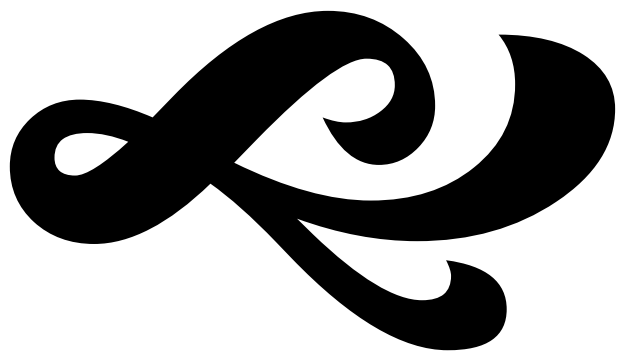


# IS YOUR VALENTINE'S DAY STRATEGY A SURE BET?



**A pandemic-rattled supply chain, a three-day holiday weekend, and customers craving some TLC demand you rely on more than luck for a successful 2021 holiday.**

BY BRUCE WRIGHT



In September — nine months after the beginning of the pandemic, and seven months after the first lockdown orders were issued, with all of the disruption that ensued — Rakini Chinery, AAF, AZMF, of Allan’s Flowers in Prescott, Arizona, was still feeling stressed and nervous about weekly flower orders. Ninety miles north of Phoenix, she knows she’s at a disadvantage compared to larger florists in bigger metro areas.

“Even now, we might order something and not get it,” said Chinery, who operates one brick-and-mortar location. “We’re told only that the grower didn’t have it, or that it didn’t ship. [Recently,] I ordered a box of 100 carnations; when I opened it, there were only 50. Or I’ll purchase an assortment of colors, expecting at least four, but then what arrives is at least half white.”

Similar problems can crop up whether Chinery orders from her regular wholesaler or buys direct (with delivery via FedEx). "I am for sure concerned about Valentine's Day," she said.

Things were going better at Nielsen's Florist and Garden Shop in Darien, Connecticut, but flower shop manager Bob Sabia also reported challenges: "One day there are tons of flowers at the wholesaler; two days later, nothing. I'm trying to order enough at the beginning of the week, so we don't have to worry." With shipments from Holland, he said, sometimes there are delays. There, the cost of freight has pushed prices up, some as high as 15 or 20 percent (mainly for Dutch roses).

The most unsettling part, said David Lang, president of Welke's Milwaukee Florist, is the unpredictability: "You never know from day to day. One minute you can get it, the next you can't."

Fresh product staples are more reliable than specialty flowers, Lang acknowledged, where supply has been affected by the big downturns in weddings: "Your local wholesaler is not going to bring in 20 boxes of dendrobium orchids, because weddings aren't requiring it. They're going to bring in five boxes, and those could get gobbled up."

Even hardgoods supplies, especially glassware, have been scarce at times, with long back orders, as both Lang and Chinery reported. (The solution there? Stock up and get creative about using containers you do have on hand, suggest florists. Read more on p. 27.)

Unpredictability has been the constant for most of 2020, and florists are learning to manage expectations, plan earlier and adapt their offerings to keep customers mostly unaware of that

uncertainty. If this is the "new normal" for the foreseeable future, now is the time to prepare for Valentine's Day 2021 — a holiday that falls on the Sunday of a three-day weekend during pandemic. The silver lining for the holiday: There are strategies you can adopt and perspective you can learn from right now that will help you drive sales and reduce stress.

### Down on the Farm

What's the hitch? With flowers, it starts at the farm level. While production has largely rebounded from the first days of the pandemic, some impacts are still being felt.

Following the initial, dramatic drop in demand in March, many growers domestically and internationally cut back. "When this started, we flattened out production a little bit," said Oscar Fernandez, director of sales at Miami-based grower and distributor Equiflor-Rio Roses. "In March, you wanted to play everything close to the vest."

But resurgent demand for Easter and Mother's Day gave encouragement to growers. In fact, 70 percent of floral industry members responding to a Society of American Florists survey reported an increase in Mother's Day 2020 sales — with many saying they could have sold even more flowers if they'd been able to source additional product or bring in more staff. At press time, early signs for Christmas spending also were positive: About two-thirds of retailer respondents to a separate SAF member survey were optimistic about a holiday sales increase for that holiday.

For Equiflor, early fall (ordinarily a big season for weddings) saw production drop "a little below" what it would normally be for that time of year, according to Fernandez. By this winter, "We'll have pretty much everything available," Fernandez assured. "We're planning

Liza Roeser  
CEO, FiftyFlowers



Steve Dionne  
Executive Director, CalFlowers



**"Putting fear before hope is one of the biggest mistakes we can make as business owners. I'm not saying to ignore reality. But when you calm down the fear and let the hope in, you can apply your creativity and focus on solutions instead of problems."**

—Liza Roeser, FiftyFlowers

Valentine's right now, and we're actually asking for more flowers than we did last year. I think it's going to be a good holiday."

