982, 21.2% in 1987, and 21.1% in 1992.

Prince and Prince Inc, in Columbus, Ohio, conducted a national survey of retail florists in 1993 to measure non-perishable sales. In February 1996, they published an article in *Flower News* comparing their data with that from a 1983 survey conducted by the late Jerry Robertson at Ohio State University. Comparisons showed a dramatic national decline in non-perishable sales. In 1983, non-perishables accounted for 20.4% of retail florist sales. In 1993, that percentage had dropped to 12.1%. The East North Central region of the U.S., which includes Michigan, showed a higher than average decline (from 22.0% to 12.4% of sales). Prince and Prince noted this decline in non-perishable sales coincided with the expansion of floral mass market operations and discount craft stores.

The Produce Marketing Association and the Food Marketing Institute conduct an annual study of supermarkets. In 1989, their survey focused on floral marketing. They found 43% of supermarket floral departments offered limited services, yet accounted for 52% of all supermarket floral sales. Annual floral sales per year averaged \$104,950.

Supermarket floral departments averaged 24% net profits before taxes, contributing 3% of total store profit. Fifty three percent of supermarket floral departments subscribed to

wire services, 62% of which were sending only.

## **SURVEY METHODS**

***Survey Development:*** Survey questions were tailored to facilitate the grouping and analysis of data. Questionnaire construction and implementation processes followed the Total Design Method as outlined in Don Dillman's book, *Mail and Telephone Surveys: The Total Design Method*. The survey was checked for validity and reliability twice; first by members of the Board of Directors of the Michigan Floral Association, and second by a representative group of floral retailers from the Lansing area. The survey was modified to reduce ambiguity following each assessment.

***Population:*** The target population for the survey was all cut flower retailers in Michigan. The mailing sample came from a compilation of the Michigan Floral Association's mailing list and the *Michigan Business Directory*. In order to better target the cut flower retailer population in Michigan, the compilation was reduced by removal of any business name which did not include one of these words or some variation of them: flower, floral, florist, bloom, bouquet, centerpiece, blossom, petals. There were a few exceptions: if the researchers knew the business to be wholesale, dried/artificial flowers only, or greenhouse/garden center only, it was removed from the list; conversely, all supermarkets were left on the list, as well as any business not complying with the name criteria, but that the researchers knew to sell cut flowers at retail. The final mailing list still contained

businesses from all nine of the business descriptions listed in the survey (Table 1).

***Confidence:*** Encompassing all nine business descriptions, the response level (Table 2) of 250 replies out of 1508 surveys mailed provided a 90% confidence level, with plus or minus 5% precision. The researchers believed this was applicable to the full-service retail florist results as well, but there was no way to verify this. Without knowing specifically how many surveys were sent to each business description (as only business names and addresses were available), no precise statements can be made about the confidence level and sampling error of this study.

***Mailing Parameters:*** An announcement card was mailed on February 19th, 1996, to inform the businesses of the upcoming survey and the types of information requested. Two weeks later, on March 5, 1996, the surveys were mailed in a business envelope, along with a cover letter and a postage-paid reply envelope. Reminder postcards were sent on May 2, 1996, to those businesses failing to respond. Businesses which returned their surveys were offered a complimentary copy of this report.

***Confidentiality:*** Responses were kept completely confidential. Each survey was imprinted with a code number corresponding to its region and position on the mailing list. Code numbers were used to keep track of the returned surveys for complimentary report mailing and to prevent reminder letters from being sent to those businesses which already returned their survey. No individual researcher had access to both the coded mailing list and the completed surveys. Completed surveys were retained by Michigan State

University.

***Data Analysis:*** Data were analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics were used to characterize the findings. Inferential statistical analyses, used to determine relationships and differences between selected groups, are not included in this report.

## **SURVEY RESULTS**

The following results were tabulated from the 183 responses by **full-service florists** and the 37 responses from **combination florist and greenhouses or florist and garden centers**. Tables present data for full-service florists by region, as well as by overall totals state total, and for combination businesses by overall state totals only.

***General Business Operations:*** Nineteen (10.6%) of the full-service retail florists which completed surveys had multiple locations: 4 gave answers for the main store only and 15 answered for all locations collectively. Of the 15 full-service retail florists answering for all of their locations collectively, 8 had two stores, 3 had three stores, 1 had twelve stores, and 6 did not indicate how many stores their answers were for. Responses from multiple-location businesses were merged with the responses from single-location businesses and analyzed as a single business response.

Most of the floral retailers who responded (49.4%) reported being in business for over 20 years (Table 3). One-third (33.0%) of all businesses were in a suburban location (Table 4).

Mean total store space for full-service retail florists was 3124 ft<sup>2</sup>, allocated as 1389 ft<sup>2</sup> for retail sales area, 740 ft<sup>2</sup> for work area, 825 ft<sup>2</sup> for storage area, and 170 ft<sup>2</sup> for office area (Table 5). Over three-fourths (77.5%) of full-service florist businesses were open Monday through Saturday (mean of 6.2 days per week), for an average of 9 hours per day, or an average of 55.8 hours per week (Table 6).

Mean total store space for combination florist and greenhouse or florist and garden center businesses was 6906 ft<sup>2</sup>, allocated as 5116 ft<sup>2</sup> for retail sales area, 625 ft<sup>2</sup> for work area, 867 ft<sup>2</sup>, for storage area, and 298 ft<sup>2</sup> for office area (Table 5).

**Table 3. Distribution of Businesses by Length of Time in Operation (percent of responses in each time category)**

Length of Time in Operation	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
0 to 5 years	8.5%	21.7%	0.0%	8.3%	9.1%	12.5%	10.6%
6 to 10 years	16.9%	8.7%	16.7%	8.3%	13.6%	10.0%	12.8%
11 to 20 years	30.5%	17.4%	33.3%	20.9%	31.8%	27.5%	27.2%
over 20 years	44.1%	52.2%	50.0%	62.5%	45.5%	50.0%	49.4%

Of those full-service retail florists open for more than 20 years, the mean age was 49.8 years (median=45.0, mode=60.0, range=109.0).

**Table 4. General Location of the Business (percent of responses in each location)**

Business Location	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
Suburban	52.5%	30.5%	16.7%	30.4%	18.2%	20.0%	33.0%
Rural	3.4%	34.8%	25.0%	17.4%	50.0%	42.5%	25.1%
Urban	8.5%	13.0%	33.3%	26.1%	22.7%	15.0%	16.2%
Strip mall	30.4%	13.0%	16.7%	17.4%	0.0%	5.0%	16.2%
Large shopping mall	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Home-based	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	0.6%
Other	1.7%	8.7%	8.3%	8.7%	9.1%	15.0%	7.8%

The "other" responses included: downtown in a small town, main street in a small town, and historical building.





**Table 6. Business Days of Operation for Full-Service Retail Florists Only (percent of responses in each category)**

Monday through Friday (5 days per week)	Monday through Saturday (6 days per week)	Monday through Sunday (7 days per week)
1.7%	77.5%	20.8%

***Delivery Service:*** Full-service retail florists delivered a mean of 65.9% of their retail sales, with most deliveries being 5.4 to 7.5 miles from the store for a fee of \$3.42 to \$3.53. These deliveries were usually made by an employee who drove a business-owned vehicle. Over 95% of full-service retail florists offered both morning and afternoon delivery, with almost one-third (30.4%) additionally providing express delivery service. Full-service retail florists typically delivered a mean of 24.7 packages per day (median = 15.7, mode = 24.0). The mean typical retail price of a delivered package was \$28.77.

Combination florist and greenhouse or florist and garden center businesses delivered 57.6% of their retail sales, but at a distance of 4.5 to 6.5 miles for a fee of \$3.31. Over 97% offered both morning and afternoon delivery, with more than one-fourth (26.5%) also providing express delivery options. The mean typical retail price of a delivered package was \$29.55.



Table 8. Typical Delivery Fee

Delivery Fee		Full-Service Retail Florists, by Region and State Total							Combination Businesses
		1	2	3	4	5	6	Total	
Low end of range	mean	\$4.61	\$3.78	\$3.23	\$2.71	\$2.95	\$2.24	\$3.42	\$3.31
	median	\$4.95	\$4.00	\$3.25	\$3.00	\$3.00	\$2.50	\$3.50	\$3.00
	mode	\$5.00	\$4.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
	range	\$7.50	\$4.45	\$3.95	\$5.00	\$8.00	\$5.00	\$8.00	\$6.50
High end of range	mean	\$4.78	\$3.78	\$3.23	\$2.85	\$3.05	\$2.38	\$3.53	\$3.31
	median	\$4.98	\$4.00	\$3.25	\$3.00	\$3.00	\$2.50	\$3.50	\$3.00
	mode	\$5.00	\$4.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
	range	\$5.50	\$4.45	\$3.95	\$5.00	\$7.00	\$7.00	\$8.00	\$6.50

Table 9. Delivered Sales (percent of total sales)

	Full-Service Retail Florists, by Region and State Total							Combination Businesses
	1	2	3	4	5	6	Total	
mean	63.5%	62.3%	67.1%	60.7%	70.4%	71.9%	65.9%	57.6%
median	70.0%	72.5%	70.0%	67.0%	75.0%	75.0%	70.0%	70.0%
mode	50.0%	75.0%	50.0%	80.0%	75.0%	75.0%	75.0%	75.0%
range	90.0%	88.0%	70.0%	80.0%	86.0%	85.0%	93.0%	94.0%

**Table 10. Delivery Methods (percent of responses that used each method)**

Delivery Methods	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
Employee drives business-owned vehicle	59.2%	58.3%	83.4%	91.7%	73.9%	80.5%	71.9%
Employee drives business-leased vehicle	13.0%	8.3%	8.3%	8.3%	0.0%	12.2%	9.6%
Employee drives personal vehicle	9.3%	25.0%	0.0%	0.0%	8.7%	4.9%	8.4%
Commercial delivery service	9.3%	4.2%	0.0%	0.0%	8.7%	0.0%	4.5%
Organized florist delivery pool	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Contract drivers paid by units delivered	5.6%	4.2%	8.3%	0.0%	8.7%	0.0%	3.9%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.6%
							0.0%

**Table 11. Delivery Times Offered (percent of responses that offered each time category)**

Business Description	Morning	Afternoon	Evening	Express
Full-service retail florists	96.1%	97.8%	29.3%	30.4%
Combination businesses	97.1%	100.0%	38.2%	26.5%

For those full-service retail florists which charged an additional fee for express delivery, the mean fee was \$6.10 with a median of \$5.00, a mode of \$5.00, and a range of \$15.00. A number of businesses indicated a fee of double the normal fee for express delivery.

**Table 12. Typical Retail Price of Delivered Packages**

	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
mean	\$32.65	\$29.23	\$28.00	\$27.02	\$28.11	\$24.42	\$28.77
median	\$30.00	\$28.75	\$26.00	\$26.00	\$27.25	\$25.00	\$30.00
mode	\$30.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
range	\$30.00	\$22.50	\$20.00	\$16.05	\$20.00	\$37.50	\$47.50

***Advertising and Marketing Practices:*** Most full-service retail florists and combination florist and greenhouse or florist and garden center businesses subscribed to more than one wire service. The top 3 wire services (FTD, AFS, and Teleflora) each claimed membership of at least half of the floral retailers responding.

More than half of full-service retail florists and combination florist and greenhouse or florist and garden center businesses maintained a direct mail mailing list with a mean customer database of 3475.

The most frequently used marketing methods utilized by both business descriptions included in-house holiday specials and open houses. The greatest share of advertising dollars was spent on yellow pages advertising followed by newspaper advertising.

Twenty percent of all floral retailers played solitaire on their store computers ☺.



**Table 13. Wire Service Membership (percent of responses subscribed)**

Wire Services	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
FTD	57.6%	62.5%	91.7%	79.2%	56.5%	62.5%	65.3%
AFS	61.0%	62.5%	58.3%	66.7%	43.5%	63.4%	60.1%
Teleflora	45.8%	62.5%	58.3%	37.5%	60.9%	47.5%	50.0%
Redbook	39.0%	41.7%	25.0%	29.2%	39.1%	32.5%	35.7%
Carik	15.3%	83.0%	25.0%	20.8%	4.3%	12.5%	13.7%
Florafax	13.6%	16.7%	0.0%	4.2%	0.0%	2.5%	7.0%

Flowerlink, an internet mall created for retail florists by Royer Flowers in Pennsylvania, had a Michigan membership of 3.0%.

