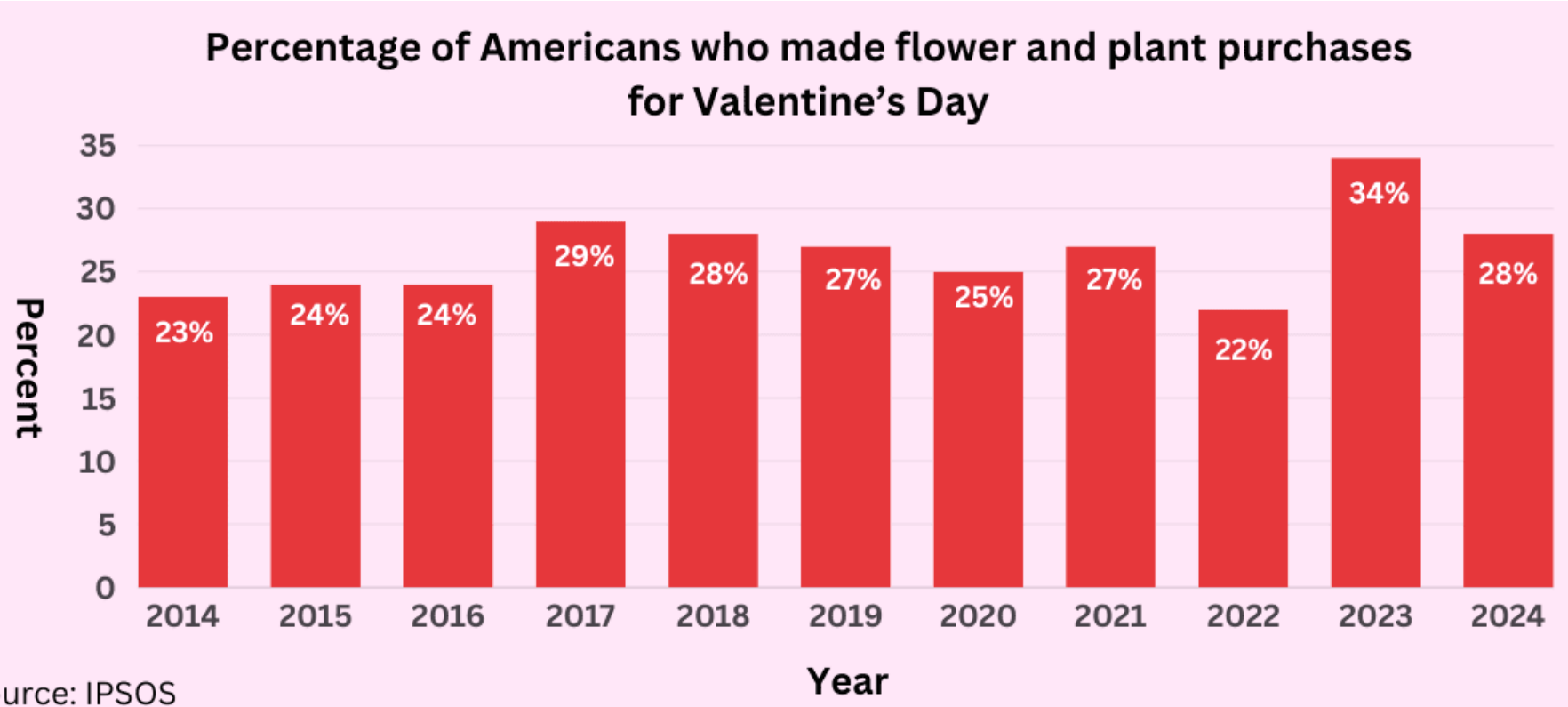
Gear Up For SMART Growth: Economic Insights to Guide Your Business Decisions

Dr. Charlie Hall

Chief Economist, SAF

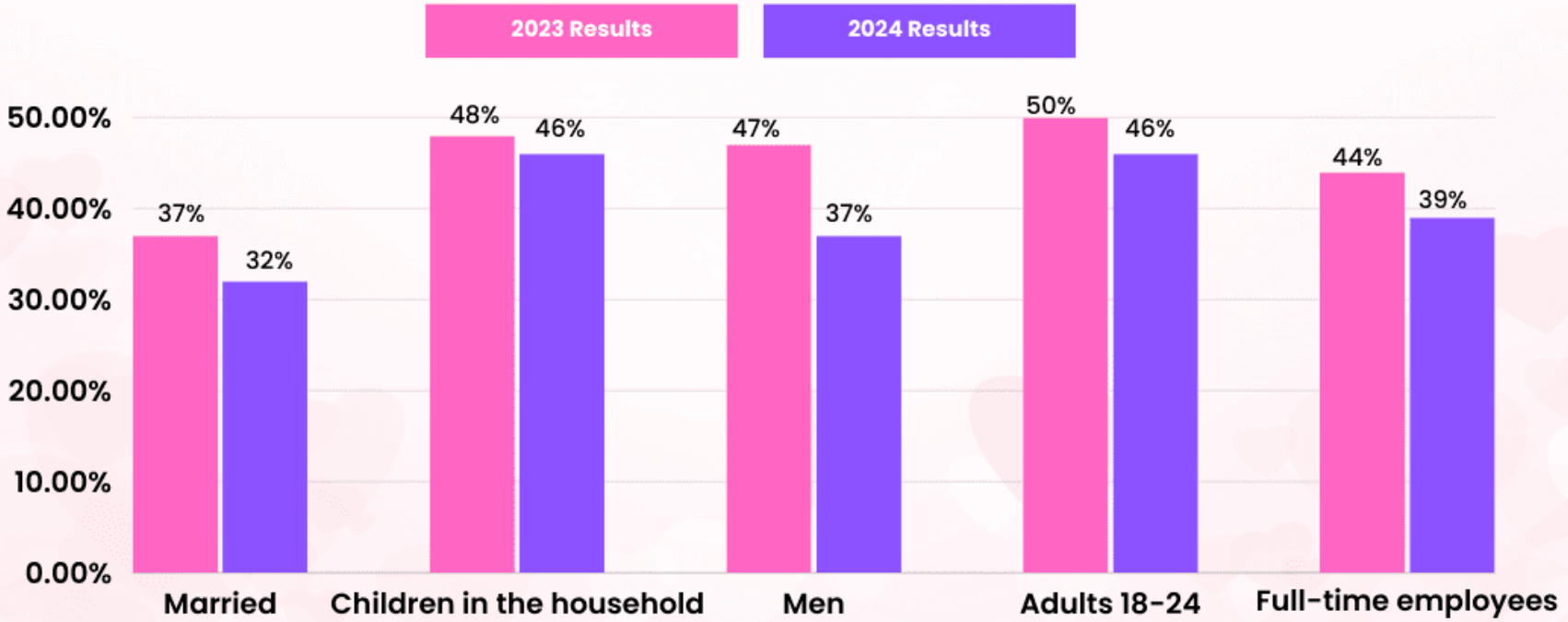
Let’s recap…

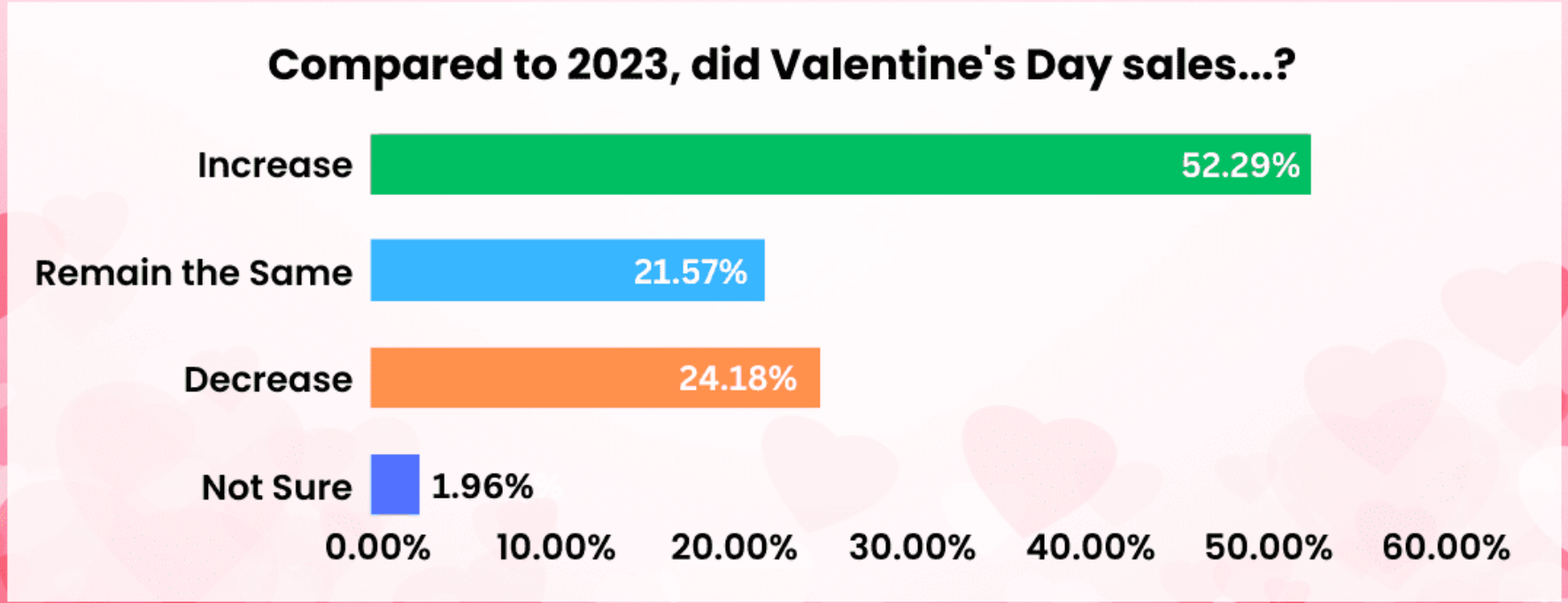
IN GOD
AG 26600225A
G7

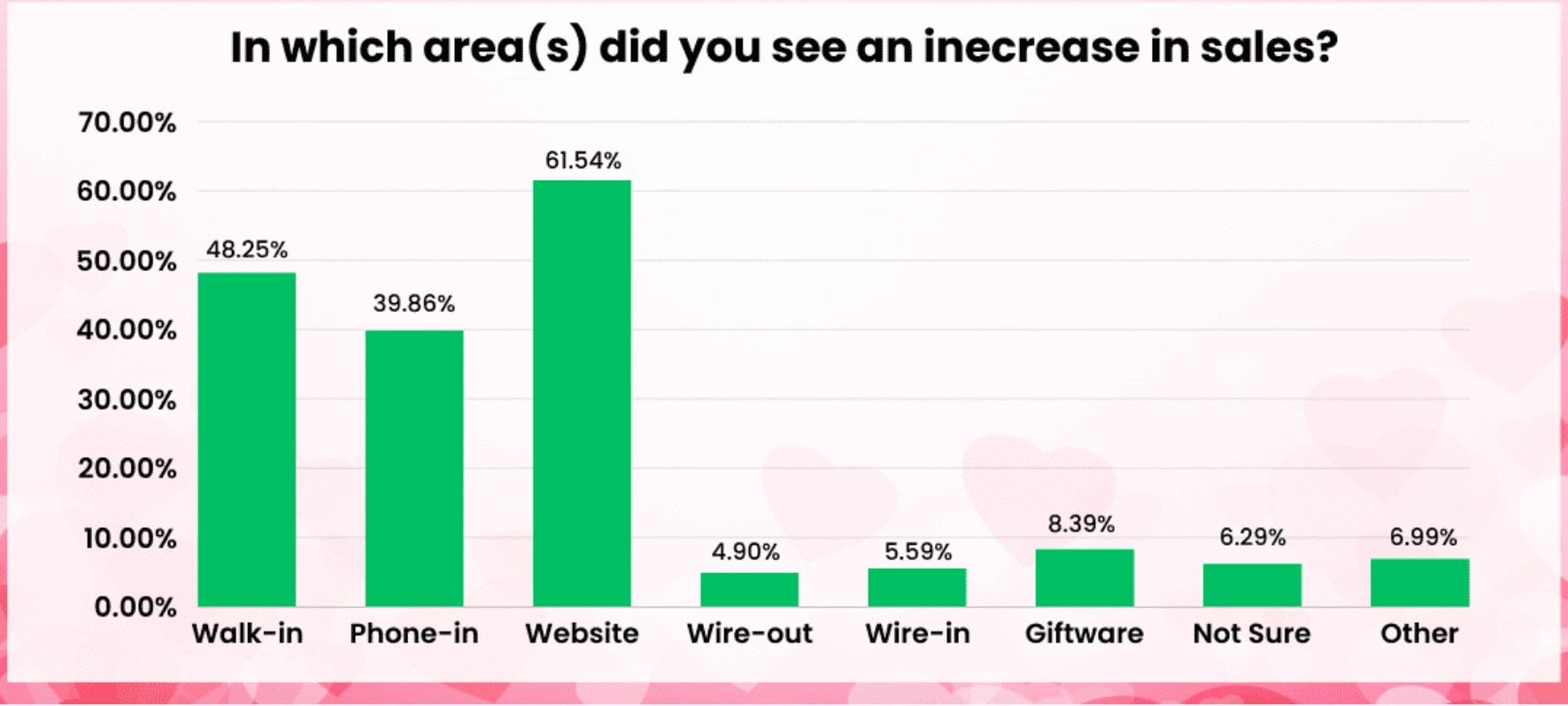


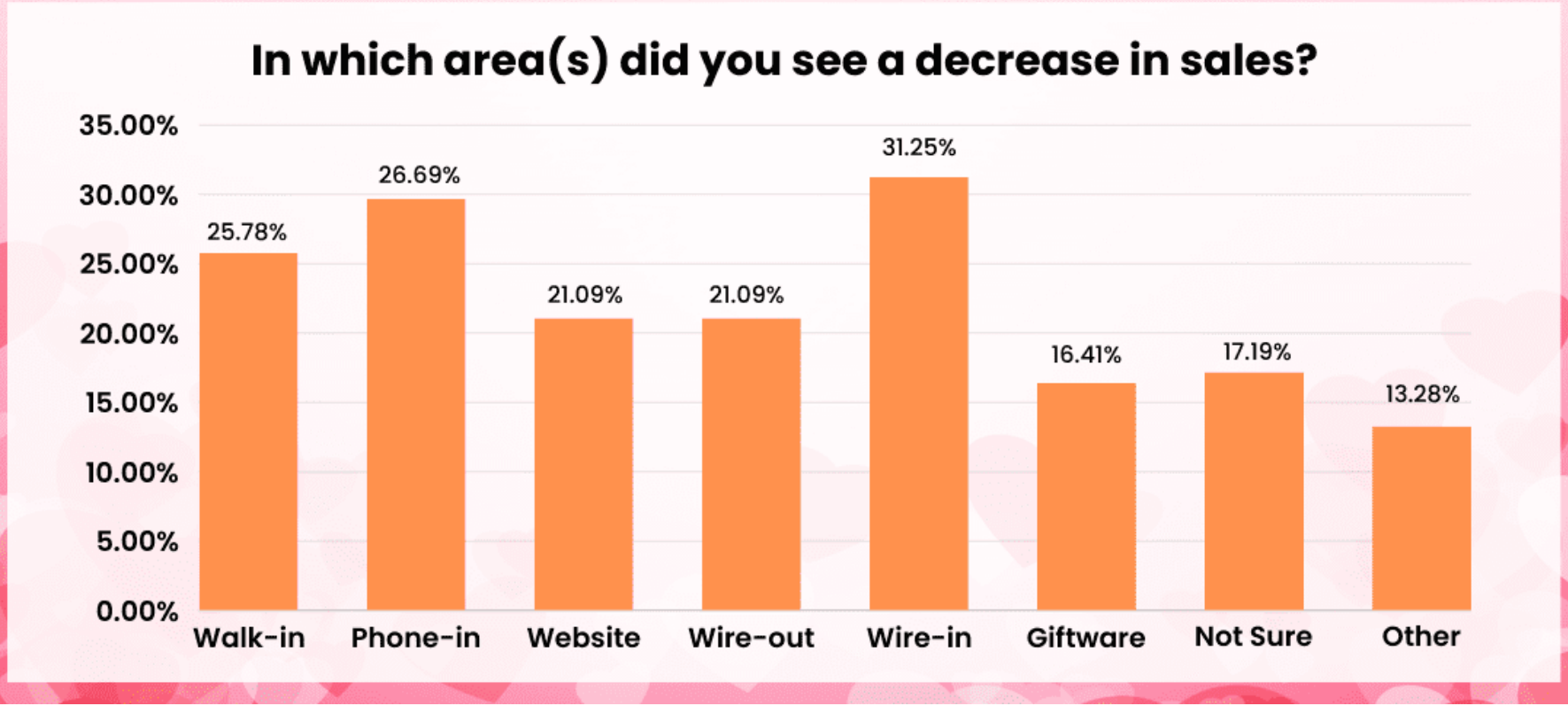
Source: IPSOS

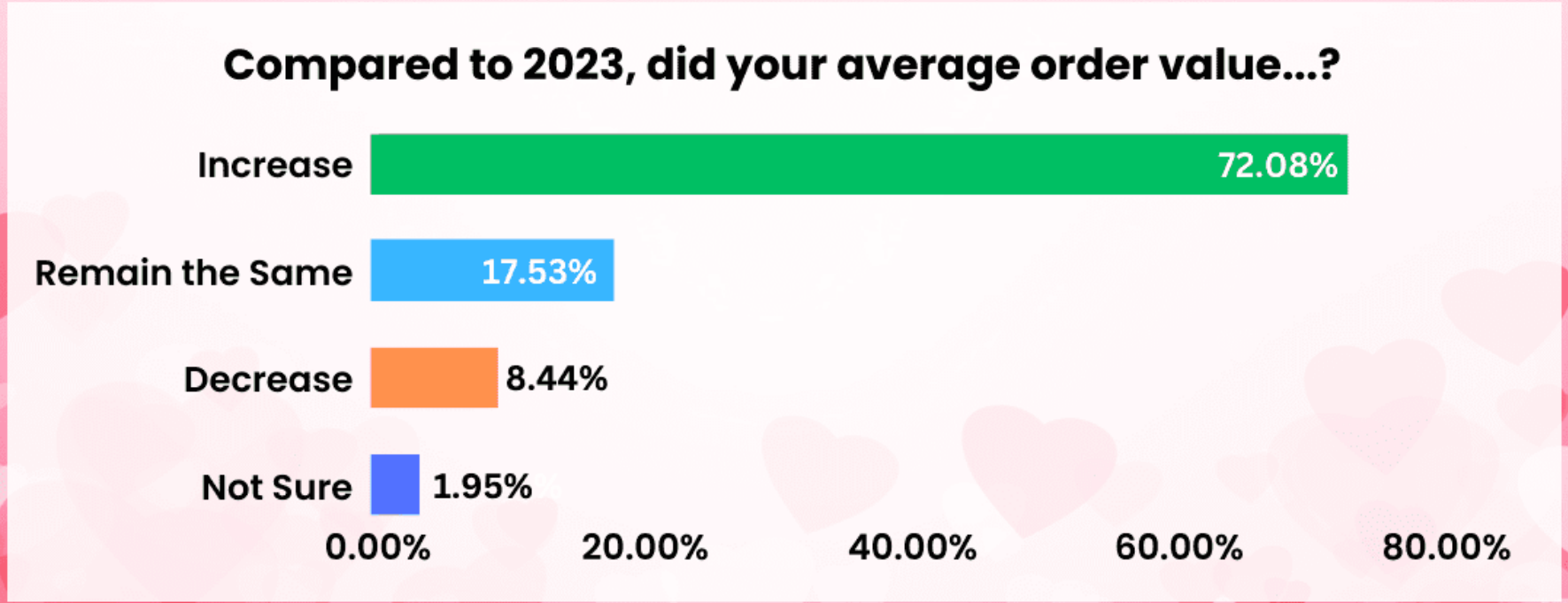
Who Purchased flowers for Valentine's Day in 2024

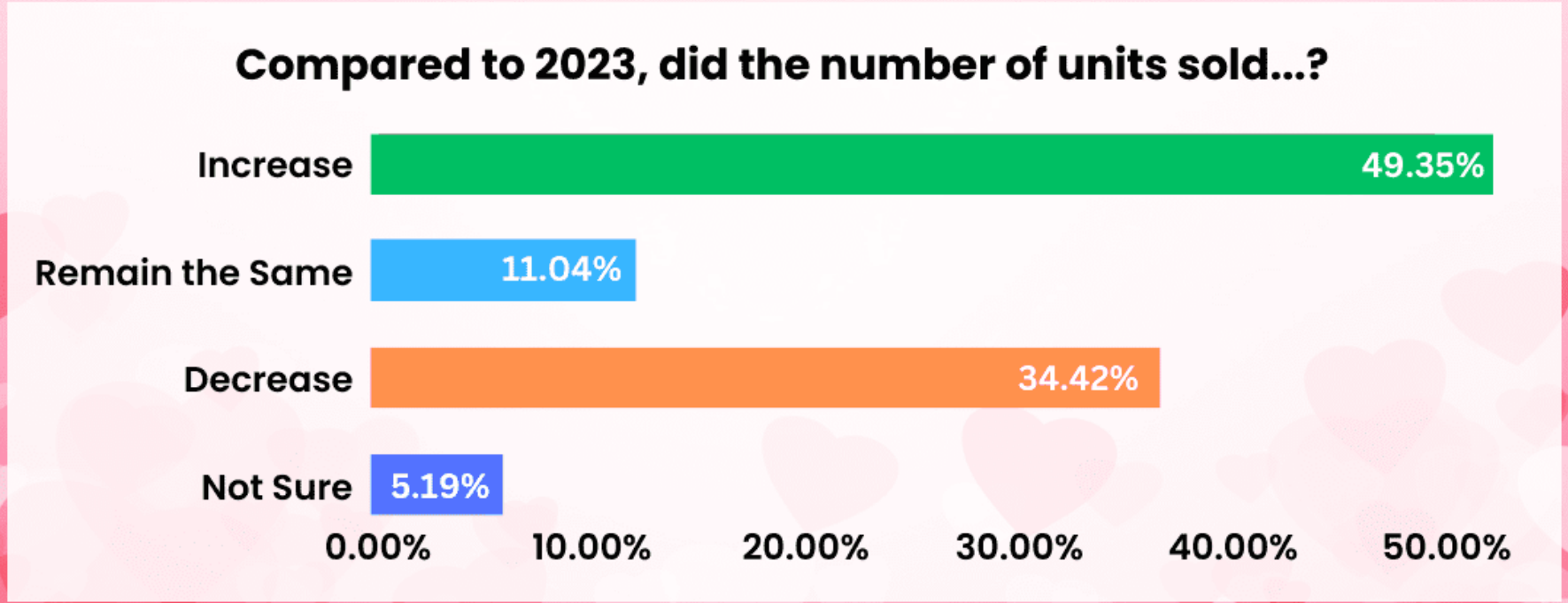



Compared to 2023, did Valentine's Day sales...?
Increase
52.29%
Remain the Same
21.57%
Decrease
24.18%
Not Sure
1.96%
0.00%
10.00%
20.00%
30.00%
40.00%
50.00%
60.00%


