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PRE-EASTER FLORAL DISPLAYS IN NEW YORK SUPERMARKETS

by

Dana C. Goodrich, Jr.

Department of Agricultural Economics
New York State College of Agriculture and Life Sciences
A Statutory College of the State University
Cornell University, Ithaca, New York 14853-7801

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Introduction

Flower retailing historically has been the domain of the retail florist. These full-service-oriented outlets have been patronized by consumers of cut flowers and plants since before 1900. Their dominance of the retail sector had been unchallenged for decades. Then in the post-World War II years retailers of food and other consumer goods took note of the handsome profit margins enjoyed by the retail florist. They reasoned that the addition of this new product line to their customary offerings would enhance their own profits. This logic led to experimentation in flower merchandising among food and other retailers in the 1950's and 1960's.

The outcome of these trials in most cases was positive. Since then the food retailing industry has gradually been refining this new venture, in some cases by expanding and in others by more narrowly focusing their floral product and service offerings. The result has been a continuing increase in food retailers' share of the market for floral goods and services. Current estimates set this share (in dollar sales) variously at from 14 percent to more roughly 25 percent.[1,2] Due to the starkly different pricing practices between food retailers and the conventional retail florists, the share as measured in physical volume of goods is significantly larger.

Although total consumer demand for florals has been demonstrably rising in the past three decades, the entry of nonflorist retailers understandably has captured the attention of all sectors of the floral industry. The more rapidly expanding segment of the consumer market for flowers now served by the supermarket industry is the object of many economic studies conducted mainly by the Land Grant colleges and the USDA. The study reported here is one of that group and centers on floral display and pricing practices observed in New York supermarkets.

Objectives

The principal goals of this study were:

(a) To define selected merchandising practices evident in supermarkets during the high-floral-volume pre-Easter week of 1985, and

(b) to compare similar selected observations made in 1980 during a period of seasonally low demand for supermarket florals.

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[1] "The Role of Floral Products in U.S. Supermarkets," 1987 PMA Almanac, George Kress, PMA, Newark, Delaware, 1987.

[2] Floral Management and Operations, Dana C. Goodrich, Jr., Lebhar-Friedman Books, Chain Store Publishing Corporation, New York, New York, 1980.

Procedure

The survey method was used to collect all data. The first survey covered 92 supermarkets throughout New York State in summer 1980. Data collection extended over a 10-week period. Due to this timing, the 1980 survey captured a higher proportion of stores which maintained a more permanent, year-round floral program. The second survey which covered 265 supermarkets was confined to the Monday-Friday period of the week preceding Easter, 1985. Results of the second survey are the main focus of this report. Reference to results of the 1980 study, which are not published, will be made occasionally for comparison purposes.

Two days of orientation, instruction, and practice in observational techniques were administered to senior-level college students who served as enumerators. Judgement of size of selling area and agreement on display description terminology and parameters were emphasized. Attainment of practical yet not perfect standardization among enumerators was achieved. Only information which could be acquired by observation was collected. Thus, no personal contact or conversation with store management or staff was initiated by the enumerators.

Each enumerator worked independently in different areas of the state. The intention was to achieve the widest possible geographical distribution of observations constrained only by resource limitations. Trade journal and industry directories and supplier route lists were used to identify operating supermarkets in all heavily populated areas of the state. Occasionally a listed store was closed or was operated by a different management.

New York City boroughs were purposely excluded from the study but the following market areas were included: Buffalo, Rochester, Syracuse, Binghamton, Utica-Rome, Albany-Troy-Schenectady, Nassau County, and Suffolk County. Supermarkets that were visited did not represent a complete census of those in the market area nor were they a random or systematic sample. Intensity of coverage was lowest in areas with the greatest population, namely the downstate counties of Nassau and Suffolk; therefore, findings understate these areas relative to the others. Nevertheless, representation of such downstate stores was proportionately larger in the 1985 study than in the 1980 study.

For purposes of efficiency of resource use, stores with fewer than five check-outs were excluded. As a result, the great majority of the observed supermarkets was affiliated with chain organizations.