**Table 14. Direct Mail Mailing List**

	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
Businesses with direct mail list (%)	62.1%	66.7%	33.3%	58.3%	54.5%	35.0%	53.3%
Number of mean	3522	3753	1633	4615	4242	1758	3475
median	1500	1650	1800	2075	850	400	1385
mode	300	500	300	3000	250	300	300
range	49950	14445	2500	27925	39850	16875	49950
							19900

**Table 15. Number of Customers on Full-Service Retail Florist Mailing Lists for Corresponding Annual Gross Sales Category**

<b>Annual Gross Sales Category</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Range</b>
\$100,000 and under	1300	225	400	16950
\$100,001 to \$200,000	1595	1093	300	9925
\$200,001 to \$400,000	1696	1500	1500	4700
\$400,001 to \$800,000	3276	2500	500	10800
\$800,000 and over	17750	13250	2500	47500

**Table 16. Marketing Methods (percent of responses that used each method)**

Marketing Method	Full-Service Retail Florists. by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
In-house holiday specials	62.7%	62.5%	83.3%	78.3%	65.2%	72.5%	73.0%
Open houses	32.2%	75.0%	50.0%	75.0%	65.2%	51.2%	67.6%
1-800 number	62.7%	58.3%	41.7%	47.8%	47.8%	45.0%	40.5%
Regular weekly specials	42.4%	50.0%	58.3%	50.0%	52.2%	46.3%	54.1%
Customer reminders	40.7%	37.5%	8.3%	50.0%	30.4%	19.5%	16.2%
24 hr. phone service	25.4%	33.3%	8.3%	25.0%	26.1%	12.2%	24.3%
Commercial sales calls	22.0%	16.7%	0.0%	29.2%	17.4%	4.9%	10.8%
Internet site	8.5%	12.5%	0.0%	12.5%	4.3%	5.0%	13.5%
Educational seminars	6.8%	4.2%	0.0%	8.3%	8.7%	2.5%	21.6%

Of those full-service florists which offered open houses, 77.4% had one per year, 15.1% had two per year, and 7.5% had three per year.



**Table 18. Computer Applications used by Full-Service Retail Florists (percent of responses that used each application)**

Accounts Receivable	Direct Mail Mailing List	Accounts Payable	Sales Analysis	Wire Service Reconciliation	Payroll	Customer Reminders
86.6%	63.0%	62.2%	47.9%	41.2%	38.7%	38.7%
Advertising Development	Direct Mail Piece Development	Order Printing	Internet Access	Capri Card Printing	E-mail	Solitaire ☺
26.9%	26.9%	20.2%	8.4%	7.6%	4.2%	20.2%

63.9% of full-service retail florist businesses had a computer in their store that was not dedicated to wire service applications.

***Wages and Benefits:*** Full-service retail florist business owners drew nearly \$24,000 annually from the business, while combination florist and greenhouse or florist and garden center business owners drew almost \$39,000.

Managers of full-service retail florist businesses typically earned \$9.51 per hour, compared to \$11.48 per hour earned by combination florist and greenhouse or florist and garden center business managers.

Floral designers working for full-service retail florist businesses typically earned \$7.62 per hour compared to \$8.62 per hour earned by designers at combination florist and greenhouse or florist and garden center businesses.

Full-time employees of full-service retail florist businesses could not expect to be offered any benefits. However, most full-time combination florist and greenhouse or florist and garden center business employees (61.8%) received health insurance. Full-time employees of both business descriptions received between 1 and 1.8 weeks of paid vacation per year.

**Note:** In some cases, the typical salary reported was not within the high and low reported salary range. Data are reported as obtained.

Table 19. Owner Staffing and Annual Salary

		Full-Service Retail Florists, by Region and State Total						Combination Businesses
		1	2	3	4	5	6	Total
Mean number of owners per business		1.3	1.4	1.3	1.5	1.1	1.2	1.3
Owner  annual salary (per person)	mean low of range	\$25,287	\$19,743	\$21,226	\$25,939	\$31,200	\$17,377	\$23,610
	mean high of range	\$26,864	\$27,664	\$26,426	\$28,019	\$34,691	\$18,676	\$26,530
	mean typical	\$26,059	\$18,491	\$23,826	\$26,447	\$27,917	\$19,448	\$23,806
	typical range	\$54,808	\$23,920	\$18,200	\$17,160	\$52,000	\$31,200	\$60,320
								\$36,941
								\$44,304
								\$38,605
								\$62,525

Table 20. Owner Annual Salary by Annual Gross Sales Category for Full-Service Retail Florists Only

Annual Sales Category	Full-Service Retail Florists, by State Total				
	Owner Salary Category	Mean	Median	Mode	Range
under \$200,000	high end of range	\$18,290	\$18,720	\$20,800	\$39,520
	low end of range	\$17,115	\$16,640	\$20,800	\$39,520
	typical	\$17,856	\$18,720	\$20,800	\$39,520
\$200,001 to \$400,000	high end of range	\$25,195	\$24,960	\$26,000	\$26,000
	low end of range	\$24,797	\$24,960	\$20,800	\$26,000
	typical	\$25,330	\$25,002	\$26,000	\$26,000
\$400,001 to \$800,000	high end of range	\$34,133	\$30,597	\$31,200	\$85,280
	low end of range	\$29,075	\$27,300	\$20,800	\$79,560
	typical	\$25,946	\$26,000	\$26,000	\$30,160
over \$800,000	high end of range	\$40,905	\$41,600	\$25,002	\$35,006
	low end of range	\$29,533	\$26,000	\$12,002	\$48,006
	typical	\$39,388	\$31,460	\$25,002	\$37,398



Table 21. Manager Staffing and Hourly Wages

		Full-Service Retail Florists, by Region and State Total						Combination Businesses
		1	2	3	4	5	6	
Mean number of managers per business		0.5	0.9	Insufficient data for this region	0.8	0.7	0.6	0.6
Manager hourly wages	mean low	\$9.70	\$9.18		\$10.08	\$8.96	\$7.62	\$9.15
	mean high	\$11.45	\$10.55		\$10.19	\$9.62	\$7.99	\$10.25
	mean typical	\$10.45	\$9.45		\$10.47	\$8.91	\$7.70	\$9.51
	typical range	\$14.38	\$7.17		\$7.00	\$5.00	\$8.00	\$14.38
\$9.13								

Table 22. Floral Designer Staffing and Hourly Wages

		Full-Service Retail Florists, by Region and State Total						Combination Businesses
		1	2	3	4	5	6	
Mean number of full-time designers per business		1.5	2.5	1.1	2.1	2.2	1.3	1.7
Mean number of part-time designers per business		1.1	1.6	1.1	2.0	1.4	1.5	1.4
Floral designer hourly wages	mean low	\$7.65	\$6.78	\$6.54	\$6.78	\$6.61	\$5.94	\$6.92
	mean high	\$9.19	\$8.75	\$8.64	\$8.61	\$8.96	\$6.91	\$8.59
	mean typical	\$8.38	\$7.71	\$7.15	\$7.00	\$7.34	\$6.44	\$7.62
	typical range	\$6.75	\$7.00	\$2.25	\$3.50	\$5.00	\$4.00	\$7.50
								\$7.40
								\$8.85
								\$8.62
								\$14.00

**Additional Full-Service Florist Data for Floral Designer Staffing and Hourly Wages:**

27.3% of businesses did not employ full-time designers: 33.9% employed one, 17.4% employed two, 21.4% employed three or more  
39.3% of businesses did not employ part-time designers: 23.0% employed one, 19.7% employed two, 18.0% employed three or more

**Table 23. Salesperson Staffing and Hourly Wages**

		Full-Service Retail Florists, by Region and State Total						Combination Businesses
		1	2	3	4	5	6	
Mean number of full-time salespeople per business		0.7	1.1	0.3	1.3	1.4	0.6	1.8
Mean number of part-time salespeople per business		1.4	2.3	2.0	1.8	1.6	1.2	3.0
Salesperson hourly wages	mean low	\$5.63	\$5.54	\$5.15	\$5.45	\$5.42	\$5.25	\$5.75
	mean high	\$6.51	\$6.60	\$6.25	\$6.08	\$6.49	\$6.02	\$6.33
	mean typical	\$5.89	\$6.24	\$5.75	\$5.71	\$5.78	\$5.68	\$6.02
	typical range	\$2.50	\$2.21	\$0.50	\$2.75	\$3.00	\$2.50	\$3.50

**Additional Full-Service Florist Data for Salesperson Staffing and Hourly Wages:**

65.8% of businesses did not employ full-time salespeople: 14.9% employed one, 19.3% employed two or more  
43.1% of businesses did not employ part-time salespeople: 17.2% employed one, 39.7% employed two or more

Table 24. Office Person Staffing and Hourly Wages

	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
Mean number of full-time office people per business	0.3	0.4	0.0	0.4	1.0	0.3	1.0
Mean number of part-time office people per business	0.6	0.2	0.5	0.4	0.4	0.7	0.5
Office person hourly wages	mean low	\$8.04	\$7.20	\$5.08	\$7.33	\$6.38	\$4.94
	mean high	\$8.68	\$8.03	\$5.42	\$7.33	\$7.21	\$6.09
	mean typical	\$8.65	\$7.64	\$5.13	\$7.33	\$6.81	\$5.75
	typical range	\$7.00	\$5.60	\$2.25	\$4.50	\$5.25	\$4.50
							\$6.84
							\$7.46
							\$7.31
							\$9.00
							\$7.81
							\$8.21
							\$7.84
							\$9.42

Additional Full-Service Florist Data for Office Person Staffing and Hourly Wages:

75.0% of businesses did not employ full-time office staff: 19.6% employed one, 5.4% employed two or more  
 67.0% of businesses did not employ part-time office staff: 24.1% employed one, 8.9% employed two or more

Table 25. Delivery Person Staffing and Hourly Wages

	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
Mean number of full-time delivery people per business	0.7	1.0	0.3	0.5	1.0	0.4	0.7
Mean number of part-time delivery people per business	1.1	1.4	1.7	2.2	0.5	1.1	1.3
Delivery person							
mean low	\$5.95	\$5.72	\$5.25	\$5.83	\$5.58	\$5.36	\$5.69
mean high	\$6.71	\$6.40	\$5.93	\$6.00	\$6.17	\$5.78	\$6.24
mean typical	\$6.25	\$6.06	\$5.63	\$5.85	\$6.13	\$5.58	\$5.95
typical range	\$4.50	\$2.71	\$2.00	\$2.75	\$3.00	\$4.75	\$4.75

**Additional Full Service Florist Data for Delivery Person Staffing and Hourly Wages:**

61.1% of businesses did not employ full-time delivery people: 31.9% employed one, 7.0% employed two or more  
 36.3% of businesses did not employ part-time delivery people: 28.3% employed one, 19.5% employed two, 15.9% employed three or more

Table 26. Benefits for Owners (percent of responses offering each benefit)

Benefits	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
Health insurance	46.9%	50.0%	50.0%	47.6%	35.0%	40.5%	53.1%
Dental insurance	20.4%	10.0%	10.0%	19.0%	5.0%	2.7%	18.8%
Eye care plan	6.1%	0.0%	0.0%	4.8%	0.0%	0.0%	6.3%
Retirement benefits	10.2%	15.0%	10.0%	19.0%	5.0%	10.8%	31.2%

Table 27. Benefits for Full-Time Employees (percent of responses offering each benefit)

Benefits	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
Health insurance	44.9%	50.0%	44.4%	42.9%	30.0%	22.2%	37.9%
Dental insurance	24.5%	22.2%	11.1%	14.3%	5.0%	2.8%	17.6%
Eye care plan	10.2%	5.6%	0.0%	4.8%	0.0%	0.0%	5.9%
Retirement benefits	12.2%	11.1%	11.1%	9.5%	5.0%	0.0%	17.6%

Table 28. Paid Vacation for Full-Time Employees (in weeks)

Paid Vacation Range	Full-Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	
Low end of range	1.0	1.1	1.1	1.0	0.7	1.0	1.2
	1.5	1.0	1.0	1.0	0.0	1.0	1.0
	0.0	0.0	1.0	1.0	0.0	0.0	0.0
	4.0	3.0	2.0	3.0	3.0	4.0	4.0
High end of range	1.4	1.8	1.4	1.4	0.9	1.3	1.8
	0.0	2.0	2.0	1.0	0.0	1.0	2.0
	0.0	2.0	2.0	0.0	0.0	0.0	0.0
	4.0	4.0	2.0	4.0	3.0	4.0	4.7

***Financial Information:*** Median annual gross sales of full-service retail florist businesses were \$210,000: 34.1% in fresh arrangements, 14.4% in flowers by the stem, and 13.4% plants. Median annual gross sales of combination florist and greenhouse or florist and garden center businesses were \$339,000: 32.2% in fresh arrangements, 11.0% in flowers by the stem, and 24.1% in plants.

Mean business expenses for full-service retail florist businesses included 38.8% for cost of goods sold and 24.9% for labor (including owner); mean net profits were 4.4%. Mean business expenses for combination florist and greenhouse or florist and garden center businesses included 43.1% for cost of goods sold and 27.5% for labor; mean net profits were 2.5%.

