



U.S. Flower Buyers

What do we know about them?

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By

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Organization**

Consumer Tracking Study

- **12,000 household panel**
- **Monthly reporting**

Geography:

- **48 Contiguous United States**

Covering:

- **Purchases Of Cut Flowers, Potted Flowering, Foliage, Bedding/Annuals, Artificial/Dried**

Methodology:

- **Diary Panel**

Started collecting purchase data in July 1992

Goals...to identify:

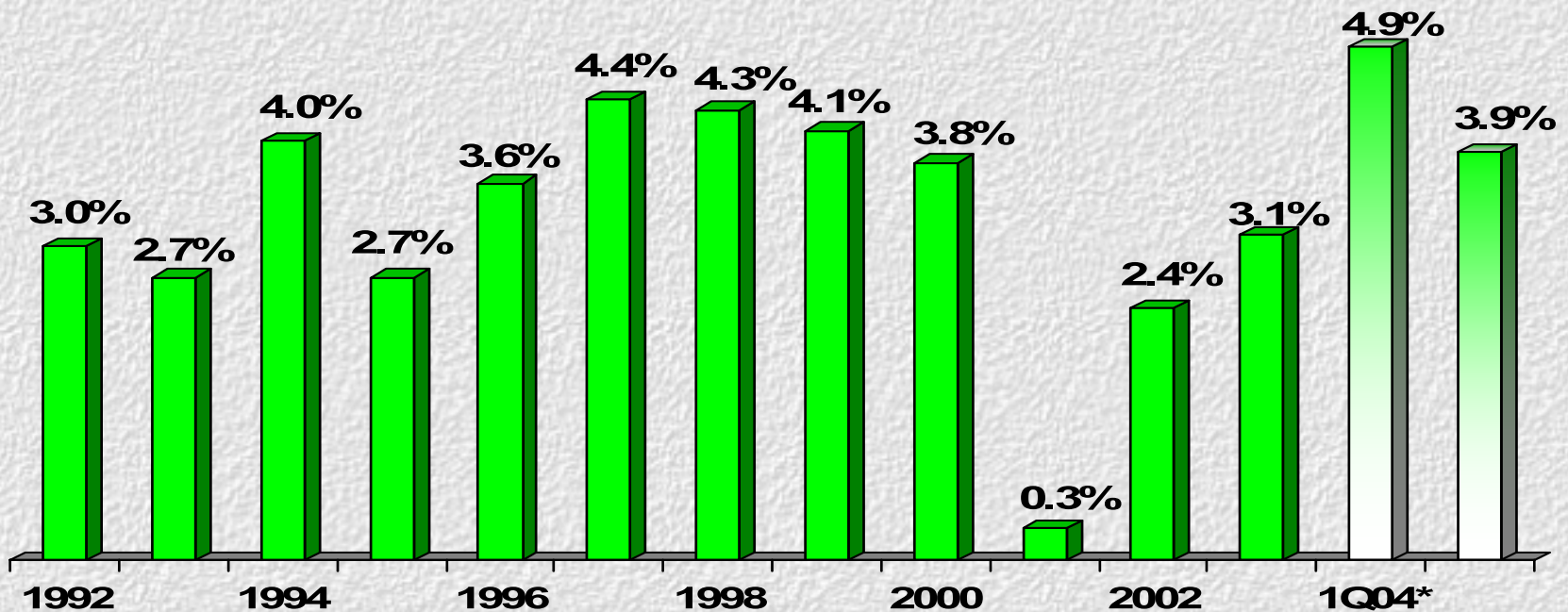
- Who is our consumer?
- What are they buying?
- Where are they buying it?

To Put Things In Context...

- We tend to see the consumer in terms of our categories only
- However, we operate in context of a bigger picture, the way the consumer does.
- Here's some background information to help put things into that context...



