THE PRICING POLICIES AND PRACTICES OF RETAIL FLORISTS

Thesis for the Degree of Ph. D.
MICHIGAN STATE UNIVERSITY

Leon J. Tolle, Jr.

1964

MICHIGAN STATE UNIVERSITY LIBRARY
3 1293 10586 6382

This is to certify that the

thesis entitled

THE PRICING POLICIES AND PRACTICES OF RETAIL FLORISTS

presented by

LEON J. TOLLE, JR.

has been accepted towards fulfillment
of the requirements for

Ph.D. degree in Horticulture

Paul R. Krone

Major professor

Date May 20, 1964

O-169

LIBRARY
Michigan State
University

MSU
LIBRARIES

RETURNING MATERIALS:
Place in book drop to remove this checkout from your record. FINES will be charged if book is returned after the date stamped below.

ABSTRACT

THE PRICING POLICIES AND PRACTICES

OF RETAIL FLORISTS

by

Leon J. Tolle, Jr.

Florist pricing policies and practices were investigated in order to establish the factors which influence and determine the prices of flowers sold through retail flower shops.

In addition to an extensive survey of trade literature, four general methods were employed: 1) open-end personal interviews; 2) mail questionnaires; 3) time-motion studies; and 4) collection of actual prices and wholesale flower costs.

Both qualitative and quantitative evidence is presented to establish the nature and extent of imperfect competition in retail floristry.

The history and nature of the retail florist trade together with statements of tradesmen taken from the florist

trade press are cited in order to establish the structure of the retail florist industry.

Florist attitudes regarding price policies, competition, cost of materials, clientele, and actual prices are identified, and the relative strength of these attitudes in determining price is estimated.

Seasonal variations of retail flower prices and their relation to seasonal variations of wholesale flower costs are shown. While wholesale costs of flowers are established as basic guides to prices, fixed costs and external market factors are shown to be central in florist pricing decisions.

A theoretical model is advanced as a means of systematizing the short-run pricing decisions of the retail firm. The model assumes cost of materials as a basic datum for guiding price decisions and incorporates changes in value over time as the determining factor in creating pricing alternatives.

THE PRICING POLICIES AND PRACTICES OF RETAIL FLORISTS

by

Leon J. Tolle, Jr.

A THESIS

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

DOCTOR OF PHILOSOPHY

Department of Horticulture

1964

ACKNOWLEDGEMENTS

The author wishes to express his gratitude to the large number of persons who have helped bring this study to completion. The care and attention given to the study by participating florists was especially helpful. The close association of the author with the Michigan State Florists' Association was invaluable.

Special thanks are also due to the personnel of the Florists' Telegraph Delivery Association, especially to M. Truman Fossum, for their assistance and encouragement.

The good counsel, cooperative spirit, and hard, patient work of a colleague, Dr. Earl H. New, was much appreciated. The help of fellow students Julia Hanan, Donald Partenfelder, Carol Jones, James Johnson, Judith Helgeson, Jack Myers, and Wendel Sager is also gratefully acknowledged.

The advice of Dr. Emil H. Jebe, Resident Mathematician in the Operations Research Department, University of Michigan, was appreciated.

The splendid work, personal concern, and exacting care given the final draft by Barbi Mel (Eisenzimmer) and Shirley M. Goodwin was much appreciated.

Finally, the review of the manuscript and suggestions given by the author's graduate committee are acknowledged.

Leon J. Tolle, Jr.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

CHAPTER I

INTRODUCTION

The Problem

With the increasing maturity of the market for floral goods and services, the need for objective and orderly information on all aspects of flower marketing and economics has increased. The awareness of this need has actually been in evidence for many years (193), but it was not until 1950 that significant strides were made in providing a basic body of knowledge about floricultural marketing and economics. It was in that year that the Society of American Florists published Fossum's first economic description of the modern floricultural industry (87). His description of retail floriculture and its interrelationships with other levels of the industry is still a valid commentary about the trade even though it was published as long ago as 1950. Since that time interest in the economic problems and functions of the industry has increased. Most of this interest has centered around the functions and performance of production and wholesale establishments, as well as about the

general problem of increasing the sale of floral products. Although the retail florist has been recognized as the still predominant channel of distribution for most of the flowers sold in the United States, most analysts of the industry have preferred to ignore the details of retail florist operations.

The result has been a general vacuum of systematic information about retail flower distribution through the retail florist channel. Furthermore, much of the available information about retail florists comes from such unreliable sources as convention speeches and educated guesses of well-meaning but poorly informed individuals. This is nowhere more apparent than in the area of retail florist pricing.

Within recent years criticism, informed and otherwise, of retail flower prices has steadily increased. This criticism has arisen for at least three compelling reasons:

(1) Floricultural production has vastly increased in efficiciency resulting in a surplus of floral goods;

(2) An increasingly wide spread between producer's price and retailer's selling price has become apparent;

(3) Retail prices and retailers themselves have been generally unresponsive to the conditions of oversupply.

The controversy is usually stated therefore in terms of the spread between price received by the producer and price obtained by the retailer from the ultimate consumer.

The possible validity of the differential between wholesale and retail flower prices has seldom been suggested or defended. It has been suggested that the basic reason for a lack of trade justification of the retail price of flowers is that retailers themselves have a hazy and ill-defined notion of how they set their prices for retail floral goods.

Since no systematic body of information on retail florist pricing policies and practices has been available it has been impossible to evaluate and assess the criticisms. Such deficiencies in available research suggested the need for a more comprehensive treatment of those retail florist phenomena which determine the retail price of floral goods and services.

The Purpose

The purpose of this dissertation is to prepare an orderly and systematically gathered body of information about the attitudes, factors and policies of retail florists which influence the prices of floral goods and services.

Careful attention has been given to those particular characteristics of retail florist operation which affect pricing decisions but which have been largely overlooked in the

controversies and discussions within academic and trade circles.

The dissertation is expected to be of particular value to those few professional and academic floriculturalists who are concerned with work with floricultural marketing problems. Those persons who direct or advise the various trade associations may also discover new insights into the retail florists' problems. In presenting a clearer and more precise picture of the rationale behind florist pricing, this study may open avenues of fruitful research by other workers who have hesitated to involve themselves in the obvious complexities of retail floristry.

The value of the research to an individual florist is chiefly in the freedom it grants him from the numerous pricing recommendations and opinions foisted upon him from outside sources. This is done by the identification of the major influences which actually play upon the price of flowers at retail and the justification it establishes for the retail florist's personal judgment of his own situation.

The Method

To achieve these results this study employed four general procedures. The first involved an exhaustive study of the characteristics of florist retailing with a view toward establishing factors likely to influence the florist

manager in his price setting. For this purpose the literature on pricing both from the disciplines of economics and business (especially general retailing) were reviewed. The florist trade press was searched for published articles and opinions of florist authorities and trades persons. From the information and suggestions accumulated from these sources a format for personal open-end interviews with florists took form. Florists, largely members of the Michigan State Florists Association, were then interviewed in person about their pricing methods.

The second step was to validate the pricing influences and to test the strength of their influence. This was done by a lengthy questionnaire constructed from the pretested information learned from the personal interviews. The questionnaire was so prepared as to provide cross-checks on the data received and to relevate the several factors known to influence retail price policies and attitudes.

Thirdly, since it is frequently the case that policies in a business firm are set but not adhered to, a study of actual prices charged for floral items was included in the survey. The size of this inquiry limited the study to short-term pricing. To inquire into the somewhat longer term, on-going aspect of floral pricing, pricing information from four individual Michigan florists was analyzed over the period of one

year.

Finally, the massive amount of material about florist pricing was sifted, weighed and reviewed in an attempt to synthesize and formalize a meaning and interpretation from it. As a result a model system for retail pricing especially useful and applicable to an explanation of the pricing of perishable goods was devised.

As the research progressed scores of unanswered questions and additional interesting areas of exploration arose. The practical exigencies of time and efficiency prevented any further inquiry into most of these. The scope of this study was therefore limited to the price policies and actual pricing practices which could be conveniently determined from florists' statements, opinions, and sales records.

CHAPTER II

PRICING IN THEORY AND PRACTICE

The Central Role of Prices in Economics

Prices play a central role in the discipline of economics. They are assigned a major organizing function in the economic system and in turn are influenced by other economic forces and circumstances. In this way prices in the economic system represent a kind of economic "language" which conducts an on-going dialogue or communication to all parts of the complex system. Price Theory is therefore one of the two fundamental bases of the economist, the other being National Income Theory.

According to Leftwich (130, p. 8), "price theory, or microeconomics, is concerned with the economic activities of such individual economic units as consumers, resource owners and business firms." The theory of the firm has been traditionally based upon two underlying assumptions: 1) that the maximization of profits is the single goal of the firm; and 2) that the firm is rational in its pursuit of the profit objectives. The price system describes a rational interplay of prices and other economic factors involved together in the flow of goods and services, the nature of the goods and services produced,

and the relative value placed upon them.

The centrality of prices in microeconomic theory would suggest that microeconomics might be centrally useful to any study of retail florist pricing policies and practices. This is only true to a limited extent. Since microeconomics seeks to deal with and describes the economic behavior of consumers, firms and owners of capital in only the broadest and most generalized terms, it necessarily loses some contact with reality. The carefully defined and limiting assumptions made for logical consistency within the theory are made at the expense of practical reality.

Microeconomics cannot and does not claim that businessmen actually use the theoretical system in determining prices or running their business affairs. Rather it is the intention of microeconomics to provide a logically consistent description of economic behavior which would prevail <u>if</u> its carefully defined and limited theoretical conditions were so.

The contribution of microeconomics to this study of retail florist pricing was not primarily in the area of price determination, but rather in its description of market classifications and the demand situation faced by the firm. These basic descriptions of markets and demand, related as they are to prices and pricing, provided the theoretical and descrip-

tive framework into which the study of actual florist pricing behavior was set.

Four Market Classifications

Microeconomics recognizes four different classes of markets defined on the degree of influence of the individual firm and the degree of product homogeneity. These market classifications are 1) pure competition, 2) pure monopoly, 3) oligopoly, and 4) monopolistic competition. These classifications are actually points on a scale of "competitiveness" with pure competition at one extreme and pure monopoly at the other.

Conditions for Pure Competition

Economics defines the theoretical conditions which must prevail for pure competition to exist as: 1) a large number of sellers, or each seller so unimportant in his total market that his economic influence is nil; 2) no product differences between sellers; 3) quick and easy flexibility of all economic factors in the economy; 4) unrestrained movement of prices in response to affecting conditions.

Conditions for Pure Monopoly

Oligopoly, most closely related to monopoly, is a market classification which is somewhat more realistic. In

oligopoly a relatively small number of sellers are in competition with one another, each being important enough in the market to affect each other. Changes in prices, advertising, or product characteristics are always made with an awareness of the repercussions likely to be experienced in the market. Oligopoly with a homogenous product assumed, is often distinquished from oligopoly in which a differential product is assumed.

Another classification within oligopoly is also recognized. It is based upon the type and degree of collusion which may exist between sellers. Collusion is often informal and tacit rather than intentional and overt. Informal collusion is often practiced in pricing, if by some informal means a range of closely related prices is agreed upon which is satisfactory to all sellers.

An important effect of collusion is said to be a somewhat higher price than would otherwise prevail. Easy entry into such an industry tends to destroy collusive activity on prices, so collusion often takes the form of various barriers to entry.

Since price competition is usually considered disreputable or futile by oligopolists, they tend to engage in non-price competition generally through promotion or distinctive

product characteristics. This results in a wide range of varied products available to the consumer.

Conditions for Monopolistic Competition

Monopolistic Competition is somewhat more closely related to pure competition but has obvious elements of monopoly apparent in it as well. The theoretical model for monopolistic competition assumes many sellers of the product --a product which may be highly differentiated from those of other sellers. This permits the sellers a degree of price control not permitted under other market classifications. The keynote of monopolistic competition is heterogeneity so traditional economic analyses are not so precise as under other classifications. Demand under monopolistic competition is thought to be highly elastic in the relevant range. Prices tend to be higher than purely competitive markets would suggest and there will be some unused capacity in individual firms of a monopolistically competitive industry.

This cursory view of the major market classifications in microeconomics shows their value in observing and categorizing the behavior of business firms in the real world. The basic characteristics of the market classifications may be compared or contrasted to known or revealed characteristics of the retail florist trade. By this means a fuller and

deeper understanding of the economic behavior of retail florists can be derived.

The Role of Price in Marketing

The importance and function of price in actual business practice is far more diffused and indefinite compared to the role of price in economics. Faced with the practical necessity to expand sales and increase profits, the typical businessman has a variety of tactics at his disposal. Price is but one of these and price changes may or may not be involved in any direct way in the businessman's decisions or behavior.

In contemporary managerial marketing, price is considered one of a five-fold complex of decision and strategy for the seller. Called a market program, this complex is composed of considerations and policy regarding: 1)product offer, 2) channels of distribution, 3) advertising, 4) personal selling, and 5) price. By adjusting these general categories of selling strategy and combining various proportions of each into an effective whole, the seller hopes to reach his objectives in the market.

Price in actual business practice, then, is far from being automatically determined nor is it necessarily always an integrally important determinant in other aspects of mar-

keting behavior. The reason for this is in part found in a wider range of objectives than is usually assumed in economic theory. Whereas economics assumes that a firm strives for profit maximization, Edwards (78) has pointed out that future business, maintenance of sales and working capital, and the firm's competitive position are of equal or greater concern.

The real marketing world is obviously aware of the impressive heterogeneity of its problems. Cover (64) has listed some of the multitude of factors which influence variations in retail price studies. Among these are: 1) commodity variations and specifications; 2) the social and economic constituency of communities; 3) types and classifications of retail stores; 4) racial, national, creedal, and economic variations of clientele; 5) seasonal and secular time effects; 6) difference in research sampling, and statistical treatments.

The Dartnell Corporation's (69) survey of pricing policies also underscores the vast diversity and complexity of pricing factors in the real world. Its report lists fifteen major influences on the formation of price policy by marketing firms.

In the face of these bewildering realities marketing as an academic discipline has sought to generalize its observations into a workable and realistic theory which explains

real-world dynamics. Alderson has been a foremost proponent of a functional theory of marketing. He observes that "Product, price and service all enter into a design of a bundle of utilities to be offered the consumer . . . a price structure actually is a structure relating price, product and services, and setting up differentials in recognition of the major variables entering into transactions." (3)

In short, prices in actual business practices are the product of a most complicated set of forces many of which are ill-defined and elusive. Similarly the effect of price upon other factors in decision and behavior is not so clear cut and definite as one might hope. A more complete review of the literature on pricing presented in the next chapter shows the development of retail price determination theory.

This study has sought to develop some actual descriptive material and some empirical observations which will bring some order to the chaos which surrounds retail florist pricing practices and policies.

Prices and the Marketing of Flowers

The preceding, very brief survey of the role of price in microeconomics and the real world approach to pricing have described the conceptual framework into which this study of retail florist pricing has been placed. The institutional

and functional approaches to the marketing of flowers and floral services are thereby represented. It is from the product-field of commercial floriculture that the pertinent facts of the commodity approach are supplied. Hence each reality in Alderson's trinity of utilities offered to the consumer--"product, price and service"--will have been recognized for its contribution to a clarification of the marketing complex surrounding the sale of flowers at retail, and will, in turn, be integrated into a meaningful whole.

The analysis of retail florist products and services is presented in detail in Chapter V.

CHAPTER III

REVIEW OF LITERATURE

Literature on Pricing

General Retail Pricing

The literature on pricing is indeed vast. In an effort to simplify a review of so great a body of literature, an attempt has been made to select only that literature which relates to retail pricing in particular. Furthermore, for the most part, only selections of striking significance, or those typical of whole schools of thought were chosen. The excellent review by Shawver (188) has been most helpful in this respect.

Aristotle is amongst the earliest critics of the retailer, considering retailing "unnatural and a mode by which men gain from one another"(188, p. v). Economists for many years after Adam Smith shared a similar view based on the assumed condition of perfect competition. Retailing manifestly did not fit the competition model and, even though economists intentionally used the model merely as an analysis technique, retailing was subjected to criticism for its

obvious imperfections.

Such early twentieth century economists as J. S. Mill (142) and Alfred Marshall (140) pointed out the inadequacy of competition in explaining retail prices. Habit, tradition and custom were nevertheless assumed to be the determinants of retail price.

Taussig (195) suggested that retailers took wholesale price upon which to establish a percent markup, but the markup was considered "customary" and influenced by the responses of competitors.

Wicksteed (220) considered retail prices a special manifestation of competition suggesting that retailing's irregularity was caused by a longer-range adjustment to the market law.

Clark (58) observed the importance of overhead costs in retailing and surmised a flexible retailer's margin caused by constant price discrimination applied for a variety of reasons by the retailer.

In 1933 a new era in economics was ushered in by Edward Chamberlin's The Theory of Monopolistic Competition (56) and Joan Robinson's The Economics of Imperfect Competition (182).

Chamberlin established a new set of underlying assumptions different from those made for perfect competition.

These have been suggested briefly in Chapter II and so need not be repeated here in detail. His theory was particularly meaningful to retailing realities since the retailer's task was understood to be the arrangement of three variables: price, quality of product, and selling costs. Retail trade was Chamberlin's example of product differentiation and heterogeneity. He recognized that factors such as location, reputation, convenience, and personal qualities were, in fact, constituents of the product offer.

His attention to selling costs as a factor in pricing determinations was particularly noteworthy. These costs, he advanced, changed the demand for the product and along with production costs necessarily had to be covered by price.

Mrs. Robinson's emphases were different in her "imperfect competition" economics but she recognized and systematized the imperfections she observed.

Refinements of Chamberlin's analysis of many differentiated sellers led to the even more realistic case of few sellers (oligopoly). Sweezy (194) suggested the demand curve faced by oligopolists was "kinked" due to differing reactions of the few competitors to price changes by a rival. Because of geographic spread, and price and product categories, the oligopoly condition actually prevails for many retailers.

Up to this time retail price determination was assumed to be responsive to forces essentially economic, expressed as demand, or costs. The concept of the administered price, set by deliberate policy decision had begun to form. With it arose the art-science of modern marketing. Among the several policies for the seller's concern was price, discussed in an early policy analysis by Shaw (187). Butler concurred that retail prices are administered but stressed the price of competitors as the most important factor in the price policy decision (53).

The recognition of administered prices led logically to the assumption that retailers charged what the traffic would bear. Marshall (140) theorized that differing retail margins arose as a result of differences in products. His classification of goods was on the basis of market longevity and included a perishables category. Turnover also played a role in determining retail margins according to Marshall's theory.

The preoccupation of marketing writers with supply and costs gradually subsided as the theory of monopolistic competition was reinterpreted. Burns (52), Hamilton(97), Nourse(163), and Edwards (78) began the construction of a theoretical framework which included considerations of administered price phenomena and their relationship to public

policy. Gradually the theory of monopolistic competition and marginal analysis were questioned. The fundamental assumptions on which these principles rested still did not have the ring of reality required to explain pricing as done by businessmen.

Price rigidity was introduced into the consideration of pricing determination by Hall and Hitch (96) who suggested the "full cost" principle whereby per unit direct costs, overhead, and profit were totaled to obtain a price base on which relative stability or rigidity was established.

Hawkins (106) also attacked the principle of marginal analysis which was a vital part of monpolistic competition. He denied the validity of the argument that prices were determined for a product by equating marginal costs and marginal revenue.

Hence, Edwards (78) summed the accumulating evidence with the premise that prices played a much less important role in practical business affairs than in traditional economic theory. He observed that business management had goals as important or more so as profit, such as continuation of sales, for example.

The mechanics of retail price setting was continually scrutinized in order to find patterns and influences in the process. Dartnell Corporation (69) listed a large number

of such influences gleaned from survey material and concluded that competition, cost price and customer opinion were the chief determinants of retail prices.

Dean (70) was among the first to point out the fallacy of tying prices to costs when the most important consideration was the consumer demand. Creative pricing used a judgment of demand, with or without close regard to costs.

Huegy (111) also considered the preoccupation of pricing with costs to be unfortunate. He pointed to the automatic price fluctuations at retail which would thus result.

One colorful era in the history of retail pricing concepts is the era of the controlled price at retail or the maintained price. The advent of nationally advertised brands shifted the responsiblity for product quality to the manufacturer and opened the way for vigorous price competition at retail. In self defense manufacturers set about to control the retail price of their products. This phase of pricing though does not bear directly on the subject matter of this paper nor upon the floral industry's pricing problems. Nevertheless the concept of the maintained price and all the controversies and legal maneuvers which resulted from it enhanced the knowledge of pricing tactics.

Grether (94) studying prices under the Fair Trade legislation also concluded that demand and competitors' prices

were more influential than costs in retail pricing.

More recently it is clear that the monopolistic competition model has continued to be the basis for most analyses of retail price determination.

Smith (191) succeeded well in justifying the retailer's existence on the sound ground of economic and utilitarian function. He found this justification in the services to the consumer performed by retailers.

The cost of such services for the consumer's benefit was recognized by Smith. These services were often the means by which competition was engaged so their expansion was to be expected resulting in a wider retailer margin. Smith also introduced the rate of stock turnover as a cause of the margin's width as were wage rates, size of average purchase and risk in anticipating demand.

According to Smith the retail margin was largely determined by the joint influence of costs of retail services and the demand for them. He was clear in his contention that demand set the upper limit on retail prices. The retailer's goal of profit maximization was linked by Smith to a time period and distinguished between the short-run goals of maximization of net income and the long-run goal of profit maximization.

Smith established a competitive equilibrium bounded by the exploitation of demand on the one hand and profit expectation on the other.

Smith also recognized the inability of the practicing businessman to accurately keep track of costs. He thus contended that buyers of one article quite probably subsidized the purchase of another article by another buyer for this reason.

Writers following Smith have agreed in most essentials with his analysis of retail pricing. In his summary of the modern history of retail price determination, Shawver (188) writes:

> The older idea of using perfect competition as a tool of analysis has been replaced and present writers use monopolistic competition in analyzing retail price determination. Competition is still looked upon as the regulator--the device which in the long run will equate retail margins and costs of providing retail services. To be sure, much competition now takes the form of non-price competition which is more subtle, but no less vigorous. However, the idea that monopolistic competition results in higher prices, smaller output, and a greater number of firms than does perfect competition is all too consistently applied to retail trade (188, pp. 92-93).

Pricing Retail Floral Goods and Services

Most of the literature on the pricing of retail florist goods and services is found in the florist trade press. The nature of it reflects the confusion and misunderstandings

abroad in the industry about wholesale prices as well as retail flower prices.

Typically, early textbooks on retail floristry confined themselves to commercial floral art and elementary service procedures. The broader and deeper aspects of business practice were largely ignored. Writing in 1930 Harry (102) observed the increasingly materialistic orientation of the consumer and the rising concept of non-price competition within the florist trade. He wrote:

> Truly the old-fashioned sentiment about flowers is passing away. The florist business is no longer founded upon the flimsy foundations of human emotions. The word merchandising does not seem to be an ideal term, but it does help to bring (sic) our thoughts to an understanding of what business stands for in giving. Not how much have you made but how much have you served! Profits and money are incidental, and while they never lack for him who serves best, real success is greater than the measure of dollars (102, p. 176).

The growing self-consciousness of floristry is also apparent in a 1939 analysis of the industry done by a New York management firm, paid for by the Society of American Florists (193). Contemporary interest in sound business and economic practices for the floral industry received its greatest impetus from the classic economic surveys of M. Truman Fossum, the first of which was published in 1950 (87). This first report was a progress report of a statistical project

about the floral industry sponsored by certain trade organizations--a beginning program in economic and marketing information. Fossum devoted twelve chapters of his report to retail distribution of flowers. In his analysis of the period 1939-1949 Fossum (87, p. 19) found that wholesale prices do, in general, move with the wholesale prices of farm products. He also concluded that retail flower prices were high in relation to what had happened in the rest of the economy (87, p. 19). Finding an increase in cost of goods sold and in labor costs, Fossum suggested that the solution to high prices in retail floriculture was greater employee productivity and efficiency.

Fossum's report also contained a basic description of retail florist sales, costs, economic situations, and product demand which is still the basic description of the trade today.

In 1951 John Liesveld, a well-known and successful florist in Kansas City, published the standard textbook of retail floristry. His brief section on pricing is revealing in that it 1) stresses the importance of price policy; 2) specifies typical margins; 3) acknowledges a moral element in pricing by seeking a "fair" price; 4) indicates the basis for non-price competition inherent in the retailer's product offer; 5) acknowledges the consumer's role in price acceptance;

6) acknowledges the importance of labor costs and their variance between different kinds of floral assemblies; 7) designates costs as a floor or minimum for price determination; and 8) urges analysis of costs and profits as a means of determining the rightness of a florists' pricing policy.

His brief section so succinctly describes price philosophy and no doubt has had such profound influence on the trade that it is quoted in part here:

> Price is of great importance in any retail business. It is a subject often discussed by florists, and the arguments about what constitutes a fair markup on flowers are many. The answer always simmers down to a question of policy which may mean different things in different shops. The florists whose appeal to their customers is one of low price argue that double the purchase price is sufficient and fair. The other florists who operate on a service and quality policy rightly hold that a fair markup is three times or more.
>
> Surveys made show that the florists' cost on plants and cut flowers vary from thirty-six to forty-six per cent of gross sales, with accessories and supplies taking up an additional six per cent. Those shops whose mark up is three times or more the cost of the flowers in their business effect that large margin by adding more in supplies, accessories, and service. The florist who uses beautiful boxes and wrappings, who spends much time on arrangement and design, with the finest of artistry and accessories, often is giving more to the appreciative customer than the one who cuts corners.
>
> The markup on vases and gift items generally is double the cost or a fraction less.
>
> A reasonable price to one customer might mean the contrary to another. One customer might appreciate many added services given with an order, whereas another customer just wants so many flowers. An arrangement of beauty to one might be worth ten dollars whereas the same arrangement to another is just so

many flowers. Much of it is a matter of education, and the rest is a case of economics. The florist must decide to which class he will appeal. The great middle class would be the best choice in most locations.

Along the same line, a good flower to one person might be considered insignificant to another. Some persons do not consider a rose good unless it has a stem of more than eighteen inches. For that reason a florist should be explicit in pricing and describing his flowers to his customers.

Common sense would tell the florist, and the customer also that roses in a corsage, spray, or design would necessarily sell for more than they do by the dozen. The work and materials used on those designs might be more than four times the cost of the flowers themselves.

Our own experience has shown us that customers making a personal selection of flowers often choose completed arrangements from the refrigerator. Each one of them is priced complete with the container. The same flowers not arranged and not in a container might sell for five dollars, in contrast to a complete arrangement for ten dollars in a vase or bowl that had a cost of but one dollar. Customers of the florist most often buy effect and sentiment expressed in flower arrangement. Work on an arrangement is itself often worth more than the flowers. Another experiment we have tried with plants further substantiates this policy. A plant with added touches and elegant decoration will sell first at twice the price of a similar plant with an ordinary decoration.

Every florist should know what his costs are and must then determine for himself at what price he should sell his merchandise. Labor, rent, packaging, accessories, delivery, utilities, advertising, insurance, etc., all have a direct effect on the amount which would be a fair selling price for his merchandise. Periodical analysis of business costs and profit enables the florist to judge accurately whether his operators prefer having a small exclusive business with a higher than average profit, whereas others prefer having a smaller percentage of profit and a larger volume of business.

> Regardless of the method of operation every florist must set his own price policy. That is his privilege, and the way he wishes to operate his business should not be the concern of other competing florists. Too much time is spent worrying about the prices other florists place on their flowers. That time should be spend (sic) in the study of ways and means of improving service and merchandising. After some experience the florist may wish to change his policy, resorting to increased or decreased prices. That, too, is his privilege, but if he is smart, he will adhere to a definite policy (133, p. 119-21).

The year 1955 brought another classic in the floricultural marketing literature with the publication of Trotter's booklet entitled Problems in Marketing Florist Crops (206). In addition to his relevant analysis of retail floristry, Trotter commented on the lack of price competition amongst retail florists (206, p. 35). He attributes this in large measure to the nature of the occasions and the nature of the need fulfillment the floral product has. Trotter admits difficulty in making price and quality comparisons between retail florists.

In another section, Trotter (206, p. 36) reports a relatively inelastic sales curve for flower arrangements which causes, he believes, price rigidity at the retail level and a reliance on the "necessity" market for flowers, such as, sales for funerals, weddings, and other special occasions.

Following the suggestion offered by the imperfect

market classifications of microeconomics, Trotter (206, p. 40) also suggests that the lack of price competition makes possible the high retail margins found in retail floristry. He correlates the inefficient florist with the high retail margin and suggests that the purchase of flowers for the non-necessity occasions (i.e., home use, for example)would provide the necessary incentive to lower margins.

Trotter makes a number of recommendations for long range marketing improvement, some of which directly concern pricing (206, p. 45). He favors "specials" sales of small, low-priced, non-service floral goods; the pricing of flowers and services separately; and bold price marking.

By 1956 discussion of retail florist prices had become an integral part of florist convention programs. This is illustrated by an anonymous author (14) writing a report of the Tri-County Florist Association meeting at Southampton, Pennsylvania. At this meeting a Philadelphia florist expressed the view that the consumer of flowers was buying in response to a need and therefore price was the determinative factor in making the sale. He observed the difficulty of maintaining consumer good will when prices rose sharply during holiday periods. He called this a "supply and demand problem."

At the same meeting a rose grower expressed the view that the prices of flowers particularly at holiday periods

were unnecessarily high. A New York wholesaler declared "the floral industry has priced itself out of the market it wishes to attract." He advised selling small units of flowers at one dollar or less.

A contrasting view was expressed by a chain store buyer who thought flowers in his outlets were bought on impulse. He attributed the success of floral sales in his chain stores to price. He admitted to varying the unit size if necessary, in order to offer a price consumers will pay.

Referring to the pricing of wedding flowers and florist services for weddings, an anonymous author in Florists Review magazine (15) has suggested a flexible estimate of the price of wedding flowers and services. The reason given for quoting an estimate rather than a firm price was the fluctuating wholesale cost of flowers.

In the mid-1950's the small unit-low price idea caught the fancy of researchers at Michigan State University and Cornell University. Krone, Von Oppenfeld, and Schwarz (126), showed that the low-priced units of flowers or pot plants apparently did attract sales which would not have been made by the florist participating in the research. The design of the work did not permit valid conclusions to be drawn on the possible transfer of sales between competing florists in the same market area. Following this report a rash of recommen-

dations appeared in the trade press suggesting lowered "specials" prices. Roland (184) for example recommended cash and carry prices and justified his recommendation on the basis of lowered service costs. He did not see any relationship between the wholesale cost of flowers and the "special" price. Yet, he recommended an adjustment in the quantity of flowers offered in the unit at times when the wholesale cost of flowers was high.

In an extensive series of articles published in the Florists Review, Mitchell frequently touched upon matters relating to retail florist prices. In an article devoted to selling techniques (144) he stressed the need for "right" price and uniform prices quoted by all floor sales people within a given flower shop. Skirting the complexities of price determination he declared the "fair" price to be a matter for each florist to determine individually.

In a later article devoted to a discussion of quality versus price Mitchell (145) defined price as follows:

> Price is how much [the] customer is going to part with in order to receive the benefits of the products you are selling (145, p. 24).

With the confidence of a good cliché maker, Mitchell (145) declared "quality can be controlled; price cannot." It was his view that retail prices of flowers necessarily must fluctuate with wholesale costs; that few retail florists

[could] . . . keep standard prices."

The nature of non-price competition amongst florists was described by Mitchell (147) in an article for the Florists Review entitled "Who Is Your Competition?" He suggests two general differentiating categories which operate for florists: 1) the sales and design personnel of the store as evidenced in their helpful manner, exclusive floral art, and boldness in sales creation; and 2) by the extra services and courtesies offered by the store.

He placed the importance of price as secondary to other differentiating factors. He declared that price competition has been shown to be infeasible due to losses experienced and deterioration of quality in merchandise and service.

Speaking to the moral element in pricing Mitchell circuitously defined a "fair price" as one equal to costs plus fair wage plus fair return. The competition he saw as most significant to the retail trade was that from other lines of merchandise which substitute satisfactorily for flowers.

Krupinski (127) reporting the speech of a Massachusetts florist at a midwestern florist short course, describes the distinctive dual role of the retail florist as "processing organization" and as retail seller as well. The process-

ing or production activity which the florist adds to the flowers establish the need for a mark-up depending upon the amount of processing service required. The florist cites examples of various types of floral assemblies and their relative requirements in labor time and suggests differing mark-ups for each type. These markups vary from 2-1/2 times wholesale costs of merchandise in the case of plants to 4 times the cost of flowers in the case of wedding floral art.

Again, Mitchell (149) in an article entitled "Markup and Operating Costs" indicates that markups in the retail florist trade are usually chosen with little regard for the firm's actual market circumstances. He suggests a markup of two times cost plus freight for so-called inventory items, i.e., non-perishable merchandise. His recommendation is based upon the relatively slow turnover and small volume of sales for such goods. He considers the markup for perishables to be crucial to profitability, however, and suggests a markup geared to the costs of operation. The appropriate markup must satisfy three demands: It must pay expenses, produce income, and earn a profit on investment.

Mrs. Tommy Bright, one of the industry's outstanding floral designers was quoted on markup by an anonymous author (17) reporting a florist convention in Mississippi. She said:

> On special designs which take your skill and imagination, you should get at least 3 or 4 to 1 markup. The 2 to 1 markup should apply only when merchandising on the cash and carry basis (17, p. 11).

By August, 1958, Mitchell (150) had changed his mind about pricing. Observing the seasonal fluctuation of retail florist sales volume in comparison to the seasonal fluctuation of wholesale flower prices, he concluded that neither a standard (unvarying) markup nor a standard retail price through the year was practical. He said the nature of the industry and the variable manner in which flowers are available compared to consumer demand for flowers force a variable markup practice.

Now that this pricing study is complete Mitchell's statement, especially the implication of his word "force," is considered highly significant as a description of actual practice in pricing in the florist trade.

He continues to describe what he means by variable markup and resorts to other words. He hypothesizes two situations to make his meaning clear.

The first is a period during which low volume and low prices would result in an excellent markup. Reinterpreting his description in more accurate terms it is believed he means to say that a period of low actual demand and low wholesale price will result in an excellent markup.

The second example supposes a period of low volume (actual demand) and high prices (wholesale) resulting in a poor markup.

The net effect of this understanding of the florists pricing situation is a series of months in which volume (actual demand) is low and prices (wholesale merchandise costs) are high. In such months a loss is to be expected by the firm.

During months of average volume (actual demand) and average costs of flowers, the firm will break even. In months of high volume (actual demand), the likely increase in wholesale price is apparently not great enough to offset a profit for the retail florist. Generally therefore the months of January, March, and July will be months in which losses are experienced; break-even months will be September, February, August, and October; while profits will be made in April, May, June, November, and December. Mitchell's presentation in tabular form, though rough, is quite telling:

Month	Volume	Wholesale Price	Result
January	low	high	loss
February	average	high	breakeven
March	low	high	loss
April	high	high	profit
May	high	favorable	profit
June	good	low	profit
July	low	low	low
August	low	low	breakeven

Month	Volume	Wholesale Price	Result
September	low	low	breakeven
October	average	low	breakeven
November	good	favorable	profit
December	excellent	high	profit

Mitchell's understanding of pricing, if valid, would mean the traditional trade preoccupation with a ratio markup figure is less valuable in pricing than a judgment of the actual demand--wholesale price--profit complex.

In an article the following week in the Florists Review entitled "Profitable Markup" Mitchell (151) returns to a detailed consideration of ratio markups. He distinguishes between the markups appropriate for "inventory items" (i.e., non-perishable goods) and perishable items and suggests markups for these should be ascertained by separating costs and sales of each and calculating them separately.

Still occupied with markup ratios, he concludes, "The cost of perishable goods sold is controllable and this is the direct result of markup." Significant points made in the remainder of his article include "the best way to increase profit is to raise price;" "more volume may produce diminishing returns;" and "correct markup provides gross profit covering expenses and profit."

In a final number of his Florists Review series, Mitchell (153) approaches the problem of profit planning by

retail florists. After presenting a long example of expense control budgeting, Mitchell concludes that following control of expenses, the only remaining control is price. Price is then the key to a budgeted profit. He suggests a minimum ratio markup of 3 times wholesale cost of flowers plus 5% for labor. In low volume months of July and August, he anticipates a 4 to 1 ratio markup with a 10% charge for labor.

Thus it is clear that the literature on the pricing of retail florist goods and services is largely a matter of trade opinion published, for the most part, in the trade press. It is typical of such a source in that it is not consistent nor well researched or documented. Its value to the serious student of the floral industry lies chiefly in revealing the status of pricing knowledge and concern and in sugggesting some of the influences which play upon pricing decisions.

Research Methods

General Research Methods

The research problems of marketing and other social sciences vary markedly from those of the physical and natural sciences. While many of the concepts and tools of research are similar in all fields, the typical marketing research problem must deal with a vastly greater number of variables,

many of which are difficult or impossible to control. The means by which these variables are recognized and managed is a distinguishing feature of marketing research.

A number of references of a general nature were especially helpful in putting the uniqueness of marketing research methods and goals into perspective. The role of scientific method in the social sciences was helpfully described by Clover (60). His straightforward and practical approach to the organization of a research problem involving a business or marketing complex of variables contributed materially to this study's orderly approach.

Sociologist Lazarsfeld's (129) analysis of individual decisions of consumers and businessmen was a concise treatment of the research contributions of his field to business phenomena and was particularly useful to the construction of the price determination model presented in Chapter X.

An excellent definitive text on social science research was that of Gee (91), which set the expectations and limitations for this study's plan of work.

The textbook by Wales and Ferber (216) was also foundational to the general research methods and concepts which formed the basis for this study.

Interview Methods

In addition to his previous knowledge of interviewing the author sought some additional literature on interviewing techniques. Sensitivity to psychological forces in interviewing was provided by Bingham and Moore (31). Schedule preparation and instrument construction were aided greatly by Clover (59), and Parten (171), as well as the American Marketing Society Committee recommendations on Marketing Research Techniques (8). Additional literature from which the interview methods of this research drew are shown in the bibliography.

Questionnaire Methods

Clover (59) also provided basic material for the construction of the mail questionnaires. Lorie and Roberts' (134) chapter titled "Securing Information on Attitudes" and similar material in Remmers (178) and Blankenship (35) were fundamental in the methodology of this research's questionnaires. Other literature of lesser value and use is shown in the bibliography.

Time-Study Methods

Bruchart (50) and Barnes (28) were the guides to the time-study methods used in this study.

Price Study Methods

The study of the price data in this research was confined to standard statistical treatments such as correlation analysis, seasonal indexes, and similar treatments.

Riggleman and Frisbee (181), Paden and Lindquist (170), and Hansen (100) were the significant guides for procedure. Neiswanger (161) also was helpful reference for statistical treatments used.

For correlation of qualitative data revealed by the questionnaire, tests for independence using contingency tables as prescribed by Croxton and Cowden (68) were used. Few associations were uncovered; those presented are significant unless otherwise noted in the text.

Croxton and Cowden was also used as a guide to the preparation of frequency distribution tables and seasonality figures.

CHAPTER IV

SOURCES OF DATA

Four general types of techniques were employed in this study of retail florist pricing policies and practices. They were: 1) open end interviews, 2) mail questionnaires, 3) price studies, and 4)time studies. Each of these techniques was employed because of its particular adaptability to the type of information required.

Interviews

The purpose of personal depth interviews was two-fold. First it was believed a more accurate probe into the pricing mechanism could be achieved by this means, and, second, the interviews were a means by which the content and construction of the questionnaire could be prepared and evaluated. Furthermore, as the questionnaire construction proceeded concurrently with the interviews, it was possible to pre-test the questionnaire in some of the later interviews.

Conditions for the Interviews

The author had had previous experience (199) with

marketing research interviews so he served as interviewer in all cases.

The likelihood of obtaining the needed depth of inquiry was greatly enhanced by the author's close association with the interviewers by reason of his editorship of the Michigan State Florists' Association publication, the Michigan Florist. The confidence and rapport was thereby unusually good. Over the period of a full year during which the interviews were made it was possible to discuss pricing with the florists at their leisure, often away from their places of business and most generally in private or small groups. It was possible to conduct the interviews in a casual, unguarded atmosphere for the most part. This condition made it possible to use the depth-probe technique of the open end interview idiom.

The author knew most of the subjects well and was usually able to identify bias or prestige-creating responses when they were made by the subjects.

Structure of the Interviews

Since the purpose of the interviews was largely exploratory and definitive, their structure changed as the process continued. Furthermore consistent with the intent of the interviews the appearance of structure was to be avoided so in the initial stages the interviews were conducted with a simple,

basic outline in mind. It consisted of five basic questions around which conversation was encouraged. These questions are shown in Appendix A.

In each interview the same question in the same order was always asked. Probe questions were put to the subject during his answer to each question. It was not always possible to record these probes nor the direct quotations of the subject because the interviewer kept no immediate record of the interview, preferring instead to capitalize on the informality of the discussion, recording the answers and substance of the discussions from memory later.

As the interviews proceeded, however, some of the probe questions became somewhat standard too. The most common and significant of these are shown in Part II of Appendix A.

The basic questions and the probe questions gradually led to a concept of the key inquiries necessary for the questionnaire which was planned for mailing to obtain the necessary broader coverage.

The Panel for the Interviews

The florists chosen for interview were all members of the Michigan State Florists' Association or in attendance at one or another of the meetings of that group. The choices

cannot be considered as random since choice was influenced by convenience and opportunity to interview the subject. One hundred twenty florists representing as many firms were interviewed and the panel carefully refined and made more representative by the elimination of twenty interviews which for technical reasons were considered faulty, incomplete, not representative or otherwise unuseful. Since the Michigan State Florists' Association numbers approximately 1500 in membership, the refined interview sample was approximately 6.7% of the group's total membership. The retailers and retail growers in the Michigan State Florists' Association are estimated to number approximately 900 so the refined interview sample was approximately 11.1% of the retail membership.

Some care was exercised to insure representativeness of the sample. Five criteria for representativeness were chosen as follows: 1) estimated sales volume of the florist shop; 2) population of trades area; 3) geographic location; 4) presence or absence of greenhouse production; 5) status or leadership in the trade of the owner.

Since the nature of the Michigan State Florist association with regard to all these criteria was not known, it was necessary to estimate the proportions of florists falling into each category. An analysis of the sample is shown in Appendix B. It is clear that the sample is probably biased in favor

of florists who are active and concerned about trades affairs. This is necessarily so since it is generally such florists who are in attendance at trades meetings.

Analysis of the Interviews

The information obtained from the interviews was largely qualitative so the analysis made of it was in keeping with its purpose.

The salient discovery made clear by the interviews was that florist policy and practice were very likely to be at variance. This observation provided the incentive to include cross-checks on stated policy versus actual practice in the mailed questionnaire.

It also led to the desirability (if not the necessity) of obtaining some actual price data under a variety of circumstances for a more complete understanding of possible changes in price both in short-run and long-run conditions.

The interviews confirmed the importance of the general subject matter initially included by the questions but also introduced the importance of the retailer's production function as a complexity in his pricing procedure. Thereby the whole area of production or labor costs was underscored in importance.

A few simple tabulations were made and some percentages

calculated from them but the quantitative data did not appear to be of value inasmuch as the mail survey, national in scope, was inaugurated later and presents more accurate quantitative material.

The experience gleaned from the interviews made it possible to proceed in the construction of the national survey questionnaire.

The Questionnaires

The questionnaire technique of inquiry was chosen in order to obtain the broad geographical coverage necessary for the construction of generalizations for the whole retail floral industry. The questionnaire also provides the most expedient means of formalizing cross-checks into survey research. The variety of instruments (types of questioning methods) available in the questionnaire method was admirably suited to this purpose. Finally, the questionnaire offered a simple, direct, and reliable means by which a set of actual prices of floral goods could be obtained at minimum time and cost expenditure.

Conditions for the Questionnaires

The retail florist industry represents a relatively homogenous and highly articulate universe. This is especially true within the membership of the Florists Telegraph Delivery

Association for which an excellent research panel was readily available.

The information available about the membership of the Association provided an excellent means to verify representativeness. Finally, in a previous experience with mailed questionnaires to this group, the author was aware of a 70 + % return (198).

Preparation of the Questionnaire

The analysis of the interview information revealed the original categories of inquiry were sound and that the questionnaires should explore these areas of pricing influences: 1) stated price policy, 2) competition, 3) cost of materials, 4) cost of labor, and 5) nature of clientele. To this original group of five categories was added a section on actual prices and a general information section, the latter for purposes of panel returns verification and for use in the establishment of possible interrelationship.