**Table 29. Annual Gross Sales**

	Full Service Retail Florists, by Region and State Total						Combination Businesses
	1	2	3	4	5	6	Total
mean	\$411,688	\$508,600	\$285,462	\$371,619	\$349,362	\$192,347	\$347,366
median	\$239,500	\$309,000	\$180,000	\$266,000	\$216,000	\$135,000	\$210,000
mode	\$250,000	\$80,000	\$122,000	\$250,000	\$38,500	\$325,000	\$250,000
range	\$2,696,500	\$1,988,000	\$628,000	\$1,163,000	\$1,961,500	\$797,500	\$2,697,500
							\$4,086,000

**Table 30. Distribution of Full-Service Retail Florists by Annual Gross Sales (percent of responses in each sales category)**

Annual Gross Sales Category	Percent of Full-Service Retail Florists
\$0 to \$100,000	21.4%
\$100,001 to \$200,000	27.3%
\$200,001 to \$400,000	26.6%
\$400,001 to \$800,000	17.5%
over \$800,000	7.2%

**Table 31. Annual Gross Sales by Total Floor Space Category for Full-Service Retail Florists Only**

Total Floor Space Category	Mean	Median	Mode	Range
0 to 1499 ft²	\$178,250	\$132,500	\$250,000	\$1,646,500
1500 to 2499 ft²	\$239,575	\$205,000	\$210,000	\$544,000
2500 to 3499 ft²	\$298,875	\$300,000	\$120,000	\$1,180,000
3500 ft² and over	\$813,858	\$600,000	\$600,000	\$2,665,000

**Table 32. Annual Gross Sales by Retail Floor Space Category for Full-Service Retail Florists Only**

Retail Floor Space Category	Mean	Median	Mode	Range
0 to 499 ft²	\$184,554	\$127,500	\$80,000	\$1,646,500
500 to 999 ft²	\$255,269	\$200,000	\$100,000	\$1,180,000
1000 to 1499 ft²	\$481,558	\$290,000	\$350,000	\$2,460,000
1500 ft² and over	\$636,784	\$500,000	\$600,000	\$2,665,000



Table 33. Distribution of Annual Gross Sales by Product Category (percent of annual sales)

Product Category		Full-Service Retail Florists, by Region and State Total							Combination Businesses
		1	2	3	4	5	6	Total	
Fresh arrangements	mean	35.7%	23.9%	37.1%	32.2%	38.4%	36.6%	34.1%	32.2%
	median	33.0%	20.0%	41.0%	30.0%	49.0%	40.0%	30.0%	30.0%
Fresh flowers by the stem	mean	15.0%	20.4%	9.1%	11.4%	11.2%	14.5%	14.4%	11.0%
	median	10.0%	15.0%	9.0%	10.0%	8.8%	10.0%	10.0%	10.0%
Plants	mean	12.2%	13.3%	12.9%	15.7%	14.6%	13.8%	13.4%	24.1%
	median	10.0%	15.0%	10.0%	15.5%	15.0%	15.0%	12.4%	20.0%
Incoming wire orders	mean	10.8%	12.7%	12.3%	6.8%	7.0%	9.9%	10.0%	6.1%
	median	10.0%	10.0%	10.0%	5.0%	5.0%	10.0%	14.0%	5.0%
Outgoing wire orders	mean	8.7%	9.5%	12.6%	8.1%	8.2%	10.0%	9.3%	7.2%
	median	10.0%	10.0%	13.0%	8.0%	6.1%	10.0%	10.0%	6.5%
Gift items	mean	6.3%	7.3%	7.0%	11.0%	9.3%	5.0%	7.1%	5.1%
	median	5.0%	5.0%	6.0%	10.0%	10.0%	5.0%	5.0%	5.0%
Dried or artificial flowers	mean	5.4%	6.2%	5.9%	9.4%	8.1%	7.9%	7.0%	6.8%
	median	5.0%	8.0%	5.0%	10.0%	5.0%	5.0%	5.0%	5.0%
Service	mean	5.3%	5.4%	2.5%	4.3%	3.6%	2.0%	4.0%	4.0%
	median	5.0%	5.0%	2.0%	4.0%	4.0%	1.0%	3.0%	2.0%

**Table 33. (cont'd.)**

Product Category		Full-Service Retail Florists, by Region and State Total							Combination Businesses
		1	2	3	4	5	6	Total	
Other	mean	0.6%	1.3%	0.6%	1.1%	0.2%	0.3%	0.7%	3.5%
	median	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 34. Distribution of Annual Gross Sales by Business Expenses and Net Profits (percent of annual sales)

Business Expenses and Net Profits		Full-Service Retail Florists, by Region and State Total						Combination Businesses	
		1	2	3	4	5	6		Total
Cost of goods sold	mean	36.1%	39.0%	40.7%	39.4%	38.8%	41.7%	38.8%	43.1%
	median	39.1%	38.0%	38.0%	37.5%	39.0%	40.0%	39.0%	40.0%
Mortgage or lease	mean	8.4%	6.1%	9.6%	4.3%	7.1%	6.7%	7.0%	5.5%
	median	8.8%	6.0%	6.2%	3.3%	6.0%	5.0%	5.3%	5.4%
Utilities	mean	5.7%	4.2%	5.0%	3.4%	4.0%	5.5%	4.9%	4.9%
	median	5.0%	3.0%	4.0%	2.0%	2.7%	4.9%	3.6%	5.0%
Wages for employees	mean	18.5%	21.4%	14.1%	21.2%	19.6%	13.1%	18.0%	19.3%
	median	19.5%	24.0%	17.0%	21.5%	20.0%	13.0%	19.0%	20.0%
Wages for owner	mean	6.9%	5.1%	8.5%	8.2%	7.8%	6.6%	6.9%	8.2%
	median	6.0%	4.8%	5.0%	8.9%	6.3%	6.5%	6.0%	1.5%
Advertising	mean	5.2%	4.9%	3.4%	3.8%	2.9%	2.9%	4.1%	3.8%
	median	4.9%	5.0%	2.3%	3.8%	2.3%	2.5%	3.3%	2.1%
Professional dues	mean	3.4%	2.4%	5.0%	1.6%	1.1%	1.6%	2.4%	1.1%
	median	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	0.0%
Equipment and store improvements	mean	3.9%	3.3%	2.1%	2.7%	2.9%	3.5%	3.4%	4.3%
	median	2.3%	2.0%	0.9%	2.5%	2.0%	2.1%	2.0%	2.3%
Delivery vehicle	mean	4.9%	4.5%	6.0%	4.1%	5.0%	5.6%	5.0%	4.3%
	median	5.0%	4.2%	5.0%	2.3%	5.0%	4.0%	4.4%	3.0%

**Table 34. (cont'd.)**

Business Expenses and Net Profits		Full-Service Retail Florists, by Region and State Total						Combination Businesses
		1	2	3	4	5	6	Total
Other	mean	4.5%	4.4%	3.5%	6.2%	3.9%	7.1%	5.1%
	median	1.0%	1.5%	0.5%	0.0%	0.0%	2.5%	0.5%
Net profit or loss	mean	2.5%	4.7%	2.1%	5.1%	6.9%	5.7%	4.4%
	median	0.0%	4.0%	1.0%	5.7%	2.8%	3.3%	2.8%

**Table 35. Cost of Goods Sold by Annual Gross Sales Category for Full-Service Retail Florists Only (percent of annual sales)**

Annual Gross Sales Category	Mean	Median	Mode
\$0 to \$100,000	42.9%	41.7%	40.0%
\$100,001 to \$200,000	37.7%	38.0%	40.0%
\$200,001 to \$400,000	39.2%	39.0%	40.0%
\$400,001 to \$800,000	37.9%	38.0%	32.0%
over \$800,000	38.4%	36.1%	23.0%

Table 36. Distribution of Full-Service Retail Florists by Net Profit or Loss Category (percent of responses in each category)

Net Profit or Loss Category	Percent of Full-Service Retail Florists
loss	4.0 to 2.0 percent
loss	2.0 to 0.1 percent
	0.0 percent
profit	0.1 to 1.9 percent
profit	2.0 to 3.9 percent
profit	4.0 to 5.9 percent
profit	6.0 to 7.9 percent
profit	8.0 to 9.9 percent
profit	10.0 to 11.9 percent
profit	12.0 to 13.9 percent
profit	14.0 percent and over

**Table 37. Cost of Goods Sold by Net Profit or Loss Category for Full-Service Retail Florists (percent of annual sales)**

Net Profit or Loss Category	Full-Service Retail Florist Cost of Goods Sold		
	Mean	Median	Mode
loss 4.0 to 2.0 percent	44.7%	45.1%	49.0%
loss 2.0 to 0.1 percent	40.5%	40.5%	33.0%
0.0 percent	37.0%	38.0%	30.0%
profit 0.1 to 1.9 percent	38.7%	40.5%	21.1%
profit 2.0 to 3.9 percent	41.4%	38.2%	35.0%
profit 4.0 to 5.9 percent	35.1%	35.0%	35.0%
profit 6.0 to 7.9 percent	38.4%	40.0%	30.0%
profit 8.0 to 9.9 percent	47.8%	49.6%	37.1%
profit 10.0 to 11.9 percent	43.0%	44.0%	32.8%
profit 12.0 to 13.9 percent	40.6%	43.0%	23.0%
profit 14.0 percent and over	33.8%	32.0%	32.0%

Table 38. Net Profits by Total Floor Space Category for Full-Service Retail Florists (percent of annual sales)

Total Floor Space Category	Full-Service Retail Florist Net Profits			
	Mean	Median	Mode	Range
0 to 1499 ft <sup>2</sup>	3.9%	0.0%	0.0%	29.0%
1500 to 2499 ft <sup>2</sup>	4.5%	3.0%	0.0%	25.0%
2500 to 3499 ft <sup>2</sup>	4.1%	2.0%	2.0%	41.1%
3500 ft <sup>2</sup> and over	5.7%	3.8%	0.0%	25.2%

Table 39. Net Profits by Annual Gross Sales Category for Full-Service Retail Florists (percent of annual sales)

Annual Gross Sales Category	Full-Service Retail Florist Net Profits			
	Mean	Median	Mode	Range
\$0 to \$100,000	4.1%	0.9%	0.0%	32.0%
\$100,001 to \$200,000	1.9%	0.0%	0.0%	36.1%
\$200,001 to \$400,000	4.9%	4.0%	0.0%	23.0%
\$400,001 to \$800,000	6.2%	4.0%	4.0%	24.9%
over \$800,000	7.5%	7.2%	0.0%	22.3%

Note: Range includes both profit and loss.

## DISCUSSION

Data reported in this study are comparable to earlier studies conducted by *Floral Finance*, FTD, and Alvi Voigt. Subsequent studies sponsored by the Michigan Floral Association and Michigan State University will provide trend analysis for Michigan floral retailers.

In summary, full-service retail florists in Michigan generated mean annual gross sales of \$347,366 in 1995, from which 4.4% mean net profits were realized. Twenty percent of these businesses reported net profits of 10% or higher. Alvi Voigt reported that national annual gross sales of flower shops was \$209,180 in 1992. By comparison, and allowing for inflation, annual sales from Michigan full-service retail florists appear to be nearly \$100,000 higher than the national average. However, the most recent *Floral Finance* report noted 1995 mean national annual gross sales for retail florists were \$345,705. Their conclusions more closely align with those in this study.

Given the mean retail floor space of 1389 ft<sup>2</sup>, and mean annual gross sales of \$347,366, calculated sales of \$250 were generated from each square foot of retail space.

Examining the total store area, this calculation becomes \$134/ft<sup>2</sup>. *Floral Finance* reported 1995 annual sales of \$169/ft<sup>2</sup> of total store space. This figure may be used as a comparison for business expansion. At a mean 7% occupancy cost, retailers spent



\$26,416 annually (or \$2201 monthly) for a mean total store area of 3124 ft<sup>2</sup>. Mean calculated occupancy cost was \$8.46/ft<sup>2</sup> overall.

The mean 34% of sales in fresh arrangements and 7% of sales in artificial flowers were produced by 1.7 full-time, and 1.4 part-time floral designers who earned \$7.62/hr.

Considering these two sales categories as “designed” products, each floral designer produced a calculated \$28.53 designed product value per hour. Labor as a percent of sales at 25% overall (both owners and employees) was higher than that reported by Alvi Voigt (21% of sales for 1982, 1987, and 1992). Owners earned an average annual salary of \$23,806 from the business, while managers earned \$9.51/hr. Owner personal income directly correlated to annual gross sales; owners of businesses generating over \$800,000 in annual gross sales typically earned \$39,388 annually. Productivity and efficiency of staff, along with low wages, demand further examination and attention.

Full-service retail florists spent 40% of their advertising budget on yellow pages advertising. This was followed by 22% ad budget expenditure on newspaper, 8% on direct mail, and 8% on radio advertising. In-house holiday specials, open houses, and 1-800 telephone numbers were marketing techniques used by the majority of full-service retail florists. Typical full-service retail florists had a customer database of 3475, although only 38% used direct mail advertising. Of the limited dollars available for advertising (4.1% of sales), retailers must question the impact of these media on maintaining and generating sales.

