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SELECTED OPERATING PRACTICES OF RETAIL FLORISTS

by
Dana C. Goodrich, Jr.

Department of Agricultural Economics
Cornell University Agricultural Experiment Station
New York State College of Agriculture and Life Sciences
A Statutory College of the State University
Cornell University, Ithaca, New York 14853

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Dana C. Goodrich, Jr.*

Introduction

The retail florist is the primary site of consumer purchases of flower crops and related services. Although mass outlets such as the supermarket and general merchandise store now challenge them for volume leadership in a few selected crops, florists remain preeminent among all types of retail merchants in total sales of flower crops and services. Nevertheless, this recent expansion of mass merchant flower retailing, as well as increasing operating costs, should have caused some retail florists to explore new purchasing and merchandising practices. Examples of new modes include coordinated or cooperative buying for more efficient and less costly acquisition of goods for resale, and advertising and promotional programs designed to increase sales.

Horizontal coordination, which affiliates two or more retail florists not through common management or ownership but rather through jointly planned and executed operating practices, should reflect the economic conditions under which these florists operate. The presumption is that stagnant or declining sales and rising operating costs result in such coordination more often than do more favorable conditions. But the extent to which New York retail florists have been exploring these and other joint ventures has not been determined. For this reason, types and frequency of horizontal coordination among retail florists in two upstate New York markets were the focus of the study reported here.

Objectives

The specific objectives of the study were to:

- (1) describe selected operating characteristics of upstate New York retail florists, and
- (2) determine the status of horizontal coordination among those florists.

* The author is a Professor of Marketing in the Department of Agricultural Economics at Cornell University.

Procedure

Financial resources permitted only limited coverage of retail florists in New York State. Therefore, two upstate markets about 175 miles apart which had been the site of earlier flower marketing studies were selected for study.^{1/} Structural differences between these markets provided a variation in business environment which might reveal differences in the degree of horizontal coordination. One result of the decision to limit coverage to these two markets was the deliberate exclusion of downstate metropolitan New York florists from the study.

During summer 1978 an enumerator interviewed retail florists in the two markets. Questions in the standardized survey dealt with general business practices and, more specifically, with those practices and opinions relating to horizontal coordination.

All operators except those with annual sales of less than \$25,000 and those who refused to cooperate were interviewed. In total, useable replies were obtained from the owners or managers of 111 retail florist shops. This number amounted to approximately 70 percent of the number of retail florists listed in the telephone directory Yellow Pages for the two market areas. From another view, the total number of florists responding to this study was 89 percent of the number of retail florists with payrolls reported for the two market areas in the 1977 Census of Retail Trade.^{2/} Furthermore, the selected florists had about the same size characteristics as those reported by the Census.

Results

Size of Business

After collection and tabulation of the data, size-of-business categories based on annual sales were constructed for analysis. Because of the relatively small number of respondents, three categories were selected so that about the same number of florist shops were in each. Thus, data from 38 small-size florists (annual sales of \$25,000 to \$74,999), 41 medium-size florists (sales of \$75,000 to \$124,999) and 32 large-size florists (sales of \$125,000 and over) were included in the analysis (Table 1). This means that 34 percent of the participating florists were small in size, 37 percent were medium and 29 percent were large. Small florists averaged annual sales of \$48,160 for the most recent 12 months, medium florists \$94,640 and large florists \$193,910. No major differences in size distribution between the two markets were uncovered.

¹ The following publications were prepared by the Department of Agricultural Economics, Cornell University, Ithaca, NY: Goodrich, Dana C. Jr., Retail Florists in New York State (A.E.Res. 153, 1964); Goodrich, Dana C. Jr. and Daniel B. Whitaker, Selected Purchasing Practices of Retail Florists (A.E. Res. 334, 1971); Goodrich, Dana C. Jr. and Urbain Avermaete, Retailing Florist Crops Through Mass Merchandising Outlets: Rochester, New York and Hartford, Connecticut (A.E.Res. 75-8, 1975); Goodrich, Dana C. Jr., Plant Shops: Selected Economic Characteristics (A.E.Res. 78-10, 1978).

² US Department of Commerce, 1977 Census of Retail Trade, Bureau of the Census. Washington, DC. 1978.