After the categories were decided, a list of every possible question related to each was prepared. These questions were all in the same interrogative form. The questions were then studied for duplication and relevance. During this process only those questions which seemed to probe directly into the heart of each category were retained. Great care was taken to assure

cross-check questions to verify answers in various parts of the questionnaire.

After the content of each instrument (question) was decided, the instrument type was established. Here the effort was made to select a variety of forms, especially for cross-check questions. To this end open, dichotomous, multiple, and declarative questions were all employed.

Finally, the exact wording of each instrument was studied and revised to eliminate ambiguities and prejudices as much as possible, after which the order of categories and instruments within the categories were studied as well. Four separate draft revisions were made to establish the appearance and arrangement of the questionnaire. The final form and the cover letter were reviewed by several students and faculty in Floriculture at Michigan State University and pretested on ten Michigan florists.

The Final Questionnaire

The final questionnaire which resulted and its cover letter are shown as Appendix C. The thirty-five instruments were numbered within each of the seven categories to avoid the connotation of undue length. Nevertheless the instruments were spread in such a way and space for replies was allowed so that the questionnaire finally required eight full pages.

The interrelationships of the instruments and the planned analysis of each are shown in Appendix D.

It is clear from the construction of the questionnaire that the results were expected to be both qualitative and quantitative. It was anticipated that certain matters of opinion and practice would be quantified and, in addition, a set of actual prices, labor costs, and costs of materials would be derived from the results.

Furthermore, the use of diverse forms of instruments permitted the creation of a "competitiveness scale." By the assignment of point values to each possible answer to each question, a "score" representing the degree of competitiveness the florist believed he faced, could be totalled for each respondent.

Using the market classifications of microeconomics described in Chapter II as a theoretical guide to seller's behavior and opinion, high point values (usually 10) were assigned to answers expected from monopolists; low values (usually 1) were assigned to answers expected from competitors. Some questions lent themselves to intermediate scoring as well.

For example, according to the theoretical models of sellers' behavior, one might expect a monopolist who can control his prices to check the first blank (standard unchanging price) in Question 1 of the Cost of Materials category (Ques-

tionnaire, p. 3). Similarly a truly competitive situation would require a check in the last blank since the competitor's price responds readily to changes in cost. The two center answers represent intermediary positions which might be held by oligopolists or monopolistic competitors. The monopolist's answer was scored at a value of 10; the competitor's at 1; with values of 7 and 3 assigned to the two intermediate opinions.

Virtually all the instruments of the questionnaire lent themselves to similar scoring. This scoring scheme is presented in detail in Appendix E.

The objective of the scoring system was to attempt to quantify the florist's opinion of his competitive situation with a view toward correlation of this score with his actual prices.

The Panel for the Questionnaires

The panel of florists to whom the questionnaire was mailed is the FTDA membership research panel used by the author in cooperative research with the Florists' Telegraph Delivery Association previously. It is drawn on a judgment-random basis from the membership listing of the Florists' Telegraph Delivery Association. The judgment selection was made for sales volume and location from amongst industry leaders whose opinions are

often expressed via trade channels and whose leadership in pricing might be expected to be profound. The judgment selection is then augmented by random choices from the known strata of other florist firms to establish the panel of the size desired. The resulting panel for this purpose numbered 926 of the approximately 11,000 members of the Florists' Telegraph Delivery Association. Eliminating the Canadian membership of the Association, the original mailing of the questionnaire went to a number of florists well over 10% of the American membership.

The questionnaire and cover letter were mailed in an 8 x 11 envelope together with a 6 x 8 return-addressed and prestamped envelope on June 27, 1962. This mailing date was chosen to allow for receipt of the questionnaire at a time believed to be convenient for the florists' completion. The first returns were received on July 29, 1962, and the pattern of returns (shown in Appendix F) continued until August 15.

In mid-July a reminder was mailed to those who had not replied. Near the end of July the returns were scrutinized for representativeness using the same criteria applied to the interview sample and additional questionnaires were mailed to categories not properly represented by the returns received. By August 15, 211 returns (21.9%) had been received; forms received after that date were discarded.

An analysis of the return sample's representativeness is shown in Appendix G.

Processing and Analysis of the Questionnaires

As the questionnaires were returned they were edited and scored. Following the editing process faulty answers and unsuitable or inconsistent questionnaires were eliminated. At a later date traditional tabulations were made on the replies to each question and simple percentages were calculated. Since the questionnaire panel does not present a random sample, traditional statistical measures of association in many cases were precluded. For questions requiring ranked answers, weighted percentages, and percentages of first choices were used as the significant analysis data.

Price data from the questionnaires were tabulated in traditional fashion and compared to price data received in the four-florist price data collection described in the following section. The price data of the questionnaires also played a significant role in this study when combined with the time-study data to obtain cost of labor estimates.

The Prices from Four Michigan Retail Florists

The questionnaires described in the previous section provided information on attitudes and opinion of florists which affected their pricing. They also provided a series of prices

and the detail of their determination for florists scattered across the United States. The most serious inadequacy of this price data was in its short-run time limitation. In asking the florist to select a series of prices of various commodities sold in the June sales period the questionnaire assumed away seasonal and other time effects.

It seemed desirable therefore to inquire into seasonal price effects as well. The on-going pricing tactics of florists is as significant as their one-time prices. Sets of seasonally changing prices from single sources were also desirable for contrast to the national data collected in the questionnaire.

Clearly the size and complexity of this problem required simplification. This was accomplished by selection of four Michigan florist shops from which all sales of floral items could be recorded. The original plan was to collect the sales data for a three-year period. After one year's material had been taken, changes in personnel and project reorientation necessitated termination of the original three-year plan.

The Conditions of Price Data Collection

The four florist shops chosen were considered "typical" of small and medium-sized shops in small towns and cities. They offered a general line of floral goods and services and exhibited no striking variances from most flower shops of similar size. The

one possible exception to this statement may be in the alertness and ability of the managements. In each case the florist management was probably higher in ability and concern for his business than one would expect in most flower shops.

Initially the data were recorded and tabulated by hand but ultimately the IBM mark sense data collection card was contrived for recording. Only a portion of the material shown on the card was used in this study, i.e., date, price, item or commodity, and content.

All sales of floral items for the year were recorded. Separated into commodities and content by type of flower, the data were tabulated for seasonal trends, and variations in number of orders, number of flowers used, and price were recorded.

These price data were then analyzed in traditional fashion to note seasonal effects and the relationship of prices to costs of materials. They were also compared to the price data obtained from the national survey.

The Time-Studies

Early in this study it was clear that cost of the labor which went into a floral piece might be significant as a factor in the pricing decisions of retail florists.

The interviews with florists had confirmed a suspicion

that a few, if any, florists had any accurate direct labor costs measurements records. Some florists had a standard charge for "make-up" but this was normally an arbitrary percentage of selling price or a flat dollar charge bearing little relationship to actual direct labor costs.

For the purpose of assessing the real influence of labor costs on pricing, it was necessary to first approach the problem of labor cost measurement. The high variability in the nature, design and content of florist assemblies greatly complicated direct measurement.

It was reasoned that if some method of standardization could be devised, direct labor costs might be calculated with a fair degree of accuracy if the actual content of the floral pieces was known. This, in fact, was on hand in the information collected by the questionnaires and the four florist price data collection. The cost of labor measurement problem was therefore reduced to finding a method of measuring and then standardizing labor costs for the various types of assemblies for which price data was collected.

For this purpose the techniques of time-study were used, labor cost and labor time being easily related. A series of preliminary studies was set up under laboratory conditions to determine the feasibility of the techniques for this purpose. These studies showed, and subsequent work confirmed, that the

key to estimating direct labor costs in floral assemblies was the number of stems of all types of materials (i.e., flowers, foliage, and stemmed accessory materials) going into the assembly. That is, if the number of flower, foliage, and stemmed novelty or accessory items were known, a standard time per stem could be calculated and, by multiplying the one by the other, a standard time for the assembled item could be derived.

The standard time bears a direct relationship to direct labor costs. The questionnaire survey had inquired into the typical hourly wage for floral designers. Hence, the standard times themselves or estimates of costs could be used to correlate with prices for florists reporting in the mail survey as well as the four florist Michigan panel.

Conditions for the Time Studies

The author had previous extensive experience in time-motion study techniques and their application to retail flower shop operations, having written his Master's Degree thesis on this subject. The time studies as used in this study necessarily were made under certain assumptions which are alien to normal usage of the time-study technique. In this case, time studies are a research tool rather than a management device. The standard times derived therefore are not intended to represent the same standardized conditions and motion economy usually

inherent in industrial time studies. The studies in this research were actually conducted under "laboratory" conditions rather than in real florist workrooms. This form of standardization is consistent with the purpose of this study, but obviously not valid for the management purposes of any particular florist shop.

Students, graduate students, and the author served as the operating worker. The usual techniques of evaluation were carried out to level the various performances.

Techniques Used for Time Studies

The techniques of time-study being quite involved, cannot be thoroughly reviewed here due to space exigencies. For a complete treatment of the detailed methods used, the reader is referred to the book by Bruchart (50) which was used as a guide to time-study methods.

Briefly, the time studies were taken with a decimal-hour stop watch, the time readings recorded by the continuous method. The observation form was especially designed for this study (Appendix H). Since the laboratory situation under which the studies were made did not include what might be considered a normal number of non-repetitive job elements, an unusually high allowance for operational interruptions was introduced into the standardization factors.

Technically, standard times of any reliable nature for management purposes can be established only when there is standardization of the method used to do the job being timed. It was simply impossible to standardize the methods used for the assembly of all the different floral assemblies for which prices were collected. For the purpose of this study, however, it was possible to establish broad categories of methods, assemblies, and materials. The resulting imprecision is not significant in view of the use to which the standard times are put in this research.

Analysis of Time Study Data

The standard times derived were useful in correlations to prices to determine the relationship between prices and direct labor cost. This was done for the national survey prices only. Traditional statistical methods were used.

CHAPTER V

THE RETAIL FLORIST BUSINESS

The fifth chapter of this thesis is devoted to a general and brief description of the retail florist business with emphasis on those characteristics which influence price and price policy. The material is largely a summary and condensation of the personal interviews with florists conducted as a preliminary to the survey research.

Where necessary the literature of the field has been cited to confirm or substantiate the interview propositions or to fill in gaps in the desirable background not revealed by the interviews.

Brief History

Modern floriculture is a product of the development of the industry which began about 100 years ago. Fossum (85) understands the demand for floriculture's goods and services to have its origin in the estrangement of the public from the natural surroundings of rural living. He contends that the increase in urban dwellers spurred the demand for flowers and decorative plants in this country.

This rudimentary consumer demand was initially met by people who had skills in gardening and in the conservatory culture of flowers. The early retailer of flowers was a producer-retailer operating a small greenhouse or conservatory and outdoor field plots. From such "florists" plants and flowers could be purchased by the general public.

Just when floral design services were offered with the floral product is not clear, but there is an 1886 record (11) of elaborate floral designs being installed by florists at the wedding of President Grover Cleveland and for the various celebrations of Decorations Day across the country that year (10). The original interest of most florists in the culture of plants and flowers gradually waned. The attention of many florists shifted to floral art and the craft of assembling flowers into useful fabrications made of flowers.

By 1900 definite retailer specialization had occurred, first in major population centers and then more gradually in small towns and rural communities. In 1910 a unique distributive organization was founded amongst retail florists which in effect permitted the local florist to have national (and later international) distribution for his products. This organization, the Florists' Telegraph Delivery Association, arose from a nucleus of retailers who were members of the older national organization, the Society of American Florists, founded in 1885. Such trade

organizations as these, together with state, regional, and local groups have always been numerous in the floral industry and undoubtedly have influenced the industry's character and development.

Fossum (86) estimates that it was not until 1950, however, that the retail florist distribution system had matured to its present widespread form. Although the grower-retailer is still a significant segment of the distributive system of the floral industry, his prevalence continues to decline.

Modern science and technology have had their influence upon the retail florists. The vast changes within recent years in communications and transportation have aided in retail florist specialization and changed the florists' supply and purchasing problems.

There has also been a change in the techniques used in cut flower and ornamental plant production. Such changes have altered the availability, seasonality, quality, and production locale as well as the prices of floral materials.

Along with technological developments, new competitive pressures and social changes at the retailing level have arisen. The two most spectacular of these have been the influx of non-florist outlets into the retail market for flowers and the "please omit" problem, a consumer negative response to flowers

at funerals. A more recent development has been the wide popular acceptance of plastic artificial flowers, the marketing effects of which are as yet unmeasured.

Partly as a result of these pressures and also because of the typical florist's increased maturity in his business, the basic orientation of many retail florists appears to be in a state of change today as well. Just as his basic interest in previous years changed from flower production to floral art, there is some evidence now that he may be turning his attention more and more away from floral art to his managerial and marketing functions. Even though the largest of retail florists are very small businesses by industrial standards, more and more such retailers are awakening to new managerial problems and opportunities.

Nevertheless flexibility and adjustment to changing times has been characteristically slow amongst retail florists. It has been non-florist investment which has seized whatever opportunities in floral retailing seemed worthwhile. Lacking capital and willingness to take risks, florists have been largely unable to make very significant strides in market development and demand creation. Cooperative programs in advertising and promotion are just beginning to have their effects and industry development and progress, in spite of several strong trades organizations, lack a sense of direction and urgency.

The Retail Florist Product

Retail floristry's close historical identification with floricultural production has led to some imprecision in the present day understanding of what the retail florist really sells. This imprecision is manifest in several market reports issued by some of the trade press and in some of the terminology with which researchers and tradesmen alike refer to retail florist trade sales. The market reports of the Florists' Review magazine and Southern Florist and Nurseryman magazine always give the price and movement of common cut flower types. The fact is, few flowers are actually sold in the by-the-dozen form. Most flowers sold from retail florist shops today are in various fabrications made of flowers rather than in the loose, unarranged form.

Fossum (85), Trotter (206), and others refer to the floral design function of the retailer as "service," implying that it is somehow separate or merely added to the product sold. In actuality the floral designing performed by the retail florist creates a series of new products, thereby effecting a change in form utility. Floral design is more precisely a production function and any realistic study of retail florist sales must deal with the multiplicity of products--made of flowers--which a florist sells. Each of these types of floral assemblies has its own peculiar utility and demand, flowers being the chief

raw material of which they are made.

Bebb (29) is among the first tradesmen to publish a statement on this insight and amongst researchers, more expansive statements regarding the concept appear in Trotter (206), and Tolle and New (200).

While an infinite number of variations may occur in the retail finished product, the items sold by the retail florist may be classified for convenience. This has been done by Tolle and New (200) in their study of retail florist sales volume seasonality as follows:

1. Arrangements - floral pieces made of fresh flowers assembled into containers which contain water.
2. Floral Designs - floral pieces made of fresh flowers assembled onto forms or other devices which normally do not contain water.
3. Corsages - floral pieces made of fresh materials designed for personal wear.
4. Cut Flowers - fresh flowers sold in a wrapped or boxed bunch.
5. Flowering Plants - potted, growing plants sold primarily for their colorful flowers.
6. Foliage Plants - potted, growing plants sold primarily for their ornamental foliage.

7. Weddings - all merchandise, including any of the other categories, sold for marriage ceremonies and celebrations as part of the wedding "package."
8. Miscellaneous - all artificial materials, dried materials, giftware, rentals, and other items not included above.

These classifications have been appropriated to this research as well.

The construction of these fabricated floral pieces, while similar in some respects to that for any fabricated product, also must be understood to be a creative craft involving elements of originality, imagination, and artistic expression. Some florists make a genuine effort to produce high quality, original floral art. They realize this goal by using the latest new materials and creative ideas exchanged at trade meetings. This activity corresponds to the more sophisticated product development tactics of larger manufacturing businesses.

In spite of these inclinations toward original and exclusive floral assemblies, there is a great deal more standardization of floral designs than most florists are willing to admit (29). Actually it is more realistic to distinguish between the design function and the fabricating or assembly job done in retail florist shops. The design function is essentially a conceptual activity which determines the pattern and

use of materials, while the fabrication or assembly function is the execution of the design plans. These two types of activity are almost always carried on by the same persons in a flower shop. Yet an employee with a high degree of such specialized skills in both design and fabricating functions is considered somewhat rare. The creative aspect of the flower craft, the special skills required to finish retail florist commodities, and the essentially inefficient type of "handwork" required are some of the reasons why the cost of labor in florist shops exceeds that for other types of retailing. This is true even in comparison with other so-called service retailers, according to Fossum (87). In his comparison of the florist trade with other types of retailing, Fossum found that of all trades public eating places were most closely related to florist shops in percent of sales devoted to payroll. Restaurants and cafes are similar to the retail florist in that they too produce essentially creative preparations which require skilled and personal attention, if the product is to be at its best. Furthermore, the product is perishable and certain non-product aspects of the sales offer are equally as important as the product itself.

The retail florist product line is also characterized by extreme heterogeneity. In spite of the relatively simple categories devised by Tolle and New (200), tremendous variety

is possible within the categories. These variations may be due to flower types, colors, style, accessories, and foliage types, size, and other subtle variations in materials or treatment. This fact makes it possible for the retail florist to determine, with a considerable degree of independence, the type and color of flowers he will use in the fabrication of a floral piece. This determination is made on the basis of the current price of various flower types, the inventory's age, and the amount of value expected to be visible and tangibly apparent by the customer.

Thus, the value added by the retail florist assembly operation (designing, to use the trade term) is an extremely difficult measurement to make. Nevertheless, in any analysis of the floral industry today, the role of the retail florist must be evaluated in terms of the dual function he performs as producer of a new form utility and as a reseller of flowers and ornamental plants.

Retail Florist Services and Functions

In the previous section devoted to the retail florist product this paper has assumed that floral design is not a service but a process by which a new product form is produced. This section deals with those activities of florist firms which are more precisely the non-product services. Such

services usually include: specialized selling and information, delivery, long-distance sales, specialized storage and treatment, and the like.

Specialized Selling and Information

The selling function in retail florist shops is complex in itself. Because of the purposes for which flowers are customarily bought, specialized selling is required and authoritative information about proper custom or etiquette is often given with the purchase of floral products. Aside from the possible ignorance about flowers, the customer may require special tact and sensitivity from the sales person selling for such emotional events as funerals and weddings. Consultations and special planning are inherent in selling flowers for such events much in the same way a sales representative for a highly technical product sells his product.

Specialized Storage and Treatment

Among the other specialized service functions performed by retailers is that of flower storage and care. Being highly perishable, cut flowers require prompt and special care upon arrival. A sizeable portion of retail florist investment may be in special refrigerated storage for cut flowers. Progressive retail florists are more recently including the use of special cut flower preservatives and storage aids to prolong

flower shelf-life for the customer.

Potted flowering and foliage plants require another set of storage procedures and, ideally, special facilities to insure longevity.

Credit

The offering of credit has become the central tactic in retail florist selling. It has made possible the convenience of buying flowers by telephone, eliminating the special visit to the flower shop by the customer. Some florists see this as a mixed blessing because they would prefer to encourage store traffic and because credit is costly.

Nevertheless, credit is closely associated with delivery in the flower shop since a large portion of the flowers sold are delivered not to the buyer, but to a third party as a gift or remembrance. The credit-delivery dual service of the florist shop is particularly helpful in making sales.

Delivery

The delivery of flowers sold at retail is a specialized function and service of the retail florist. Most floral purchases are made with reference to a specific event or occasion. Flowers must reach their recipient at this appropriate time, but due to their perishability it is not possible to deliver them very much in advance of the time. This timing factor,

together with care in handling floral products during delivery, are often cited by florists as special cost and scheduling circumstances which constitute a legitimate service role.

Facilititating Services and Functions

In addition to these specialized problems in selling, storage, credit and delivery, the typical retail florist,like other shop keepers, carries on such facilitating functions as display, advertising, bookkeeping and housekeeping. It is clearly apparent that the florist's business is a complex one and a genuine challenge to managerial control regardless of the size of the business. In fact, many florists agree that the management problem is made more difficult for them by the necessity of concentrating all these functions in the control of one or only a few persons. The retail florist readily identifies with other small business management in having to be "all things" to his business.

The Demand for Retail Florist Products

Formal studies of the demand for flowers have been almost exclusively limited to the demand at the wholesale level for various flower types (roses, carnations, etc.) and to the estimation of demand elasticities for retail flowers sold in chain stores. Also lacking are quantitative measurements of the number and value of the retail florist product categories

sold. The closest approximation to this data are the estimates related to the occasions for flower purchases.

Practicing florists do not exhibit a very sophisticated understanding or articulation of demand for floral goods either. Nevertheless, they rather impressively manage the sale of their highly perishable line of products with some degree of profit. In trade terms this management ability is described as "knowing your clientele," "knowing how to anticipate the market in your buying," and similar remarks.

Tolle and New (200) documented the seasonality of actual demand for retail florist products as expressed by sales of a small sample of flower shops. This study emphasized the well-known fact that florist sales depend in large part on special occasions or events such as death, marriage, anniversaries, births, and various kinds of festive celebrations such as the holidays.

A number of studies have suggested that sales of flowers for funerals constitute a major expression of the demand for floral goods. Similarly, flowers sold to weddings and holiday use are very important. The U. S. Census of Business (209), confusing occasions and commodities, reported sales of cut flowers distributed as follows: 60% funerals, 15% weddings, 10% corsages, 5% decorations. (The remaining percentages were in other goods.)

Rada (177) estimates 60 to 65% for funerals; 20 to 25% for special occasions, including holidays; 10 to 20% for miscellaneous purposes, such as illness and births; and 2 to 4% for home use.

Von Oppenfeld, quoted by Trotter (206), found 55% for funerals, 13% for hospital purposes; 17% for miscellaneous purposes; and 12% for weddings and special decorations. Trotter also quotes Rada as saying that funeral sales constitute as much as 80% of florist sales in parts of the South. The influence of funerals, weddings, and certain other "necessity" reasons for floral purchasing lends stability to the florist's sales, according to Trotter. He sees this stability disturbed by the holiday sales.

The influence of this holiday demand phenonomenon on the wholesale prices of such standard flower types as roses, carnations, and gladiolus has been studied and a marked influence has been found on wholesale prices, but the relationships at retail, the products there largely being in a fabricated or "designed" form, have not been investigated.

In short, the only known study of seasonal fluctuation of sales (actual demand) for retail florist commodity classes is that of Tolle and New (200). The results of the study coincide with general trade experience in which high sales peaks are experienced for the three major holiday months, March (or

April), May, and December. Sharp declines below average are experienced in summer, notably July and August. Other months tend to be near average in their sales. If studied by commodity class these seasonal sales patterns are even more sharply defined, each of them tending to offset the others in the total picture.

Trade opinion largely reflected in the Trade press, has emphasized the need for demand creation within recent years. This need probably was planted by such economists as Fossum (85) and others who advocated expanded markets to present non-users of flowers.

The home-use of flowers was considered a major hope in market expansion and several strategies to attract such markets were proposed. Important amongst these were Krone, et al (126) who proposed special sales at cash and carry prices to attract new customers. These efforts at demand stimulation have had only minor success.

Most alert analysts of retail florist affairs today admit that demand for flowers is for some time to come tied to special occasion usage. Industry strategies and resources are more realistically being devoted to the expansion of markets already fairly well established.

Other Characteristics

Retail florist's business exhibit all the other characteristics of small business enterprises. Dewey (74) found the sales volume of florists in his survey to average about $35,000 annually. Although many florists do have a diverse line of non-floral goods, the larger portion of their sales volume is generally from sale of flowers.

The most common non-floral line in florist shops is gift merchandise, notably pottery, home accessories, and the like. A few florists also diversify into landscaping, garden and nursery products.

The strong cohesiveness and tendency to organize into trade associations was intimated earlier. Most florists value their membership in such groups highly. Especially prominent in florist thinking is membership in a florist wire service. Florists generally believe that such membership is both necessary to business success as well as a mark of personal achievement and pride.

Generally florists feel they are operating business firms which are over-capitalized. Though they believe it is "still possible to begin on a shoe string" and that there are few deterrents to entry, most florists have capitalized their business to an extent which they themselves believe is inconsistent with business realities. Many of them justify their

investments in non-business terms, such as "building up their way-of-life" or "adding to the prestige of theplace" or liking "to work in pleasant surroundings." Few florists seriously enter upon major reinvestment expecting sizeable returns in new or increased sales. Consequently their plans for future growth and expansion seem vague and undirected often decided on the basis of impulse or emotional factors.

In spite of seeming ease of entry, relatively few new flower shops appear to be opening. Tolle (199) reported a sizeable increase in florist shops in the post-war years, followed by a sharp decline in new entrants. Dewey (74) confirms this view indicating most florists in his research had about 25 years' experience.

Promotion by retail florists is a specially difficult and controversial subject within the trade. While many florists will testify to a general belief in advertising and overt promotion, few actually participate significantly in it. In their more honest moments, florists will admit to the belief that extensive local advertising does not pay. Few believe that special merchandising efforts are appropriate to retail florist products, and a number candidly admit a false posture to the contrary in order to please friends in the trade or in the floriculture department of their state university.

"Word of mouth" advertising and "the satisfied customer" are favored promotional gimmicks of florists. A number of tactics are used to capitalize on this approach. Civic and religious participation in the community, lectures on flower arrangement, and the catering to weddings as a means of establishing contact with new households are methods often used.

Generally florists are content to let their sales volumes depend on the demand occasioned by events for which the public has habitually sought and used floral decoration. There appears to be no unanimity of agreement amongst florists regarding the effects of consumer negative movements against flowers, supermarket sales, or the influx of artificial floral goods.

Also florists as a rule do not attach much importance to general economic conditions unless they are located in a town heavily dependent on a single industry. Some indicate that theirs is a clientele not so directly affected by changes in the general economy.

In summary then the retail florist is typically a small, relatively inefficient manufacturing-retailer. His product is produced by handicraft techniques, the most important raw material of which is highly perishable. This product is used for certain occasional events for the most part and the demand for the products is largely dependent upon these occurrences.

In order to handle, produce, sell, and distribute his products the retail florist employs a high degree of specialized skill, care and equipment and he renders an unusual amount of special services and functions along with the product to the customer.

Exhibiting all the usual weaknesses of small business establishments, retail florists generally do not exhibit aggressive business acumen. This characteristic, together with slow changes in consumer habits and preferences, leads to stability in the retail segment of the floral industry.

CHAPTER VI

FACTORS AFFECTING RETAIL FLORIST PRICING PRACTICES

The material presented in Chapter VI is largely the result of the Questionnaire survey conducted by mail amongst florists across the country. Insights gleaned from the personal interviews have been included where appropriate. Throughout the answers given by florists are compared to the economic models and to the emerging theory of marketing. The former comparison is made possible by careful construction of each instrument in the questionnaire so that answers will divulge a gradient of competitiveness inherent in retail florist practice.

Pricing Policies

The Necessity of Policy

Florists indicated a rather firm and consistent awareness and belief in pricing policy. Few florists were vague or unconcerned about pricing. In discussing price policy most florists interviewed were quite clear and straightforward about policy; they were less definite and certain in an exploration

of their actual pricing practices.

Nevertheless, it was the concensus of opinion that definite pricing policy was essential to good florist shop management. Florists saw the function of policy in three general categories. Policy is first a means of simplifying the actual pricing procedure. The rapid turnover of perishable florist goods and their great diversity makes the pricing procedure an often-repeated one. The wide fluctuations in wholesale price, seasonality of flower types and other supply complexities also complicate the pricing procedure which must be done almost daily. Policy is one means of making the pricing procedure simpler and more orderly.

Second, policy permits the decentralization of the pricing procedure. With a fairly well-defined policy subordinates can be guided in pricing decisions freeing management for less confining duties. The designer in the florist shop is the person most often in direct and immediate control of the pricing function under such a decentralization of this function.

Third, policy is reported by florists as desirable to achieve relative standardization of prices both for the firm and to the customer. Florists are generally rather conscious of the need for some kind of control on the pricing procedure when it is decentralized. They realize how easily the designer

--sometimes the owner--can be "carried away" in the filling of an order for flowers. A policy guide is at least a psychic control on such over-enthusiasm.

Furthermore, as we shall see in a later section, standardized retail prices are much preferred by most florists for merchandising reasons. Florists find it difficult to explain great fluctuations in the retail price of flowers and a clear price policy is thought to be of value in achieving this. We shall also see in a later section why florist opinion in this regard is denied by their actual practices, if some of their price policies are actually carried out.

The Origin of Florist Pricing Policies

Most florists had no idea where the pricing policy tradition of the florist trade originally started. They generally agreed to its logic in that a florist must cover all his costs and have a profit remaining but few could offer any other basis for pricing practices in the trade than this. Without exception interviewed florists said they had learned their pricing policy or tradition from fellow, more experienced florists or from speakers or authorities at trade meetings and other centers of information.

The focus in pricing policy seemed to be costs, particularly the cost of perishable raw materials for the floral

piece. One florist reported that the ratio mark-up system in floristry (which simply multiplies the cost of flowers by a factor designed to cover all costs and a profit) owes its origin to an Ohio florist meeting where a florist, who previously had been in the hardware business, described his pricing system as a two to one ratio of price to cost of flowers. This was a system of pricing he had learned while selling hardware.

Attempts to check out the veracity of this tale have failed, but it is the only clue to the origin of the pricing traditions of floristry this research was able to uncover.

Statements of Price Policy Reported by Florists

The mail questionnaire began with an open question asking the florist to simply state what his price policy is. This instrument was intentionally designed to discover where the florist placed his major emphasis. The question was stated as an open instrument in order to increase the florist-respondent's confidence and interest in filling out the rest of the form.

The statements offered by florists fell into three major categories of usable answers as shown in Table 1: Seventy-five percent (75.37%) indicated some form of the ratio mark-up system using such factors as two, two and one-half, or three, applied to wholesale flower cost (sometimes much higher) to

determine retail floral prices. Most of these (43.62%) mentioned certain variations, allowances, and adjustments in their ratio policy either for content or labor costs, for type of floral assembly, or for particular flower types or market conditions of demand or competition.

TABLE 1

FLORISTS' STATEMENTS OF PRICING POLICY

Instrument: Briefly describe your method of pricing items which are made of fresh flowers.

Policy Categories	Number	%
A. Ratio Markup without Variations	67	31.75
B. Ratio Markup with Variations	93	43.62
1. For container, greens, make-up	55	26.07
2. For type of assembly	31	14.69
3. For type of flower	4	1.90
4. For market conditions	3	.96
C. Set Price or Appearance of Value	18	9.53
D. Not Used	33	15.6
Totals	211	100.5%

Most numerous (26.07%) were the florists who first deducted costs of such product contents as the container or form, greens, or make-up from the retail price of the piece. Then, with the dollar allowance remaining, they filled the order with flowers marked-up according to a ratio system.

In working back from the retail price specified by the customer, the charges for "labor" or "make-up" or "overhead" were often arbitrary or formalized into a fixed percentage or dollar amount.

Another group of florists (14.69%) stated a policy with the ratio mark-up varying with the retail commodity class. Thus the same flowers in arrangements, corsage and wedding designs for example would be priced with different margins in each case. This is, of course, a recognition of differing labor costs and/or demand factors in the several retail commodity classes.

The variations mentioned by one small group (1.90%) were tied to flower type, either by virtue of differing perishability or ease of use.

Finally, about 1% (.96%) felt their prices were determined by such external market phenomena as demand or competition. Nevertheless, 31.75% of the florists (slightly less than half of the ratio-mark-up group) stated their ratio mark-up policy without any variations or allowances indicated.

The third general category of policy statements was a small group constituting only 9.53% of the total respondents to the question. This group of florists admitted to a policy based on what might best be described as a concept of floral values. They had derived by experience, trial or error, a knowledge of what floral merchandise of all commodity types was worth to their clientele. Upon this experience, the florist had arrived at a standard of values for his various kinds of work which is consistent with his clientele's standard of values as well.

Discussion

The price policy statements of florists indicate a decisive preoccupation with costs, especially costs of materials and to a lesser extent with labor costs of production. Furthermore, while some florists tend to state their pricing policy in rather rigid and inflexible terms, most recognize the need or desirability for variations and flexibility. When flexibility is introduced into their statement of policy it too usually reflects a recognition and reaction or response to cost factors.

The statements of policy themselves seldom reflect an awareness or use of price as a merchandising tool, nor do the statements indicate as much response to actual demand

as they do to supply factors.

Nevertheless this study assumes that the establishment of definite pricing methods based on costs is essentially a monopolistic tendency indicating an opinion (or hope) held by the price setter that he can formalize price to his own economic need without regard for external opposing or restricting marketing factors.

It is, of course, clear that the florist may adopt this monopolistic stance without really having the ability to practice it. Hence, one test of the competitiveness of pricing behavior is the ability to perform according to stated policy.

Adherence to Stated Price Policies

When discussing their pricing policies florists generally would admit that their policies are really goals or ideals in pricing for which they strive. Or, they say they use their pricing policy as a guide to pricing rather than a rule. Some clearly indicated this view was held by them volitionally, i.e., they wanted to be free to vary actual pricing practice with varying circumstances, seasons, and even, on occasion, with certain customers.

Where flexibility was not introduced volitionally, it was introduced by necessity. Many indications were given

by florists which showed the necessity of adjusting to abnormally high costs or labor effort simply in order to stay competitive or in order to sell any of their floral merchandise to their clientele.

The quantification of the extent to which flexibility in policy is actually practiced was the basis for the second question in the Price Policy section of the questionnaire, the results of which are shown in Table 2.

Slightly over half the florists indicated that they did, in fact, relax policy under certain circumstances. It should be recalled, however, that many of the florists had previously described a policy in answer to the previous question which had an inherent allowance or flexibility stated. It is useful, then, to note the response to question 2 tabulated in relationship to the answers given in question 1. This result of such a tabulation is shown in Table 2 also.

Table 2 shows, then, that regardless of the price policy statement made by florists, about 50% to 60% will admit to relaxing or suspending regular policy when the need or desire arises. The significance of this is manifest in the fact that departure from policy is apparently admitted by florists with rigid price policy statements and by florists whose policy statements already contained variations and allowances for varying circumstances.

TABLE 2

FLORISTS' STATEMENTS ON ADHERENCE TO POLICY

Instrument: Do you follow the policy in 1 above on virtually every sale during all seasons; or do you relax the policy during some seasons and on some classes of merchandise?

Response	Number	%
Adhere to Policy	90	42.17
Relax Policy	121	47.35
Totals	211	100.00

Policy Categories (from Table 1)	Adhere to Policy		Relax Policy	
	No.	%	No.	%
Ratio w/o Variations	27	40.30	40	59.70
Ratio of Variations	38	40.86	55	59.14
Appearance of Value	9*	50.00*	9*	50.00*
Answers Not Used	16*	48.48*	17*	51.32*
Totals	90	42.17	121	52.60

*Insufficient numbers for valid conclusions

Anticipating the reported flexibility, Question 3 of the Price Policy section of the Questionnaire inquired into the reasons for the occasional suspension of price policy.

Since only 24 respondents filled in the question, the question was so poorly answered that the results are inconclusive. The reason for this is believed to be the nature of the policy statements given in Question 1 had already given reasons for variation in price policy to which florists would admit. Respondents probably felt they had thus already answered the question.

Discussion

Nevertheless from the few answers given and from the interviews, the reasons for price policy departure qualitatively at least confirm the results of the policy statement question. Unusual costs of materials and labor are frequently described as reasons for suspension of policy. In addition, however, a few florists mentioned "special sales" of flowers and discounts as practical exceptions to their policy statements. The impression given though is that florists do resist actual retail price changes even though unusual cost pressures are applied to their supply markets. Two retail price relationships are given as the reasons for this: 1) the price level which must be realistically competitive on the one hand, but realistically profitable on the other; and 2) retail price stability lending reliability and confidence to the sales milieu into which floral goods move.

The mention of specials and discounts is mildly contradictory to the previously apparent disinterest in price as a merchandising tool. In any case, the evidence from Question 3 is too meager to assume that prices are widely used to stimulate the customer to buy flowers in retail florist shops. The result of a cross check question in another section of the questionnaire quantifies more precisely the role of discounts in florist selling.

The variations and allowances inherent in florists' stated price policies together with a substantial admission that they suspend policy when necessary, leads to the assumption that the monopolistic stance of rigid price policy irrespective of the current marketing reality is something less than actual for most florists. Yet the response of the majority of florists to the economic microcosm of which they are a part is largely united to factors essentially internal, i.e., those affecting costs, rather than to more externally determined factors, i.e., those affecting sales.

Since both sets of factors influence the long-run financial health of the firm, some evaluation of pricing and prices should occur. The means by which this is done also reflects the basic attitude with which florists approach their markets. Questions 4 and 5 of the Policy section of the Questionnaire explored this area.

Evaluation of Pricing Practices

Most florists interviewed recognized the need for a close concern for pricing practices. Upon closer inquiry into the subject, it was found that they really meant a close watch on cost of materials and labor in each piece of floral goods. A number of florists indicated that the best test of pricing effectiveness was the long-run sales trend of the firm but admitted this was a faulty evaluation method since any real damage to the firm was done before it could be corrected by this means.

Question 4 of the Price Policy section of the Questionnaire was designed as an open question to explore florists' attitudes about their means of evaluating price policies and practices. The results of this question are shown in Table 3. The answers to question 4 when edited and classified fell conveniently into three meaningful categories. The first group of methods can be described as internal checks. They make use of such internal data as the firm's monthly financial statements, daily or weekly purchase and sales records, individual sales slips, audits, and so forth. Such methods were mentioned by about one-third (36.97%) of the florists.

The second group can be identified and classified as external checks since they employ information such as customer reaction and actual comparative checks on competitor's flower

prices. Sixty-three (29.86%) of the florists said they used such methods of evaluating prices.

TABLE 3

METHODS OF EVALUATION OF PRICES

Instrument: How do you determine if your prices are satisfactory?

Method of Evaluation	Number	%
Internal Checks (books, statements, profitability, audits, etc.)	78	36.97
External Checks (customer reaction, comparison with competitors, etc.)	63	29.86
Both Internal and External	36	17.06
Standards of Value (derived from experience, trial, and error)	18	8.53
None	5	2.37
Answers not Used	11	5.21
Totals	211	100.00

Another group (17.06% of the florists mentioned a combination of internal and external methods. Finally, a relatively small group (8.53%) said they evaluated prices on the basis of an established or customary standard of value. They

either adhered to established prices existing in the area or had established such a customary price line in gradual agreement and adjustment with their markets' expectations. These methods can be described as representing an interplay between long-range market reaction and the internal requirements of the firm. The florists expressed these methods largely in terms of a self-determined standard of floral and floral art values which had been decided upon by themselves in apparent agreement with the clientele to which they directed their sales effort.

Discussion

The attitudes with which florists approach an evaluation of the prices is also a measure of the competitiveness of the firm and industry. A florist who uses his internal economic needs as the basis for evaluation tends toward more monopolistic attitudes while the florists who seek external factors for the evaluation of his prices assumes a more competitive stance. The fixed "standards of value" methods have monopolistic overtones but are not used without evidence of some tacit agreement with the clientele. Thus it may be assumed that such means of evaluation are a competitive midpoint between the other two categories of evaluation previously mentioned.

The results in Table 3 would suggest that florists' behavior in evaluating their prices is monopolistically competitive from an over-all point of view. This suggestion is confirmed by the results in Table 2 which indicate how difficult it is for florists to stay rigidly within predetermined price policy goals regardless of the flexibility built into the policies themselves.

Further evidence of this is shown by a correlation of Price Policy Statement to Methods of Price Evaluation, shown in Table 4. It will be recalled that Policy Statements from Table 1 that four kinds of inherent variations or allowances were expressed in Group B statements. These four subgroups do not each contain enough items for separate analysis, but two of them (Variations for Type of Assembly and Variations for Container, Greens, Make-up) and the total group do. In these two subgroups and for the whole group of policy statements containing flexibility and allowances in pricing, there is a significant inclination to use internal evaluation of prices.

On the other hand those florists from Table 1 who expressed in their price policy statements without variations, in answer to the instrument presented in Table 3, were inclined significantly to use external checks.

TABLE 4

RELATIONSHIP OF PRICE POLICY STATEMENTS AND METHODS OF EVALUATION OF PRICES BY FLORISTS

Instruments: (See Tables 1 and 3) Methods of Price Evaluation (See Table 3)

Price Policy Categories: (See Table 1	Internal		External		Both		Standard		None		Not Used		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A. Ratio w/o Variations	17	25.4	24	35.8	10	14.9	8	11.9	3	4.5	5	7.5	67	100.0
B. Ratio with Variations	47	50.5	22	23.7	16	17.2	3	3.2	2	2.2	3	3.2	93	100.0
B_1 Variation for Container, etc.	30	54.6	14	25.4	8	14.6	1	1.8	1	1.8	1	1.8	55	100.0
B_2 Variation for Type of Assembly	14	45.2	6	19.4	6	19.4	2	6.4	1	3.2	2	6.4	31	100.0
C. Set Price or Value Appearance	6	33.3	6	33.3	3	16.7	2	11.1	0	0.0	1	5.5	18	100.0
D. Not Used	8	24.2	11	33.3	7	21.2	5	15.2	0	0.0	2	6.1	33	100.0
TOTALS (including B_3 and B_4 not shown above)	78	37.0	63	29.9	36	17.0	18	8.5	5	2.4	11	5.2	211	100.0

In other words the monopolistic behavior of florists expressed in their price policy statement tends to be offset by the competitive stance they assume when evaluating the rightness of their prices. Similarly florists who state a price policy inclining toward competitive behavior tend to evaluate their pricing by means which tend toward a monopolistic attitude. The hypothesis of monopolistic competition is thus continuingly confirmed.

Frequency of Price Evaluation

Further insights into the attitudes of florists regarding their competitive predicament can be achieved by studying the frequency with which price evaluations are made. This is especially true in light of the very rapid turnover of fresh flowers in flower shops. Question 5 of the Price Policy section of the questionnaire explored this subject. Question 5 was prepared as an open instrument and the answers were then edited and classified according to frequency of the price evaluations. The results are shown in Table 5.

About one-third (31.14%) of the florists replying were continuously "on top" of pricing. It is valuable to recall the meaning of this phrase, however, as revealed by the interviews and previously described in the section Evaluation of Pricing Practices. What is really meant is a close control

on costs of labor and materials flowing into floral articles at known prices.

TABLE 5

FREQUENCY OF PRICE EVALUATIONS
AS REPORTED BY FLORISTS

Instrument: When do you do this?

Frequency of Evaluation	Number	%
Continuously	52	31.14
Monthly	48	28.74
Quarterly (includes "after holidays")	18	10.78
Annually	21	12.57
"Haphazardly or periodically"	28	16.77
TOTALS	167	100.00

An almost equal number of florists (28.74%) do the price evaluations monthly, ordinarily from monthly financial statements. Thus over half the florists (59.88%) answering are watching costs of merchandise sold rather carefully and this is their interpretation of what it means to conduct a price evaluation check.

The remaining florists check prices in a much less frequent way.

Discussion

It is another assumption of the study that frequency of price evaluation is a measure of the competitive attitude of the florist. A florist who reviews his prices and costs frequently understands himself to be in a price competitive situation while one who does so only periodically or infrequently does not. To be sure the form of his competitive predicament is not thus revealed but its intensity is suggested.

The results in Table 5 continue to confirm the view that the retail florist trade in general is a mixture of monopolistic and competitive attitudes and opinions held by florist management.

In several respects such as: Rigid statements of price policy; with equally rigid statements of adherence to policy and internal and infrequent evaluation of prices, a segment of the florist trade assumes a monopolistic stance. On the other hand some florists' price policies are inherently flexible and even those which are not are always capable of strict adherence. Similarly some florists consciously and frequently feel a pressure on their financial performance and quite a number evaluate pricing practices by external factors impinging upon their market position.

The florists' preoccupation with costs and the nature and extent of the competitive pressures he experiences were

the subjects of the next three sections.

Competition

The Florist as a Competitor

When florists in the interviews discussed the subject of competition they hardly exhibited the popularly held notion that competition is the life-blood of the free enterprise system. Most clearly apparent in the open interview situation was the dominant view that florists are not competitors with one another. Under probing questions and comments this attitude lost its strength of conviction if the discussion was narrowed closely to include only the florists in the market serviced by the florist interviewed. Nevertheless, most florists maintained that fellow-florists were not their chief competitive problem.

The interviewers quite dominantly seemed to prefer non-price competition to the more aggressive "cut-throat" [their term] forms of price competition.