In which area(s) did you see an inecrease in sales?
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
48.25%
39.86%
61.54%
4.90%
5.59%
8.39%
6.29%
6.99%
Walk-in
Phone-in
Website
Wire-out
Wire-in
Giftware
Not Sure
Other

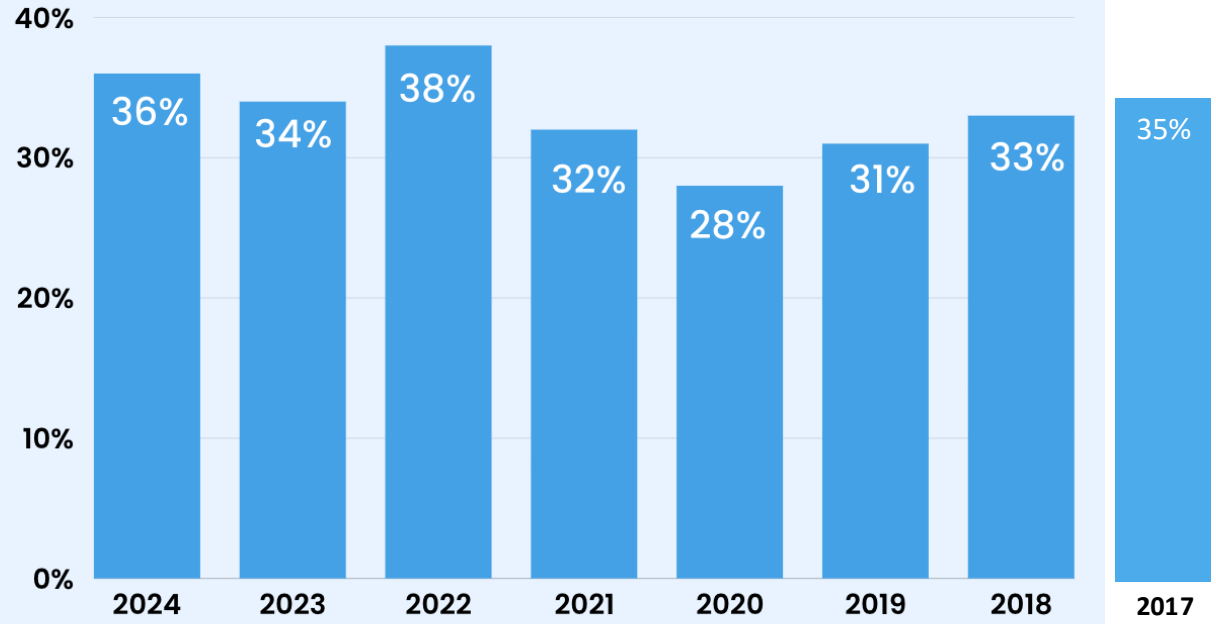

In which area(s) did you see a decrease in sales?
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
25.78%
26.69%
21.09%
21.09%
31.25%
16.41%
17.19%
13.28%
Walk-in
Phone-in
Website
Wire-out
Wire-in
Giftware
Not Sure
Other


Compared to 2023, did your average order value...?
Increase
72.08%
Remain the Same
17.53%
Decrease
8.44%
Not Sure
1.95%
0.00%
20.00%
40.00%
60.00%
80.00%


Compared to 2023, did the number of units sold...?
Increase
49.35%
Remain the Same
11.04%
Decrease
34.42%
Not Sure
5.19%
0.00%
10.00%
20.00%
30.00%
40.00%
50.00%

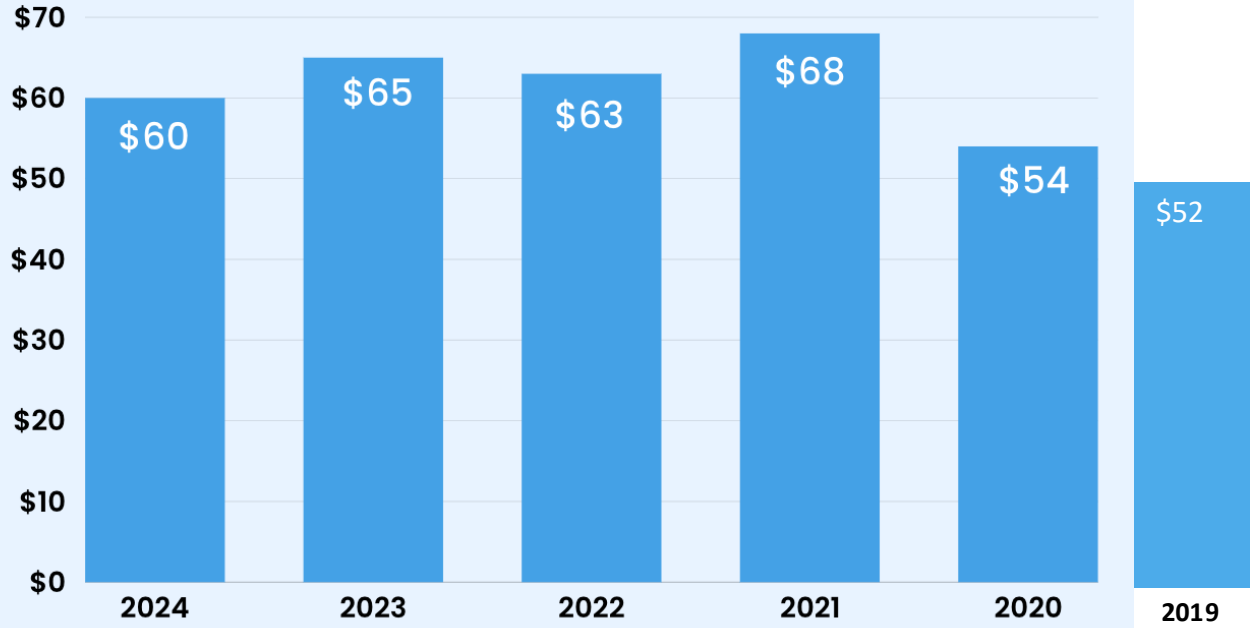
HAPPY
Mother's
Day

Percentage of Americans Who Bought Fresh Flowers or Plants for Mother's Day



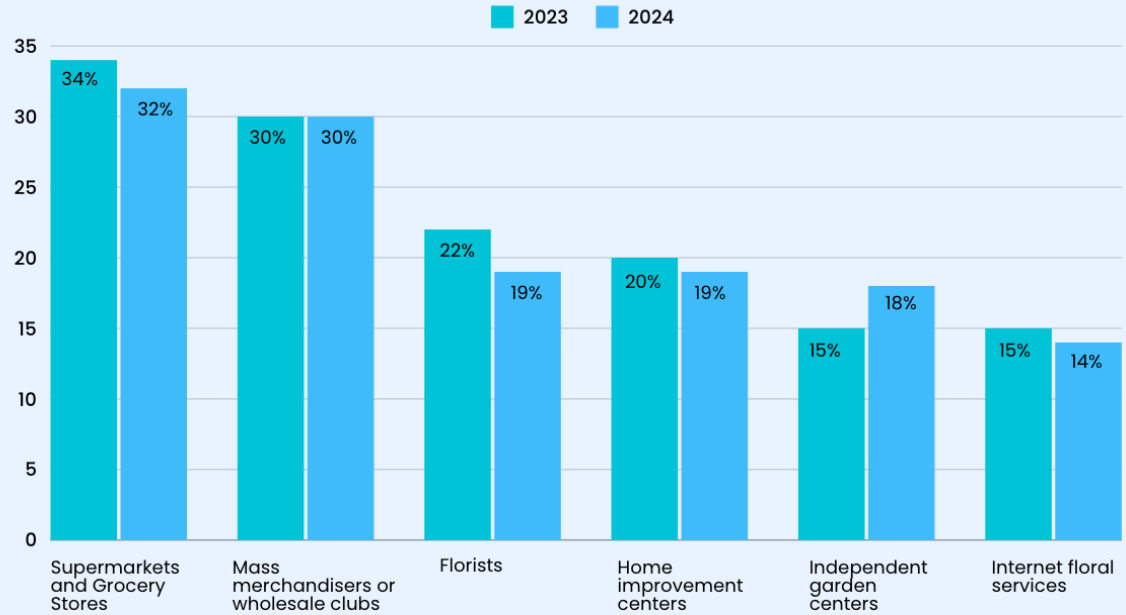
Source: Ipsos survey conducted May 10-12, 2024

Average Amount Spent on Flowers and Plants for Mother's Day



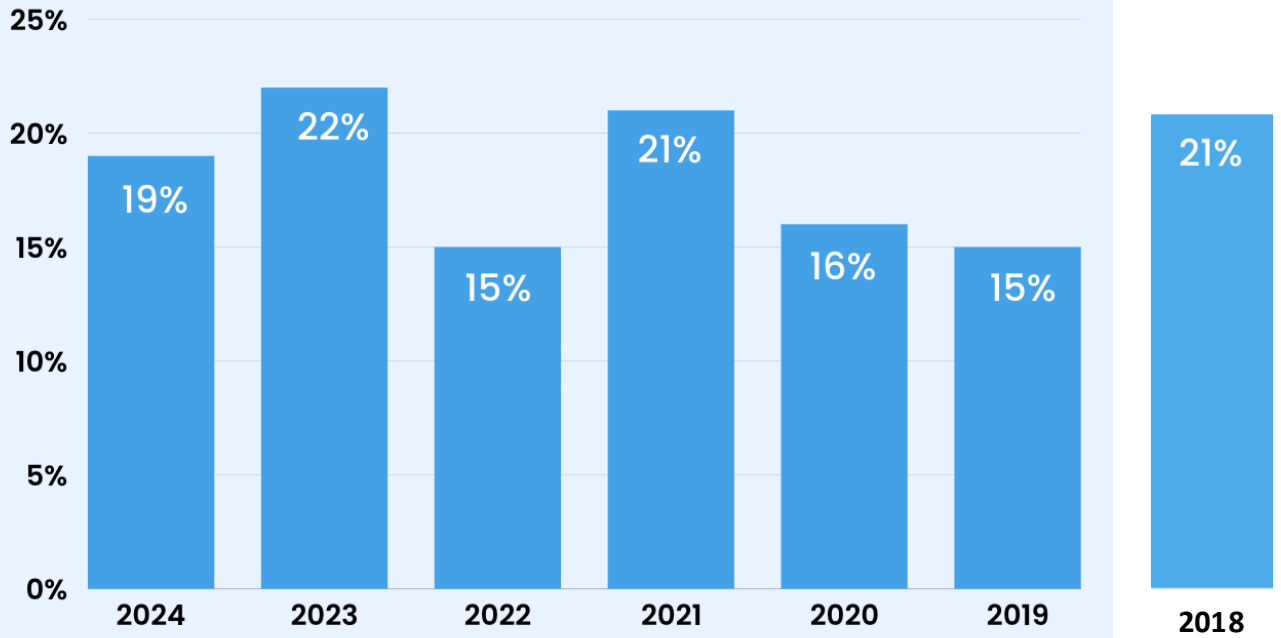
Source: Ipsos survey conducted May 10-12, 2024

Top Sales Outlets for Mother's Day Flower and Plant Purchases



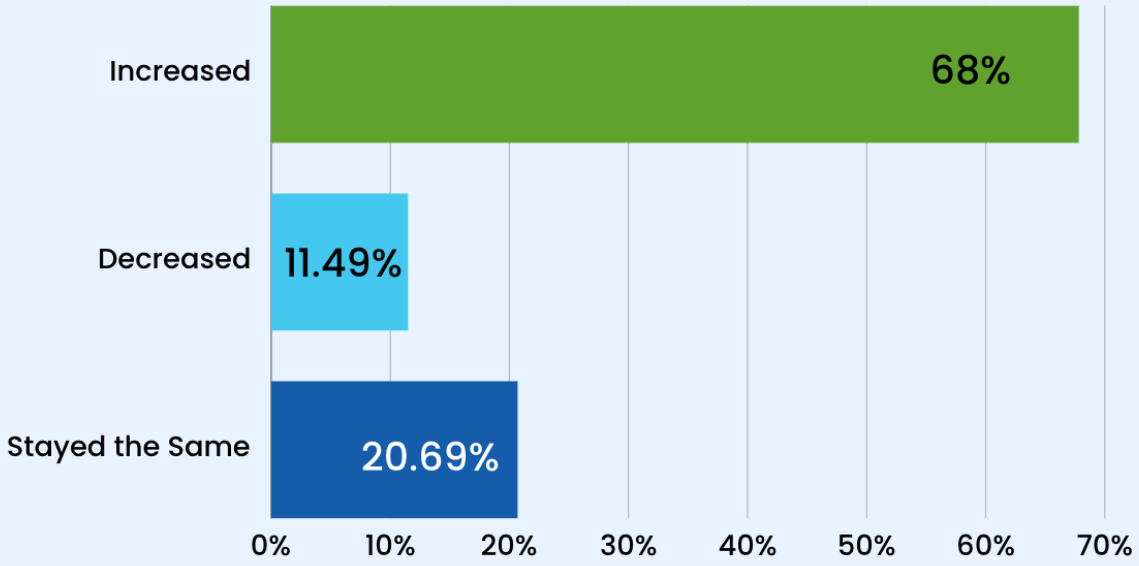
Source: Ipsos survey conducted May 10-12, 2024

Percentage of Americans Who Made Mother's Day Purchases From a Florist



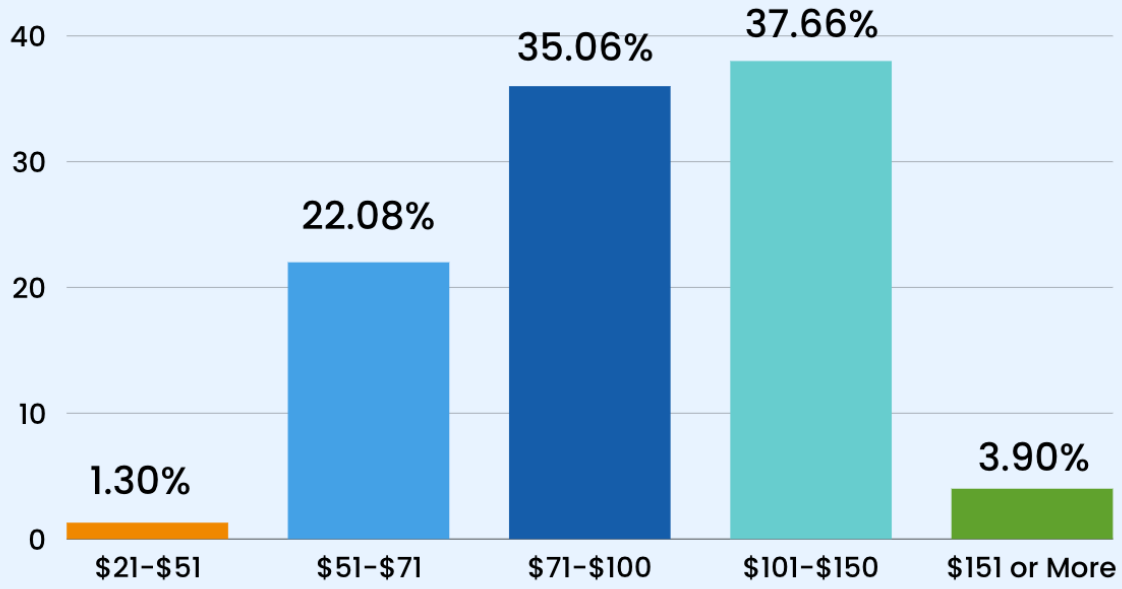
Source: Ipsos survey conducted May 10-12, 2024

Average Order Value Compared to Mother's Day 2023



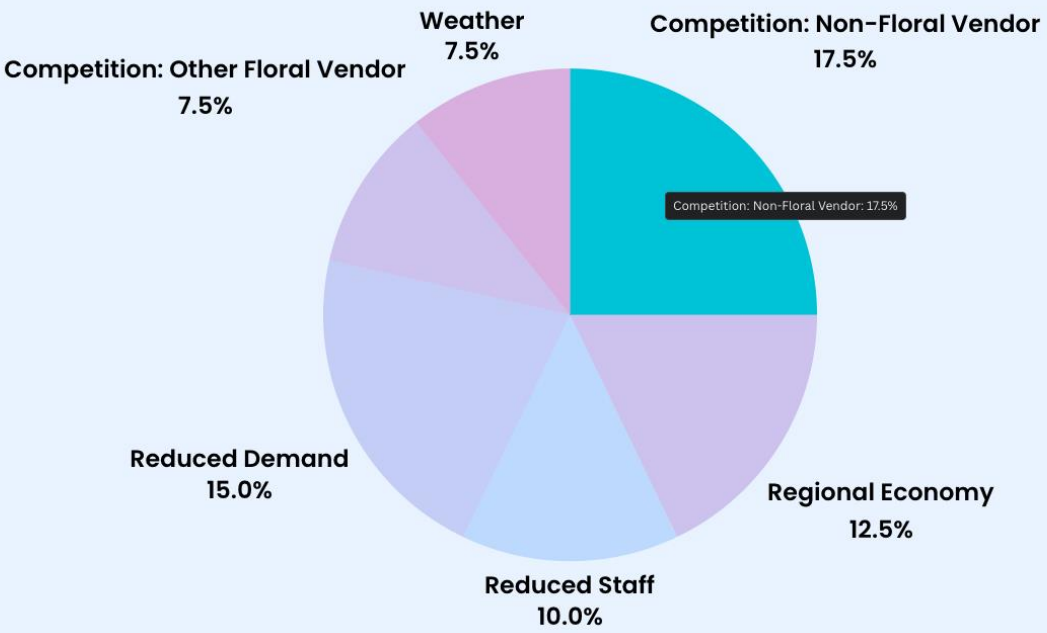
Source: SAF Survey of Retailers conducted May 14-24, 2024

Average Purchase Amount Per Transaction



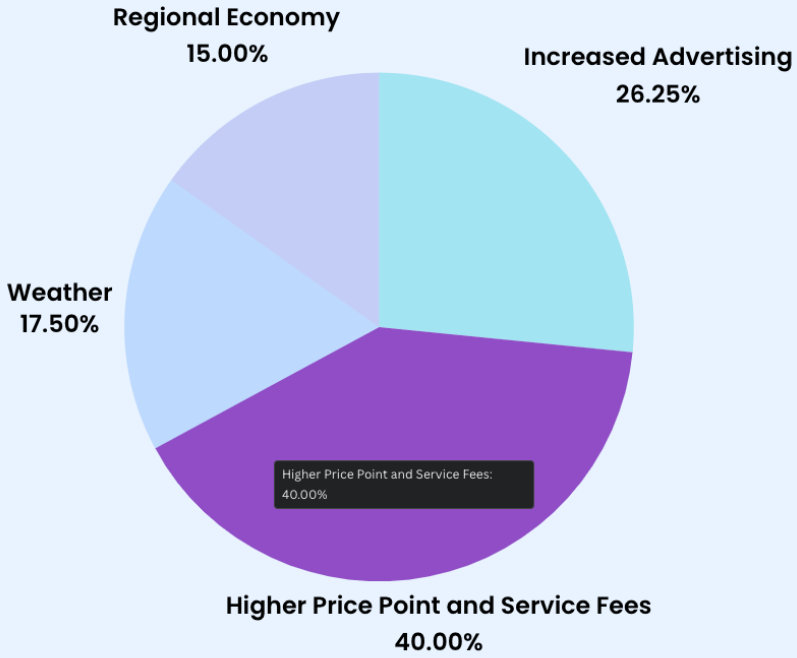
Source: SAF Survey of Retailers conducted May 14-24, 2024