Table 1. RETAIL FLORISTS, BY SIZE OF BUSINESS
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Market A		Market B		Total	
	Number	Percent	Number	Percent	Number	Percent
Small (\$25,000-\$74,999)	20	36	18	33	38	34
Medium (\$75,000-\$124,999)	21	38	20	36	41	37
Large (\$125,000 or more)	15	26	17	31	32	29
Total	56	100	55	100	111	100

Changes in Sales

Some respondents had no access to the store's historical sales figures at the time of the interview and others had started operations only within the last five years. Thus, only 73 percent of the respondents could provide comparative data for both 1978 and 1973. Nevertheless, this group reported an average sales increase of 39 percent over that period. The reported growth rate in one market was about twice that of the other; this difference reflects rates published in the 1977 Census of Retail Trade.

The medium florists experienced higher rates of growth than either the small or large florists. Additional evidence of the uniqueness of this middle group was revealed in subsequent analyses. No rational explanation can be given for the group's uniqueness, except the possibility that such aberrations are caused by so few observations.

As a group, small firms also were young firms. The average length of time the medium and large retail florists had been in operation was about 25 years, compared to about 15 years for small florists. The shops in Market B tended to be slightly older in all size categories than those in Market A.

Location Types

The types of locations in which retail shops operated varied. The most common setting was adjacent to other merchandising establishments within the city. About 40 percent of the florists operated in such surroundings. Another third were located in the city but in mainly residential areas adjacent to no other businesses. The remaining firms were equally divided between shopping centers and rural settings. Many of the latter evolved as retailing adjuncts to flower production establishments or nursery/garden centers. Proportionately twice as many florists in Market A as in Market B conducted business at these two noncity location types.

Form of Business Organization

Nearly as many florists were corporations as were sole proprietorships (Table 2). Together, these two forms accounted for about six of every seven firms. In general, corporations were more heavily represented among the large

businesses, accounting for about two-thirds of the large businesses as compared with only one-third of the small and medium businesses, combined. Proportionately more florists in Market B than in Market A were sole proprietorships. In fact, fully one-half of Market B florists were operated this way compared with one-third in A, a reflection of the somewhat smaller enterprises in A, as well as of the unusually large number of sole proprietorships in the medium-size category.

Table 2. FORM OF BUSINESS ORGANIZATION
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Sole proprietorship	Partnership	Corporation
Percent of florists			
Small	45	21	34
Medium	51	20	29
Large	24	9	67
Total	40	17	43

Related Enterprises

Retail florists commonly maintain enterprises related to their central function of plant and flower retailing. Fifty-six percent of the retailers engaged in such ventures as flower growing, flower wholesaling, plant rental, interior landscaping and branch retailing. The proportion was higher in Market B than Market A, reflecting a basic difference in industry structure between the two. Large florists were the most likely to engage in these ancillary activities. Except for flower growing and branch retailing, none of these enterprises generated more revenue than the florist's main role of flower retailing.

The most common related enterprise was greenhouse production of florist crops. More than one-third of the retailers reported growing some of the crops they sold (Table 3). This mode of operation has been a traditional form of vertical integration in the florist industry.

Table 3. INVOLVEMENT IN RELATED ENTERPRISES
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Flower growing	Branch retailing	Indoor landscaping	Plant rental	Flower wholesaling	Other*
Percent of florists						
Small	32	5	18	13	5	16
Medium	29	15	7	7	12	5
Large	52	33	12	12	9	18
Total	37	17	13	10	9	13

* Includes outdoor landscaping, antiques, gift or garden shop.

Another form of diversification was branch retailing. Managers or owners of one-sixth of the retail florists operated flower retailing enterprises at locations away from the main premises. This practice, which has become more common in flower retailing in the past 20 years, was more often reported by large than by small operators.

Indoor landscaping and plant rental services were offered by about one-eighth of the florists. These activities were closely allied to the increasing importance of foliage or house plants. Creation and installation of permanent indoor plantings of such materials and the shorter term use and maintenance of a variety of plants through leasing arrangements have developed into a profitable adjunct of many florists.