Furthermore, there was a vagueness and reluctance on the part of many florists to discuss competition at all. It was discussed by some as if it were a personal or a moral issue of some intimacy to be related in hushed and confidential tones. By others it was the occasion for long and colorful tirades about non-florist outlets and the inroads they are allegedly making

into florist sales. Hence it may be safely assumed that the subject of competition is one highly charged with emotion for florists. Further, while they may be reluctant to say so, florists give evidence in the interviews of a recognition of a dual competitive situation prevailing with florists on the one hand and non-florists on the other. Several questions in the questionnaire were designed to quantify the nature and extent of florists' competition from their own opinions about it.

The Number of a Florist's Competitors

Question 1 of the section of the Questionnaire on Competition asked the florist respondent to indicate the number of florist shops he considered were his direct competitors. The question was so worded to avoid merely receiving the number of florists in the respondent's area, a datum which could have been better obtained by other means. The attempt was to discover the respondent's evaluation of his fellow florists as competitors. The results are shown in Table 6.

Table 6's most interesting evidence lies in the fact that over 60% (67.14%) of the florists believed they contended with no more than four competing florists and that as many as 23.96% believed they contended with no more than one. Furthermore a relatively small group of florists indicate more than 10 active florist competitors.

TABLE 6

NUMBER OF FLORIST SHOPS CONSIDERED AS COMPETITORS

Instrument: In your opinion, how many florist shops are your direct competitors? _____shops.

Number of Shops Considered as Competitors	Number of Respondents	%	Cum. %
0	23	11.98	11.98
1	23	11.98	23.96
2	38	19.79	43.75
3	23	11.98	55.73
4	22	11.46	67.19
5	12	6.25	73.44
6	14	7.29	80.73
7	5	2.60	83.33
8	10	5.21	88.54
9	3	1.56	90.10
10	6	3.13	93.23
11-15	3	1.56	94.79
16-20	3	1.56	96.35
21-25	3	1.56	97.91
over 25	4	2.08	99.99
"all"	13[a]		
TOTALS	192	99.99	

[a]Thirteen florists answered "all" to the question. Though their answers were qualitatively meaningful; it was, of course, impossible to include these answers in the calculation of the percentages.

Discussion

One of the generally assumed monopolistic or oligopolistic conditions is very close to fulfillment in these instances. The size of the trades area is of course a determining factor in the number of florists likely to exist in a given area, but the instrument avoided this issue and probed to quantify active florist competition the respondent believed he faced. This is assumed to be far more influential on behavior than the actual number of florists present. The meaning of the data in Table 6, aside from suggesting a monopolistic tendency, is related to other behavior evidence explored by later sections of the questionnaire. These will be correlated and discussed in later sections.

Sources of Competition

As previously mentioned, florists hesitate to consider themselves competitors with one another. Yet the data presented thus far shows that they do exhibit certain competitive traits in their behavior. Question 2 of the Competition section of the Questionnaire inquired of florists their opinion of sources of competition. The results of this question are shown in Table 7.

Florists' answers are consistent with the qualitative replies obtained in the personal interviews, 68% of the florists

believing that their most serious competition comes from other outlets selling flowers or from substitute products.

TABLE 7

SOURCES OF MOST SERIOUS COMPETITION
STATED BY FLORISTS

Instrument: Check one: Do you think your most serious competition comes from: _____other florists, _____other types of outlets selling floral merchandise, _____substitutes for floral gifts and remembrances, _____other (please specify:).

Source of Competition	No. of Florists	%
Other Florists	61	30.50
Other Outlets	54	27.00
Substitute Products	82	41.00
Other	3	1.50
TOTALS	200	100.00

In order to observe any possible relationship between the number of florist competitors and the florist's opinion of his most serious source of competition a correlation was made between the first and second questions in the questionnaire's section on competition (Table 6 and Table 7). The correlation revealed no significant difference between the frequency distributions of the number of direct florist com-

petitors (Table 6) for each of the three sources of serious competition (Table 7). Or, in other words, the number of direct florist competitors a respondent thought he faced was not related to his opinion of his most serious source of competition.

Discussion

It is doubtfull that florist opinion as expressed here is based on a true analysis of the actual competitive facts. It is clear from simple logic that any two florists selling in the same area do, in some degree, compete with one another. The significance of Tables 6 and 7 and the correlation between them lies in the florist preferences they reveal. A florist chooses a point of view which ignores or de-emphasizes competition with his fellow tradesmen or at least his point of view in some sense "sublimates" the intra-industry competition.

If the florists had answered overwhelmingly that fellow-florists were their most serious competition, it would have been evidence of a competitive market structure within the florist trade. The much more prevalent opinion that competition arises from outside the industry is further support for the monopolistically competitive structure's existence in retail floristry.

The form of intra-industry competition then is a pertinent factor in florist behavior. This factor was approached

in question 3 of the section on competition in the questionnaire.

The Preferred Form of Competition

Question 3 of the Questionnaire's Competition Section was structured as a ranking question wherein the respondent was asked to rank, in order of his preference, the forms of competition listed. The choices listed were in descending degrees of competitiveness. That is, an aggressive competitor would have preferred or been forced into price competition; a less competitive position would have preferred competition with product characteristics; while a position still farther removed from the competitive model would have chosen to compete with non-product services.

Obtaining a ranked choice from florist respondents for each of the three forms of competition it was possible to calculate weighted percentage index to quantify the relative importance of each preference.

The frequency distribution of the preferences and the weighted percentages are shown in Table 8. An analysis of the weighted percentages indicated that of the three forms of competition specified, price competition is least preferred. Competition through such product characteristics as design and flower quality is significantly preferred over non-product

forms of competition although both are considered important by florists.

TABLE 8

FORMS OF COMPETITION PREFERRED BY FLORISTS

Instrument: Please indicate the order of preference you have for the following forms of competition. (Mark your first preference with 1, second preference 2, etc.)_____competing with prices; _____competing with design and flower quality; _____ competing with services, such as credit, delivery, personal services, and consultations; _____other (please specify:____).

Form	1st Choice	2nd Choice	3rd Choice	4th Choice	Index Total%
Price	20 11.70%	22 12.29%	123 64.40%	5 26.31%	238.78
Product Characteristics	125 73.10	37 20.67	8 4.19	3 15.79	378.58
Non-Product Forms	24 14.04	119 66.48	54 28.27	1 5.26	317.40
Other	2 1.17	1 .56	6 3.14	10 52.63	65.27

An analysis of the first choice distributions reinforces the preference for competition in product characteristics.

Discussion

Given the assumption previously stated, that the question

expresses a polarity of competitiveness surrounding the product offer dimension in marketing flowers at retail, the retail florists have chosen a mid-point in that polarity, once again affirming the hypothesis of monopolistic competition.

The next two questions of the questionnaire were designed to cross-check the previous one. They inquired into florist behavior in regard to two different strategies designed to provide the firm with competitive advantage. The first concerned information on competitor's prices; the second concerned the possible advantages achieved over competition by the firm's location. Active interest in competitor's prices and seeking information about them would be expected of florists who saw their market situation as highly competitive, it would also be a short-run strategy, more precisely termed at tactic.

Competitive advantage achieved through the firm's location, on the other hand, would be a manifestation of a monopoly stance with longer-range implications since the relocation and turnover of firms is involved. The results are shown in Tables 9 and 10.

Two Strategies for Competitive Advantage

Competitors' Prices

When florists were asked if they regularly tried to

find out what their competitor's prices were, about seventy-five percent (74.88%) said they did not. (Table 9) The results of this question serve as a cross check to the data presented in Table 3.

TABLE 9

FLORISTS' AWARENESS OF COMPETITORS' PRICES

Instrument: Do you regularly try to find out your competitor's prices on common flower types? Yes_____ No_____

Status	No. of Florists	%
Florists Seeking Information on Competitor's Prices	52	25.12
Florists NOT Seeking Information on Competitor's Prices	155	74.88
TOTALS	207	100.00

Location

When asked if they believed their location provided any competitive advantage over other florists in their areas, about half (54.45%) said "yes" and half (45.54%) said "no." The difference is not significant.

TABLE 10

FLORISTS' ATTITUDES ON
COMPETITIVE ADVANTAGE OF LOCATION

Instrument: Do you think your location gives you a competitive advantage over other florists in town? Yes___ No___

Attitude	No. of Florists	%
Florists who believe they have locational competitive advantage	110	54.45
Florists NOT believing they have locational advantage	92	45.54
TOTALS	202	99.99

Discussion

Therefore with regard to a given competitively aggressive tactic, florist responses indicated a decidedly uncompetitive attitude; with regard to a longer-range form of competition where competitive advantage is sought in more permanent and stable form, florist response showed no trend or ability to establish market control. This latter strategy is greatly diminished in its effectiveness when it is remembered that so large a proportion of florist sales are made by telephone. This

characteristic of florist selling dilutes the importance of location in present sales patterns. Yet location is also a means of attracting telephone sales. In spite of this, florists show no clear ability or tendency toward the establishment of long-range market control by becoming or being favorably distinguished by location.

Cost of Materials

The previous questions regarding price policy clearly established the centrality of costs of materials and labor in the pricing policy of florists. In so far as policy statements are concerned cost of materials especially is the fundamental basis for pricing. This fundamental basis is often augmented or varied by some policy recognition of differing direct labor costs for the floral item sold.

In discussing this cost-price relationship with florists in the interviews there appeared to be a body of conflicting opinion or attitude regarding the degree to which wholesale costs of flowers should actually affect retail prices. This was even expressed by florists who had originally stated a clear price policy based on materials cost. Most florists were finally willing to admit the necessity of passing on costs, including overhead, and being sure that a profit resulted, often irrespective of the exact cost-price relationship.

This apparent discrepancy led to the assertion again of the hypothesis that policy statements and actual pricing practice might very likely be at odds with one another. The questionnaire was constructed to explore attitudes about the relationship of materials cost to price and also to collect actual data to check the attitudinal answers.

Some florists in the interviews admitted that using materials cost was a poor basis for a pricing policy because it was neither desirable nor possible to vary retail prices with wholesale costs. Furthermore, such a rigid relationship was simply too inefficient since it required an active pricing decision almost every day in the florist shop.

The questionnaire uncovered a decided preference for standard or unfluctuating retail prices, as shown in Table 11. A number of florists (21.08%) agreed with the standard price idea but preferred to allow for upward movement of prices during the peak demand seasons at holidays. These together with other standard price advocates (56.86%) constituted over three-fourths (77.94%) of the florists answering the questions. Nevertheless almost one-fourth (21.57%) of the florists did express a price fluctuation philosophy which would in effect cause retail prices to vary directly with wholesale flower prices.

Discussion

The answers in Table 11 lend considerable support to the view that florist pricing practice varies considerably from the ratio-markup policy statements. It is not possible to maintain standard retail price and at the same time stay rigidly to a given general markup or a given series of mark-ups for the several retail florist commodities. A standard retail price on retail florist items, given the conditions of the industry, requires either a varying markup on cost or a varying quantity of flowers (or a change in the type of flowers) used to construct the piece. All of these tactics are open to florists since the florist generally knows before the assembly of the piece, the price at which the piece will sell as revealed in Table 12.

The "Price-First" Principle in Retail Floristry

Table 12 affirms a well-known practice in the retail florist trade, namely, that the florist generally begins with a known price and designs the floral items to that price.

Discussion

The importance of this fact is clearly in the control over cost which it gives the florist over each unit produced and sold in his shop. This control includes not only the number of flowers but also the type of flower, making it possible

to direct sales to flower types which afford the best markup under the current wholesale market situation. The actual cost of materials commitment can thus be delayed until the order for the sale has actually been received.

TABLE 11

FLORIST OPINION ON STANDARD RETAIL PRICES

Instrument: What is your opinion about "holding the line" when wholesale costs of flowers change? (check the phrase below which most nearly describes your point of view: ____ a standard, unchanging retail price for common flower types and items is extremely important year round; ____a standard price is important except at holiday times when retail prices should rise; ____a standard price is not a good idea since a retail price should reflect sholesale cost of flowers and other costs.

Point of View	No. of Florists	%
Standard Price Important	116	56.86
Standard Price Except Holidays	43	21.08
Standard Price Unnecessary	1	.49
Standard Price Not Good	44	21.57
TOTALS	204	100.00

TABLE 12

THE "PRICE-FIRST" PRINCIPLE IN RETAIL FLORISTRY

Instrument: Check the procedure which describes what you do most frequently: ____start with a retail price and then design an item which is apparently of that value; or, ____design an item and then price it according to its apparent value.

Procedure	Number	%
Price First	177	90.77
Design First	18	9.23
TOTALS	195	100.00

This unique opportunity is somewhat diminished however by the highly perishable nature of the raw materials (flowers) inventory. The effect of perishability on pricing in the consciousness of florists was therefore explored by two other instruments in the questionnaire, the results of which are shown in Table 13 and 14.

The Influence of Perishability on Price

The results in Table 13 show no general recognition of perishability or expected loss as a factor influencing pricing. At least, with about half of the florists (54.13%) indicating that perishability is not a consideration, one must assume two

possible alternatives; 1) that sales are fast and even enough to use up the perishable inventory or 2) that a hand-to-mouth purchasing policy is feasible and in force.

TABLE 13

EFFECT OF PERISHABILITY ON THE DOZEN-PRICE AS STATED BY FLORISTS

Instrument: Do you generally consider perishability or expected dumpage in setting the "by-the-dozen" price" Yes___ No___

Response	Number	%
Perishability Considered	100	45.87
Perishability Not Considered	118	54.13
TOTALS	218	100.00

This former factor can be measured by the proportion of shop capacity used by the flower shop during normal sales periods (non-holiday) times. This factor was quantified by an instrument in the Cost of Labor section of the questionnaire, the frequency distribution of which is presented in tabular form in a later section. This data is related here with the influence of perishability on pricing in order to determine the extent to which inventory turnover affects the florists' concerns about perishability. There appears to be significant difference of attitude about perishability's effect on prices

in relation to the flower store's capacity used at non-holiday periods. In other words regardless of capacity used, florists had similar attitudes about perishability's effect on pricing.

TABLE 14

FLORISTS' TACTICS UNDER CONDITIONS OF A PERISHABLE INVENTORY IN STRESS

Instrument: Check the one phrase below which most nearly describes your point of view. When business is slow and your refrigerator is full are you more likely to:

____be generous with the stock when filling orders;

____quote lowered prices to customers;

____hold the line on price and materials used.

Tactic Under Stressed Inventory	Number	%
Increase flowers used	69	34.67
Quote lowered prices	5	2.51
Hold the line on materials and price	125	62.81
TOTALS	199	99.99

Another measure of actual effect of perishability on pricing is the tactics used by florists when their perishable inventory is under a condition of distress. These tactics were explored by the third question in the cost of materials section of the questionnaire, shown in Table 14. Table 14

indicates a strong tendency by florists to hold the line in price and materials under conditions of a stressed inventory, though as many as one-third of the florists (34.67%) will add more flowers at the regular price for the item. In these instances the price remains constant but the value (at least in quantity of flowers) rises. Perishability then has an indirect effect on value, if not on stated price. This tends, of course, to result in lowered mark-up on cost. What is manifestly clear is the strong resistance to any change in the quoted price, a tactic used by only 2.51% of the florists answering.

When these tactics were compared with the capacity of the store used at non-holiday periods, no differences were found. That is, irrespective of capacity used, florists used similar tactics in handling distressed perishable inventory.

When tactics (Table 14) were compared with the influence of perishability on pricing which florists had stated (Table 13), a difference was found, Table 15. While most florists preferred to "hold theline" on price and materials this view was significantly weaker amongst florists who said that perishability did influence prices. Inversely, florists who did not let perishability affect pricing more strongly supported the hold-the-line policy.

Discussion

The high perishability of a product would normally be regarded as a factor contrary to monopolistic control. A product which cannot be stored for a significant period to await better market conditions has an anti-monopolistic character inherent in it.

One would expect the florist industry's monopolistic tendencies to be greatly diminished by the high degree of perishability of its products.

In so far as perishability influences price this is not true in florist opinion. Since the used capacity of the florist shop (a measure of turnover) is not related to their opinion of perishability, the effect of perishability must be solved by other means. Although no data is shown in support of the assumption, florists probably lessen the effects of perishability by purchasing policy. Wise anticipation of sales and hand-to-mouth buying must be used where sales volume and sales fluctuations are limited and erratic.

The relationships in Table 15 merely show that the florists tended to be consistent in their answers to the instruments presented in Tables 13 and 14.

These general attitudes about costs of floral materials and some of the related subjects which influence costs are foundational for checks on the costs of floral materials in actual

florist orders presented in Chapter VII.

TABLE 15

RELATIONSHIP BETWEEN THE INFLUENCE OF PERISHABILITY ON PRICING AND THE TACTICS USED BY FLORISTS UNDER CONDITIONS OF INVENTORY DISTRESS, IN %

Instruments: Tables 13 and 14

Influence of Perishability On Pricing (Table 13)	Tactics Under Conditions of Inventory Distress (Table 14): Generous with Stock	Quote Lowered Price	Hold the line on Price and Materials	Totals
Positive	41	2	53	96
Negative	29	3	70	102
Totals	70	5	123	198

Cost of Labor

The Role of Labor Costs

It is well to recall from Chapter V that the products sold from retail florist shops are fabricated items made of flowers. As such the retail florist's product line is one on which the retailer has performed a series of production functions. Furthermore, while a great variation and complexity exists amongst these florist assemblies, they can

be classified into general categories of commodities. (See Chapter V) The amount of labor required for these different types of floral assemblies also varies and this variation as shown earlier in this chapter is often the basis for variations and allowances in price policy.

In addition to direct labor time, wage levels within shops and between shops will vary so that it becomes difficult to derive any accurate measure of labor costs distinct from the prevailing wages of the different classes of florist employees.

Assigning a Charge for Labor

In interviews the florists consulted recognized the high amount of labor, most of which is done by skilled craftsmen, which goes into the floral assembly. One florist, in an effort to assign an accurate charge for direct labor, has done some time studies. Quite a few had selected an arbitrary charge, expressed as a % of selling price usually. This was rationalized as a fair estimate of the cost and that it was impractical if not impossible to derive a more accurate means of assigning direct labor costs.

By far the greater number of florists interviewed however had no way of making a specific labor charge but had incorporated labor as a part of "overhead" in the establishment

of the ratio markup on which their pricing policy was based. For most, direct labor was an overhead cost. None of the florists interviewed had been exposed to any thorough study or consideration of standard methods or standard productivity goals and the pattern of efficiency which might result therefrom. In the cases where these possibilities were mentioned they were almost immediately and categorically rejected as being impractical for the florist operation.

The pattern for this study of the influence of the cost of labor on retail florist prices is much like that of the preceding section on cost of materials. Some attitudinal matters explored by the questionnaire are presented, first followed by checks from actual florist margins presented in Chapter VII.

Florist Opinion of the Influence of Labor Costs on Prices

The third question of the cost of labor section of the questionnaire asked florists if they varied mark-ups according to the type of floral assembly sold. The results, presented in Table 16, show that nearly three-fourths (73.66%) of the florists established a mark-up which varied with the class of floral assembly.

Tables 17 through 23 present the ratio markups on cost provided by florists in answer to the second half of

the instrument shown in Table 16.

TABLE 16

MARKUPS ESTABLISHED FOR VARIOUS CLASSES OF FLORAL ASSEMBLIES

Instrument: Does your "normal" or preferred markup vary with the class of floral assembly?_____Yes _____No If so, what is your preferred markup for:

Flowers boxed or wrapped: _____

Flowers in corsages: _____

Flowers in arrangements: _____

Flowers in wedding work: _____

Flowers in funeral wreaths or sprays: _____

Pot plants: _____

Green plants: _____

Response to Question	Number	%
Yes	151	73.66
No	54	26.34
TOTALS	205	100.00

See succeeding tables for frequency distributions of markups for classes of floral assemblies.

TABLE 17

PREFERRED MARKUPS REPORTED BY FLORISTS FOR FLOWERS BOXED OR WRAPPED

Instrument: See Table 16.

Markup on Cost;

Ratio: 1	Number	%
1.5	1	.74
2.0	36	26.47
2.5	27	19.85
3.0	65	47.79
3.5	1	.74
4.0	4	2.94
4.5	1	.74
5.0	1	.74
TOTALS	136	100.01

Average Ratio Markup on Cost: 2.68

TABLE 18

PREFERRED MARKUPS REPORTED BY FLORISTS
FOR FLOWERS IN CORSAGES

Instrument: See Table 16.

Markup on Cost;

Ratio: 1	Number	%
2.0	4	5.33
2.5	1	1.33
3.0	20	26.67
3.5	4	5.33
4.0	25	33.33
4.5	0	0.00
5.0	21	28.00
TOTALS	75	99.99

Average Ratio Markup on Cost: 3.86

TABLE 19

PREFERRED MARKUPS REPORTED BY FLORISTS
FOR FLOWERS IN ARRANGEMENTS

Instrument: See Table 16.

Markup on Cost;

Ratio: 1	Number	%
2.0	7	8.86
2.5	13	16.46
3.0	47	59.49
3.5	1	1.27
4.0	10	12.66
4.5	1	1.27
TOTALS	79	100.01

Average Ratio Markup on Cost: 2.98

TABLE 20

PREFERRED MARKUPS REPORTED BY FLORISTS
FOR FLOWERS IN WEDDING WORK

Instrument: See Table 16.

Markup on Cost;

Ratio: 1	Number	%
2.0	2	2.63
2.5	2	2.63
3.0	22	28.95
3.5	3	3.95
4.0	23	30.26
4.5	0	0.00
5.0	19	25.00
6.0	1	1.32
7.0	3	3.95
10.0	1	1.32
TOTALS	76	100.01

Average Ratio Markup on Cost: 4.07

TABLE 21

PREFERRED MARKUP REPORTED BY FLORISTS
FOR FLOWERS IN FUNERAL WREATHS OR SPRAYS

Instrument: See Table 16. Markup on Cost;

Ratio: 1	Number	%
2.0	10	13.33
2.5	9	12.00
3.0	46	61.33
3.5	1	1.33
4.0	8	10.67
4.5	1	1.33
TOTALS	75	99.99

Average Ratio Markup on Costs: 2.93

TABLE 22

PREFERRED MARKUP REPORTED BY FLORISTS
FOR FLOWERING POT PLANTS

Instrument: See Table 16. Markup on Cost;

Ratio: 1	Number	%
2.0	21	27.27
2.5	21	27.27
3.0	30	38.96
3.5	2	2.60
4.0	3	3.90
TOTALS	77	100.00

Average Ratio Markup on Costs: 2.25

TABLE 23

PREFERRED MARKUP REPORTED BY FLORISTS
FOR GREEN PLANTS

Instrument: See Table 16. Markup on Cost;

Ratio: 1	Number	%
1.5	2	2.53
2.0	40	50.63
2.5	18	22.78
3.0	18	22.78
3.5	0	0.00
4.0	1	1.27
TOTALS	79	99.99

Average Ratio Markup on Cost: 2.28

Tables 17 through 23 illustrate the differences between retail florist commodities and prove the contention that the retail florist is engaged in a production function, producing inherently different fabricated items, the raw materials of which are flowers. This difference in product (and demand) is reflected in differences in markup.

The ratio markups applied to pot plants and green plants are about the same as shown in Tables 22 and 23 and this markup is the lowest ratio applied to any of the florist

commodities. Boxed or wrapped cut flowers receive the next highest markup, being marked up on cost over 2.5 times. Flower arrangements and funeral wreaths and sprays are marked up near 3:1 on cost. Corsage markup differs significantly at nearly 4:1 along with wedding flowers.

It appears the markup for boxed or wrapped flowers is far more uniform amongst florists than for any other commodity, clustering rather narrowly between 2.0 and 3.0 times cost. (See Table 17) The spread is wider in the frequency distribution for flower markups in corsages but the frequencies do cluster at 3.0, 4.0, and 5.0 in almost equal amounts. (See Table 18)

The influence of labor costs in arrangements of flowers as opposed to simple boxing and wrapping is shown in the frequency distribution for arrangement markups, clustered narrowly at a higher point and a more narrow range than boxed flowers between 2.5 and 3.0. (See Table 19)

The widest range of markups is indicated for wedding flowers with clusters of frequency at 3.0, 4.0, and 5.0 similar to the corsage markups. (See Table 20)

For funeral sprays and wreaths, markups indicated show an almost identical frequency distribution as compared to arrangements. (See Table 21)

The range of markups on flowering plants and foliage plants was unexpectedly wide but the central tendency measures are about what might have been expected with the greatest frequencies between 2.0 and 3.0. (See Tables 22 and 23)

Discussion

It should be remembered that these markups were supplied by florists who made a conscious effort to vary merchandise markups on cost in relation to the kind of floral assembly. At least one-fourth of the florists in the survey made no such effort.

The variation of markups by type of floral assembly, by inspection, indicate some variation expected to be due to the differing costs of direct labor. In order to verify this relationship it is desirable to know the wages typically paid for designers in the florist's area and the extent to which the florist has an excess capacity, thus increasing overhead costs to the point that they rather than labor become influential in pricing.

Typical Designers Wage

The first question of the cost of labor section of the questionnaire asked for the typical wage-per-hour paid to experienced designers in the florist's area. The results are shown in Table 24.

TABLE 24

TYPICAL WAGE-PER-HOUR PAID TO EXPERIENCED DESIGNERS

Instrument: What is the typical wage-per-hour paid to experienced designers in your area; $_____/hr.(approx.)

Typical Wage Per Hour	Number of Florists	%
1.00 or less	5	2.55
1.01 to 1.25	15	7.65
1.26 to 1.50	37	18.88
1.51 to 1.75	34	17.35
1.76 to 2.00	53	27.04
2.01 to 2.25	14	7.14
2.26 to 2.50	30	15.31
2.51 to 2.75	1	.51
2.76 to 3.00	6	3.06
Over 3.00	1	.51
TOTALS	196	100.00

The data presented in Table 24 have been grouped in order to shorten and simplify the presentation. When used to calculate actual direct labor costs in a later section of this study, the actual wage-per-hour figure supplied by the florist was used.

Discussion

The data presented show the relatively low wages paid to retail florist personnel, a fact somewhat irrelevant to this study but often discussed in trade circles. The relatively low wage level paid does, however, suggest the stronger importance of materials cost. If labor wages were higher their importance in pricing would be more of a challenge to the importance of materials cost.

The extent to which this labor is working directly on florist assemblies also influences this relationship. This was explored in the second question of the cost of labor section.

The Capacity Used in Flower Shops

Florists in the interviews complained about the highly seasonal and occasional nature of their businesses. They often expressed some difficulty in buying, scheduling, delivery, and similar operations as a result of sharp variations in sales. Even more troublesome was the necessity of retaining good labor on hand. The second question of the cost of labor section explores the problem of unused capacity and its results are shown in Table 25.

TABLE 25

ESTIMATED PROPORTION OF FLORIST DESIGN CAPACITY USED DURING NON-HOLIDAY PERIODS

Instrument: What portion of your shop's design capacity is being used? Based on the typical non-holiday periods _____%.

%, Capacity Used	Number	%
30% and less	13	6.95
31-40	9	4.81
41-50	40	21.39
51-60	13	6.95
61-70	18	9.63
71-80	50	26.74
81-90	24	12.83
91-100	20	10.70
TOTALS	187	100.00

Discussion

The range of the distribution is the most striking feature of Table 25. With about one-third (33.15%) of the florists using less than 50% of their design capacity and about half (47.73%) using less than 70% at non-holiday periods,

it is clear that indirect labor and other indirect costs must be a major influence on retail flower prices.

A more precise measurement of the relationships of direct labor time and costs, and indirect costs to price is shown in Chapter VII, using the data obtained by this section of the questionnaire on cost of labor.

The competitive economic model assumes that labor costs of production, like materials costs, are reflected in price. Yet the traditional analysis on firm and industry seldom proceed to a detailed consideration of multiple product lines and the individual costs of production for each product type (76). Rather, all production costs for the firm are simplified and considered as one.

The capacity situation is a major assumption of the competitive model however. It is assumed that firms operate at capacity or that they quickly adjust to capacity. Operation at less than capacity is believed to be a monopolistic tendency and characteristic. Clearly retail florist firms do experience a "capacity problem" at the non-holiday periods. At such times the problem is one of unused capacity. In contrast, the holiday periods, as divulged from the literature and the interviews, create problems of strained capacities. This suggests another dimension to competitive activity of the firm which must be considered in marketing theory though

it has been assumed away in most traditional economic thought. It is the time dimension in which the dynamic nature of business activity so changes the basic conditions of operation as to cause an almost wholly different business firm.

This fascinating speculation might conveniently be studied through price behavior but its causes must be omitted from this study for the sake of time and efficiency. The importance of capacity shall be pointed out again, however, in Chapter VIII.

The Florists' Clientele

Most florists recognize the importance of knowing their markets. In addition to a general knowledge of the people who potentially will buy flowers, a large number of florists insist that a personal acquaintance with individual customers is highly desirable. The interviewed florists saw this kind of personal knowledge of clientele as a part of product offer but also as a merchandising device.

Under this concept the florists' clientele is viewed as both buyer and communicator. Florists interviewed were surprisingly lucid about this latter idea. For example, for quite a few "word of mouth" advertising was the only form of promotion upon which they relied. Thus, such florists relied on their clientele to communicate to their markets. Some

florists also saw the experience that customers had from their purchases as a learning or self-communicating process. And, as indicated in the price policy section, some florists rely heavily on their clientele as a feed-back of information to the firm. Thus there is a means of evaluating price, product and services in which clientele become the chief carriers.

This generally recognized importance of clientele leads to a consideration of the clientele's influence on pricing practices in the mail questionnaire. A series of four questions were included in the clientele section of the questionnaire to explore florist opinion about their clientele's attitudes about prices. Another question exploring florist price philosophy in this context was also included.

The first question of the Clientele section of the questionnaire attempted to quantify the general influence of clientele on pricing behavior by asking the florists' opinions of clientele's price consciousness. The results of this question are shown in Table 26.

A substantial majority (71.56%) of the florists were of the opinion that their clientele were price conscious.

The second question approached the same general subject by an instrument in negative form and a negative level. Results of this question are shown in Table 27. The question inquired about price complaints heard by florists from their

customers. Only about one-third (32.84%) of the florists reported many complaints about prices.

TABLE 26

PRICE CONSCIOUSNESS OF CLIENTELE AS EXPRESSED BY RETAIL FLORISTS

Instrument: Are your customers generally price conscious?

Response	Number	%
Yes	151	71.56
No	60	28.43
TOTALS	211	99.99

TABLE 27

FREQUENCY OF PRICE COMPLAINTS AS EXPRESSED BY FLORISTS

Instrument: Do you hear many complaints about the price of fresh flowers?

Response	Number	%
Yes	67	32.84
No	137	67.16
TOTALS	204	100.00

The fourth question of the series asked about the degree of information the florist believed his clientele possessed about floral vlaue. Over three-fourths (77.34%) thought their clientele were generally knowing and informed about floral values. The results of this question are shown in Table 28. Table 29 shows the result of the third question in the clientele section and concerns the general income level of the clientele served by the florists answering the questionnaire.

TABLE 28

INFORMATION ABOUT FLORAL VALUES BY CLIENTELE AS EXPRESSED BY FLORISTS

Instrument: Do you feel your clientele are mostly:

_____informed and knowing about floral values

_____ignorant and unaware about floral values

Response	Number	%
Informed and Knowing	157	77.34
Ignorant and Unaware	46	22.66
TOTALS	203	100.00

While the results shown in Table 29 are only a rough approximation of consumer income groups, it is clear that few florists consider the clientele to be from the lower levels of the economic stratum. The 38.58% of the florists indicating

a clientele from an upper economic level is a significant figure. The almost equal percentage value, 38.07%, for florists indicating a "mixed" clientele would also add some upper level customers too. The evidence then is strongly in favor of the upper economic groups as florists' clientele.

TABLE 29

ECONOMIC OR INCOME STATUS OF CLIENTELE
AS ESTIMATED BY FLORISTS

Instrument: Check one: The term which best describes the economic or income status of your clientele is:

_____upper to upper middle economic class

_____middle to lower middle economic class

_____lower class economic class

_____mixed economic classes

Response	Number	%
Upper class	76	38.58
Middle class	44	22.34
Lower class	2	1.02
Mixed classes	75	38.07
TOTALS	197	100.01

When comparisons are made between the economic levels indicated by florists in Table 29 with the answers given in Tables 26, 27, and 28, there are no significant relationships found between economic levels of florist clientele and price consciousness, price complaints, and knowledge of floral values.

Discussion

The questions in the florist clientele series, like many of the previous instruments, were constructed with the intention of establishing a scale of competitiveness. Thus in the first question of the series (Table 26), a florist in a generally and consciously competitive environment would be expected to answer "yes" to the question if the competition was in fact expressed as price competition. On the other hand, a florist who answered "no" to the question would be in a somewhat monopolistic position since price was not a matter of conscious concern to his clientele. Such a phenomenon is characteristic of the monopolistic competition model previously described.

The second question (Table 27) which concerns the same general area constitutes a check on the results of the previous question. Price consciousness (Table 26) would presumably be associated with price complaints (Table 27). Since

a significant majority of florists indicated a negative answer to both questions it may be concluded that individual prices of floral items are not a matter of bargaining. This continues to confirm the view that most florists are permitted to operate their pricing amongst clientele for whom price appears to be either secondary or at least acceptable as offered by the florist.

The third question of the series (Table 28) counterbalances the effect established by the previous two. Presumably the monopolist would be able to operate most effectively in an atmosphere of limited knowledge and understanding about floral prices and values. A market of full knowledge and awareness of product values would be conducive to the operations of competitive forces.

The results in Table 28 establish the fact that most florists contend with clientele which, in the florist's opinion, are informed and knowledgeable about floral values. This fact tends to offset monopolistic price practices and keeps the florist honest.

The lack of association between the data in Tables 26, 27, and 28 with that in Table 29 is in line with many casually expressed statements from florists that wealthy people watch their expenditures for flowers just as closely as middle and lower income persons.

In summary then, the questionnaire results from the clientele series of questions shows that florist's clientele are generally in higher income groups. This undoubtedly has its effect on price lines established by florists who attempt to adjust the price offer to the clientele's ability and willingness to pay. Florists have generally succeeded in this as shown by apparent acceptance of prices charged without numerous complaints in spite of a price consciousness as shown by a general knowledge of floral values.

The Florists' Philosophy of Clientele Service through Price

The final question in the clientele section was intended to be a check question on price policy asked in the first section. As may be seen in the instrument shown in Table 30, the question combines a consideration of service to customers, price line, and costs as well as profits.

Table 30 shows that the florists were consistent in the choice of a pricing philosophy which is based on the cost-profit complex, about one-half (52.43%) having chosen the final alternative answer.

Discussion

It is believed that the first alternative in the question in Table 30 represents the most monopolistic attitude of the three. Similarly, the second alternative has elements of

monopoly and competition in it since it provides for a full price line and emphasizes the marketing functions of price. The third alternative is competitive in its inclination since costs (which include the economist's "profit") are the basis for pricing in the statement.

TABLE 30

FLORISTS' PHILOSOPHY OF CLIENTELE SERVICE THROUGH PRICE

Instrument: Check the one phrase which most nearly expresses your opinion:

___a customer is best served if the flowers and service he buys fill his needs; price should be secondary;

___a customer is best served if he can always buy flowers and service at whatever price he wants to spend;

___a customer is best served if the price he's asked to pay for flowers carefully reflects their true costs plus a reasonable profit to the florist.

Responses	Number	%
Emphasis on product function	50	24.27
Emphasis on merchandising	48	23.30
Emphasis on costs, profits	108	52.43
TOTALS	206	100.00

The florists' majority preference for the final statement is somewhat unexpected and belies the general tendency observed so far in the study toward a monopolistically competitive position.

The reasons for this may be in the instrument itself since the wording of the final statement is in easily recognized and often heard language. Yet the consistency with price policy statements is impressive and in terms of market expansion analysis, it shows the typical florists' attention is not directed toward sales so much as it is toward costs.

Summary

Chapter VI of this study explores the attitudes and opinions which florists hold about five major influences playing on their retail pricing policies and practices. These selected influences are: policy, competition, cost of materials, cost of labor, and clientele.

The price policy statements of retail florists use cost of materials most generally as a basis for pricing. A number of policy variations also take into account certain differences in costs of labor for various types of floral assembly. Though florists generally assume a monopolistically inclined stance in their pricing policy statements, their inability or unwillingness to practice this position demonstrates

the presence of competitive forces.

Florists show a decided preference for non-price forms of competiton. The general view is held too that florists are not their own worst competition. Here again florists show a monopolistic or oligopolistic tendency but at the same time some temperance of this tendency by competitive realities.

The merchandising function in which price might aid materially is a secondary consideration in florists' attitudes. The preoccupation remains with costs--especially costs of materials but also to a lesser degree with costs of direct labor or assembly costs.

In order to quantify and define the degree of influence these five selected factors have on pricing in the florist's mind, a multiple ranking question was included in the General Information Section of the Questionnaire.

The results of this question (Table 31) are an excellent summary of florist attitudes about price influences. In order to disguise the intent of the question somewhat and include other factors believed to be of minor importance, the instrument's statements tried to avoid the use of phrases previously used in the questionnaire. The question was placed at the end of the questionnaire so that the previous sections would not have "instructed" the respondents in the meanings of the phrases.

TABLE 31

INDEXES FOR THE INFLUENCE OF SEVEN FACTORS
ON PRICES AS EXPRESSED BY FLORISTS

Instrument: Please rank the factors listed below according to the influence they have on the amount of flowers and service you offer for a given price. (Place the number 1 by the most influential, 2 by the second most influential, etc.)

____age and turnover of the perishable stock;
____cost of flowers and supplies in a piece;
____cost of labor required to do the piece;
____pressures from other outlets and substitutes for flowers;
____opinions, attitudes and expectations of the customers;
____tradition, custom or habit;
____general economic conditions in town.

Factors	Weighted Percentages							Index	Rank of Index
Ranks	1	2	3	4	5	6	7		
Age of Stock	25.13	60.42	89.85	76.92	60.00	25.20	16.94	354.46	5
Customer Opinion	75.53	74.46	167.95	89.24	41.55	12.60	1.61	462.94	3
Cost of Materials	478.45	105.12	19.55	18.48	...	...	.81	622.41	1
Cost of Labor	50.33	284.70	78.15	46.16	20.76	11.02	4.03	495.15	2
Tradition	30.17	48.18	89.85	101.52	76.14	20.48	67.72	376.02	4
Competition	5.04	8.76	27.35	33.84	48.45	67.72	36.29	227.45	7
Economic Conditions	35.28	17.52	27.35	33.84	53.07	63.00	30.65	260.71	6

The results may best be analyzed by the raw percentage of first choices (rank column 1 divided by seven) and by the Index column. In both cases costs of materials is clearly the most influential factor on retail prices as far as the florists are concerned.

Using both criteria there is some ambiguity about the second most influential, though the weighted percentages for second ranks is clearly in favor of costs of labor. In this case customer opinion is third in influence; followed by tradition, age of stock, economic conditions, and competition.

This summary question confirms and quantifies the role of these factors. The florists' preoccupation with production costs is emphasized but the reaction of clientele is a secondary pressure. The florists admit to the influence of tradition and perishability but competition and general economic conditions must be relegated to a relatively unimportant role in the short run pricing tactics of florists as the florists themselves describe them.

CHAPTER VII

PRICES OF RETAIL FLORIST PRODUCTS

The preceding chapter has dealt with florist attitudes and opinions which are presumed to affect their pricing practices. It is assumed by this study that such attitudes and opinions of the price-maker are more influential in the pricing decision than the actual objective facts faced by the florist. It is the florist's interpretations of the facts at his disposal which is the fundamental data of price making.

This chapter will proceed in the analysis of florist pricing policies and practices by analyzing the results of a series of objectively gathered actual prices charged by florists. The intention is to compare practice with policy and attitudes and to observe deviations from what might logically be expected to follow from expressed florist positions.

The chapter is divided into two sections. The first considers the general levels of prices offered by florists and their minimum and actual prices for major retail florist commodity groups. The second section deals more specifically with the bases for specific actual products sold. Next various adjustments and deviations from normal prices are discussed.

The General Level of Retail Florist Prices

The second part of the mail questionnaire (beginning at page 5, Appendix C) concerned actual prices of specific items sold by the florist. Two instruments were included to obtain information on the general level of prices. The first of these to be considered here was the florist's estimate of the magnitude, in dollars, of his shop's average order, shown in Table 32.

Discussion

The frequency distribution in Table 32 confirms the already well established clustering of prices at $5.00, $6.00, and $7.50. The instrument did not specify (as it should) a consideration of average price for non-wire orders. For this reason it is suspected that florists may have used their average wire order price instead of the more typical general trade price. If this is true the average orders reported in Table 32 are probably unwarrantedly higher than they should be.

Nevertheless Table 32 is useful to show that few florists regularly sell items much above the $7.00 to $7.50 average, a range which represents the general upper limit.

TABLE 32

AVERAGE ORDER, IN DOLLARS, AS
ESTIMATED BY FLORISTS

Instrument: Estimate the size of your average order: $_____

Average Order in $	Number of Florists	%
4.50 and less	15	7.46
4.51 - 5.00	24	11.94
5.01 - 5.50	7	3.48
5.51 - 6.00	29	14.43
6.01 - 6.50	17	8.46
6.51 - 7.00	23	11.44
7.01 - 7.50	43	21.39
7.51 - 8.00	19	9.45
8.01 - 8.50	9	4.48
8.51 - 9.00	5	2.49
9.01 - 9.50	0	...
9.51 - 10.00	4	1.99
10.01 - 10.50	0	...
10.51 - 11.00	0	...
11.01 - and over	6	2.99
TOTALS	201	100.00

Minimum Order in Dollars--Arrangements

Recognizing the frequent distortions presented by averages, the questionnaire approached the general level of prices from another point of view--that of minimum prices at which the florist offers the several florist commodities.

To be sure all florists do not have a specified minimum price for all their assemblies, but a surprisingly large number of florists reported (or selected) one for the purpose of answering the questionnaire.

Since flower arrangements for funerals and for hospital sales often differ in size and price this category was separated into these two specific kinds of arrangements.

The minimums reported by florists for funeral arrangements are shown in Table 33; those for hospital arrangements in Table 34.

Actual Price Reported--Arrangements

Still a third treatment of prices for Arrangements is found in Table 35, in which the actual prices of arrangements sold by florists answering the questionnaire are shown.

Discussion

The minimum orders for funeral arrangements and for hospital arrangements show an expectedly different distribution. In funeral arrangements the clustering effect at $5.00,

TABLE 33

MINIMUM PRICES REPORTED BY FLORISTS
FOR FUNERAL ARRANGEMENTS

Instrument: Do you have a minimum $ limit (not wire orders) for any items? If so, please indicate the minimums below:

_____spray	_____funeral arrangement
_____wreath	_____hospital arrangement
_____corsage	_____any delivered item
_____plant	_____other

$ Minimum for Funeral Arrangements	Number of Florists	% of Florists
Less than $3.00	9	4.86
$3.01 - 4.00	12	6.49
4.01 - 5.00	71	38.38
5.01 - 6.00	28	15.14
6.01 - 7.00	4	2.16
7.01 - 8.00	45	24.32
8.01 - 9.00	0	...
9.01 - 10.00	15	8.11
10.01 - 11.00	0	...
11.01 - 12.00	0	...
12.01 - 13.00	0	...
13.01 - 14.00	0	...
14.01 - 15.00	1	.54
TOTALS	185	100.00

TABLE 34

MINIMUM PRICES REPORTED BY FLORISTS
FOR HOSPITAL ARRANGEMENTS

Instrument: (See Table 33)

$ Minimum for Hospital Arrangements	Number of Florists	% of Florists
Less than $3.00	41	22.78
$3.01 - 4.00	73	40.56
4.01 - 5.00	51	28.33
5.01 - 6.00	13	7.22
6.01 - 7.00	0	...
7.01 - 8.00	2	1.11
8.01 - 9.00	0	...
9.01 - 10.00	0	...
10.01 - 11.00	0	...
11.01 - 12.00	0	...
12.01 - 13.00	0	...
TOTALS	180	100.00

TABLE 35

ACTUAL PRICES REPORTED BY FLORISTS
FOR ARRANGEMENTS

Instrument: Please select one typical order for each of the 5 merchandise classes below (from sales during the 30 days). Estimate the following information on each:

Item	Cost of Floral Materials	Approximate No. of Stems (See note below)	Cost of Labor	Retail Price
Arrangement				
Corsage				
Brides				

TABLE 35--Continued.