Top Reasons Attributed to a Decrease in Sales

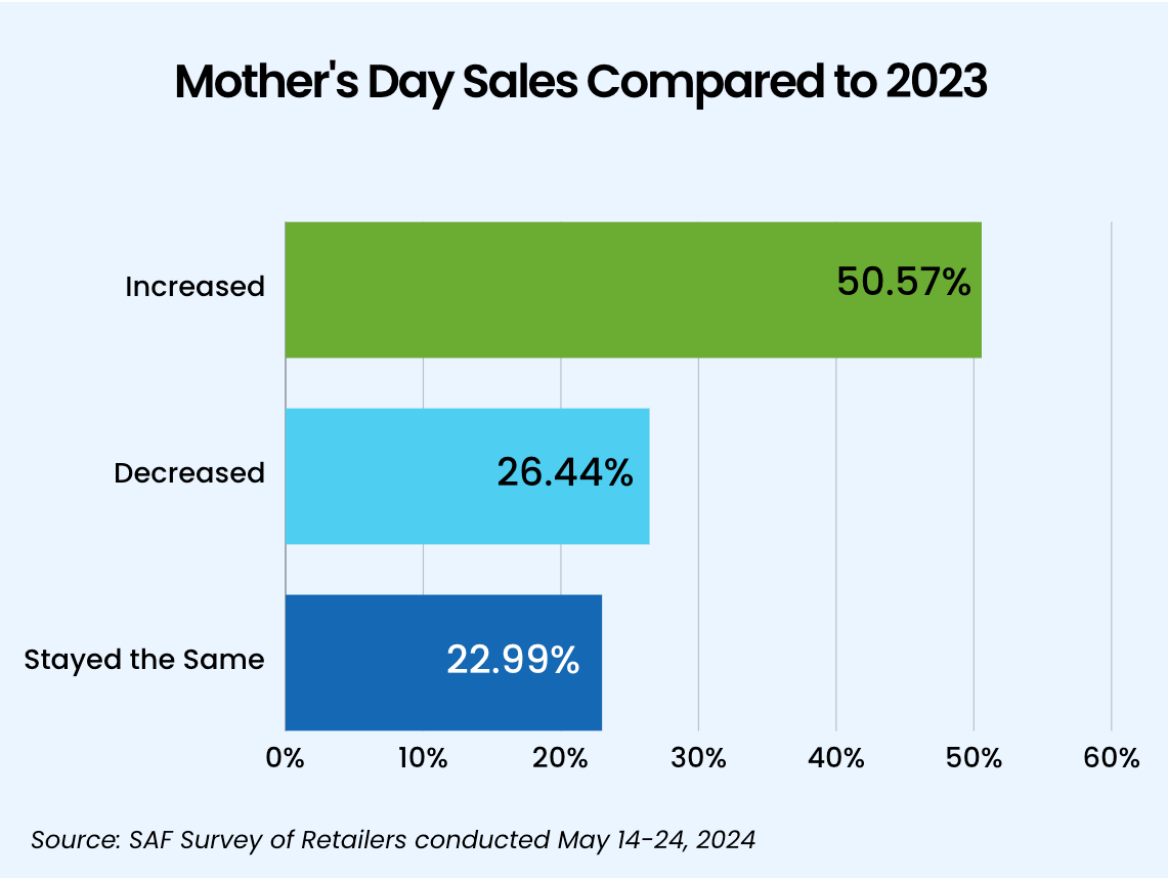


Source: SAF Survey of Retailers conducted May 14-24, 2024

Top Reasons Attributed to an Increase in Sales

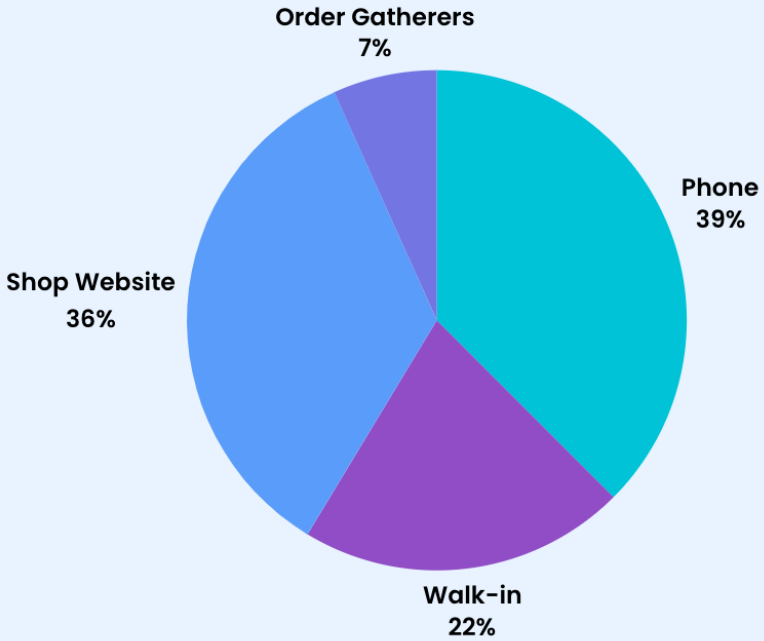


Source: SAF Survey of Retailers conducted May 14-24, 2024



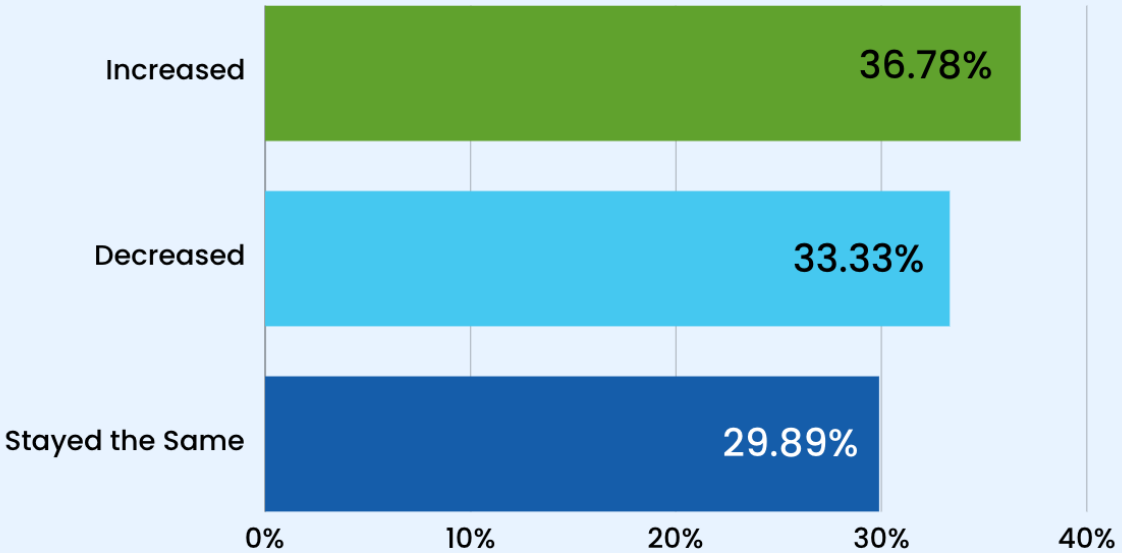
Source: SAF Survey of Retailers conducted May 14-24, 2024

Sales Channel Orders Were Received by Percentage



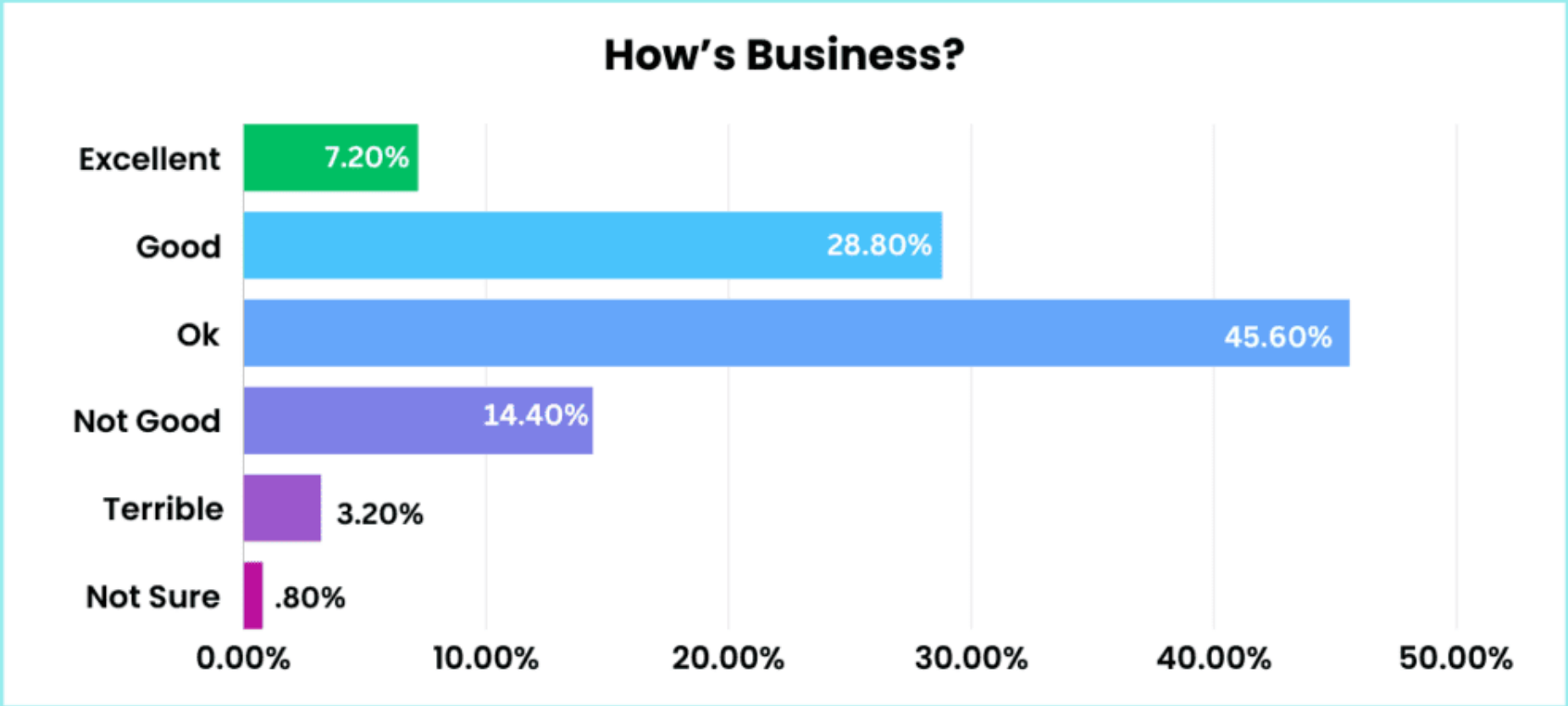
Source: SAF Survey of Retailers conducted May 14-24, 2024

Units Sold Compared to Mother's Day 2023

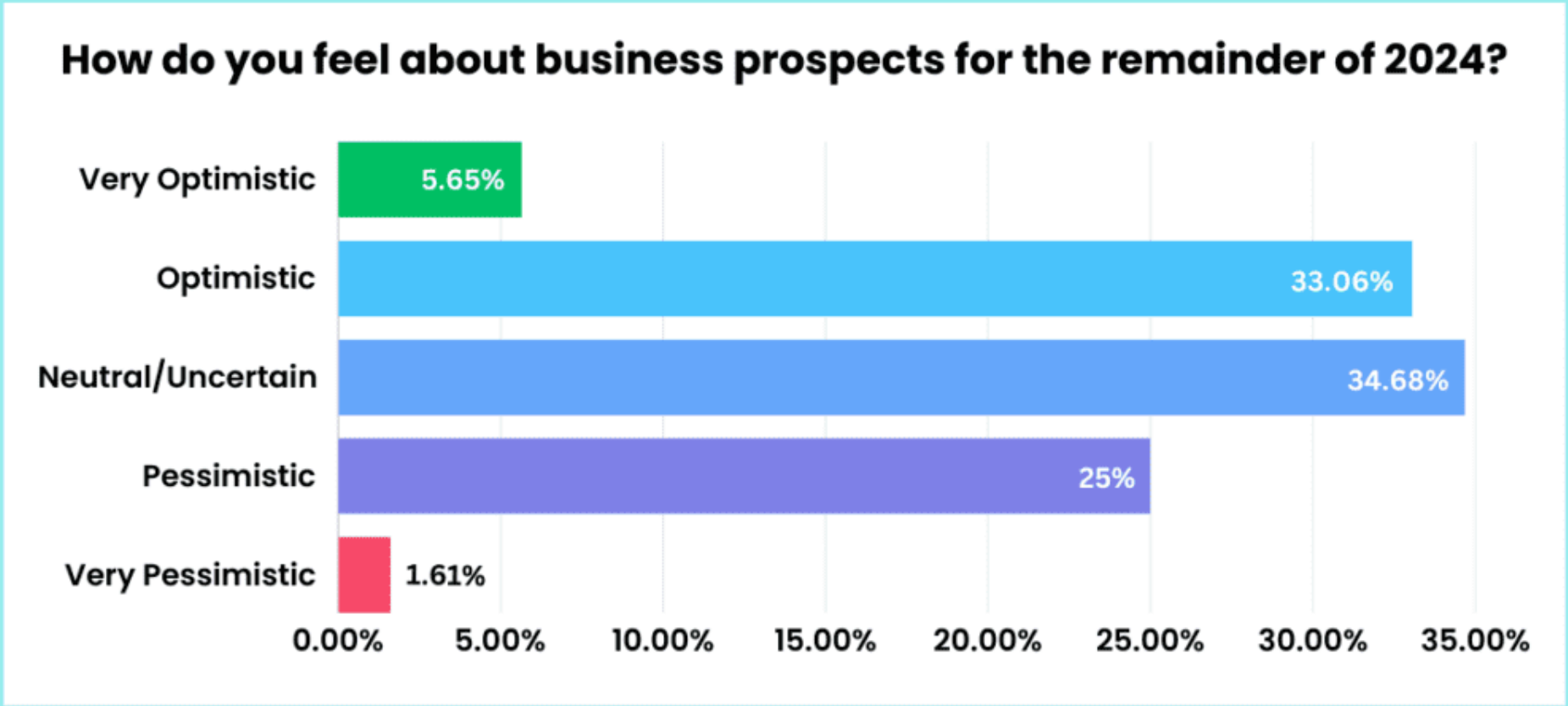


Source: SAF Survey of Retailers conducted May 14-24, 2024

Economic Outlook Survey - Qtr. 1 & Qtr. 2 2024

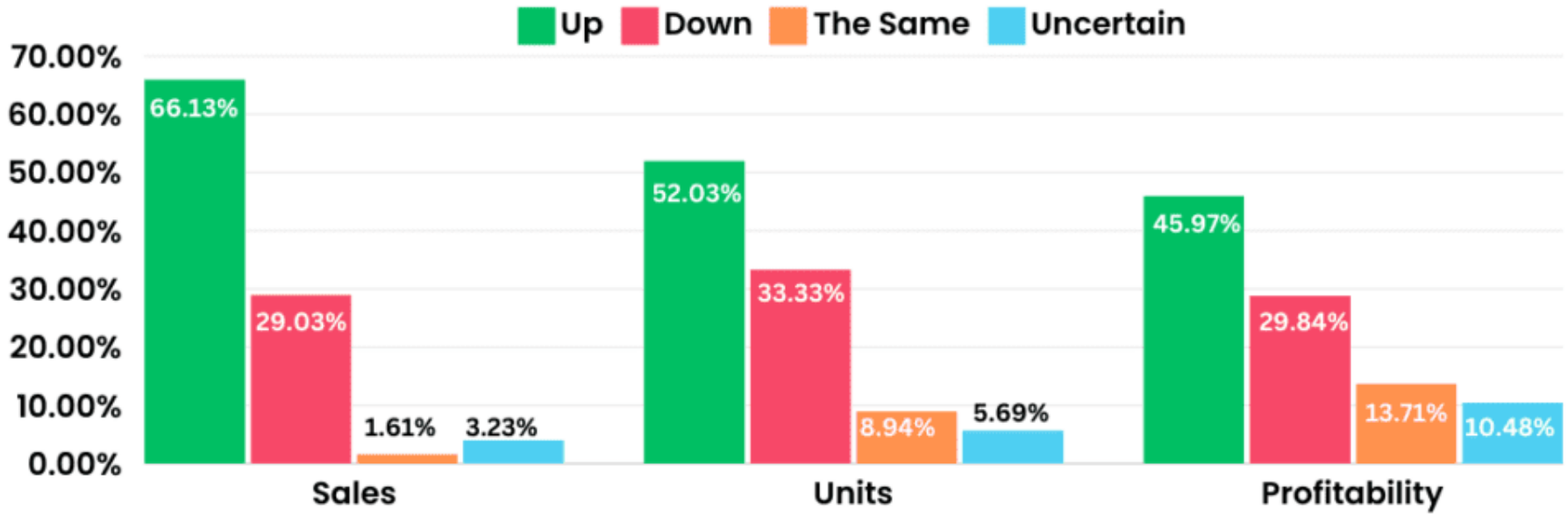


Source: Society of American Florists' Economic Outlook Survey conducted July 1-17, 2024

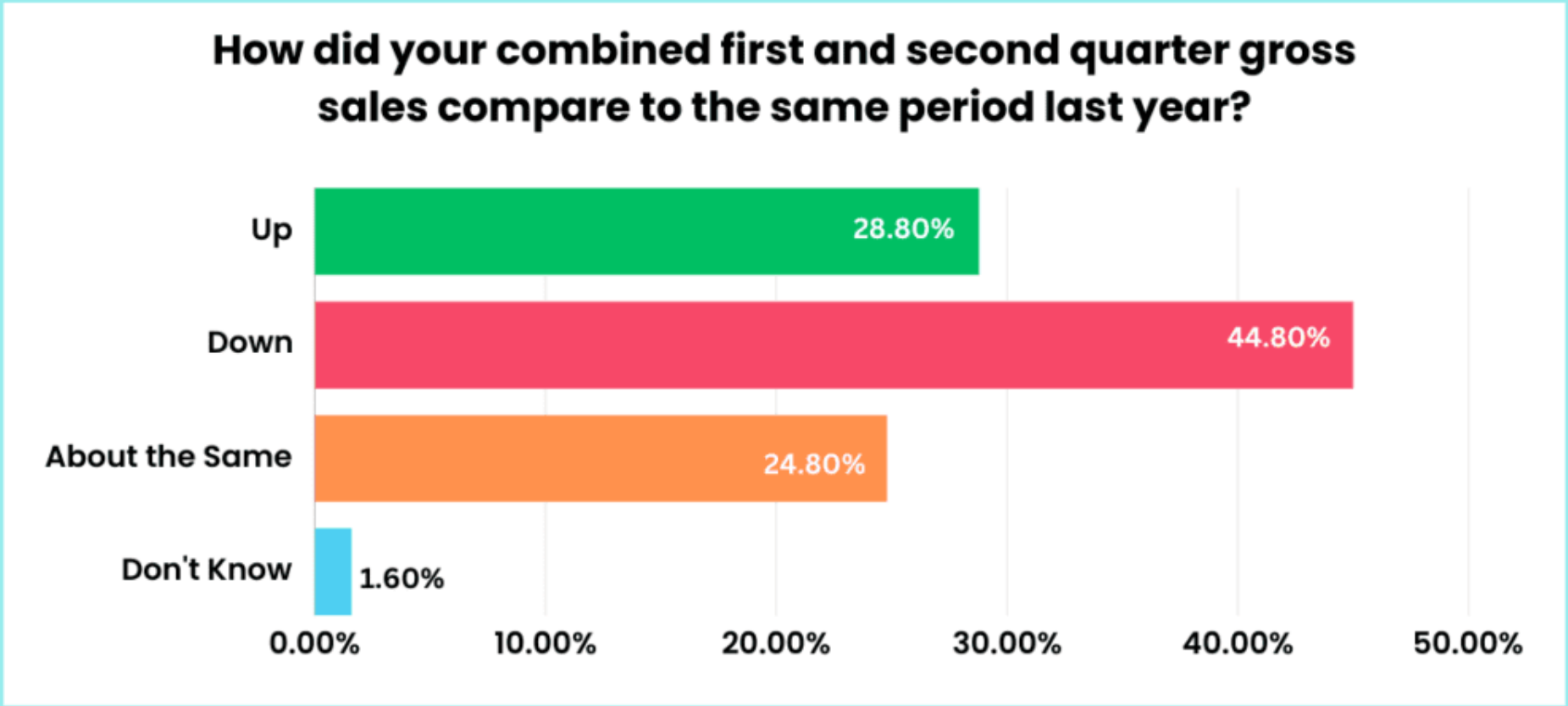


Source: Society of American Florists' Economic Outlook Survey conducted July 1-17, 2024

How have 2024 sales compared to 2019 sales in the following categories?



Source: Society of American Florists' Economic Outlook Survey conducted July 1-17, 2024



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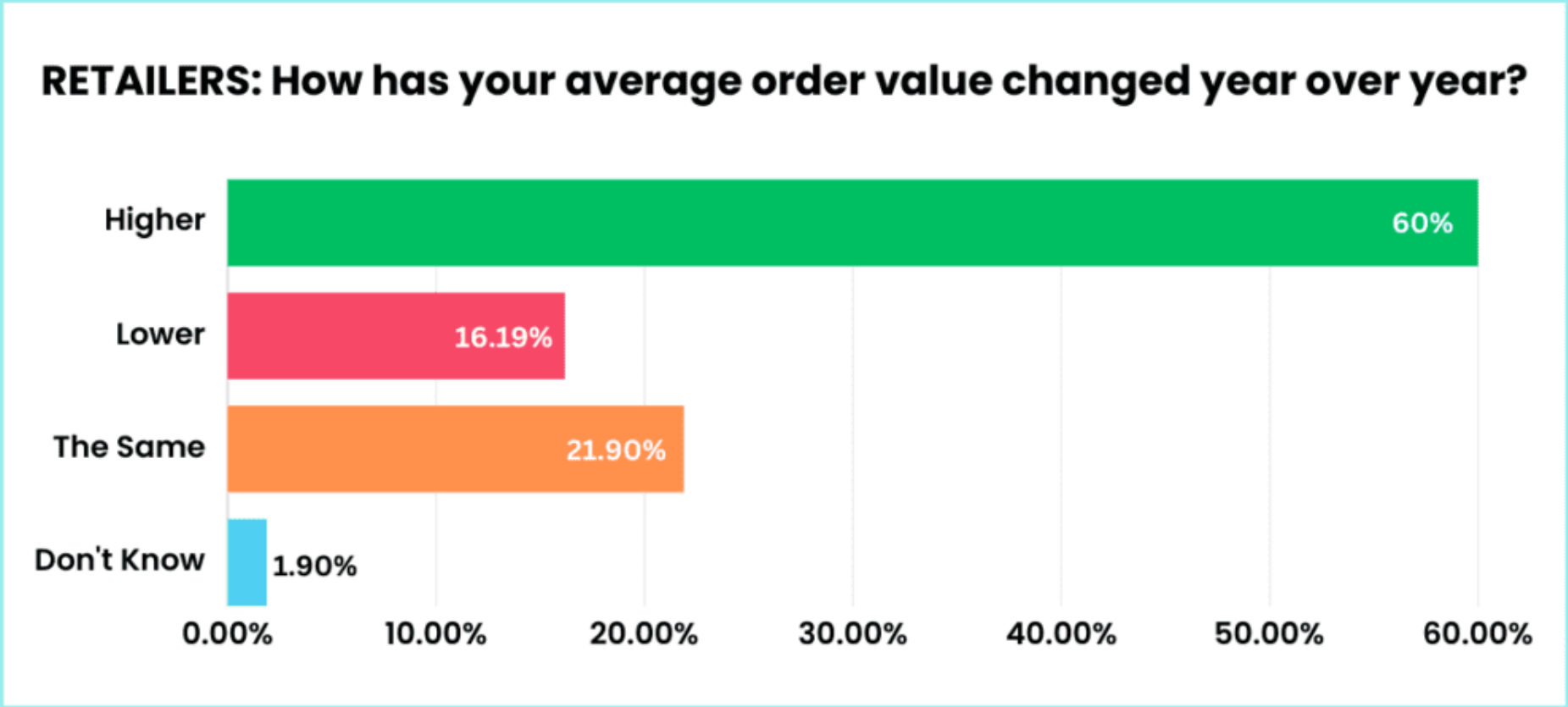