About one tenth of the florists were also wholesalers. Few of them were engaged in full-time wholesaling, with full product lines and full wholesaler services. Rather, they usually performed the buying and selling functions on a relatively small scale to serve the needs of several other nearby retailers.

Sales Mix

The leading product group in retail florist sales was cut flowers. Whether arranged or loose, these goods accounted for 56 percent of total sales (Table 4). This proportion was virtually the same for all size categories and for both markets.

Table 4. SALES BY PRODUCT GROUP
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Cut flowers	Foliage plants	Flowering plants	Dried and artificial	Bedding plants	Other
Percent of total retail florist sales						
Small	57	15	14	8	2	4
Medium	57	14	13	11	1	4
Large	55	13	13	10	3	6
Total	56	14	13	10	2	5

Flowering and foliage plants were about equal in revenue, each contributing 13 to 14 percent. Ten percent of sales came from dried and artificial flowers. Only a small proportion of florist sales was generated by bedding plants. Even though consumer expenditures for this item have increased much more rapidly in the last 10 years than for other lines, retail florists usually are not the main source. Other products such as pottery, planting soil, greeting cards, etc., accounted for the remainder of retailers' sales.

In the aggregate, retailers sensed no major shifts in these proportions during the most recent two years. That is, about equal numbers reported that the proportion of foliage plant sales had increased, decreased and remained the same. This response was consistent with the national pattern of sales growth in foliage plants, a product group which had experienced rapid and substantial increases through about 1975 but thereafter had tended to stabilize.

Commercial Sales

The great majority of sales by retail florists represent purchases of flowers by private consumers, as distinct from purchases by businesses and other types of organizations. During the past 20 years, however, these so-called commercial sales have been increasing in importance. On average they still represent only a small share of total revenues. Retail florists in this study reported that about one-fifth of their volume represented commercial sales. Small florists generally realized somewhat smaller commercial sales percentages than did the larger firms, reflecting their level of interest and capacity to serve this market segment. No marked differences existed between Markets A and B in this regard.

Slightly more than half of the florists in this study indicated that commercial sales had remained about the same during the last two years, as measured by percent of total sales. Another eighth said that such sales had declined. On the other hand, one in three noted an increase in this proportion consistent with informal observations in the florist industry. There were no notable differences between florist size groups or between markets in the shifting importance of commercial sales.

Wire Service Membership

Most full-line, full-service retail florists subscribe to wire services which for a fee facilitate sales transactions through a second retail florist in another market area on behalf of distant customers or recipients. In recent years it has become common for florists to maintain membership in more than one such wire association. While the average number of wire service memberships was 1.6 among all florists, those in Market B demonstrated a higher rate of such affiliation, perhaps because of the somewhat older age or maturity of the enterprises in B.

Competition by Nonflorist Retailers

Nonflorist retailers such as supermarkets, department stores, discount, and drug stores have claimed increasing sales of florist crops in the last twenty years, particularly during the 1970s. These mass outlets were attracted to flower retailing by handsome gross margins on similar goods realized by retail florists. Of the 92 florists in this study who responded to questions on the effect of these mass merchants on their markets, two-thirds said that the mass outlet share of cut flower sales had increased in the last two years (Table 5). More florists in Market A than in Market B felt that the mass outlets had captured a greater share recently. At the same time, medium florists' opinion of the advances of mass outlets in market share was much more conservative than that of the small or large florists and tended to reflect their own generally more aggressive approach to merchandising.

Table 5. EFFECT OF MASS OUTLET SALES OF FLOWERS,
MOST RECENT TWO YEARS
92 Retail Florists, Two Upstate New York Markets, 1978

Flower type	Mass outlets' share of of total market			Florists' own sales		
	Increase	Decrease	Same	Increase	Decrease	Same
	Percent of florists					
Cut flowers	66	8	26	29	8	63
Flowering plants	77	10	13	50	9	41
Foliage plants	63	16	21	46	11	43

In spite of the apparent eroding of the florists' share of the cut flower market, two-thirds said that their own cut flower sales were unchanged. Nearly 30 percent said they even increased. These responses were based on absolute sales dollars. Evidently the increases in florists' gross sales over the last two years helped to soften the impact of any shifts in relative internal shares by crop type.

