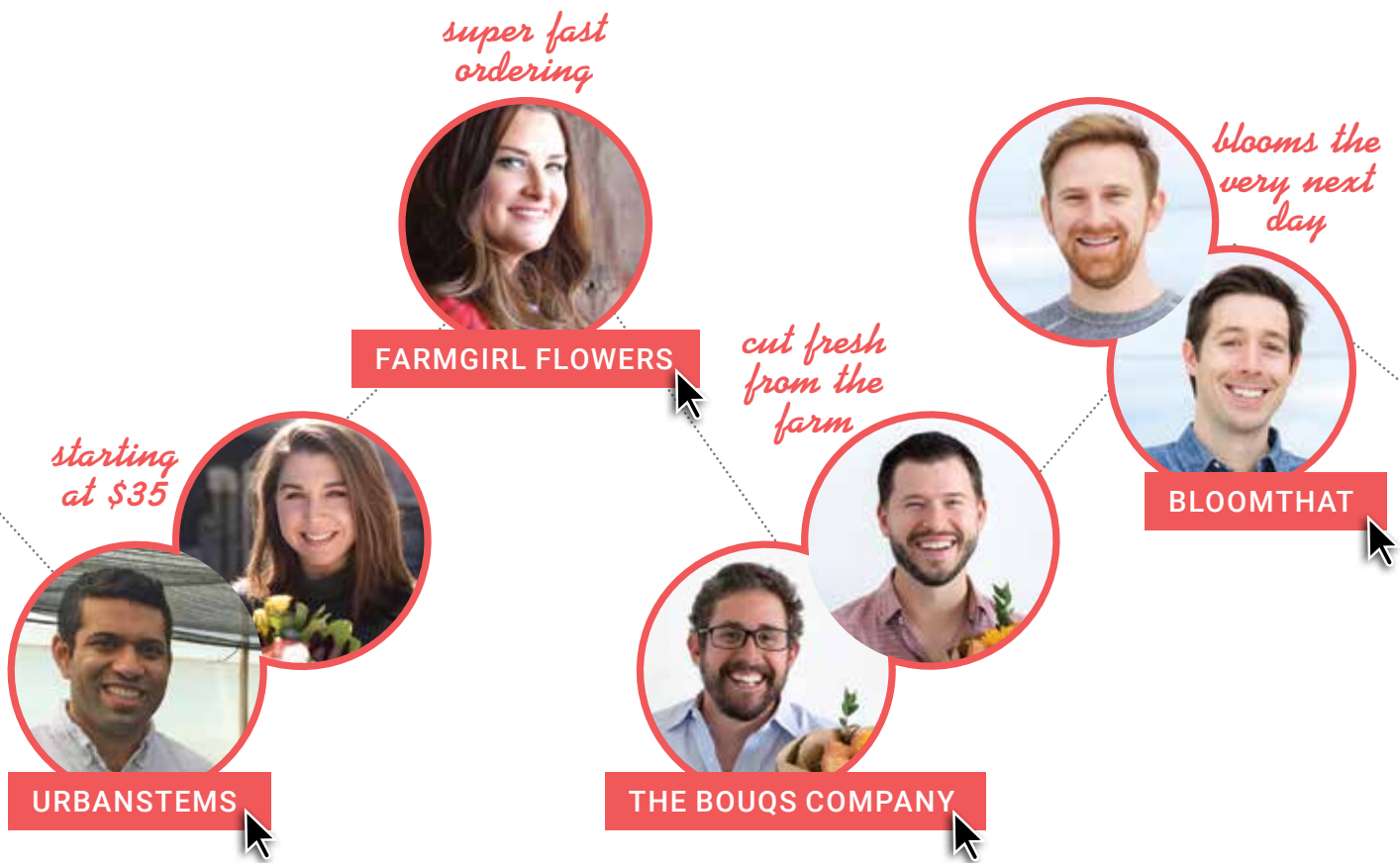




# Faster. Prettier. Cheaper. **More Fun.**

The latest bumper crop of tech startups is leveraging what they say is wrong with the traditional way of buying flowers in hopes of creating legions of new flower-buyers and revenues. Are they a flash in the pan? Or a force to be reckoned with?

— BY MARY WESTBROOK —



### The companies are hard to miss.

You've probably seen their ads pop up on social media: BloomThat. The Bouqs Company. Farmgirl Flowers. UrbanStems. Maybe you've visited their websites. Their visuals? Top-notch. Glorious cut flowers, bound in organic-looking material or dropped in simple containers, captured with sharp, professional camerawork.

The companies, their models and flowers are described in language that is both aspirational — making a customer feel like she isn't buying a flower bouquet so much as supporting a movement — and cozily familiar — with a few swipes and for a reasonable price, we'll take care of you, dear discerning customer, and give you exactly what you want.