Steve Dionne, executive director of CalFlowers, said fresh supplies look strong in California. "There were some farms that didn't make it through the COVID period, and there have been disruptions in the supply chain on certain varieties," he said. "But other farms have already stepped in." He added that some lily and bulb growers in the state are planting 10 percent more, year over year. "That's in anticipation of a carrying-forward of the demand they've seen so far during the pandemic," he said.

### ♥ The New Normal

Even as demand has sprung back, other factors are affecting cut-flower production. Growers have had to **implement new protocols, buy new equipment, and adopt new standard operating procedures** aimed at complying with regulations related to social distancing and crowd control to keep workers safe. Many of these measures tend to **slow down production** and certainly **cost money**. (For example, if buses operate at half capacity, the cost to transport workers may double.)

### Little Guys, Big Guys

A number of mostly smaller farms that were already stressed financially have been threatened with closure, according to Joaquin de la Torre, managing partner for cut-flower breeder Ball SB. Of these, most have been purchased by other, larger flower-growing companies. So, they are still producing, but their orientation may have shifted toward a different kind of distribution, through the mass market and supermarkets.

"A small wholesaler or importer might find themselves in more difficulty getting flowers today, not because there are no flowers, but because they were used to buying from these smaller companies," said De la Torre. When fewer people control access to the flowers in the market, it can create challenges for certain buyers. "Barring a weather problem, there will be enough flowers," he assured. "But how the supply will play out also depends on the relationships of buyers with sellers."



Oscar Fernandez  
Director of Sales, Equiflor-Rio Roses

For retailers, he clarified, "The key seems to be, to keep those relationships in the best possible terms and be aware of what is going on. In the end, they want to sell as many flowers as possible."

That's advice that David Pruitt, CEO of the California Cut Flower Commission echoed, noting that the wholesale segment also has seen significant consolidation in the past eight months. "One of the biggest things that retailers can do ahead of Valentine's Day is to get orders in even earlier than usual," he said, noting that strong partnerships matter more than ever. "The better your relationship with your supplier, the better you're going to do."

On top of the pandemic, climate change, leading to unpredictable and often catastrophic weather events, increasingly threatens flower farmers around the world. In August, "I was talking with a farmer in a region of Ecuador that is not too high up," said Liza Roeser, CEO of flower shipper



Augusto Solano  
President, Asocolfiores

FiftyFlowers. "In the middle of our conversation, he said, 'I've got to go: Suddenly, I've got a foot of snow [outside].' Three hours later, talking to a farmer in California, I heard, 'Today I have these flowers, but with the fires and the record heat, I don't know if I will have them tomorrow.'"

During SAF's Countdown to Christmas virtual event in late October, F.J. Trzuskowski, vice president of sales at Continental Floral Greens, said supplies of evergreens were healthy, despite



## CONNECT WITH YOUR PEERS

Ready to talk more about Valentine's Day? Join your industry peers on Dec. 4 at 3 p.m. ET for Gear Up for Valentine's Day, a virtual event sponsored by FTD that's free for SAF members. Find out more, register for the event, or watch the recording after the event at [safnow.org](http://safnow.org).



the wildfires, though growers had been forced to make adaptations, including restricting the use of power tools in certain areas. "Supply looks good for Valentine's Day," he said. "Leatherleaf fern is a big seller for this holiday and the weather has been cooperating."

### ♥ The New Normal

The pandemic did not cause but did **accelerate a long-term trend toward consolidation**, say longtime industry members in breeder, grower and wholesaler segments. For retail florists, that means it's more important than ever to **solidify strong partnerships with partners and to stay aware of changes in other segments** that could impact buying decisions.

### Turbulence in the Air

The crippling of the airline industry has thrown the biggest wrench of all into the gears of the floral-industry supply chain. The vast majority of the cut flowers sold in North America are at some point transported by plane. The initial impact of the pandemic was to reduce passenger traffic to a mere 10 percent of the normal volume, according to various aviation experts.

While most of the flowers shipped from South America fly in cargo planes, not passenger planes, the grounding of passenger planes causes a ripple effect. Between South America and Miami, the percentage of flowers shipped in passenger planes is only about 30 percent, according to recent industry estimates. Along other routes, however, the figure is much higher. Flowers making the trip from Amsterdam to North America are much more likely to fly in passenger planes, simply because there are many more passenger flights.

Globally, the cargo capacity of passenger planes is down a full 74 percent over last year, said Craig Musson, managing director for Wafex in Australia, a flower trading business with a presence in 26 countries across the globe. (Musson was speaking at the Recovery from Crisis Conference, September 15, sponsored by AIPH, the International Association of Horticultural Producers.)