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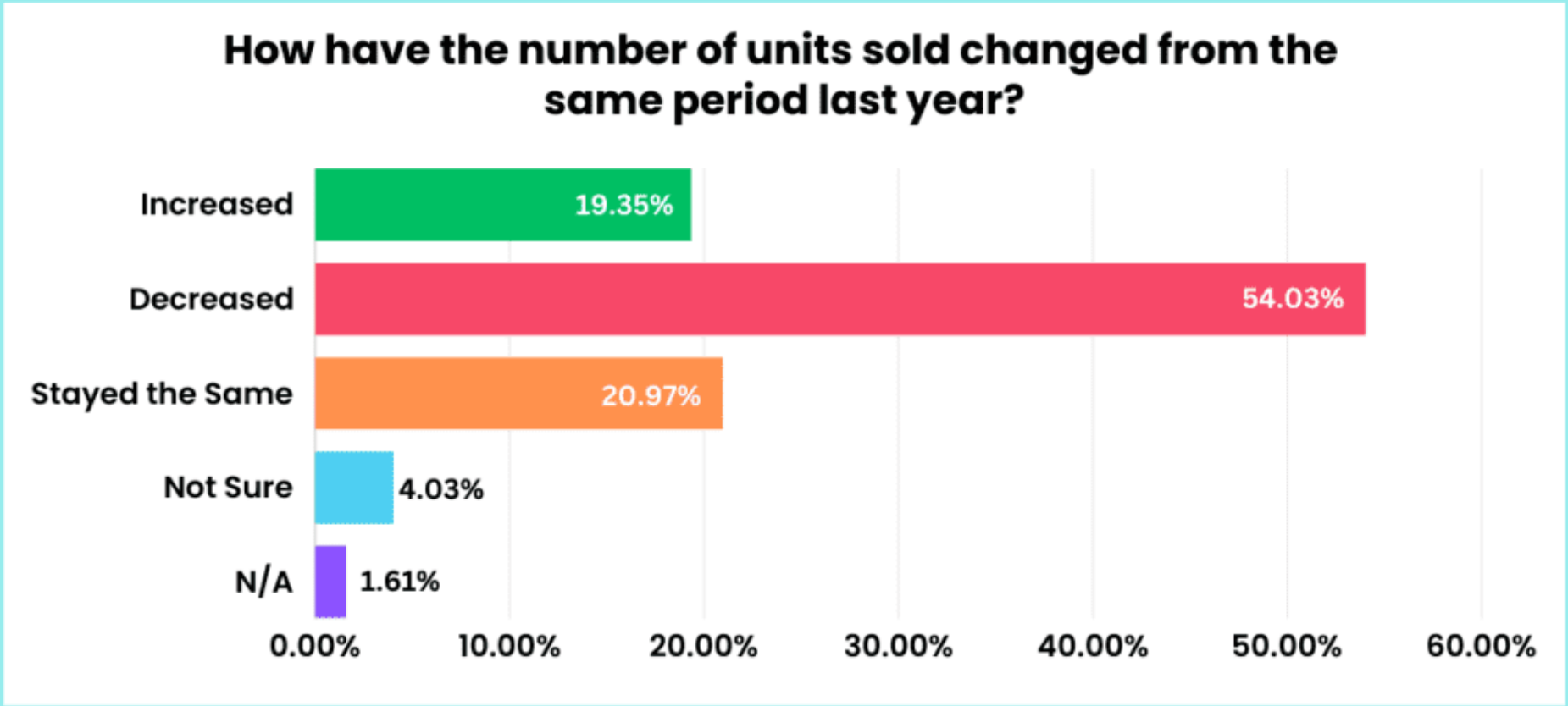
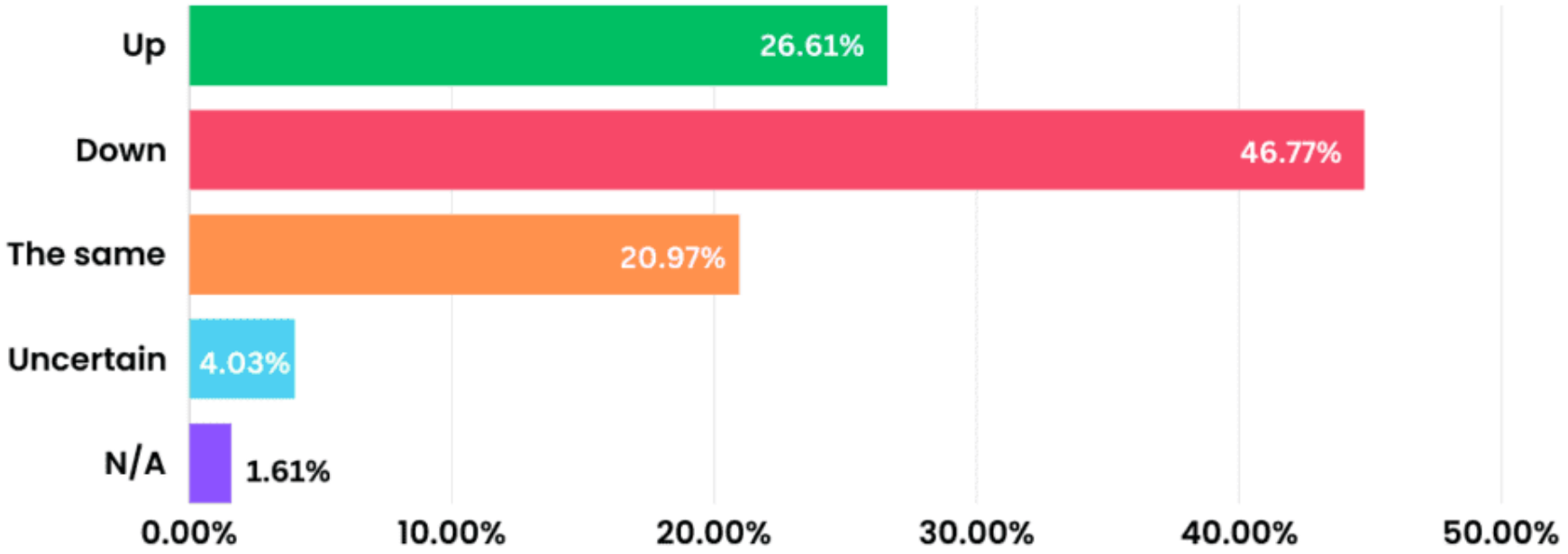


Source: Society of American Florists' Economic Outlook Survey conducted July 1-17, 2024

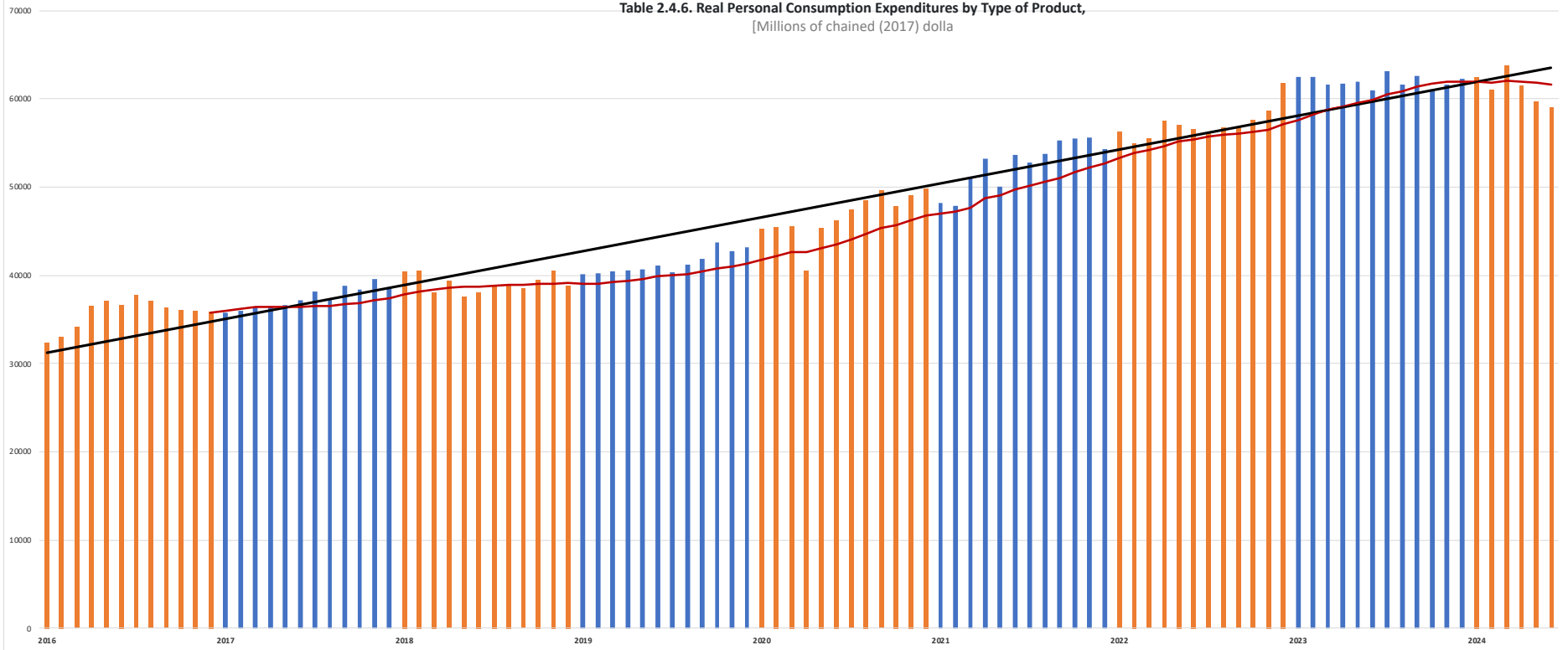
How do you think your 2024 year-end sales will compare with 2023?



Source: Society of American Florists' Economic Outlook Survey conducted July 1-17, 2024

Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-May 2024, Bureau of Economic Analysis, National Income and Product Accounts,
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,
[Millions of chained (2017) dolla



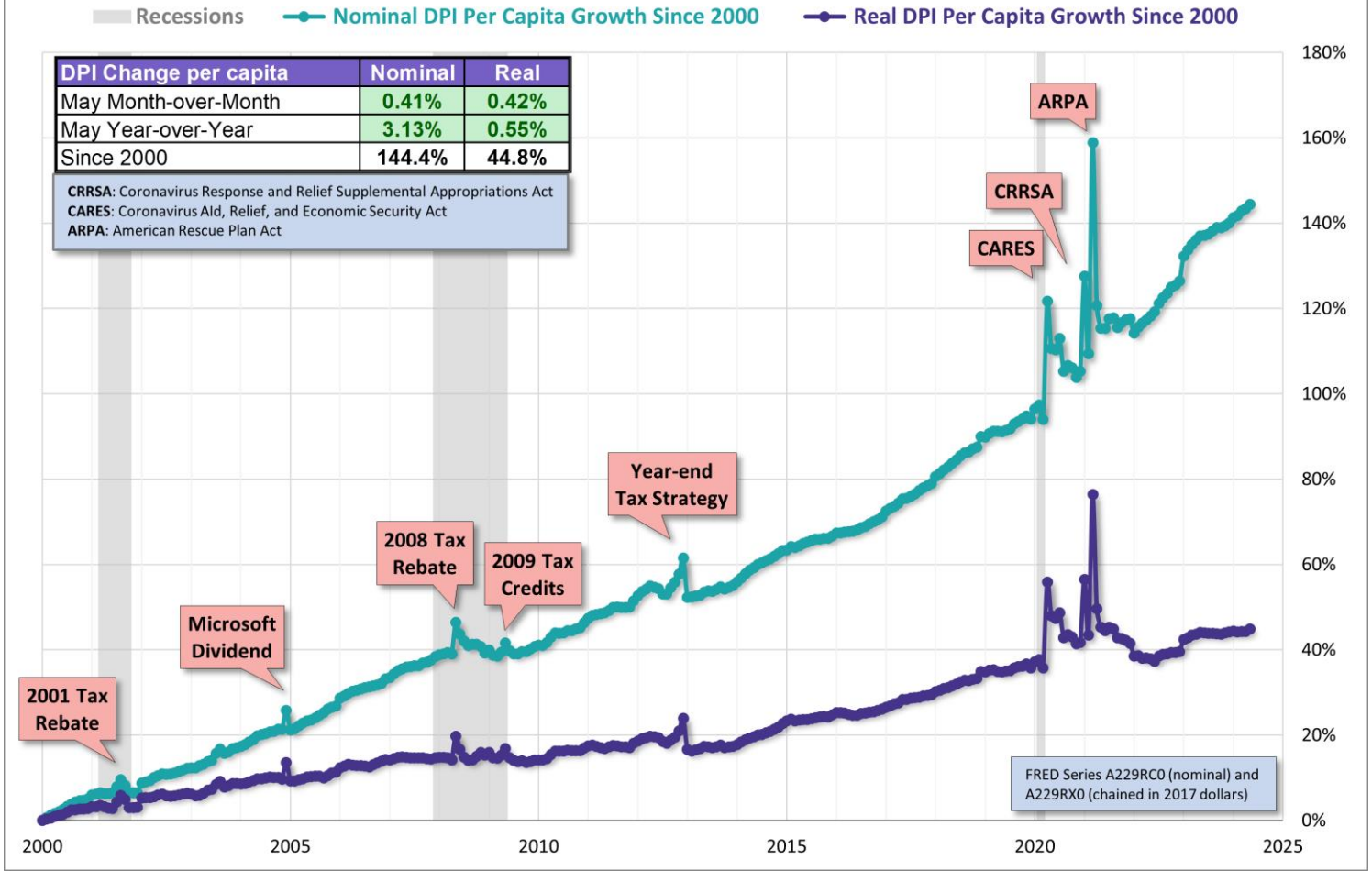
What exactly is going on with consumers?

- Weather? We are still a luxury, not an essential?
- Election uncertainty? Consumers in wait and see mode.
- Is inflation biting into discretionary spending?
- Are high interest rates curbing credit spending?
- Are the higher prices for our flowers softening demand?

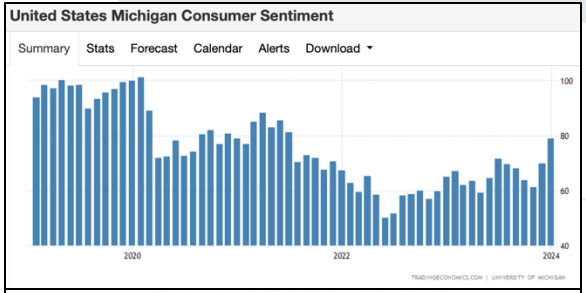
VettaFi Advisor Perspectives

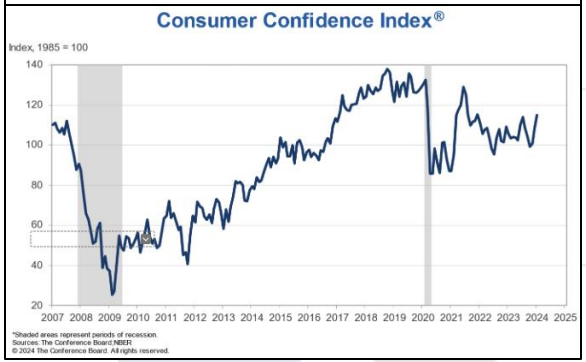
Disposable Personal Income Per Capita Growth
Nominal Versus Real

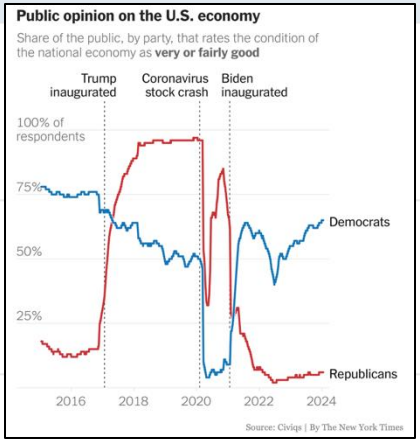
advisorperspectives.com
As of May 2024



FRED — Real Personal Consumption Expenditures







Notice the disconnect about how we "feel" and how we "spend"

2008 2010 2012 2014 2016 2018 2020 2022 2024

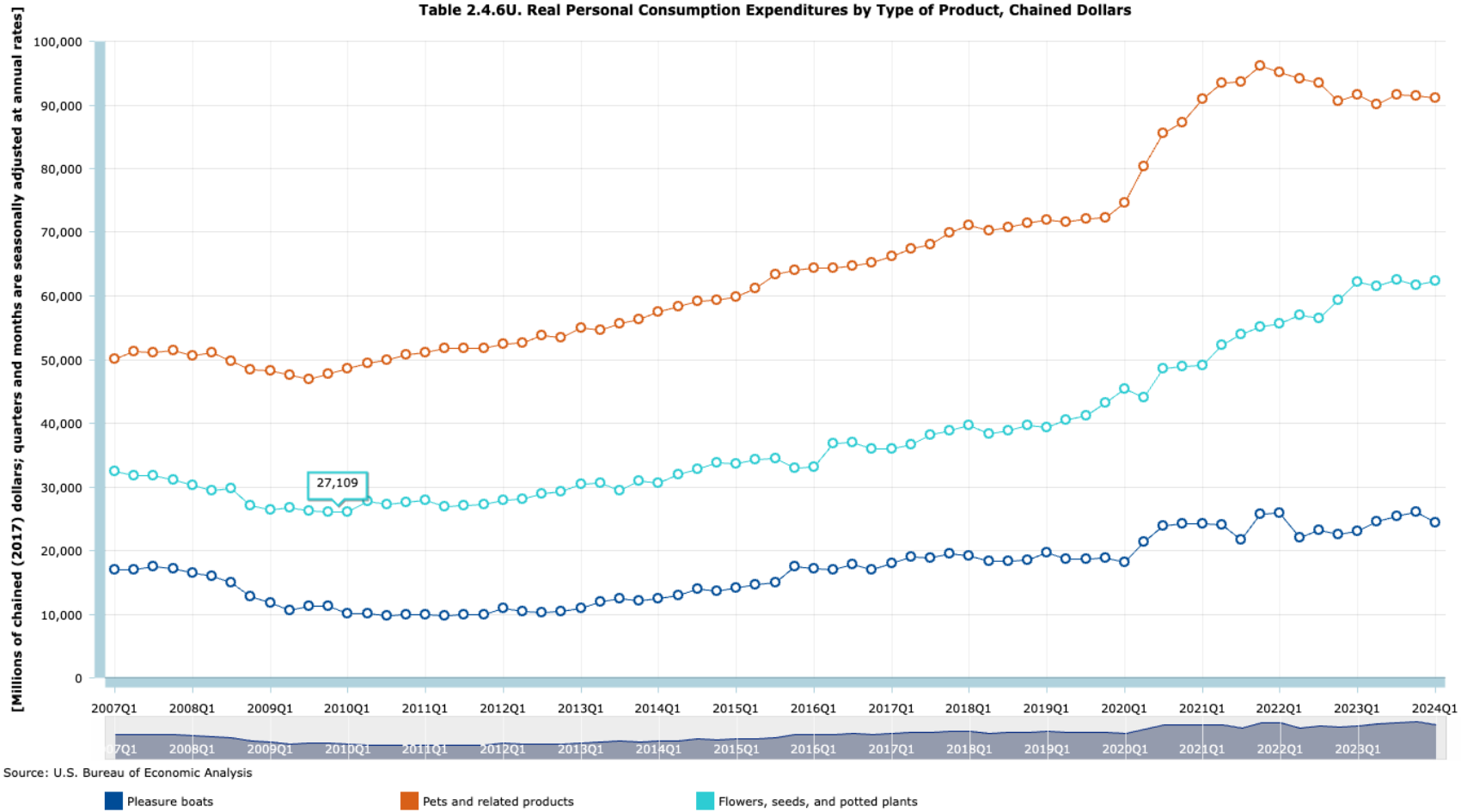
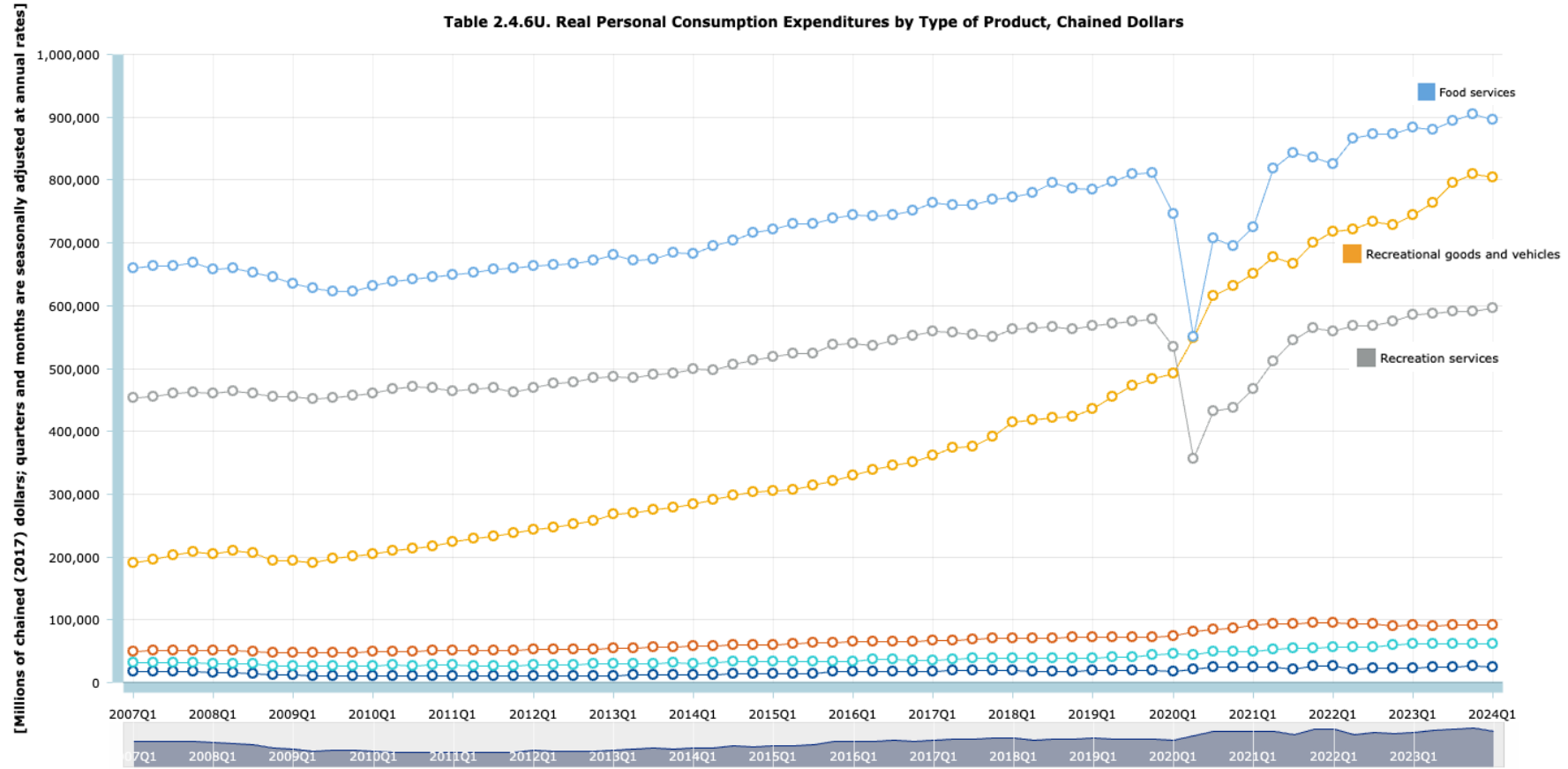