Over and over again the companies, which in truth are varied and discreet, make what can sound like essentially the same pitch to customers: Here's a new way to buy flowers online, a better way. Faster service. Higher-end blooms. Transparent pricing. No middlemen. Most include a commitment to a higher cause — the environment, area farms or the total disruption of the flower-buying experience in America today.

### Sound familiar?

Floral industry members who have been working on farms, in wholesale houses and in retail flower shops for decades have heard a variation of this claim — "here's a better way to buy flowers" — from new companies many times before.

Sometimes, the companies appear, generate buzz and then fade away. (Turns out getting perishable product from a field or greenhouse quickly into a consumer's home while maximizing artistry and value is, uh, tricky.) Other times,

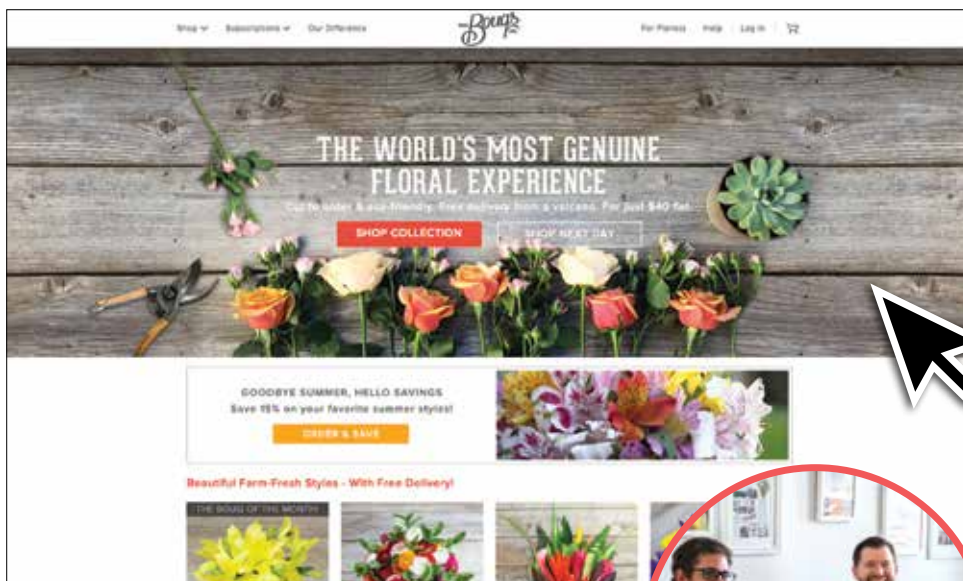
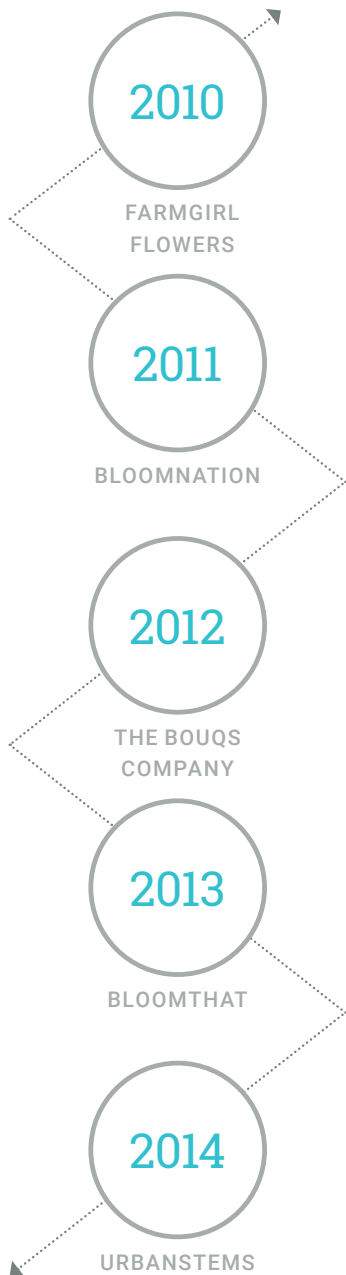
companies have entered the market and disrupted the supply chain, changing consumers' expectations and perceptions of flowers and truly altering the floral industry. (ProFlowers did that when it first entered the industry.)

In the past five years, bolstered in cases by millions in venture capital funding, a new crop of start-up companies led by earnest, determined and often quite young leaders has entered the industry, and some florists, wholesalers and growers are now asking: Will these newcomers last? And, if they do, will they affect my business?

The challenges these companies face are significant. Experts say that 90 percent of U.S. start-ups fail, and as marketing guru Seth Godin likes to point out in his popular books, podcasts and newsletters, it takes years of hard work to become an "overnight success." Still, as some longtime floral industry members note, the level of funding behind these new companies is significant. If even a handful of them succeed, they could be generating hundreds of millions of sales in the near future.