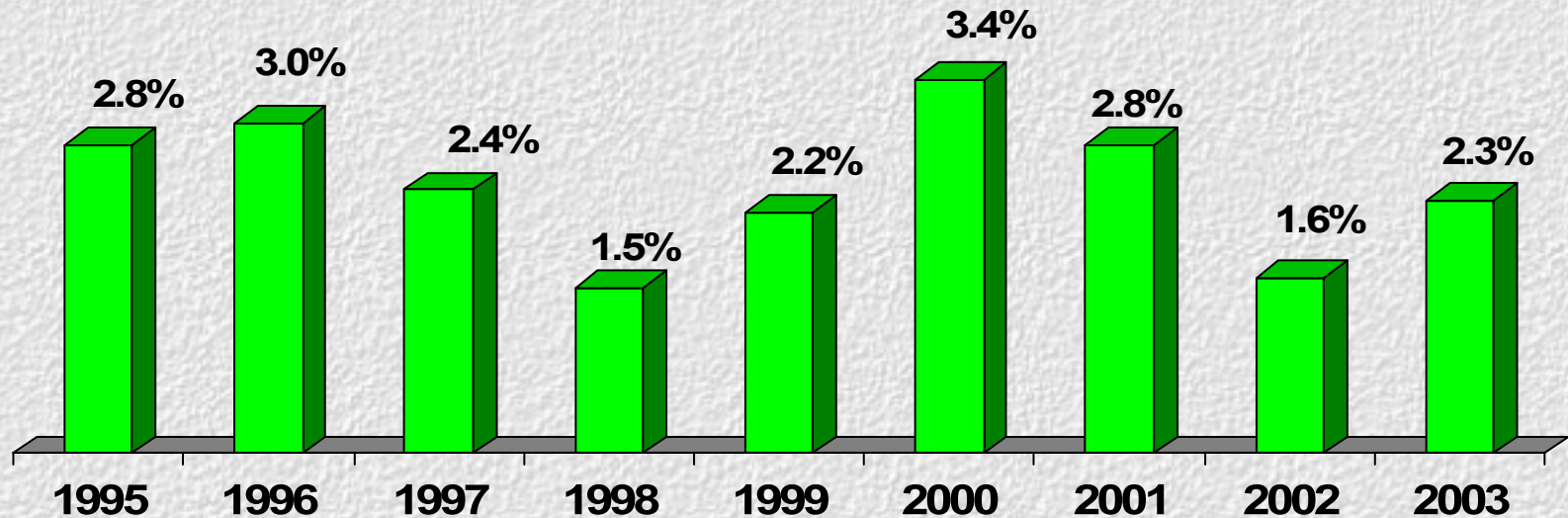
Gross Domestic Product Growth



Source: US Dept of Commerce



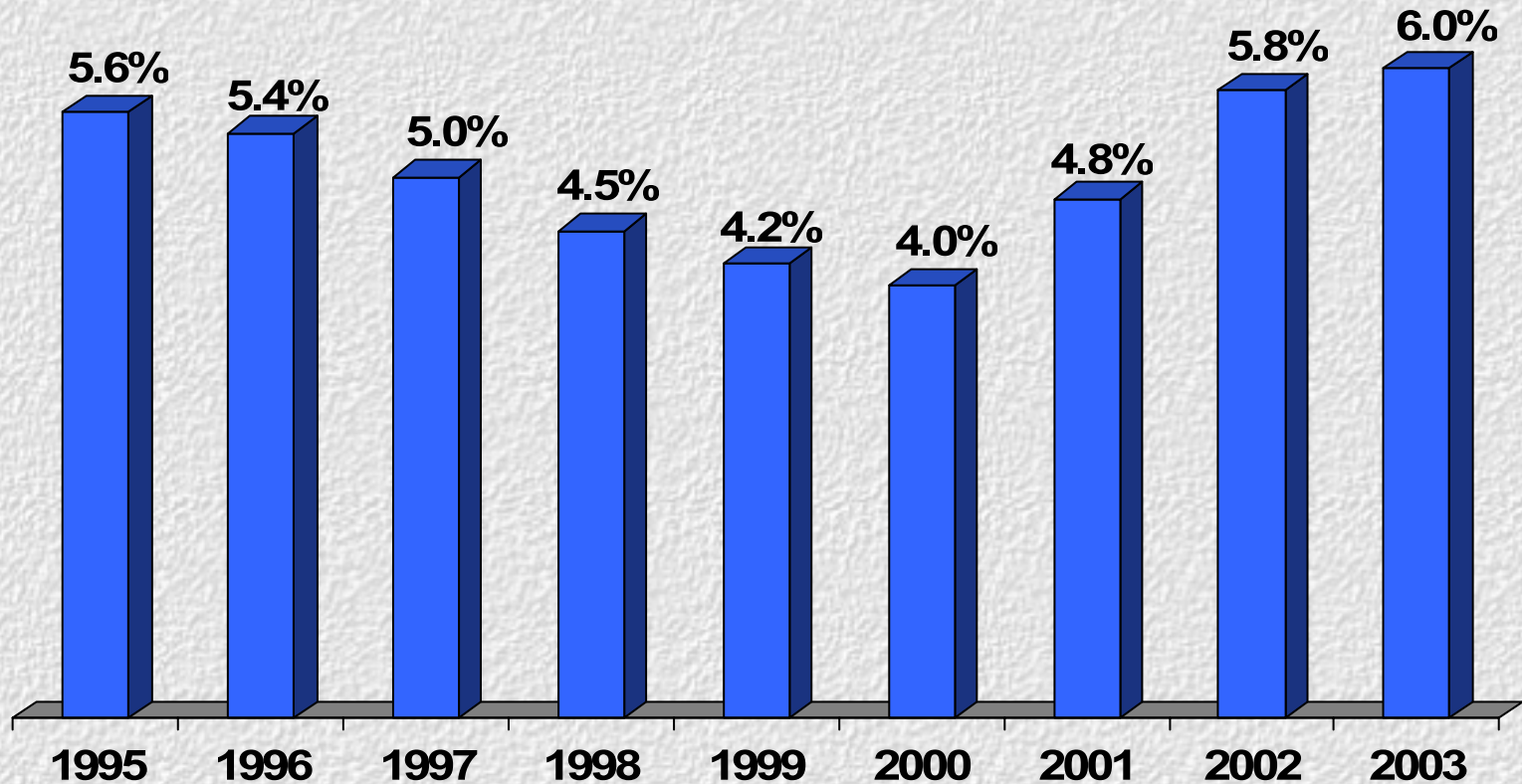
Inflation Rate (CPI)