Bouquet,
Wreath,
or Spray _____ _____ _____ _____
Pot Plant _____ _____ _____ _____

Note: Include in this column the total number of all stemmed materials including the approximate number of flower stems, foliage stems and stemmed accessories. (The researchers use this number as an index of production time.)

Retail Price	Number of Florists	% of Florists
$3.00 and less	1	.61
3.01 - 4.00	8	4.85
4.01 - 5.00	50	30.30
5.01 - 6.00	33	20.00
6.01 - 7.00	6	3.64
7.01 - 8.00	22	13.33
8.01 - 9.00	0	...
9.01 - 10.00	33	20.00
10.01 - 11.00	1	.61
11.01 - 12.00	2	1.21
12.01 - 13.00	2	1.21
13.01 - 14.00	1	.61
14.01 - 15.00	3	1.82
Over 15.00	3	1.82
TOTAL	165	100.01

*See succeeding tables for prices reported for other commodities in this instrument.

$7.50, and $10.00 is quite apparent but disappears in the hospital work which tends to be smaller in size of the arrangement and therefore in price.

In selecting a typical arrangement order at random to report an actual price, florists' choices clearly reflect the importance of the clustering effect again.

Minimum Order in Dollars--Sprays and Wreaths

The minimum prices for which florists make sprays are shown in Table 36; those for wreaths are shown in Table 37.

Discussion

Clearly the bulk of flowers sold as funeral sprays are sold in sales of $6.00 and less. Table 36 also reveals the familiar clustering of prices, this time around the five, six, and seven-fifty levels.

Wreaths tend to be somewhat higher with a marked peak (nearly 50% of the total) at near $10.00. Slight clustering occurs at $12.00, $15.00, and $20.00.

Actual Prices Reported--Sprays or Wreaths

The frequency distribution for prices reported for sprays and wreaths is shown in Table 38. It can be fairly well substantiated that the lower values in the distribution belong to sprays while those above the $10.00 - $12.00 class are associated with wreaths.

TABLE 36

MINIMUM PRICES REPORTED BY FLORISTS
FOR FUNERAL SPRAYS

Instrument: (See Table 35)

$ Minimum for Funeral Sprays	Number of Florists	% of Florists
Less than $2.50	0	...
2.50 - 3.00	11	5.67
3.01 - 3.50	17	8.76
3.51 - 4.00	17	8.76
4.01 - 4.50	0	...
4.51 - 5.00	70	36.08
5.01 - 5.50	0	...
5.51 - 6.00	27	13.92
6.01 - 6.50	0	...
6.51 - 7.00	1	.52
7.01 - 7.50	30	15.46
7.51 - 8.00	1	.52
8.01 - 8.50	0	...
8.51 - 9.00	0	...
9.01 - 9.50	0	...
9.51 - 10.00	13	6.70
Over $10.00	7	3.61
TOTALS	194	100.00

TABLE 37

MINIMUM PRICES REPORTED BY FLORISTS FOR WREATHS

Instrument: (See Table 33)

$ Minimums for Wreaths	Number of Florists	% of Florists
Less than $5.00	2	1.04
$5.01 - 6.00	0	...
6.01 - 7.00	0	...
7.01 - 8.00	17	8.81
8.01 - 9.00	0	...
9.01 - 10.00	92	47.67
10.01 - 11.00	0	...
11.01 - 12.00	16	8.29
12.01 - 13.00	12	6.22
13.01 - 14.00	0	...
14.01 - 15.00	45	23.32
15.01 - 16.00	0	...
16.01 - 17.00	0	...
17.01 - 18.00	1	.52
18.01 - 19.00	0	...
19.01 - 20.00	6	3.11
Over $20.00	2	1.02
TOTAL	193	100.00

TABLE 38

ACTUAL PRICES REPORTED BY FLORISTS
FOR FUNERAL SPRAYS OR WREATHS

Instrument: (See Table 35)

Retail Price	Number of Florists	% of Florists
$4.00 and less	1	.65
4.01 - 6.00	43	28.10
6.01 - 8.00	25	16.34
8.01 - 10.00	33	21.57
10.01 - 12.00	5	3.27
12.01 - 14.00	1	.65
14.01 - 16.00	12	7.84
16.01 - 18.00	1	.65
18.01 - 20.00	7	4.58
20.01 - 22.00	0	...
22.01 - 24.00	1	7.19
24.01 - 26.00	0	...
26.01 - 28.00	0	...
28.01 - 30.00	5	3.27
30.01 - 40.00	1	.65
40.01 - 50.00	2	1.31
50.01 - 60.00	2	1.31
60.01 - 70.00	1	.65
Over $70.00	2	1.31
TOTALS	153	99.99

Discussion

In both cases, comparing the values obtained in Tables 36 and 37 with those in Table 38, it can be seen that the minimum prices are indeed the floor, while the actual prices reported indicate prices several dollars higher. This fact which might be logically expected is also consistent with trade practice as reported by the interviews with florists.

Minimum Order in Dollars - Corsages

The floor or minimum prices for corsages indicated by florists are shown in Table 39.

Discussion

The unit size of the corsage order is apparently the smallest of any floral item traditionally and consistently sold in the florist's line. The distribution of minimum prices clusters around the $1.50 to $2.00 level but even more significant is the fact that as many as 12% of the florists will provide a corsage at less than $1.00.

Actual Prices Reported - Corsages

Though as many as 12% of the florists reported minimums of less than $1.00 for corsages, actual prices of corsages reported in Table 40 indicated no sales at the minimum. Rather the modal class in the distribution of actual prices is from

$2.51 to $3.00. There is some evidence in the distribution of the clustering effect at $5.00 and $6.00 levels as well.

TABLE 39

MINIMUM PRICES REPORTED BY FLORISTS FOR CORSAGES

Instrument: (See Table 33)

$ Minimum for Corsages	Number of Florists	% of Florists
Less than $1.00	20	12.05
1.00 - 1.50	38	22.89
1.51 - 2.00	44	26.51
2.01 - 2.50	21	12.65
2.51 - 3.00	25	15.06
3.01 - 3.50	11	6.63
3.51 - 4.00	1	.60
4.01 - 4.50	0	...
4.51 - 5.00	6	3.61
5.01 - 5.50	0	...
5.51 - 6.00	0	...
Over 6.00	0	...
TOTALS	166	100.00

Discussion

The corsage product is the lowest dollar-value product in the florist's line. Yet, it requires considerable handwork and detailed production effort and time. These facts are undoubtedly responsible for a difference in the base for price of

corsages as contrasted to arrangements or sprays and wreaths.

Actual Prices Reported--Bride's Bouquet

The minimum order accepted for a bride's bouquet was not a part of the question which explored minimum dollar limits. The reason for this was primarily in the easy substitutability of the corsage for the bouquet in the lower price range. Hence, a minimum hardly exists for the bouquet, rather in the low price range the bride will carry (or wear) a corsage as if it were a bouquet. The distinction between commodities thus becomes very indistinct.

The actual prices charged on recent orders for bride's bouquets was explored, however. The distribution of the florists reporting the various prices is shown in Table 41. While the modal class appears to be at $14.01 to $16.00, significant clusters of prices occur at or near $20.00, $25.00, and $35.00.

Minimum Order in Dollars - Potted Plants

The minimum orders in dollars for potted plants reported by florists answering the questionnaire are shown in Table 42. The two peaks in prices cluster around the $3.00 to $3.50 range and at $5.00.

Actual Prices Reported - Potted Plants

Table 43 shows the actual prices reported from typical

orders chosen by the florists answering the questionnaire. The actual orders tend to cluster at the $5.00 level as might be expected from the distribution of minimums shown in the previous Table.

TABLE 40

ACTUAL PRICES REPORTED BY FLORISTS FOR CORSAGES

Instrument: (See Table 35)

Retail Price	Number of Florists	% of Florists
Less than $1.00	0	...
1.00 - 1.50	3	1.88
1.51 - 2.00	15	9.38
2.01 - 2.50	32	20.00
2.51 - 3.00	38	23.75
3.01 - 3.50	23	14.38
3.51 - 4.00	15	9.38
4.01 - 4.50	3	1.88
4.51 - 5.00	22	13.75
5.01 - 5.50	0	...
5.51 - 6.00	4	2.50
6.01 - 6.50	0	...
6.51 - 7.00	0	...
7.01 - 7.50	4	2.50
Over 7.50	1	.63
TOTAL	160	100.03

TABLE 41

ACTUAL PRICES REPORTED BY FLORISTS
FOR BRIDE'S BOUQUETS

Instrument: (See Table 35)

Retail Price	Number of Florists	% of Florists
$6.00 and less	2	1.29
6.01 - 8.00	10	6.45
8.01 - 10.00	22	14.19
10.01 - 12.00	10	6.45
12.01 - 14.00	6	3.87
14.01 - 16.00	36	23.23
16.01 - 18.00	8	5.16
18.01 - 20.00	20	12.90
20.01 - 22.00	0	...
22.01 - 24.00	4	2.58
24.01 - 26.00	21	13.55
26.01 - 28.00	0	...
28.01 - 30.00	4	2.58
30.01 - 32.00	1	.65
32.01 - 34.00	0	...
34.01 - 36.00	10	6.45
Over 36.00	1	.65
TOTALS	155	100.00

TABLE 42

MINIMUM PRICES REPORTED BY FLORISTS
FOR POTTED PLANTS

Instrument: (See Table 33)

$ Minimum for Plants	Number of Florists	% of Florists
2.00 and less	14	10.14
2.01 - 2.50	13	9.42
2.51 - 3.00	32	23.19
3.01 - 3.50	29	21.01
3.51 - 4.00	17	12.32
4.01 - 4.50	2	1.45
4.51 - 5.00	30	21.74
5.01 - 5.50	0	...
5.51 - 6.00	1	.72
6.01 - 6.50	0	...
6.51 - 7.00	0	...
TOTALS	138	99.99

TABLE 43

ACTUAL PRICES REPORTED BY FLORISTS
FOR POT PLANTS

Instrument: (See Table 35)

Retail Price	Number of Florists	% of Florists
Less than $3.00	6	3.73
3.01 - 4.00	41	25.46
4.01 - 5.00	80	49.69
5.01 - 6.00	29	18.01
6.01 - 7.00	0	...
7.01 - 8.00	2	1.24
8.01 - 9.00	0	...
9.01 - 10.00	1	.62
10.01 - 11.00	0	...
11.01 - 12.00	0	...
12.01 - 13.00	1	.62
13.01 - 14.00	0	...
14.01 - 15.00	1	.62
TOTALS	161	99.99

Discussion

The minimum prices reported by florists for the various florists products shown in Tables 33, 34, 36, 37, 39, and 42 have shown the general level of prices charged by florists by concentrating on minimum prices.

The actual price distribution Tables (i.e., Table 35, 38, 40, 41, and 43) give an indication of the usual price levels for the various retail florist commodities through a random selection of orders drawn from a confined sales period. These orders undoubtedly are composed of a great variety of materials.

Thus, while the prices of each commodity cluster in certain modal classes of the frequency distributions, the costs of materials and of production of each order are probably varying widely. A subsequent instrument in the questionnaire was devised to offset these variations and to cross-check prices for the major florist product-arrangements.

The instrument presented a color picture of a sample arrangement and asked the responding florists to price the arrangement and give their method of arriving at the price and any comments they wished to make regarding it. (See p. 11 of Appendix C.)

The Sample Arrangement

Since each florist respondent to the questionnaire was asked to price the same standard piece, some measure of pricing variability can be obtained.

The arrangement contains 12 snapdragons, 12 carnations, and 12 stems of foliage. The vase is known to cost $1.50 from its manufacturer; the flower holding device was crumpled chicken wire though this fact was not made known to the respondents. It is recognized that the cost and availability of floral and foliage materials would vary and influence prices. It was hoped that florists would reveal these differences as they described the method by which they arrived at the price. Unfortunately, the answers received to this portion of the instrument were quite variable and relatively few indicated wholesale costs.

Nevertheless, the retail prices they indicated show a frequency distribution (Table 44) somewhat higher than those prices found for Arrangements shown in Table 35. The distribution is characteristic in that it reveals a remarkable range of prices; it illustrates the usual clustering of prices at traditional levels, in this case at $10.00, $12.00, $12.50, and $15.00; and the general level of prices is what might be expected for the funeral arrangement category.

TABLE 44

PRICES REPORTED BY FLORISTS FOR THE QUESTIONNAIRE'S SAMPLE ARRANGEMENT

Instrument: #8. Attached is a picture of a floral arrangement typical of many sold from retail florists' shops. On the basis of what you can see of it and what you know of your operation, please show how you would arrive at its price and what the price you'd sell it for would be.

a. In my store we'd sell this item for about $_____.

b. We would decide on this price because:

c. Substitutions, changes, or comments:

Price	Number of Florists	% of Florists
Less than $7.00	1	.48
7.01 - 8.00	9	4.32
8.01 - 9.00	11	5.29
9.01 - 10.00	45	21.63
10.01 - 11.00	17	8.17
11.01 - 12.00	27	12.98
12.01 - 13.00	48	23.07
13.01 - 14.00	17	8.18
14.01 - 15.00	25	12.02
15.01 - 16.00	0	0.00
16.01 - 17.00	5	2.40
17.01 - 18.00	3	1.44
TOTALS	208	99.98

From those florists answering the question with an indication of wholesale costs of materials, it is possible to determine a frequency distribution of markups taken on the floral goods in the piece. This distribution is shown in Table 45.

TABLE 45

MARKUPS TAKEN BY FLORISTS ON FLORAL MATERIALS IN THE SAMPLE ARRANGEMENT

Markup (Ratio to One)	No. of Florists	% of Florists
1.51 - 2.00	3	8.8
2.01 - 2.50	5	14.70
2.51 - 3.00	15	44.11
3.01 - 3.50	6	17.64
3.51 - 4.00	5	14.70
TOTALS	34	99.97

The Bases for Florists' Prices

The preceding Tables in this chapter present the prices reported by florists and thus represent a comprehensive view of actual prices and the price variations which exist between commodity types. This section presents data which seeks to explore and establish some of the possible bases on which the prices were based. The instrument which asked for the actual prices of the commodities also obtained certain basic information about these sales which permits determination of the bases on which the price was largely determined.

This information included the cost of floral merchandise in the piece, and the amount of labor charge, if any, assigned

to the piece. In addition, the number of stemmed items (see Table 35, for a definition) was also asked for. Having previously determined that the charge for labor is normally made on an arbitrary or formalized basis, the number of stems in the piece provides a better index to actual direct labor time. For this purpose supplementary research was done to obtain standard times per stem for the commodities studied. (See Appendix I). Thus the number of stems multiplied by typical designers' wages reported by each florist (See Table 24) gives a fairly accurate measure of actual direct labor cost, making it unnecessary to rely solely on the "charge for labor" which is normally a formula charge.

Since each piece reported on the questionnaire is composed of different materials, the distribution of the amounts of wholesale costs are in themselves not particularly useful. The association between wholesale cost and price (markup) however is a significant bit of information. Furthermore the relationships between the markup actually attained for the sales reported and the markup reported as goals in the florists' policy statements are significant and important.

The results of the analyses made for the various possible bases for pricing the various florists commodities are shown in Table 46.

TABLE 46

CORRELATION COEFFICIENTS FOR CORRELATION TO RETAIL PRICE REPORTED ON QUESTIONNAIRES

Factor	df	Cost of Materials	Labor Charge	Direct Time	Direct Cost
Arrangements	142	.87*	.32*	.40*	.31*
Corsages	139	.76*	.32*	.03	.05
Sprays/Wreaths	126	.92*	.55*	.83*	.83*
Bouquets	129	.79*	.36*	.43*	.45*
Pot Plants	117	.86*	.36*	.00	.29*

*Significant at the 1% level

Cost of Materials as a Basis for Pricing

Table 46 reveals that cost of materials has a stronger relationship to retail price than any of the other three factors considered, confirming the general basis for pricing reported previously in earlier questionnaire instruments.

The differing coefficients for cost of materials between florist commodity classes is noteworthy, however. If these differences are analyzed on the basis of differing uses of the commodity as well as the differences in the commodity's production, it can be seen that the greater the "luxury" connotation, the less the association with cost of materials.

Cost of Labor as a Basis for Pricing

An almost identical relationship exists with the corelation of price to direct labor cost. Here, the greater the

detailed and specialized labor in the production of the piece, the less the association with price. This is contrary to what one would expect.

The Relation of "Labor Charge" to Price

As expected the association of the arbitrary labor charge to retail price is quite weak.

Discussion

The relationships suggested in Table 46 imply the importance of certain demand factors and attitudes in the establishment of flower prices at retail. For the so-called "bread and butter" classes of florist merchandise--sprays, arrangements, and pot plants--the price of the item bears a strong relationship to the cost of materials. For the "luxury" classes of merchandise--corsages and bouquets--the relationship of price to cost of materials, though strong, is not so high. This might be explained in terms of the increasing importance of direct labor costs, assuming the florist would be conscious of this. The data however produces the reverse conclusion, for when correlated to retail price, both direct labor time and direct labor cost tend to be inversely related to price.

This is a striking relationship and suggests that the relationship of cost factors to price may not be causal. Rather the relationship to cost is strong or weak dependent upon the

use of the product or is dependent upon the demand attitudes of the buyer, both of which are implied by the commodity classes.

Since the funeral occasion (represented here by sprays and wreaths, and to a lesser extent by arrangements) and the hospital occasion (represented largely by arrangements) are the greater bulk of florist sales, the cost factors may be thought to be of considerable importance. But the importance of commodity class to the degree of association with cost cannot be overlooked.

More light is shed on this relationship by an analysis of the cost-price reports of florists answering the instrument about the sample arrangement (Question 8, page 10, of the Questionnaire. See p. 11 of Appendix C).

Basis for Pricing the Sample Arrangement

Although the floral materials in the sample arrangement are the same for all florists answering the questionnaire, their wholesale cost does vary geographically.

The cost of labor required to assemble the 36 stems of material also varies. Nevertheless, data was accumulated which measures or estimates these variations.

The wide range of retail prices (shown in Table 44) suggests a wide range of costs and/or a great difference in

non-cost factors affecting price. The range of ratio markups taken on wholesale floral materials cost (shown in Table 45) is relatively wide. When these ratios were correlated to retail prices, a high degree of association existed between the ratio and price; when correlated to costs of merchandise, a negative association was found between ratio and costs. This shows that it is the ratio applied rather than the cost to which it is applied that is the more influential in determining price.

A similar result occurs in the correlation of retail price to direct labor cost. The lack of a strong relationship to wage rate indicates again the operation of non-cost factors in the determination of price.

Lending credence and support to the questionnaire's price policy and actual price questions, there was a high correlation between ratio (if any) stated in price policy and the ratio used in pricing the sample arrangement; there was an even higher association of the ratios reported for arrangements in the Actual Price section (Question AP4a, Appendix C, p. 1.) and the ratios used for pricing the sample arrangement.

Miscellaneous Price Influence

The factors mentioned in the previous sections appear to have the most consistent and regular meaning for pricing

decisions. Two other occasional or exceptional influences were 1) the granting of discounts and 2) the assurance of value tactics.

Discounts

Table 47 shows the proportion of florists who favor and oppose granting discounts and the reasons for granting discounts. The instrument made no effort to quantify the influence of discounts on pricing but it is clear that discounts are an important occasional influence on prices set by some retailers.

Assurance of Value

Like many assemblers or manufacturers of a fabricated product the retail florist can control the quantity and quality of the raw materials. One instrument (Question AP2, p. 6, Appendix C) posed the hypothetical situation in which the finished floral piece did not appear to be the "expected value." The florist was asked to describe his behavior under such circumstances. The distribution of answers is shown in Table 48.

Discussion

Over 50% of the answers involved the addition of more flowers, accessories, or both to bring the appearance of value to an unnamed but apparently real standard. By the economics

definition of price these additions of value (and cost) represent genuine changes in price. By marketing's definition the stated price (that amount asked in payment) remains the same in these instances. Of course, costs have increased when materials are added to otherwise finished pieces.

TABLE 47

FLORIST'S ATTITUDES ON THE GRANTING OF DISCOUNTS AND THE CLASSES OF CUSTOMERS TO WHOM DISCOUNTS ARE GIVEN

Instrument: Do you give discounts to any of the following types of customers? (Check those to which you do.)

_____funeral directors
_____churches and church societies
_____industrial or business accounts
_____certain "good customers"
_____others (please specify _____)

Classes of Customers Given Discounts	Number of Florists	%
Funeral directors	64	28.6
Churches and Church Societies	69	30.8
Industrial or Business Accounts	9	4.0
Certain "good customers"	6	2.7
Others	36	...
None given	76	33.9

The important fact in these departures from policy pricing methods is that there apparently <u>is</u> a standard of value or a range of value standards which the florist knows

and which the customer knows. The florists feel compelled to adjust their products to this standard. There is no way to measure the frequency of this practice but the "tone" of answers to the questionnaire and long experience of tradesmen and professional men of floristry would suggest that it is widespread and frequent.

TABLE 48

TACTICS TO ASSURE VALUE

Instrument: When a floral item doesn't look like the "expected value" for the price, what do you do about it?

Tactic	Number of Florists	%
Add flowers	24	10.4
Add accessory	11	4.8
Adjust value or add flowers or accessory	92	39.8
Do it over	28	12.1
Adjust price	23	10.0
Explain to customer	16	6.9
Not a problem	16	6.9
No Answer	21	9.1
TOTALS	231	100.0

Summary

Chapter VII has presented the results of the Questionnaire's inquiry into 1) the general levels of prices charged by florists, 2) the typical prices charged by florists for certain specific floral assemblies, and 3) the prices charged by respondents for a standard item (the sample arrangement) wherein content of the item was constant for all.

The general level of florists' prices was shown by their estimates of the average sale, in dollars. Retail florist commodity prices were shown by the florists' estimates of the various minimums established for each floral assembly and by their selections of actual "typical" orders' prices. The standard content item was introduced in an effort to hold constant size, style, and material and thus study variances in costs and markups used by various florists.

Having accumulated various types of cost data with these actual prices, the chapter then seeks to establish the bases for the prices. While costs of materials show a strong association with price, doubt as to whether a causal relationship exists is raised since the ratio applied to cost appears to be more directly associated to price than cost is.

Ratio applied to cost is frequently determined by the commodity type (and therefore the occasion of the purchase).

Hence it is suggested that price is at least equally influenced by the attitude of the clientele for the item as it is by cost of merchandise sold.

Actual prices are known to be distorted or varied to the extent that discounts are offered. This practice appears to be relatively widespread.

Furthermore, the value given for a particular stated price may vary widely depending upon the "appearance of value" present. Floral goods which do not "look" the value are often adjusted to include more flowers or accessories. The price itself is seldom changed.

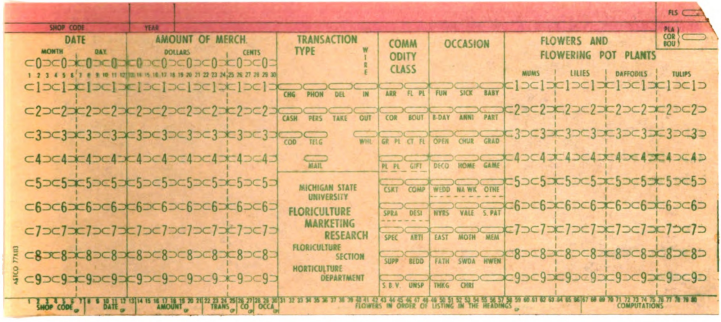
CHAPTER VIII

THE PRICES OF FOUR RETAIL FLORISTS

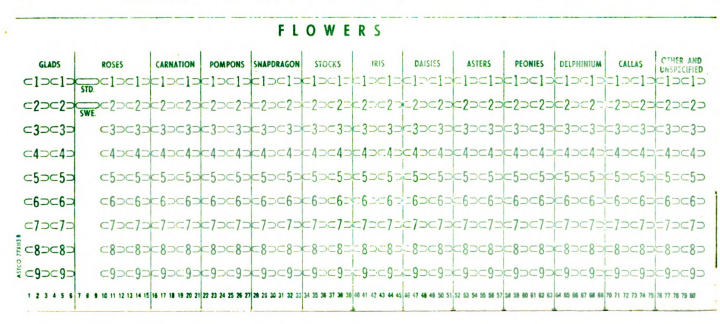
The previous chapter presented price data from questionnaires answered by florists distributed geographically over a wide territory. The nature of these florists varied considerably with regard to sales volume, costs of labor and merchandise, clientele, etc. Thus the results of these surveys is a study of the retail floral industry's behavior at large. The method of collection did not offer any means of studying the individual florist's pricing behavior over a period of time, nor did it provide a means by which pricing could be studied in a relatively confined geographical area where the wholesale market for flowers was homogeneous.

To offset these shortcomings of the price data obtained from the mail questionnaires, detailed sales information including prices, was collected from four Michigan retail florists.

The details of the collection of this data are described on pages 54, and 55. The final collection of the data resulted in the accumulation of 36,024 IBM cards (See Figure 1, p. 180), each card representing an individual sale. Simultaneously with the collection of the IBM records of sales, wholesale flower



A. Front Face of Card



B. Reverse Side of Card

Figure 1. IBM Data Collection Card for Price Data from Four Florist Panel.

costs at the time were recorded either from the florists' sales slips in cases where the florist recorded such costs there, or from wholesalers' invoices to the florist for purchases made during the period.

Tabulation and simple calculation of averages, percentages and indexes for seasonal variation of prices per order and per flower were accomplished by the CDC 3600 computer. Some simple correlations were run between flower costs and prices per order and per flower. Since the time series data do not conform to the assumption of normality nor the assumption of independent events, it was decided that a functional analysis between costs and prices however logical would be a misapplication of correlation analysis.

The tabulation of the data provided the following basic material:

(1) Average price per order by months, according to retail commodity class and flower type, when flower types are combined or not combined;

(2) Average price per flower by months, according to retail commodity and flower type when flower types are <u>not</u> combined. (Price per flower in pieces with more than one flower type is not a meaningful figure, since the only means of distributing price to each flower type would be an arbitrary one.)

The Seasonality of Retail Florist Per Order Prices

To reduce the mass of numbers with which it became necessary to deal the floral merchandise costs and prices of orders were averaged by months for one set of analyses. Four types appeared in a sufficient number of orders in most of the commodity classes to enable the presentation of a reliable seasonal picture. These were carnations, standard chrysanthemums, standard roses, and gladiolus. Orchids were included in the corsage commodity class only. Omission of any of these cut flower types from the figures following is an indication that they did not appear in the sales in sufficient numbers for reliable analysis.

Figure 2 shows the seasonal pattern which developed for monthly average prices per order for sales of cut flowers boxed or wrapped when composed of the major cut flower types, not combined with another flower type.

Figure 3 presents the seasonal pattern of average prices for orders of cut flowers boxed or wrapped which included one of the four cut flower types but combined with another flower type.

Similarly, Figures 4 and 5 show the patterns for arrangements; Figures 6 and 7 for corsages; Figures 8 and 9 for casket pieces; Figures 10 and 11 for sprays; and Figure 12 for pot plants.

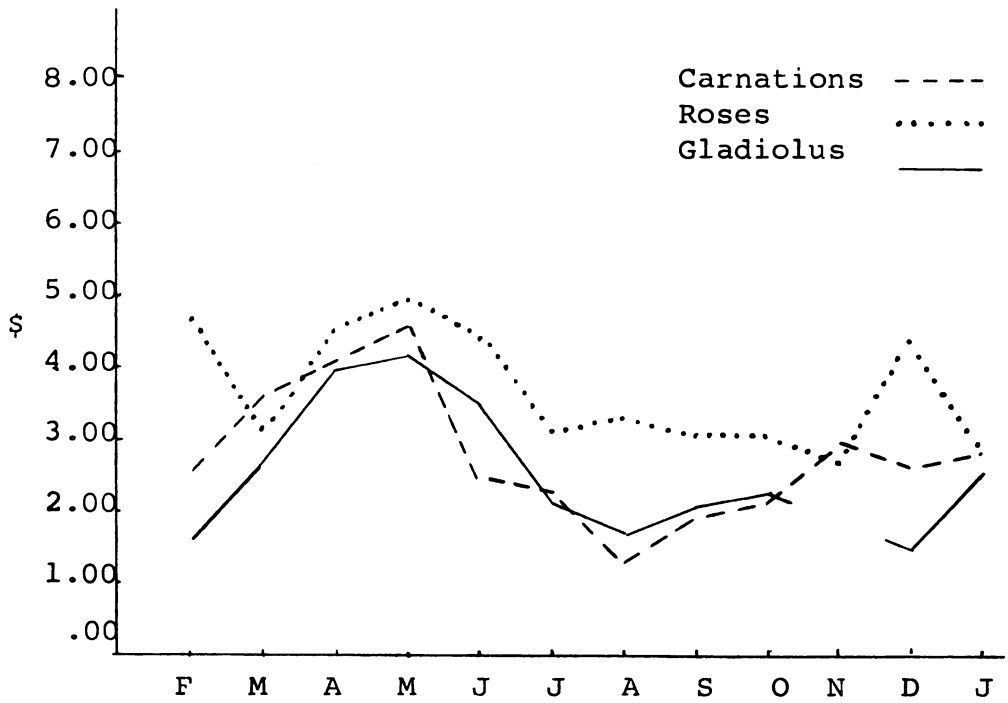


Figure 2. Cut Flowers; Seasonal Variations of Average Prices per Order, Flower Types Not Combined.

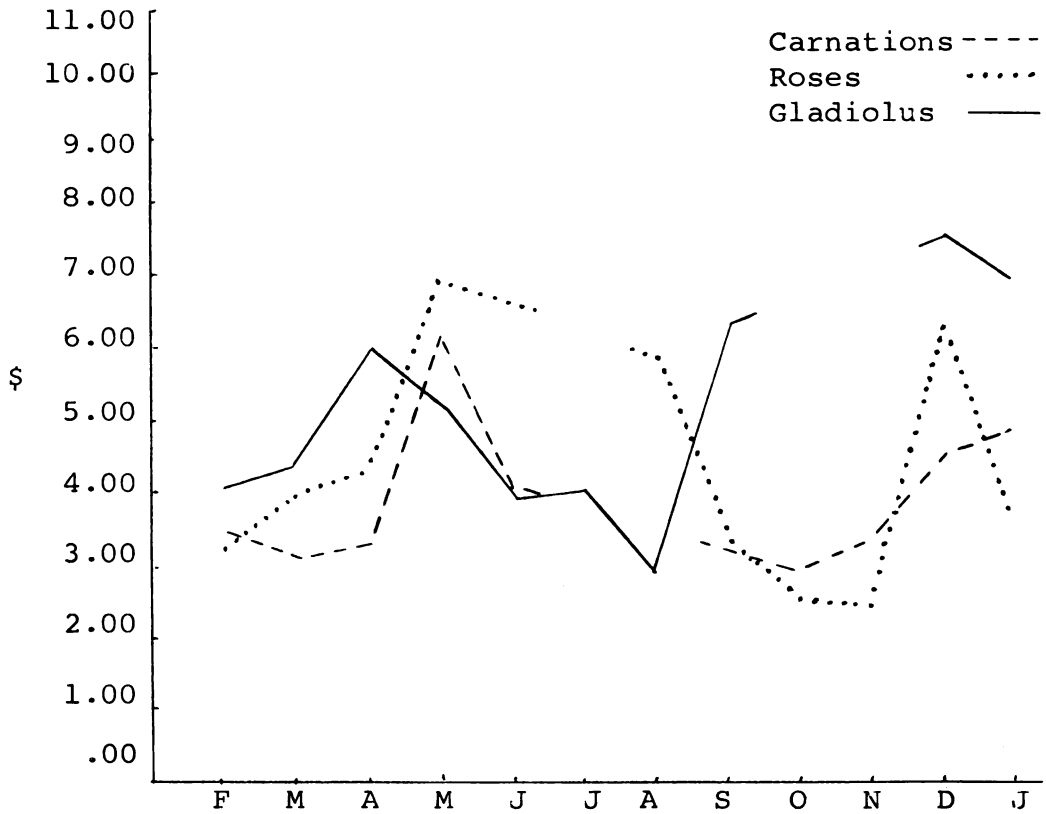


Figure 3. Cut Flowers; Seasonal Variations of Average Prices per Order, Flower Types Combined.

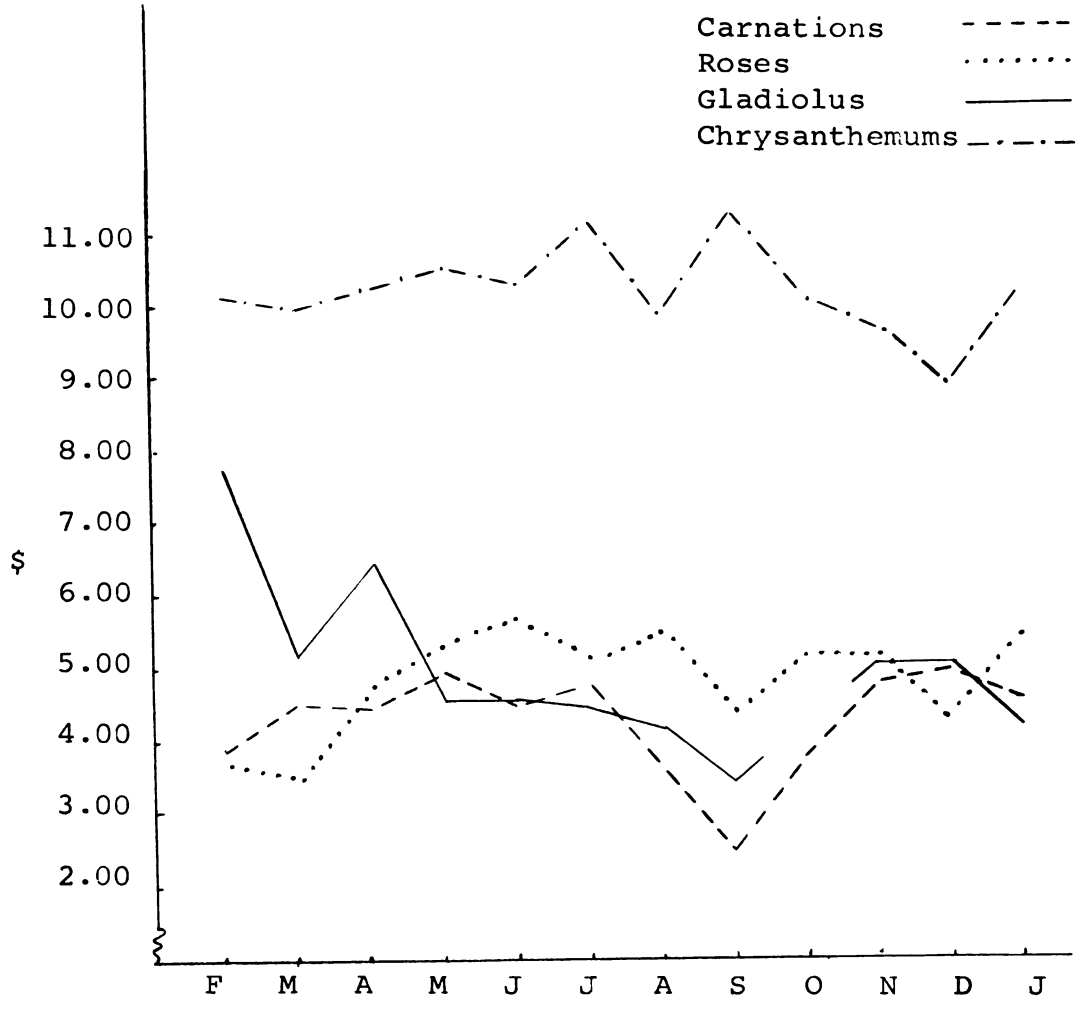


Figure 4. Arrangements; Seasonal Variations of Average Prices per Order, Flower Types Not Combined.

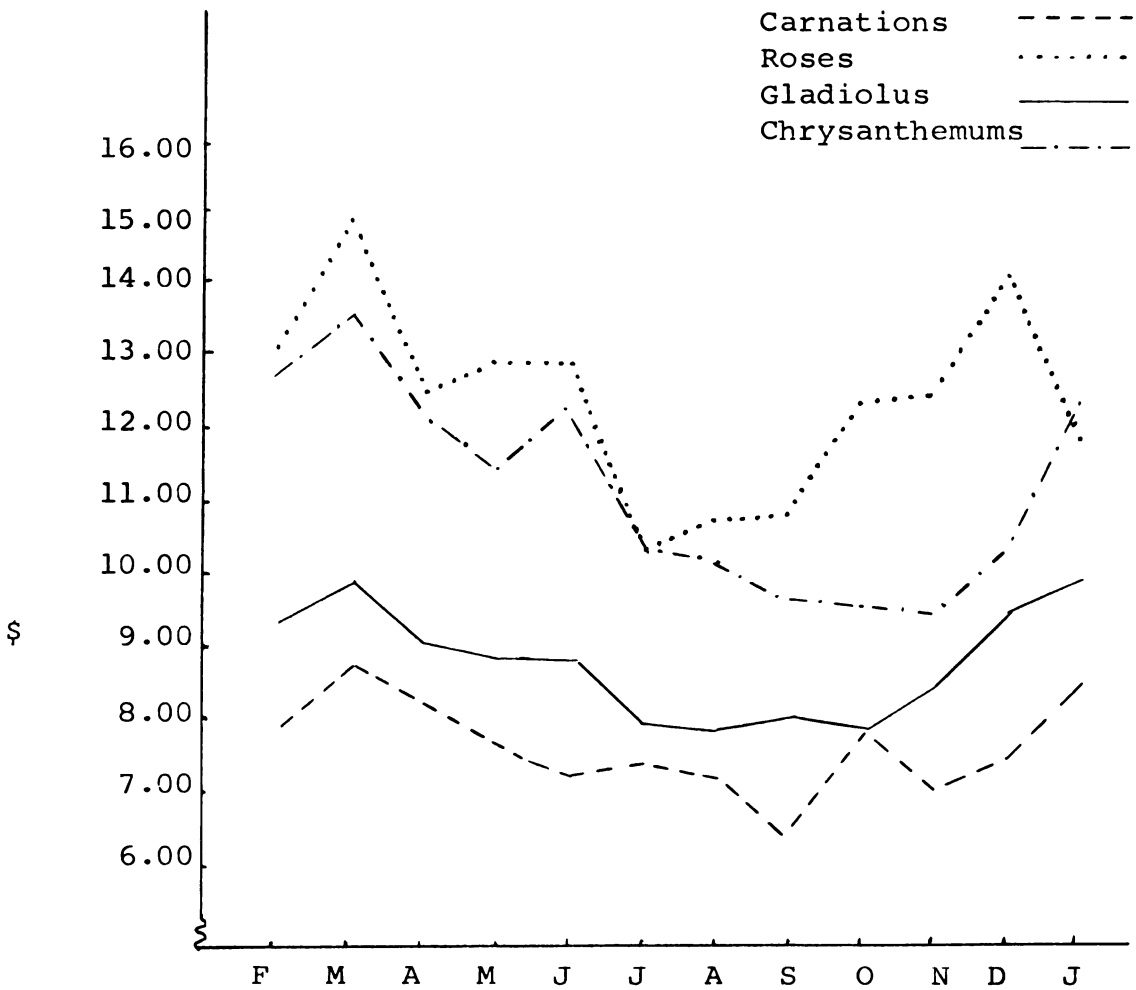


Figure 5. Arrangements; Seasonal Variations of Average Prices per Order, Flower Types Combined.

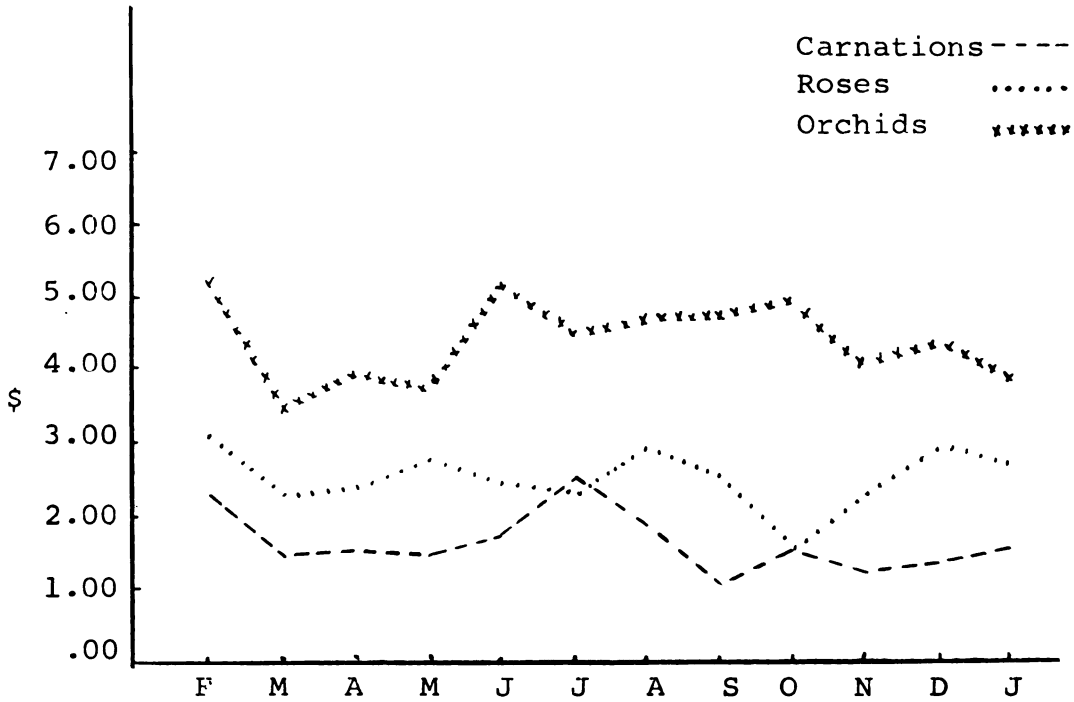


Figure 6. Corsages; Seasonal Variations of Average Prices per Order, Flower Types Not Combined.

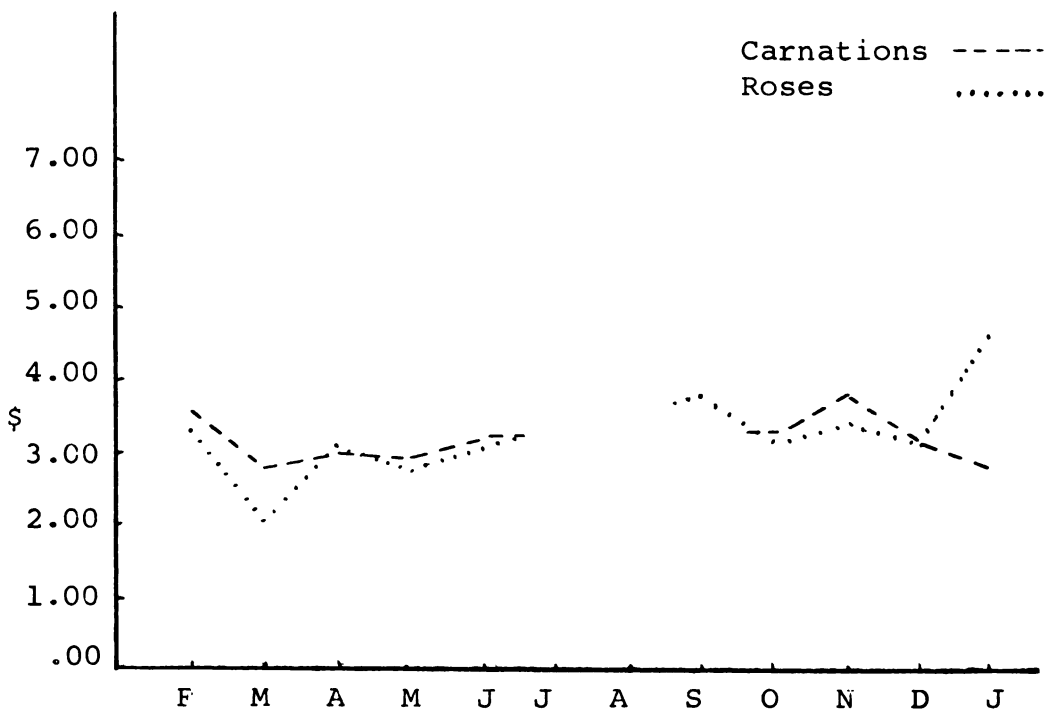


Figure 7. Corsages; Seasonal Variations of Average Prices per Order, Flower Types Combined.