This month, we reached out to the founders of some of these new start-ups to find out more about their vision and evolving models, and how they see themselves fitting into, shaping and yes, disrupting the industry.

## FOUNDING DATES



*the bouqs company co-founders jp montufar and john tabis*

### The Bouqs Company: "Building a Florist Network"

**Founded late 2012, Venice Beach, California**

**Origin story:** Juan Pablo ("JP") Montúfar, cofounder and chief supply officer of The Bouqs Company, grew up on a rose farm in Ecuador. After attending college and working in the U.S., he returned to Ecuador and identified "pain points" that prevented the flower farms there from running more efficiently, including the long turnaround time between payments. His hunch — that he could get flowers to retail florists and ultimately end consumers faster and more efficiently — led to the creation of The Bouqs Company, which he now runs alongside cofounder and CEO John Tabis. In 2014, Tabis appeared on ABC's "Shark Tank," asking for \$258,000 in funding. He didn't get it, but the high-profile exposure helped launch the business: The Bouqs Company received \$600,000 from private parties after Tabis' appearance on the show.

**The pitch:** "The world's most genuine floral experience. Cut to order and eco-friendly. Free delivery from a volcano."

**The model:** "Farm-fresh" bouquets and designed arrangements. Direct sales for overnight delivery, plus a network of about 300 florists in its Artisan Florists network for on-demand

## STYLE AND SUBSTANCE?

One critique longtime floral industry members have of these new companies: They're not doing that much that's truly different. The complaints tend to take the form of:

- "I have farm direct bouquets in my shop — and I sell them for even less."
- "We source from environmentally sustainable programs, too."

- "We have been delivering flowers for decades, and have the expertise to get any sized design, not just a bouquet, anywhere in the area, fast."
- "I'd put my team's customer service skills up against any one of these entities."
- "They're just getting lots of coverage because the media (and consumers) like the shiny and new."

Yet other industry members caution it would be a mistake to dismiss what the companies are doing and how they are pitching themselves to consumers as all style and no substance. In fact, even the websites (and apps) themselves are in a position to — here comes that word again — disrupt the industry, by repositioning flowers as an everyday item and making the flower-buying

experience less intimidating for buyers who are concerned about product origin, value and aesthetics. (That, according to countless think pieces, includes just about every millennial buyer.)

Here are some examples of how the sites have repositioned value propositions to better suit their brands and better connect with consumers of today (and tomorrow).

delivery in as little as two hours. Partnerships with “eco-friendly” farms in South America, Central America, U.S. and Canada. Small number of plants also offered.

**Pricing:** \$40 and up, including delivery.

**Service area:** Nationwide (farm direct); Tabis said the florists in network are able to serve “70 percent of U.S. population.”

**Employees:** 50

**Money, money, money:** The company does not disclose sales numbers. In February 2016, Tabis told The Los Angeles Business Journal that “between 55 and 65 percent of the company’s revenue per quarter comes from repeat buyers.” He added, “We have a core group of buyers that will spend over \$1,000 on flowers annually.” That same month, The Bouqs Company announced a \$12 million Series B funding round. The round includes existing investors Quest Venture Partners, Azure Capital Partners and KEC Ventures, along with Enspire Capital and Draper Associates, among others.

**The big news:** Eleven months ago, The Bouqs Company launched its Artisan Florists network after customers began asking for same-day delivery, according to Tabis. “It’s growing by leaps and bounds,” Tabis said. “We’re really excited about it.” Skip Paal, AAF, of Rutland Beard Floral Group, headquartered in Baltimore, Maryland, already has joined that network; he said the company has been “great to work with,”

and noted a number of florist-friendly perks, including no up-front membership fee, favorable revenue share (75/25), “palette-based” ordering that isn’t flower- or recipe-specific plus an efficient twice-a-month payment system. “You’re never running more than 30 days.” One thing that isn’t there yet: volume. Paal said across five of his locations he filled 575 orders for The Bouqs Company in the first seven months of the year (many of those orders came in during holiday periods). To which Tabis says, have patience. “We’re only 11 months in,” with the network, he said, noting that a revamped website launched in August 2016 will more prominently feature the network’s buying options. (A new app also is in the works.)

**Marketing moxie:** “We use a wide variety of media owned, earned and paid,” Tabis said. That includes digital marketing, content marketing, partnerships, and placement on TV and radio. It also includes a strong public relations program, with celebrity endorsements from stars such as Jessica Alba and Molly Sims and positive write-ups in O Magazine, Forbes, Daily Candy, the Wall Street Journal and People, among others.

**About those prices:** People who have followed the company since its inception will notice that its streamlined approach to pricing has become (slightly) more nuanced. “When we started the business, we had one supply chain”—Montúfar’s farm in Ecuador — “and one price point — \$40,” Tabis said. “We

loved the simplicity, \$40 and 40 SKUs, but we found that customers wanted more selection and different sizes. That feedback led us to expand our sources and introduce different price points.”