Source: US Dept. of Commerce



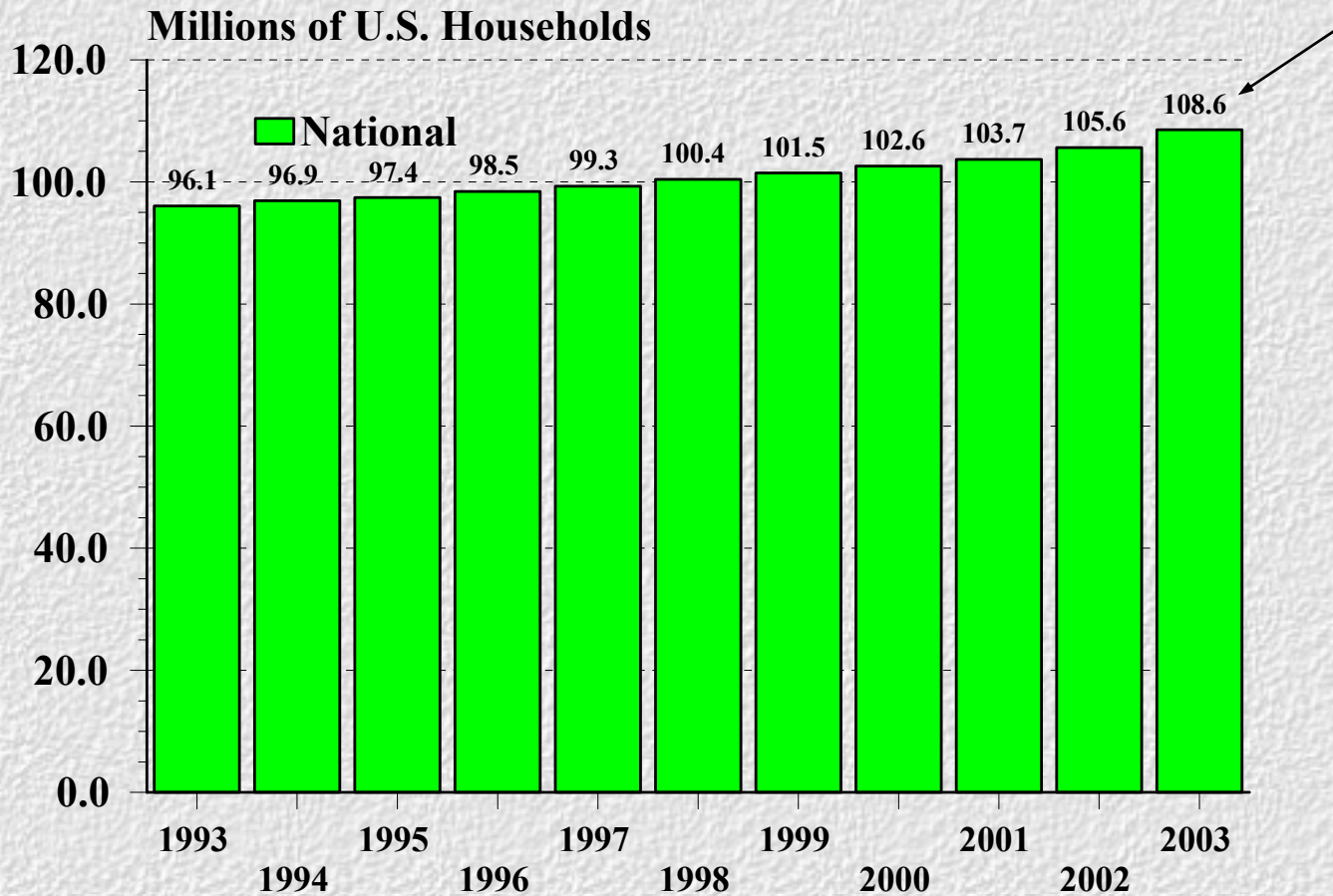
Unemployment Rate



Source: US Dept. of Labor



U.S. Households



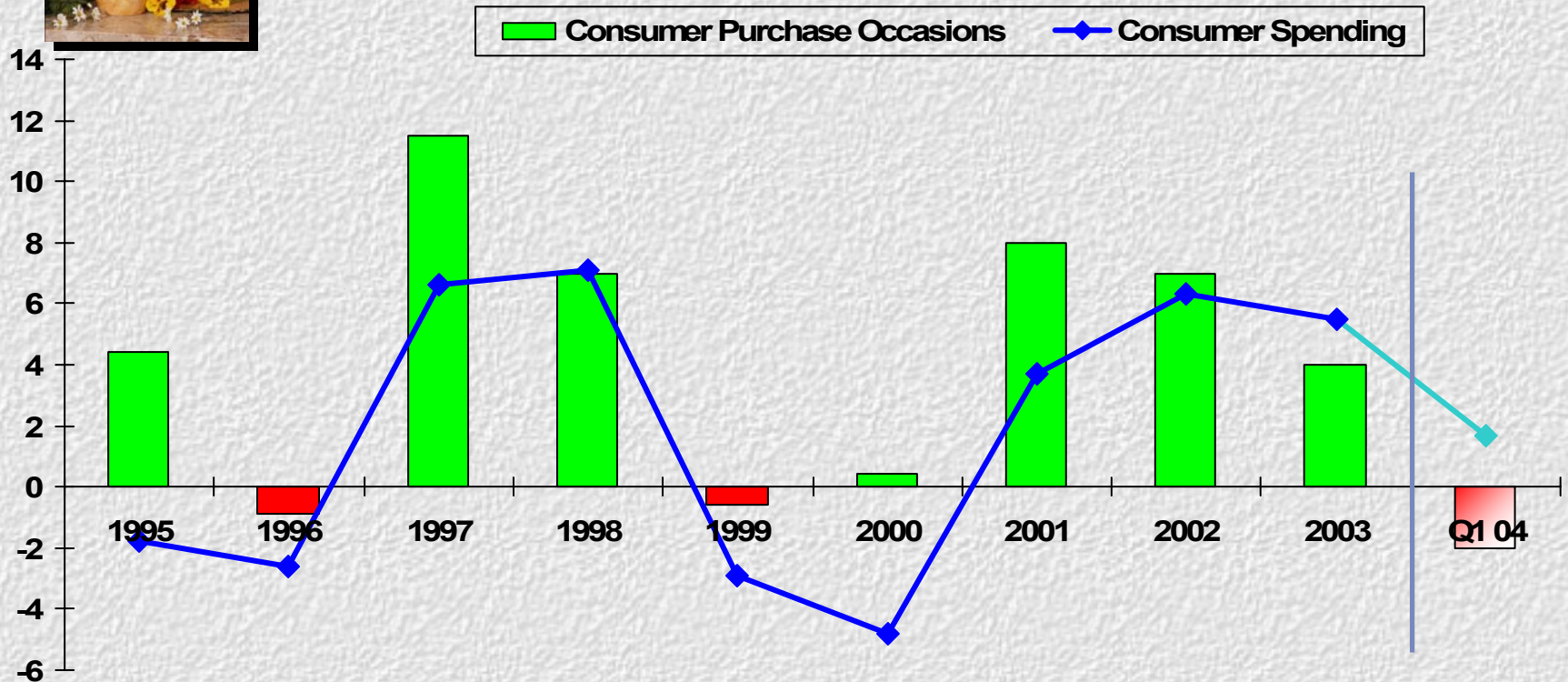
Source: US Dept of Census



Who are the Flower Buyers?



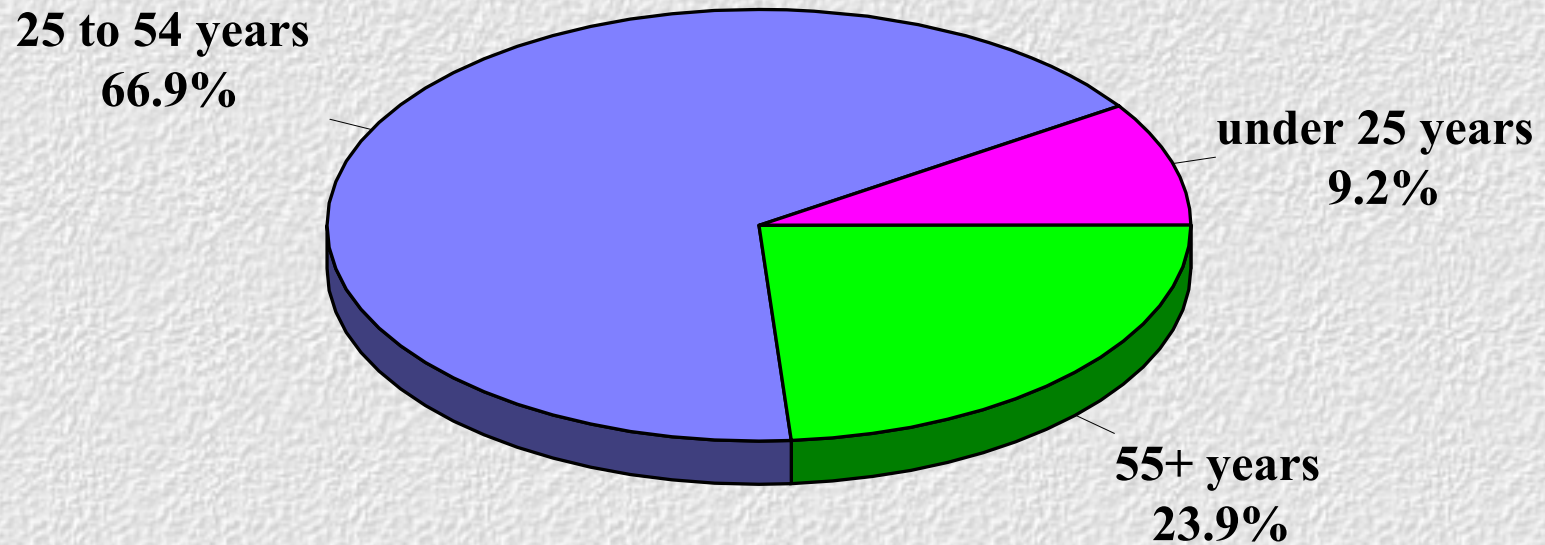
Consumer Trends-Floral



<u>Compound Annual Growth Rate</u>	<u>1995-2003:</u>	<u>1995-1999:</u>	<u>2000-2003:</u>
<i>Purchase Occasions</i>	+1.9%	+1.3%	+2.7%
<i>\$ Expenditures</i>	+4.5%	+4.3%	+4.8%