Michigan full-service retail florists delivered products a typical radius of 5.4 to 7.5 miles from the store, generally in a business-owned vehicle. Mean delivery charges varied by region, from a low of \$2.24 in region 6, to a high of \$4.78 in region 1. Overall, 66% of full-service retail florist sales were delivered, at a mean package value of \$28.77. Daily, a mean total of 25 packages was delivered in the morning and afternoon; nearly 30% of full-service retail florists additionally delivered during evening and express times. It is noteworthy that some retailers reported delivery charges in excess of \$10. The range of delivery charges within a given market area provokes discussion regarding market strategy and profitability of delivery service.

The question regarding the appropriate charge for delivery must be assessed by individual businesses. However, these data suggest that a typical, full-service retail florist paid \$5.95/hr. for an average of 54 delivery-person-hours/week, or \$321 weekly for this labor. Add related payroll expenses to derive an estimated minimum \$428 total delivery labor expense per week. Add a weekly average vehicle cost of \$334 to this amount for an estimated weekly delivery total cost of \$762. By delivering an average of 25 packages a day, over 6.2 days/week, it can be calculated that 153 deliveries were made weekly. Therefore, a rough estimate of actual delivery cost per package for a typical business may have been \$4.98 or more. This figure does not include a profit margin for the service offered.

And finally, although the exact number of independent full-service retail florists in Michigan cannot be determined, it is estimated by this study to have included 1104

businesses in 1995 (1508 identified as cut flower retailers with 73.2% of survey respondents identified as independent full-service retail florists). It may be estimated that the independent full-service retail florist businesses in Michigan contributed \$383.5 million in sales to the economy in 1995.



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## AUTHORS' NOTES

**Dr. Barb Fails** is Assistant Dean and Assistant Director for Outreach, College of Agriculture and Natural Resources at Michigan State University. She taught floral design and retail florist and garden center marketing in the Department of Horticulture for 12 years, where she also coordinated the Commercial Floriculture program in the Institute of Agricultural Technology. Under her direction the on-campus flower shop, "Sparty's Flowers", was created in 1987 to provide practical instruction to students studying retail floriculture. She served as Educational Coordinator for the Professional Plant Growers' retail special interest group, and as Chair of MFA's "Project Renew". Barb has also been a regular contributor to the *Michigan Florist* magazine.

**Carolyn Collins** is a Graduate Assistant in the Department of Horticulture at Michigan State University. She received her B.S. degree in Plant Sciences from the University of Arizona in 1995. Carolyn has participated in other MFA "Project Renew" endeavors, and serves as teaching assistant for the College of Agriculture and Natural Resources senior-level capstone course. Her professional interests are in horticulture business management and marketing. The completion of this survey and final report is due largely to her efforts, and form the basis of her M.S. thesis.

It is the authors' view that continued efforts to provide current business statistical information are important to the future of the floral industry. For without comparative business data, entrepreneurs lack the full means by which to make critical business decisions.

**CHAPTER 2**

**ANALYSIS OF MICHIGAN FULL-SERVICE RETAIL FLORIST BUSINESSES  
BY ANNUAL GROSS SALES**

**by**

**Carolyn Collins, Barb Fails, and Oliver Schabenberger**

## INTRODUCTION

Current and meaningful business statistics are valuable tools for business owners and industry researchers alike. Most information is collected by private organizations, and therefore, is not in the public domain. Also, the majority of research aimed at the retail florist industry targets consumers or markets, not business practices. Wire service surveys have been the primary source of business data for floral retailers, notably the *FTD Flower Business Fact Book* (Florists' Transworld Delivery Service, 1991), the AFS "Annual Wage Survey" presented in *Floral Finance* (American Floral Services, 1996), and the annual "Floral Industry Trends" article presented in Teleflora's *Flowers &* (Teleflora, 1996). The last nonpartisan study of retail florist business practices, *Business Analysis of Pennsylvania Retail Florists* (Voigt, 1977), was conducted in 1977. This twenty year-old study surveyed 47 retail florists in Pennsylvania to determine costs of goods sold, gross profit, operating expenses, employee wages, and a number of qualitative factors such as family influences on business operations.

Focus group studies conducted by the Michigan Floral Association, as a part of Project Renew, indicated a demand by members for comprehensive business statistics. Though limited retail florist business information does exist on a national basis, none specifically addresses Michigan retail florists. The objectives of this research were to identify those



business factors which best describe the Michigan, full-service retail florist businesses within annual gross sales categories and determine selected predictors for financial success.

## **MATERIALS AND METHODS**

A comprehensive survey was developed and tested to obtain 1995 statistical information on general business operations, delivery services, advertising and marketing practices, staffing and wages, and financial circumstances. Questions were tailored to facilitate the grouping and analysis of data. Both construction and implementation processes followed the Total Design Method (Dillman 1978). Validity and reliability of the survey were checked with two focus group studies; first by members of the Board of Directors of the Michigan Floral Association, and second by a representative group of floral retailers from Lansing, Michigan. Questions were modified to reduce ambiguity following each assessment.

The initial target population for the survey was all cut flower retailers in Michigan, although only selected results from independently owned, full-service retail florists are presented here. The mailing sample was constructed from a compilation of the Michigan Floral Association's mailing list and the *Michigan Business Directory* (1995). In order to better target the cut flower retailer population in Michigan, the compilation was reduced to 1508 listings by the removal of any business name which did not include one of these words or some variation of them: flower, floral, florist, bloom, bouquet, centerpiece, blossom, petals. The following exceptions applied: if the business was known to be

wholesale, dried/artificial flowers only, or greenhouse/garden center only, it was removed from the list; conversely, all supermarkets were retained, as well as any business not complying with the name criteria, but known to sell cut flowers at retail. The final mailing list still contained nine different business descriptions (Table 1).

**Table 1. Business descriptions and the number of responses.**

Business Description	Number of Responses
Independently owned, full-service retail flower shop (wire services and delivery)	183
Independently owned, limited service flower shop (no wire service and/or no delivery)	7
Combination florist and greenhouse or florist and garden center	37
Supermarket floral department	4
Retail greenhouse or garden center only	3
Dried and/or artificial flowers only	7
Special events or rental company	3
Floral franchise	2
Gift and/or novelty store	2
No response given	2
Total	250

Announcement cards were mailed on February 19th, 1996, to inform businesses of the upcoming survey and the types of information requested. The actual surveys were mailed two weeks later along with a cover letter and a postage-paid reply envelope. Reminder postcards were sent on May 2, 1996, to those businesses failing to respond by that date. The deadline for the return of the surveys was May 15, 1996. Businesses which returned surveys were rewarded with a complimentary copy of the *Michigan Floral Retailer Business Report* (Collins and Fails, 1996).

Responses were kept completely confidential. Each survey was imprinted with a code number corresponding to its region and position on the mailing list. Code numbers were used to keep track of the returned surveys for complimentary report mailing and to prevent reminder letters from being sent to those businesses which already returned surveys. No individual had access to both the coded mailing list and the completed surveys. Completed surveys were retained by Michigan State University.

Two hundred fifty responses were received across all nine business descriptions out of the 1508 surveys mailed. This is sufficient to provide confidence estimates with 5% precision and 90% coverage probability for most variables. It is reasonable to expect similar confidence for the stratum of full-service retail florists, although verification is precluded by not knowing the actual number of full-service retail florists who received a survey.

The 183 full-service retail florist respondents were post-stratified in annual gross sales categories to homogenize sample size per category. Mean values were determined for each question in the survey by annual gross sales category. Only select variable data are presented in this paper. Differences between the category means were determined by analysis of variance methods, excluding responses with missing information for particular variables on an analysis by analysis basis. This causes slight variation in the effective sample size for each analysis. Tukey's HSD at the 0.10 significance level was used to adjust for multiplicity in mean separations. Standard regression procedures were performed on selected variables with respect to annual gross sales.

## RESULTS AND DISCUSSION

Survey results were divided into annual gross sales categories to facilitate the determination of variables having the greatest impact on a business's profitability. These annual gross sales categories were: low (\$100,000 - \$199,999), middle (\$200,000 - \$399,999), and high (\$400,000 and over).

***Delivery:*** Neither the average delivery radius, delivery fee, nor percent of sales delivered were statistically different among the annual gross sales categories (Table 2). There appeared, however, to be an increase in delivery fees with increasing annual gross sales categories (\$3.23 low, \$3.44 middle, \$3.76 high). The average retail price of a delivered package increased similarly with annual gross sales (\$26.86 low, \$29.99 middle, \$32.31 high), the price being significantly greater if annual gross sales exceeded \$200,000. The trend in cost per delivery was not monotonic in annual gross sales. Businesses in the lowest annual gross sales category exhibited significantly higher costs per delivery (\$5.88 low) than those in the two higher annual gross sales categories (\$3.49 middle, \$4.08 high). Businesses failed to recover delivery costs through the associated fee. Evaluation of a business's delivery service is necessary to establish appropriate fees and to control costs (Collins and Fails, 1997).

**Table 2. Comparison of full-service retail florist delivery services by annual gross sales category**

Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
Number of responses per category	44	42	39
Delivery radius - average (miles from store)	5.6 <sup>a</sup>	4.9 <sup>a</sup>	6.2 <sup>a</sup>
Delivery fee - average	\$3.23 <sup>a</sup>	\$3.44 <sup>a</sup>	\$3.76 <sup>a</sup>
Percentage of sales delivered	68.5 <sup>a</sup>	70.1 <sup>a</sup>	64.6 <sup>a</sup>
Retail price of a delivered package (average)	\$26.86 <sup>a</sup>	\$29.99 <sup>b</sup>	\$32.31 <sup>b</sup>
Cost per delivery	5.88 <sup>a</sup>	3.49 <sup>b</sup>	4.08 <sup>b</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$ .

**Staffing and Wages:** Businesses in the lower two annual gross sales categories were owned by an average of 1.1 and 1.3 full-time equivalent (FTE) individuals respectively, while businesses in the higher annual gross sales category were owned by 1.9 FTE individuals (Table 3). The average salary per owner increased from \$19,955 to \$29,569, an overall increase of 48.2%. Although the various employee hourly wages increased with annual gross sales, the differences among categories were not found to be statistically different (Tables 3 and 4). Average 1995 Michigan hourly wages for owners and managers of \$11.45 and \$9.51, respectively (Collins and Fails, 1996) were lower than the national averages of \$14.29 and \$11.93 reported in *Floral Finance* (American Floral Services, 1996). Michigan floral designers, office staff, delivery staff, and salespeople were paid approximately the same hourly wage (\$7.62, \$7.31, \$5.95, \$5.86 respectively)

as the national average for these employee categories (\$7.27, \$6.97, \$6.07, \$6.39).

**Table 3. Comparison of full-service retail florist owner and manager staffing and wages by annual gross sales category**

Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
FTE Owners	1.1 <sup>a</sup>	1.3 <sup>a</sup>	1.9 <sup>b</sup>
Owner salary - typical (per person)	\$19,955 <sup>a</sup>	\$25,397 <sup>ab</sup>	\$29,569 <sup>b</sup>
FTE Managers	0.3 <sup>a</sup>	0.5 <sup>a</sup>	1.5 <sup>b</sup>
Manager hourly wage - typical	\$8.32 <sup>a</sup>	\$9.43 <sup>a</sup>	\$10.79 <sup>a</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$ .

FTE: full-time equivalent

Businesses in all of the annual gross sales categories were paying their floral designers similar wages (Table 4). The sales of arranged flowers and products per FTE designer were also not significantly different, although the number of FTE designers increased linearly with annual gross sales. Businesses in the two lower annual gross sales categories paid their sales staff similar wages. Sales per FTE salesperson were not found to be significantly different for these lower annual gross sales categories. Businesses in the highest annual gross sales category paid their sales staff a significantly higher wage (\$6.34), while sales per FTE salesperson were also higher (\$392,963). This trend of paying employees higher wages, while gaining higher sales per employee, also applies to the delivery driver category.