The situation was similar for flowering plants. Three-quarters of the florists said mass outlets held a larger proportion of total sales than they had two years earlier. No differences between Markets A and B were noted, but again medium florists voiced a more conservative estimate of mass outlets' market advances. Nevertheless, half of the florists claimed that sales of flowering plants in their own stores had increased and another 41 percent said that they had remained the same over that period.

More than 60 percent of the retail florists saw mass outlets as gaining market share in foliage plants. One-fifth observed no change, while the rest said that mass outlets, in their estimation, had slipped. But again, many florists indicated that their own sales of foliage over that period had not declined. Forty-six percent reported increases and nearly as many said they had experienced no change. There was no notable difference between Markets A and B or between florist size groups.

Florists' responses suggested that while they were prepared to acknowledge the increasing role of mass outlets in flower retailing, secular changes in their own gross sales lessened the impact on their individual businesses. Thus, many noted the larger market share held by mass outlets, but also claimed higher dollar sales themselves. In such an environment, the economic impact of a significant shift in market share among institutional types may not be fully recognized.

Sources of Florist Crops

Local wholesalers (situated within 50 miles of the florists in this study) were the main suppliers of cut flowers. Over 80 percent of the retailers' needs were supplied by these merchants, some of whom engaged in flower production but whose main activity was buying and selling (Table 6). There was somewhat greater reliance on this source by smaller than by larger florists as the

latter were better able to utilize direct suppliers. Differences between markets centered on the unusually heavy dependence of medium-size retailers in Market B on local wholesalers but light dependence on distant suppliers. Overall, distant suppliers were about as important sources of cut flowers as were local producers, including the retailers' own greenhouses.

Table 6. SOURCES OF SUPPLY FOR SELECTED CROP GROUPS
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Local wholesalers	Distant suppliers	Local growers	Own production
Percent of purchases				
<u>Cut Flowers:</u>				
Small	84	9	5	2
Medium	81	10	5	4
Large	80	8	6	6
Total	82	9	5	4
<u>Foliage Plants:</u>				
Small	23	29	41	7
Medium	21	32	41	6
Large	20	46	27	7
Total	21	35	37	7
<u>Flowering Potted Plants:</u>				
Small	31	7	51	11
Medium	21	13	58	8
Large	20	10	51	19
Total	24	10	54	12

Responsibility for supplying foliage plants to retail florists was shared more evenly than with cut flowers. Local growers and distant suppliers were about equally important when data from the two markets were combined. Together these two sources provided over 70 percent of the retailers' foliage plant needs. Local growers (located within 50 miles of the retailer) supplied proportionately more than twice the volume of foliage in B than in A, reflecting the different structures of those markets. Both markets relied to about the same degree on distant suppliers for foliage plants. There tended, however, to be greater dependence by larger than smaller retailers on distant suppliers, whereas smaller florists relied more heavily on local growers.

Fundamental structural differences between markets extended also to the role of the local wholesaler. While overall this type of merchant supplied about one-fifth of the markets' needs, one-third of retailers' foliage in Market A and only one-tenth in Market B came from that source.

Local growers were the primary source of flowering potted plants, and accounted for 54 percent of florists' needs. About one-fourth of the supply came from local wholesalers. One-eighth was obtained directly from retailers' own greenhouses, while the remaining 10 percent were acquired from distant suppliers. Local wholesalers were somewhat more heavily relied upon by smaller than by larger florists; conversely, distant suppliers were used more by the larger florists.

Major differences between markets were evident for flowering plants. Retailers in Market A received more than 40 percent of their supply from wholesalers, whereas retailers in Market B received only six percent from that source. This is a continuation of an historical pattern in which Market A wholesalers have been significant growers of potted plants, and as a result, have offered them as an important part of their product line. The plant production enterprise among local wholesalers in Market B was insignificant; furthermore, most of them chose not to handle such material on a buy and sell basis. Thus retailers in Market B depended more heavily than those in Market A on local growers and their own production for flowering potted plants.