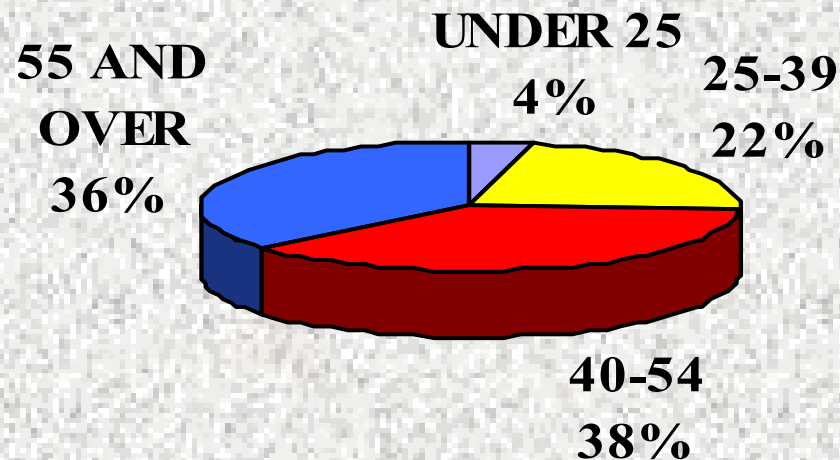


U.S. Households-Age



Source: US Census Bureau

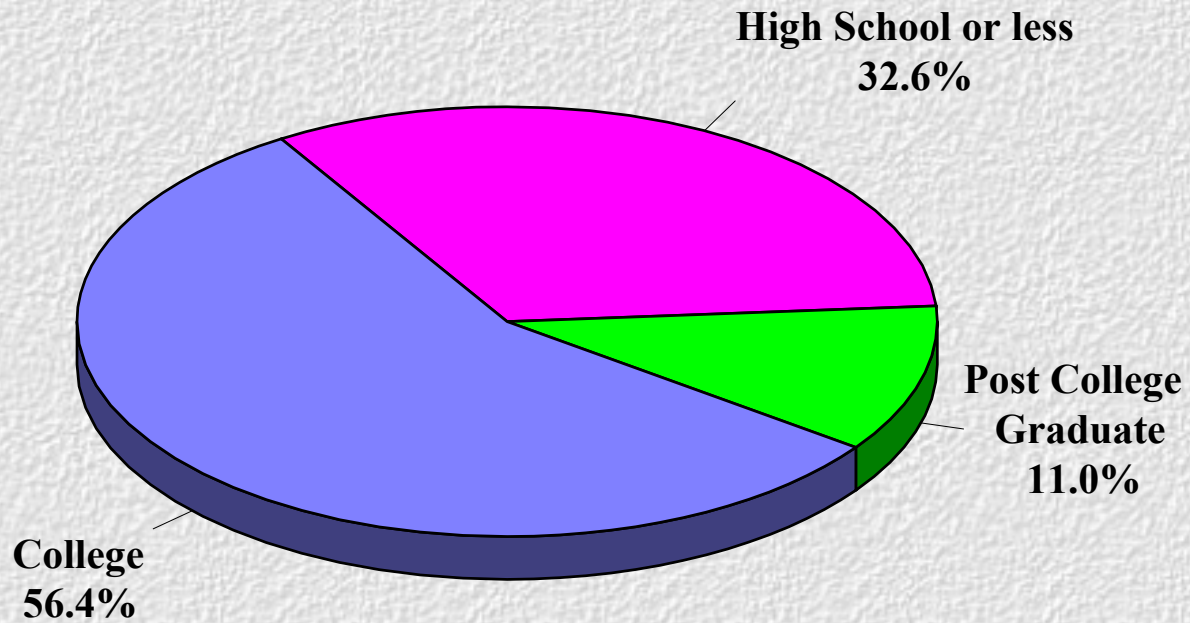
Floral Purchasers-Dollar Share by Age Group



Source: Ipsos/AFE Consumer Tracking Study



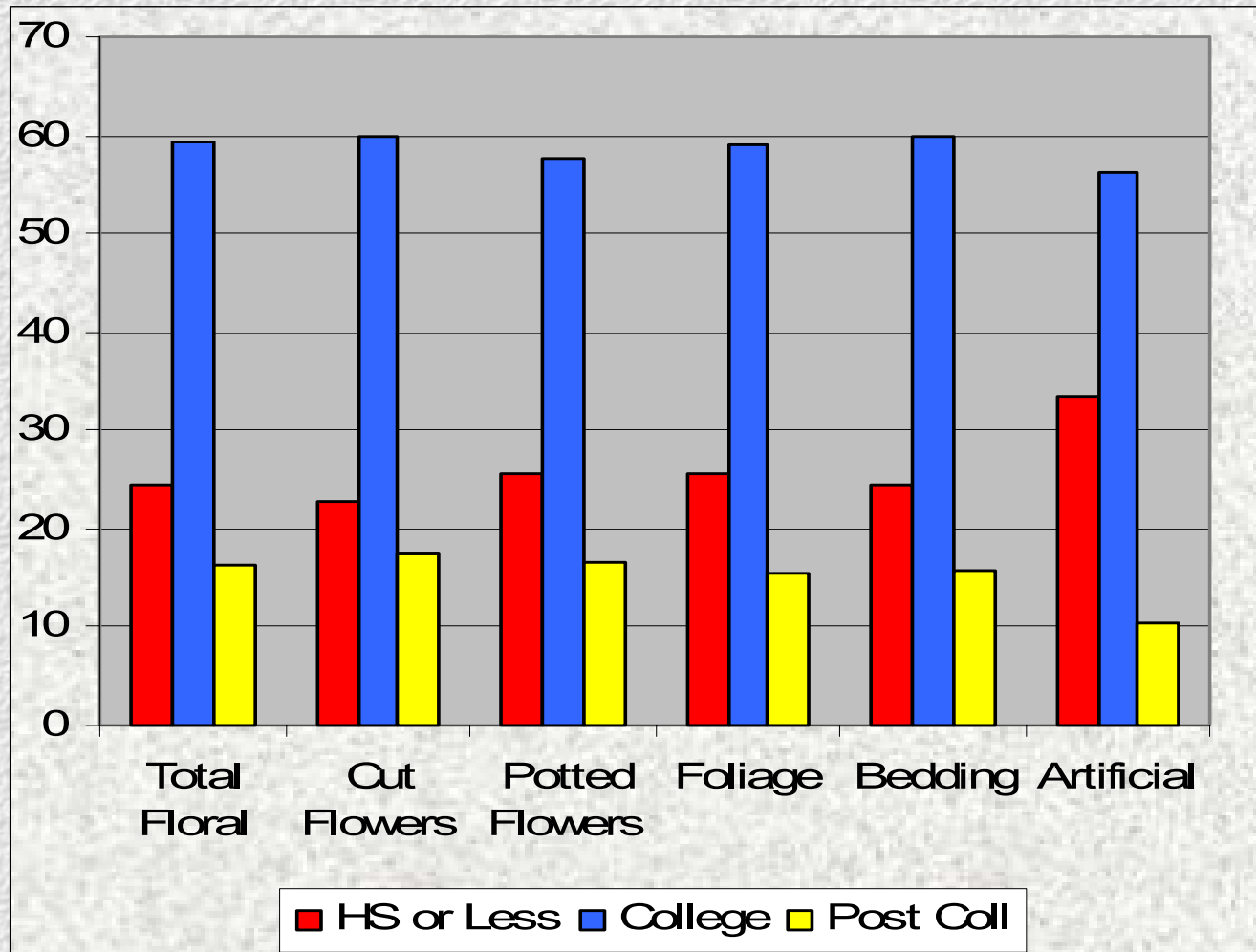
U.S. Households-Education



Source: US Census Bureau



Flowers Expenditures by Education





Floral Purchasers-Gender

	<u>All Floral</u>	<u>Cut Flowers</u>	<u>Potted Flowering</u>	<u>Foliage</u>	<u>Bedding</u>	<u>Artificial & Dried</u>
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Share of Dollars Spent