**Table 4. Comparison of full-service retail florist staffing and wages by annual sales category**

Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
FTE floral designers	1.1 <sup>a</sup>	2.0 <sup>a</sup>	4.4 <sup>b</sup>
Floral designer hourly wage - typical	\$7.52 <sup>a</sup>	\$7.62 <sup>a</sup>	\$8.32 <sup>a</sup>
Arranged annual gross sales per FTE designer	\$74,289 <sup>a</sup>	\$82,088 <sup>a</sup>	\$115,879 <sup>a</sup>
FTE sales staff	0.8 <sup>a</sup>	1.0 <sup>a</sup>	3.2 <sup>b</sup>
Sales staff hourly wage - typical	\$5.69 <sup>a</sup>	\$5.50 <sup>a</sup>	\$6.34 <sup>b</sup>
Total annual gross sales per FTE salesperson	\$128,191 <sup>a</sup>	\$250,717 <sup>a</sup>	\$392,963 <sup>b</sup>
FTE office staff	0.2 <sup>a</sup>	0.3 <sup>a</sup>	1.2 <sup>b</sup>
Office staff hourly wage - typical	\$5.46 <sup>a</sup>	\$6.59 <sup>a</sup>	\$8.58 <sup>b</sup>
FTE delivery drivers	0.9 <sup>a</sup>	0.9 <sup>a</sup>	2.2 <sup>b</sup>
Delivery driver hourly wage - typical	\$5.20 <sup>a</sup>	\$5.82 <sup>a</sup>	\$6.66 <sup>b</sup>
Delivered annual gross sales per FTE delivery driver	\$117,480 <sup>a</sup>	\$259,687 <sup>b</sup>	\$294,287 <sup>b</sup>
Annual gross sales generated per dollar wage expense	\$5.45 <sup>a</sup>	\$4.01 <sup>b</sup>	\$3.47 <sup>b</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$

FTE: full-time equivalent

**Products and Services Sold:** Products and services sold, expressed as a percentage of annual gross sales, did not differ statistically among the three annual gross sales categories (Table 5). One exception was the mathematical difference between outgoing and incoming wire orders. For businesses in the two lower annual gross sales categories,

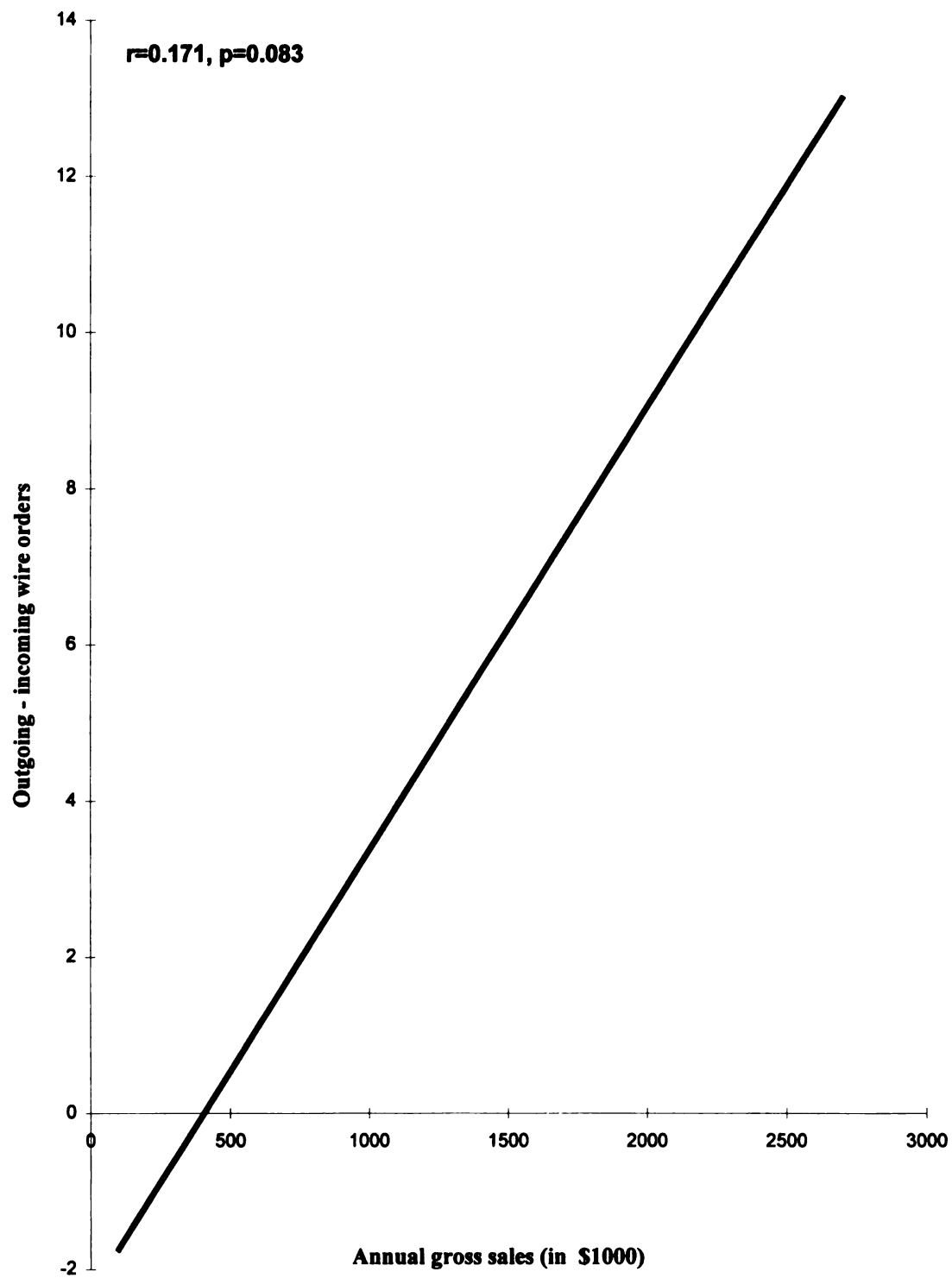


the outgoing wire orders minus the incoming wire orders figures were -2.9% and -0.3% respectively. They had more incoming wire orders than outgoing wire orders. Businesses in the highest annual gross sales category had significantly more outgoing orders than incoming (3.8%). Linear regression techniques were performed to link outgoing minus incoming wire orders to annual gross sales (Figure 1). The significant linear relationship ( $p=0.08$ ) showed outgoing and incoming wire orders were approximately equal at \$407,000 annual gross sales. The linear correlation coefficient, although significant, was rather low due to large variability of the difference between outgoing and incoming wire orders for a given annual gross sales figure.

**Table 5. Comparison of full-service retail florist products and services sold by annual sales category (expressed as a percent of annual gross sales)**

Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
Fresh cut flowers - by stem or bunch	12.4 <sup>a</sup>	12.9 <sup>a</sup>	13.0 <sup>a</sup>
Fresh cut flowers - arranged	35.9 <sup>a</sup>	35.6 <sup>a</sup>	35.0 <sup>a</sup>
Plants	14.6 <sup>a</sup>	13.7 <sup>a</sup>	12.9 <sup>a</sup>
Dried and silk arrangements	8.0 <sup>a</sup>	6.6 <sup>a</sup>	5.7 <sup>a</sup>
Gift items	6.8 <sup>a</sup>	6.3 <sup>a</sup>	8.7 <sup>a</sup>
Service	3.6 <sup>a</sup>	4.4 <sup>a</sup>	5.6 <sup>a</sup>
Outgoing wire orders	8.8 <sup>a</sup>	10.6 <sup>a</sup>	11.1 <sup>a</sup>
Incoming wire orders	11.7 <sup>a</sup>	10.9 <sup>a</sup>	7.3 <sup>a</sup>
Outgoing minus incoming wire orders	-2.9 <sup>a</sup>	-0.3 <sup>ab</sup>	3.8 <sup>b</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$



**Figure 1. Regression analysis of outgoing wire orders minus incoming wire orders (expressed as a percent of annual gross sales).**

Generally, sending stores earn 20% commission on all wire orders (Redbook, 1994). The wire service retains 7% of the purchase value. Receiving stores fill the orders at 100% of the purchase value, but are given only 73% of that value by the wire service. Businesses with more outgoing orders than incoming orders have lower direct costs associated with wire services and therefore, tend to be more profitable. Those businesses that receive more incoming orders than they send are possibly losing a considerable amount of money and adversely affecting their net profits. There are numerous sending-only services in operation today. Telemarketing and Internet firms like 1-800 Flowers and FTD Online are making it difficult for receiving florists to break even on wire service orders. These sending-only wire services are keeping not only the standard 7% fee, but also the 20% sending commission.

***Business Expenses and Net Profits:*** The cost of goods sold (COGS) and the advertising expenses were not significantly different for businesses in any of the annual gross sales categories (Table 6). Cost of goods sold has long been considered a factor controlling retail florist business profitability. Our findings suggest COGS is not as important as is commonly thought.

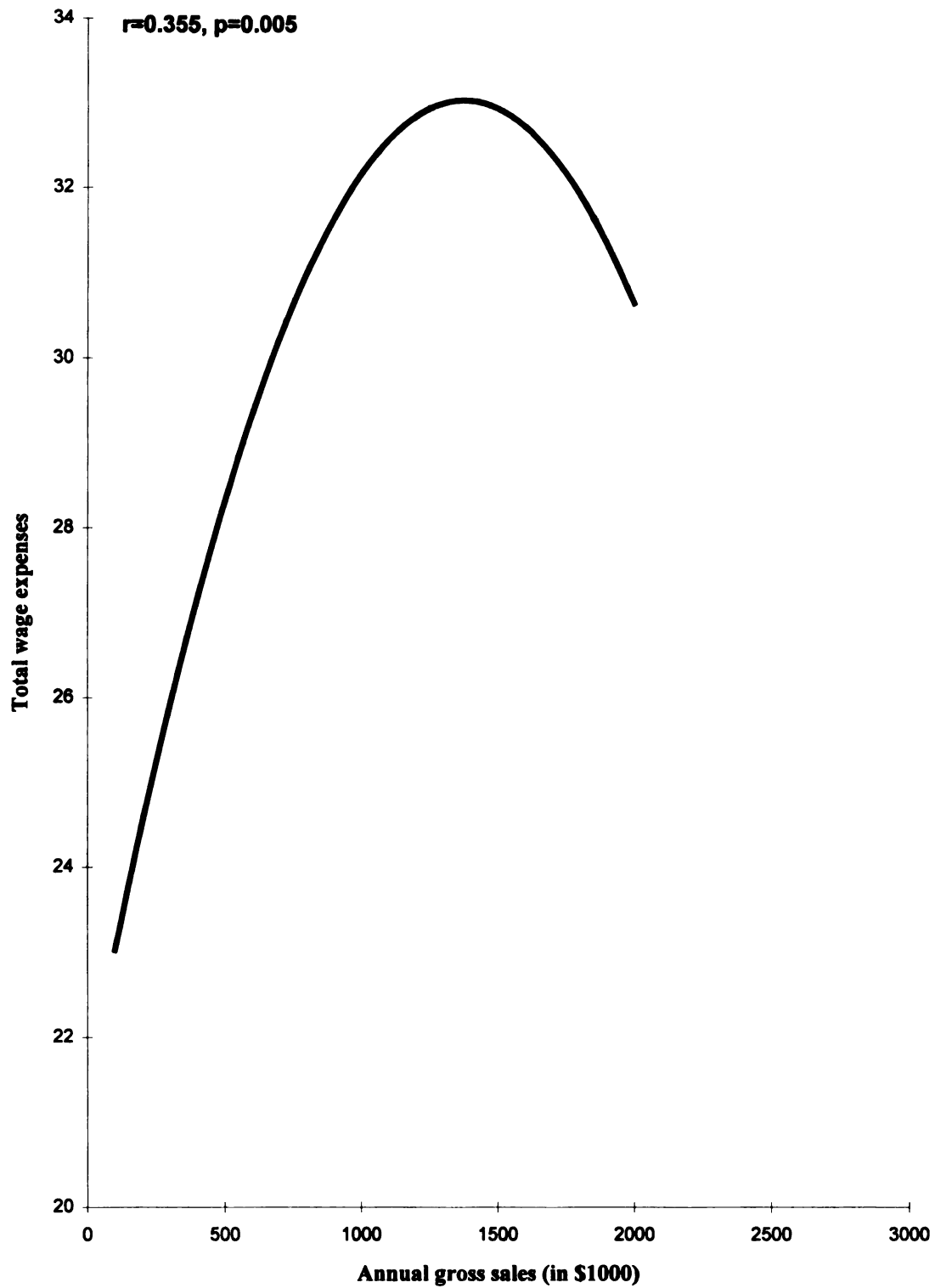
Significant differences among annual gross sales categories were found for the mortgage and utilities (occupancy costs), the total wage expense (owner and employees combined), professional memberships, store improvements, delivery vehicle expense, and net profits. Occupancy costs decreased as annual gross sales increased, even though the higher annual gross sales categories had larger stores. Total wage expense increased as annual gross

sales increased (23.0% low, 26.4% middle, 29.8% high), but businesses in the higher annual gross sales categories employed more people and generally paid them more. They also realized higher sales per employee. Linear regression techniques were performed to link total wages expense to annual gross sales (Figure 2). The regression indicated a significant quadratic relationship ( $p=0.006$ ). The total wages expense reached a maximum of 33.3% of annual gross sales at \$1.4 million annual gross sales. The variability of total wages expense was large, causing a small, but still significant, coefficient of determination. Delivery vehicle expense decreased with increasing annual gross sales (6.0% low, 4.5% middle, 3.7% high). Businesses in the higher annual gross sales categories may have delivered more sales out of the same amount of inputs (vehicles, fuel, and maintenance) than businesses in the lower annual gross sales categories.