**Also in the works:** Bolstered in part by the high-profile wedding of businessman and “Shark Tank” personality Robert Herjavec, who married “Dancing with the Stars” professional dancer Kym Johnson this summer, The Bouqs Company is investing more money and staff into weddings and events, and moving beyond DIY brides. According to Tabis, the company is adding a collection of prearranged packages and partnering with “more florists to design the arrangements for couples.” About three among the company’s 50-member staff are now dedicated to wedding and event work.

**Keep an eye on:** The company’s flower subscription service aims to tap into consumer demand for curated, scheduled gift-giving (think: cosmetic and beauty boxes from companies such as Birchbox and meal-planning services such as Blue Apron). “That’s still a big focus for us,” Tabis said. (The company does not share subscription numbers). Customers choose from three gifting options: Regular (weekly, monthly or quarterly); prescheduled Special Occasions; and Just Because (“Tell us how many times a year; we’ll do the rest.”).

**Final thoughts:** “The long-term plan is to be the largest floral provider in the world,” Tabis said.

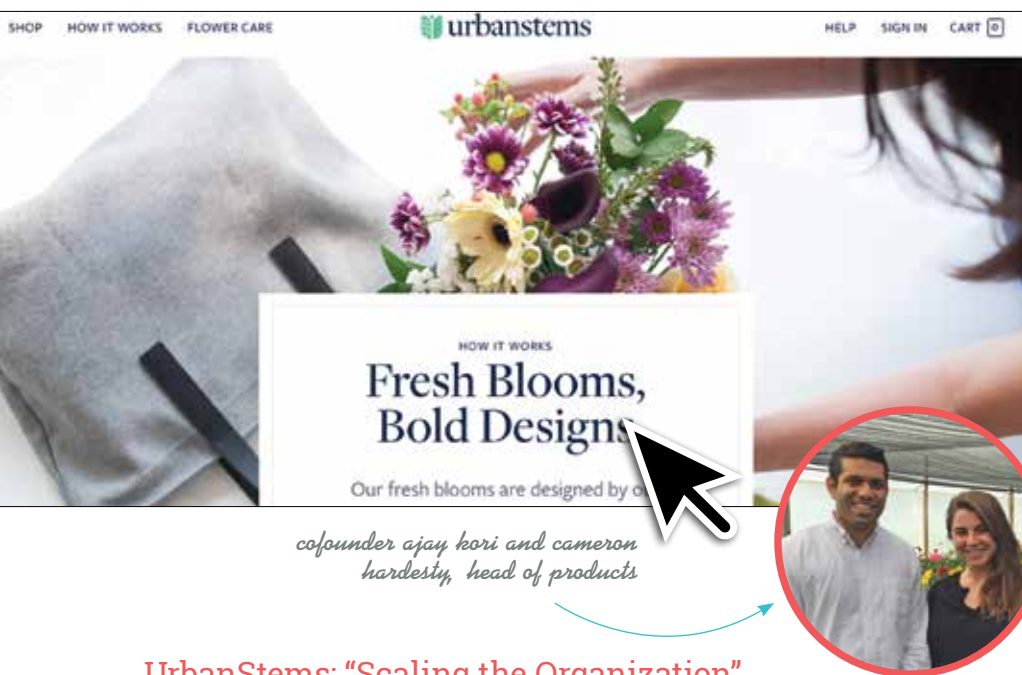


**Old School:** Offering lots of options

**New School:** Presenting “curated” collections and streamlined pricing

**In Action:** The Bouqs Company promises a “3-step checkout” and “no hidden fees.” UrbanStems also details its process in three steps: “Pick your stems; Say something sweet; Send on demand.” Farmgirl Flowers introduced its “one daily arrangement” (in three sizes) to make the flower-buying process even easier (and to reduce waste in production).

**Why don’t you ...** Emphasize your service, including delivery, in every promotion? Enlist a trusted customer to help you identify pain points in your ordering process online, on the phone and in-store. Find that your customers can get their order in and out in three steps? Flaunt that fact.



## UrbanStems: “Scaling the Organization”

Founded early 2014, Washington, D.C.

**Origin story:** Cofounder Ajay Kori, formerly an associate director at Wag.com with Quidsi Inc., was in a long-distance relationship, ordering flowers regularly and feeling disappointed with the results. He joined with Jeff Sheely, previously director of marketing at Overture Technologies and cofounder of WikiBios, to start UrbanStems on Valentine’s Day in 2014. The pair soon caught the attention of Under Armour founder and CEO Kevin Plank, who invested through the private venture capital arm of his company. (Plank has a “soft spot” for flowers, according to the Baltimore Sun: “While an undergrad at the University of Maryland College Park, he ran a flower delivery business each year on Valentine’s Day. The \$17,000 he earned became seed money to start Under Armour, the Baltimore-based athletic apparel brand expected to reach \$5 billion in sales this year.”)