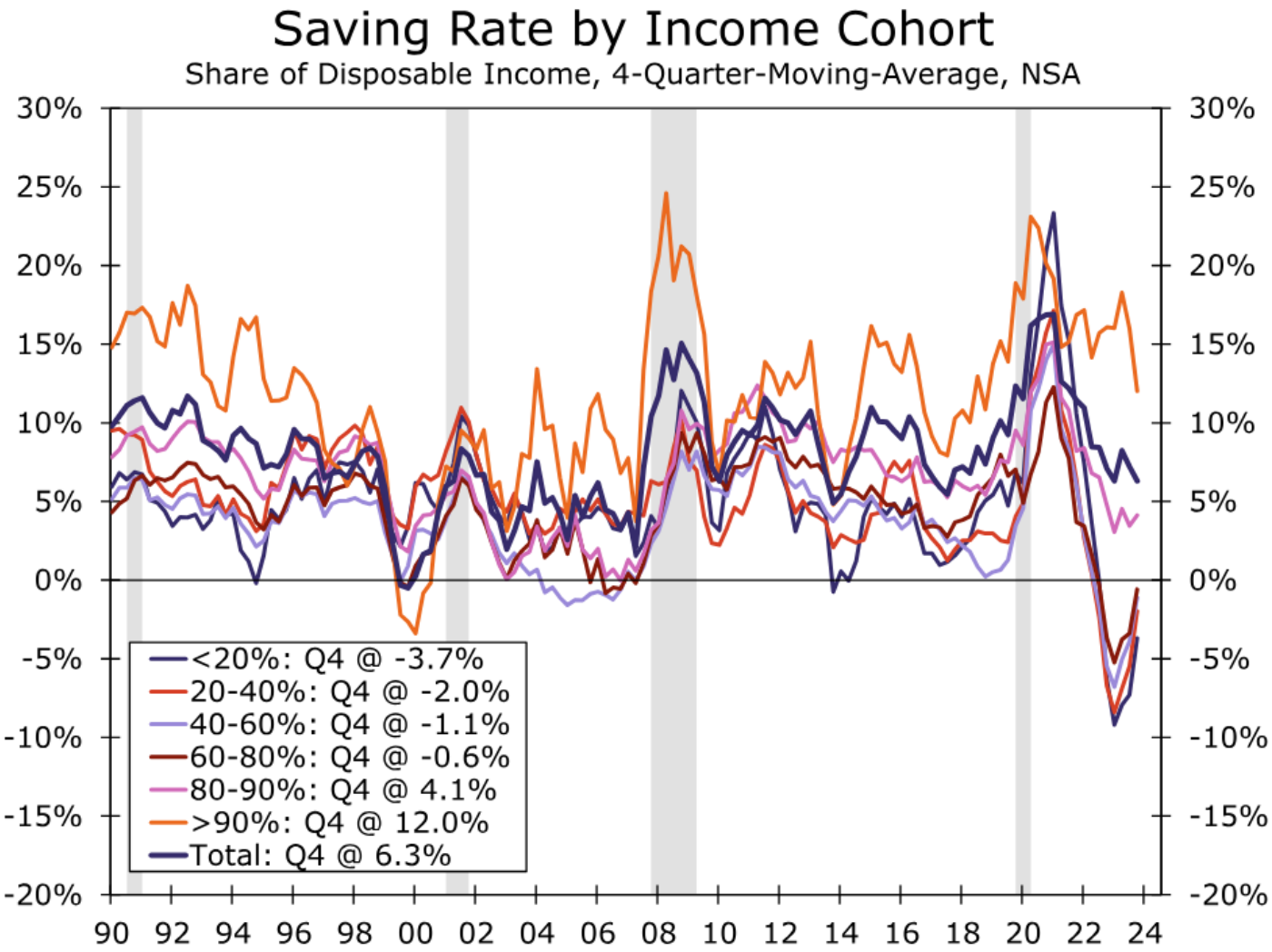
Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars
[Millions of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
27,109
2007Q1
2008Q1
2009Q1
2010Q1
2011Q1
2012Q1
2013Q1
2014Q1
2015Q1
2016Q1
2017Q1
2018Q1
2019Q1
2020Q1
2021Q1
2022Q1
2023Q1
2024Q1
Source: U.S. Bureau of Economic Analysis
Pleasure boats
Pets and related products
Flowers, seeds, and potted plants

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars



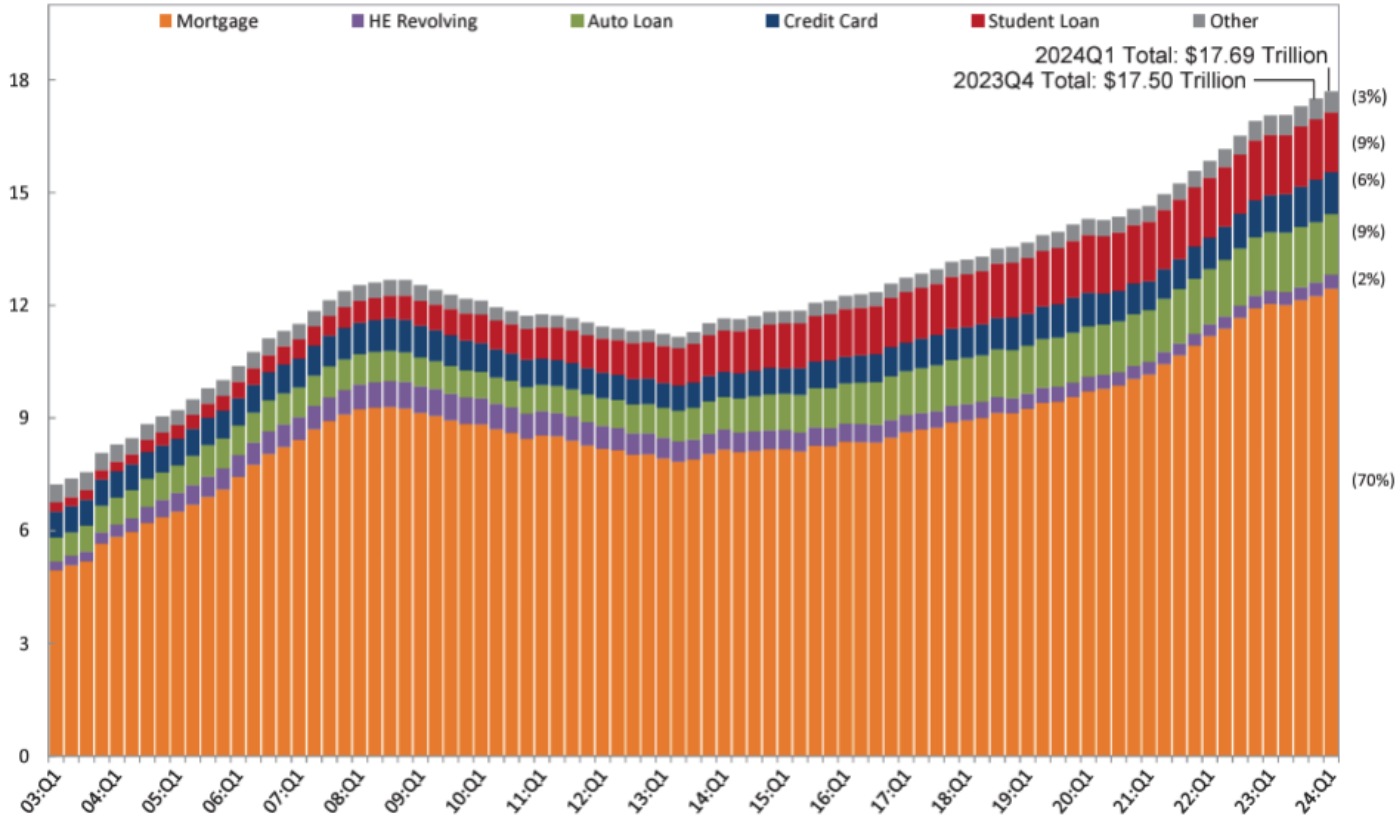
Source: U.S. Bureau of Economic Analysis

Pleasure boats
Pets and related products
Flowers, seeds, and potted plants
Recreational goods and vehicles
Recreation services
Food services


Saving Rate by Income Cohort
Share of Disposable Income, 4-Quarter-Moving-Average, NSA
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
90
92
94
96
98
00
02
04
06
08
10
12
14
16
18
20
22
24
<20%: Q4 @ -3.7%
20-40%: Q4 @ -2.0%
40-60%: Q4 @ -1.1%
60-80%: Q4 @ -0.6%
80-90%: Q4 @ 4.1%
>90%: Q4 @ 12.0%
Total: Q4 @ 6.3%

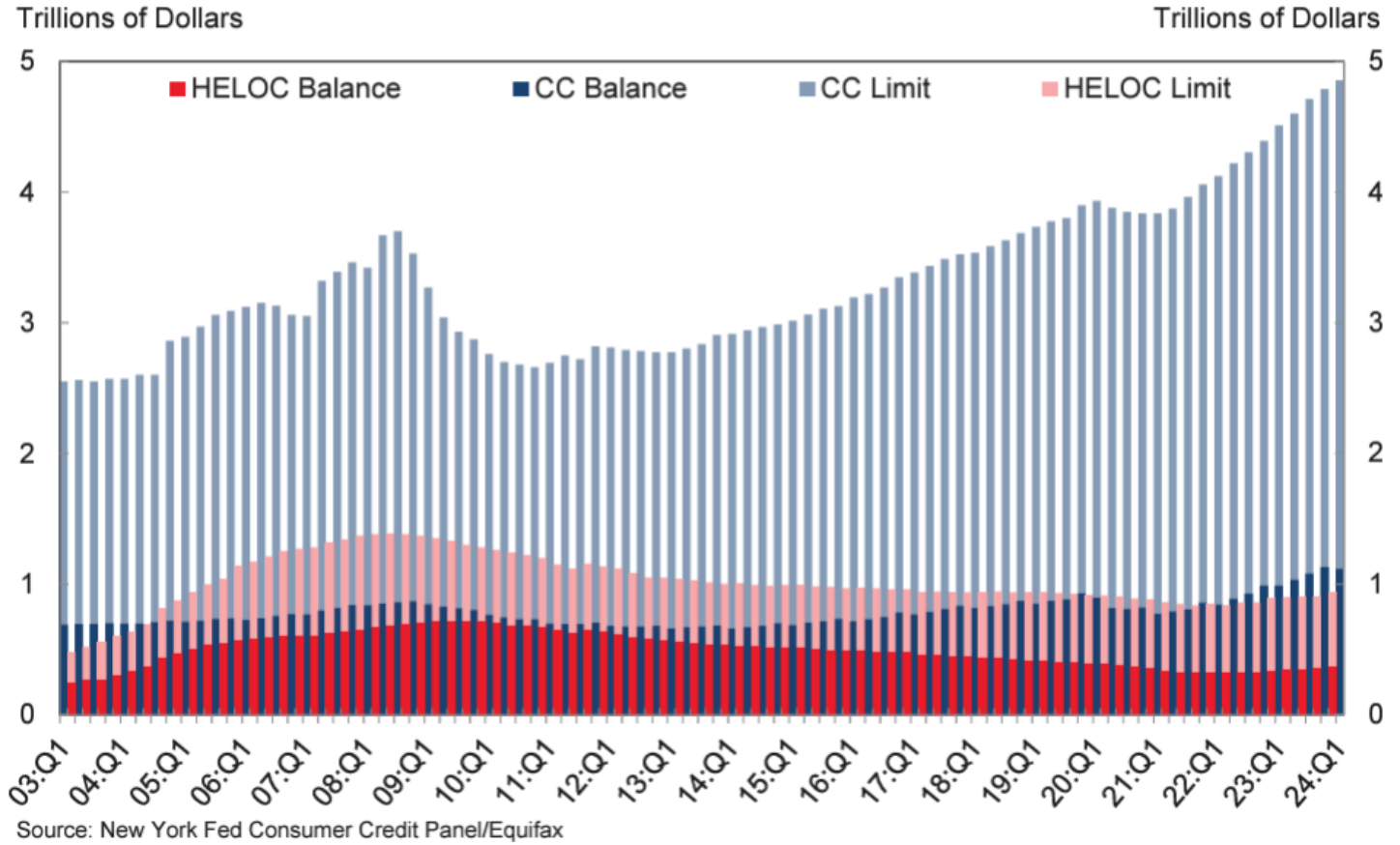
Total Debt Balance and its Composition

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

Credit Limit and Balance for Credit Cards and HE Revolving



Source: New York Fed Consumer Credit Panel/Equifax

FRED — Real Personal Consumption Expenditures

16,000

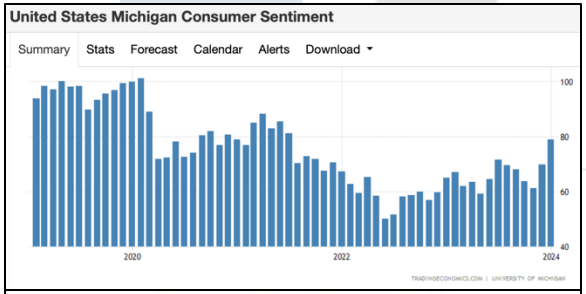
12,000

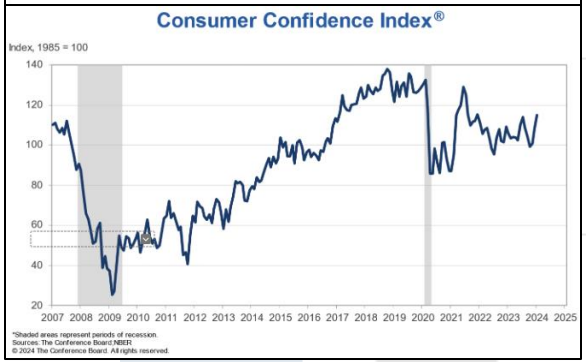
11,000

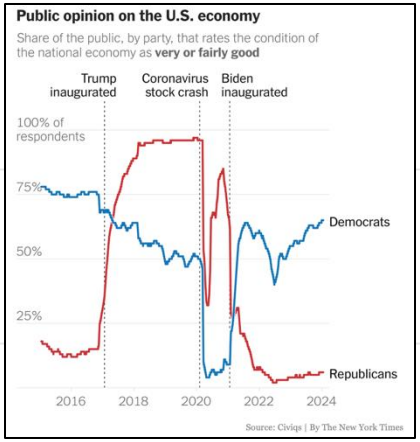
2008 2010 2012 2014 2016 2018 2020 2022 2024

Source: U.S. Bureau of Economic Analysis

myf.red/g/1pHp7







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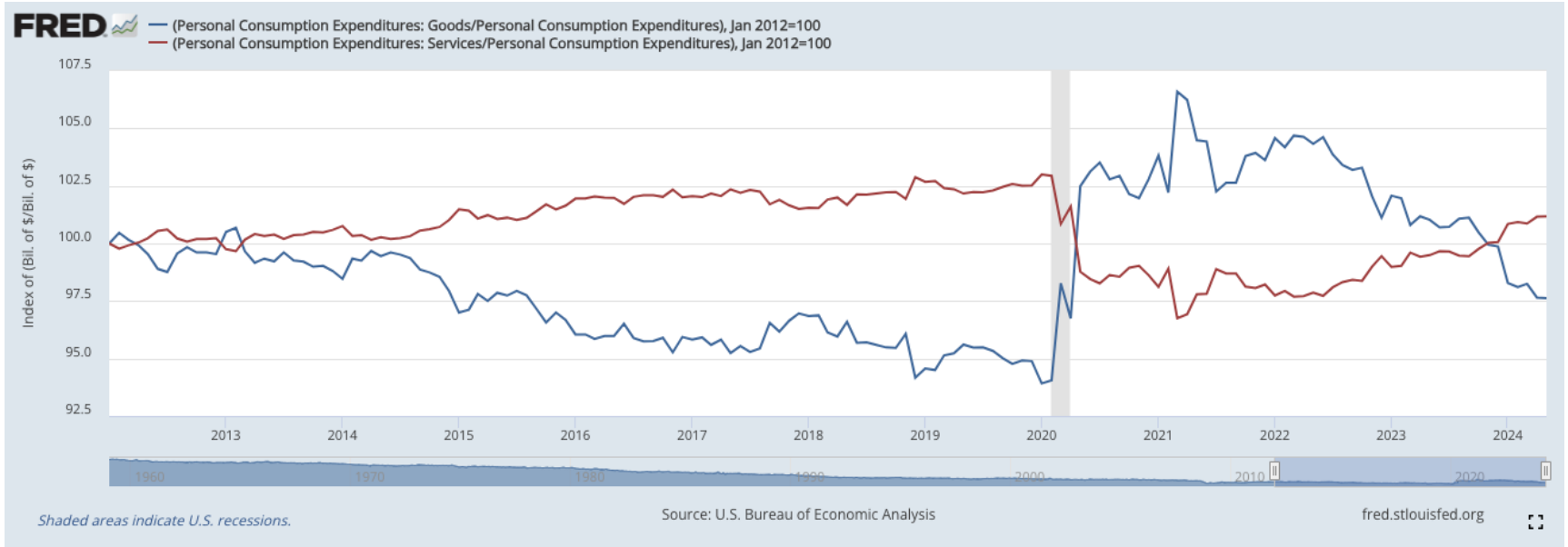
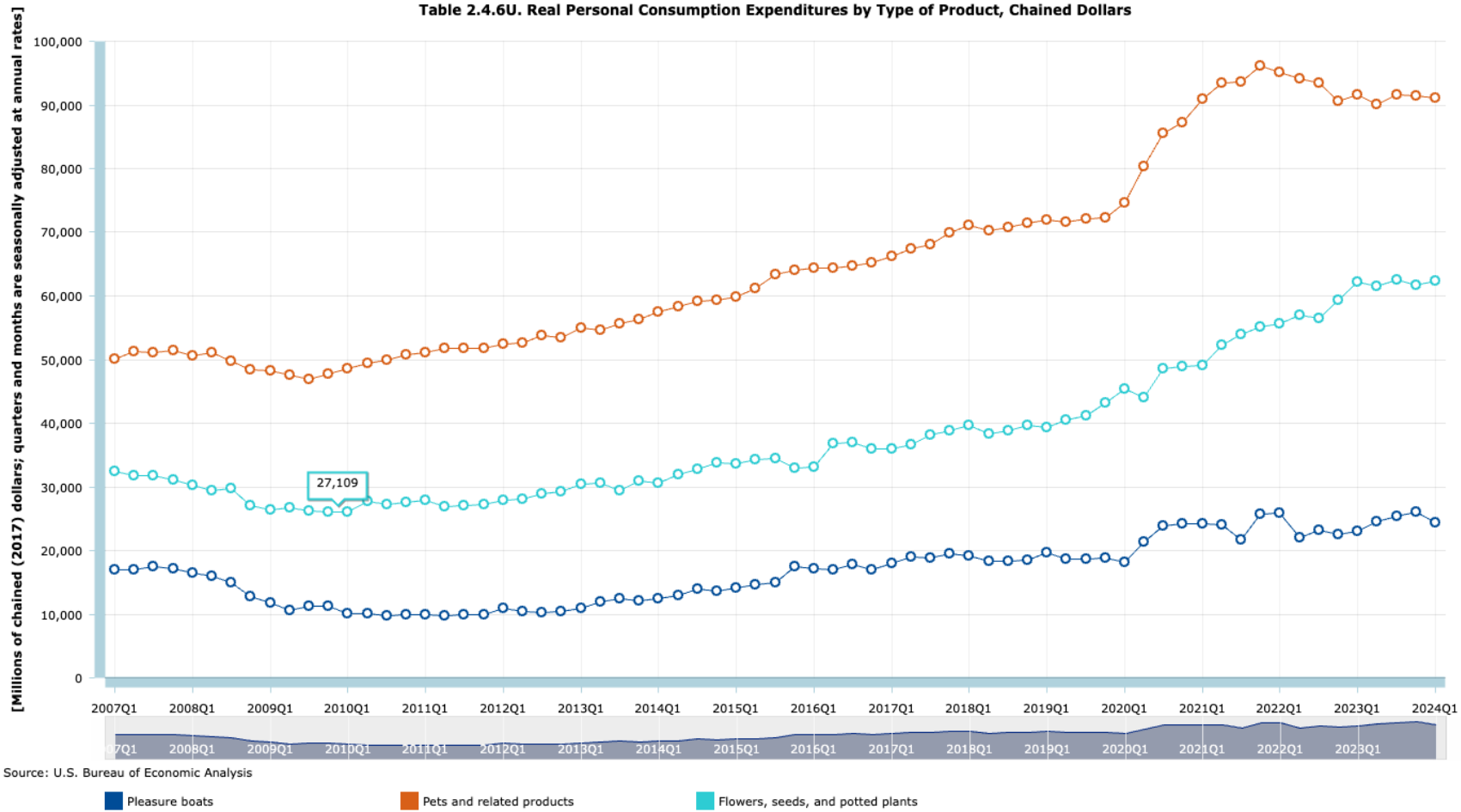

