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Blooming Business

By Yeleny Suarez

DONN F. FLIPSE believes the small flower retailer is a dying breed, unable to compete with grocery stores and online flower middlemen. The CEO of Field of Flowers Inc., convinced that flower superstores will survive and compete, is buying up small stores and folding them into his three enormous locations.

"There are more retail florist businesses than are necessary or than the market really can support," he says. "Many of them are having trouble being profitable and so we feel that there is an opportunity to consolidate." So far, Flipse has purchased four small stores in South Florida and closed them. "The main assets we are interested in are their list of customers, phone lines, Web site if they have one, and the name of course," Flipse says. The name helps him retain the shuttered shop's customers, both in person and online, during the transition period. This way, Flipse says, he acquires only additional customers — not additional overhead — and boosts sales volume in the three existing facilities.

Flipse hopes to grow his \$9 million Davie-based business by opening 30 to 40 more superstores throughout South Florida during the next five years. Expansion will require outside financing, probably venture capital, he says, though he is not actively seeking it right now. He estimates new stores, once mature, would have revenues of around \$3 million a year each.

Tim Huckabee, president of New York-based Floral Strategies, which trains professional florists such as Field of Flowers, says there are three critical areas in the flower shop business: customer service, sales and effective use of the order-entry software. "To keep their edge and grow, flower shops need to be more focused on customer acquisition and customer retention," Huckabee says. "Twenty years ago it was very easy for a flower shop to open and, just by virtue of being open and placing an ad in the yellow pages, they would do well." But the dynamics of the industry have changed, he adds, explaining that today grocery stores and Wal-Mart carry the same flowers as flower shops.

Flipse agrees. "We compete against supermarkets for the sale of flowers by the bunch, and we compete against retail florists in selling flower arrangements," he says. "We make sure our prices are below the competition for equivalent product."

Field of Flowers has about 35 different bunches that cost \$3.45, and one of its best-selling selections is two-dozen roses for \$14.99. Its stores also offer a tremendous variety of blooms — on any given day, each one carries about 150 different types of flowers. Besides arrangements and bouquets, many are sold by the stem, priced from less than \$1 each. Of course, decorative flowers for an elaborate party or wedding can run several thousand dollars. On-floor designers and free weekly flower arranging classes encourage repeat customers.

The stores have plenty of space for the inventory: The Davie store, the company's largest, is 16,000 square feet. Its smallest, in Boca Raton, is about 6,500 square feet. A third location in Coral Springs brings the combined total of Field of Flowers employees to 110. "Those are not big stores compared to a lot of big-box retailers, a Wal-Mart or a Publix, but they are very big for fresh flower stores, allowing us to offer consumers a huge selection," Flipse says.

Flipse, a third-generation florist, says the business he founded in 1990 is profitable, although he would not give exact figures. But he says Web-based companies such as ProFlowers and 1-800-Flowers.com have taken over a large portion of the market for out-of-town deliveries. Huckabee agrees with Flipse, noting the Internet's increasing role in the retail flower industry. "I think part of that is because, unlike five years ago, more people have access to high-speed Internet at work, so it's really easy to just click through the pages, do some browsing and then place an order," he says.

Flipse's full-service Web site, fieldofflowers.com, demonstrates he is in the game. But his focus is building relationships with the customers he acquires when he buys a flower shop — and new ones he will bring in. Huckabee says customer service is the best way to compete with the online middlemen. "The flower business is very much like the food business. When you go into a restaurant, you are having them create a special item just for you," he says. "Customers can get flowers on the Internet. They can get flowers at Wal-Mart. But what really creates a relationship is the service they get at the flower shop." ■

Left: Donn Flipse is consolidating South Florida's smaller florists.