**The pitch:** “We deliver a curated selection of bouquets in an hour, starting at \$35 with free delivery, period,” wrote Kori and Cameron Hardesty, head of products at UrbanStems. “We don’t ever ship [to customers] in a box.” Online, the company notes, “We work with Rainforest Alliance Certified and Veriflora Certified farms to source our fresh, responsibly grown blooms.”

**The model:** Same-day delivery of an edited line of bouquets (usually five to seven at any given time, with different sizes available) using UrbanStems’ bike couriers and third-party contractors. Small plants also offered.

**Pricing:** \$35 and up (including delivery).

**Service area:** Washington, D.C.; New York; Baltimore, Maryland metro areas. The company plans to launch service in Philadelphia in October.

**Employees:** About 30; roughly half are bike couriers

**Money, money, money:** The company does not disclose sales numbers. In April, Kori told the website DC Inno that UrbanStems was “500-600 percent year over year and that growth is accelerating.”

The company recently announced a \$6.8 million Series A funding round led by SWaN & Legend Venture Partners with investments from Middleland Capital, NextGen Venture Partners, Interplay Ventures and Plank’s Sagamore Ventures.

**The big news:** Growth. “On our first Valentine’s Day in 2014, after we delivered something like 100 bouquets during a snowstorm [in Washington, D.C.], we were completely exhausted and wondered how we could ever do that many deliveries for more than one day in a row,” Kori and Hardesty explained. “Today, we’re doing many times that number of deliveries on a daily basis” in all three cities. Additionally, Kori said, “We open a new city one at a time, which is hard.” Hardesty said, for now, the company does not plan to get into nationwide shipping, focusing instead on building delivery and quality assurance systems in each city.

**Tech tweaks:** UrbanStems relies on “a fairly sophisticated algorithm [on the ordering side] that places orders with our farms days in advance so that we have a constant amount of inventory of our five



**Old School:** Boilerplate language

**New School:** Friendly, conversational verbiage

**In Action:** When consumers land on the UrbanStems website’s homepage, they are greeted with two intentional words: “Hello, Happiness.” To promote a recent “summer sale,” The Bouqs Company shared its own cheery “Goodbye Summer, Hello Savings.” Throughout the sites, the companies tend to “speak” directly to consumers in everyday language.

**Why don’t you ...** Review your site and look for opportunities to insert a direct address to customers? Ditch any industry insider language and use common names of flowers.

bouquets at all times, without ever having too much spoilage," Kori and Hardesty wrote. The algorithm is constantly changing and responding to new order data. "It's a living thing," Hardesty said.

**Growing pains:** With that increased work comes a need for more staff and additional partnerships at the farm level. "Finding awesome people and partners to not only help us deliver on our promises, but continue to push the envelope on the best possible customer experience can be difficult as we span geographies and roles," Kori and Hardesty wrote, noting that UrbanStems is currently hiring in a range of positions.

**Let's hear it for the girls:** When UrbanStems started, the founding team expected their main audience would be guys like Kori who wanted to impress a girlfriend. "What we found, that everyone in this industry knows, is that men only send when they have to and women send for everyday occasions," Kori and Hardesty explained. "Our core demographic today is a millennial woman who sends to her friends six to 10 times a year." Many of those orders fall under the "just because" umbrella: "Sorry I missed brunch" or "Happy Monday."

"The \$35 price point makes it easier for friends to send flowers to each other in a casual way, almost like sending a note," Hardesty said. To better serve that market, UrbanStems has focused on making the flower-buying experience, from purchase to delivery, fast. "Our app and website allow customers to order and reorder flowers in under two minutes," the duo said. "We then have the flowers at their recipient's door in an hour or so, with a photo confirmation sent to the purchaser... in real time."

**Final thoughts:** Kori and Hardesty point to their employee couriers and back-end algorithm as "supply chain innovations" that allow them to "hand-deliver flowers faster and better than any of the other start-ups in this space. Because we don't outsource our product sourcing or delivery to a third party, we have total control over quality and the customer experience — and we can quickly make things right if a customer or recipient is anything less than 100 percent thrilled with the delivery."