FRED
(Personal Consumption Expenditures: Goods/Personal Consumption Expenditures), Jan 2012=100
(Personal Consumption Expenditures: Services/Personal Consumption Expenditures), Jan 2012=100
Index of (Bil. of $/Bil. of $)
107.5
105.0
102.5
100.0
97.5
95.0
92.5
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
1960
1970
1980
2000
2010
2020
Shaded areas indicate U.S. recessions.
Source: U.S. Bureau of Economic Analysis
fred.stlouisfed.org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100,000
90,000
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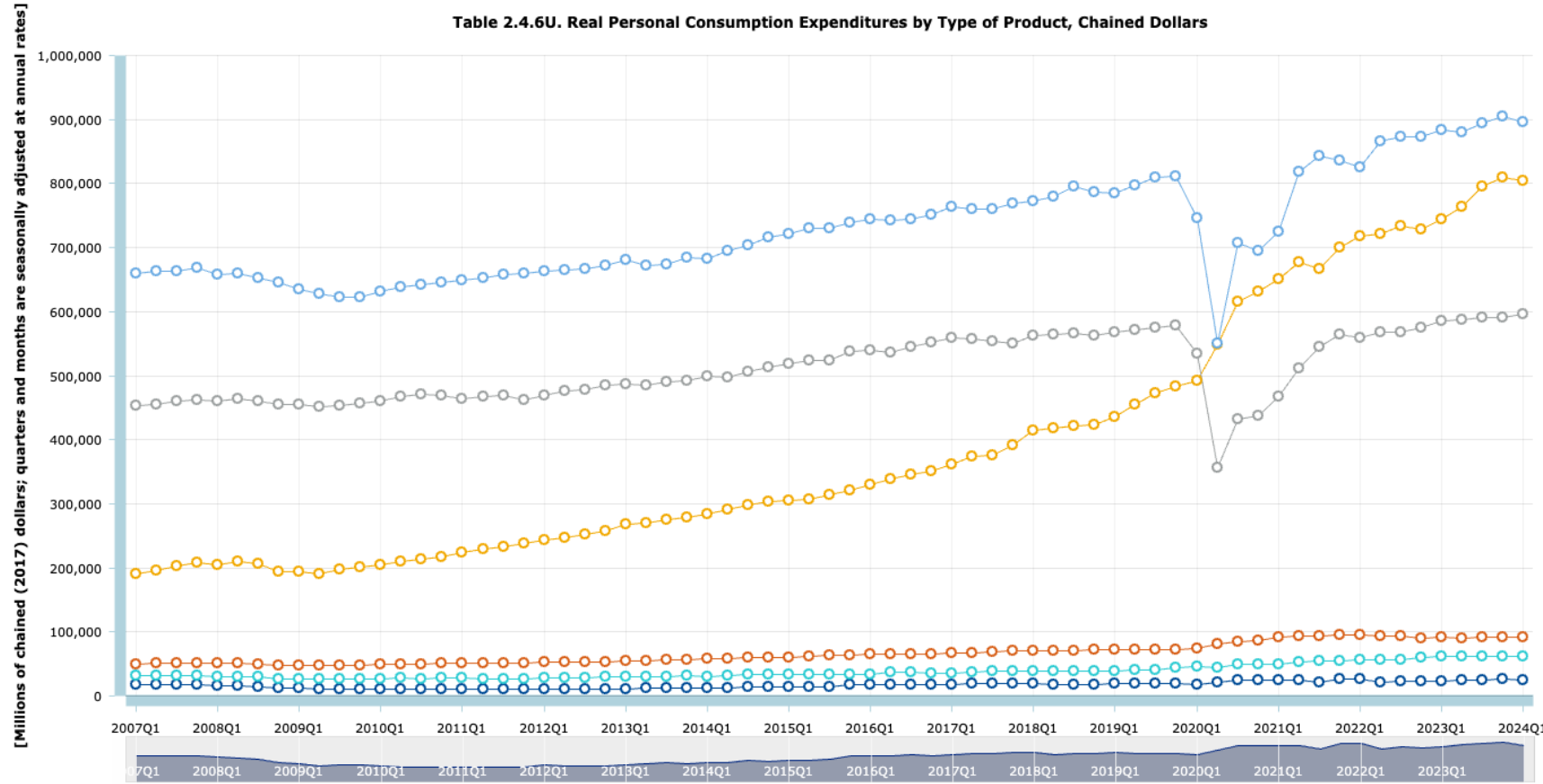
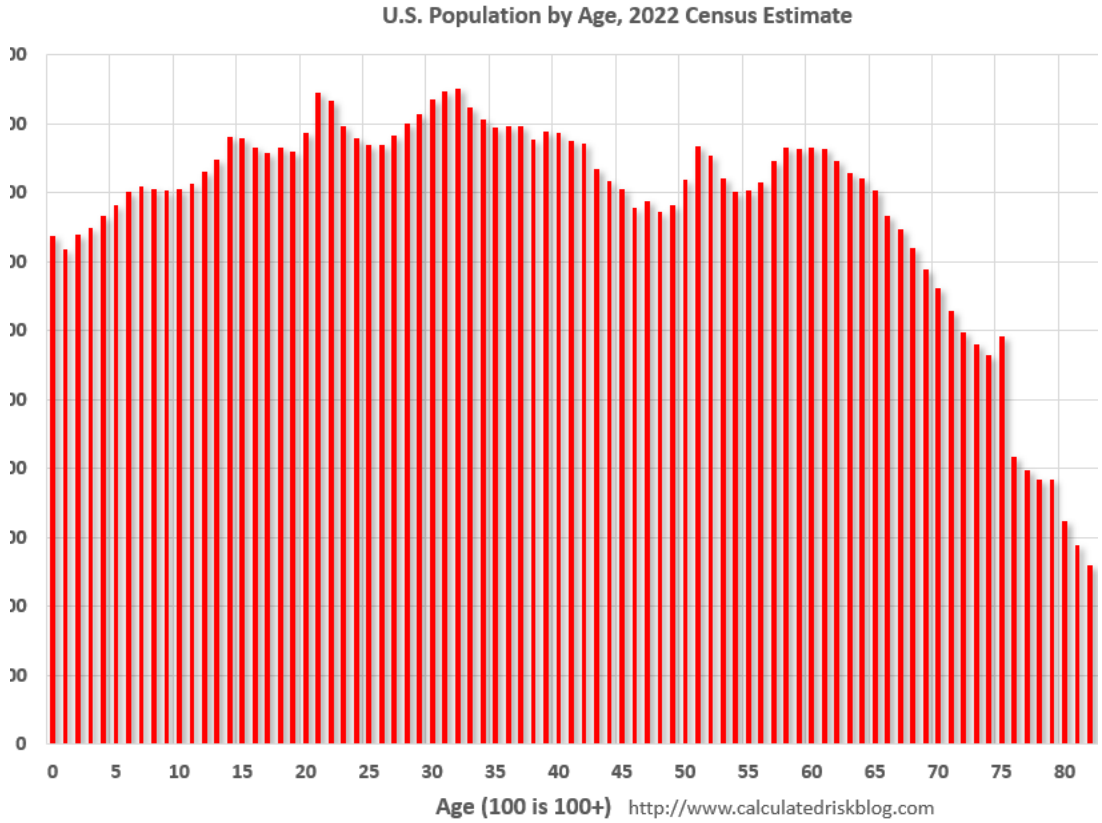
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
27,109
2007Q1
2008Q1
2009Q1
2010Q1
2011Q1
2012Q1
2013Q1
2014Q1
2015Q1
2016Q1
2017Q1
2018Q1
2019Q1
2020Q1
2021Q1
2022Q1
2023Q1
2024Q1
Source: U.S. Bureau of Economic Analysis
Pleasure boats
Pets and related products
Flowers, seeds, and potted plants

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars



Source: U.S. Bureau of Economic Analysis

- Pleasure boats
- Pets and related products
- Flowers, seeds, and potted plants
- Recreational goods and vehicles
- Recreation services
- Food services



Emerging Trends – Changing Markets

Changing demographics

- Younger consumers/homeowners, sustainability/climate change focused consumers, fewer middle-income households, etc.

Experience culture

- $$$ for experiences over goods
- Engagement is important
- Sharing culture (e.g., social media)

Emerging Trends – Responsible Consumption & Production

Sustainability / eco-friendly / climate change

- Water – reduce, recycle, reuse
- Plastic-free packaging
- Carbon – reduce emissions / footprint
- Pollinator friendly gardens (certification, maintenance, etc.)
- Lower-input plants (reduced fertilizer, drought tolerant, less maintenance)

Altruism

- Fair labor, environmental concerns, fair trade, aiding less fortunate societies, origin information, etc.

Eco-labeling trends and consumers' perspective

Eco-labels signal a product's environmentally friendly features

- Differentiation, competitive advantage, capture market share

464 eco-labels in 199 countries across 25 sectors

203 eco-labels in the U.S.

- 35% of eco- and green-certification in agriculture

Tradeoffs between trust and skepticism of claim credibility

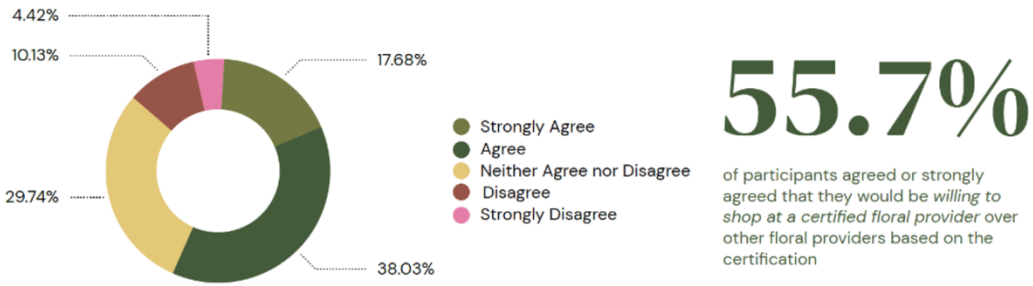
FMF
FLORAL MARKETING FUND
Growing Our Industry Together

The Study Asked: If an environmentally friendly certification existed for retail flower providers, I would be more willing to make purchases from a certified environmentally friendly retail flower provider than from a retail flower provider not certified."

What would <u>your</u> customers say?

According to the study, 17.68% of the respondents "strongly agree" with that statement, however 38.03% of the respondents did not respond as strongly and simply "agree". This showed that a majority of participants (55.7%) agreed or strongly agreed. And interestingly, 29.74% of the respondents "neither agree or disagree".

Figure 12. Frequency statistics for the questions "If an environmentally friendly certification existed for retail flower providers, I would be more willing to make purchases from a certified environmentally friendly retail flower provider than from a retail flower provider not certified."

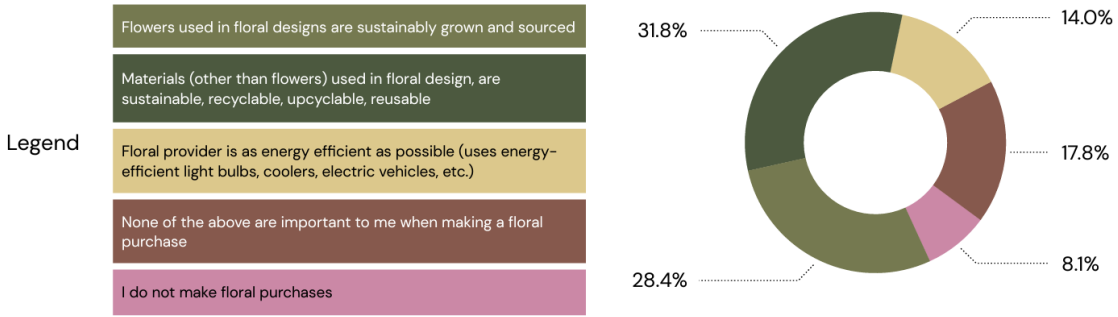


55.7%

of participants agreed or strongly agreed that they would be *willing to shop at a certified floral provider* over other floral providers based on the certification

Table 11 & Figure 11. Frequency statistics indicating percent of total participants' responses to the questions "When deciding where to make a floral purchase, which of the following aspects of sustainability do you consider to be the most important for a retail floral provider to practice?"

Question Choices	(n)	%
Materials (other than flowers) used in floral design, are sustainable, recyclable, upcyclable, reusable	690	31.8%
Flowers used in floral designs are sustainably grown and sourced	616	28.4%
None of the above are important to me when making a floral purchase	387	17.8%
Floral provider is as energy efficient as possible (uses energy- efficient light bulbs, coolers, electric vehicles, etc.)	304	14%
I do not make floral purchases	175	8.1%



Fair Labor Standards

Higher "very important" percentage in the NE region (43%) versus others, similar among men (42%) and women (39%), and among Gen Z (48%) and Millennials (47%) as compared to other generations.

Organically Grown

Higher "very important" percentage among men (36%) versus women (24%), in the West region (22%) compared to others, and among younger Gen Z (41%) and Millennial (42%) shoppers.

Locally Sourced

Higher "very important" percentage in the NE region (42%) and South region (39%) versus others, among men (41%) versus women (35%), and among Millennials (48%) most and Silent+ generation least (27%).

Hard Goods Made From Recyclable Materials

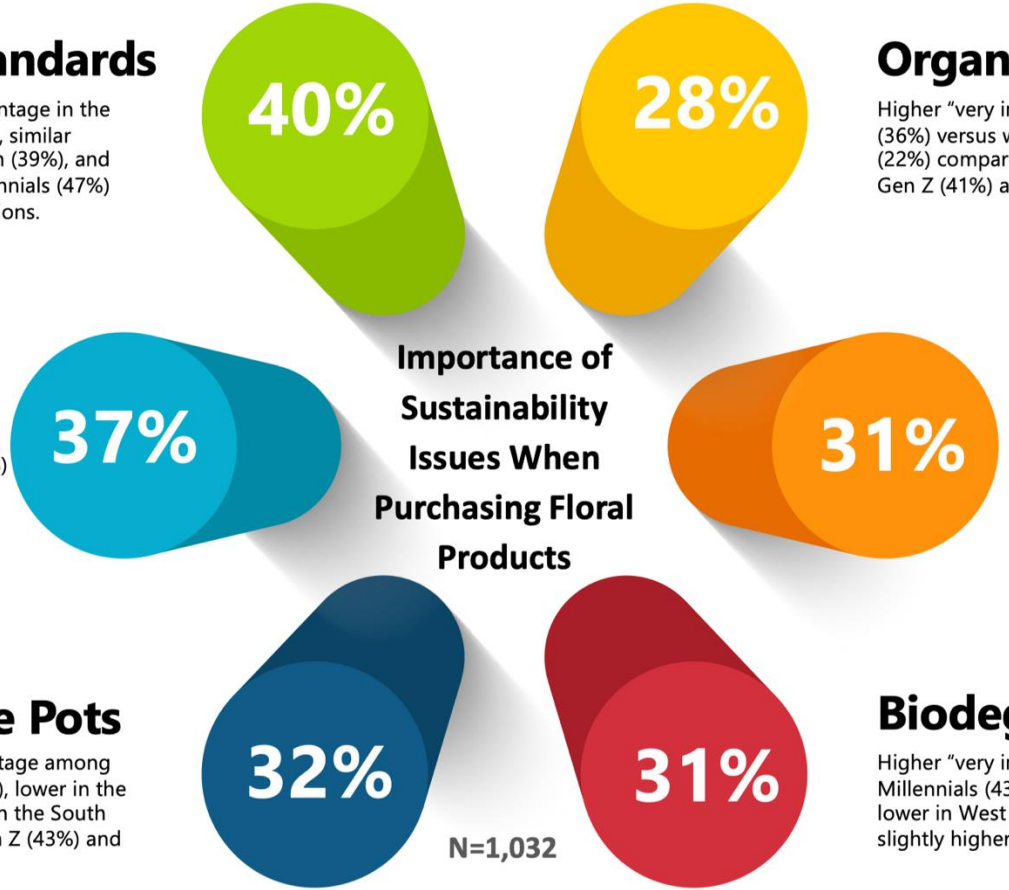
Similar "very important" percentages across regions, more for men (35%) versus women (29%), and higher among Millennial (42%) and Gen Z (40%).

Biodegradable Pots

Higher "very important" percentage among men (37%) versus women (29%), lower in the West region (23%) and higher in the South (36%), and among younger Gen Z (43%) and Millennial (46%) shoppers.

Biodegradable Sleeves

Higher "very important" percentages among Millennials (43%) relative to other generations, lower in West region (25%) versus others, and slightly higher for men (35%) versus women (29%)



% "Very Important" Overall

When people buy a flower, what “job” are they “hiring” that flower to do?

What will impact flower purchasing going forward?

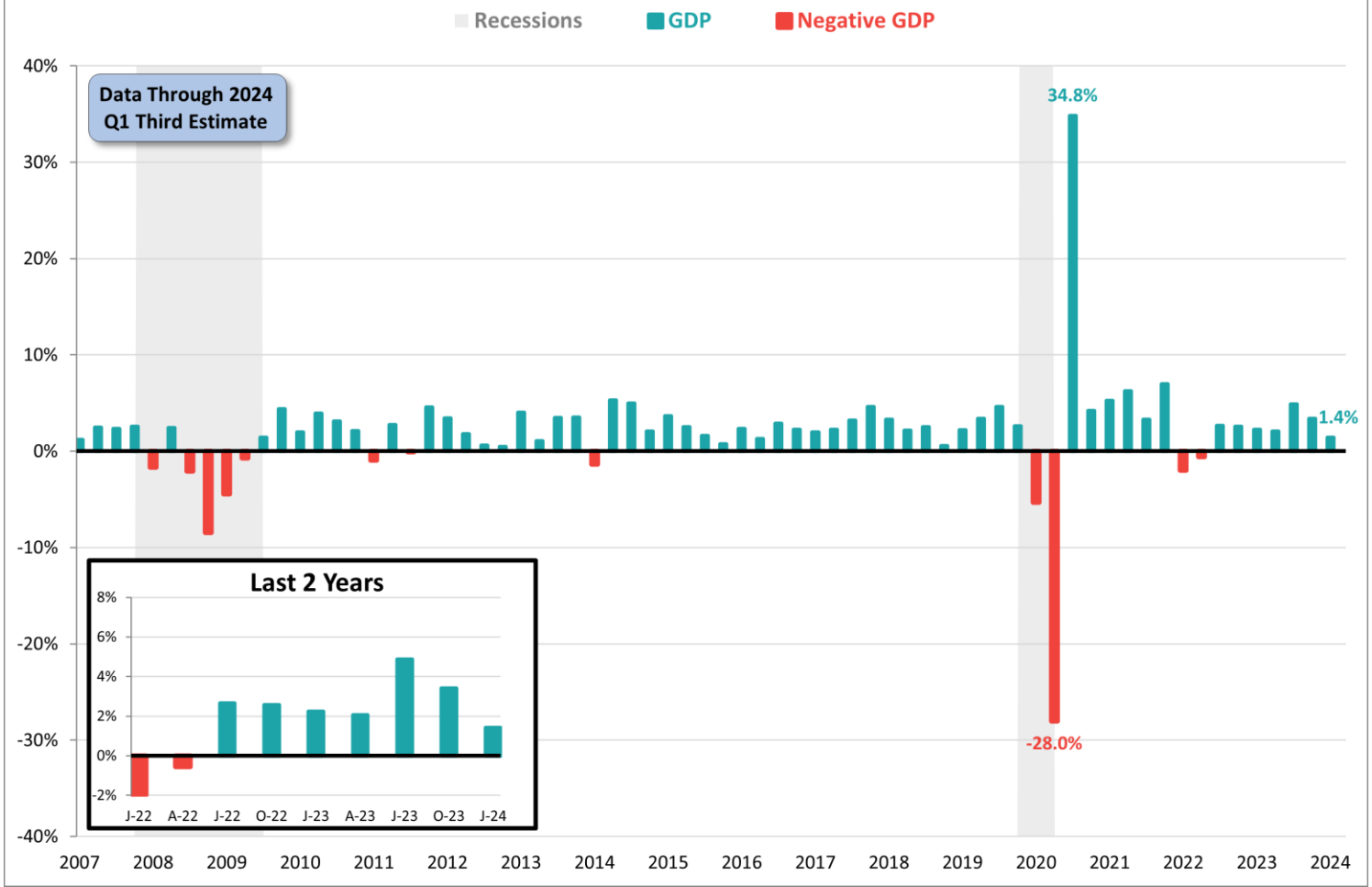
- Overall growth of the economy
- Supply chain performance
- Labor availability and cost
- Cost of inputs
- Housing market correction
- Inflation outlook
- Likelihood of recession

to be
point of
GDP [d3i:
Gross
total market

VettaFi Advisor Perspectives

advisorperspectives.com
June 2024

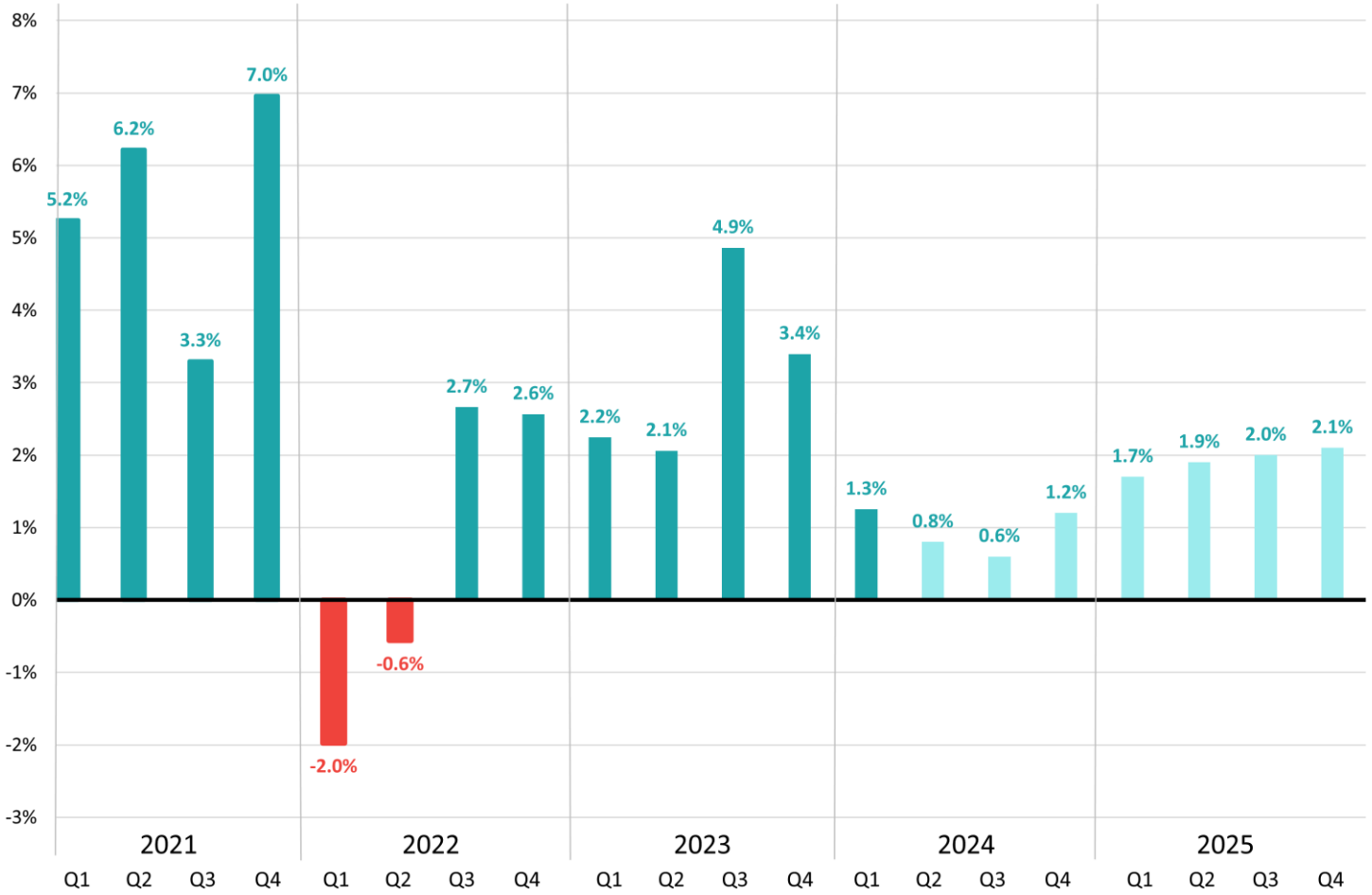
Gross Domestic Product (GDP)