Imported Cut Flowers

Since about 1970, foreign sources of cut flowers have expanded. By 1978 they supplied nearly half of US domestic needs for a few selected florist crops. As a check on the sensitivity to, and the attitude toward this trend, retailers were asked to indicate whether they relied today on such suppliers more or less than, or the same as, two years ago. Although few retailers received such products directly from foreign growers or distant importers, most were aware that increasing quantities of cut flowers they purchased were not grown domestically. More than three-fourths said they noted the increase. Only two retailers said their supply of foreign cut flowers had decreased during the two-year period. The rest said they were not aware of any change. A small number of florists offered compliments about imported cut flowers. Very few expressed negative feelings about foreign-grown plants displacing growers' domestic production. The majority were glad for the supply of good quality crops at reasonable prices.

Horizontal Coordination

A second major objective of this study was to determine the nature and extent of horizontal coordination among retail florists. Respondents were asked about their buying practices, merchandising activities, credit management and delivery service.

Purchasing

A focus of this study was the nature and extent of coordinated buying and merchandising activity among two or more retailers. About 30 percent of the 108 florists responding to questions on these practices acknowledged some form of horizontal coordination in purchasing at present or in the recent past (Table 7). No important differences among business size categories or between the two markets were evident.

Table 7. PARTICIPATION IN COORDINATED PURCHASING
108 Retail Florists, Two Upstate New York Markets, 1978

Size category	Participation	
	Yes	No
	Percent of retailers	
Small	28	72
Medium	33	67
Large	28	72
Total	30	70

In no case did horizontal coordination account for all purchases by a retail florist, or for all purchases of even one flower type by any florist. Rather, joint purchasing was practiced cautiously and for only selected species. Among those few florists presently so coordinating, quantities and selection of goods acquired this way usually represented only a small part of their total needs. Thus, full commitment to, or reliance upon, joint purchasing was not in evidence.

About one-sixth of the retail florists reported joint purchasing of selected cut flowers. The participation rate was smaller for other product groups: foliage plants, six percent; flowering potted plants, six percent; and dried and artificial flowers, nine percent.

The most common buying pattern was for two or more florists (no more than four florists were identified in any of the cases in this study) to place with a distant supplier an order that represented the needs of the group. The assembled needs of these buyers constituted a sufficiently large transaction to generate a lower purchase price. The expected advantage, therefore, was a more favorable purchase price than each could have obtained independently. Very few of the joint purchasing arrangements prevailed on a regular year-round basis.

Many florists not following a joint purchasing program nevertheless acknowledged the possible gains from doing so. Some even noted their support of the concept of joint purchasing by saying that it was a good way to circumvent the local wholesale merchant, implying an antagonism toward that merchant. They and others less favorably inclined to joint purchasing were willing to grant the possibility of lower price but they noted obstacles which they suggested were the reasons for their nonparticipation.

The more positive implied that they might be participants except they were unable to find other retailers willing to join in the effort. The more skeptical, however, did not expect a sufficiently large price reduction to offset perceived problems, however legitimate or well-founded. Following are examples of concerns which were expressed:

- Personality conflicts make it difficult for florists to agree on the many details of the program's operation.
- It is difficult to devise an equitable procedure for the advance funding necessary in joint purchasing.

- The location and operation of storage or assembly/distribution center for jointly purchased goods represent complications.
- The smaller shops which might benefit from joint buying are at a disadvantage since their opinions and desires carry less weight in group decisions.
- Inequities can occur in the division of goods in a shipment where individual units inevitably vary in quality.
- Sales volume is too small for a florist to become involved.
- Some shops are already large enough to secure low prices for volume purchases.
- Some florists fear "blacklisting" by local wholesalers who may see such plans as unfairly denying them trade.

Many of these problems can be overcome, provided the participant is sufficiently committed to the philosophy of horizontal coordination and provided lower prices and acceptable quality are achieved. In summary, while only a minority of retail florists actively and regularly participate in joint purchasing, others have perceptions that range from strong support of the notion ("Yeah, stick it to the wholesaler"), to uninterested awareness of the approach, to outright opposition ("Don't undercut the wholesalers; they take care of our winter problems").

Merchandising

In addition to joint purchasing programs, opportunities for horizontal coordination exist in merchandising. All interviewed florists advertised. Among the 79 who could make an estimate, advertising costs averaged 2.8 percent of sales. The fact that so many florists were unable to estimate advertising expenses relative to sales may be related to the fact that only one-fourth of the retailers prepared and used an advertising budget. With so casual a consideration of the size of such expenditures, it is not surprising that many florists were unable to respond fully to survey questions on advertising.