Cargo planes can take up some of the slack. But even taking into account both passenger and cargo planes, total freight capacity is down by 30 percent.

Sometimes the effect of reduced freight capacity is delayed product, according to Hernan Galindo, vice president at Airglades International Airport, which has been proposed as a new cargo center for perishables north of Miami. With a smaller margin of flexibility, if there are weather or maintenance problems, there is less backup — and flowers are again competing with other perishables, sometimes at a disadvantage in terms of profitability or volume.

What will the impact be this winter and spring? Competition for cargo capacity increases over the period of the Christmas holidays, said Fernandez, "so what we will see in December is a bit of an unknown."

For Valentine's Day, airlines have already built in the traditional 50 percent rate increase for the holiday, according to David Armellini, CEO of Armellini Logistics, which specializes in temperature-controlled shipments of perishable product, including flowers. "That gives them enough to fly back empty. They're already making enough on the turn, so I think the rate will be solid."

### ♥ The New Normal

Flowers will continue to compete for the **reduced freight capacity** with other perishables, such as salmon from Chile.



Hitchhiking on a passenger plane tends to be a more affordable way for flowers to fly than on cargo planes, so when passenger-freight capacity diminishes, that already spikes the cost. But **competition has intensified for cargo-plane capacity** as well, further driving prices up. "Some flower lines can absorb the price increase," said Musson. "Others

**"One of the biggest things that retailers can do ahead of Valentine's Day is to get orders in even earlier than usual. The better your relationship with your supplier, the better you're going to do."**

—David Pruitt, CCFC



David Lang  
President, Welke's Milwaukee Florist



— fillers, foliage — can't. Blocked-space agreements that shippers used to rely on have fallen away."

## Sea Changes

The new market reality in freight favors bigger shippers with larger loads. "Smaller buyers and smaller exporters may struggle," said Musson, "because freighter movements will need to be in scale until passenger flights come back."

Likewise, flowers coming from major production areas, as in Colombia or California, may fare better with air-freight options than flowers coming from, for example, New Zealand or South Africa, which traditionally have filled in seasonal gaps for specialty flowers for the U.S. market.

Can sea freight fill in? Maybe for some — but sea transport remains an option that works better for the shippers who enjoy long lead times for delivery

and large volumes — i.e., the mass market. (Floral Management covered the challenges and opportunities of sea freight last year. See "Go Deeper," p. 29.)

## ♥ The New Normal

Prior to the pandemic, sea transport had increased to about 10 percent of total shipments to North America from Colombia and Ecuador, especially for large bouquet traders, according to the Produce Marketing Association. But since the beginning of the pandemic, it came down to 6 percent, as Augusto Solano, president of Asocolflores, the Association of Colombian Flower Exporters, reported, also speaking at the AIPH conference. **"The supply chain has been getting shorter and shorter over the years,"** Musson concluded. "Now, getting product from A to B is not as simple as it used to be: **It requires closer cooperation.**"

## WHAT ABOUT HARDGOODS?

Now that you have a handle on fresh product supply chain tension points, what about hardgoods, including glassware? During an SAF virtual event in October, several florists, including Brenda Sterk of Eastern Floral outside of Grand Rapids, Michigan, and Cameron Pappas of Norton's Florist in Birmingham, Alabama, noted slowdowns in the supply of these product categories.

While there were signs at press time that some of the slowdowns were easing, florists' advice for handling reduced orders or backorders remained the same: Stock up when you can and look for opportunities to move older hardgoods inventory throughout the holiday.

In Poplar Bluff, Missouri, Justin DeGonia, AIFD, CFD, PFCI, said he's handling a glassware shortage by marketing some of his containers as "vintage" or "antique inspired." Customers have responded approvingly, and he and his small team of six have cleared out containers that would otherwise collect dust. In Birmingham, Pappas has incentivized his designers to clear out inventory of glassware they have on hand, items that in a "normal" year might have been pushed to the back of the rack in favor of new items.

Read more and find other strategies at [safnow.org/moreonline](https://safnow.org/moreonline).



## On the Road Again

Early in the pandemic, many wholesalers saw floral sales evaporate, with no clear indicator of when they might pick up again. It was simply not possible from a cost perspective to run regular truck service out of Miami in the face of such dramatic reductions in demand (and revenue), according to Armellini.

Since then, wholesalers and the truck service they rely on have recovered "quite well," said Armellini. In September, he reported overall volumes at 90 percent of last year. "Some wholesalers are doing considerably above last year, some about even, some at 60 or 70 percent," he detailed, depending on the market they are in and how well their competitors came through.

## ♥ The New Normal

Two factors, though, are impacting truck service more than the pandemic: **a shortage of drivers** (a long-standing issue in the industry heightened by the pandemic) and a **sharp rise in the cost of insurance**. Some smaller carriers have gone out of business, Armellini reported. Ultimately, trucking companies will have to start charging more. But any impact on the price of flowers will be small compared to **hikes in the cost of air freight**, according to Armellini.