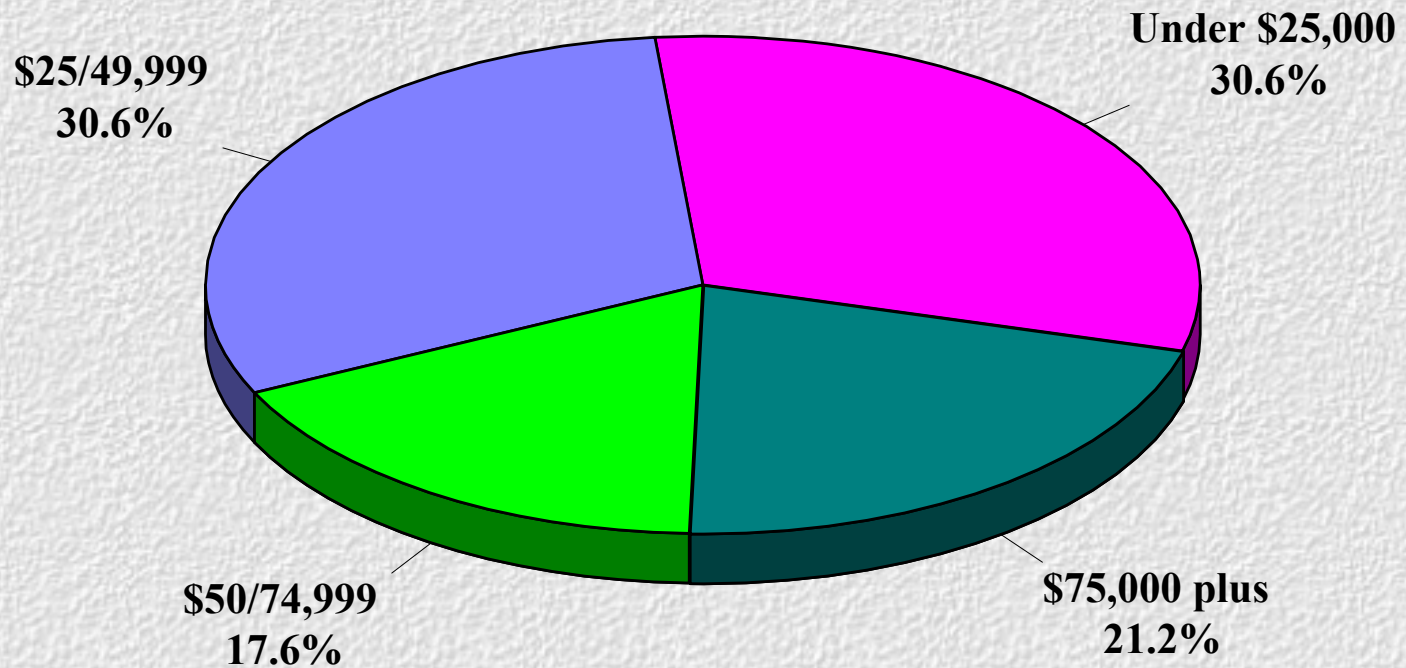
Male	28.2	39.0	21.8	22.8	22.8	7.7
Female	71.8	61.0	78.2	77.2	77.2	92.3

Share of Transactions

Male	20.7	33.9	17.5	16.5	15.4	5.6
Female	79.3	66.1	82.5	83.5	84.6	94.4



U.S. Households-Income





Floral Spending % by Household Income

	Total Floral	Cut Flowers	Potted Flower	Foliage	Bedding	Artificial
Under \$25K	14.8	14.1	17.8	14.7	12.2	30.5
\$25-49.9K	24.9	24.8	23.7	27.8	24.6	23.2
\$50-74.9K	20.9	22.2	18.7	19.0	21.4	15.1
\$75K+	39.4	38.9	39.8	38.5	41.8	31.2