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## FUNDRAISING

UrbanStems, latest round brings their total funding to around

**\$8.5**  
million

The Bouqs Co. has raised almost

**\$20**  
million  
since 2012

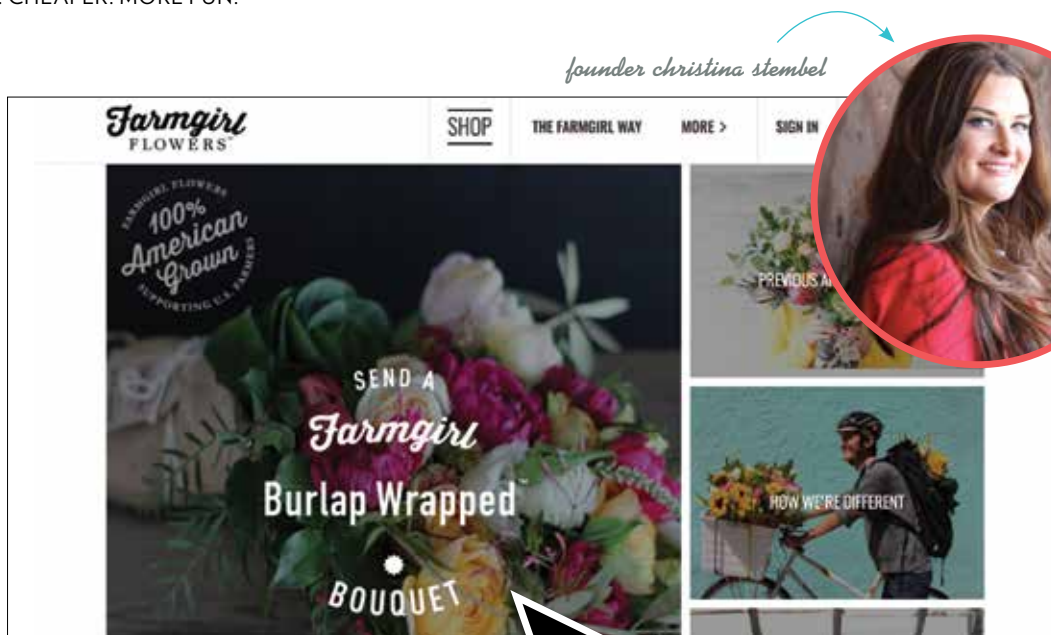
BloomNation more than

**\$7**  
million  
since 2010

BloomThat

**\$7.6**  
million  
since 2013

Source: DCInno, April 2016



## Farmgirl Flowers: Broadening Reach and Mission

**Founded in 2010, San Francisco**

**Origin story:** Christina Stembel was working for Stanford University when she attended a farm-to-table dinner and noticed that everything on the table, from the wine to the entrees, was local, except for the centerpieces.

**The pitch:** “Our goal is to completely change the way flowers are purchased in the United States. We promise to purchase, design, and sell the absolute best quality American-grown flowers and provide an exceptional customer experience — each and every time. We’re committed to business practices that respect our environment, customers, and team members.”

**The model:** Daily burlap-wrapped seasonal bouquets in three sizes (plus a higher end, “fancy” version).

**Pricing:** \$45 to \$85 plus tax and delivery (“fancy” version starting at \$195). Delivery ranges from \$10 to \$25.

**Service area:** Same-day local delivery and next-day nationwide shipping via FedEx Priority Overnight.

**Employees:** 77

**Money, money, money:** \$4.4 million in sales in 2015, up from \$1.9 in 2014. Projecting \$10.8 million this year.

**The big news:** A year ago, Farmgirl launched national shipping. “It already makes up over 50 percent of our orders,” Stembel said, adding that the company itself is growing 250 percent year over year.

**New digs and new faces:** In April, the company moved out of the San Francisco Flower Mart and into a 10,000-square-foot facility, doubling its space. In the last year, Stembel has doubled her workforce to 77 team members (all but one work in



**Old School:** Not sharing details on product origin

**New School:** Showcasing relationships and casting them as partnerships

**In Action:** Farmgirl Flowers has an entire page devoted to its farmer partners (along with links to the companies' social media sites and web pages), and The Bouqs Company is currently unveiling a series of small videos spotlighting its partners. (Founder John Tabis said he “absolutely” plans to launch similar videos for the company’s network of florist partners.) Particularly among millennial consumers, that transparency is important.

**Why don't you ...** Highlight your own ties? If you have local products or know where a product comes from, make sure you note the facts and share information. If you work closely with a local wholesaler, promote that community connection.

San Francisco). Employee well-being continues to be one of her top priorities: "We offer full medical benefits to all full-time workers and encourage everyone to be full-time if they want to be," she said.

**Good-bye, L.A.:** Stembel opened and closed a Los Angeles branch in less than six months in 2015. "The biggest obstacle we faced there was delivery and, unless we could take half the cars off the road, there wasn't a way to solve it," she said. "So instead of bleeding money down there, we decided to fail fast and close it down and reallocate the spend to our national shipping program. It's one of the best decisions I've made even though it was painful at the time."

**Homegrown challenges:** "Being able to source enough U.S. grown flowers direct from farmers has been extremely challenging," she said. "We may have to change our sourcing practices based on our inability to secure enough domestically grown product to meet our growth needs." At press time, Stembel said she couldn't comment on what those specific changes might be. "My personal goal is to create a company that I'd want to buy from, work at and sell to."