## In Your Shop

All through the chain, one approach to the pandemic has been to go conservative — avoiding what might be perceived as higher-risk options, sticking to staple flowers, and reducing SKUs, both in terms of flower varieties and in terms of featured designs. The specialty flowers that got a boost from the wedding market, prior to the pandemic — flowers like garden roses, dahlias, scabiosa, or even more exotic items — can certainly be more expensive and harder to get, in general.

They are, however, still very much in demand, said De la Torre. At mass-market outlets, when consumers are offered mixed bouquets that include anything "new and different," they get snapped up. Look at the global trend to gardening that has bloomed during the pandemic, he pointed out: "Anything that looks like you went out and cut it from your garden is popular right now."

At Nielsen's, customers are always on the lookout for more unusual flowers, said Sabia — and while those may be harder to get, customers also accept substitutions more easily in this category.

So, while retail florists may not be able to promise a specific item on their websites, and especially not in advance of a holiday, they shouldn't neglect any opportunity to snap up flowers that will make their designs stand out.

This year, with the heightened popularity of plants, orchids or other trendy plants could also be a popular Valentine's Day option if presented in the right, romantic container or with a keepsake gift. Remember, too, that in recent years Valentine's Day has expanded in scope to include non-romantic recipients, from daughters to "Galentines" — a trend that could get a boost from the enforced social isolation of the pandemic.

Mother's Day 2020 was a surprise success for many florists. Once again, limiting both SKUs and managing expectations (which also helped florists to cope with smaller staffs) were in fact key strategies there.

"We told customers they had two color palettes, pastels or bright colors, and that was it," said Chinery. "And give us a price. We didn't give them a lot of choice. And our Mother's Day was the best in four or five years.

"With Valentine's Day, I don't know," she continued. "I know that for myself,

Flower Shop Manager, Nielsen's Florist and Garden Shop

Bob Sabia



Managing Partner, Ball SB

Joaquin de la Torre



**"Barring a weather problem, there will be enough flowers [for Valentine's Day]. But how the supply will play out also depends on the relationships of buyers with sellers."**

—Joaquin de la Torre, Ball SB

F.J. Trzuskowski  
Vice President of Sales, Continental Floral Greens



Hernan Galindo  
Vice President, Airglades International Airport



Dave Pruitt  
CEO, California Cut Flower Commission



I'm tired of hearing the excuse, 'It's because of COVID.' How will people feel about that after almost a year?"

Indeed, customers are not as understanding about substitutions now as they were at the beginning of the pandemic, Lang has observed. His solution is to tackle expectations head on: "Limit what you offer on the web," he advised. At Welke's Milwaukee Florist, they will feature what they know they can get and keep it simple, looking at what has been popular in previous years.

No doubt, however, some customers will insist on red roses. Chinery is talking with a supplier in Ecuador who assures her that the farms are planning on the usual availability of product, which can be FedEx'd right to her door — providing the weather cooperates with the harvest.

Because of her remote, vulnerable location, she has been exploring this and other new buying options. Some of these have only opened since the beginning of the pandemic, including wholesalers

who never came as far as Prescott before. That is one good thing that came out of the crisis, she said: "We've had to be creative, seek out new ways of placing orders, work around obstacles."

### ♥ The New Normal

Find ways to **streamline options**, and **reduce SKUs**, to give your design room the most flexibility possible.

**Communicate clearly with customers** to help keep expectations realistic. Look for opportunities to **sell what you have**, rather than buying for specific orders.

### Get in the Mood for Valentine's Day

It's old advice, but still good advice: For Valentine's Day, prebook.

"The further in advance you book, the better chance you have of getting what you need," said Fernandez. Prebooking, he clarified, helps with the whole supply chain, securing not just availability but also freight costs and reserved logistics.

"As always, book in advance," agreed Armellini, "maybe even earlier this time, because it is a big mass-market holiday." Mass-market buyers will prebook very early, as De la Torre also explained, with consequent impact on availability and price. What is left over is what will be available for the traditional distribution chain.

And despite the holiday falling on a Sunday, many industry observers are predicting high-volume flower sales for this coming Valentine's Day.

### ♥ The New Normal

Too hopeful? Still feeling fearful?

"Putting fear before hope is one of the biggest mistakes we can make as business owners," said Roeser. "I'm not saying to ignore reality. But when you **calm down the fear and let the hope in, you can apply your creativity and focus on solutions** instead of problems." 🌸

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## GO DEEPER

Floral Management covered some of the transportation challenges vexing the industry even before the pandemic — and some of the opportunities in newer models, including more sea freight. Find out more at [safnow.org/moreonline](http://safnow.org/moreonline).