Source: Ipsos/AFE Consumer Tracking Study

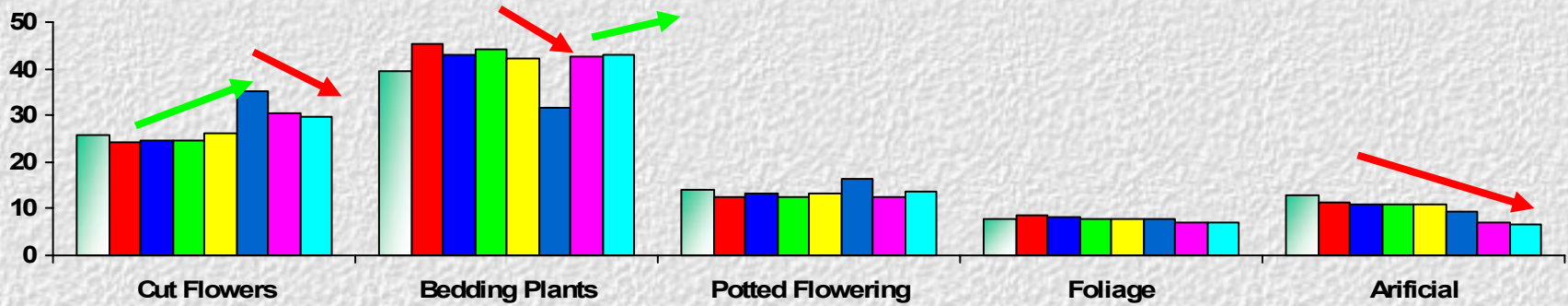


Category Trends

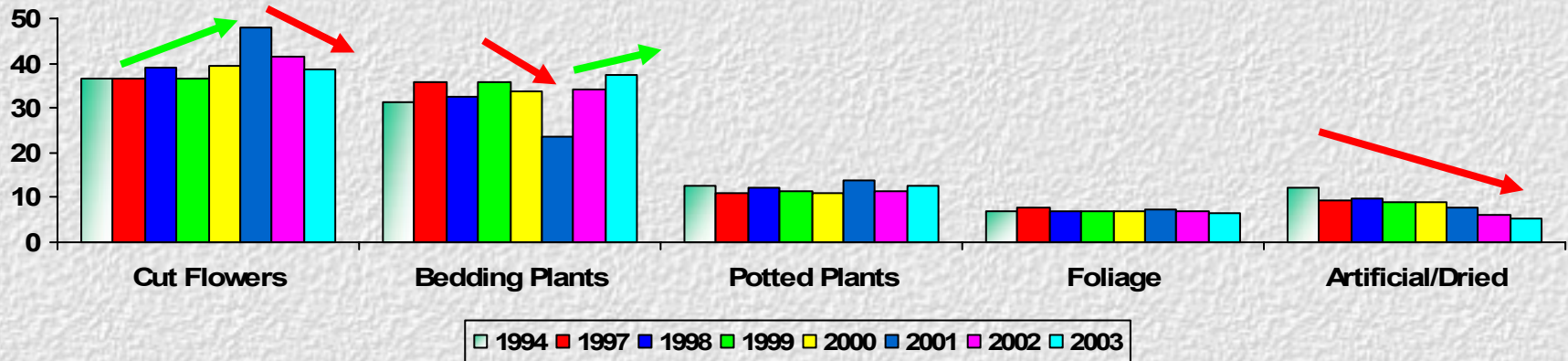


Floral Category Trends

%Transactions



%Dollars





Category Share of Floral

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
DOLLARS											
Cut Flowers	34.9	34.7	34.8	36.5	35.8	37.9	35.3	38.2	37.8	38.6	38.4
Flowering Potted	12.6	12	12.1	11.7	11.4	11.2	11.8	10.9	10.5	11.5	12.1
Foliage	7	7.3	7.4	7.3	7.7	6.8	7.1	6.8	6.5	6.4	5.9
Bedding	30.4	33.4	32.8	31.9	34.6	31.9	34.8	33.6	34.9	34.4	35.7
Artificial	12.5	10.5	10.8	10.4	8.4	9.5	9	8.2	7.8	6	5.1
OCCASIONS											
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cut Flowers	31.9	31.2	29.8	31.2	30.5	31.9	31.3	32.8	34.2	37.3	37.4
Flowering Potted	16.3	15.8	16	15.3	15.5	15.3	15.3	15.5	15.2	15.5	15.6
Foliage	9.1	9.3	9.1	9.4	9.7	9.2	9	9.3	8.5	8.2	7.6
Bedding	32.4	34.6	35.1	34.4	36.6	35.7	37.3	35.9	36.3	34.4	35.1
Artificial	12.1	11.8	12.1	11.9	9.6	10.3	9.8	9.6	7.9	6.7	6.1

Market Size...Retail Dollars

- Using the US Bureau of Economic Analysis data for the retail dollars of the floriculture market

And

- Applying the AFE/Ipsos-Insight Consumer Tracking Study category share,

We can estimate the size of the US market by category...

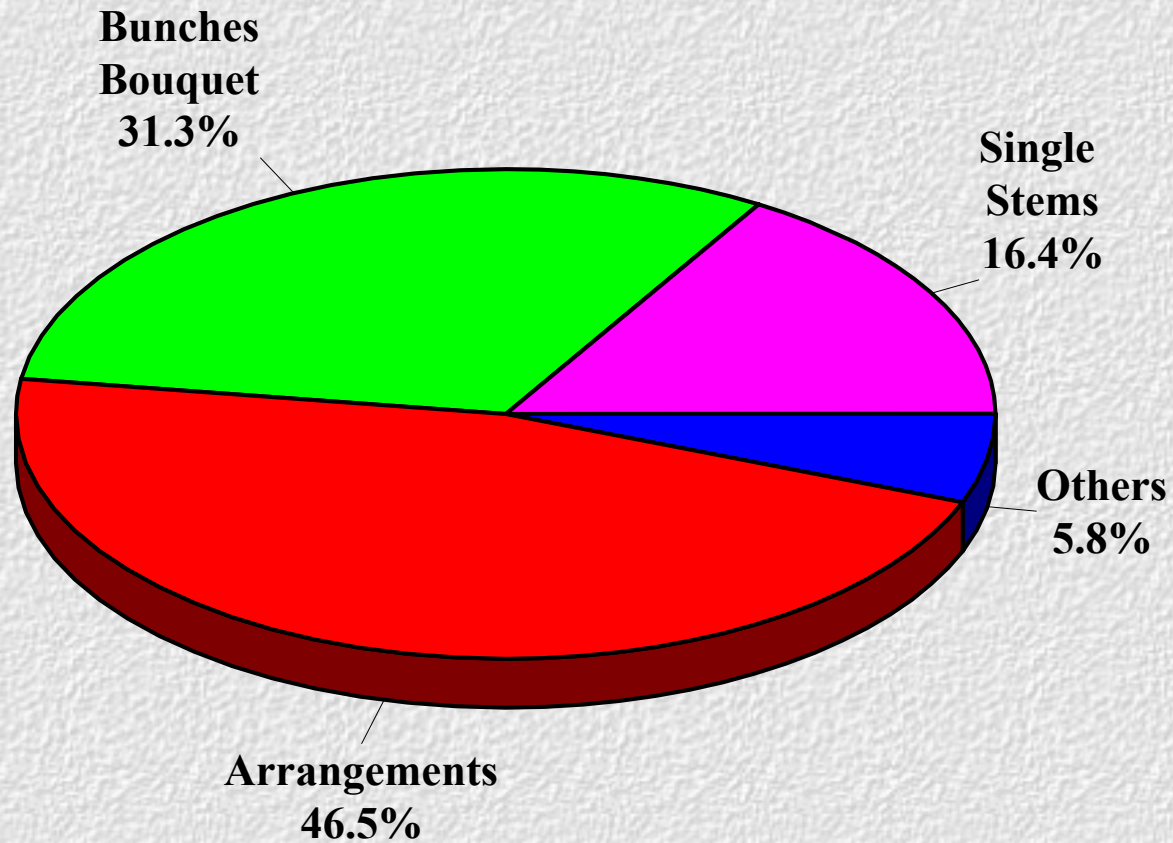
Size of Market...