Source: The Conference Board Economic Forecast for the U.S. Economy

As of 2024 Q1 Second Estimate
Forecast 2024 Q2 - 2025 Q4

Gross Domestic Product (GDP)



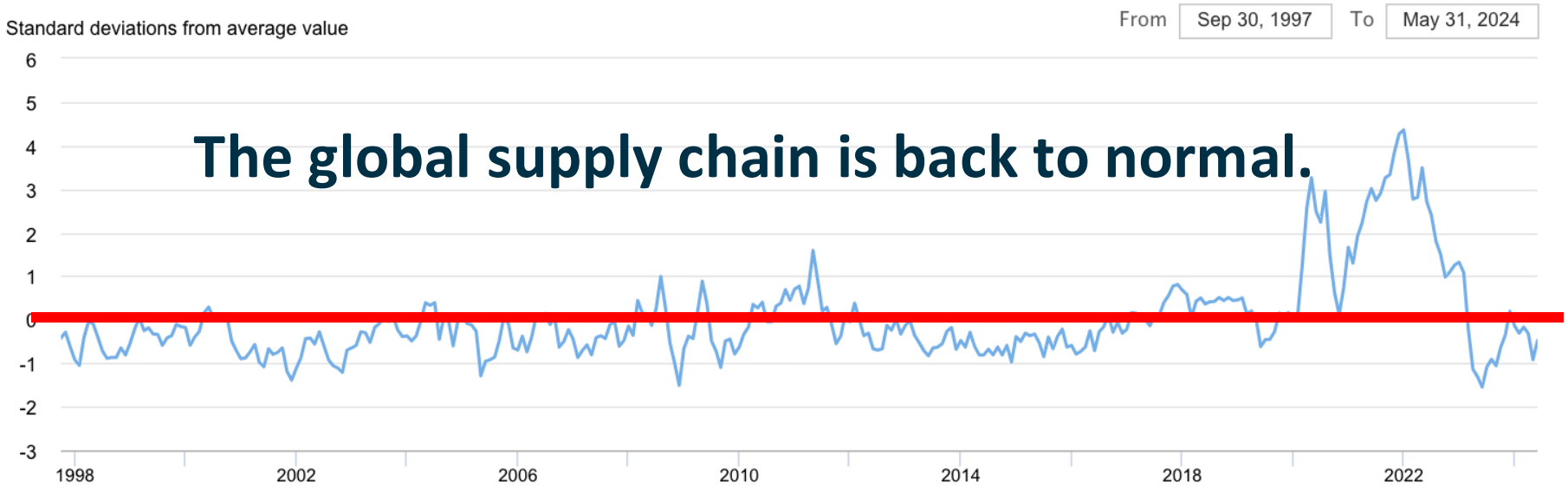
SUPPLY CHAIN
SCM
Procurement
STRATEGY
PLAN
MANAGE
Process
DISTRIBUTION
RESOURCES
Logistics
PLANNING
Assets
DELIVER
PLANNING
PROCESS-LED
PRODUCT
MANUFACTURER
BUSINESS PLAN
STRATEGIC
SYSTEM
PARTNER
LIFECYCLE
NETWORK
DELIVERY
Activites
DISTRIBUTE
MANAGEMENT
STRATEGY

Estimates for May 2024

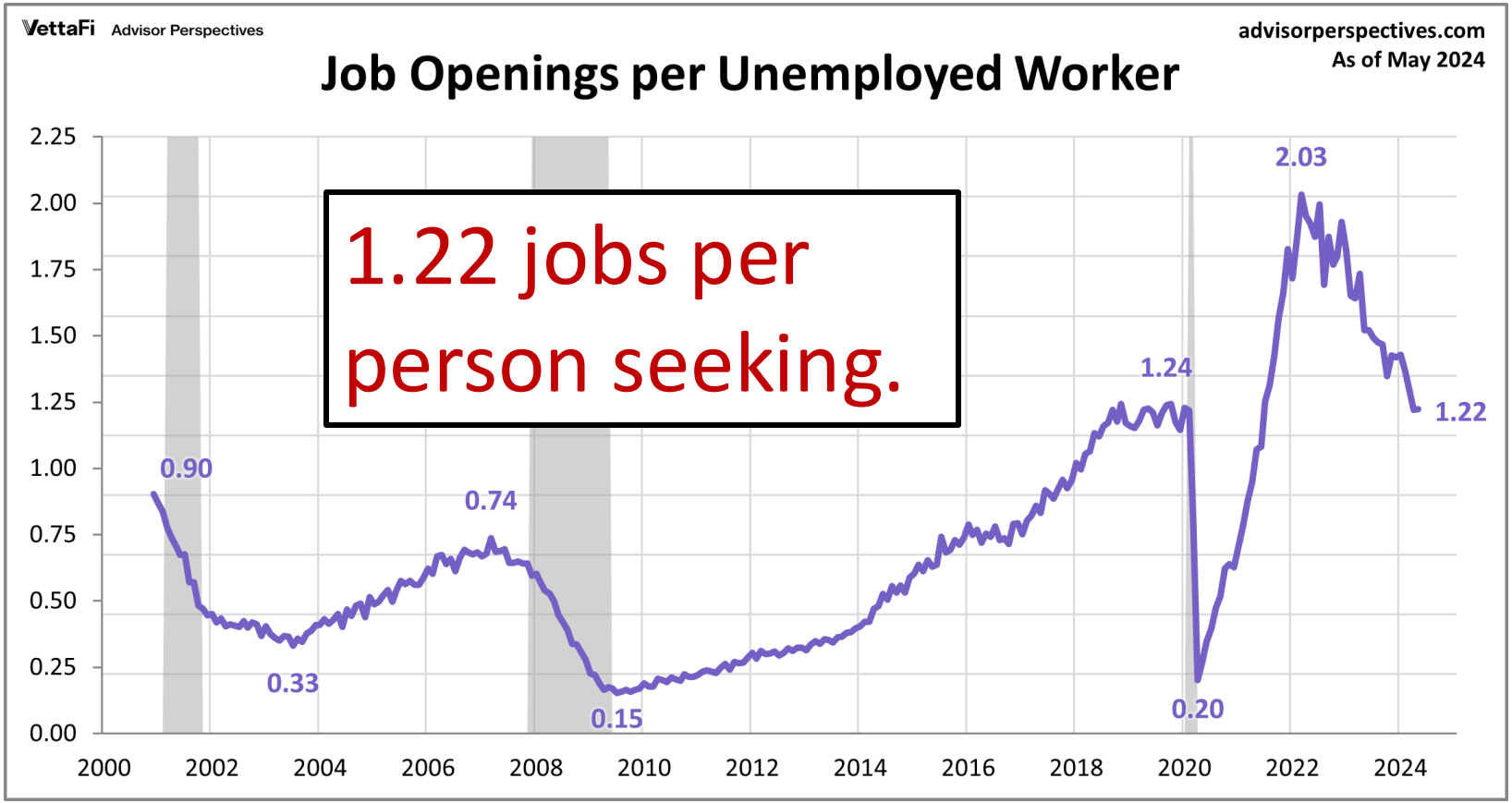
- The GSCPI rose to -0.48 in May, up from -0.92 in April (revised down from an initial reading of -0.85). GSCPI readings measure standard deviations from the index's historical average.

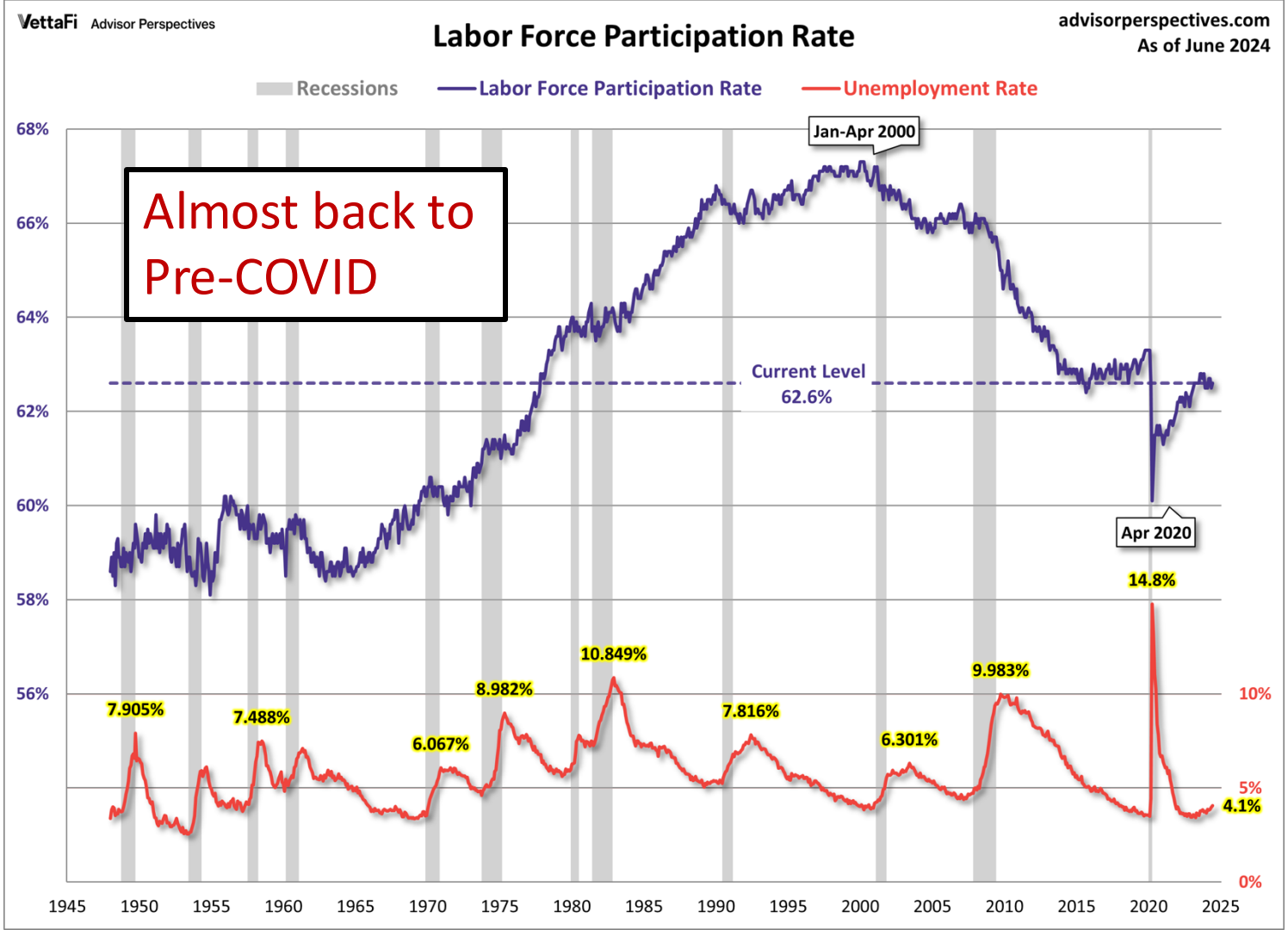
Latest Update May 2024

Enter a date range to see monthly estimates or use the slider below to view a specific date range.



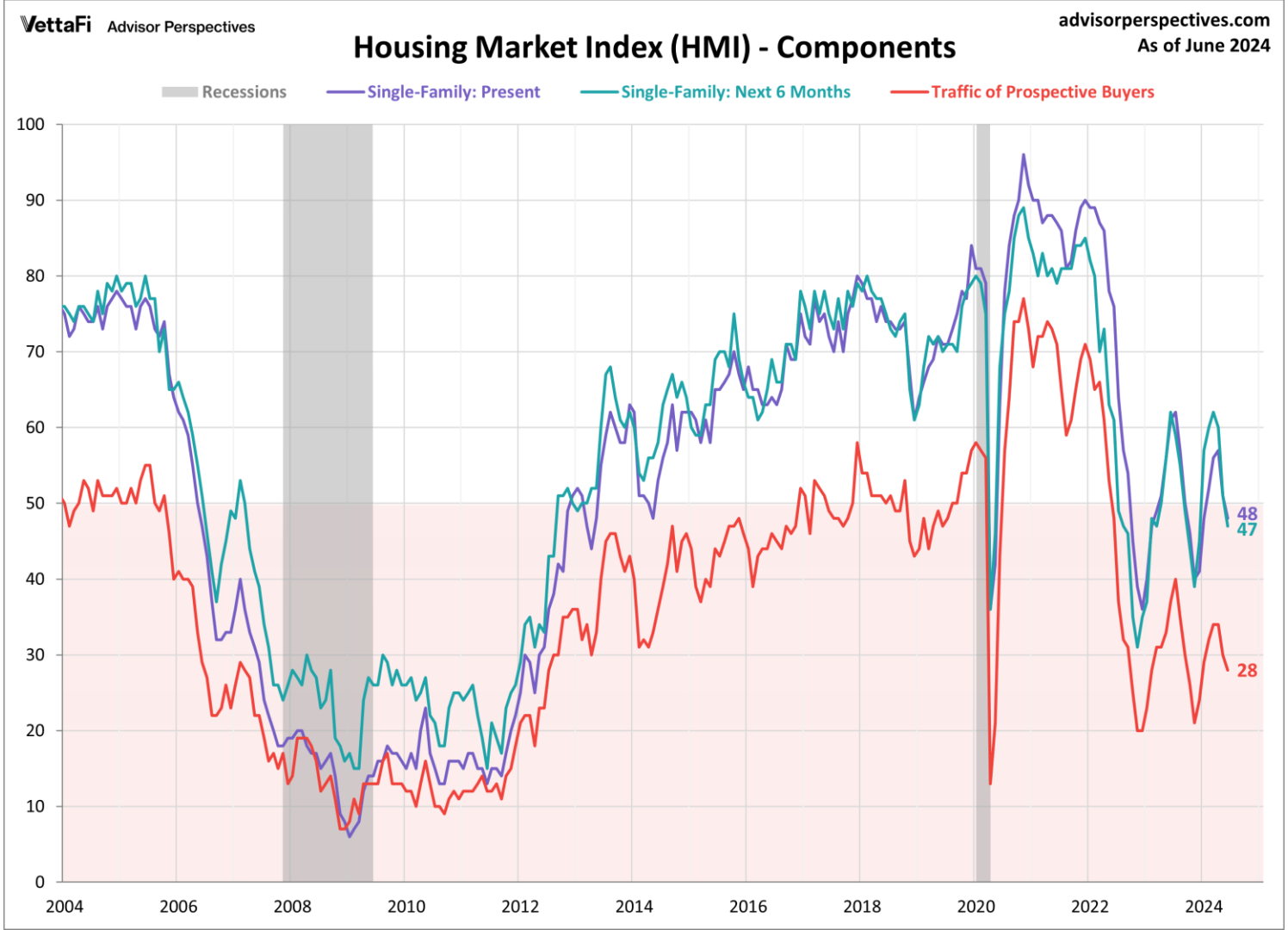
LABOR

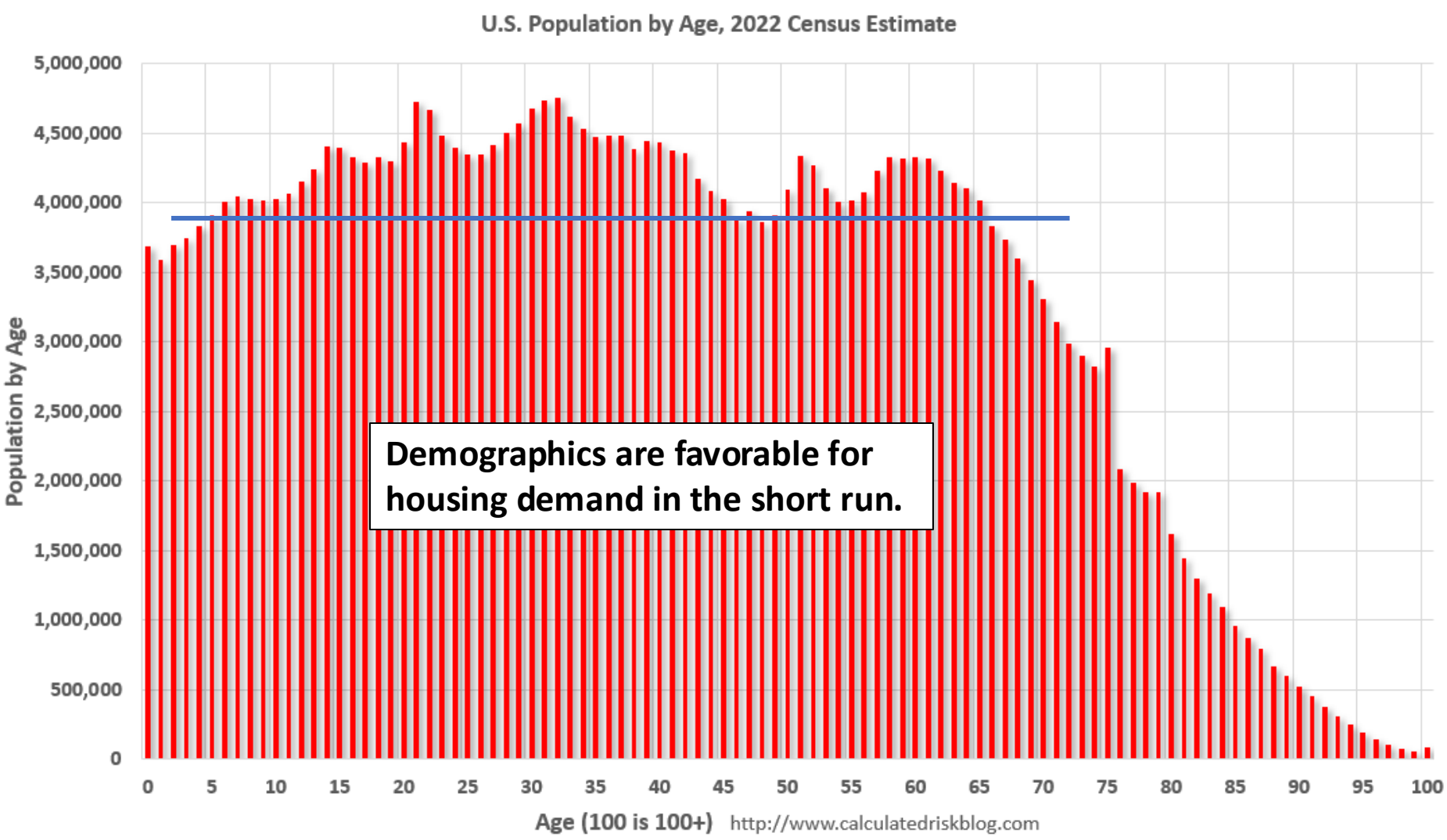

VettaFi Advisor Perspectives
advisorperspectives.com
As of May 2024
Job Openings per Unemployed Worker
1.22 jobs per person seeking.
2.25
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
0.90
0.33
0.74
0.15
1.24
0.20
2.03
1.22


VettaFi Advisor Perspectives
Labor Force Participation Rate
advisorperspectives.com
As of June 2024
Recessions
Labor Force Participation Rate
Unemployment Rate
Almost back to Pre-COVID
Jan-Apr 2000
Current Level
62.6%
Apr 2020
14.8%
10.849%
9.983%
8.982%
7.905%
7.488%
7.816%
6.067%
6.301%
4.1%
68%
66%
64%
62%
60%
58%
56%
10%
5%
0%
1945
1950
1955
1960
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

Average Hourly Earning of all Private Employees, Year-over-year Change
YOY growth in wages declining.
Year-over-Year Change
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
Jan-07
Jan-08
Jan-09
Jan-10
Jan-11
Jan-12
Jan-13
Jan-14
Jan-15
Jan-16
Jan-17
Jan-18
Jan-19
Jan-20
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
http://www.calculatedriskblog.com