Florists in Market A reported higher ad:sales ratios than did those in Market B, 3.0 percent to 2.5 percent. Furthermore, large florists tended to report lower ratios than smaller ones, about 2.5 percent compared to 2.9 percent.

Most of the 111 florists were able to estimate the approximate proportion of advertising expenditures by media type. The leading forms of advertising were listings or block ads in telephone directory Yellow Pages (Table 8). More than 40 percent of advertising funds was invested in that medium. An additional 35 percent was spent on space in other forms of print media, mainly newspapers. Only seven percent was spent on the electronic media. The remaining 18 percent included other forms of advertising such as calendars, pens, pencils, wedding booklets, coloring books, etc. Large florists reported heavier use of these miscellaneous forms of advertising as well as radio/television, while the small ones invested a greater proportion of their advertising dollars in Yellow Pages.

Table 8. ADVERTISING, BY MEDIA TYPE
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Yellow pages	Newspapers	Radio/television	Other*
Percent of advertising expenditures				
Small	48	33	4	15
Medium	40	36	6	18
Large	31	36	11	22
Total	40	35	7	18

* Includes promotional materials such as calendars, pens, booklets, etc.

Most instances of horizontal coordination in advertising consisted of participation in programs administered by wire services or by local retail florist trade associations, often called "allieds." Small florists were much less active in joint advertising than were the larger florists.

Nearly half of the florists were involved in wire service advertising programs. By the nature of these programs, however, individual florist participants contributed little to the decisions on either preparation or placement of the advertising message. Greater involvement was achieved by about one-third of the florists in co-determination of the nature of the advertising and promotion programs managed through the "allieds."

Two retailers in Market A individually and privately developed and executed an advertising program with another florist(s). These florists were the only ones in either market to report the type of joint program this study aimed to identify.

Their cooperation took the form of jointly placing orders for selected florist crops and executing a supporting advertising program. Cost efficiencies were realized both in purchasing and promotion. These efforts were planned for times when sales stimulation was desired, both during consumers' usual flower buying holidays and during periods of normally low purchases.

Other forms of promotion which were examined were price specials, consumer information/training sessions, and donations to charitable, service and religious organizations. More than 60 percent of the florists reported using price specials (Table 9). Frequency of use was not determined so it is not possible to say whether such programs were adopted as policy and offered frequently, or turned to only when circumstances of over-supply, or good wholesale buys prevailed. These practices were followed more often in Market B than in Market A, but there was little difference in their use by size categories.

Table 9. USE OF PRODUCT PROMOTIONS
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Price specials	Consumer education/information	Donations
Percent of retailers			
Small	63	37	82
Medium	63	34	85
Large	60	44	78
Total	62	38	82

Customer education through such events as design schools and plant care clinics represented an important promotional tool for florists. Thirty-eight percent reported engaging in these activities or participating in arrangements to make them available. Large florists were more apt to schedule these events than were smaller florists, but no difference between markets was noted.

By far the promotion cited most often was the offering of donations or contributions to worthy causes. Fully eight in ten florists noted such financial or in-kind support of charities, churches and selected public and private institutions. Differences between business sizes and between markets were slight.

Among the three types of promotion, only the first two, price specials and consumer education, offered significant opportunity for joint participation. Taken together with the advertising mentioned earlier, 61 percent of the florists had jointly pursued these efforts within the past two years (Table 10). Most of this participation, it may be recalled, was in promotions sponsored by wire services or trade groups. While the participation rate among florists in Market A was slightly higher than in Market B, a notable difference between business size categories was evident. The larger florists were about twice as likely as small florists to engage in coordinated efforts in advertising or promotion. The argument cited by several such small retailers for not participating was that "larger shops get more exposure per dollar than small ones." There is no apparent explanation of why this view was held.