Since an important focus of the 1985 study was the seasonally important Easter flowering potted plant, only those supermarkets offering at least one species of that group were tabulated. On the other hand, no such constraint was imposed. in 1980.

Late display set-up early in the 1985 pre-Easter week and depleted displays later in that week introduced a downward bias in observations dealing with the size and extent of displays. To have deployed enough enumerators to achieve the number of desired observations at only the peak display days of Wednesday and Thursday would have been prohibitively expensive.

Results

Store Description

Total estimated selling area in the 265 supermarkets studied in 1985 exceeded 5 million square feet. Average selling area per store was slightly more than 20 thousand square feet although individual store size ranged widely from a low of about 6,000 to a high of about 74,000 (Table 1). Market differences in selling areas were notable, with Market B recording an average of more than 36,000 square feet compared to more than 13,000 in Market H.

Table 1.

MEASURES OF SIZE, BY MARKET
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	Supermarkets (number)	Average selling area per supermarket (sq.ft.)	Average checkouts per supermarket (number)	Average selling area per checkout (sq.ft.)
A	46	24,596	9.7	2,525
B	22	36,518	11.4	3,214
C	24	23,025	10.3	2,246
D	11	14,843	6.7	2,211
E	10	18,370	8.4	2,187
F	52	21,146	8.6	2,465
Upstate	165	23,844	9.4	2,541
G	59	15,747	9.5	1,656
H	41	13,336	9.9	1,343
Downstate	100	14,772	9.7	1,524
All markets	265	20,421	9.5	2,150

These differences did not translate to equally disparate sales. A second measure of "size" of the supermarket was the number of checkouts. This statistic averaged 9.5 in 1985 (compared to 8.6 in 1980). Between-market comparisons of average number of checkouts were narrower than those of average selling areas; the maximum spread was only 6.7 (Market D) to 11.4 (Market B). Average sales area per checkout varied among markets by a factor of nearly 2.5.

In general, the upstate stores (Markets A through F) were significantly larger in selling area than were the downstate stores (Markets G and H) even though there was little difference between the two groups in checkout numbers.

Floral Product Lines

Supermarkets devoted varying resources to the three basic floral groupings: flowering potted plants, foliage plants and cut flowers. These resources took the form of display space and staff assignment. In general, the larger the store, the greater the floral display.

Measurement of display space was complicated by the use of a wide variety of display modes. They included vertical wall shelving, temporary tables and inverted shipping containers in space normally used for customer traffic, hanging displays, the more conventional tiered fully visible displays, direct floor placement, and the frequent placement of small samplings of floral crops at sites throughout the store (eg. at the checkout). For these reasons, a subjective judgement of display prominence was derived by using not only the conventional physical measures of space and the number of units of goods displayed but also the visual impact of florals in the store.

Flowering Potted Plants

By definition, all supermarkets included in the 1985 study offered flowering potted plants. (In contrast, only 53 percent of the stores offered items of this product group during the study period in 1980.) The most frequently offered were Easter lilies and other bulb crops, chrysanthemums and azaleas.

Flowering potted plants dominated the other two floral product groups on display (Table 2). Well over ninety percent of all supermarkets devoted principal prominence to this group in the 1985 Easter week, compared with only two of 92 stores in the summer 1980 observations. Only Market B, which is noted for its year-round emphasis on florals, recorded less than 90 percent in 1985. As a consequence, more stores in this market than in any other offered greater prominence to the second most intensely displayed group, foliage plants. While exceptions existed among individual stores, cut flowers were the least prominently displayed group in all markets.

Table 2.

PROMINENCE OF FLORAL GROUPS ON DISPLAY
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	Flowering potted plants Supermarkets	Flowering potted plants Most prominent group	Flowering potted plants Only group displayed	Foliage plants Supermarkets	Foliage plants Most prominent group	Cut flowers Supermarkets
	(Percent of supermarkets)					
A	100.0	91.3	15.2	80.4	8.7	52.2
B	100.0	86.4	18.2	77.3	13.6	77.3
C	100.0	91.7	12.5	75.0	8.3	79.2
D	100.0	100.0	36.4	9.1	0.0	63.6
E	100.0	100.0	40.0	30.0	0.0	50.0
F	100.0	94.2	23.1	55.8	5.8	57.7
Upstate	100.0	92.7	20.6	63.6	7.3	61.8
G	100.0	91.5	16.9	71.2	8.5	66.1
H	100.0	97.6	34.2	65.9	2.4	19.5
Downstate	100.0	94.0	24.0	69.0	6.0	47.0
All markets	100.0	93.2	21.9	65.7	6.8	56.2