**Table 6. Comparison of full-service retail florist profits and losses by annual gross sales category (expressed as a percent of annual gross sales).**

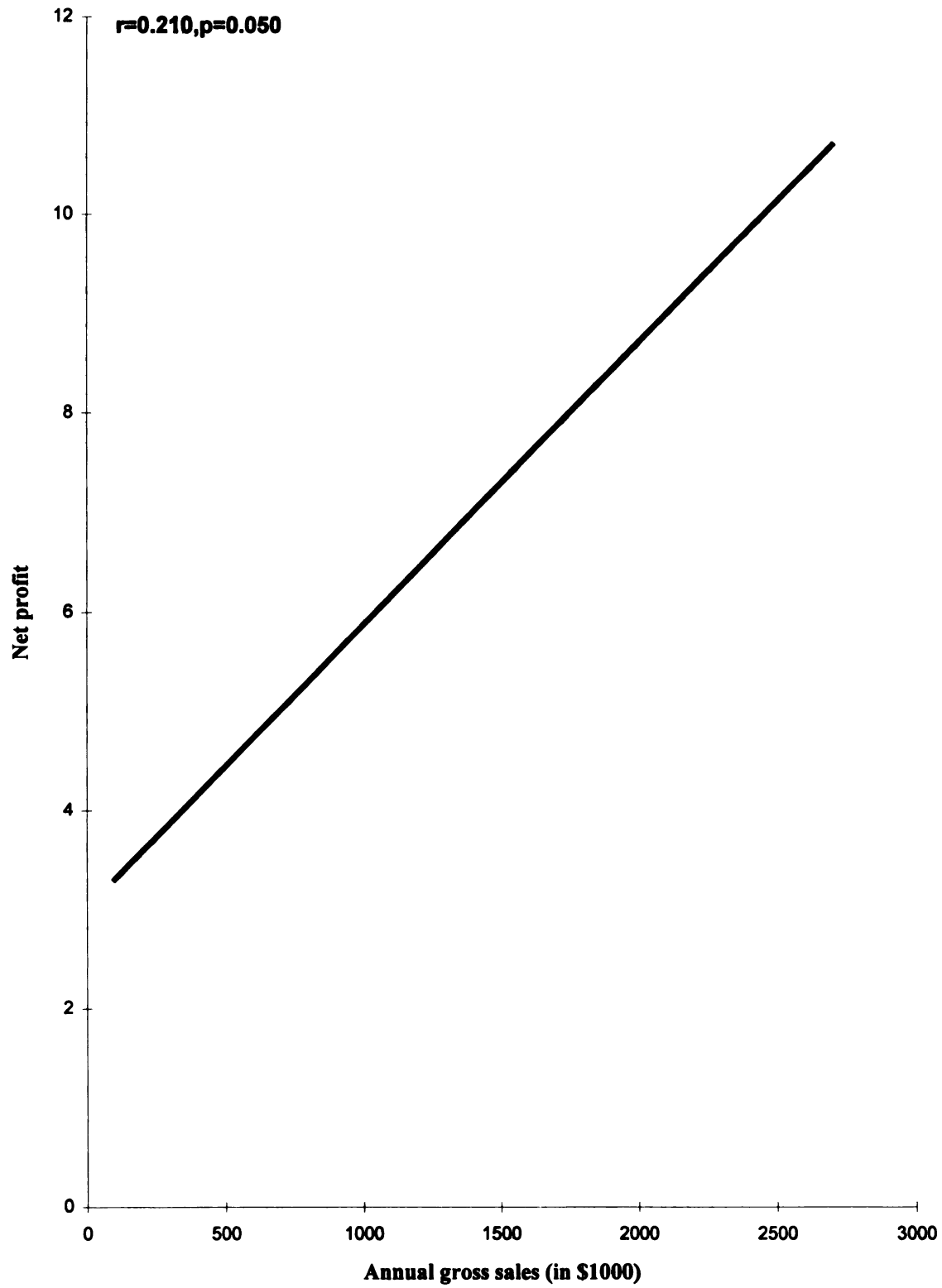
Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
Cost of goods sold	38.0 <sup>a</sup>	39.2 <sup>a</sup>	38.1 <sup>a</sup>
Mortgage or lease	9.2 <sup>a</sup>	7.7 <sup>a</sup>	3.8 <sup>b</sup>
Utilities	6.3 <sup>a</sup>	4.0 <sup>b</sup>	2.7 <sup>b</sup>
Occupancy costs - mortgage or lease plus utilities	15.5 <sup>a</sup>	11.7 <sup>a</sup>	6.5 <sup>b</sup>
Employee wages	15.6 <sup>a</sup>	18.7 <sup>ab</sup>	23.1 <sup>b</sup>
Owner salary or draw	7.4 <sup>a</sup>	7.5 <sup>a</sup>	6.5 <sup>a</sup>
Total wages - owner plus employee	23.0 <sup>a</sup>	26.4 <sup>ab</sup>	29.8 <sup>b</sup>
Advertising and in store promotion	3.9 <sup>a</sup>	3.9 <sup>a</sup>	4.3 <sup>a</sup>
Professional memberships, dues, subscriptions	3.7 <sup>a</sup>	1.4 <sup>b</sup>	1.7 <sup>b</sup>
Store equipment, improvements	4.7 <sup>a</sup>	2.4 <sup>b</sup>	2.8 <sup>b</sup>
Delivery vehicle expense	6.0 <sup>a</sup>	4.5 <sup>ab</sup>	3.7 <sup>b</sup>
Other	4.9 <sup>a</sup>	5.0 <sup>a</sup>	7.5 <sup>a</sup>
Net profit or loss	1.7 <sup>a</sup>	4.5 <sup>ab</sup>	6.8 <sup>b</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$



**Figure 2. Regression analysis of total wage expenses (expressed as a percent of annual gross sales).**

Net profits tended to increase with increasing annual gross sales (1.7% low, 4.5% middle, 6.8% high). Results of the significant ( $p=0.05$ ) linear regression of net profits on annual gross sales (Figure 3) predicted that for every \$100,000 increase in annual gross sales, there was a corresponding 1.44% increase in net profits.



**Figure 3. Regression analysis of net profits (expressed as a percent of annual gross sales).**



***Further Considerations:*** Labor and occupancy costs appeared to have the greatest effect on business health among the annual gross sales categories. *Floral Finance* (American Floral Services, 1997) recommends total wage expense as a percentage of annual sales to be kept below 30%. For businesses in the highest annual gross sales category, total wages accounted for 29.8% of annual gross sales, whereas businesses in the lower two annual gross sales categories had total wages expenses of 23.0% and 26.4% respectively (Table 6). This trend of increasing labor costs at first does not appear to effect overall profitability as businesses in the highest annual gross sales category still had the highest net profits.

By using the reported annual gross sales figures and the total wage expense as a percentage of annual gross sales, the researchers calculated the total annual gross sales generated per one dollar spent on owner and employee wages. Businesses in the lowest annual gross sales category had sales of \$5.45 generated per dollar wage expense, in the middle annual gross sales category sales of \$4.01 were generated per dollar wage expense, and in the highest annual gross sales category sales of \$3.47 were generated for every dollar spent on wages (Table 4). Statistically, the lowest annual gross sales category was significantly different from the higher two annual gross sales categories with respect to sales generated per dollar wage expense.

Even though the businesses in each annual gross sales category met the Floral Finance guidelines on total wage expense, the sales generated per dollar wage expense decreased as annual gross sales increased. This trend of decreasing sales generated per dollar spent

on wages is troubling. Businesses in the highest annual gross sales categories employed more people and paid them higher wages, but received significantly lower output per employee in return. Employees who are more highly trained and more productive deserve to be rewarded with higher wages. Businesses that set sales goals for their employees and monitor their outputs may be able to justify paying higher wages.

Respondents were asked to quantify the total area and the retail sales area of their business. Sales per square foot of total area and of retail sales area were calculated as a measure of business productivity. The total store area, retail sales area, and sales per square foot all increased with annual gross sales (Table 7). High volume stores required more space to function, but used this space more productively. Michigan florist businesses were similar to the national averages for shop size and sales per square foot. *Floral Finance* (American Floral Services, 1996), reported a 1995 national mean of 1247 ft<sup>2</sup> for retail sales area, with sales of \$169 per square foot of total shop space. The 1995 Michigan mean retail sales area was 1389 ft<sup>2</sup>, with sales of \$134 per square foot of total shop space (Collins and Fails, 1996).

**Table 7. Comparison of full-service retail florist general business operations by annual gross sales category.**

Variable	\$100,000 to \$199,999	\$200,000 to \$399,999	\$400,000 and higher
Total floor space (ft <sup>2</sup> )	2,061 <sup>a</sup>	2,685 <sup>a</sup>	6,519 <sup>b</sup>
Retail floor space (ft <sup>2</sup> )	868 <sup>a</sup>	1,271 <sup>a</sup>	2,419 <sup>b</sup>
Sales per ft <sup>2</sup> of total floor space	\$111.04 <sup>a</sup>	\$137.88 <sup>ab</sup>	\$205.54 <sup>b</sup>
Sales per ft <sup>2</sup> of retail floor space	\$281.62 <sup>a</sup>	\$352.82 <sup>ab</sup>	\$690.38 <sup>b</sup>
Occupancy cost per ft <sup>2</sup> of total floor space	\$18.30 <sup>a</sup>	\$13.28 <sup>a</sup>	\$11.82 <sup>a</sup>

Columns with the same superscript within a row are not significantly different as determined by Tukey's HSD at  $p=0.1$ .

Occupancy costs (mortgage plus utilities expenses) decreased dramatically as annual gross sales increased (15.5% low, 11.7% middle, 6.5% high) (Table 6). This decreasing trend in occupancy expenses could account for the increasing trend in net profits. *Floral Finance* (American Floral Services, 1997) suggested facilities expense should not exceed 10% of annual sales with 6% being the optimum target. Only businesses in the highest annual gross sales category achieved this optimum target for occupancy costs and they had the highest level of net profits. The occupancy costs per square foot of total shop space (\$18.30 low, \$13.28 middle, \$11.82 high) were not significantly different among the annual gross sales categories (Table 7). However, this information coupled with the increasing trend in sales per square foot showed businesses in the higher sales categories were recouping this occupancy cost easier. Businesses may increase their net profits by lowering occupancy costs with the use of more energy efficient appliances, the refinancing of mortgages, or the renegotiation of leases.

Full-service retail florists must examine and modify the cost structure of their business in order to generate the highest possible profit. Many businesses are losing money on delivery because their fees are not covering their costs. Those stores which receive more incoming wire orders than they send are being hurt by the commissions and membership fees charged by wire services. Cost of goods sold cannot be used as the main indicator of business health. Labor and occupancy costs play critical roles in determining retail florist profitability. With accessible, comprehensive business information and the ability to apply this knowledge to daily business operations, owners and managers of full-service retail florist businesses may make sound business decisions with confidence.

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## **CHAPTER 3**

### **THE COST OF DELIVERY**

**Michigan florists are losing money on delivery.**

**By**

**Carolyn Collins and Dr. Barb Fails**

**Introduction:** Over the past twenty years, much has been written on the subject of delivery practices, specifically *whether or not to charge* and *how much to charge* for delivery. Today, these issues still challenge retail florists. With the competition from low-price flower retailers, full-service retail florists must strive to differentiate their products and services.

**The Michigan Survey:** In March 1996, Michigan State University and the Michigan Floral Association sent a survey to over 1500 Michigan floral retailers polling them on general business operations, delivery services, advertising and marketing methods, wages, and finances. Based upon the responses from 183 full-service (wire service and delivery) retail florists, we were able to make some observations on the profitability of delivery practices.

- Delivered sales = 66%.
- Delivery radius = 5.4 to 7.5 miles
- ▶ Florists who delivered in a business-owned vehicle = 72%  
Florists who delivered in a business-leased vehicle = 10%  
Florists who delivered in a personal vehicle = 8%
- Packages delivered per day = 25
- ▶ Price of delivered packages = \$28.77.
- Florists offering morning delivery = 96%  
Florists offering afternoon delivery = 98%  
Florists offering evening delivery = 29%  
Florists offering express delivery = 30%
- Delivery fee = \$3.48.  
Express delivery fee = \$6.10 (some charged as much as \$15.00)

***Calculated Costs:*** Calculations using the survey results provided an **estimate** of the actual cost per delivery. Based upon the mean delivered sales rate (65.9%), the mean annual gross sales (\$347,366), the average retail price of delivered packages before delivery fee is added (\$28.77), and the factor of 52 weeks per year, we derived the ***average number of items delivered per week (153.1)***.

We were also able to use the average delivery vehicle expense (5.0%), the mean annual sales (\$347,366), and the factor of 52 weeks per year to derive the ***average weekly delivery vehicle expense (\$334.01)***.

An average of 0.7 parttime drivers and 1.3 fulltime drivers per business was reported from the survey. The mean weekly labor expense was estimated by multiplying the total number of delivery driver hours (321.3) by the mean typical delivery person hourly wage (\$5.95). Finally, this labor expense was increased by 30% to account for benefits and taxes. Using these calculations, the ***mean weekly delivery driver labor expense (including benefits and taxes) was estimated to be \$428.40***.