Table 10. JOINT ADVERTISING OR PROMOTION
111 Retail Florists, Two Upstate New York Markets, 1978

Size category	Market A	Market B	Total
Percent of florists			
Small	40	33	37
Medium	95	55	73
Large	73	77	75
Total	68	55	61

Credit

Another area of retail operations which offers potential advantages through coordinated efforts is credit management. All but three florists in this study sold on credit. The great majority of those offering credit, however, did so under varying conditions. About 86 percent of them described their credit offering as "selective," to indicate occasional denial to certain customers or on certain types of sales. Frequency of denial was not high: most were for designated purchase types such as cash-and-carry. The remaining 15 florists termed their credit offering as "open" to indicate that little if any distinction was made among customers or sales types; these 15 were about evenly divided between markets and among size groups.

Losses due to bad debts were reported by about 90 percent of the florists in this study. The unweighted average loss was 2.5 percent of sales. The smaller the florist, the higher the estimated loss rate: about three percent among small firms, 2.6 percent for medium firms and two percent for large firms. One-third of the retail florists made use of outside help in collecting delinquent accounts or controlling bad debts beyond their own individual credit-related policies and practices. About 14 percent engaged collection agencies to recover overdue receivables. As might be expected, small florists were less likely than larger ones to employ such agencies.

Nearly one-fifth acknowledged the sharing of information on poor credit risks with other florists, a form of horizontal coordination in another area of florists' operations. In most cases this sharing was through informal conversation. In a few instances retailers made reference to the joint preparation, circulation and use of confidential lists of poor credit risks. Oral or written schemes were equally represented among all sizes of florists but were twice as often used in Market B as in Market A.

Delivery

Delivery service was offered by all florists. Even though opportunities for cost reductions from physical efficiencies by horizontal coordination among retailers surely existed, few such efforts were reported. Ninety percent of the florists maintained their own delivery vehicle(s) and staff. Most of the rest (nearly all in Market B) retained the services of an outside delivery agency. Only one florist reported jointly arranging delivery service with another florist. (This second florist did not participate in the present study.)

Gains from coordination of delivery services are easiest among all forms of horizontal coordination to demonstrate. Substantial duplications of delivery vehicles and routes are well known and acknowledged by florists. Yet at the time of this study, little if any constructive effort along those lines was reported. (Informal reports received since 1978 suggest that more attempts at joint delivery have been made in response to continuing increases in fuel and vehicle operating costs.)

Reasons given for not coordinating deliveries were varied. Even after admitting the advantages, florists cited difficulties in the essential but time-consuming task of coordinating deliveries and in satisfying the unique and shifting demands of individual retailers, including, for example, the loss of independent decisions on delivering last minute orders. Some of the larger florists also said that their volume needs were too great to be subordinated to the delivery needs of others. In sum, few florists at the time of this study were willing to relinquish their independence in decision making.

Summary and Conclusions

A survey of 111 retail florists in two upstate New York markets yielded data describing selected operating practices. Businesses had been in operation for an average of 22 years. None of these businesses had annual sales of less than \$25,000; and three in ten reported annual sales in excess of \$125,000. Average annual sales per florist were about \$108,000, 40 percent higher than five years earlier.

More than half of the retail florists were engaged in related enterprises such as flower production, wholesaling, plant rental, indoor landscaping, and branch retailing. The most common of these was flower production. More than half of the dollar volume of business in retail florist enterprises was cut flower sales. Most of the remainder was shared about evenly by foliage plants, flowering plants and dried or artificial flowers. No major changes had occurred in these proportions in the most recent two years.

On average, one-fifth of the sales were made to commercial accounts and four-fifths to private individuals. Most retailers had noted the increasing share of the flower market held by mass merchandisers but few seemed disturbed by that situation.

Retail florists' most important suppliers of cut flowers were local wholesalers. Local growers and distant shippers were relatively more important sources of foliage and flowering plants.

Horizontal coordination among retail florists was not common. The most frequently cited activity was participation with others in localized advertising programs sponsored by wire services and "allieds." Other promotions in which florists occasionally joined together were price specials/cash-and-carry sales and consumer training programs. Coordination in purchasing, credit or delivery was rare. While many florists freely acknowledged the potential advantages of joint efforts, few seemed willing to try or were convinced that the problems of coordination could be overcome. Evidently the economic environment and condition of the firms at the time of this survey were insufficient incentives to cause a notable level of horizontal coordination.