	1998	1999	2000	2001	2002	2003 (E)
Total Floriculture Retail Dollars (Billions) ***			17.974	18.048	18.219	19.068
Cut Flower % of Total Floriculture ###	37.9	35.3	38.2	37.8	38.6	38.4
Cut Flower Category Retail Dollars (Billions)			6.86	6.79	7.03	7.32
Bedding Plant % of Floriculture ###	31.9	34.8	33.6	34.9	34.4	35.7
Bedding Plant Category Retail Sales (Billions)			6.04	6.3	6.27	6.81
Potted Flowering % of Total Floriculture ###	11.2	11.8	10.9	10.5	11.5	12.1
Potted Flowering Category Retail Sales (Billions)			1.96	1.9	2.1	2.31
Foliage % of Total Floriculture ###	6.8	7.1	6.8	6.5	6.4	5.9
Foliage Category Retail Sales (Billions)			1.22	1.17	1.17	1.13
Artificial/Dried % of Floriculture ####	9.5	9	8.2	7.8	6	5.1
Artificial/Dried Retail Sales (Billions)			1.47	1.41	1.09	0.972

Sources: *** US Bureau of Economic Analysis
 #### Ipsos/AFE Consumer Tracking Study



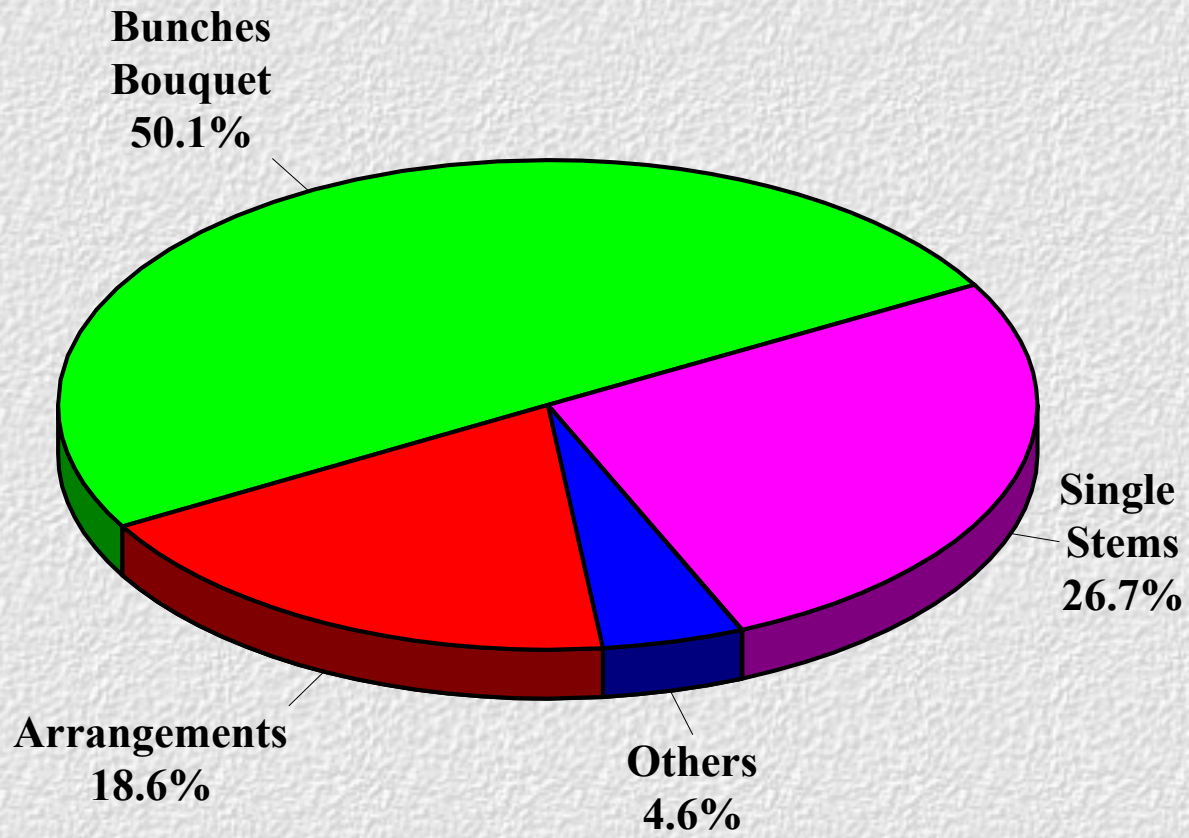
Expenditure Shares on Cut Flowers



Source: Ipsos/AFE Consumer Tracking Study



Transaction Shares on Cut Flowers





Total Floral

Floral	2000	2001	2002	2003
HH Pent %	48.5	53.0	55.0	57.6
\$ per Occ/Buyer	16.00	16.10	15.90	16.00
Occ per Buyer	5.2	5.0	5.0	5.8
\$ per Buyer	83.60	80.80	79.60	92.70

Source: Ipsos/AFE Consumer Tracking Study



Cut Flowers

Cut Flowers	2000	2001	2002	2003
HH Pent %	21.0	25.1	28.0	30.3
\$ per Occ/Buyer	18.70	17.80	16.50	16.50
Occ per Buyer	4.00	3.70	3.70	4.20
\$ per Buyer	74.90	66.00	61.50	68.70

Source: Ipsos/AFE Consumer Tracking Study



Bedding Plants

Bedding	2000	2001	2002	2003
HH Pent %	28.1	31.4	32.5	35.1
\$ per Occ/Buyer	15.00	15.50	15.90	16.30
Occ per Buyer	3.3	3.1	3	3.4
\$ per Buyer	49.40	48.50	47.10	55.30

Source: Ipsos/AFE Consumer Tracking Study



Foliage

Foliage	2000	2001	2002	2003
HH Pent %	10.4	11.5	12.1	11.8
\$ per				
Occ/Buyer	11.80	12.30	12.60	12.50
Occ per Buyer	2.3	2.0	1.9	2.2
\$ per Buyer	26.90	24.40	23.80	27.00

Source: Ipsos/AFE Consumer Tracking Study



Potted Flowering

Potted Flowering	2000	2001	2002	2003
HH Pent %	17.3	19.8	20.9	21.9
\$ per Occ/Buyer	11.30	11.20	11.90	12.40
Occ per Buyer	2.3	2.1	2.1	2.4
\$ per Buyer	26.00	23.10	24.60	29.80

Source: Ipsos/AFE Consumer Tracking Study



Channel Selection



Channel Share-Dollars

	Florist	Garden Center	Internet/ Toll Free	Discount	Home Imp	Smkt	Whse Club	Other
93	34.5	19.6	1.2	7.7	3.9	12.7	0	20.4
94	32.3	20.8	1.5	8.2	5.4	11.7	0	20.1
95	31.1	20	2.1	8.2	6	11.9	0	20.7
96	33	19	1.9	8.4	6.2	11.7	0	19.8
97	30.6	20	2.3	9	7.4	12.2	0	18.5
98	31.8	18.4	2.2	8.6	7.5	12.7	1.1	17.7
99	27.7	20.8	1.9	8.1	8.9	13.3	1.2	18.1
00	29.1	19.5	2.1	8.1	9.2	13.1	1.3	17.6
01	27.1	21.4	4.4	7.6	8.9	14.1	1.5	15
02	26.3	20	3.8	7.9	9.6	16.2	2.3	13.9
03	24.4	20	3.5	8.3	11.1	17.4	2.5	31 12.8



Channel Share-Occasions

	Florist	Garden Center	Internet/ Toll Free	Discount	Home Imp	Suprmkt	Whse Club	Other
93	17.8	16.2	0.3	12.9	5.3	25.2	0	40.1
94	16.6	16.5	0.4	14.1	6.6	23.8	0	38.6
95	15.5	16.7	0.6	13.9	7.2	23.6	0	38
96	16.2	15.6	0.6	13.6	7.5	23.5	0	39.2
97	15.1	16.1	0.6	14.9	8.7	23.6	0	36.1
98	14.6	15	0.6	14.5	9.3	23.8	1.2	35.6
99	13.3	15.4	0.6	14.6	10	24.3	1.5	33.6
00	13.7	15.3	0.6	14.5	10.1	24.2	1.5	33.8
01	12.7	15.9	1.4	14.2	10.1	26	1.9	30.5
02	12.4	13.6	1.3	13.8	10.3	29.1	2.6	29.3
03	10.6	12.1	1.1	15	12.4	30.6	2.9	32 25.9