By adding the weekly delivery vehicle expense (\$334.01) to the weekly delivery driver labor expense (\$428.40) and dividing that sum by the average number of items delivered per week (153.1), we calculated the ***actual cost per delivery to be \$4.98***. The average reported delivery fee of \$3.48 does not even cover these delivery expenses. ***You may actually be losing \$1.50 on each delivery!***



**Cost Variables:** Since total sales volume also influences delivery costs, we grouped the results into five different sales volume categories and repeated the calculations of cost per delivery (see note). This may allow you to make a more reasonable comparison for your business. The following trend was found:

**Table 1. Cost Per Delivery and Delivery Fee by Annual Gross Sales Category.**

<b>Reported Annual Gross Sales Volume</b>	<b>Calculated Cost Per Delivery</b>	<b>Reported Average Delivery Fee</b>
\$0 to \$100,000	\$18.08	\$3.41
\$100,001 to \$200,000	\$7.85	\$3.24
\$200,001 to \$400,000	\$5.18	\$3.47
\$400,001 to \$800,000	\$3.89	\$3.44
over \$800,000	\$5.02	\$4.63

In general, increasing sales volumes corresponded to lower costs per delivery. However, businesses with sales over \$800,000 had higher costs per delivery. A study conducted by Alvi Voigt in 1976, showed the same type of trend in cost of goods sold. He suggested this trend in high volume businesses may be attributed both to decreased efficiency due to the high volume of sales and also to a higher level of low margin (cash and carry) sales. In all instances, the average delivery fee does not cover the estimated cost per delivery.

**What's a florist to do?** Are you thinking there is no way to get around losing money on delivery? Will customers go elsewhere if you charge more for delivery? Are there any opportunities to cut the cost of delivery?

The very first step to determine your own business's situation is to calculate your average cost per delivery. You can follow the steps outlined above or for a rough estimate you can just assume to have the same cost per delivery of the sales category you fit into above. If you charge a fee based upon the distance from the store and you keep detailed vehicle expense records, you can even develop a more detailed cost structure analysis by breaking the calculations down into categories of distance from the store and comparing costs to the variable fees charged according to the distance traveled. You will also need to determine the profit margin you want to receive from each delivery (you earned it).

***New Directions:*** When you are losing money on delivery, you can either charge more for delivery or you can decrease your delivery costs. Choose either strategy or use a combination of both strategies to improve your delivery service.

If you choose to increase your prices, first determine if your customers are price sensitive and to what level they are willing to accept an increase. Consumers pay for delivery services every day. They are accustomed to paying delivery charges on a wide variety of items. A quick review of several clothing catalogs on my coffee table (Speigel, Eddie Bauer, Lands End) revealed a minimum charge of \$4.25, plus a handling fee of \$2.95, for an order weighing under one pound!! In fact, this charge only guarantees the order will be delivered in six days. For the order to be delivered in two days, express service is available for almost \$20.00. Just how price sensitive are your customers on delivery when faced with these examples?

In order to better balance the customers' perception of value with the increased delivery fee, you may want to make a few changes in the service itself. And, at the same time, let customers know what a value this great service is. Tell them their order will be delivered promptly to their door in a refrigerated truck in order to insure maximum freshness and vase life. Promote the fact that you have fast response time between taking the order and getting it delivered (same day service costs a bundle from Federal Express). Create and market a customer satisfaction program where you randomly call delivery recipients to inquire about their happiness with the item and service. You might even try to create a gimmick. One popular florist has drivers wear tuxedos on Valentine's Day.

Some customers have never been to your store. Your delivery drivers are a reflection of your whole business. Require your drivers to look presentable or wear a uniform. They should smile and be friendly when they promptly bring flowers to someone. Educate your delivery drivers to verbally go over care and handling techniques with the recipient.

To decrease your actual cost per delivery, plan on spending a good deal of time evaluating your current delivery methods. Cost can be driven out at almost all levels of the delivery process.

- Does your delivery driver lose time looking for the right address? Try asking for descriptive information along with the address.
- Can you schedule the delivery runs to avoid rush hour or to more efficiently traverse the city?

- Will arranging the packages in the vehicle in the order they are to be delivered help save the driver time?
- Is your delivery vehicle a gas guzzling behemoth? Consider having the driver use a personal vehicle and pay him a per mile or per delivery fee.

Certain florists have claimed success financially with floral delivery pools in large cities.

Ask around and see if your area can support such a group effort. Partnering with a reliable courier service may provide another option for those stores with lower sales volumes if the cost of maintaining a vehicle or having a delivery driver on staff is too expensive. You must evaluate every factor that affects the final delivery.

**Strategy:** If you are charging more for your flowers to compensate for the financial loss of delivery (price bundling), you are overpricing flowers and undervaluing delivery. Are you really making enough money on the sale of flowers to justify your loss on deliveries? It is really difficult to make up for this loss elsewhere. Consumers who believe they are not getting their money's worth out of flowers may shop at your lower priced competitors for flowers, even though their delivery fee may be higher or not offered at all. You must create value in the customers' minds for delivery service while maintaining the high value perception of your floral products.

Delivery is critical to the retail florist business. Service is the primary differentiator between retail florists and non-traditional floral outlets. Consumers shop at full-service retail florists because they value a high level of service. Service is an integral part of your image as well. A customer's experience with delivery service helps form his perception of your business. Reevaluating your delivery service may improve your business's

profitability and increase your customers' satisfaction.

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Note: The calculations of cost per delivery by annual sales category utilized the statistical procedure of imputing missing values with mean values of existing data points. Fisher's protected LSD, Tukey's HSD, and Duncan's tests all show significant differences at the 0.05 level only between the \$0 to \$100,000 category and each of the other categories.

## **SUMMARY AND CONCLUSIONS**

The original intention of the researchers and the Michigan Floral Association was to repeat this study for yearly trend analysis. Unfortunately, the full survey will not be repeated for at least five years due to the budget constraints of MFA. The survey created for this study could be directly applied to research on a national level, if a sponsoring agency was found. New, shorter surveys may be developed to focus on specific topics of current interest and circulated to a limited number of florists, possibly just the MFA membership.

Initial survey results (statewide and regional means, medians, and modes) were compiled into the *Michigan Floral Retailer Business Report* (Collins and Fails, 1996). This first-of-its-kind, nonpartisan report is available to anyone, not just members of a specific wire service. Data were presented at six regional meetings held by the Michigan Floral Association in the fall of 1996. The response from the business owners and managers who attended the meetings was very supportive. Most participants did not know how their competition was doing and, more importantly, how their business was performing in relation to the competition. One of the greatest outcomes of the regional meetings was the increase in support for further research and analysis of this type.

Data reported in this Michigan-specific study are consistent with the national studies

published by wire services, Prince and Prince, Inc., and Dr. Alvi Voigt, thereby giving strong confidence in the results and conclusions. *Floral Finance* (American Floral Services, 1996) reported a 1995 average national annual gross sales for retail florists of \$345,705. This figure is very similar to the Michigan average annual gross sales figure of \$347,366. *Floral Finance* (American Floral Services, 1996), also reported an average of \$169 in sales per square foot of total store area. Michigan florists generated \$134 in sales per square foot of total store area.

Total wage expense in 1995, as a percentage of annual gross sales, for Michigan was found to be 24.9%, which is somewhat higher than the 1992 national average of 21.1% reported by Dr. Alvi Voigt. Average Michigan wages for owners, managers, (\$11.45, \$9.51) were lower than the national average (\$14.29, \$11.93) reported in *Floral Finance* (American Floral Services, 1996). Michigan floral designers, office staff, delivery staff, and salespeople were paid approximately the same hourly wage (\$7.62, \$7.31, \$5.95, \$5.86) as the national average (\$7.27, \$6.97, \$6.07, \$6.39).

The 1993 study on non-perishable sales conducted by Prince and Prince reported an average of 12.4% of sales in non-perishable products for the East North Central region of the U.S., which includes Michigan. The 1995 average for nonperishable sales (gift items and dried or artificial flowers) in Michigan was 14.1% as a percentage of annual gross sales.

Comparisons of the results of the 1995 Michigan study with the 1986 FTD Flower Business Fact Book (Florists' Transworld Delivery, 1986) show there has been little or no improvement in controlling expenses or increasing overall profitability in the last ten years even though the mean annual gross sales figures have increased significantly, even considering inflation, from the 1985 national mean of \$184,600 to the 1995 Michigan mean of \$347,366. Mean cost of goods sold for Michigan in 1995 was 38.8%, which was slightly lower than the 1985 figure of 43.2% reported in the 1986 FTD Flower Business Fact Book (Florists' Transworld Delivery, 1986). The 1995 mean net profit for Michigan was 4.4%, compared to the 5.0% reported for 1985 (Florists' Transworld Delivery, 1986). There has been some sales growth in the retail florist industry but no real improvement in productivity, efficiency, or profitability.

To determine which factors had the greatest impact on profitability, comparative statistical analyses were performed on the initial survey results. Beginning by grouping the responses into annual gross sales categories (\$100,000 - \$199,999 low, \$200,000 - \$399,999 middle, \$400,000 and over high), one-way ANOVA tests and linear regression procedures were conducted to determine significant differences among the annual gross sales categories and the relationship between the specific variables and annual gross sales.

Statistical analyses revealed total wage expenses and occupancy costs greatly affected overall net profits. The cost of delivery was also a point of concern since businesses on average were not charging a high enough delivery fee to cover their delivery expenses. Cost of goods sold was not a controlling factor for business profitability as is commonly



thought.

Labor efficiency needs to be explored in depth as it is critical to business success. Total wage expenses represented the largest operating expense category. The annual gross sales generated per dollar spent on wages decreased as annual gross sales and net profits increased. This is a puzzling trend, as it is logically assumed businesses in the higher sales categories would be employing better trained, more experienced and productive labor and subsequently paying them better than those businesses in the lower categories. Since the retail florist industry is very dependent on talented and experienced labor, labor should be a source of profit for businesses, not a drain on business financial health. Businesses need to make money in order to pay the wages good laborers deserve.

Many employees have no clearly defined job description; they “do-it-all”. Employees are not being paid wages that compete with industries demanding similar levels of training and experience. Most retail florist employees (mean wages range from \$5.86 to \$7.62, excluding owners and managers) were earning significantly less than the average Michigan wage of \$10.68 as reported by the Michigan Employment Securities Commission (Fails, 1996). If employees can meet or exceed reasonable sales goals, they should be rewarded with competitive wages.

Occupancy costs decreased dramatically as annual gross sales increased. This decrease in occupancy costs seemed to help explain the increasing trend in net profits as annual gross sales increased even though the total wage expenses increased also. Occupancy costs per

square foot of total shop space were not significantly different due to the large variability of the responses. Sales per square foot did however, significantly increase with increasing annual gross sales. Businesses in the higher annual gross sales categories were recouping their occupancy costs faster than those businesses in the lower annual gross sales categories. Businesses may directly increase their net profits by lowering occupancy costs with the use of energy efficient appliances, the refinancing of mortgages, or the renegotiation of leases.

Full-service retail florists must examine and modify the cost structure of their businesses in order to generate the highest possible net profits. To accomplish this task, florists may need to circumvent the traditional florist mindset of only considering what other florists are doing, instead of concentrating on how to improve their own, unique business. Many businesses are losing money on delivery because their fees are not covering their costs. Those stores receiving more incoming wire orders than they send are being hurt by the commissions and membership fees charged by wire services. Cost of goods sold, the florist's "traditional" measure of business health, cannot be used as the main indicator of success. Labor efficiency and occupancy costs play critical roles in determining retail florist profitability, and therefore, deserve proper attention. With accessible, comprehensive, nonpartisan industry statistics, retail florist business owners and managers can easily make sound business decisions that are appropriate for their own, unique business.

## **APPENDIX A**

## APPENDIX A

March 4, 1996

Dear Floral Retailer,

Here is your copy of the **First Annual Michigan Floral Retailer Business Survey**. This survey is being conducted by Michigan State University in cooperation with the Michigan Floral Association. Its purpose is to provide you with retail floral business information sorted by business description, region, sales volume, and number of years in business.

All responses will be kept confidential. No names will be placed on the surveys, which will be retained by Michigan State University. There is no way for any business to be singled out by its responses.

Returning your survey entitles you to a **COMPLIMENTARY COPY OF THE FINAL REPORT** in July and also enters your business in a drawing to win one **FREE REGISTRATION FOR THE BASIC FLORAL DESIGN SHORT COURSE** at Michigan State University (a \$399.00 value) to be held May 20 - 24, 1996. **The deadline to respond is April 5, 1996.**

In order for the results to be most meaningful, every survey must be completed and returned. You indicate your voluntary agreement to participate by completing and returning this questionnaire.

Return your survey today! If you have any questions, please contact Dr. Barb Fails at (517) 355-5180. Thank you for your cooperation.

Sincerely,

Dr. Barb Fails  
Associate Professor  
Department of Horticulture  
Michigan State University

Carolyn A. Collins  
Graduate Research Assistant  
Department of Horticulture  
Michigan State University

## **APPENDIX B**

## APPENDIX B

## Michigan Floral Retailer Business Survey

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Please answer the following questions as accurately as possible. All responses are strictly **confidential**. Some questions ask for information from your payroll records and your last profit and loss statement. Having these documents nearby will aid in your completion of the survey. If a question asks for information that is unavailable or that does not apply to your business, please leave it blank. Your cooperation is greatly appreciated.