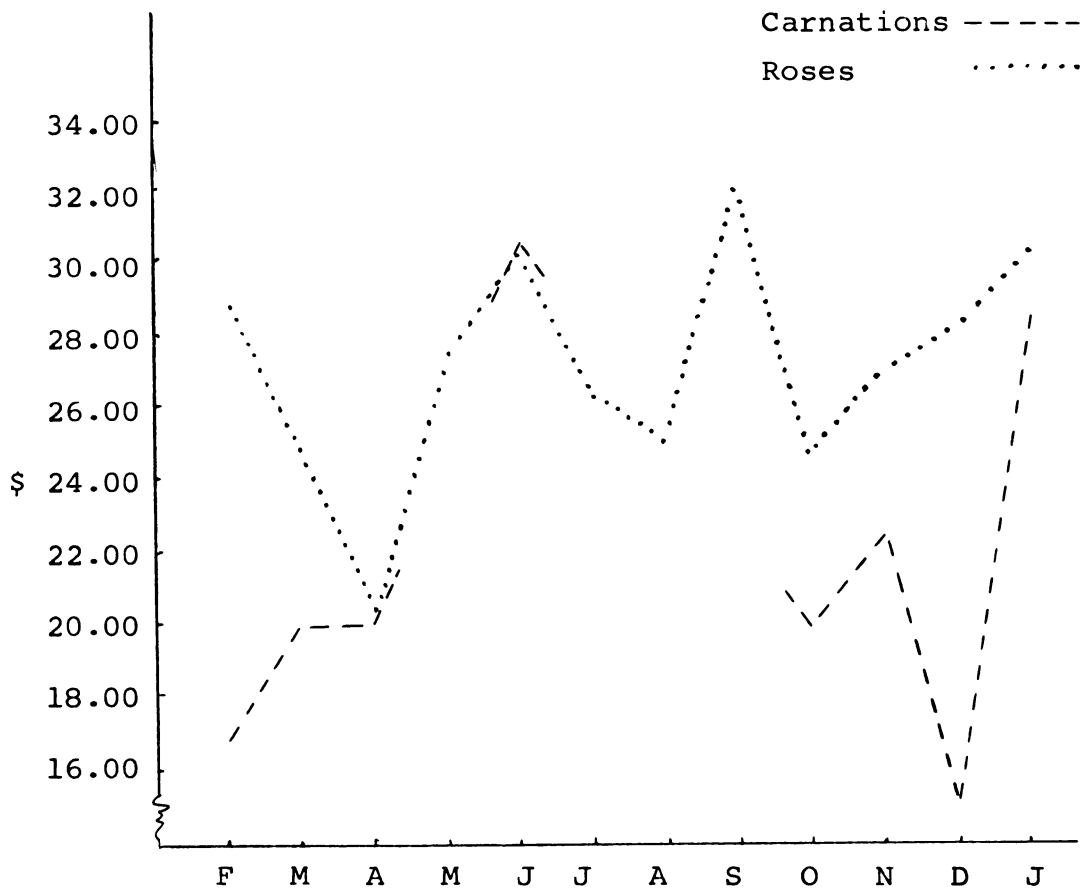


Figure 8. Casket Pieces; Seasonal Variations of Average Prices per Order, Flower Types Not Combined.

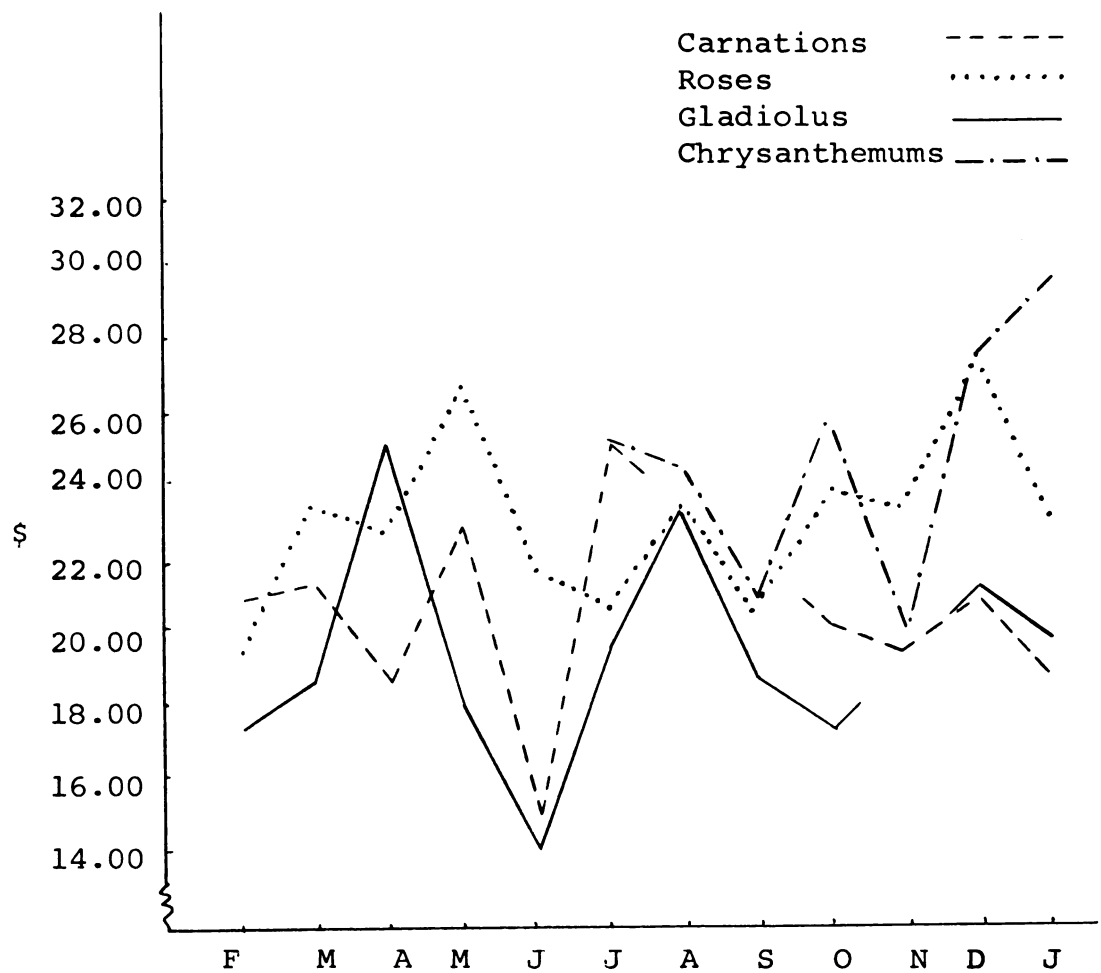


Figure 9. Casket Pieces; Seasonal Variations of Average Prices per Order, Flower Types Combined.

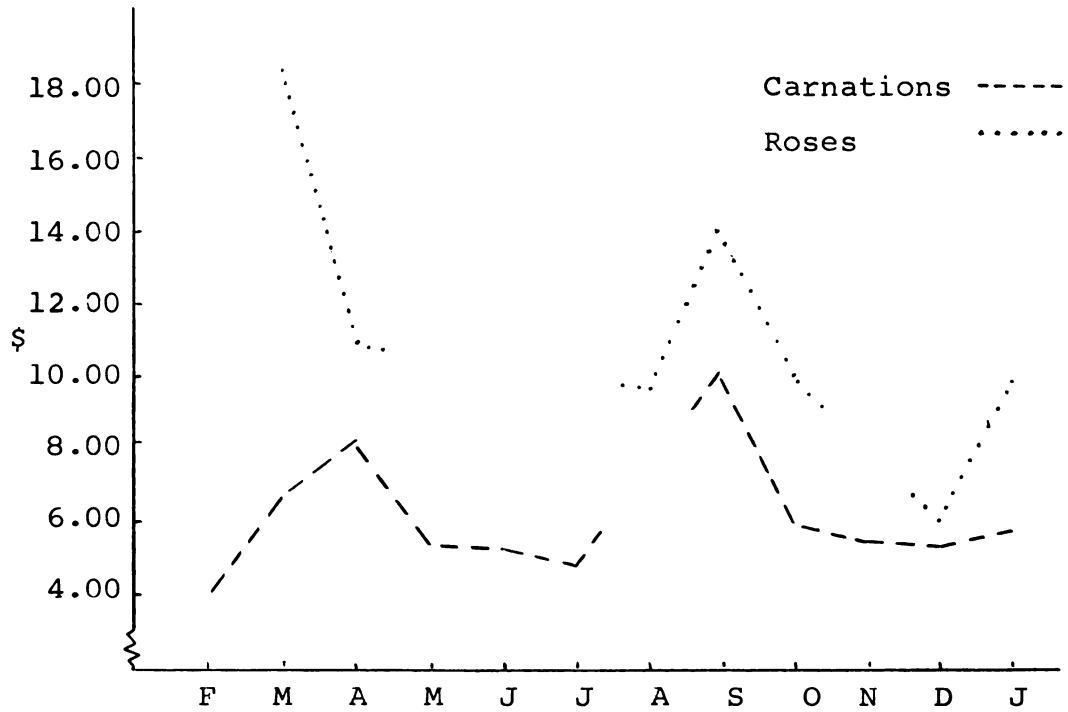


Figure 10. Sprays; Seasonal Variations of Average Prices per Order, Flower Types Not Combined.

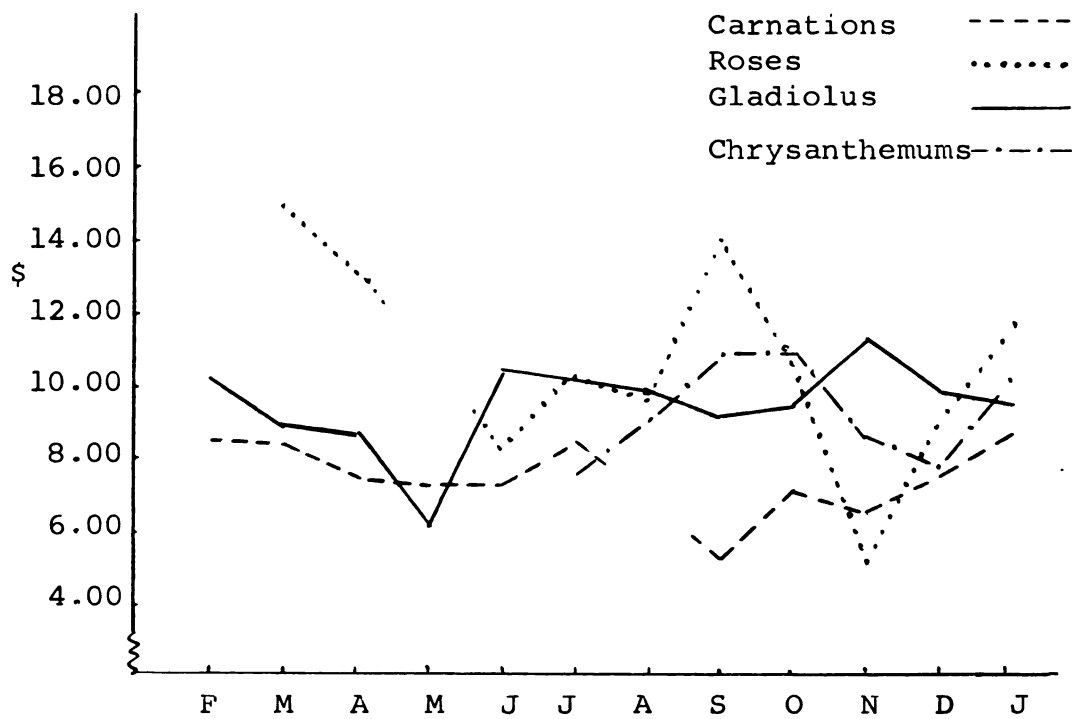


Figure 11. Sprays; Seasonal Variations of Average Prices per Order, Flower Types Combined.

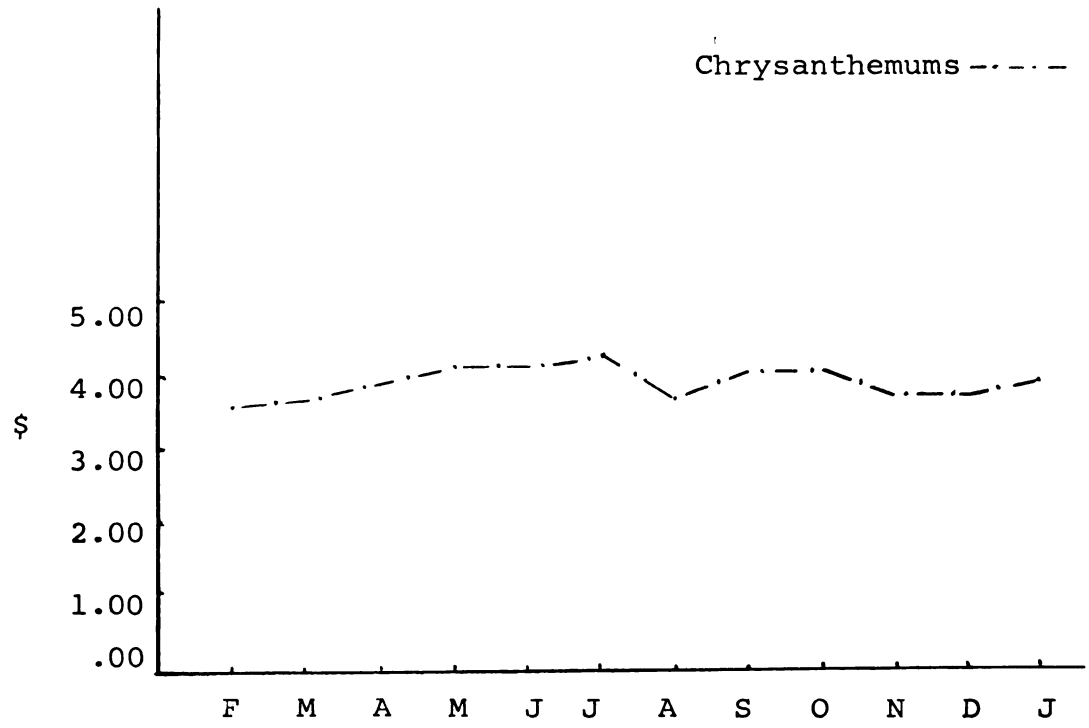


Figure 12. Pot Plants; Seasonal Variations of Average Prices per Order (and per plant), Flower Type Not Combined.

Cut Flowers

The seasonal patterns of average monthly prices paid for orders of unarranged cut flowers (one flower type, not combined with other types) shown in Figure 2, show that the price levels for gladiolus and carnations sold as boxed or arranged cut flowers were roughly the same except for periods in the fall and winter months. The price of cut flower orders containing only roses were at higher levels generally, varied in a somewhat wider, different, and less radically fluctuating pattern. In spite of these differences, some similarity in the three patterns is noticeable.

The study of average monthly prices paid for mixed cut flower orders (Figure 3), presents some wide departures from those shown in Figure 2. The levels are higher though the variations are nearly the same. The seasonal patterns for gladiolus are radically different, but those for carnations and roses are roughly similar.

Arrangements

The average monthly prices of arrangements are particularly significant since most flowers are sold in this form by the four florists whose sales were analyzed. Arrangements of a single flower type reveal remarkably even and unvarying average monthly prices. Furthermore the levels of all except

arrangements of chrysanthemums are surprisingly similar.

In contrast, the average monthly prices for mixed flower arrangements are less similar in level, contour, and variation. Yet, as in the case of arrangements of unmixed flower types, the patterns within the same graph established for the four flower types are remarkably similar.

Corsages

When one flower type composes the corsage, the variations in average price from month to month prove to be rather wide in both roses and carnations (Figure 6). Though the variations of average price are quite wide in unmixed corsages, they are considerably narrowed in mixed corsages. Price levels for mixed corsages tend to be generally higher than for unmixed, yet the contours of mixed and unmixed corsage types are nearly equivalent.

Casket Pieces

The number of casket pieces sold by the four florists in this study was not large enough for accurate conclusions regarding seasonal sales patterns. Nevertheless, the patterns revealed by the tabulation of average price per order are shown in Figure 8 (flower types not combined) and in Figure 9 (flower types combined). The widely varying average prices reflect the wide variation in the price of individual orders. It is believed

that these variations would diminish if a larger number of orders were included and that the average price per casket piece would present a seasonal pattern somewhat similar to those shown for arrangements in Figures 4 and 5. The basis for this assumption is the nature of the occasion for which casket pieces are sold and the fact that most arrangements sold by the florists in this study are sold for funerals too.

The striking thing about Figures 8 and 9 is the little difference in level of prices suggested by Figure 9 whereas the use of various flowers not combined (shown in Figure 8) suggests differences in levels as well as differences in seasonal contour. Though not conclusive, these suggestive aspects of casket piece prices provide interesting comparisons with other retail commodity classes, inasmuch as casket pieces are exclusively sold for funeral purposes.

Sprays

As was indicated in Chapter V, the florists in this study sell few funeral sprays, the most commonly sold product for funeral tributes being the funeral arrangement in this area. So, as in the case of casket pieces, the number of orders was not sufficiently large to assure complete seasonal presentation with reliable seasonal variations and distributions. Yet, the same suggestion drawn from the price data

on casket pieces also can be drawn from Figures 10 and 11. When flowers are sold in sprays composed of a single flower type, differences in level and contour appear. When mixed flower types compose the spray variations in average monthly price are smaller, contours more uniform and the levels of price more nearly equal.

Pot Plants

Only one type of pot plant was sold in a seasonal pattern. This was Chrysanthemums as shown in Figure 12. Clearly the price for chrysanthemum pot plants is quite uniform. Since pot plants are not sold in "combined" form (except as planted planters and occasionaly as mixed pots of small bedding plants, etc.) there is no "combined" classification for comparison.

Discussion

Figures 2 through 12 reveal definite seasonal fluctuations for some florist commodity classes (such as cut flowers, mixed arrangements) but fairly uniform per order prices for most retail commodity classes (such as arrangements not-combined, corsages, casket pieces, and sprays). The variations shown in this last group, though wide, are expectedly erratic variations around a steady central level, while in the first group the variations tend to be significant changes

in central tendency with relatively narrow deviations from it.

In any case, the variations shown for average monthly prices of the various commodity classes are greater than is popularly admitted or expected. This is not to imply that the florist is unaware of wide variations, but it does mean that his typical or average price for a commodity is not a reliable datum for what happens to the commodity's price seasonally.

It is important to stress here that the "commodity" referred to here is not a uniform one. Contrarily, the product or commodity is varying in its composition in at least five important ways. The composition of the commodity may vary with differences in 1) number of flowers used; 2) quality of the flowers used; 3) the wholesale cost of the flowers used; 4) in the case of mixed flowers, the proportion and relative cost of different flower types; and 5) accessories and/or design employed.

The product variabilities add to possible variations induced by differences in demand for a given item. On the other hand, it was shown that these commodities are generally "custom made" being assembled after the customer's order is placed and the price determined. So, in some sense actual sales are a better-than-normal measure of demand and the product variations are one of the ways in which changes in demand

are met.

Both in spite of and because of these product variations, it is useful to determine the per-flower retail price. Unhappily this is feasible only in orders composed of a single flower type since there is no way in which the proportion of retail price contributed by mixed flowers can be allocated.

The following section of this chapter presents a series of per-flower prices for the six commodity classes for which data was available: cut flowers, arrangements, corsages, casket pieces, sprays, and pot plants.

The Seasonality of Retail Florist Per Flower Prices

As in the case of per order prices, average prices per flower, by months and commodity classes were computed. The same flower types--carnations, roses, gladiolus, chrysanthemums, and orchids (in corsages only)--were the flower types graphed.

Figure 13 shows that average prices per flower for the flower types when sold as unarranged cut flowers; Figure 14 when sold as arrangements; Figure 15 as corsages; Figure 16 as casket pieces; Figure 17 as sprays. These figures are based on the per flower price data of the orders which are composed of only one flower type, i.e., flowers not combined.

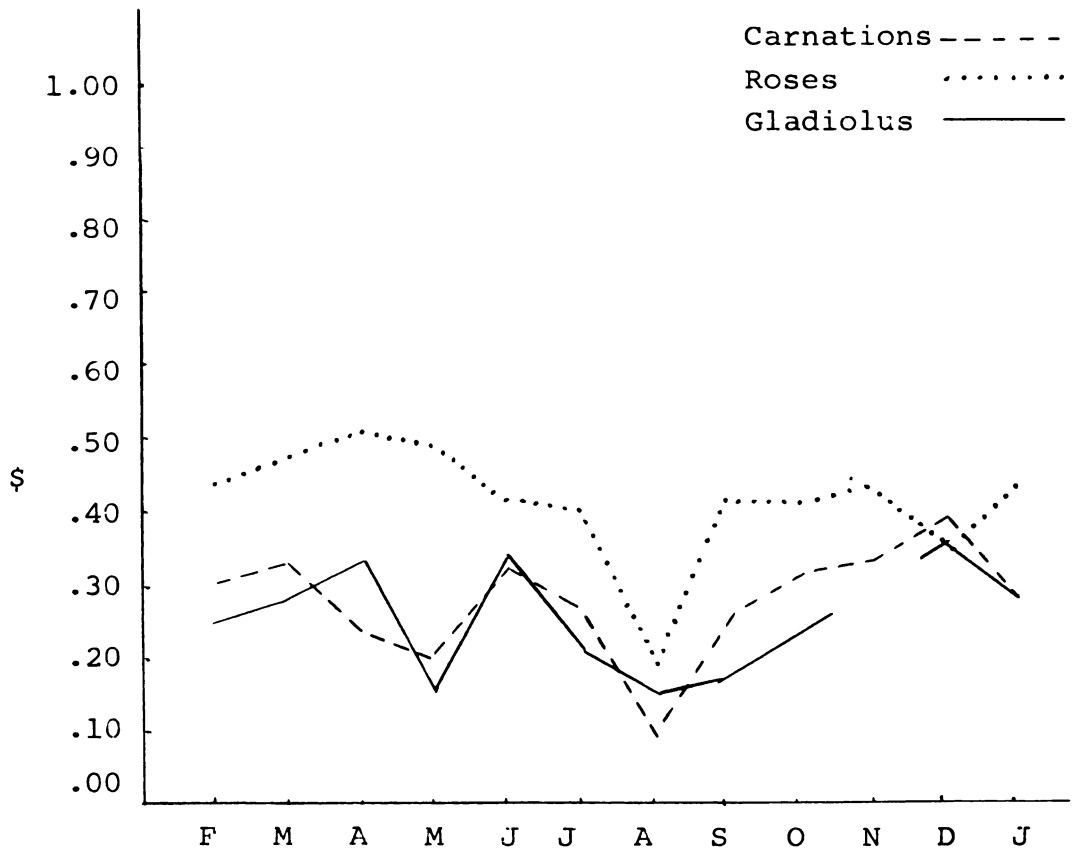


Figure 13. Cut Flowers; Seasonal Variations of Average Prices per Flower.

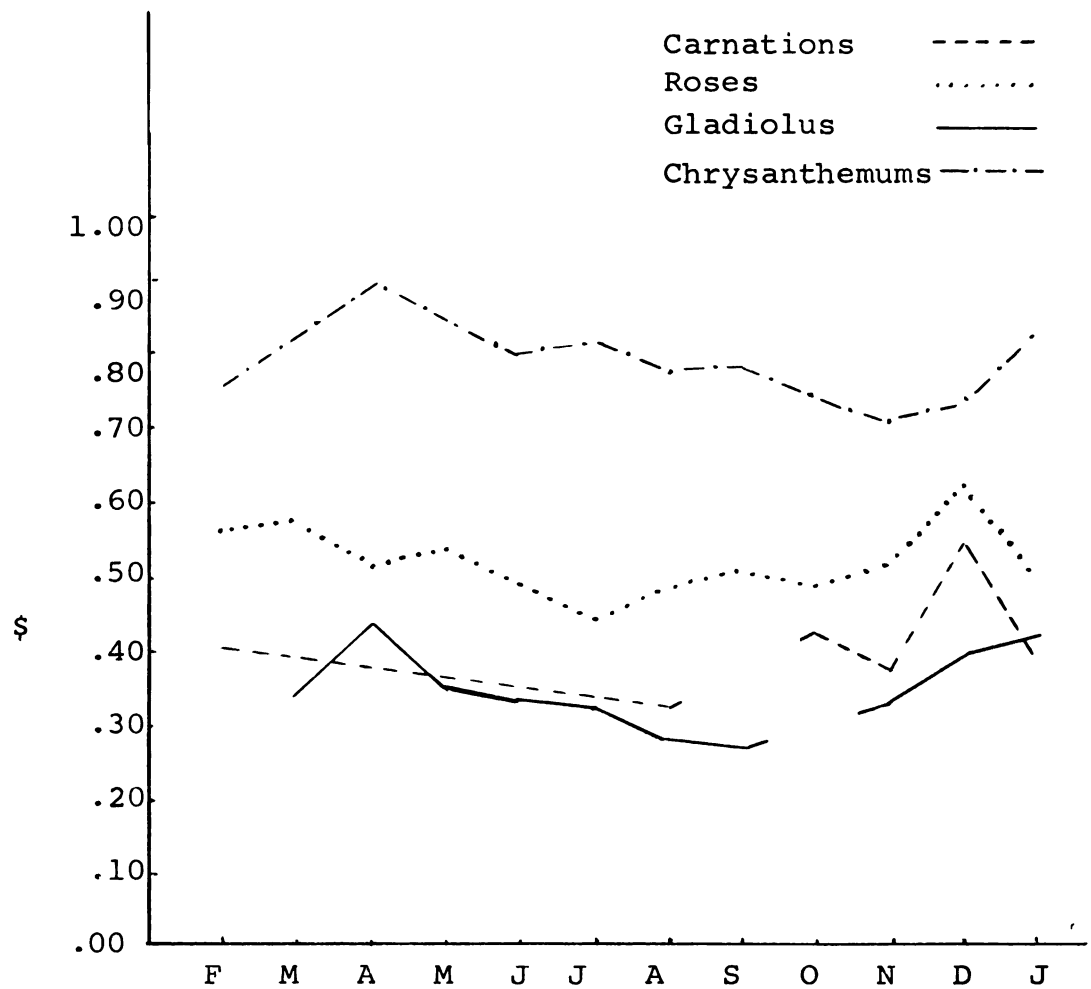


Figure 14. Arrangements; Seasonal Variations of Average Prices per Flower.

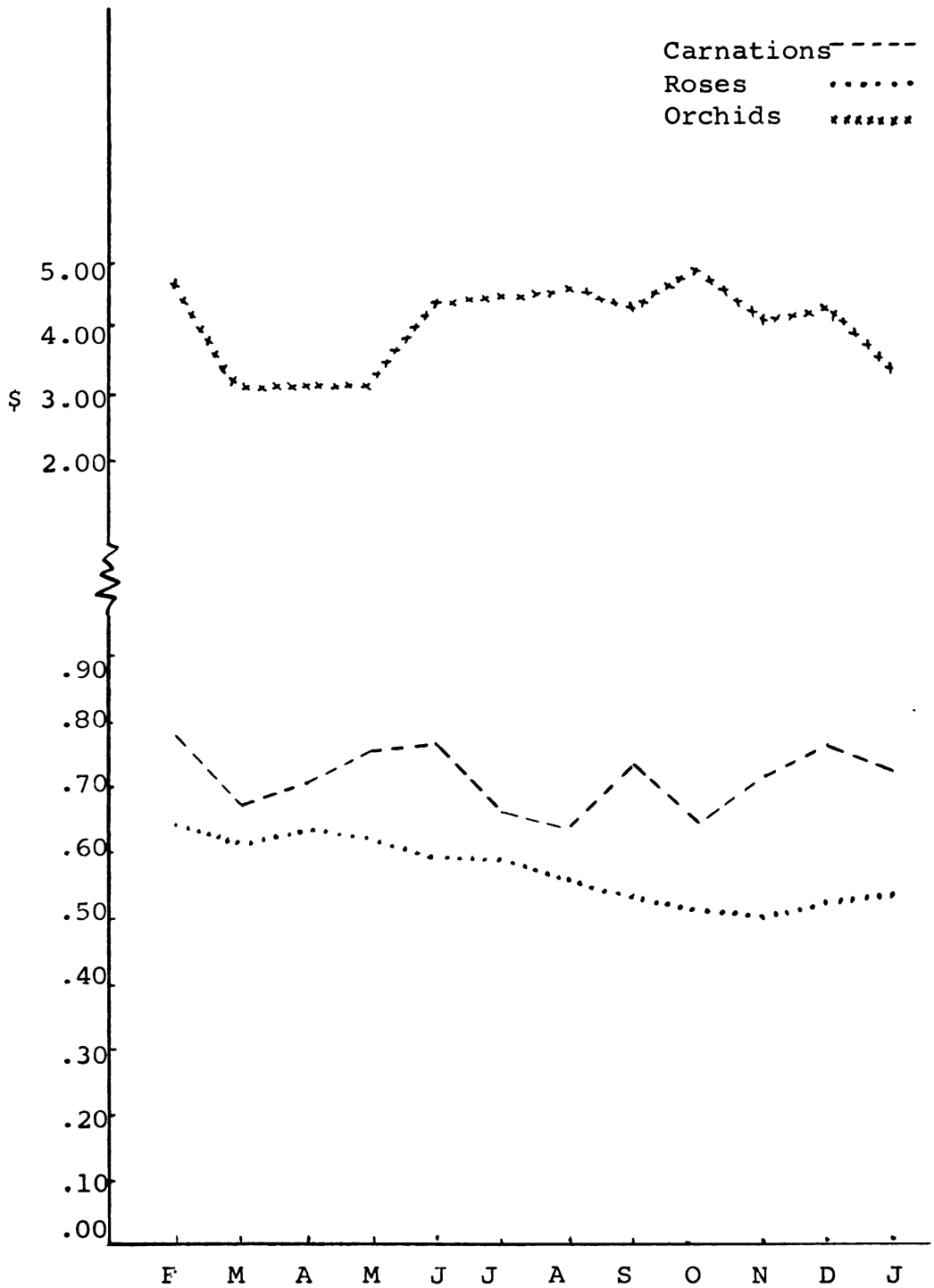


Figure 15. Corsages; Seasonal Variations of Average Prices per Flower.

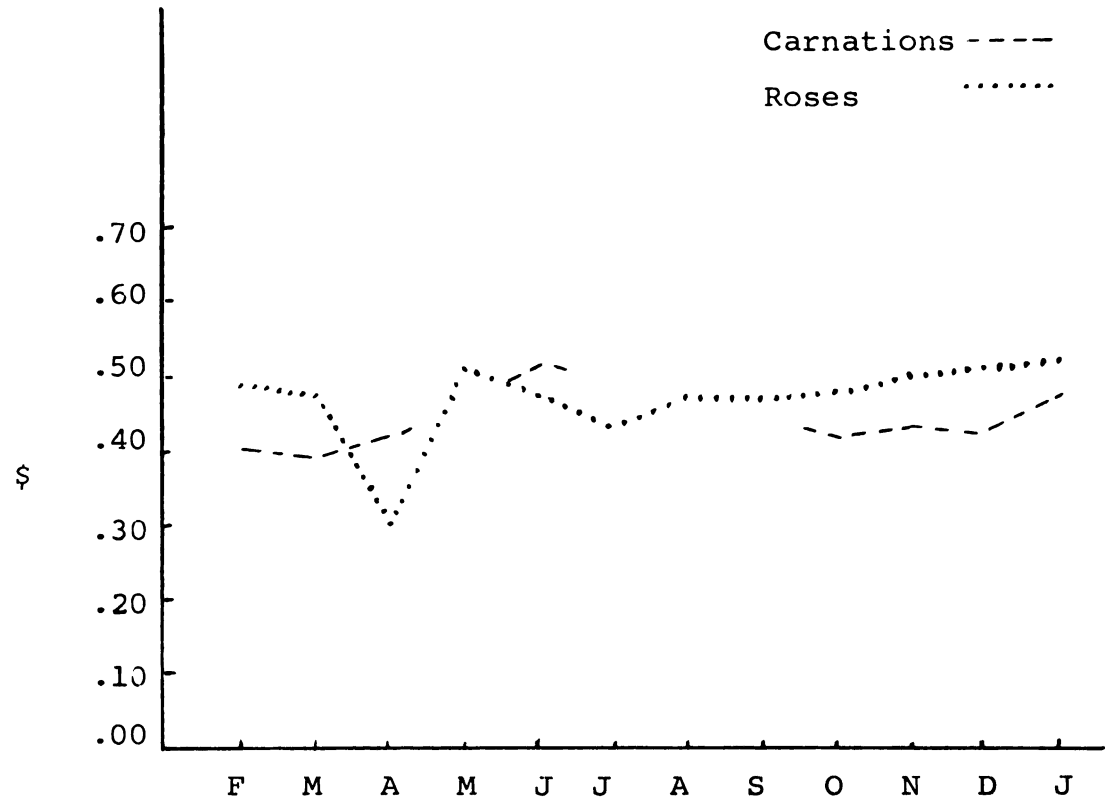


Figure 16. Casket Pieces; Seasonal Variations of Average Prices per Flower.

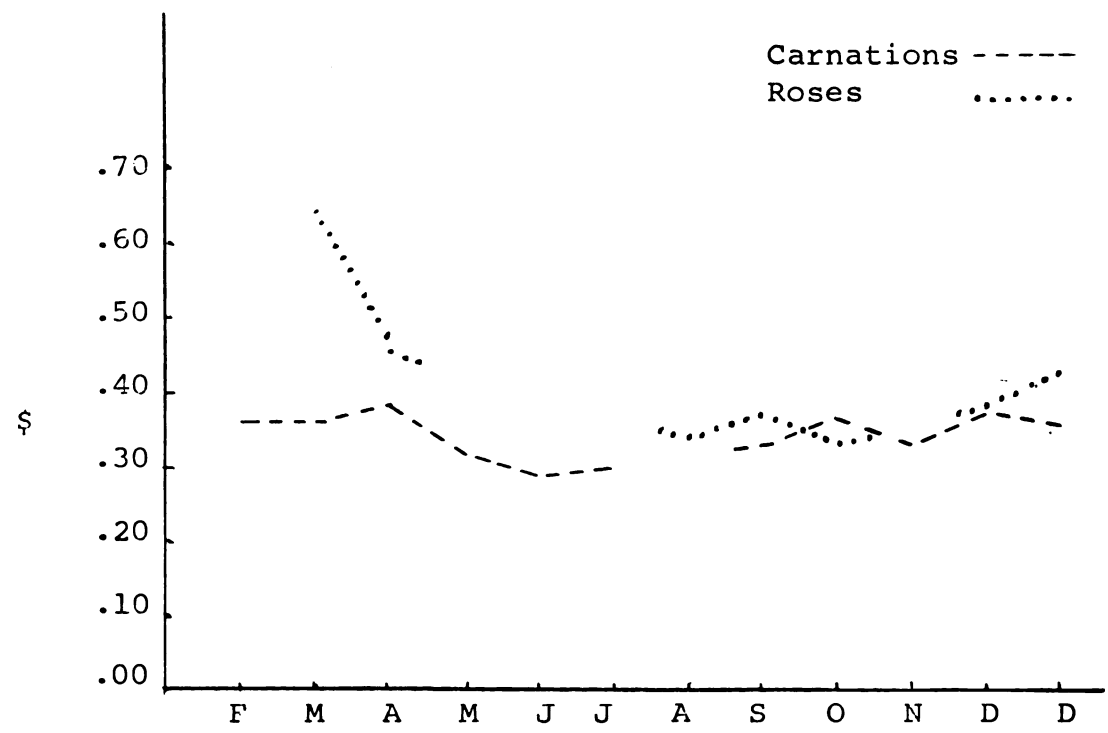


Figure 17. Sprays; Seasonal Variations of Average Prices per Flower.

Cut Flowers

The seasonal variations in the per flower prices of the cut flower commodity class follow closely those of the variation in per order prices, both combined and not-combined. This is more true of the carnations and roses than for gladiolus however.

Arrangements

The association of average price per flower in arrangements with price per order of arrangements is much less uniform. Price per flower (Figure 14) is closely associated with price per order when the flower types are not combined (Figure 4) but not so when combined flowers (Figure 5) are compared.

Compared to the seasonal patterns revealed for the Cut Flower commodity class, prices are much more even in all cases for arrangements.

Corsages

Considerable stability of average price per flower is shown for the corsage flowers (Figure 15). This stability in per flower price is exhibited in contrast to widely fluctuatint per order prices. The seasonal variations of per flower prices is less associated with per order prices of flowers not combined than with flower types combined, repeating a phenomenon found in the cut flower commodity class but in contrast to

that found in arrangements.

Casket Pieces

The data for casket pieces being inadequate for firm conclusions, it is difficult to present meaningful results. Yet it is clear that price per flower sold in casket pieces (Figure 16) is remarkably stable seasonally as compared to per order prices. A larger number of orders would be required to obtain more precise seasonal patterns, yet the same strange association between per flower prices and combined per order prices seems to be appearing.

Sprays

Similarly the per flower prices of flowers in funeral sprays (Figure 17) are more closely associated with the prices of sprays of mixed flowers than with those of one (uncombined) flower type. As in the case of casket pieces however, the number of sprays sold by the florists in the study was not sufficient for valid analysis.

Pot Plants

The price per order and the price per plant (flower) are the same thing in the case of pot plants. Figure 12 presents this data in graphic form. Here the relatively stable price per plant is clearly apparent.

Discussion

The average monthly per flower prices graphically portrayed in the previous figures shows that florists' prices tend to be somewhat stable if analyzed as average monthly per flower prices, separated by commodity class.

The per flower prices vary less widely than per order prices in all commodity classes and frequently their variation is not associated with the average per order price variation. The exception to this general occurence is in the cut flower commodity category.

Furthermore, the price per flower is usually less associated with per order price of not-combined flowers than with per order price of combined flowers. Some special care must be exercised when interpreting this fact. The data used in computing the per flower prices are drawn from the orders of the not-combined group, i.e., these flowers are, as it were, the same flowers, the prices of which are analyzed in two separate ways. The flowers graphically portrayed in the combined order prices have no per flower price equivalent. Hence, a comparison of per flower prices in not-combined orders with per order prices of combined flowers is a special case.

The fact that per flower prices in not-combined orders are generally more closely associated with per order prices of combined orders is possibly indicative of similar price influ-

encing pressures on per flower prices and per order prices of mixed pieces; and that these price influencing pressures are either different or cause a different effect on per order price of most-combined flowers.

One way in which this may occur is a variation of the number of flowers sold at a given price in not-combined orders. In combined pieces variation of the number of flowers sold is possible too, but in addition the type of flowers combined can be altered. By so doing the florist may vary both the proportions of flower types used as well as the type used depending on the relative costs of each.

The Cost of Flowers and Price

The seasonal variation of the average cost per flower of flowers which composed the various retail florist commodities are shown in Figures 18 through 23. As would be expected the general patterns of per flower cost do not vary greatly from one another. This implies that the florists did not employ any special purchasing or allocation of floral inventory techniques for the commodities graphed here. Instead, the commodities shown here appear to be composed of stock selected randomly from the general inventory of the flowers shown, there being no material differences in cost of flowers from one commodity class to another.

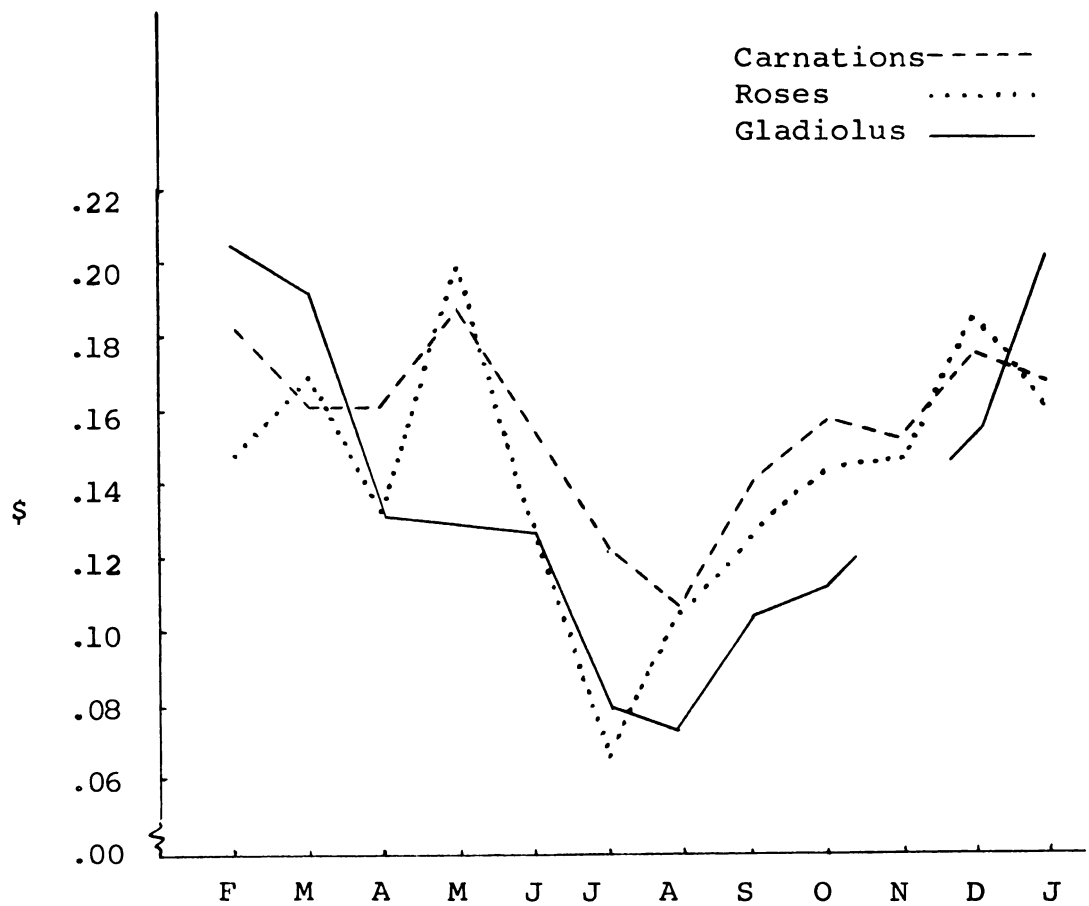


Figure 18. Cut Flowers; Seasonal Variations of Average Costs per Flower.

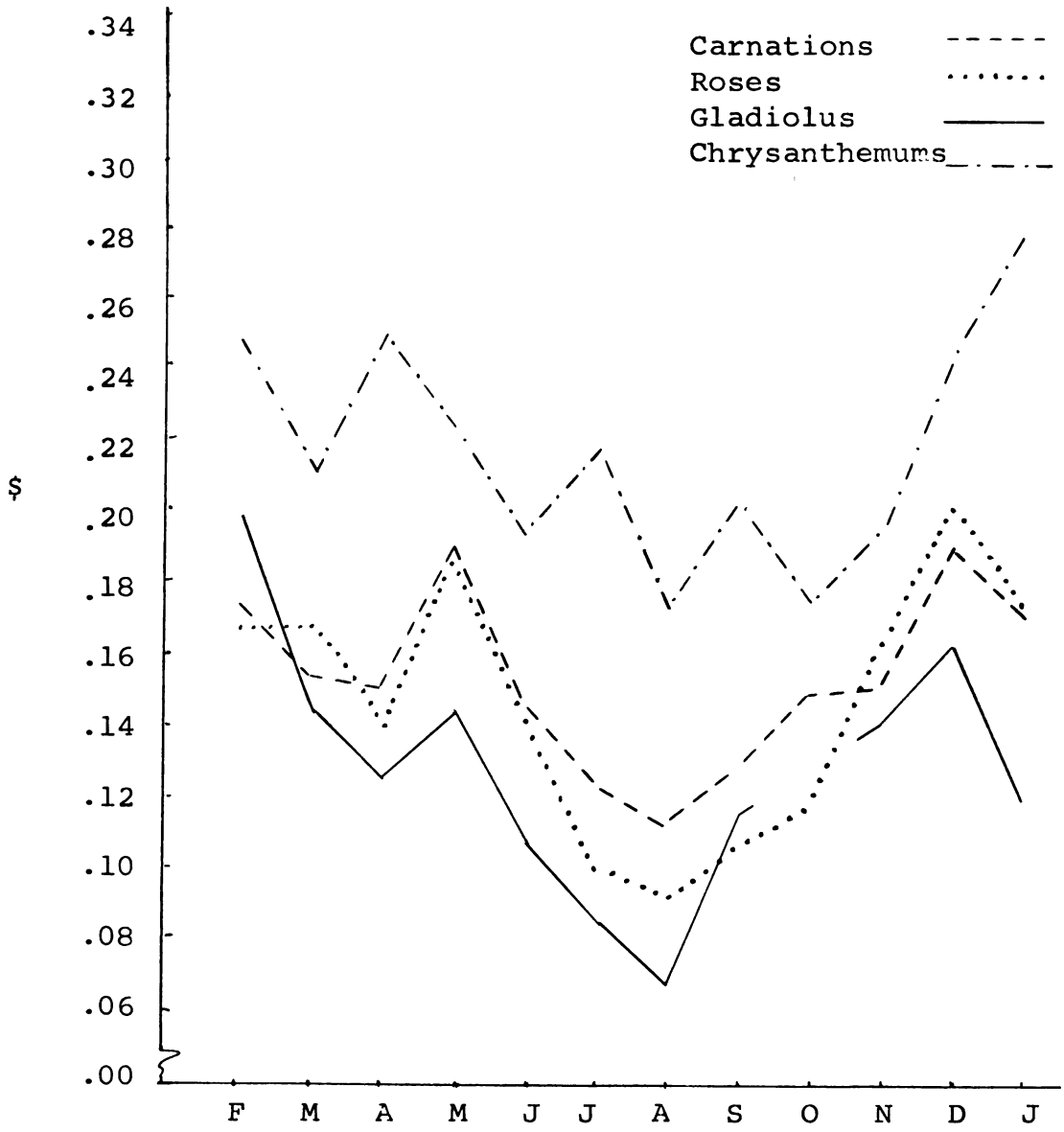


Figure 19. Arrangements; Seasonal Variations of Average Costs per Flower.