Supermarkets

Supermarket	2000	2001	2002	2003
HH Pent %	17.7	21.7	25.3	27.6
\$ per Occ/Buyer	8.70	8.80	8.90	9.10
Occ per Buyer	3.5	3.2	3.2	3.7
\$ per Buyer	30.40	28.10	28.30	34.30

Source: Ipsos/AFE Consumer Tracking Study



Florists

Florist	2000	2001	2002	2003
HH Pent %	12.4	13.6	14.2	13.7
\$ per Occ/Buyer	34.10	34.60	34.00	37.00
Occ per Buyer	2.8	2.5	2.4	2.6
\$ per Buyer	96.90	86.60	81.80	96.40

Source: Ipsos/AFE Consumer Tracking Study



Garden Centers

Garden Center	2000	2001	2002	2003
HH Pent %	15.4	17.4	17.2	16.3
\$ per Occ/Buyer	20.60	21.80	23.50	26.60
Occ per Buyer	2.5	2.4	2.2	2.5
\$ per Buyer	52.30	53.30	51.40	66.90

Source: Ipsos/AFE Consumer Tracking Study



Warehouse Clubs

Warehouse Clubs	2000	2001	2002	2003
HH Pent %	1.6	2.3	3.1	3.8
\$ per Occ/Buyer	14.40	12.80	14.10	13.80
Occ per Buyer	2.3	2.3	2.3	2.5
\$ per Buyer	32.80	28.80	32.00	35.10

Source: Ipsos/AFE Consumer Tracking Study



Home Improvement

Home Improvement	2000	2001	2002	2003
HH Pent %	10.7	12.5	13.9	16.3
\$ per Occ/Buyer	14.70	14.20	14.80	14.40
Occ per Buyer	2.4	2.2	2.1	2.6
\$ per Buyer	35.50	30.80	30.60	37.00

Source: Ipsos/AFE Consumer Tracking Study

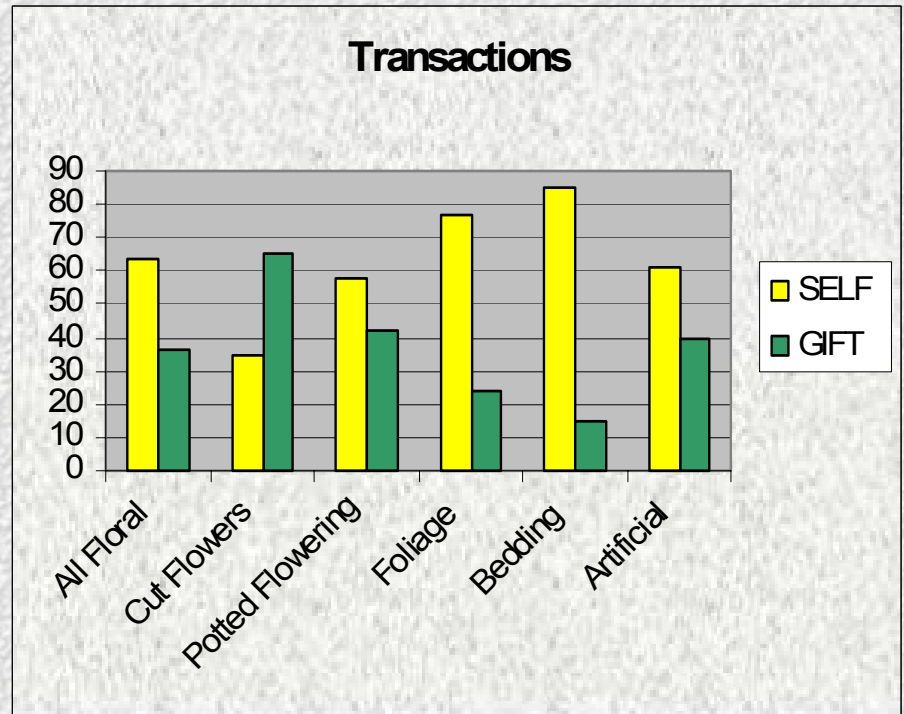
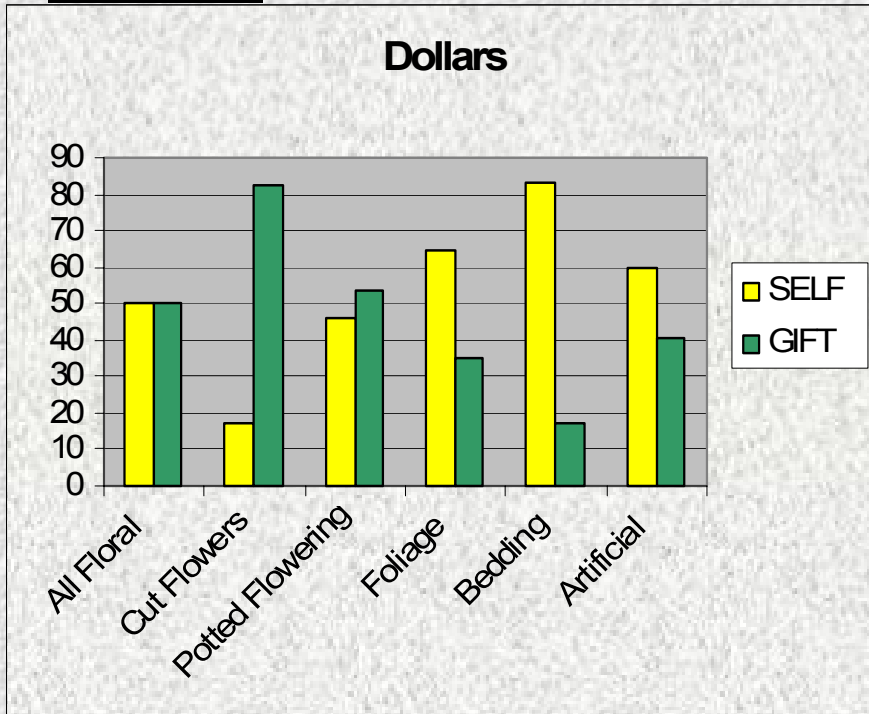


Reasons For Purchase



Flowers Expenditures by Purpose

Period: 2003



Source: Ipsos/AFE Consumer Tracking Study

What Are They Buying???

- We are no longer in the plant and flower business!
- We are in the fashion, decorating, life-style, well-being and emotion communication business, providing solutions!!!



Conclusions & Summary



Building Consumption

Three ways to increase floral consumption:

- Increase household penetration
- Increase frequency of purchase of existing floral buyers
- Increase the transaction value per occasion of existing floral consumers