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### GENERAL BUSINESS INFORMATION

A-1 **Which one of the following statements best describes your business?**  
(Please check ONE best answer.)

1. ☐ Independently owned, full service flower shop (wire service and delivery)
2. ☐ Independently owned, limited service flower shop (cash and carry)
3. ☐ Supermarket floral department
4. ☐ Flower shop and greenhouse or garden center combination
5. ☐ Retail greenhouse only
6. ☐ Retail garden center only
7. ☐ Dried and/or artificial flowers only
8. ☐ Special events or rental company
9. ☐ Floral franchise
10. ☐ Gift and/or novelty store
11. ☐ Catalog or telemarketing company
12. ☐ Other (Please explain)\_\_\_\_\_

**A-2 Does this business have multiple locations?**

1. ☐ Yes
2. ☐ No

**If YES, will the answers be for the main store or for all the stores collectively?**

1. ☐ Main store only
2. ☐ All stores (Please give number of stores)\_\_\_\_\_

**A-3 How many years has the store has been continuously in business, including previous ownership if applicable?**

1. ☐ Less than 2 years
2. ☐ 2 to 5
3. ☐ 6 to 10
4. ☐ 11 to 15
5. ☐ 16 to 20
6. ☐ Over 20 (Give number)\_\_\_\_\_

**A-4 What is the general location of your business? (Check ONE answer.)**

1. ☐ Rural
2. ☐ Suburban
3. ☐ Large shopping mall
4. ☐ Strip mall
5. ☐ Urban
6. ☐ Home-based
7. ☐ Supermarket
8. ☐ Other (Please explain)\_\_\_\_\_

**A-5 Please give the best estimate of floor space in each category, where applicable. (Please answer in square feet.)**

1. \_\_\_\_\_ Retail sales area (with customer access)
2. \_\_\_\_\_ Work area (for design and product preparation)
3. \_\_\_\_\_ Storage area
4. \_\_\_\_\_ Office space
5. \_\_\_\_\_ Other (Please explain)\_\_\_\_\_

**A-6 What are your normal business hours, not holiday hours. (Please give the hours next to the appropriate days.)**

1. \_\_\_\_\_ Monday
2. \_\_\_\_\_ Tuesday
3. \_\_\_\_\_ Wednesday
4. \_\_\_\_\_ Thursday
5. \_\_\_\_\_ Friday
6. \_\_\_\_\_ Saturday
7. \_\_\_\_\_ Sunday

## **DELIVERY PRACTICES**

**B-1 Do you offer delivery services?**

1. ☐ No **If NO, please skip ahead to question C-1.**
2. ☐ Yes

**B-2 Please fill in the blanks in the following sentence.**

A typical order is delivered \_\_\_\_\_ miles away from the store  
for a fee of \$ \_\_\_\_\_ .



**B-3 What is the percentage of your total sales that are delivered?**

\_\_\_\_\_ % of total sales

**B-4 Which of the following delivery systems do you use most often, excluding holidays? (Please check ONE best answer.)**

1. ☐ Employee drives a business owned vehicle
2. ☐ Employee drives a business leased vehicle
3. ☐ Employee drives a personal vehicle
4. ☐ Commercial delivery service
5. ☐ Organized florist delivery pool
6. ☐ Contract drivers paid by units delivered
7. ☐ Other (Please explain) \_\_\_\_\_

**B-5 What is the average number of deliveries made per day, excluding holidays?**

\_\_\_\_\_ Deliveries per day

**B-6 What delivery time options do you offer? (Please check all that apply.)**

1. ☐ Morning
2. ☐ Afternoon
2. ☐ Evening
3. ☐ Express (Added fee, if any) \$ \_\_\_\_\_

**B-7 What is the average retail price of delivered packages including wire orders? (Please do not include the delivery charge.)**

\$ \_\_\_\_\_

## **MARKETING INFORMATION**

**C-1 What wire services or telemarketing companies are you affiliated with and what percentage of sales does each service contribute? (Please check all that apply.)**

- |     |   |         |
|-----|---|---------|
| 1.  | <input type="checkbox"/> FTD                | _____ % |
| 2.  | <input type="checkbox"/> AFS                | _____ % |
| 3.  | <input type="checkbox"/> Redbook            | _____ % |
| 4.  | <input type="checkbox"/> Carik              | _____ % |
| 5.  | <input type="checkbox"/> Teleflora          | _____ % |
| 6.  | <input type="checkbox"/> 1-800 Flowers      | _____ % |
| 7.  | <input type="checkbox"/> Flowerlink         | _____ % |
| 8.  | <input type="checkbox"/> Flowers Direct     | _____ % |
| 9.  | <input type="checkbox"/> Calyx and Corolla  | _____ % |
| 10. | <input type="checkbox"/> FloraFax           | _____ % |
| 11. | <input type="checkbox"/> An electronic mall | _____ % |
|     | (Name of mall) _____                        |         |
| 12. | <input type="checkbox"/> Other _____        | _____ % |

**C-2 Do you maintain a direct mail mailing list?**

1. ☐ Yes
2. ☐ No

**If YES, how many customers are on the list?**

\_\_\_\_\_ Number of Customers on Mailing List

- C-3 Which of the following types of advertising do you use on a regular basis? (Optional: if possible, please indicate the percent of your advertising budget that is spent on each type of advertising and total to 100%.)**

- |     |   |         |
|-----|---|---------|
| 1.  | <input type="checkbox"/> Direct Mail      | _____ % |
| 2.  | <input type="checkbox"/> Yellow Pages     | _____ % |
| 3.  | <input type="checkbox"/> Billboards       | _____ % |
| 4.  | <input type="checkbox"/> Radio            | _____ % |
| 5.  | <input type="checkbox"/> Television       | _____ % |
| 6.  | <input type="checkbox"/> Newspaper        | _____ % |
| 7.  | <input type="checkbox"/> Newsletters      | _____ % |
| 8.  | <input type="checkbox"/> Internet         | _____ % |
| 9.  | <input type="checkbox"/> Bill Stuffers    | _____ % |
| 10. | <input type="checkbox"/> Outdoor Marquees | _____ % |
| 11. | <input type="checkbox"/> Window Displays  | _____ % |
| 12. | <input type="checkbox"/> Other _____      | _____ % |

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100% TOTAL

- C-4 Do you use any of the following marketing techniques? (Please check all that apply.)**

- |     |  |
|-----|--|
| 1.  | <input type="checkbox"/> Open houses (How many per year?) _____  |
| 2.  | <input type="checkbox"/> Regular weekly specials                 |
| 3.  | <input type="checkbox"/> 1-800 Number                            |
| 4.  | <input type="checkbox"/> Customer reminders                      |
| 5.  | <input type="checkbox"/> Internet site (Where?) _____            |
| 6.  | <input type="checkbox"/> In-house holiday specials               |
| 7.  | <input type="checkbox"/> 24 hour phone service                   |
| 8.  | <input type="checkbox"/> Customer seminars                       |
| 9.  | <input type="checkbox"/> Commercial sales calls or presentations |
| 10. | <input type="checkbox"/> Other (Please indicate) _____           |

**C-5 Do you have a computer in your store that is not dedicated to wire service applications?**

1. ☐ Yes
2. ☐ No

**If YES, which of the following applications do you use it for?**

**(Please check all that apply.)**

1. ☐ Accounts payable
2. ☐ Accounts receivable
3. ☐ Payroll
4. ☐ Direct mail mailing list
5. ☐ Direct mail development
6. ☐ Advertisement development
7. ☐ Customer reminders
8. ☐ Order printing
9. ☐ Capri card printing
10. ☐ Sales analysis
11. ☐ Wire service reconciliation
12. ☐ E-Mail
13. ☐ Internet access
14. ☐ Solitaire (just kidding!)
15. ☐ Other (Please explain)\_\_\_\_\_

## **EMPLOYEE AND STAFFING INFORMATION**

**IMPORTANT NOTE FOR QUESTION D-1:**

**If your employees can be divided into the categories in the table below, please answer question D-1A for each specific category that applies to your business. However, if your employees do not have clearly defined job titles then please answer question D-1B with the general categories.**

**D-1A Please indicate the number of individuals employed, the wage range, and the typical wage for each of the employee categories. (Please exclude holiday only employees.)**

<b>EMPLOYEE CATEGORY</b>	<b>NUMBER OF PART-TIME EMPLOYEES (35 HOURS OR LESS PER WEEK)</b>	<b>NUMBER OF FULL-TIME EMPLOYEES (36 OR MORE HOURS PER WEEK)</b>	<b>WAGE RANGE</b>	<b>TYPICAL WAGES FOR EMPLOYEE CATEGORY</b>
<b>OWNERS (sole proprietorship or partnership)</b>				
<b>MANAGER</b>				
<b>FLORAL DESIGNERS</b>				
<b>SALESPEOPLE</b>				
<b>OFFICE STAFF</b>				
<b>DELIVERY STAFF</b>				
<b>OTHER: (PLEASE LIST)</b>				

**D-1B Please indicate the number of individuals employed, the wage range, and the typical wage for each of the categories. (Please exclude holiday only employees.)**

<b>EMPLOYEE CATEGORY</b>	<b>NUMBER OF PART-TIME EMPLOYEES (35 HOURS OR LESS PER WEEK)</b>	<b>NUMBER OF FULL-TIME EMPLOYEES (36 OR MORE HOURS PER WEEK)</b>	<b>WAGE RANGE</b>	<b>TYPICAL WAGE FOR EMPLOYEE CATEGORY</b>
<b>OWNER</b>				
<b>MANAGER</b>				
<b>ALL OTHER STAFF</b>				

**D-2 Which of the following benefits do you offer to FULLTIME employees?**

EMPLOYEE CATEGORY	HEALTH INSURANCE (yes/no)	DENTAL INSURANCE (yes/no)	EYE CARE PLAN (yes/no)	RETIREMENT BENEFITS (yes/no)	NUMBER OF PAID VACATION DAYS (give range)
OWNER					
FULLTIME STAFF					

**FINANCIAL INFORMATION**

Please answer as many of the following questions as you can. If the information requested is unavailable, please leave the question blank. Please remember that all responses will be kept **CONFIDENTIAL**.

**NOTE:** If you operate a combination business, such as a flower shop and greenhouse or garden center, please answer the following questions with for the flower shop only, if possible. Will your answers be for \_\_\_\_\_ flower shop only, or \_\_\_\_\_ combination business?

**E-1 From your most recent annual profit and loss statement, what are your annual gross retail sales?**

\$\_\_\_\_\_ Annual sales

**E-2 What percent of sales does each product category contribute to your annual sales? (Please total to 100%.)**

1. \_\_\_\_\_ % Fresh flowers and foliages bunched or single stem
2. \_\_\_\_\_ % Fresh flowers and foliages arranged
3. \_\_\_\_\_ % Plants (flowering, foliage, bedding, etc.)
4. \_\_\_\_\_ % Dried or artificial flowers and foliages
5. \_\_\_\_\_ % Gift items (balloons, cards, plush, candy, etc.)
6. \_\_\_\_\_ % Service (rentals, maintenance, delivery)
7. \_\_\_\_\_ % Incoming wire orders at retail product price  
(excluding service and delivery charges)
8. \_\_\_\_\_ % Outgoing wire orders at retail product price  
(excluding service and delivery charges)
9. \_\_\_\_\_ % Other (please explain) \_\_\_\_\_

\_\_\_\_\_  
100% TOTAL

**E-4 From your most recent profit and loss statement, what percentage of gross sales do the following business expenses account for? (Answer only if known and please total to 100%.)**

1. \_\_\_\_\_ % Cost of goods sold
2. \_\_\_\_\_ % Mortgage/lease
3. \_\_\_\_\_ % Utilities
4. \_\_\_\_\_ % Wages for Employees (not owner)
5. \_\_\_\_\_ % Owner Wages (salary or draw)
6. \_\_\_\_\_ % Advertising and in-store promotion
7. \_\_\_\_\_ % Professional memberships, dues,  
seminars, trade meetings, subscriptions
8. \_\_\_\_\_ % Equipment, store improvements or  
maintenance
9. \_\_\_\_\_ % Delivery (vehicle, maintenance,  
insurance)
10. \_\_\_\_\_ % Other (please explain) \_\_\_\_\_  
\_\_\_\_\_
11. \_\_\_\_\_ % Net profit (+) or net loss (-)

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**100% TOTAL**

**Optional: Please indicate your position in the company.**

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**COMMENTS AND SUGGESTIONS:**

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Thank you for completing the questionnaire. You have now earned your complimentary copy of the final report! Please place the questionnaire in the postage paid envelope provided and drop it in the mail. Your cooperation is greatly appreciated. If you have any questions, please call Dr. Barb Fails at (517) 355-5180.

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