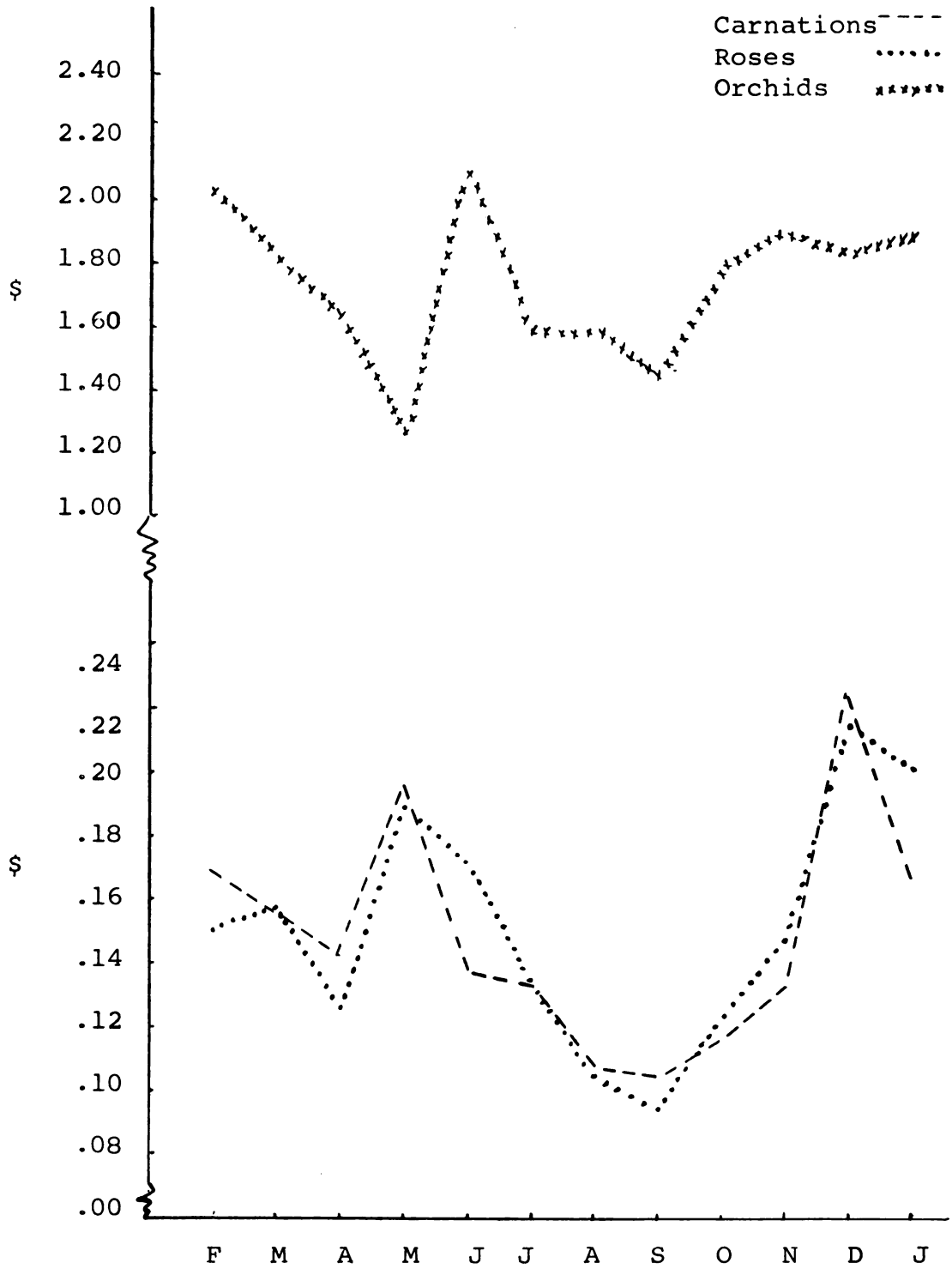


Figure 20. Corsages; Seasonal Variations of Average Costs per Flower.

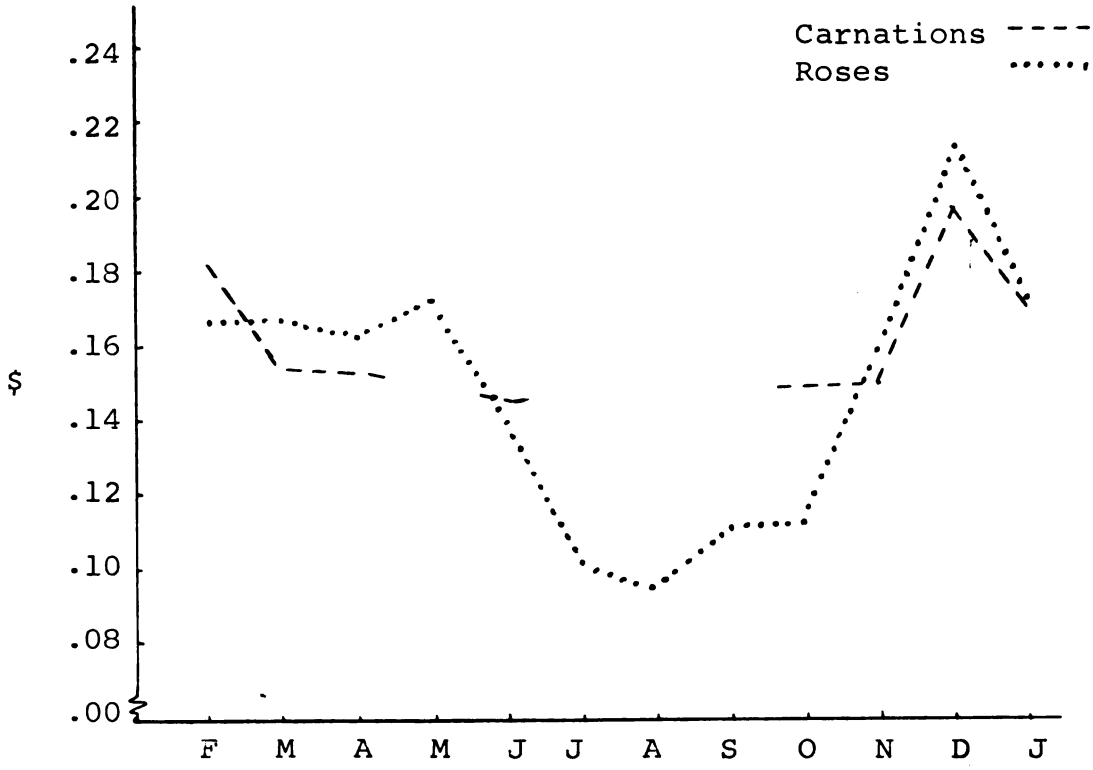


Figure 21. Casket Pieces, Seasonal Variations of Average Costs per Flower.

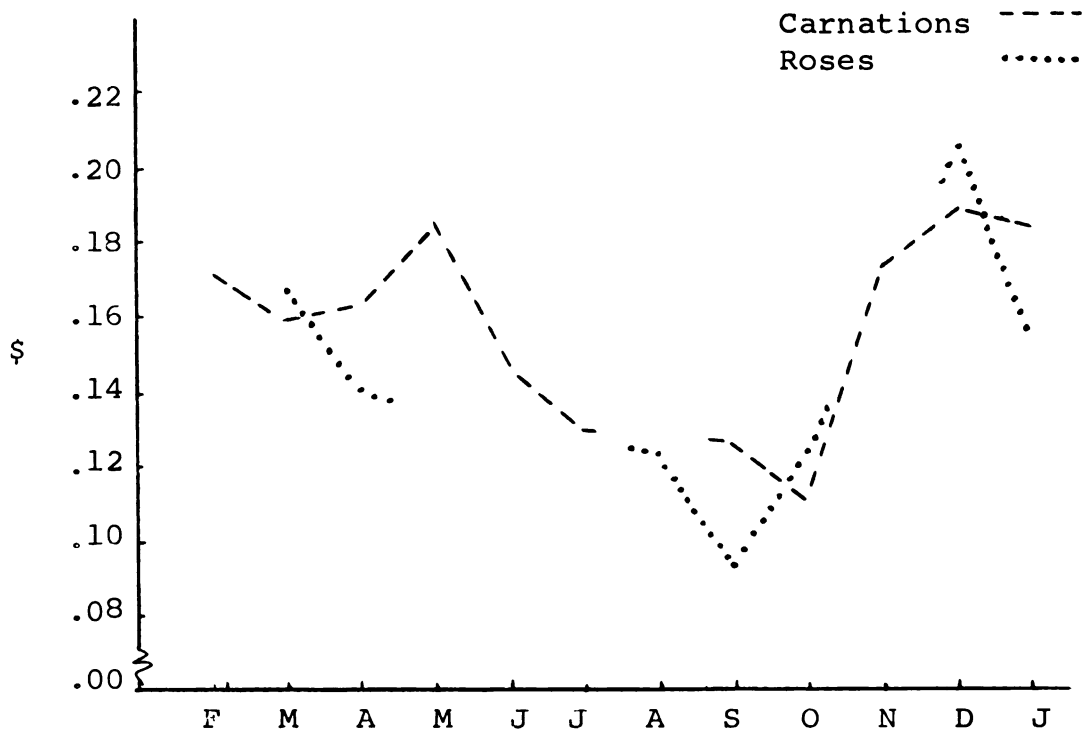


Figure 22. Sprays; Seasonal Variations of Average Costs per Flower.

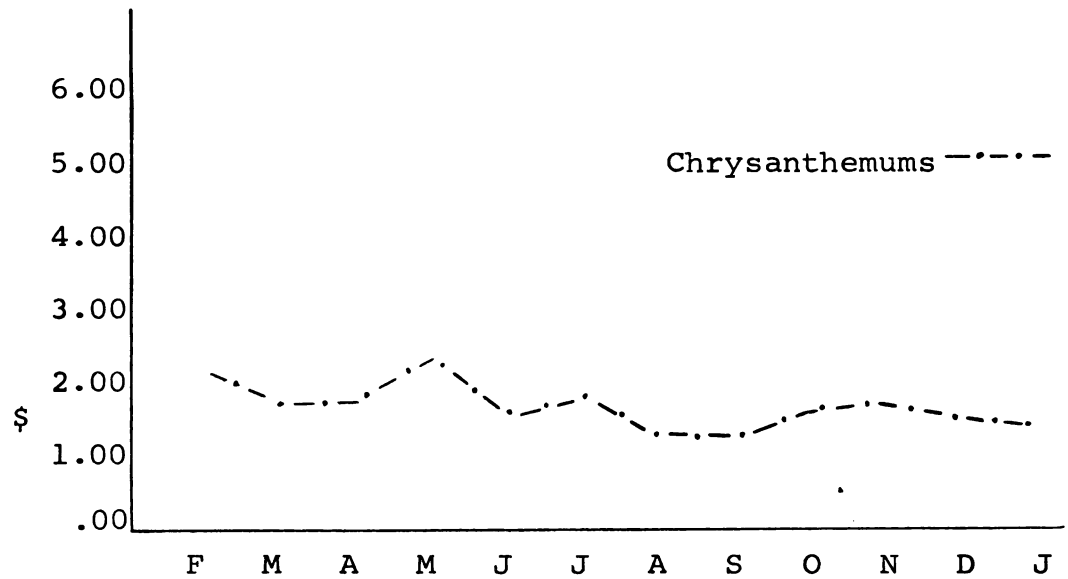


Figure 23. Pot Plants; Seasonal Variations of Average Costs per Plant.

Per Flower Costs and Per Flower Prices

The general pattern of per flower costs is reflected in the per flower price of only one commodity class--cut flowers. In the case of arrangements, corsages, casket pieces, and sprays, the per flower prices are hardly variable in comparison to cost. Even in the cut flowers category the variations of price are markedly diminished though response to cost is readily apparent.

This result confirms the view expressed by many florists that they preferred a standard, unchanging price to one which fluctuates radically with costs (See Table 11, page 112). It further suggests that when a floral piece is composed of a single flower type (flowers not combined), the price per flower responds only mildly to wide fluctuations in flower costs.

Per Flower Costs and Per Order Prices

If per flower costs are compared to per order prices of unmixed floral commodities, the association is greater. The only way this fact can be reconciled with the one reported in the previous section is to suggest that the florist tends to vary the number of flowers offered at a given stated price. That this is indeed the case, is shown by a comparison of per order costs with per order prices. Per order costs for commodities composed of a single flower type are shown in Figures 24 through 28.

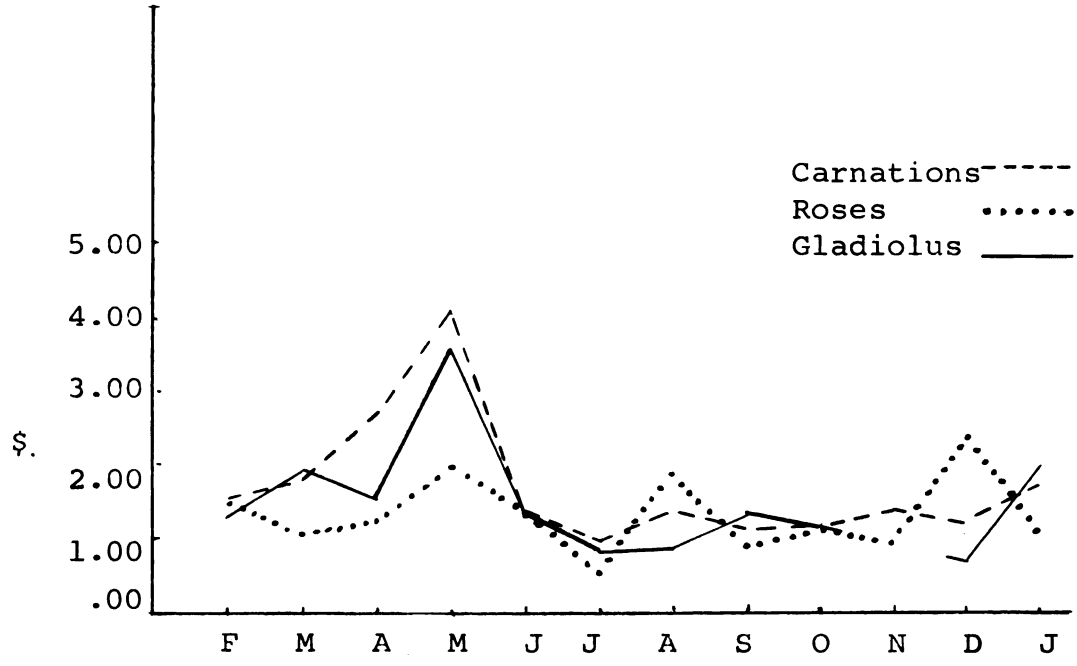


Figure 24. Cut Flowers; Seasonal Variations of Average Costs per Order, Flower Types Not Combined.

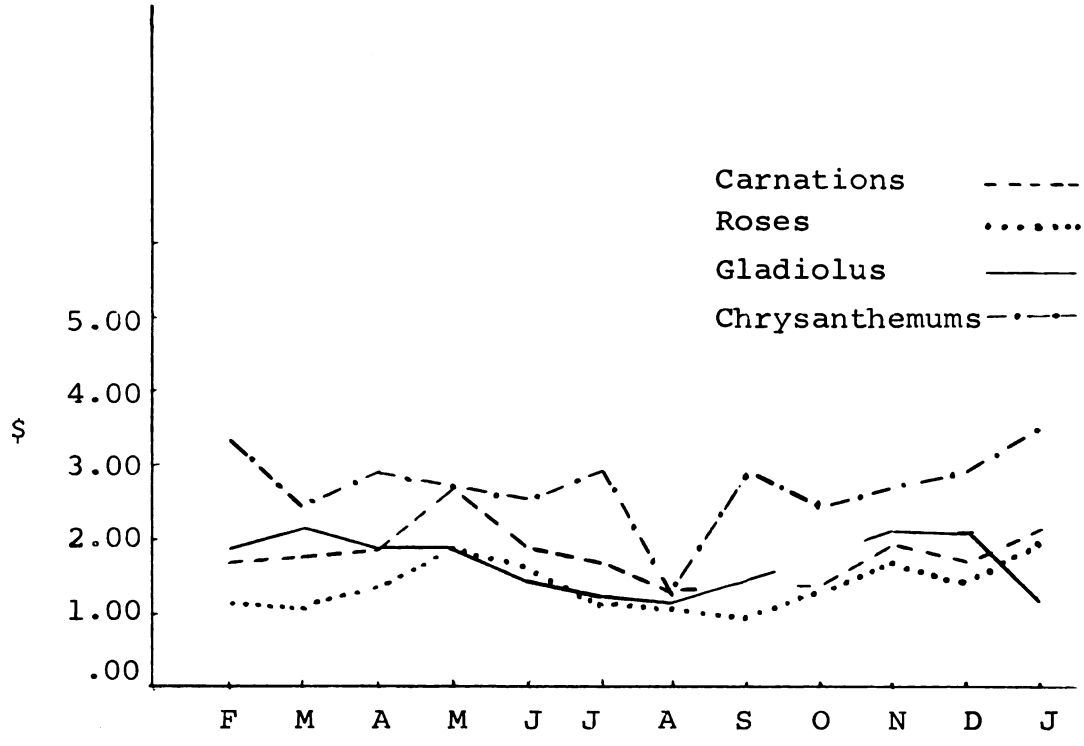


Figure 25. Arrangements; Seasonal Variations of Average Costs per Order, Flower Types Not Combined.

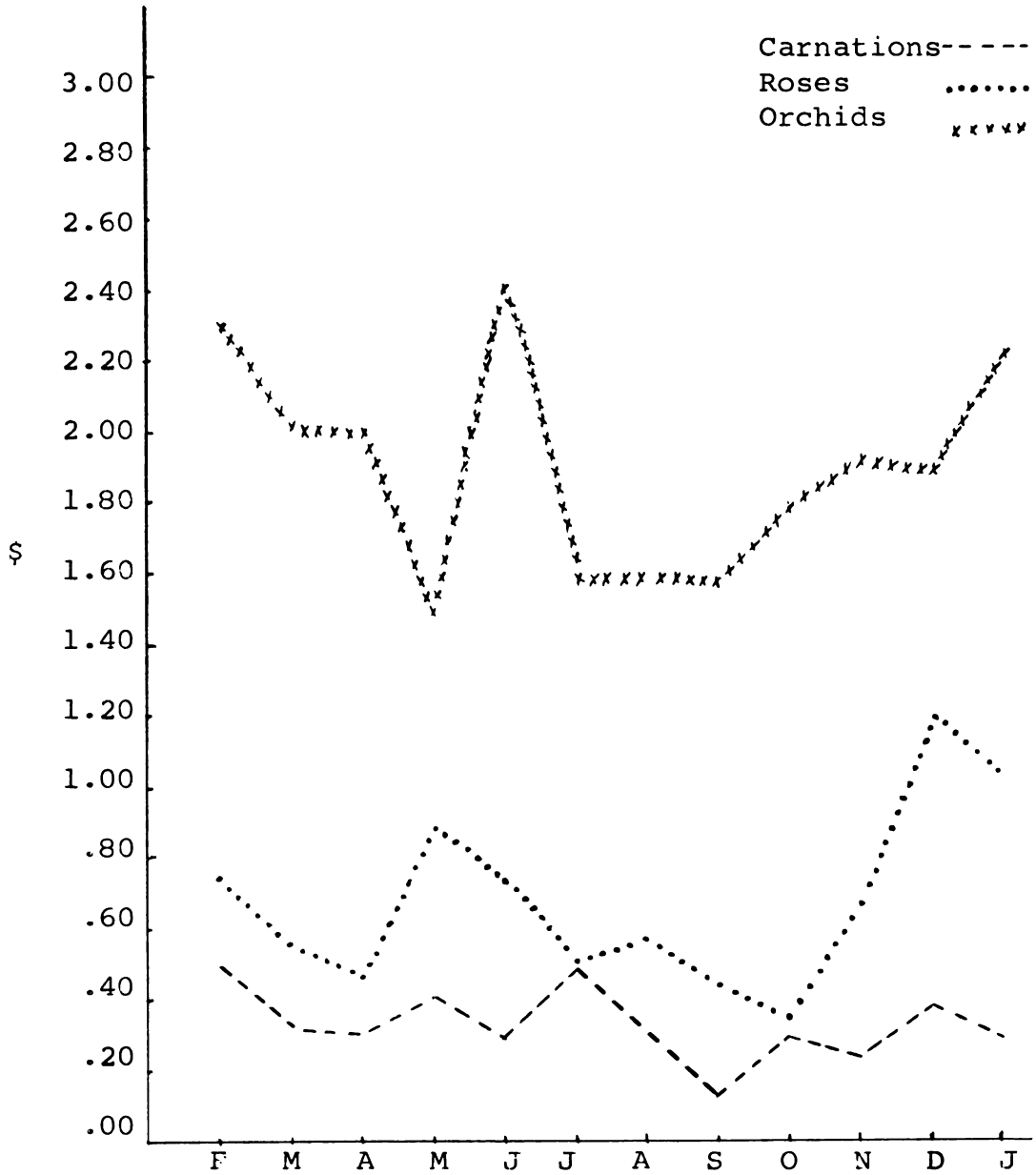


Figure 26. Corsages; Seasonal Variations of Average Costs per Order, Flower Types Not Combined.

Per Order Costs and Per Order Prices

Again in unmixed floral commodities, if per order costs are compared to per order prices, a strong degree of association exists. Taken with the results just previously described it is apparent that the florists' prices for the commodities they sold tended to be related to the cost of materials used, but the way in which this is most commonly accomplished is by a variation in the number of flowers sold for the stated price.

The Cost of Flowers and Price (Combined Flowers)

As stated previously, there is no way (except an unsatisfactory arbitrary assignment method) of allocating price to the flowers in a mixed floral commodity. It is therefore necessary to be content with a study of per order prices of mixed retail florist commodities. The average costs per order for commodities with mixed flowers (other flowers combined with the types shown) are graphed seasonally in Figures 29 through 33.

These patterns generally are similar to merchandise cost patterns of commodities in which flowers are not combined in that they peak at similar periods, especially during Spring months, and vary markedly from month to month.

The striking result connected with the cost per order of combined or mixed flower commodities is the very high association with the price of combined flower commodities.

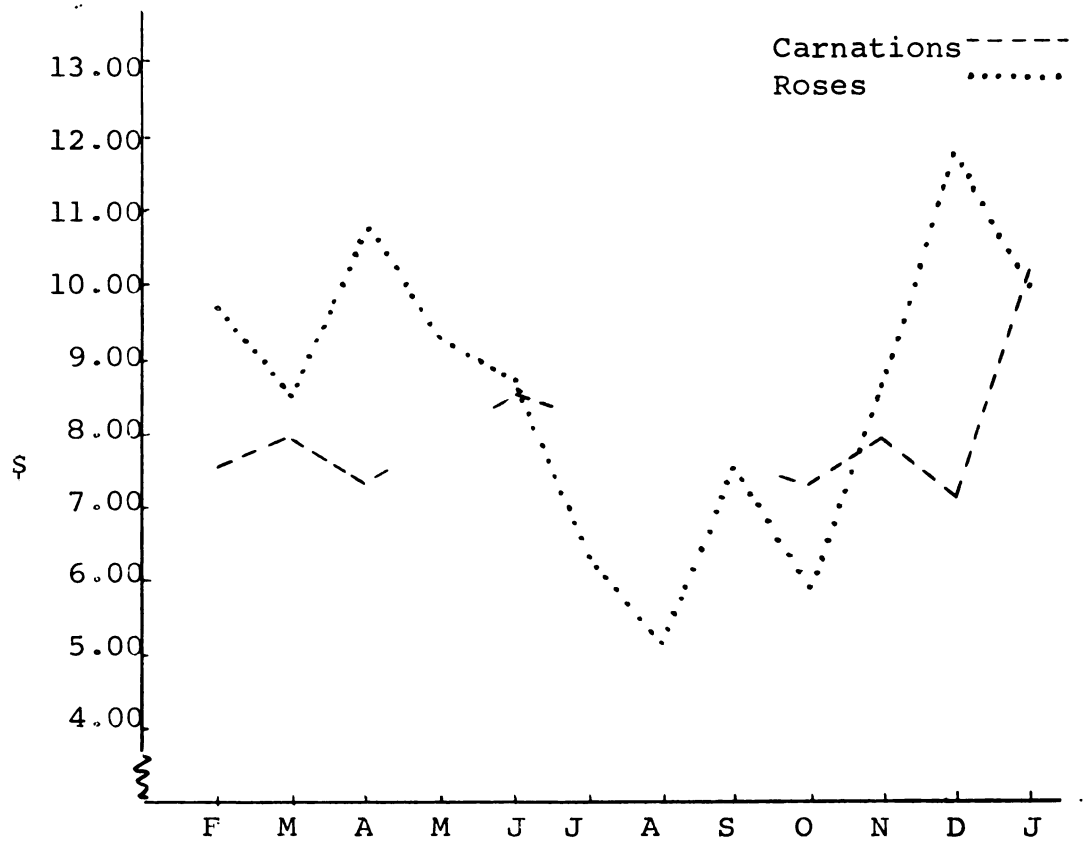


Figure 27. Casket Pieces; Seasonal Variations of Average Costs per Order, Flower Types Not Combined.

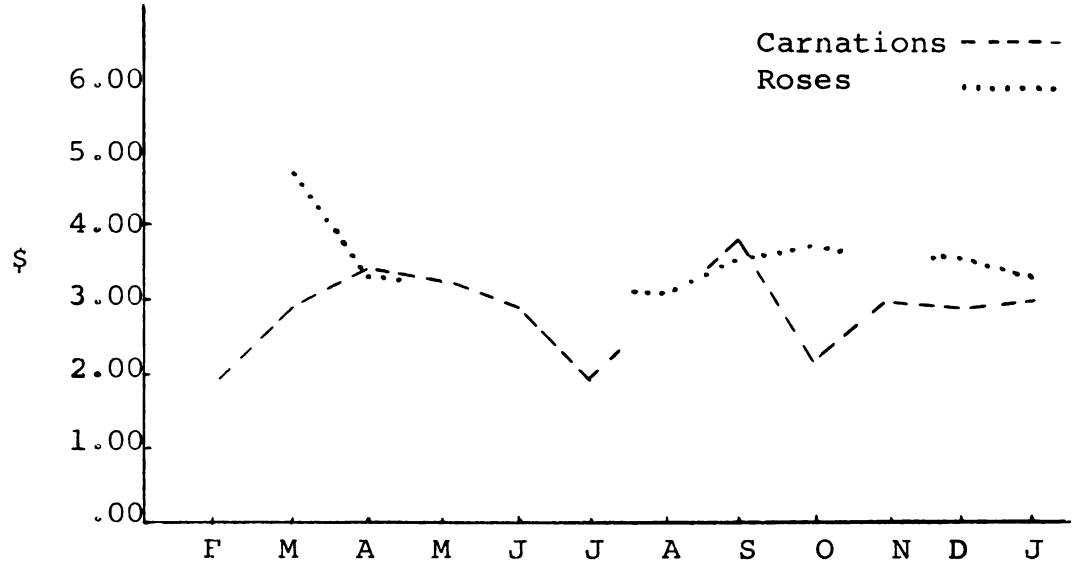


Figure 28. Sprays; Seasonal Variations of Average Costs per Order, Flower Types Not Combined.

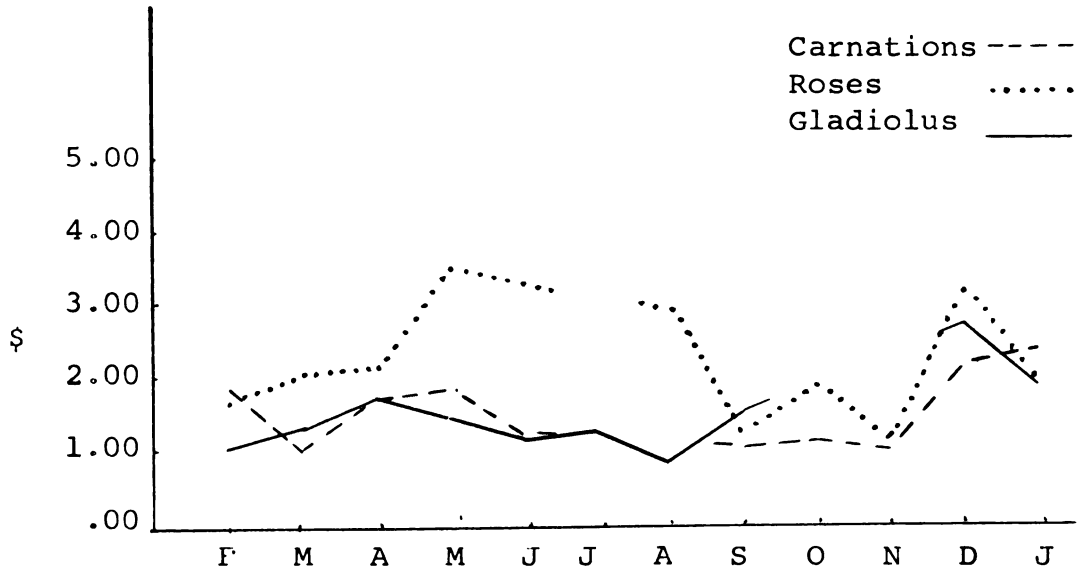


Figure 29. Cut Flowers; Seasonal Variations of Average Costs per Order, Flower Types Combined.

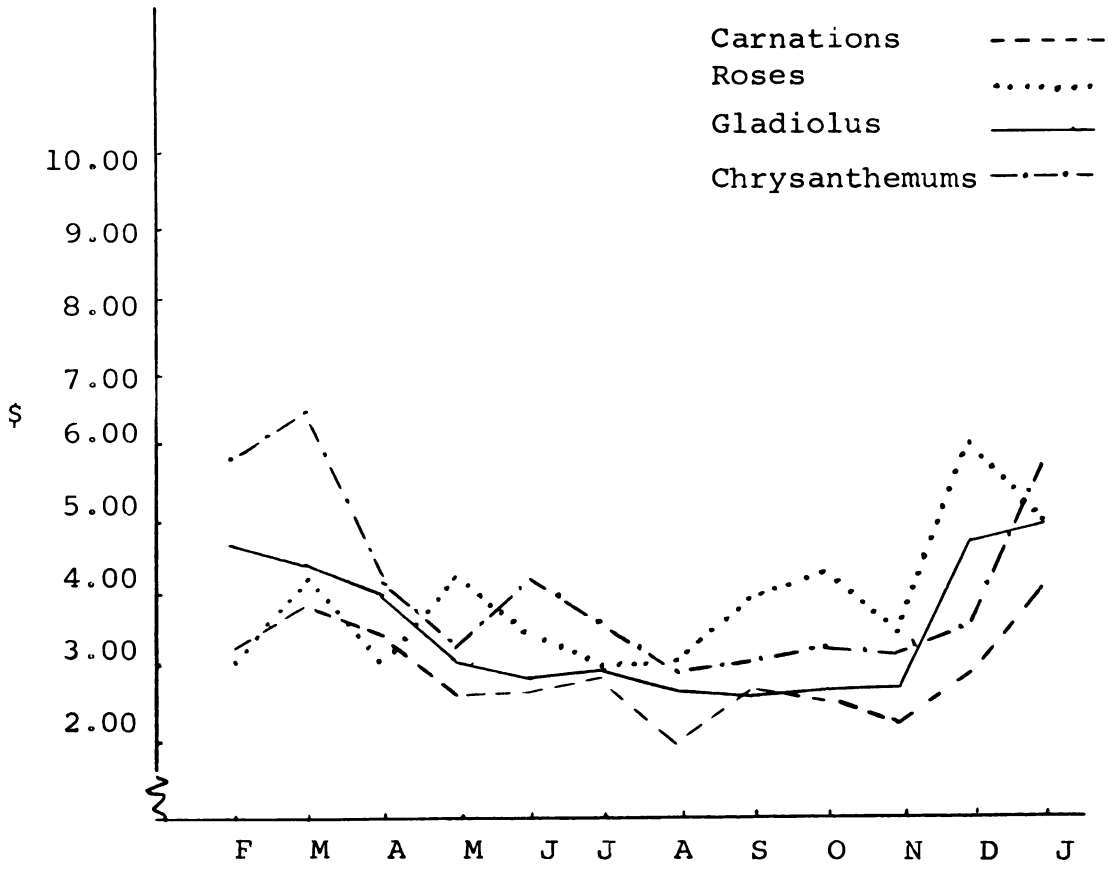


Figure 30. Arrangements; Seasonal Variations of Average Costs per Order, Flower Types Combined.

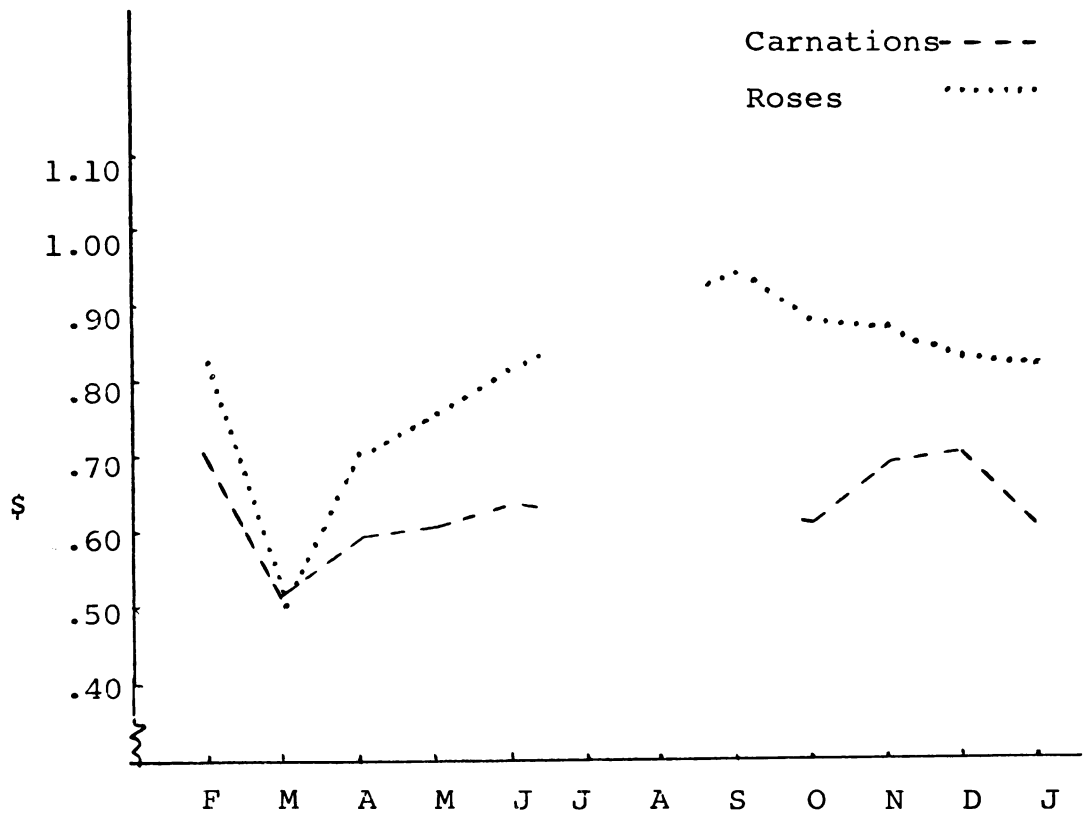


Figure 31. Corsages; Seasonal Variations of Average Costs per Order, Flower Types Combined.

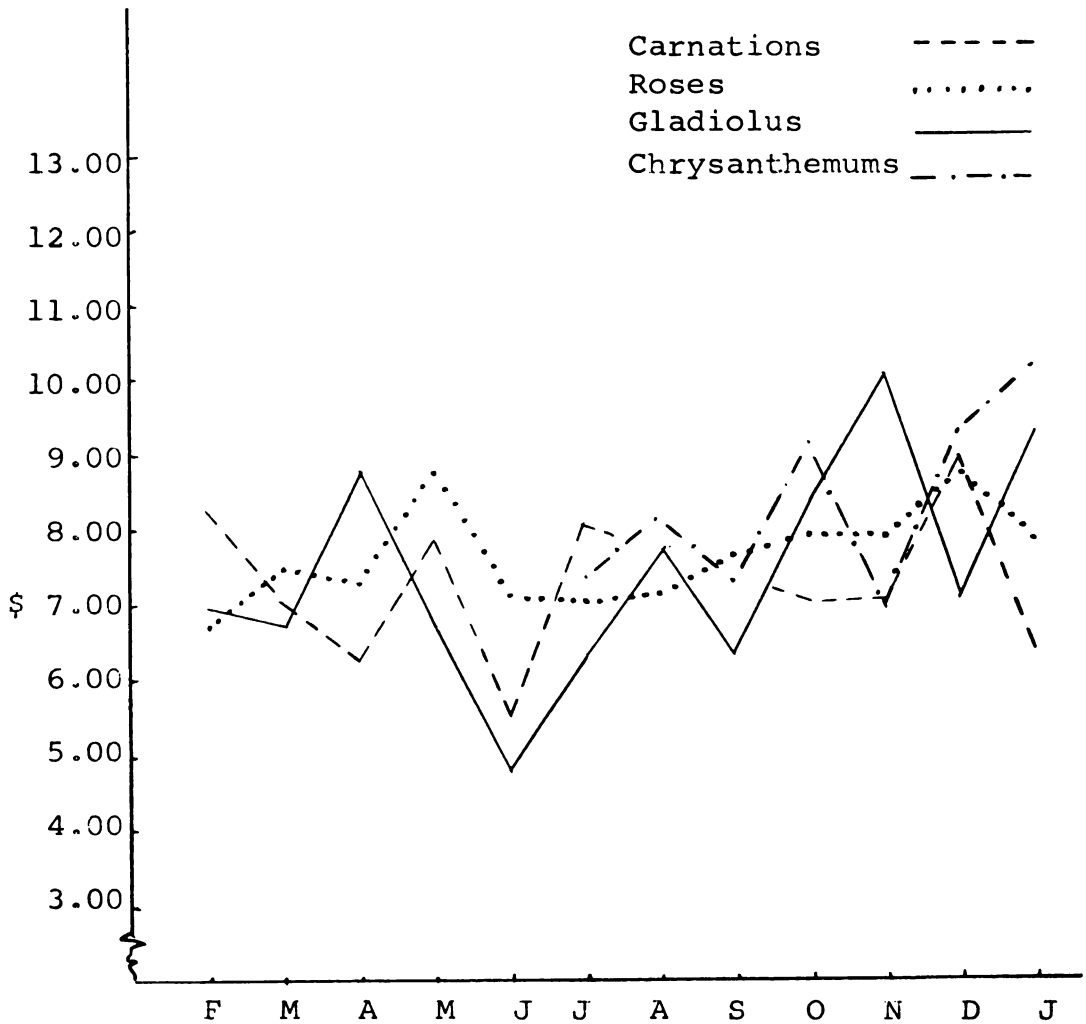


Figure 32. Casket Pieces; Seasonal Variations of Average Costs per Order, Flower Types Combined.

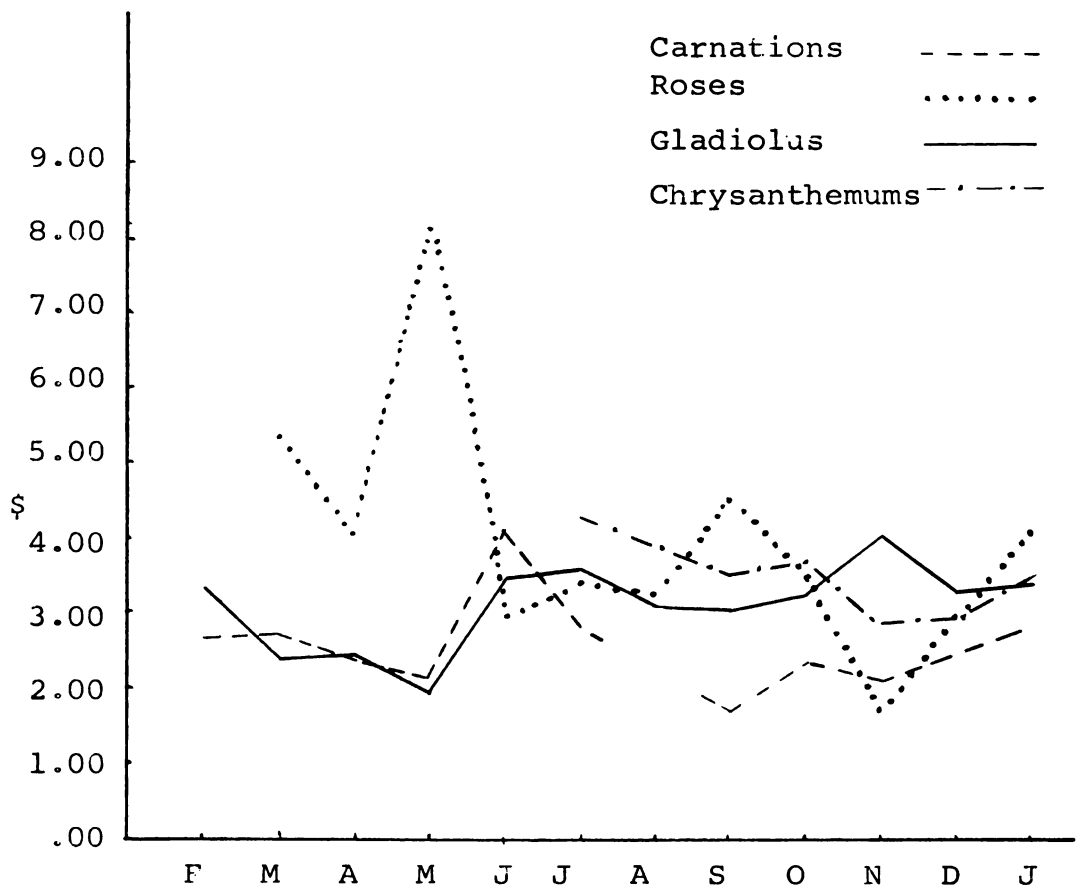


Figure 33. Sprays; Seasonal Variations of Average Costs per Order, Flower Types Combined.

With the commodities containing roses being somewhat the exception, the costs of the mixed or combined flower commodities follow a remarkable association with price. This is in definite contrast with the relationship of costs and price of commodities containing one type of flower (not-combined).

Discussion

The explanation for this no doubt lies in the ability of the florist to vary both the number and the type of flowers used in the commodities in which flowers are mixed. Whereas in commodities containing but one flower type, it is not possible to change value given by shifting to different flower types and it is often not possible to change the number of the flower type sold since the customer can (and florists say he frequently does) count flowers and calculate price per flower in this way. Furthermore, many customers are "dozen-conscious" buying flowers-by-the-dozen in both cut flower and arrangement commodity classes. In such cases the florist is faced with the choice of changing price or changing the margin between costs and price in order to maintain the standard price-per-dozen price. Flowers not-combined tend to be sold more frequently by the dozen, so the data here shows the effect of standard per-dozen prices in the face of changing wholesale flower costs.