Flowering potted plants represented the only group among the three to be offered exclusively by more than one-fifth of the stores. Markets in which this proportion was highest were those recognized in the trade as devoting fewer resources to the development of significant floral merchandising. Proportionately more of the stores in these markets displayed flowering potted plants as their sole offering during seasonally important flower holidays. In addition to Easter, such supermarkets ordinarily offered flowering plants at Christmas, Mother's Day and Memorial Day but little or no florals during the remainder of the year.

Foliage Plants

About two-thirds of the 265 supermarkets in the 1985 study displayed foliage plants. Markets D and E expended the fewest display resources on this plant group. By comparison, 82 percent of the supermarkets in 1980 offered items from this group, and in 77 percent it was the principal group among the three. The rapid expansion of production and marketing of foliage plants that peaked in the 1970's had slowed by 1985.

Cut Flowers

Cut flowers were found less often than the other two product groups during both the 1980 and 1985 surveys. Although the difference in 1985 between cut flowers and foliage, i.e. 56 vs. 66 percent, was small, it was greater in 1980 (i.e., 26 vs. 56 percent). In certain markets where the proportion of stores carrying cut flowers in 1985 even exceeded those displaying foliage, a special situation existed. Prepackaged Easter orchid corsages were carried by a great many stores and were recorded as cut flowers. In most of these stores this was the only cut flower item offered. Thus, while the data in Table 2 indicate a very significant proportion of supermarkets offering cut flowers, it should be kept in mind that in about one-half of those cases the presence only of the prepackaged corsage rather than an extensive array of cut crops was the reason for this elevated rate..

Display Characteristics

Permanence

Manifestations of management commitment to floral merchandising takes many forms including the permanence of the floral display, in-store staff assignments and other indicators. A determination was made by enumerators in each store about the apparent permanence of the floral display. It was possible through observation to ascertain whether a store maintained a long-term display (usually year-round) or simply created floral displays for what are commonly called "flower holidays" in the floriculture trade.

Nearly half of the stores in the 1985 study maintained permanent displays (Table 3). Of course, a greater proportion of larger than smaller stores was represented in this category. This is a smaller proportion than is sometimes assumed nation-wide by the floral trade, especially in the size of stores in this study. On the other hand, it is about twice the rate recorded in the 1980 survey.

Table 3.

SELECTED FLORAL DISPLAY FEATURES
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	Permanent display	Supplemental display	Full-time staff	Refrigerated floral display
	(Percent of supermarkets)			
A	68.9	47.8	8.7	23.9
B	80.9	81.8	36.4	45.5
C	66.7	72.7	26.1	34.8
D	11.1	30.0	0.0	0.0
E	20.0	50.0	0.0	0.0
F	28.6	55.8	0.0	5.8
Upstate	51.3	57.4	11.0	19.5
G	41.1	42.1	3.4	3.4
H	32.5	85.0	0.0	2.5
Downstate	37.5	59.8	2.0	3.0
All markets	46.1	58.3	7.6	13.3

Wide differences in permanence were found among markets. For example, eight of nine stores in Market D for which data were available made no year-round offering of florals. On the other hand, 81 percent of the stores in Market B did so. In these two instances, and to varying degrees in other markets, management decisions by the major chain participants had an important effect. For example, affirmative floral decisions by a key firm in Market B led to the same decisions by competitors. These offensive and countering defensive decisions significantly influenced the market-wide pattern.

Supplemental Displays

Nearly 60 percent of the stores established temporary supplemental displays to (a) accommodate the seasonally large inventory of florals and (b) more effectively bring these items to the attention of shoppers. The practice was followed more often by larger supermarkets than by smaller ones. This connection was influenced by availability of selling area and was directly related to the permanence of displays and frequency of full-time staff assignment. Market H was the only important exception.