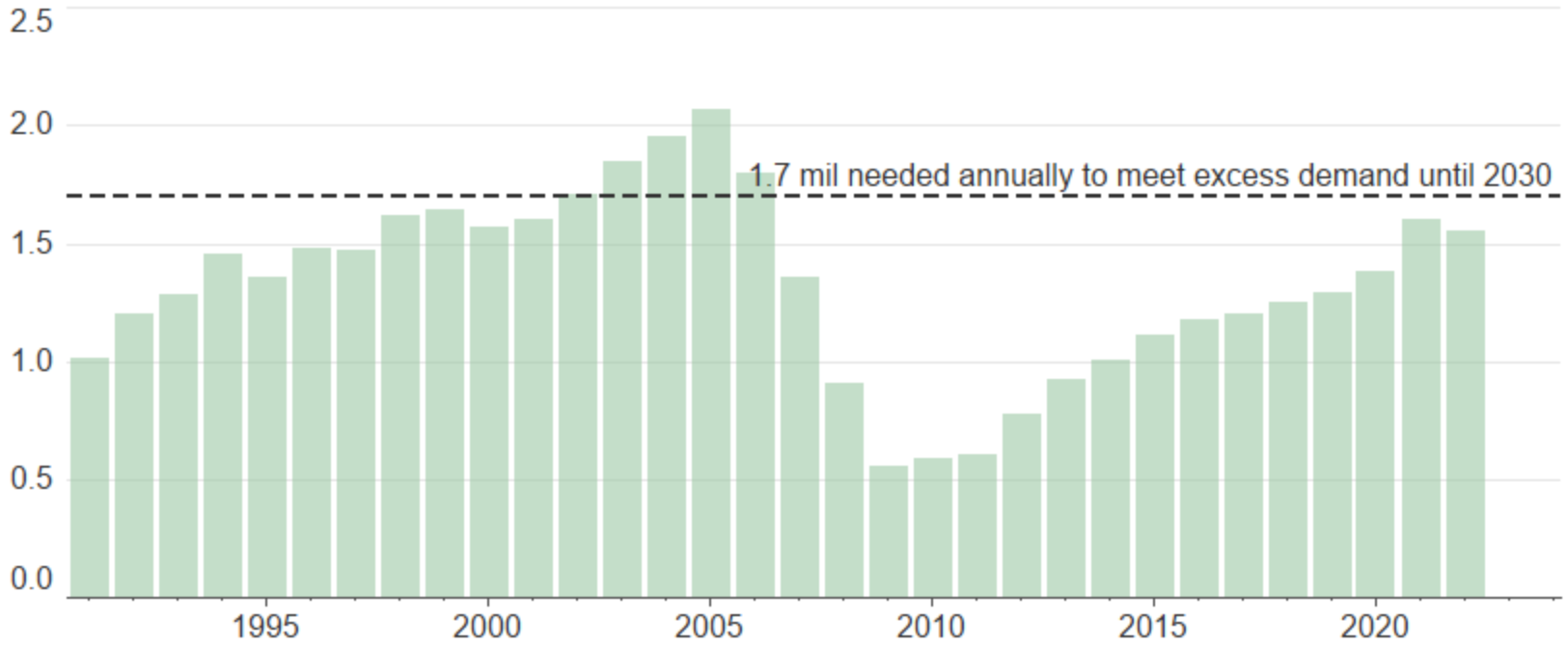
FOR
SALE


VettaFi Advisor Perspectives
Housing Market Index (HMI) - Components
advisorperspectives.com
As of June 2024
Recessions
Single-Family: Present
Single-Family: Next 6 Months
Traffic of Prospective Buyers
100
90
80
70
60
50
40
30
20
10
0
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
48
47
28

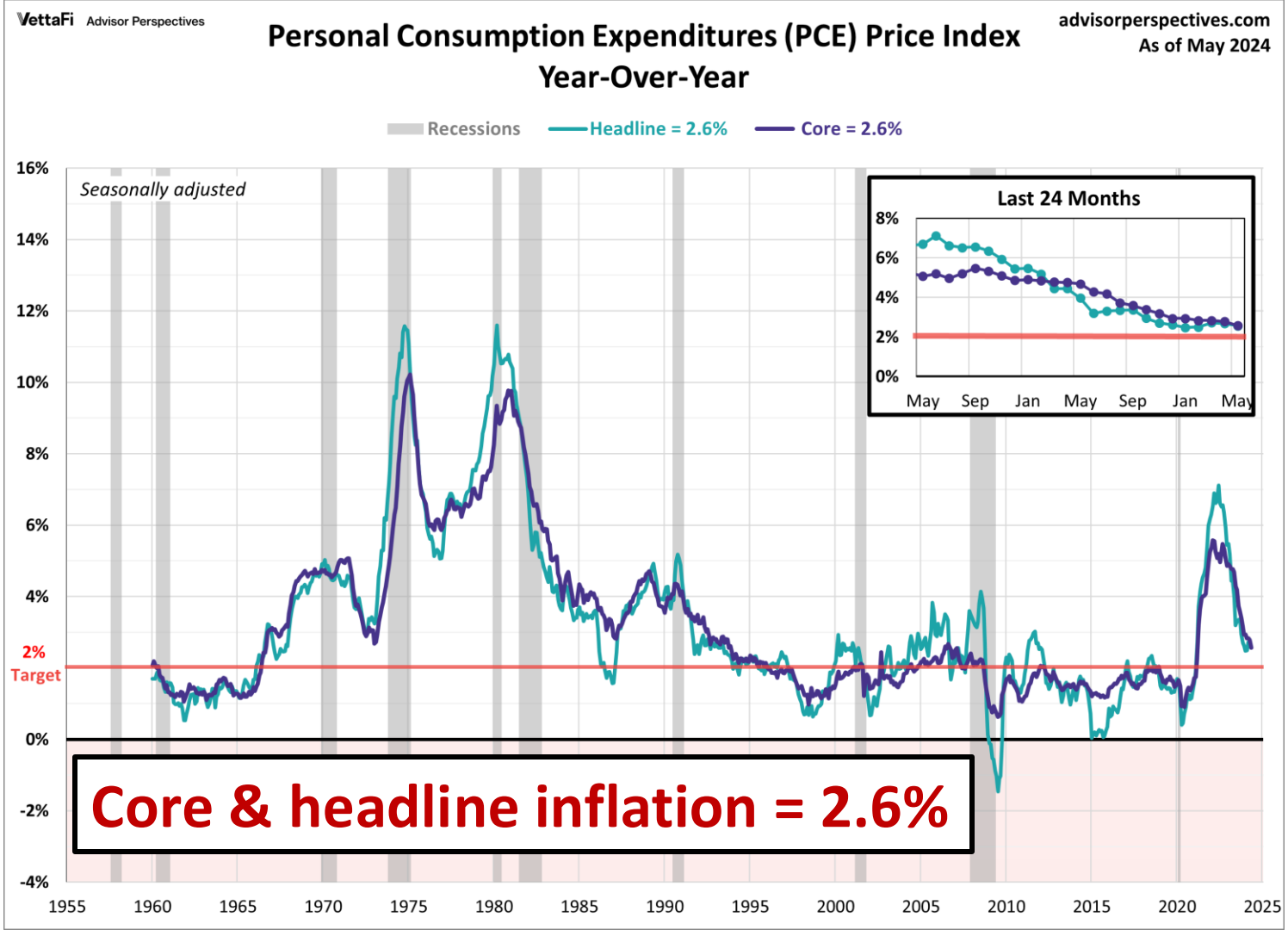

U.S. Population by Age, 2022 Census Estimate
Population by Age
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
0
5
10
15
20
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
100
Age (100 is 100+)
http://www.calculatedriskblog.com
Demographics are favorable for housing demand in the short run.

U.S. housing starts, annually

Millions



Source: Census Bureau, RSM US


VettaFi Advisor Perspectives
Personal Consumption Expenditures (PCE) Price Index
Year-Over-Year
advisorperspectives.com
As of May 2024
Recessions
Headline = 2.6%
Core = 2.6%
Seasonally adjusted
Last 24 Months
8%
6%
4%
2%
0%
May
Sep
Jan
May
Sep
Jan
May
16%
14%
12%
10%
8%
6%
4%
2%
Target
0%
-2%
-4%
1955
1960
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
Core & headline inflation = 2.6%

I expect a 25-basis point decrease in interest rates in September and another in December.

From there, 2 more decreases next year.

Variable	Median[1]			
	2024	2025	2026	Longer run
Change in real GDP	2.1	2.0	2.0	1.8
March projection	2.1	2.0	2.0	1.8
Unemployment rate	4.0	4.2	4.1	4.2
March projection	4.0	4.1	4.0	4.1
PCE inflation	2.6	2.3	2.0	2.0
March projection	2.4	2.2	2.0	2.0
Core PCE inflation[4]	2.8	2.3	2.0	
March projection	2.6	2.2	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	5.1	4.1	3.1	2.8
March projection	4.6	3.9	3.1	2.6

recession?

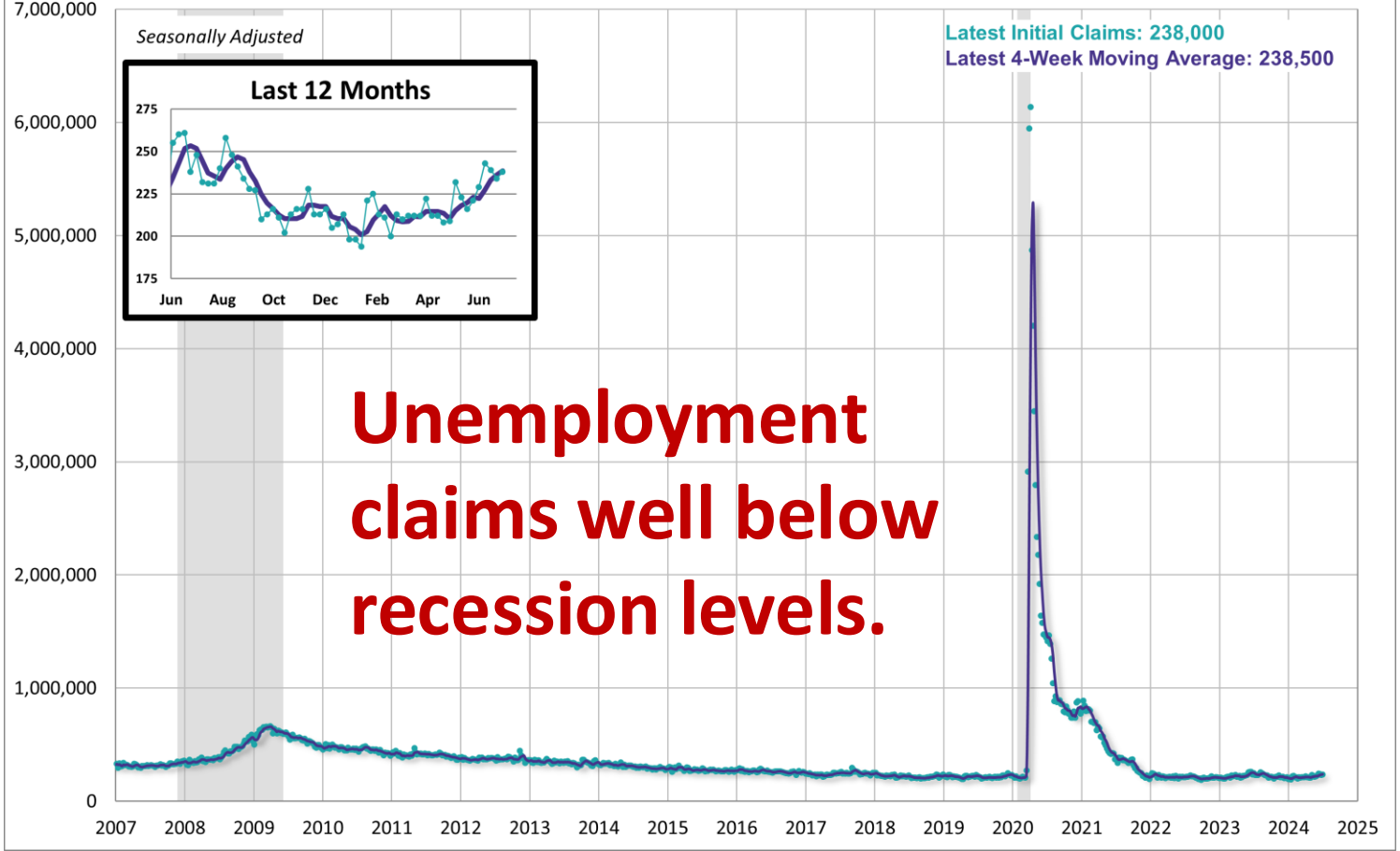
St. Louis Fed Financial Stress Index (STLFSI4)
DOWNLOAD
Observation:
2024-06-28: -0.8121
(+ more)
Updated: Jul 4, 2024 9:00 AM CDT
Units:
Index,
Not Seasonally Adjusted
Frequency:
Weekly,
Ending Friday
1Y | 5Y | 10Y | Max
2007-05-07
to
2024-06-28
EDIT GRAPH
FRED
St. Louis Fed Financial Stress Index
Historically low financial risk
Index
10.0
7.5
5.0
2.5
0.0
-2.5
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
1995
2000
2005
2010
2015
2020
Shaded areas indicate U.S. recessions.
Source: Federal Reserve Bank of St. Louis
fred.stlouisfed.org

VettaFi Advisor Perspectives

advisorperspectives.com
As of June 29 2024

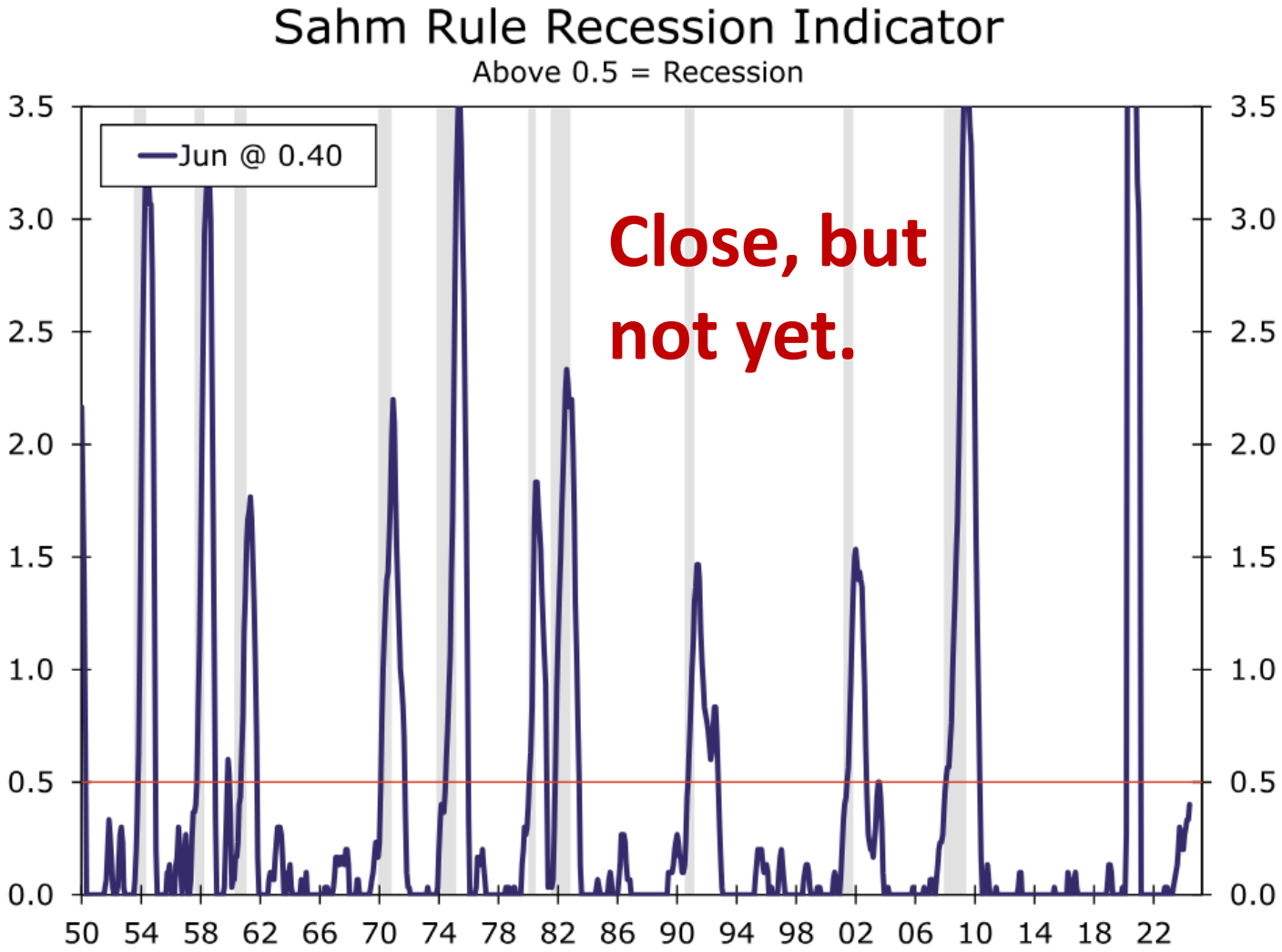
Unemployment Insurance Weekly Claims Report

Recessions • Initial Claims —— 4-Week MA

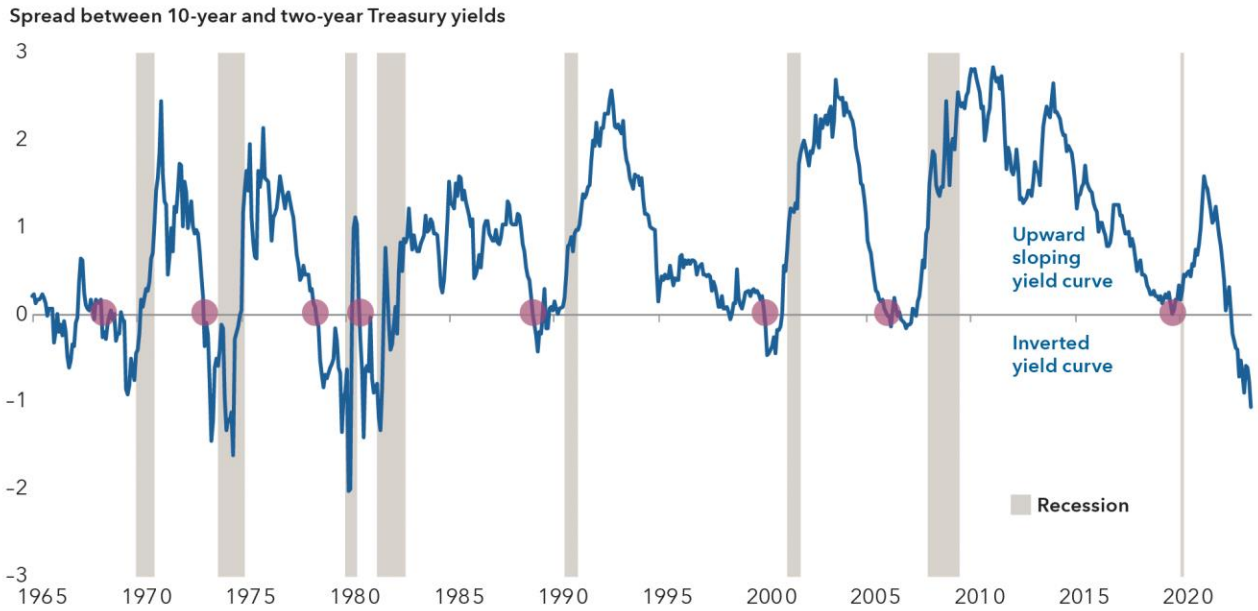


Unemployment claims well below recession levels.

VettaFi Advisor Perspectives
Chicago Fed National Activity Index
advisorperspectives.com
As of May 2024
Recessions
MA3
Recession Starts
Current Level
"An increasing likelihood of a period of sustained increasing inflation has historically been associated with values of the CFNAI-MA3 above +0.70 more than two years into an economic expansion." (from the Chicago Fed Release)
No recession here!
"Periods of economic expansion have historically been associated with values of the CFNAI-MA3 above –0.70. Conversely, periods of economic contraction have historically been associated with values of the CFNAI-MA3 below –0.70." (from the Chicago Fed Release)
0.82
-0.28
-0.13
-0.10
-0.20
-0.64
-0.26
-0.16
-0.09
0.7
-0.7
5
4
3
2
1
0
-1
-2
-3
-4
-5
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025


Sahm Rule Recession Indicator
Above 0.5 = Recession
Jun @ 0.40
Close, but not yet.
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
50 54 58 62 66 70 74 78 82 86 90 94 98 02 06 10 14 18 22

An inverted yield curve has preceded every recession in the last 50 years



Inverted yield curve	Months until recession
1968	20
1973	8
1978	17
1980	10
1989	18
2000	13
2005	24
2019	6
	Average 14.5

Sources: Capital Group, Refinitiv Datastream. As of 6/30/23. One-year rates used instead of two-year rates prior to 6/30/76. When a brief yield curve inversion (less than two consecutive months) occurred before a more sustained inversion, the sustained period is listed as the starting date in the table. Shaded bars represent U.S. recessions as defined by the National Bureau of Economic Research.

NY Fed model = 51.82% probability

Cleveland Fed model = 59.76% probability

The LEI did not signal a recession in May as its six-month growth rate trended less negative

MOODY'S

HOMEWORK

ANALYSIS
JUNE 2024

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ABOUT

Please attribute information in this document to Moody's Analytics, which is a division within Moody's that is separate from Moody's Ratings. Accordingly, the viewpoints expressed herein do not reflect those of Moody's Ratings.

Assessing the Macroeconomic Consequences of Biden vs. Trump

President Joe Biden and former President Donald Trump will pursue very different economic policies if reelected. In this analysis, we assess the macroeconomic consequences of the policies proposed by the presidential candidates. Both

Chart 1: 2024 Presidential Election Scenarios

Ordered from most likely to least likely

1

***Biden & Divided Congress* scenario**

40% probability

It is challenging for Biden and Democrats to implement a significant economic agenda. This scenario is thus mostly consistent with the status quo. The exception is an agreement extending current lower tax rates for individuals making less than $400,000 per year. Biden aggressively uses executive orders, but there is legislative stagnation.

2

***Republican Sweep* scenario**

35% probability

Trump makes permanent the individual tax cuts from the TCJA. He imposes higher tariffs on China and many other nations and imposes much more restrictive immigration policies, including more deportations. His deregulatory banking, energy and climate policy agenda is reinvigorated.

3

***Trump & Divided Congress* scenario**

15% probability

Trump pursues most of his economic policies, including making permanent the tax cuts for individuals. Other policies concerning tariffs, immigration and regulations are implemented via executive orders. Many of his policy moves are challenged in the courts, but this does little to dissuade his policies.

4

***Democratic Sweep* scenario**

10% probability

Biden's fiscal 2025 budget is fully implemented. Tax cuts are extended for individuals earning less than $400,000 per year, but higher-income earners see their taxes rise. Corporate taxes increase, with the statutory rate rising from 21% to 28%, among other novel reforms. Certain tax credits aimed at low- and middle-income individuals are expanded. The increase in government spending is focused on programs to support the finances of low- and middle-income households.

Source: Moody's Analytics

Take-home points

1. Regional differences prevalent. One year of negative YOY comps doesn't tell the whole story.

2. You must track customer analytics for your trade areas over time.

3. Manage your working capital. SKU rationalization. Focus on your value proposition.