Summary and Conclusion

Chapter VIII presents evidence which dispels some widely held industry opinion regarding retail florist prices. In order to observe the intricacies of retail florist pricing practice, it is necessary to divide florists' sales into commodity classes and flower types.

When so studied, the prices per order for commodities of one flower type, while varying quite widely nevertheless vary around a relatively even central tendency so that seasonal patterns do not become readily apparent. The one exception to this generality is found in the cut flower commodity class where all the flower types present similar patterns typical of seasonal sales patterns.

For commodities of mixed flower types, the typical seasonal pattern for sales, is suggested in two commodity classes--cut flowers and arrangements. Other classes of retail commodities exhibit relatively even patterns of central tendency with the typical wide variations.

Price per flower can be studied for florist commodities composed of a single flower type. While the variations of prices per flower are relatively narrow, the variations are greater than one would have expected if trades opinion were used as a basis for judgment. In every commodity class studied, changes in average monthly prices are generally small

from month to month, but significant when viewed from a twelve month point of view.

With the data at hand, the association of flower costs to prices cannot be established with certainty. For commodities of a single flower type, the evidence presented however suggests that changes in wholesale cost of flowers in commodities of a single flower type are weakly associated with the prices per order. This association appears to be conditioned by three attenuating phenomena: 1) a disproportionate decline in price when costs fall as contrasted to the price increase when costs rise; 2) a time lag in response to decreased costs in contrast to prompt response to cost increases; and 3) lack of response entirely where cost changes are relatively small.

For commodities of mixed or combined flower types, the association of average price per order and average cost per order is remarkable and much greater than in the commodities composed of single flower types. The reasons advanced for this phenomenon are: 1) the greater possibility of varying both the type and the number of each type of flower in mixed floral pieces; and 2) the general habit whereby florists maintain and clientele accept a standard per-dozen price for flowers of a single type.

Analysis of the number of flowers per order in commodities composed of a single flower type reveals that this

variable is responsible for establishing the typical seasonal pattern for price per order which is also characteristic for number of orders (200).

Given the limitation of the data at hand it is therefore difficult to determine whether or not the apparent association between cost and prices is genuine and if genuine whether or not it is causal.

It is perhaps more realistic to suppose that florists use costs of flowers as a minimum guide to pricing decisions, and that their immediate short run pricing decisions are affected by the manifold influences of clientele opinion, flower and design quality, cost--price competitiveness between flower types, habit and custom. At any rate, the pricing practices of florists do not reflect any rigid markup system in the short run. So to this extent at least the general policy statements and recommendations of florists regarding ratio markups is only of the slightest value for short run pricing decisions.

These conclusions bring to mind the cogent analysis made by Mitchell, cited on page 32. The relationship to Mitchell's rough approximations of wholesale prices to sales volume and his "result" column is readily apparent.

CHAPTER IX

RETAIL FLORISTS' PRICES IN THE INDUSTRY CONTEXT

The preceding chapters of this study have dealt with the attitudes and tactics with which retail florists approach the pricing problems of their individual firms. Chapter V described some of the general characteristics of retail floristry which influence and complicate the pricing problem. In Chapter VI some of the specific policies, attitudes and opinions of retail florists regarding prices and pricing were determined and explored.

Chapter VII explored actual prices charged by retail florists. This was done by three methods: 1) the general level of prices for the various retail commodities was determined through a collection of minimum prices for the various commodities and through the distribution of estimated average orders, in dollars; 2) actual prices and concomitant costs were selected from "typical" orders and from prices quoted by retailers for a standard or sample flower arrangement; and 3) the seasonality of retail prices and wholesale costs was studied through the average monthly commodity and flower

prices and costs for four florists within a confined market area. This analysis was found in Chapter VIII.

This chapter shall attempt to generalize upon the behavior revealed by the previous chapters with the intention of establishing some orderly conceptual framework for understanding florist pricing behavior.

The Florist and the Market Classifications of Economics

Chapter II of this study (pp. 7-15) briefly described the four commonly recognized market classifications defined by economists. In that chapter the various conditions necessary for these conditions to prevail were briefly reviewed and it was said that the classifications really represent points on a scale of competitiveness.

If this assumption is correct, the degree to which a given florist fulfills the conditions of the classifications could be quantified and scaled. Such a measure may be used as an indicator measuring his competitiveness based on the extent to which he fulfills the assumptions inherent in the market classifications.

The survey questionnaire exploring retail florist prices was constructed with this in mind. One or more questions were asked regarding each of the major characteristics of the market classifications. The answers provided offered what was considered

a "competitive" answer and a "monopolistic" answer; in some questions middle positions were introduced into the answer structures. Each answer was given a value and the responses from florists scored according to his answer (See Appendix E). Since some florists did not answer all questions both the total and average scores were calculated.

A florist who answered all questions as a monopolist might be expected to do would score a total of 200, and an average of ten. A florist whose answers were wholly competitive would score a total of 20 and an average of one. Only average scores were used since total scores proved insufficient in number. The distribution of average scores resulting from the competitive scale is shown in Table 49.

Discussion

It is recognized that the scoring-scaling system presented is at best a very rough approximation of conformity to the market classifications. Furthermore, the scores are not really necessary to demonstrate that the retail florist is neither monopolistic nor purely competitive. The analysis of the retail florist business presented as Chapter V was sufficient to identify the typical florist firm as representing something akin to monopolistic competition or oligopoly.

Nevertheless the scores are intended to be quantifications to which the various answers to the questions could

TABLE 49

AVERAGE COMPETITIVE SCORES FOR FLORISTS' ANSWERS TO THE QUESTIONNAIRE

Average Score	Number	%
2.00 and less	1	.47
2.01 - 2.50	0	...
2.51 - 3.00	0	...
3.01 - 3.50	2	.95
3.51 - 4.00	5	2.41
4.01 - 4.50	13	6.20
4.51 - 5.00	26	12.00
5.01 - 5.50	39	18.50
5.51 - 6.00	36	17.10
6.01 - 6.50	40	19.00
6.51 - 7.00	26	12.00
7.01 - 7.50	13	6.20
7.51 - 8.00	8	3.80
8.01 - 8.50	2	.95
TOTALS	211	99.58

be cross-checked and to which prices reported might be compared.

Competitive Scores, Florist Answers, and Prices

The comparison of scores to answers to selected questions confirms the view that the retail florist is typically a monopolistic competitor whose opinion of his market position is closer to pure competition than to monopoly but nevertheless with strong monopolistic features and tendencies present.

When the average competitive scores were compared to prices reported by florists, virtually no association was found.

Discussion

Once again such results are no great surprise. Yet, the qualitative evidence is supported by a quantified measure which taken together define the general position of retail floristry's competitive stance.

It is, of course, the nature of monopolistic competition to be indeterminant with regard to price. The monopolistically competitive model being widely recognized as being inadequate to explain pricing behavior, it is necessary to seek a new construct for this purpose.

The Florist and a Real World Model of Fricing Behavior

The preceding chapters have also determined those

influences which apparently have importance in the determination of prices by retail florists. Hence, any generalization about retail flower pricing must introduce these importances into a systematic conclusion.

The various analyses presented show that product form influences pricing levels, seasonality, and the possible cross-competition with other products. The retail florist has been shown to be a re-seller not only of many diverse products but also a manufacturer as well as a seller. Product characteristics affect price behavior primarily through product function. The use and quality of the product as a "problem-solver" for the consumer's problem is inherently tied both to product characteristics and to price. Hence, an understanding of florist prices must include due consideration of the differing functions which floral products are expected to perform.

Costs of merchandise have been shown to be an element of influence on pricing. In spite of this importance which wholesale costs of flowers have in retail prices, evidence has also been presented which suggests the association is both a weak one and a conditional one.

Conceding the basic importance of costs of flowers, the importance of less easily measured factors must be recognized. A hint of these factors and their strength of influence is shown in the weighted percentage indexes computed from the

florists' answers to the ranking question reported in Table 31. Table 31 shows that the costs of labor, the major "overhead" cost, are of second importance while customer opinion of value in floral goods also bears heavily on pricing decisions. These are followed by custom or tradition and inventory pressures.

Thus viewed from the single commodity point-of-view the retail florist appears to conform to Due's single product situation (76) where retail margins tend to equal costs of production (including overhead) plus excess profit. The level of these costs, according to Due, depends on the elasticity of demand. That there are differing actual demand patterns for florist commodities has been shown here. Hence, Due's theory seems to have a ring of truth for each of the florist commodity classes viewed individually.

But, as Due points out (76), retailers seldom sell a single product. His multiple product situation, which rejects the "average cost" method as being undeterminable by virtue of its complexity, relates well to retail florist pricing behavior revealed by this study. The margin of the retail florist as in Due's analysis, is largely determined by "overhead."

Under this assumption it can be concluded that the differences in association of merchandise costs to retail price of florist commodities are due in part to the different

elasticities of demand for the commodity classes. The florist, intuitively knowing these differences, prices and varies value given within the limitations imposed upon him by such external forces as competitors' behavior, changing supply conditions and the like.

Synthesizing these results then, one is led to conclude that a recognition of various dynamic factors in floral retailing is essential if generalizations are to be made about 1) the occurrence of holiday periods which greatly affect sales and change demand conditions; 2) variations in seasonal costs and prices related and often not apparently related to supply and demand problems; 3) the occasional nature of non-holiday sales of flowers where the demand for flowers is dependent on deaths, illnesses, family celebrations, and similar special occasions; 4) the rapid perishability of the floral product itself; and 5) the custom or habit (shared with all business practice) of relating the analyses of the firm (profit, sales, etc.) to the dynamics of time's passage, i.e., to monthly, seasonal, or annual periods of time.

Furthermore, it is clear that value factors and their expression are, as in other business, a fundamental concern. Prices themselves are the mode of such expression and the creation, conversion, and exchange of such values is the <u>modus operandi</u> of the firm. Increasing the firm's ownership of

these values is the modus vivendi of business enterprise and forms the basis for business expectations and anticipations. The foregoing analysis implies that a generalization about pricing behavior of the retail florist firm involves a relationship between values owned, exchanged or increased and dynamic factors occuring coincidentally with value changes.

Now money is a generalized mode of expressing value, and time measurements generalize the occurrence of dynamic events. Therefore, a real world model of pricing behavior may make use of a ratio between money and time.

The usual analysis of a firm's behavior holds the dynamic factors stable and thus assumes away the occurrences of dynamic events in a condition of static assumption. Nevertheless, ratios of money to time are commonplace in business methodology. Both of the most common business statements prepared by a firm's accountant--the operations statement and the position statement--assume a time period and a closing time, for example. Inventory turnover is a money (value)--time (dynamics) ratio as are the calculation and expression of interest or depreciation. This series of examples of real-world use of money-time ratios is sufficient to suggest that such a ratio might be useful in explaining pricing behavior.

Such an explanation is offered in Chapter X.

CHAPTER X

A THEORETICAL MODEL FOR RETAIL PRICING PRACTICES

The Money-Time Relationship

Chapter IX, in its closing section, presented the rationale for recognizing the common association of money and time period in business affairs. These practical realities are reason enough to justify the money-time relationship, but the abstractions represented by a money-time ratio are also of importance theoretically.

When a business man says "my firm made X profits in the first quarter of the year" he is expressing both a concrete reality in so many measurable dollars within so many measurable units of time and an abstraction. The abstraction is a change in valuations owned in spite of and because of dynamic forces at work in and upon the firm. This hypothetical business man could easily be led to continue his relation of operational facts regarding costs, selling effort, and similar marketing phenomena using the same money-time ratio. All the while his use of the ratio implies action and reaction to varying ratios of money and time.

Arising from the analysis of retail florist pricing practices pursued in the foregoing chapters, Chapter X concludes a systematic generalized model of retail pricing practices. The model assumes that changes in the money-time ratio occur simultaneously in two influential marketing forces--the value of the product as a functional problem-solver to the buyer and the value of the product as a profit (or sales volume) producing asset to the seller.

These changes shall be represented on a money-time matrix by two curves; the first called "the product value curve," the second called "the profit expectancy curve."

The Product Value Curve

It is widely accepted that goods (and services) have value quite apart from their money-price (84). It is understood therefore that the price of a product (or of a service) is a reasonable estimate of the product's value under the current circumstances. A price therefore is a judgment of value first of a seller (if he administers the price), then later of both buyer and seller if the product is sold. This necessity for a joint agreement on this judgment of value points up the fact that price and true value are not necessarily the same thing, price being an objective statement of a subjective judgment. Furthermore, it is clear that value is contingent

upon circumstances and as circumstances change one might reasonably expect value to change as well. The product-value curve of this analysis is based on this reasoning.

Figure 34 shows a hypothetical product-value curve, drawn, for a bunch of 25 premium roses, serving in this instance as an example.

The origin of the curve at $6 (and 0 units of time) represents the purchase of the roses at a wholesale price of $6. As time passes (each unit of time might represent half-days to make the example realistic), certain utilities are added to the roses to increase their value. Among these is place utility implying transportation to the point of convenience and exchange. The value of the roses may be enhanced by the addition of form utility too (See Chapter V). In short, the retailer's services are added to the product presumably increasing its attractiveness, usefulness, the convenience of its purchase and the like. The net effect of this activity is an increase in value associated with the roses.

Nevertheless, the roses themselves are perishable and after about 4.5 units of time the net effect of dynamic circumstances result in the initiation of a decline in value. Unless interrupted by sale, the product-value curve will decline over time until the roses are completely worthless. The "value" being referred to here is pure value or worth

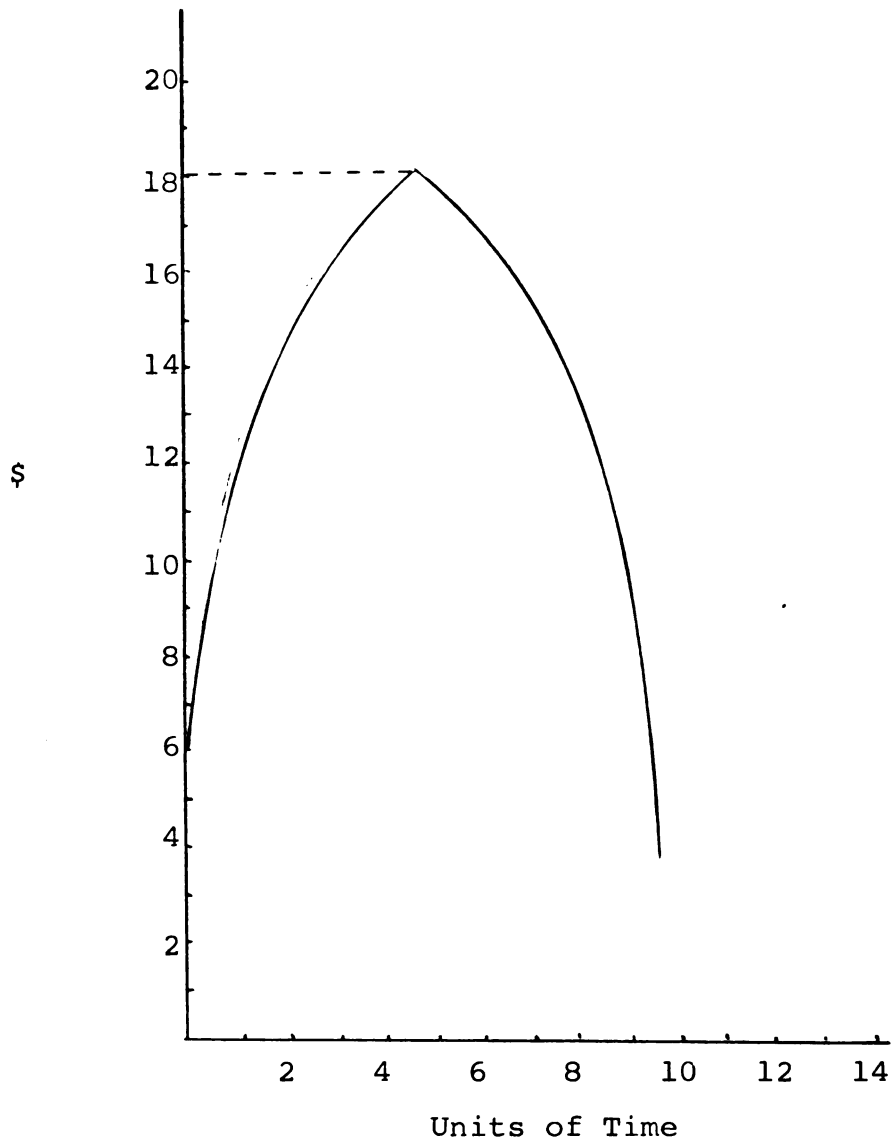


Figure 34. The Product Value Curve.

which we understand to be a hypothetical or theoretical factor which ultimately finds its expression in price.

The Profit Expectancy Curve

The basic cause for the seller's purchase of the roses was the expectation of resale and profit accumulation. Figure 35 shows that the expectation of profit has its measurable origin at the point of commitment to a wholesale purchase, $6 in this case. Expectation of profit increases as time passes. This expectation is accompanied by assumption of overhead costs as well as by the increases in the product's utility as shown in the product value curve, in Figure 34.

The Price and Profit Goals

The upper limit of the product value curve--its peak--is determined by the clientele's judgment of the value added to the wholesale product. This judgment, we shall assume, is known to the seller through previous experience with his clientele or at least by an estimate made of planned sales, costs, and profits in pro-forma operation statements.

The chapters preceding show that these price goals are set in the florist trade by a ratio markup on cost, which is thought to be "customary" or necessary for covering costs and making profits.

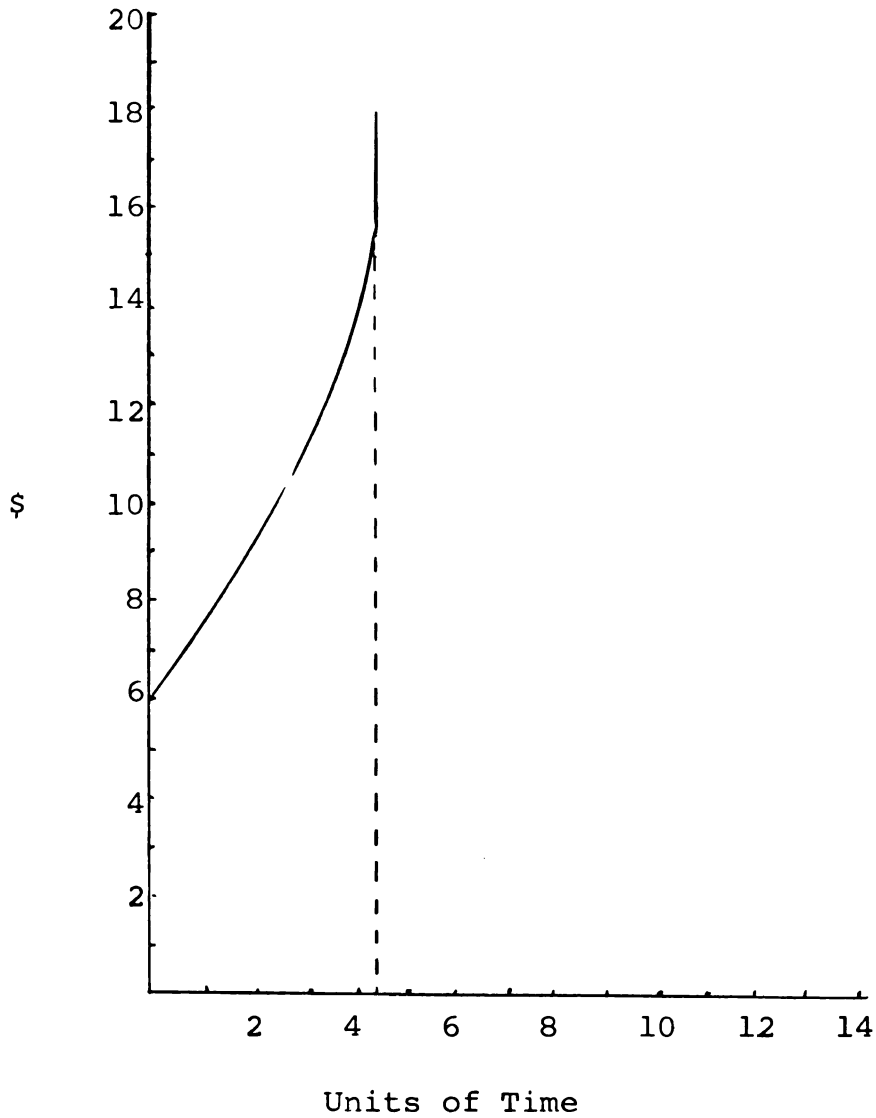


Figure 35. The Profit Expectancy Curve.

The survey of actual practices, however, revealed that this description of florist prices is in reality a description of price goals which actually may not be attained in actual practice.

The departure from planned price and profit goals occurs when sale does not occur at the expected or planned point in time.

The Ideal Condition

Under ideal conditions the roses will be sold at the precise moment when the addition of utility ceases to cause a net increase in product value. Beyond this point in time (at least for the perishable product roses) product value begins to decline. Upon sale, profit expectations are fulfilled as planned and expectations become (mathematically) infinite (See Figure 36).

Sale at 4.5 units of time is ideal from all points of view: 1) it covers all costs and provides the profit expected; 2) the product's value has been enhanced as far as possible by the addition of utilities and the deterioration of value has not yet set in; and 3) the product's theoretic value and the economic costs are therefore equal, creating a moral equilibrium, sometimes called a "fair price" in everyday usage.

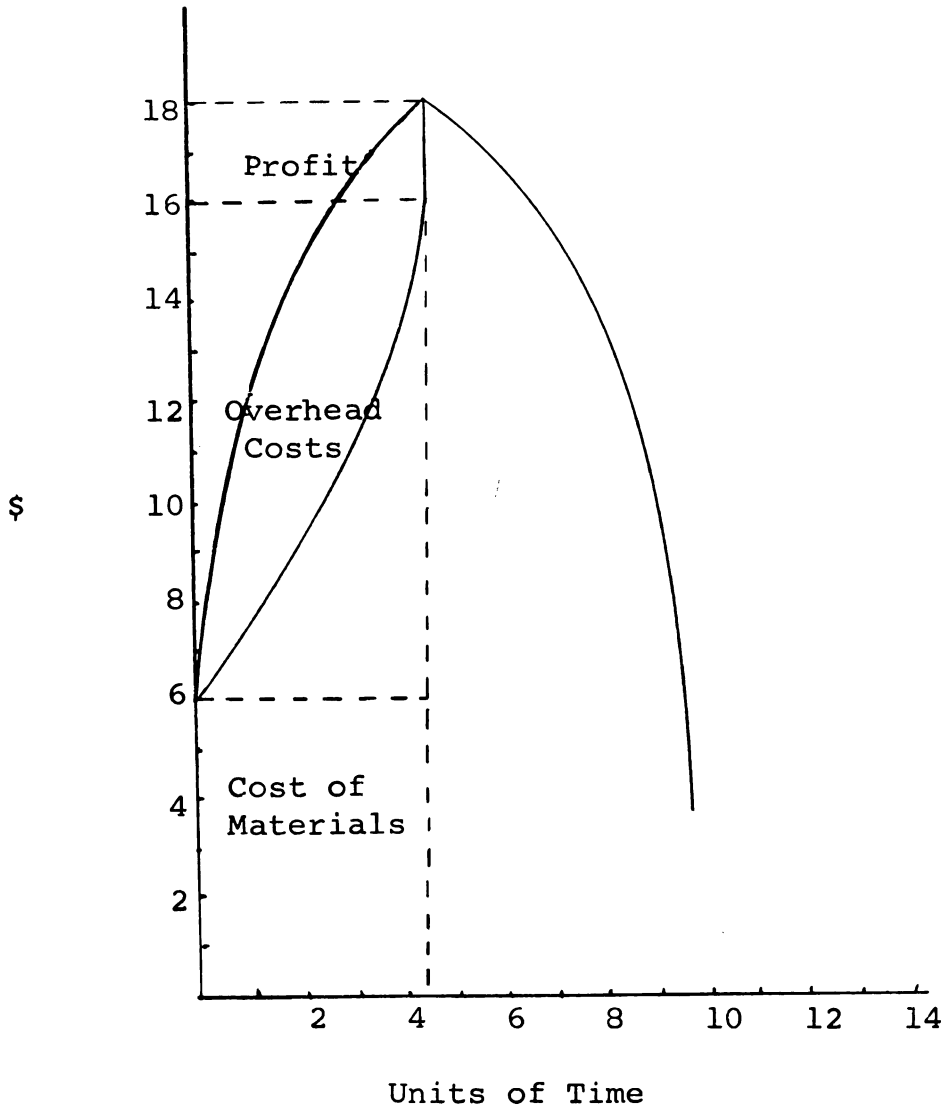


Figure 36. The Ideal Condition: Sale Made at the Peak of Product Value.

When Selling Effort Fails

The ideal condition is not reached for many inventory investments. This means that the sale is not made at the product-value peak (4.5 units of time) but, let us assume at 6.0 units of time (See Figure 37).

Several important consequences occur. The true value of the product has declined to $17 and so value and the originally planned price are not equal. This represents a quality decline which may be readily observable or not. In any case, the moral equilibrium established under the ideal condition is threatened if not actually upset. The seller now knows that his product is not really worth what he is asking for it.

Under this pressure accompanied by the continuing uncertainty of sale, the seller has a variety of alternatives open to him: 1) he can hold the original price at $18 in the belief that the differences in value are so small that the buyer will not notice or care; 2) he can reduce the original price to equal (or more nearly equal) true value, in which case planned profits decline; 3) he can hold the line on price while spending more on selling effort, thus reducing profits but maintaining income levels; 4) he can hold price and overhead costs the same and add merchandise to increase value, the effect of which is an increase in merchandise costs with a profit sacrifice; or 5) he may decide on a combination of

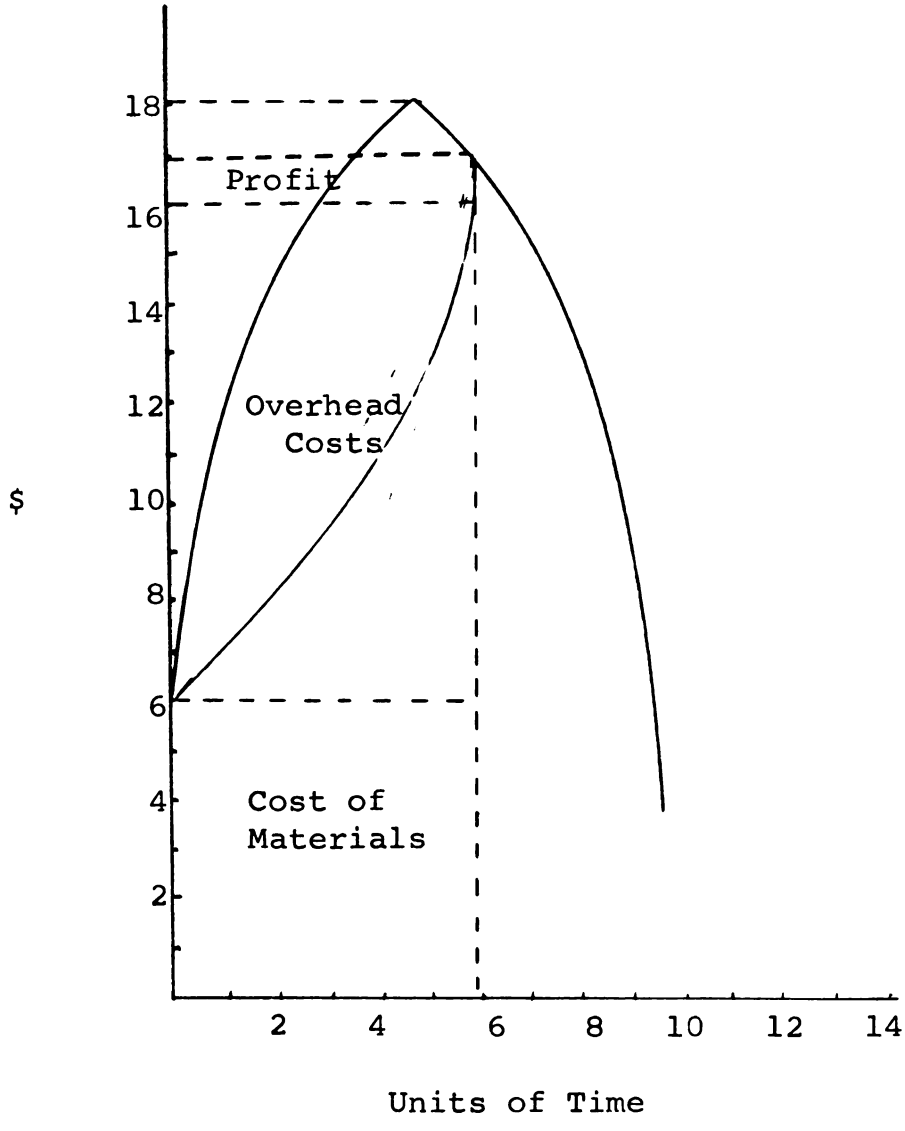


Figure 37. The Usual Condition and Alternatives Open to the Seller.

these tactics.

Still another alternative is available: inaction. In such a case, sale may occur at 8 units of time, but the consequences of this are quite undesirable (See Figure 38). The discrepancy between value ($14) and the original price ($18) is too great to be acceptable or ethical. Under these circumstances price reduction is inevitable. Profit expectancy has no chance for fulfillment if price is reduced to estimated value. In fact losses will actually be incurred. Yet this may be done simply to help recover the extensive costs incurred beyond the wholesale merchandise costs.

The florist survey shows that the tactics most often employed are: holding price without incurring more costs; increasing value by adding merchandise costs, thus sacrificing some of profit; and inaction usually resulting in dumpage of worthless flowers.

Reduction of stated price is much resisted because of the probable long-range effect on clientele and because of the unfavorable industry image associated with stated price reduction. Increased selling effort is seldom chosen as an alternative because the short life of the product hardly permits much of a promotional campaign to get started and have its effect. Furthermore, the market for fabricated floral products generally depends on the so-called "occasional" events

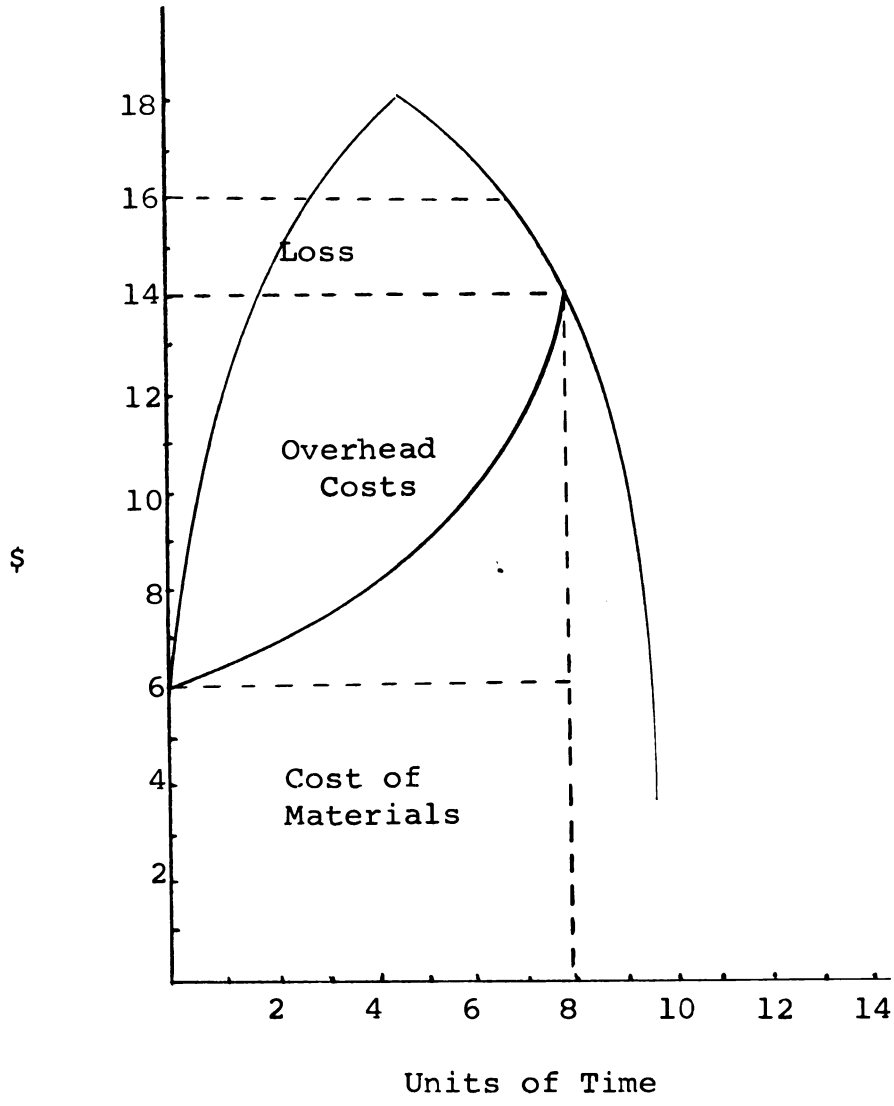


Figure 38. The Results of Inaction.

to such an extent that promotion in the very short-run would have little effect.

Which of the alternatives is chosen therefore ultimately rests on the florist's assessment of his sales, profit, cost, clientele, and ethical position. The quantification of the effects on value, price, profits and costs under the various alternatives are shown in Table 50.

Conclusion

This study, in spite of its length and complexity, is considered preliminary by its author. Chapter X presents a model which the author would like to mathematize and test at some future time. Speculating on this, it is clear that the present study did not collect the data relevant for such a test.

Furthermore, the problem of output which is largely assumed away in florist retailing by the "price-first" principle reported in Chapter VI, must also be approached.

Both of these tasks are suggested as continua for the testing and intensification of the inquiry about pricing practices, some of which have been sifted and organized in this paper.

TABLE 50

QUANTIFICATION OF EFFECTS CAUSED BY VARIOUS ALTERNATIVE PRICING TACTICS

Condition	Time Units	Value	Price	Profit	Costs
Ideal	4.5	$18	$18 or $4/time	$2 or $.44/time	$16 or $3.55/time
Alternative No. I	6.0	$17	$18 or $3/time	$2 or $.33/time	$16 or $2.66/time
Alternative No. II	6.0	$17	$17 or $2.83/time	$1 or $.17/time	$16 or $2.66/time
Alternative No. III	6.0	$17	$18 or $3/time	$1 or $.17/time	$17 or $2.83/time
Alternative No. IV	6.0	$18	$18 or $3/time	$1 or $.17/time	$17 or $2.83/time
Alternative No. V	8.0	$14	$14 or $1.75/time	$2 or $.44/time	$16 or $2.00/time

APPENDIX A

INITIAL INTERVIEW OUTLINE

I. Basic Questions

1. How do you go about setting your prices on flowers?
2. What kind of competition do you face?
3. Do you maintain a year-round price on standard floral items?
4. What kind of clientele do you have?
5. What effect do labor costs in your area have on your pricing?

II. Probe Questions

For Question 1:

a. How can you tell when your pricing is right?

For Question 2:

a. What is your best competitive weapon?
b. Do you keep track of your competitor's prices?

For Question 3:

a. What do you do with excess stock?

For Question 4:

a. Do you think your customers really know the value of flowers?
b. What do you think your customer believes a "fair" price for flowers is?

APPENDIX A--Continued.

For Question 5:

a. What do you have to pay for a good designer in your area?

b. Do you take different markup for flowers going into different kinds of design work?

APPENDIX B

ANALYSIS OF INTERVIEW PANEL

Sales Volume Category (in thousands)	Number of Florists
$200 and over	10
150 - 199	15
100 - 149	22
50 - 99	25
25 - 49	20
Less than $25	8
	100

Population Category (in thousands)	
500 and over	33
300 - 499	20
100 - 299	15
50 - 99	10
25 - 49	10
12 - 24	10
Less than 12	2
	100

Geographic Location	
Michigan:	
Upper Peninsula	3
Lower Peninsula:	
Northwest Quadrant	10
Northeast Quadrant	10
Southwest Quadrant	17
Southeast Quadrant	20
Detroit Area	20
Chicago Area	5
Cleveland Area	3
Ohio, Indiana, Illinois	12
	100

APPENDIX B--Continued.

Greenhouse	Number of Florists
Yes	42
No	58
	100
Trade Activity and Interest	
High	73
Medium	19
Low	8
	100

APPENDIX C

REPRODUCTION OF MAIL QUESTIONNAIRE AND COVER LETTER

MICHIGAN STATE UNIVERSITY EAST LANSING

COLLEGE OF AGRICULTURE · DEPARTMENT OF HORTICULTURE

June 15, 1962

Dear Florist:

Michigan State University is cooperating with the retail florist trade in a research study of retail florist pricing practices. You are being asked to participate.

The purpose of the research, simply, is to determine what influences the way you set the prices you have established for the various floral items you sell.

We need honest, analytical answers to the attached questionnaire. It is essential to our purpose that you try to determine your real feeling and action about prices. Therefore, although the questionnaire will take only minutes to complete, I am asking that you weigh and consider each answer carefully.

A self-addressed envelope for return is enclosed. Won't you help us; we are sure an objective study of pricing will, in the long-run, help you.

Sincerely,

L. J. Tolle, Jr.

LJT:dls

Encs.

Questionnaire Your Code No. _____ —

Purpose:

The purpose of this questionnaire is to determine your pricing policy and practices and to inquire into the factors which influence your pricing.

Your answers are confidential so we ask you to give frank, objective answers. The use of your code number is only for our convenience in identifying your locale.

Price Policy

1. Briefly describe your method of pricing items which are made of fresh flowers.

2. Check one:

Do you: _____ follow the policy in 1 above on virtually every sale during all seasons; or do you:

_____ relax the policy during some seasons and on some classes of floral merchandise?

3. When you relax or depart from your policy, what are the main reasons for doing so? (Please list the reasons in the order of their importance)

4. How do you determine if your prices are satisfactory?

5. When do you do this?

Your Code No. _____

Competition

1. In your opinion, how many flower shops are your direct competitors?

   _____ shops.

2. Check one:

   Do you think your most serious competition comes from:

   _____ other florists

   _____ other types of outlets selling floral merchandise

   _____ substitutes for floral gifts and remembrances

   _____ other (please specify: _____)

3. Please indicate the order of preference you have for the following forms of competition. (Mark your first preference with 1, second preference 2, etc.)

   _____ competing with prices;

   _____ competing with design and flower quality;

   _____ competing with services, such as credit, delivery, personal services and consultations;

   _____ other (please specify: _____)

4. Do you regularly try to find out your competitor's prices on common flower types?

   Yes _____ No _____

5. Do you think your location gives you a competitive advantage over other florists in town?

   Yes _____ No _____

Your Code No. _____

Cost of Materials

1. What is your opinion about "holding the line on price" when wholesale costs of flowers change"? (Check the phrase below which most nearly describes your point of view):

   _____ a standard, unchanging retail price for common flower types and items is extremely important year-round;

   _____ a standard price is important except at holiday times when retail prices should rise;

   _____ a standard price has little advantage and is not necessary;

   _____ a standard price is not a good idea since a retail price should reflect wholesale cost of flowers and other costs.

2. Do you generally consider perishability or expected dumpage in setting a "by-the-dozen" price?

   Yes _____ No _____ .

3. Check the one phrase below which most nearly describes your point of view.

   When business is slow and your refrigerator is full are you more likely to:

   _____ be generous with the stock when filling orders

   _____ quote lowered prices to customers

   _____ hold the line on price and materials used.

Cost of Labor

1. What is the typical wage-per-hour paid to experienced designers in your area:

   $ _____ / hr. (Approx.)

2. What portion of your shop's design capacity is being used
   Based on the typical non-holiday periods, _____%

Your Code No. _____

Cost of Labor (continued)

3. Does your "normal" or preferred mark-up vary with the class of floral assembly?

Yes _____ No _____

If so, what is your preferred mark-up for:

Flowers boxed or wrapped: _____

Flowers in corsages: _____

Flowers in arrangements: _____

Flowers in wedding work: _____

Flowers in funeral wreaths or sprays: _____

Pot Plants: _____

Green Plants: _____

Clientele

1. Are your customers generally price conscious? Yes _____ No _____.

2. Do you hear many complaints about the prices of fresh flowers? Yes ___ No ___

3. Check one:

The term which best describes the economic or income status of your clientele is:

_____ upper to upper middle economic class

_____ middle to lower middle economic class

_____ lower class economic class

_____ mixed economic classes

4. Check one:

Do you feel your clientele are (mostly):

_____ informed and knowing about floral values

_____ ignorant and unaware about floral values

Your Code No. _____

Clientele (continued)

5. Check the one phrase which most nearly expresses your opinion:

_____ a customer is best served if the flowers and service he buys fill his needs; price should be secondary;

_____ a customer is best served if he can always buy flowers and service at whatever price he wants to spend;

_____ a customer is best served if the price he's asked to pay for flowers carefully reflects their true costs plus a reasonable profit to the florist.

Actual Prices

1. Do you give discounts to any of the following types of customers? (Check those to which you do.)

_____ funeral directors

_____ churches and church societies

_____ industrial or business accounts

_____ certain "good customers"

_____ others (please specify _____ .)

2. When a floral item doesn't look like the "expected value" for the price, what do you do about it? _____

_____

_____

3. Do you have a minimum $ limit (not wire orders) for any items? If so, please indicate the minimums below:

_____ spray

_____ wreath

_____ corsage

_____ plant

_____ funeral arrangement

_____ hospital arrangement

_____ any delivered item

_____ other

Your Code No. _____

Actual Prices (continued)

4. Please select one typical order for each of the 5 merchandise classes below (from sales made during the last 30 days). Estimate the following information on each:

Item	Cost of Floral Materials	Approx Number of Stems (See note below)	Cost of Labor	Retail Price
Arrangement	_____	_____	_____	_____
Corsage	_____	_____	_____	_____
Bride Bouquet	_____	_____	_____	_____
Wreath or Spray	_____	_____	_____	_____
Pot Plant	_____	_____	_____	_____

Note: Include in this column the total number of all stemmed materials including the approximate number of flower stems, foliage stems, and stemmed accessories. (The researchers use this number as an index of production time.)

5. Estimate the size of your average order: $ _____

6. Check the procedure which describes what you do most frequently:

_____ start with a retail price and then design an item which is apparently of that value; or,

_____ design an item and then price it according to its apparent value.

General Information

1. The sales volume range of your shop is: (Check one)

_____ below $30,000
_____ 30,000 to 60,000
_____ 60,000 to 90,000
_____ 90,000 to 120,000
_____ 120,000 to 150,000
_____ 150,000 to 180,000
_____ 180,000 to 210,000
_____ 210,000 to 240,000
_____ 240,000 to 270,000
_____ 270,000 to 300,000
_____ 300,000 to 500,000
_____ over 500,000

2. Is your flower shop profitable (1961)? Yes _____ No _____.

Your Code No. _____

General Information (continued)

3. Is your % profit on sales what you reasonably hoped under your circumstances?

   Yes _____ No _____

4. Is your % profit on investment what you reasonably hoped under your circumstances?

   Yes _____ No _____

5. The population of the area served by your flower shop is: _____.

6. Please rank the factors listed below according to the influence they have on the amount of flowers and service you offer for a given price. (Place the number 1 by the most influential, 2 by the second most influential, etc.)

   _____ age and turnover of the perishable stock;

   _____ opinions, attitudes and expectation of the customers;

   _____ cost of flowers and supplies in a piece;

   _____ cost of labor required to do the piece;

   _____ tradition, custom or habit;

   _____ pressures from other outlets & substitutes for flowers;

   _____ general economic conditions in town.

7. Please add whatever comments about your pricing you think might aid this study.

8. Attached is a picture of a floral arrangement typical of many sold from retail florists shops. On the basis of what you can see of it and what you know of your operation, please show how you would arrive at its price and what the price you'd sell it for would be.

a. In my store we'd sell this item for about $ _____.

b. We would decide on this price because:

c. Substitutions, changes or comments:

Thanks very much!