Staff Assignment

The deployment of in-store staff to floral department duties is another indicator of commitment to the product line. A very small percentage of stores in the state made full-time personnel assignments to the floral enterprise, and those cases were found among the largest supermarkets. Staff assignment usually coincided with other measures of floral intensity, for example, permanent display. Virtually by definition, full-time staff assignment demanded permanent display. Thus, markets demonstrating the highest rate of floral display permanence generally also were the same as those with higher percentages of stores with full-time staff assignment to floral merchandising duties.

Refrigeration

The use of specially designed refrigerated flower display facilities was found mostly among the larger supermarkets. This was one further indicator of permanence and commitment to a long-term offering of floral products. The practice was followed by only one in eight of the supermarkets in 1985; however, a somewhat smaller proportion than that was recorded in the 1980 study.

The frequency of refrigerated displays ordinarily is directly tied to the offering of cut flowers; however, this relationship was blurred by the displaying of Easter corsages. Most supermarkets offering these pre-packaged items did not display them under refrigerated conditions since the length of time they were intended to be available was relatively short.

Signage

The attracting and informing of shoppers is a legitimate intermediate objective of retail merchants. To that end, 70 percent of the supermarkets made use of supplemental signage to capture the attention of shoppers and inform them of the availability, and sometimes the price, of floral items (Table 4). (To be considered in this group, a store merely had to display, at minimum, one such sign. More aggressive merchandisers, of course, exceeded that number.)

Table 4.

FLORAL PRODUCT INFORMATION FOR PURCHASERS
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	Supplemental signage	Price marked	Care information	Supplier identification
		(Percent of supermarkets)		
A	93.2	100.0	62.5	6.8
B	86.4	100.0	38.9	0.0
C	69.6	100.0	60.9	20.8
D	63.6	63.6	62.5	14.3
E	40.0	100.0	50.0	55.6
F	55.6	100.0	57.7	80.4
Upstate	72.3	97.5	57.0	35.0
G	60.0	96.4	24.1	23.5
H	73.2	100.0	82.1	5.3
Downstate	65.9	97.9	48.4	10.9
All markets	69.9	97.7	53.7	28.8

These signs varied in form from simple hand-lettered, store-prepared cardboard signs to more professionally designed and printed signs. The larger the store, the more likely these practices were followed. The use of such devices seemed unrelated to other in-store characteristics of floral merchandising reported here.

Price Marking

Price marking of every floral item on display is difficult to maintain . In most stores floral products are marked at time of receipt or when placed on display. Rapid and large volume receipt at the store, however, and frequent customer handling often result in the disappearance of price markings. For purposes of this study, therefore, the presence of but one floral item displayed with a price mark was sufficient for a supermarket to be judged as following a price marking routine. As a consequence, nearly all stores were credited with price marking although it cannot be concluded that all items on display at any one time were so marked. This overwhelming proportion was recorded in all but one market. A leading supermarket there neglected this basic retail practice.

Product Information

One of the most frequent pleas of retail shoppers for floral crops is for product care information. Many growers, trade suppliers and retailers have recognized this need. They try to meet it through the use of tags or printed packages accompanying the product, and sometimes free-standing literature or posted instruction at the point of sale. This practice is by no means universal, however, but is evident more frequently in the larger stores. Somewhat more than half of all supermarkets in the 1985 study provided information for some part of their floral offerings. (This is a lower rate than the 84 percent recorded in 1980.) Seldom was the information coverage complete within any one of these stores, however.

Market differences in product information appear unrelated to the level of management commitment to florals, however, as demonstrated by other measures. For example, one of the lowest rates of reported use of consumer information was found in Market B, which aggressively merchandises florals. The highest was recorded for Market H. Less than 40 percent of supermarkets in B offered product care information; proportionately more than twice as many did so in Market H.

Supplier Identification

Unlike manufactured and processed items in the supermarket, florals seldom carry supplier identification. In this regard, they are like fresh fruits and vegetables. No federal or New York State laws demand that such information be available to the retail customer. Nevertheless, some of the floral items in almost 30 percent of all stores in both 1980 and 1985 carried clear identity of the supplier.