**Sticker shock:** Another challenge? Those \$25 shipping fees. The trick is "growing quick enough to increase our buying power with FedEx ... We subsidize each order that is shipped right now," she explained. Still, "the high [\$25] rate is our biggest customer complaint."

**Reality bites:** Stembel appeared on CNBC's reality business show, "The Profit," earlier this year. Host Marcus Lemonis offered her \$1 million for 20 percent of the business and a \$500,000 credit, which Stembel refused. (Her initial request was \$1 million for five percent of the business.) The show taught her that "reality TV isn't real even if it's on a business network," she said. "I also learned that sometimes you have to take personal risks, even if it means you look like a fool, to increase sales, and I'm definitely willing to do that for my company."

**Final thoughts:** Farmgirl's national program is "growing like gangbusters, and is how we're going to be to really compete with the traditional eComm companies in the near future," Stembel said.

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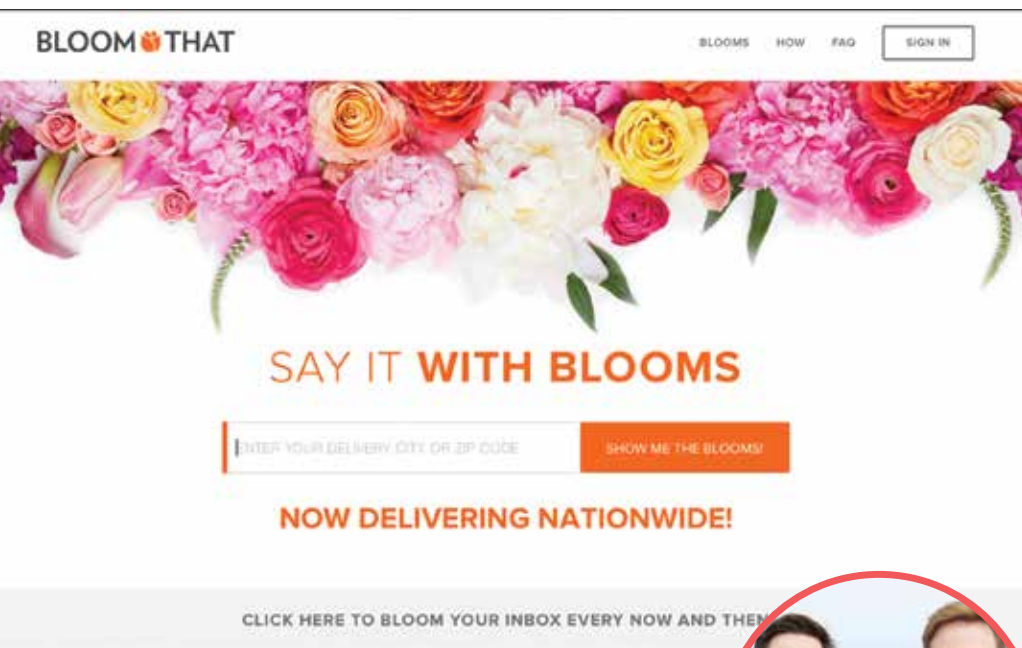
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## Where We Deliver

*David Bladow, cofounder and CEO  
and Matt Schwab, cofounder  
and president*



## BloomThat: Finding Its Flow

**Founded in 2013, San Francisco and New York**

**Origin story:** BloomThat was founded “on the premise of encouraging people to be more thoughtful — sending blooms outside of holidays and more often celebrating the ‘just because’ moments,” explained Matt Schwab, cofounder and president, and David Bladow, cofounder and CEO, in an email.

**The pitch:** “We aim to do few things, but do them better. All of our bouquets are designed around what’s fresh and in-season. Instead of offering 50 options, we put together a simple selection of the best flowers available. Curated and designed to make you look good and the person receiving flowers feel great. Simple.”

**The model and service area:** Bouquets delivered same-day in the Bay Area, Los Angeles and New York City; next-day nationwide.

**Pricing:** Starting at \$38 plus shipping

**Employees:** Almost 50

**Money, money, money:** The company does not disclose revenue numbers, but with “backers like Forerunner Ventures, First Round Capital and Ashton Kutcher, BloomThat has raised about \$7.6 million in funding to date,” according to a February 2016 story in Fortune magazine, which estimated “the startup has an annual revenue of over \$5 million.”