APPENDIX D

SUMMARY OF RELATIONSHIPS AND ANALYSIS OF INSTRUMENTS IN THE MAIL QUESTIONNAIRE

Instrument		Instrument Numbers	
Code	Type	Cross Checks	Associations
1 (PP_1)	open	2-11-16a-16b-25-35b	2-3-4-5-6-25-26-29-30-31-35a
2 (PP_2)	dichotomous	1-11-12-13-21-22-23	1-7-8-11-12-13-17-18-23
3 (PP_3)	open	12-13-21-22	1-8-13-22-23
4 (PP_4)	open	None	1-6-8-9-20-21
5 (PP_5)	open	None	1-6-7-9-29-30-31-35a
6 (CMP_1)	declarative	None	1-4-5-7-8-9-15-19-25-29-30-31-33-35a
7 (CMP_2)	declarative	None	2-5-6-9-25-29-30-31-35a
8 (CMP_3)	multiple	9-11	2-3-4-6-9-15-19-20-28-29-30-31-33-35a
9 (CMP_4)	dichotomous	8-11	4-5-6-7-8
10 (CMP_5)	dichotomous	None	None
11 (CM_1)	declarative	1-2-8-9-13	2-20-21-23-26-29-30-31-35a
12 (CM_2)	declarative	2-3-13-33	2-13-33

APPENDIX D--Continued.

Instrument		Instrument Numbers	
Code	Type	Cross Checks	Associations
13 (CM_3)	declarative	2-3-11-12	2-3-12-20-23
14 (CL_1)	declarative	None	16b-24-25-26-28-29-30-31-33-35a
15 (CL_2)	declarative	None	6-8-16b-19-21-25-26-28-29-30-31-32-33-35a
16a(CL3a)	dichotomous	1-25	None
16b(CL3b)	declarative	1-25	14-15-19-26-28-29-30-31-35a
17 (CLT_1)	dichotomous	None	2-18-19-20-21-23-33-35a
18 (CLT_2)	dichotomous	None	2-17
19 (CLT_4)	dichotomous	None	6-8-15-16b-17-20-21-26-35a
20 (CLT_4)	dichotomous	None	4-8-11-13-17-19-33-35a
21 (CLT_5)	declarative	2-3	4-11-15-17-19-26-32-35a
22 (AP_1)	multiple	2-3	2-26-32
23 (AP_2)	open	2	2-3-11-13-17
24 (AP_3)	declarative	None	14
25 (AP_4)	declarative	1-16a-16b	1-6-7-14-15
26 (AP_5)	declarative	None	1-11-14-15-16b-19-21-22-29-30-31-35a

APPENDIX D--Continued.

Instrument		Instrument Numbers	
Code	Type	Cross Checks	Associations
27 (AP_6)	dichotomous	None	None
28 (GI_1)	declarative	None	8-14-15-16b-29-30-31-33-35a
29 (GI_1)	dichotomous	None	1-5-6-7-8-11-14-15-16b-26-28-32-33-35a
30 (GI_3)	dichotomous	None	1-5-6-7-8-11-14-15-16b-26-28-31-32-35a
31 (GI_4)	dichotomous	None	1-5-6-7-8-11-14-15-16b-26-28-30-35a
32 (GI_5)	declarative	None	15-21-22-29-30-33-35a
33 (GI_6)	multiple	12	6-8-12-14-15-17-20-28-29-32-35a
34 (GI_7)	open	None	None
35a(GI_{8a})	declarative	None	1-5-6-7-8-11-14-15-16b-17-19-20-21-26-28-29-30-31-32-33
35b(GI_{8b})	open	1	None
35c(GI_{8c})	open	None	None

APPENDIX E

SCORING SYSTEM FOR DETERMINATION OF FLORIST COMPETITIVENESS

Note: This scoring system is based on three assumptions: 1) that the competitiveness of the firm is a matter of degree; 2) that this degree of competitiveness is exhibited in attitudes and behavior; 3) that if quantified (scored) and totaled these attitude scores may be compared to the firm's prices to determine what effect, if any, competitiveness so defined has on prices.

In the following scoring system, high score values represent monopolistic tendencies, while low score values represent competitive tendencies. Twenty of the instruments were designed for use in the scoring system. A totally "monopolistic" score would result in a total score of 200; a totally "competitive" score would result in a total score of 20.

Since relatively few florists answered all twenty of the instruments, average scores were also calculated.

Instrument			Answers (See App. C)	Scores
Number	Code	Subject		
1	PP1	Pricing Method	Not Used In Scoring	
2	PP2	Adherence to Policy	Rigid Adherence ...	10
			Relaxed Policy	1
3	PP3	Reasons for Policy Departure	No Departures	10
			Departure Stated ..	1

APPENDIX E--Continued.

Instrument			Answers (See App. C)	Scores
Number	Code	Subject		
4	PP4	Determination of Satisfactory Prices	Internal Means.....	10
			Product Means.....	5
			External Means.....	1
5	PP5	Period for Determining if Prices are Satisfactory	Annually, never.....	10
			Quarterly.....	5
			Monthly.....	3
			Continuously.....	1
6	CMP1	Number of Competitors	Three or less.....	10
			Four to ten, incl....	5
			Over ten or "all"....	1
7	CMP2	Source of Competition	Other florists.....	10
			Other outlets.....	5
			Substitutes.....	1
8	CMP3	Form of Competition	Price.....	1
			Product.....	5
			Services.....	10
9	CMP4	Price information about competitors	Positive.....	1
			Negative.....	10
10	CMP5	Locational advantage	Positive.....	10
			Negative.....	1
11	CM1	Policy on Standard Prices	Std. Price Important.	10
			Holiday exception....	7
			Std. Price Unnecessary	3
			Std. Price Rejected..	1
12	CM2	Effects of Perishability	Positive.....	1
			Negative.....	10
13	CM3	Inventory Stress Tactic	Increase quantity....	5
			Lower stated price...	1
			Hold the line.....	10
14	CL1	Wages for Designers	Not used in scoring.	
15	CL2	Percent of Capacity Used	86-100%.....	10
			61-85%.....	7
			40-60%.....	5
			Below 40%.....	1

APPENDIX E--Continued.

Instrument			Answers (See App. C)	Scores
Number	Code	Subject		
16a	CL3	Variation in Markup with commodity class	Positive.....	1
			Negative.....	10
16b	CL3	Preferred Markups	Not Used in Scoring	
17	CLT1	Customer's Price Consciousness	Positive.....	1
			Negative.....	10
18	CLT2	Price Complaints	Positive.....	1
			Negative.....	10
19	CLT3	Clientele's Economic Status	Upper to Middle.....	10
			Middle to Lower.....	5
			Lower.....	1
			Mixed.....	5
20	CLT4	Clientel's Information on floral values	Informed.....	1
			Ignorant.....	10
21	CLT5	Price Philosophy	Price secondary.....	10
			Wide price range....	5
			Cost plus.....	1
22	AP1	Discounts given	None given.....	10
			One answer.....	7
			Two or Three Answers	5
			Four Answers.....	3
			Five Answers.....	1
23	AP2	Assurance of Value	Explanation.....	10
24	AP3	To 35c GI8c	Not Used in Scoring.	

APPENDIX F

PATTERN OF QUESTIONNAIRE MAILING RETURNS

Date, 1962	Returns Number	Cumulative
June 28	2	2
June 29	2	4
July 30	25	29
July 2	11	40
July 5	21	61
July 6	8	69
July 9	36	107
July 10	7	114
July 11	6	120
July 12	16	136
July 13	6	142
July 16	12	154
July 17	2	156
July 18	6	162
July 19	3	165
July 23	8	173
July 24	2	175
July 25	1	176
July 26	2	178
July 27	5	183
July 29	4	185
After July 31	26	211

APPENDIX G

ANALYSIS OF QUESTIONNAIRE PANEL

Sales Volume Category (in thousands)	Known Ratio, %	Panel Returns	
		Number	Percent
$500 and over	.5	3	1.47
300 - 499	1.8	11	5.39
240 - 299	2.5	1	.49
180 - 239	7.9	9	4.41
150 - 179	6.3	5	2.45
120 - 149	10.8	14	6.86
90 - 119	20.2	35	17.16
60 - 89	12.0	40	19.61
30 - 59	30.7	66	32.35
Less than $30	7.3	20	9.80
Unspecified	...	7	...
TOTALS	100.0	211	99.99
Population Category (in thousands)			
500 and over	30.5	22	11.17
300 - 499	11.3	11	5.58
100 - 299	15.6	37	18.78
50 - 99	12.5	34	17.26
10 - 49	20.1	73	37.06
Less than 10	10.0	20	10.15
Unspecified	...	14	...
TOTALS	100.0	211	100.00
Geographic Location (Based on standard geographic subdivisions of the U. S. Bureau of the Census)			
New England	4.1	5	2.37
Middle Atlantic	30.4	73	34.60
South Atlantic	9.8	20	9.48
East North Central	11.0	28	13.27
East South Central	9.5	10	4.74

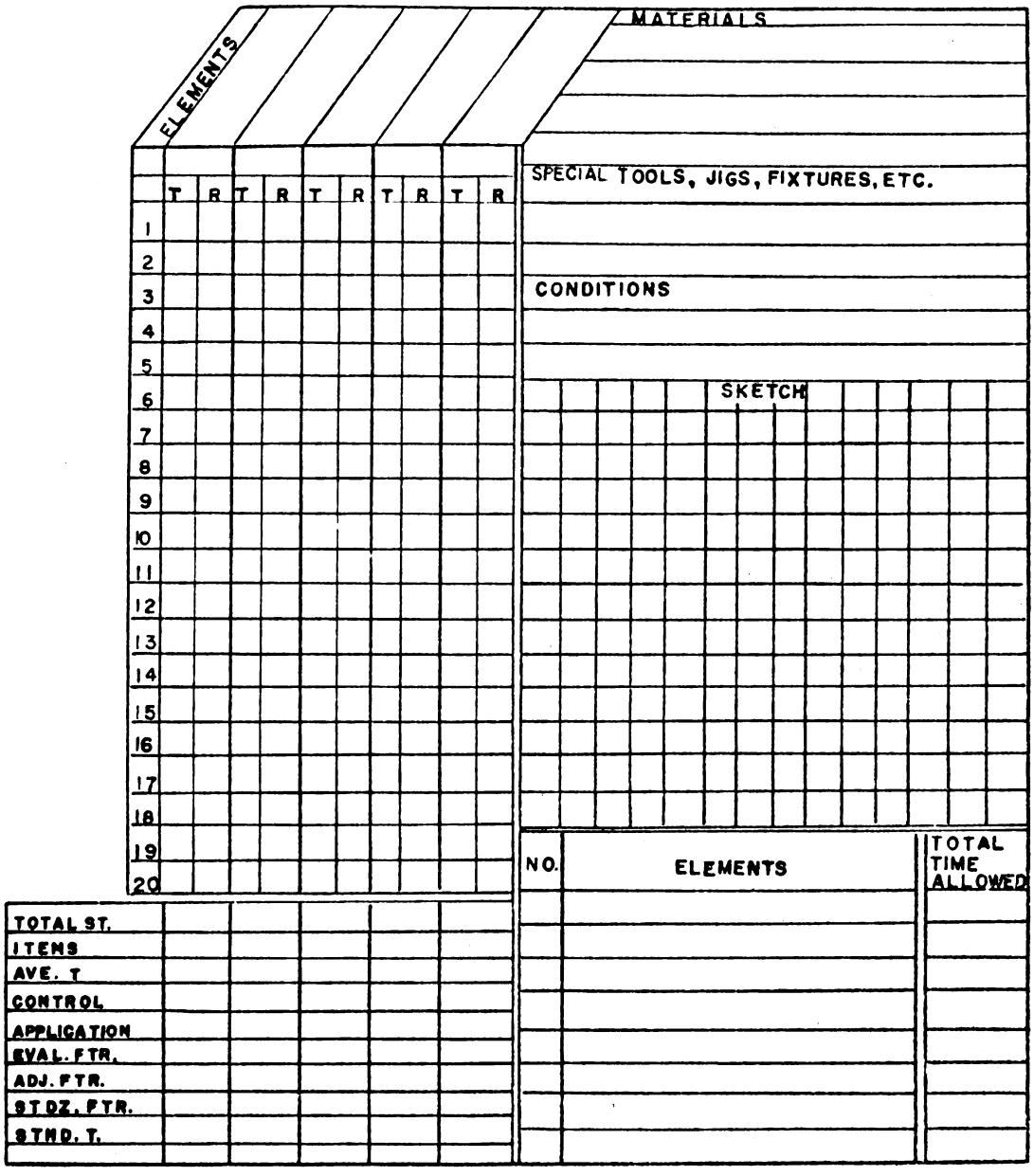
APPENDIX G--Continued.

Geographic Location	Known Ratio, %	Number	Percent
West North Central	7.2	12	5.69
West South Central	6.3	15	7.11
Mountain	3.1	3	1.42
Pacific	18.6	45	21.33
TOTALS	100.0	211	100.01
Greenhouse Present			
(not determined)			
Trade Activity and Interest			
High	33.3	88	41.71
Medium	33.3	67	31.75
Low	33.3	56	26.54
TOTALS	99.9	211	100.00

APPENDIX H

TIME STUDY RECORD FORM

FIGURE NO. ___ TIME STUDY DATA.



O-1771

APPENDIX I

STANDARD PRODUCTION TIMES FOR FLORIST COMMODITY CLASSES

NOTE: The time factors presented below are derived from extensive time-motion studies described in Chapter IV. They were used in the previously reported research to estimate the direct labor costs involved in producing the retail floral commodities reported by florists in the research Questionnaires. This was done according to the following equation:

Time not associated with stem assembly	+	(Time Per Stem)	(Number Of Stems)	= Total Assembly Time.

By multiplying the total assembly time thus derived by the wage rate for experienced designers reported by the florists, an estimate of direct cost, useful for comparison to price, was derived.

Standard Production Times

Commodity Class	Time Not Associated With Stem Assembly	Assembly Time Per Stem
Arrangements	.0773	.0035
Corsages	.0434	.0210
Bouquets	.0512	.0325
Sprays/Wreaths	.0424	.0053
Pot Plants	.0414	...

BIBLIOGRAPHY

1. ABRAMOVITZ, MOSES. "Monopolistic Selling in a Changing Economy," Quarterly Journal of Economics, LII (February, 1938), 191-214.

2. ADAMS, J. STACEY. Interviewing Procedures. Chapel Hill, N. C.: University of North Carolina Press, 1958.

3. ALDERSON, WROE. Marketing Behavior and Executive Action. Homewood, Ill.: Richard D. Irwin, Inc., 1957.

4. ALDERSON, WROE, and COX, REAVIS. Theory in Marketing. Chicago: R. D. Irwin Co., 1950.

5. ALT, RICHARD M. "The Internal Organization of the Firm and Price Formation," Quarterly Journal of Economics, LXIII (February, 1949), 92-110.

6. AMERICAN MANAGEMENT ASSOCIATION. Building and Marketing A Profitable Product Line. New York: American Management Association, 1956.

7. AMERICAN MANAGEMENT ASSOCIATION. Competitive Pricing. Report #17, General Management Division, American Management Association. New York: American Management Association, 1958.

8. AMERICAN MARKETING SOCIETY COMMITTEE ON MARKETING RESEARCH TECHNIQUES. Technique of Marketing Research. New York: McGraw-Hill, 1937.

9. ANDREWS, PHILIP W. S. "A Reconsideration of the Theory of the Individual Business," Oxford Economic Papers, N. S. I., 54-89.

10. ANONYMOUS. "Decoration Day," American Florist, I (June 15, 1886), 374.

11. ANONYMOUS. "The Decorations at the President's Wedding," The American Florist, I (June 15, 1886), 373.

12. ANONYMOUS. "A Retailer Gives His Views," The Florists' Review, CXII (April 16, 1953), 28.

13. ANONYMOUS. "Retailers' Survey," The Florists' Review, CXV (February 3, 1955), 31.

14. ANONYMOUS. "Marketing Ideas Stir Lively Debate," The Florists' Review, CXVIII (April 19, 1956), 30.

15. ANONYMOUS. "Wedding Bells and Flowers, Too," The Florists' Review, CXVIII (May 17, 1956), 38.

16. ANONYMOUS. "Selling the Wedding," The Florists' Review, CXX (May 16, 1957), 25.

17. ANONYMOUS. "Selling at a Profit Stressed at Mississippi Convention," The Florists' Review, CXXII (July 3, 1958), 11.

18. ANONYMOUS. "Price Advertising," Florists Exchange, CXXVI (February 18, 1956), 16.

19. ANONYMOUS. "Detroit School Has Unique Price Panel," Florists Exchange, CXXXII (July 18, 1959), 8.

20. ANONYMOUS. "Price Flowers for More Business," Florists Exchange, CXXIV (June 25, 1960), 14.

21. BACKMAN, JULES. Price Practices and Price Policies. New York: Ronald Press, 1953.

22. BAIN, JOE S. "A Note on Pricing in Monopoly and Oligopoly," The American Economic Review, XXXIX (March, 1949), 448-464.

23. BAIN, JOE S. "Market Classifications in Modern Price Theory," Quarterly Journal of Economics, LVI (November, 1941), 560-574.

24. BAIN, JOE S. "Price and Production Policies," A Survey of Contemporary Economics, Edited by H. S. Ellis, New York: Blakiston Co., 1948.

25. BAIN, JOE S. Price Theory. New York: Henry Holt and Co., 1952.

26. BAKER, HAROLD A. Principles of Merchandising. New York: McGraw-Hill, 1939.

27. BARKER, CLARE W., and ANDERSON, E. D. Principles of Retailing. New York: McGraw-Hill Book Co., Inc., 1956.

28. BARNES, RALPH M. Motion and Time Study. New York: John Wiley and Sons, Inc., 1949.

29. BEBB, EDWIN A. "Designing or Fabricating? ... A Matter of Approach," Southern Florist and Nurseryman (July 14, 1944).

30. BERGFELD, ALBERT J.; EARLEY, JAMES S.; and KNABLOCH, WILLIAM R. Pricing for Profit and Growth, New York: McGraw-Hill Book Company, Inc., 1957.

31. BINGHAM, WALTER V. D., and MOORE, BRUCE V. How To Interview. New York: Harper and Bros., Publishers, 1941.

32. BLACK, JOHN D. The Dairy Industry and the AAA. Washington, D. C.: The Brookings Institute, 1935.

33. BLANKENSHIP, ALBERT B. "The Choice of Words in Poll Questions," Sociology and Social Research, XXV (September, 1940), 12-18.

34. BLANKENSHIP, ALBERT B. "The Sample Study in Opinion Research," Sociometry, III (July, 1940), 271-276.

35. BLANKENSHIP, ALBERT B. Consumer and Opinion Research: The Questionnaire Technique. New York: Harper, 1943.

36. BLISS, JOHN A. "Retail Price, Patterned After Utility Rates," Journal of Marketing, XV (January, 1951), 348-353.

37. BLISS, PERRY. "Price Determination at the Department Store Level," Journal of Marketing, XVII (July, 1952), 37-46.

38. BOGER, LAWRENCE L. Seasonal Variation of Michigan Farm Prices. East Lansing, Mich.: Thesis, Michigan State College of Agriculture and Applied Science, 1948.

39. BORDEN, NEIL H. The Economic Effects of Advertising. Chicago: R. D. Irwin, Inc., 1942.

40. BOULDING, KENNETH E. "Implications for General Economics of More Realistic Theories of the Firm," American Economic Review, XXXXII (May, 1952), 35-44.

41. BOULDING, KENNETH E. "The Theory of the Firm in the Last Ten Years," American Economic Review, XXXII (December, 1942), 791-802.

42. BOWEN, HOWARD R. "The Business Enterprise as a Subject for Research," Social Science Research Council, Pamphlet #11 (M ay, 1955), 27-28, 39-41.

43. BRADFORD, ERNEST S. Marketing Research. New York: McGraw-Hill Book Co., 1951.

44. BREMS, HANS. "The Interdependence of Quality Variations, Selling Effort and Price," Quarterly Journal of Economics, LXII (May, 1948), 418-440.

45. BREMS, HANS. Some Problems of Monopolistic Competition. Cabridge: Harvard University Press, 1951.

46. BRIGHT, ARTHUR A., and MACLAURIN, W. RUPERT. "Economic Factors of the Fluorescent Lamp," Journal of Political Economy, LI (October, 1943), 429, 434.

47. BRISCO, NORRIS A. Retailing. New York: Prentice-Hall, Inc., 1935.

48. BROWN, LYNDON O. Marketing and Distribution Research. New York: Ronald Press, 1955.

49. BROWN, WILLIAM F., and CASSADY, RALPH. "Guild Pricing in the Service Grades," Quarterly Journal of Economics, LXI (February, 1947), 311.

50. BRUCKART, RICHARD F. Modern Practices in Time and Motion Study. College Station, Texas: Management Engineering Department, Texas A and M College, 1950.

51. BUREAU OF AGRICULTURAL ECONOMICS, United States Department of Agriculture. Report of Workmanship on Floricultural Economics. Washington, D. C. (June 16-17, 1953), 5.

52. BURNS, ARTHUR R. The Decline of Competition. New York: McGraw-Hill Book Co., Inc., 1936.

53. BUTLER, RALPH STARR. Marketing Methods. New York: Alexander Hamilton Institute, 1917.

54. CARPENTER, G. ALVIN. "Trends Indicate Need for Cooperative Marketing," Florists' Review, CXXII (August 21, 1958), 29.

55. CASSADY, RALPH. Price Making and Price Behavior in the Petroleum Industry. New Haven: Yale University Press, 1954.

56. CHAMBERLAIN, EDWARD H. The Theory of Monopolistic Competition. Cambridge: Harvard University Press, 1933.

57. CHAMBERLAIN, EDWARD H. Towards A More General Theory of Value. New York: Oxford University Press, 1957.

58. CLARK, JOHN MAURICE. Studies in the Economics of Overhead Costs. Chicago: University of Chicago Press, 1923.

59. CLOVER, VERNON T. Business Research: Basic Principles and Techniques. Lubbock, Texas: Rogers Litho, Inc., 1958.

60. COASE, RONALD H. "Some Notes on Monopoly Price," Review of Economic Studies, V (October, 1937), 17-31.

61. COMMITTEE ON PRICE DETERMINATION. Cost Behavior and Price Policy. New York: National Bureau of Economic Research, 1943.

62. CONFERENCE ON PRICE RESEARCH. Cost Behavior and Price Policy. New York: National Bureau of Economic Research, 1943.

63. CONVERSE, PAUL D. "Development of Marketing Theory: Fifty Years of Progress," Changing Perspectives in Marketing (Ed. H. G. Wales), Urbana: University of Illinois Press, 1951.

64. COVER, JOHN H. "Retail Price Behavior," The Journal of Business, XIII (January, 1935), 1-14.

65. COX, REAVIS. Competition in the American Tobacco Industry, 1911-1933. New York: Columbia University Press, 1933.

66. COX, REAVIS. "Non-Price Competition and the Measurement of Prices," The Journal of Marketing, X (April, 1946), 376-377.

67. COX, REAVIS. "The Price of Iron Ore," Price Practices and Price Policies (Selected Writings Jules Bachman). New York: Ronald Press, 1953.

68. CROXTON, FREDERICK E., and COWDEN, DUDLEY J. Practical Business Statistics. Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1960.

69. DARTNELL CORPORATION. Pricing Policies. Report #572, Dartnell Corporation. Chicago: Dartnell Corporation, 1948.

70. DEAN, JOEL. "Cost Forecasting and Price Policy," Journal of Marketing, XIII (January, 1949), 280-285.

71. DEAN, JOEL. Managerial Economics. New York: Prentice-Hall, 1951.

72. DEAN, JOEL. "Pricing Policies," Industrial Accountants' Handbook, Edited by Wyman P. Fisk. Englewood Cliffs, N. J.: Prentice-Hall, 1954.

73. DE LOACH, D. B. "The Cut Flower Industry: An Analysis of Its Growth Potential," Mimeographed report #214. University of California, 1959.

74. DEWEY, ARTHUR W. "Marketing Floricultural Crops in the Northeast, Part III," Retail Florists, Number 379. Starrs, Conn.: University of Connecticut, Agricultural Experiment Station, 1963.

75. DEWEY, ARTHUR W. Retail Demands for Floricultural Products. Bulletin 343. Storrs, Conn.: Storrs Agricultural Experiment Station, 1959.

76. DUE, JOHN F. "A Theory of Retail Price Determination," The Southern Economic Journal, VII (January, 1941), 380-397.

77. DUN AND BRADSTREET. Survey of Wholesale and Retail Florists. New York: Mimeographed, 1948.

78. EDWARDS, CORWIN D. "Pricing Processes and Policies," Annals of the American Academy of Political and Social Sciences, CCIX (May, 1949), 108-121.

79. EIGELBERNER, JESSE. Investigation of Business Problems. New York: McGraw-Hill, 1926.

80. EITEMAN, WILFORD J. Price Determination: Business Practice vs Economic Theory. Ann Arbor, Mich.: University of Michigan, 1949.

81. ENKE, STEPHEN. "Profit Maximization Under Monopolistic Competition," American Economic Review, XXXI (June, 1941), 317-326.

82. ENKE, STEPHEN. "On Maximizing Profits: A Distinction Between Chamberlin and Robinson," American Economic Review, XXXXI (September, 1951), 566-578.

83. FERBER, ROBERT. Statistical Techniques in Market Research. New York: McGraw-Hill, 1949.

84. FETTER, FRANK A. Economic Principles. New York: Century Company, 1925.

85. FOSSUM, M. TRUMAN. "Modern Marketing Methods," Florists Review, CXXIII (February, 1959), 23.

86. FOSSUM, M. TRUMAN. Commercial Floriculture. New York: Grant Advertising Agency, Inc. (Mimeographed), undated.

87. FOSSUM, M. TRUMAN. Floricultural and Ornamental Horticultural Economics. Chicago: Society of American Florists, 1950.

88. FREY, ALBERT WESLEY. Manufacturer's Product, Package, and Price Policies. New York: Ronald Press Company, 1940.

89. GARRETT, ANNETTE MARIE. Interviewing: Its Principles and Methods. New York: Family Welfare Association of America, 1942.

90. GARTINER, JAMES, and BREWER, J. E. The Rhode Island Florist Business. Miscellaneous Publication #49. R.I.: Rhode Island Experiment Station, 1956.

91. GEE, WILSON. Social Science Research Methods. New York: Appleton-Century-Crafts Inc., 1950.

92. GOODRICH, DANA C., and JARVESSO, E. Marketing Floricultural Products in the Northeast: Part II Wholesalers. Bulletin 978. New York: Cornell Agricultural Experiment Station, 1963.

93. GORDON, R. A. "Short Period Price Determination in Theory and Practice," American Economic Review, XXXVIII (June, 1948), 265-287.

94. GRETHER, EWALD T. Price Control Under Fair Trade Legislation. New York: Oxford University Press, 1939.

95. GUTHRIE, JOHN A. "Price Regulation in the Paper Industry," Quarterly Journal of Economics, LX (February, 1946), 194-218.

96. HALL, ROBERT LOWE, and HITCH, CHARLES J. "Price Theory and Business Behavior," Oxford Economic Papers, II (May, 1939), 12-33.

97. HAMILTON, WALTON (et. al.). Price and Price Policies. New York: McGraw-Hill Book Company, 1938.

98. HAMPTON, ROBERT N., and KUPKA, JOHN L. Problems in Retail Pricing and Packaging of Flowers for Sale in Self-Service Outlets, A.E.#1003. Ithaca, N. Y.: Cornell University, 1955.

99. HANSEN, HARRY. Marketing Text Cases and Readings. Homewood, Ill.: Richard D. Irwin, 1956.

100. HANSEN, MORRIS HOWARD. Sampling Survey Methods and Theory. New York: John Wiley and Sons, 1952.

101. HARRISON, WILLIAM R. Modern Garden Supply Retailing. Baltimore: Monumental Press, Inc., 1954.

102. HARRY, WILLIAM CLEAVER. The Art of Floral Designing. New York: A. T. De La Mare Co., Inc., 1930.

103. HART, ALBERT GAILORD. "Anticipations, Business Planning and the Cycle," Quarterly Journal of Economics, LI (February, 1937), 273-297.

104. HART, ALBERT G. Anticipations, Uncertainty and Dynamic Planning. Chicago: University of Chicago Press, 1940.

105. HATHAWAY, DALE E. Some Causes of Peach Price Variations on the Benton Harbor Wholesale Fruit Market. East Lansing, Mich.: Michigan State College of Agriculture and Applied Science, 1948.

106. HAWKINS, EDWARD R. "Marketing and the Theory of Monopolistic Competition," Journal of Marketing, IV (April, 1940), 382-389.

107. HAWKINS, EDWARD R. "Price Policies and Theory," Journal of Marketing, XVIII (January, 1954), 233-240.

108. HAWKINS, EDWARD R. "Vertical Price Relationships," Theory in Marketing, Edited by Reavis Cox and Wroe Alderson. Chicago: Richard D. Irwin Co., 1950.

109. HICKS, JOHN R. "The Theory of Uncertainty and Profit," Economica, XI (May, 1931), 170-189.

110. HOLDREN, BOB R. The Structure of a Retail Market and the Market Behavior of Retail Units. Englewood Cliffs, N. J.: Prentice-Hall, 1960.

111. HUEGY, HARVEY W. "Price Decisions and Marketing Policies," Changing Perspectives in Marketing, edited by Hugh G. Wales. Urbana: University of Illinois, 1951.

112. HUNKEL, ED C. "Prices Must Go Up, Part I," Florists Exchange, CXXX (February, 1958), 17 and 44.

113. HUNKEL, ED C. "Prices Must Go Up, Part II," Florists Exchange, CXXX (February, 1958), 16 and 17.

114. HYMAN, HERBERT HIRAM. Interviewing of Social Research. Chicago: University of Chicago Press, 1954.

115. HYSON, C. D., and SANDERSON, FRED H. "Monopolistic Descrimination in the Cranberry Industry," Quarterly Journal of Economics, LIX (May, 1945), 330-332.

116. INSTITUTE FOR MOTIVATIONAL RESEARCH, INC. A Motivational Research Study of the Effects of PO and the Problem of Expanding Flower Sales. Volumes I, II, III. Croton-on-Hudson, New York, 1962.

117. JOHNSON, DAVID GALE. Forward Prices for Agriculture. Chicago: University of Chicago Press, 1947.

118. JONSSON, CARL OTTO. Questionnaires and Interviews. Stockholm: Swedish Council for Personal Administration, 1957.

119. KATONA, GEORGE. "Changing Assumptions in the Theory of Business Behavior," PROC. Industrial Relations Res. Assn., Part IV (1952), 58-83.

120. KAPLAN, A. DAVID HANNATH, and DIRLAM, JOEL B., and LANZILLOTTI, ROBERT F. Pricing in Big Business. Washington, D. C.: Brooking Institute, 1958.

121. KATONA, GEORGE. Price Control and Business. Bloomington, Ind.: Principia Press, Inc., 1945.

122. KAULLA, RUDOLF. Theory of the Just Price. London: George Allen and Unwin Ltd., 1936.

123. KELLEY, EUGENE J., and LAZER, WILLIAM. Managerial Marketing: Perspectives and Viewpoints. Homewood, Ill.: Richard D. Irwin, Inc., 1958.

124. KNAUTH, OSWALD W. "Considerations in the Setting of Retail Prices," Journal of Marketing, XIV (July, 1949), 1-12.

125. KNIGHT, W. R. An Attempt to Determine the Effect of Advertising and Other Factors on Florist Sales. Mimeographed. East Lansing: Department of Agricultural Economics, 1958.

126. KRONE, PAUL R.; VON OPPENFELD, HORST, and SCHWARTZ, JOHN F. "Merchandising in Retail Flower Shops," Special Bulletin 412. East Lansing, Mich.: Michigan State University, 1957.

127. KRUPINSKI, D. A. "Midwest Retail Short Course," Florists Review, CXX (August, 1957), 19.

128. LANZILOTTI, ROBERT F. "Multiple Products and Oligopoly Strategy," Quarterly Journal of Economics, LXVIII (August, 1954), 461-474.

129. LAZARSFELD, PAUL F., and KORNHAUSER, A. "The Analysis of Consumer Actions," The Language of Social Research edited by P. F. Lazarsfeld and Morris Rosenberg. Glencoe, Ill.: Free Press Publishers, 1953.

130. LEFTWICH, RICHARD H. The Price System and Resource Allocation. New York: Rinehart and Co., 1955.

131. LESTER, RICHARD A. "Shortcomings of Marginal Analysis for Wage-Employment Problems," American Economic Review, XXXVI (March, 1946), 63-82.

132. LEWIS, WILLIAM A. Overhead Costs. New York: Rinehart Company, 1949.

133. LIESVELD, JOHN. The Retail Florist. New York: The MacMillan Co., 1951.

134. LORIE, JAMES H., and ROBERTS, HARRY V. Basic Methods of Marketing Research. New York: McGraw-Hill, 1951.

135. MACHLUP, FRITZ. "Monopoly and Competition," American Economic Review, XXVII (September, 1937), 445.

136. MACHLUP, FRITZ. "Toward a Concept of Workable Competition," American Economic Review, XXX (June, 1940), 241.

137. MARGOLIS, M. "Stable Prices Urged for the Industry," Florists Exchange, CXXIV (June, 1955), 14.

138. MARKHAM, JESSE W. "The Nature and Significance of Price Leadership," American Economic Review, XXXXI (December, 1951), 891-905.

139. MARSHALL, ALFRED. Industry and Trade. London: Mac Millan and Co., Ltd., 1920.

140. MARSHALL, ALFRED. Principles of Economics. London: MacMillan Co., 1927.

141. MEANS, GARDINER C. Industrial Prices and Their Relative Inflexibility. Senate Document 13. 74th Cong., 1st Sess., 1933.

142. MILL, JOHN STUART. Principles of Political Economy Book III. London: J. W. Parker, 1848.

143. MILLS, FREDERICK C. The Behavior of Prices. New York: National Bureau of Economic Research, Inc., 1927.

144. MITCHELL, HERB. "Know Your Merchandise," Florists Review, CXX (June 13, 1957), 20.

145. MITCHELL, HERB. "Price is Forgotten, Quality Never," Florists Review, CXX (August 1, 1957), 24.

146. MITCHELL, HERB. "Be Exclusive," Florists Review, CXX (August 8, 1957), 23.

147. MITCHELL, HERB. "Who Is Your Competition?," Florists Review, CXXI (November 28, 1957), 27.

148. MITCHELL, HERB. "Know Where Your Money Comes From," Florists Review, CXXII (July 3, 1961), 15.

149. MITCHELL, HERB. "Markup and Operating Costs," Florists Review, CXXII (July 31, 1958), 17.

150. MITCHELL, HERB. "What Your Sales and Expense Figures Mean," Florists Review, CXXII (August 14, 1958), 23.

151. MITCHELL, HERB. "Profitable Markup," Florists Review, CXXII (August 28, 1958), 21.

152. MITCHELL, HERB. "Price or Quality," Florists Review, CXXII (September 4, 1958), 35.

153. MITCHELL, HERB. "Plan for Profit," Florists Review, CXXII (September 11, 1958), 35.

154. MOORE, ELMER J. Expanding the Market for Floral Products, A.M.S. 286. Washington, D. C.: U. S. Department of Agriculture, 1959.

155. MORROW, ROBERT LEE. Time Study and Motion Economy. New York: The Ronald Press, 1946.

156. MURPHY, DANIEL J. The Ethics of Retail Pricing. Proceedings, American Marketing Association, 1961.

157. NATIONAL BUREAU OF ECONOMIC RESEARCH. Business Concentration and Price Policy. Special Conference Series #5. Princeton: Princeton University Press, 1954.

158. NATIONAL BUREAU OF ECONOMIC RESEARCH. Cost Behavior and Price Policy. New York: National Bureau of Economic Research, Inc., 1943.

159. NATIONAL BUREAU OF ECONOMIC RESEARCH. Price Research in Steel and Petroleum Industries. New York: National Bureau of Economic Research, 1939.

160. NETER, JOHN, and WASSERMAN, WILLIAM. Fundamental Statistics for Business and Economics. New York: Allyn and Bacon, Inc., 1956.

161. NEISWANGER, WILLIAM A. Elementary Statistical Methods. New York: MacMillan Co., 1956.

162. NOURSE, EDWIN G. Industrial Price Policies and Economics Progress. New York: The Brookings Institution, 1938.

163. NOURSE, EDWIN G. Price Making in a Democracy. Washington, D. C.: Brookings Institution, 1944.

164. NYSTROM, PAUL H. Economics of Retailing. New York: The Ronald Press, 1930.

165. NYSTROM, PAUL H. "Retailing in Retrospect and Prospect," Changing Perspectives in Marketing edited by Hugh G. Wales. Urbana: University of Illinois, 1951.

166. OLIVER, HENRY M. JR. "Marginal Theory and Business Behavior," American Economic Review, XXXVII (June, 1947), 375-383.

167. ORAM, BERT. How To Make Money in The Flower Business. Ft. Worth: Southern Florist Publ. Co., 1958.

168. OXENFELDT, ALFRED R. "Arriving at a Realistic Price," Developing A Product Strategy, AMA Management Report #39. New York: American Management Association, 1959.

169. OXENFELDT, ALFRED R. Industrial Pricing and Market Practices. New York: Prentice-Hall, 1951.

170. PADEN, DONALD W., and LINDQUIST, E. F. Statistics for Economics and Business. New York: McGraw-Hill, 1956.

171. PARTEN, MILDRED B. Surveys, Polls, and Samples. New York: Harper Bros., 1950.

172. PAYNE, STANLEY LE BARTON. Art of Asking Questions. Princeton: Princeton University Press, 1951.

173. PFAHL, PETER B. "Marketing Florists' Crops," Florists' Review, CXVIII (August, 1956), 44.

174. PFIFFNER, JOHN M., and LANE, S. O. A Manual For Administrative Analysis. Dubuque, Iowa: William C. Brown Co., 1951.

175. PHELPS, D. "Minnesota Sales Rally," Florists' Review, CXVIII (July 12, 1956), 25-27.

176. PHILLIPS, CHARLES F. "Some Theoretical Considerations Regarding Fair Trade Laws," Journal of Marketing, III (January, 1939), 248.

177. RADA, EDWARD L. Mainland Markets for Hawaiian Flowers and Foliage. Honolulu: Department of Agricultural Economics, University of Hawaii, 1952.

178. REMMERS, HERMANN H. Introduction to Opinion and Attitude Measurement. New York: Harper, 1954.

179. REVZAN, DAVID A. "The Wholesale Price Structure for Oranges," Journal of Business, XVII (January, 1944), 64.

180. REYNOLDS, LLOYD G. "The Canadian Baking Industry," Quarterly Journal of Economics, LXXXII (August, 1938), 659.

181. RIGGLEMAN, JOHN R., and FRISBEE, IRA N. Business Statistics. New York: McGraw-Hill Co., 1932.

182. ROBINSON, JOAN. The Economics of Imperfect Competition. London: MacMillan Co., 1933.

183. ROBINSON, R. A. "How To Design a Mail Survey," Printers Ink, CCXXIX (May, 1952), 27-29.

184. ROLAND, ROBERT H. "More Flowers Can Be Sold," Florists' Review, CXIX (December, 1956), 27.

185. SAXTON, CLIFFORD C. Economics of Price Determination, London: Oxford University Press, 1948.

186. SCHLOSS, RICHARD H. "Let's Sell Flowers," The Florists' Review, CXXIII (March 27, 1959), 83.

187. SHAW, A. W. "Some Problems In Market Distribution," Quarterly Journal of Economics, XXVI (August, 1912), 712-18.

188. SHAWVER, DONALD L. The Development of Theories of Retail Price Determination. Urbana, University of Illinois Press, 1956.

189. SHERMAN, RALPH W. Consumer Preferences for Cut Roses, Carnations, and Chrysanthemums, Circular #31. Wooster: Ohio Agricultural Experiment Station, 1956.

190. SMITH, C. FRANK, and LEABO, D. A. Basic Statistics for Business Economics. Homewood, Ill.: Richard D. Irwin, Inc., 1960.

191. SMITH, HENRY. Retail Distribution, A Critical Analysis. London: Oxford University Press, 1948.

192. SORENSEN, HAROLD B. Consumer Preferences for Flowers and Ornamental Plants MP 489. College Station, Tex.: Texas A and M Agricultural Experiment Station, 1961.

193. STEVENSON, JORDAN and HARRISON. Report of National Survey of the Florists Industry. New York: Stevenson, Jordan, and Harrison, Management Engineers, 1939.

194. SWEEZY, PAUL M. "Demand Under Conditions of Oligopoly," Journal of Political Economy, XXXXVII (August, 1939), 568-73.

195. TAUSSIG, FRANK W. P rinciples of Economics. New York: MacMillan Co., 1912.

196. THOMPSON, GEORGE. Wholesale Flower Prices, 1940-1949. Ph.D. Thesis. Ithaca: Cornell University, 1953.

197. TINTNER, GERHARD. "Monopoly Over Time," Econometrica, X (December, 1937), 160-70.

198. TOLLE, LEON J. Customs and Usage Surrounding the Consumption of Flowers. Unpublished Research, Michigan State University, East Lansing, Michigan.

199. TOLLE, LEON J. Purchasing Habits of Retail Florists in South Texas. Mimeographed, East Lansing: Department of Horticulture, Michigan State University, not dated.

200. TOLLE, LEON J., and NEW, EARL H. "Seasonal Variation in Sales of Retail Florist Merchandise," Quarterly Bulletin, Michigan Agricultural Experiment Station, XXXXII (August, 1959), 114-125.

201. TEMPORARY NATIONAL ECONOMIC COMMITTEE. "Price Flexibility," Price Behavior and Business Policy. Washington, D. C.: U. S. Gov't. Printing Office, 1941.

202. TEMPORARY NATIONAL ECONOMIC COMMITTEE. "Investigation of Concentration of Economic Power Monograph No. J," Price Behavior and Business Policy. Washington, D. C.: U. S. Gov't Printing Office, 1940.

203. TRAMEL, THOMAS E., and SEALE, ARTHUR D. JR. "Reactive Programming of Supply and Demand Relations - Application to Fresh Vegetables," Journal of Farm Economics, XXXXI (December, 1959), 1012-22.

204. TRELOGAN, HARRY C. "Costs and Efficiency of Assembly and Processing Plants," Marketing Margins and Efficiency. West La Fayette: Purdue University Marketing Workshop, 1950.

205. TRIFFIN, ROBERT. Monopolistic Competition and General Equilibrium Theory. Cambridge: Harvard University Press, 1940.

206. TROTTER, WARREN K. Problems in Marketing Florist Crops, AE#983. Ithaca: Department of Agricultural Economics, Cornell University, 1955.

207. TSE, JOHN Y. Profit Planning Through Volume Cost Analysis. New York: MacMillan Company, 1960.

208. UDOW, ALFRED B. "The Interviewer Effect" In Public Opinion and Market Research Surveys. Archives of Psychology #277. New York: Columbia University, 1942.

209. U. S. BUREAU OF THE CENSUS. Summary Statistics, U. S. Census: 1954, Vol. VI.

210. U. S. BUREAU OF THE CENSUS. U. S. Census of Agriculture: 1950, Special Reports, Horticultural Specialties, Vol. V.

211. VANDERBLUE, HOMER B. "Pricing Policies in the Automobile Industry," Harvard Business Review, XVIII (Summer, 1939), 385.

212. VERDOORN, PETRUS J. "Marketing From the Producer's Point of View," Journal of Marketing, XX (January, 1956), 221.

213. VOIGHT, ALVI O. Retail Florists Business Analysis Project: A Survey of Twenty-Two Florists' Shops. University Park, Pa.: Mimeographed, Pennsylvania Agriculture Extension Service, 1962.

214. VON OPPENFELDT, HORST. A Study of the Retail Florist Business, AE 764. Ithaca, New York: Department of Agricultural Economics, Cornell University, 1951.

215. VUOTO, VINCE. "Pennsylvania Organizers," Florists' Review, CXVI (July, 1955), 33-34, 116-7.

216. WALES, HUGH G., and FERBER, ROBERT. Marketing Research. Dubuque: W. C. Brown, 1952.

217. WALKER, O. FORREST. "Some Principles of Department Store Pricing," Journal of Marketing, XIV (January, 1950), 529-37.

218. WALLACE, DONALD HOLMES. Market Control in the Aluminum Industry. Cambridge: Harvard University, 1937.

219. WARNTZ, WILLIAM. Toward a Geography of Price. Philadelphia: University of Pennsylvania Press, 1959.

220. WICKSTEED, PHILIP H. The Common Sense of Political Economy. London: MacMillan Company, 1910.

221. WILLIAMS, MARC. Flowers By Wire. Detroit: Murray House, 1960.

222. YAMEY, BASIL S. The Economics of Resale Price Maintenance. London: Pitman and Sons, 1954.

223. YOUNG, PAULINE V. Interviewing In Social Work. New York: McGraw-Hill, 1935.

ROOM USE ONLY.