On average, there was little difference in this proportion according to crop group. On the other hand, large differences on this point existed between markets. The percentages ranged from zero (Market B) to 80 (Market F). In Market F the source was clearly indicated on all three crop types, but no explanation can be offered for this unusually high rate of source identification.

Display Location

The main floral display in the store was located most often at the start of the normal flow of customer traffic. This was the case in 72 percent of the supermarkets in 1985, compared with 57 percent in 1980 (Table 5). The three markets reporting a lower rater in 1985 (A, B and C) were those in which free-standing floral departments were more frequently found. (In fact, this feature was due primarily to the practice of one chain organization which played a major role in all three markets.)

Table 5.

IN-STORE LOCATION OF MAIN FLORAL DISPLAY, RELATIVE TO NORMAL CUSTOMER FLOW
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	At the start	At the end	All other locations
		(Percent of supermarkets)	
A	60.9	8.7	30.4
B	31.8	18.2	50.0
C	62.5	0.0	37.5
D	81.8	0.0	18.2
E	90.0	0.0	10.0
F	84.3	9.8	5.9
Upstate	67.7	7.9	24.4
G	81.1	8.6	10.3
H	78.0	4.9	17.1
Downstate	79.8	7.1	13.1
All markets	72.2	7.6	20.2

The majority of the remaining supermarkets in both surveys located their main floral displays somewhere within the normal customer flow, neither at the beginning nor at the end. Only eight percent located the display at what would be the end of the usual customer flow.

Most main displays in both 1980 and 1985 were placed in or near the produce department. This location was a result of (a) proximity to water sources and (b) responsibility of produce department staff for florals. About five of six supermarkets used the interior of the produce department or immediately adjacent locations (Table 6). One-half placed their main floral display at the entrance to the produce department. One-eighth were located at the exit of the department and another one-fifth were sited well within the department.

Table 6.

LOCATION OF MAIN FLORAL DISPLAY RELATIVE TO PRODUCE DEPARTMENT
265 New York State Supermarkets
Pre-Easter Week, 1985

Market	Outside	Adjacent Start	Adjacent End	Within
		(Percent of supermarkets)		
A	10.9	60.9	13.0	15.2
B	54.5	27.3	0.0	18.2
C	37.5	45.8	0.0	16.7
D	0.0	9.1	18.2	72.2
E	10.0	50.0	40.0	0.0
F	13.7	60.8	19.6	5.9
Upstate	20.7	50.0	13.4	15.9
G	8.5	55.9	10.2	25.4
H	19.5	41.5	14.6	24.4
Downstate	13.0	50.0	12.0	25.0
All markets	17.8	50.0	12.9	19.3

Stores using locations other than the produce department were found more often in larger than smaller stores. Such stores in Markets B and C were especially numerous. Autonomous floral departments with full-time staff were characteristic of one chain organization in particular, and in-store location was selected with little regard for proximity to the produce department.

Floral Prices

Examination of within-store price ranges of floral items in each of the three product groups can reveal the extent of offerings in each group. The larger the store and the greater the selection of products in the group, the greater the price range.

Data in Table 7, for example, clearly demonstrate that offerings of cut flowers were generally sparse. In only 17 percent of supermarkets offering items in that group were price ranges of at least four dollars per item recorded. (The 79 percent rate in 1980 is explained by the fact that proportionately more of the supermarkets were following a year-round fully committed floral program.) By way of contrast, two-thirds of the supermarkets displaying flowering and foliage plants in both 1980 and 1985 offered items within those groups at price ranges of four dollars or more. The highest percentages of these stores were found in upstate Markets A, B and C.

Table 7.