**Stumbles and restarts:** “The first iteration of BloomThat’s business model was to partner with local florists, have them build the product and outsource the delivery,” as Fortune notes. “They found the bouquets did not have a consistent look because the florists had their own creative interpretation of what the arrangement should look like.” The second iteration was to “own the entire process — work with farms directly, build an internal driver network and manage independent contractors.” That strategy proved costly. “We were burning half a million dollars a month,” Schwab said. “And we had just a little over \$1.6 million in the bank, effectively meaning we had three months left. This was when I had our ‘Oh s—’ moment. It was insanity.” Schwab and Bladow then “decided to



**In Action:** BloomThat has “The Polly” (\$49) which is “setting the summer ablaze” with its hot pink and orange tulips. UrbanStems has “The Marrakesh” (\$45 — roses, mums, alstroemeria and hypericum berries) for “The Jetsetter” friends “with endless stamps on their passport.” The personalization helps buyers narrow their chances and injects fun into the flower-buying process. It also speaks to all of the companies’ goals to sell flowers as an everyday luxury, and there’s evidence that the approach is working. BloomThat’s founders told Fortune magazine in February that 60 percent of sales are “just be-

cause” orders; UrbanStems said its “core demographic today is a millennial woman who sends to her friends six to 10 times a year”; and The Bouqs Company has said “55-65 percent of the company’s revenue per quarter comes from repeat buyers” with “a core group of buyers that will spend over \$1,000 on flowers annually.”

**Why don’t you ...** Create collections and name designs? Bring your staff into the fun and brainstorm names based on current trends. (UrbanStems promotes one of its designs as perfect for “glamping” stars... That’s “glamorous camping.”)

**Old School:** Sell by occasion (birthday, anniversary, sympathy, etc.)

**New School:** Sell by recipient with trendily named products

work directly with the growers and show them how to assemble the bouquets in a consistent manner — all on the farm. ... BloomThat's burn rate dropped from \$500,000 to \$15,000 in 60 days."

**Waste not?** BloomThat also has been working on a unique "predictive algorithm that estimates how much inventory to order within a 5 percent margin of error," the pair explained. "It can be extremely difficult to account for waste in the floral industry, and we've managed to incorporate this technology to solve for a pain point across the business."

**Courting GenY:** In June, the company launched Bunches, a smaller bouquet at a lower price (starting at \$38 vs. \$49). "Millennials are a big market for us, but more than half of [them] traditionally spend less than \$50 annually so we're trying new and different ways to inspire them to join this thoughtfulness movement," they wrote.

**Shipping woes:** The company recently started working with new growers in Oregon to help lower delivery costs for customers in the Pacific Northwest, but those costs remain a thorn in their side. "We know that in order to become the go-to company people use for those 'just because' moments, we will need to become more accessible by opening up new distribution centers in the middle of the country and lowering delivery fees," Schwab and Bladow wrote.

**Final thoughts:** "If we can make being thoughtful and sending flowers simpler at a more reasonable price, maybe we can get people to send flowers more often," Schwab told Fortune. "We didn't know anything about the industry, but it came from a personal pain point. I would send my fiancé flowers more often, but why is it so expensive and why does it suck?"

**Mary Westbrook** is the senior contributing writer and editor of the Society of American Florists. [mwestbrook@safnow.org](mailto:mwestbrook@safnow.org)



*farbod shoraka,  
bloomnation  
cofounder and ceo*

## "YOUNG BLOOD" CHECK IN

Back in 2013, Floral Management editors talked to a number of industry up-and-comers. That story included a profile of Farbod Shoraka and BloomNation, the (at the time) still very new online floral marketplace Shoraka had launched alongside Gregg Weisstein and David Daneshgar, in part with winnings from a two-day poker tournament.

That unusual origin story garnered lots of media attention, but the core of the company's mission always had a softer side. For years, Shoraka had watched his aunt, Shirin Kazemi, struggle to guide her store, Bird of Paradise, in Irvine, California, through the challenges of deceptive listings and what he perceived as unnecessary middlemen.

Since then, BloomNation has grown to include more than 4,000 florists in "every state and all major cities and rural areas." It offers florists a place on the BloomNation site, as well as their own BloomNation page and back-end tools to manage inventory, delivery areas, email marketing and analytics, along with a point of sale system. Florists receive 90 percent payout of total order (product and delivery), and the company charges no monthly fees and does not require a contract.

While BloomNation does not share revenue numbers, "I can say

that we are four times larger in revenue than we were a year ago," Shoraka said. "We have been venture-backed by the top investment firms Andreessen Horowitz and Spark Capital. These firms have helped companies like Airbnb, Lyft and Instagram turn from small little start-ups to the powerful companies they are today."

**What's new:** Thanks to a recent deal with Yelp, Yelp users can purchase the products listed on a florist's BloomNation profile right from their Yelp page. "This is increasing the revenue of the florists by giving Yelp users a really easy way to purchase," Shoraka said. (The agreement with Yelp prohibits BloomNation from releasing more specific information.) The company now sends out a unique link to a verified purchaser to leave a review on their experience. "Only purchasers of an arrangement will be able to leave a review, which stops fake/malicious reviews from being posted," Shoraka said.

In the past year, BloomNation also has "ramped up our marketing platform so that we can handle all email retention efforts on behalf of the florist," Shoraka said. The company also recently launched a Google AdWords program.

**-M.W.**