WITHIN-STORE FLORAL PRICE RANGES
EQUAL TO OR GREATER THAN $4 PER UNIT
263 New York State Supermarkets
Pre-Easter Week, 1985

Market	Flowering potted plants	Foliage plants	Cut flowers
		(Percent of supermarkets)	
A	70.5	84.2	40.9
B	95.4	94.7	58.8
C	87.5	71.4	36.8
D	36.4	100.0	0.0
E	66.7	66.7	0.0
F	80.0	40.0	0.0
Upstate	77.2	66.4	21.8
G	31.5	72.2	2.9
H	82.1	52.0	0.0
Downstate	43.5	63.9	2.5
All markets	66.7	65.6	17.0

Tabulations of average range between the lowest and the highest price in each of the three floral groups further supported this relationship. The range was smallest for cut flowers, consistent with the relatively limited offerings (Table 8). Compared to $1.32 for this group, flowering and foliage plants showed ranges of $5.85 and $7.57, respectively. This widest range for foliage plants is in keeping with the presence of items from this group that were priced in some stores as high as $49.00. Seldom did flowering plant prices exceed $13.00. Yet, with the great number of stores offering a large array for the Easter season, the average price range was much higher than for cut flowers and rivaled that for foliage.

Table 8.

WITHIN-STORE MEAN PRICE RANGE
263 New York State Supermarkets
Pre-Easter Week, 1985

Market	Flowering potted plants	Foliage plants	Cut flowers
		(Dollars)	
A	5.39	10.45	2.73
B	8.18	12.53	4.00
C	7.63	11.36	1.95
D	2.09	6.00	0.20
E	4.89	8.67	0.18
F	6.40	5.04	0.38
Upstate	6.93	8.57	1.57
G	2.83	5.22	0.57
H	4.45	5.92	0.60
Downstate	3.50	5.51	0.58
All markets	5.85	7.57	1.32

Markets reporting the widest price ranges were those indicated earlier in this report as more heavily involved in floral merchandising. Markets B and C, for example, reported price ranges in excess of $7.50, well above the upstate and the state-wide averages.

Prices were recorded for two representative flowering potted plants. Six-inch potted lilies (generally 4-6 blooms) and chrysanthemums together were the most commonly offered items in that floral group. Little difference between the two were noted in average price (Table 9). Larger than expected price differences between markets were found. They reflected the fact that markets with generally larger stores exhibited greater price ranges, again due to their generally larger selection.

Table 9.

AVERAGE PRICES OF TWO POPULAR
FLOWERING POTTED PLANTS
263 New York State Supermarkets
Pre-Easter Week, 1985

Market	Lilies	Chrysanthemums
	(Dollars per 6-inch pot)	
A	5.08	5.30
B	6.24	5.57
C	5.50	5.46
D	5.63	6.09
E	5.20	5.40
F	5.87	5.29
Upstate	5.59	5.42
G	5.58	5.28
H	5.49	5.40
Downstate	5.54	5.33
All markets	5.57	5.39

Summary

Floral displays at 265 supermarkets (pre-Easter week, 1985) and 92 supermarkets (Summer, 1980) in New York State were observed. This report emphasizes findings of the 1985 study but occasional comparisons with the 1980 study are made.

The focus was on three floral groups commonly found in supermarkets: (1) flowering potted plants, (2) foliage plants and (3) cut flowers. By design, only stores displaying items in one or more of these groups and operating with at least five checkouts were included in the surveys. During the pre-Easter week, the groups were ranked as listed above according to size, contents and prominence of display. The larger the store, the more elaborate, full and extensive the display.

In-store locations of floral displays were found mostly at the start of the usual customer flow patterns and in or adjacent to the produce department.

Nearly one-half of the stores maintained permanent displays of florals (year-round) although the size and composition of items varied greatly by season. During the pre-Easter week 60 percent of the supermarkets prepared supplemental displays to augment the main displays. Full-time staff assignment to in-store floral duties was evident in only one in 13 stores. Floral items were displayed in refrigerated facilities in one in eight supermarkets.

Supplemental signage was employed in 70 percent of the supermarkets, and virtually all stores price-marked floral items on display. Prepared plant care information was available in more than one-half of the stores, but supplier identification of florals was found in less than 30 percent of the stores.

The larger the store, the more likely these recommended merchandising practices were followed.

In reflection of their presence and depth of selection in the display, the three floral groups (flowering potted plants, foliage plants and cut flowers) ranged first, second and third, respectively, in within-store price range. The average prices (pre-Easter, 1985) for two of the most common flowering plants, lilies and chrysanthemums, were $5.57 and $5.39 per six-inch pot, respectively.