



# *The Business of Flowers*

**How SerenataFlowers' distribution model is  
disrupting the floristry sector**

Research Report by SerenataFlowers.com  
Autumn 2018

# Introduction

The floristry industry has been disrupted by direct ecommerce flower delivery models, which distribute bouquets directly from flower emporiums in the UK to customers, cutting out the middlemen and in turn, are commanding an increasing proportion of the online floristry market's growth, overtaking relay models (*companies established primarily to facilitate order exchange and fulfilment between local florists or third-party sales agents of floral products*) businesses.

The following report will highlight how consumer demands and expectations are leading this shift – and crucially, why certain businesses are suffering as a result.

It will look at how and why the digital disruptors - ecommerce flower businesses – are benefiting, and ask the same questions of those relay organisations which are beginning to stall. It will also examine what these organisations need to innovate and diversify, to either supercharge growth or avoid ultimate decline.

Finally, the report will address the challenges facing the sector right now and look forward to what the insights from this report can tell us about what the flower industry will look like and what challenges it will face in five, 10 and 20 years from now.

*Martin Johansson* – Managing Director, SerenataFlowers.com



# Executive Summary

- Ecommerce market share in 2018, as a percentage of all retail sales, is expected to increase to 11.9% — up from 3.5% a decade ago
- More than a third (34%) of British consumers want convenience when choosing where to buy flowers as a gift for others
- 33% cite quality as a key consideration when buying flowers
- 30% feel value for money plays a part in their purchasing decision
- 43% more consumers now buy flowers online compared to 10 years ago
- 40% of those surveyed said they would expect the bouquet they ordered to look exactly like it did on the website
- Other expectations include the website being easy to use (37%), a strong customer service such as being updated if the delivery cannot be made (35%) and being offered a refund if the consumer is not happy with what is delivered (30%)
- Consumers expect to be offered next day deliver (27%), while a quarter expect delivery over the weekend as standard
- Those aged 25-34 are in fact more likely than any other age group to send flowers (81%) as gifts for others
- Almost half (47%) of those aged 18-34 said they buy flowers online in comparison to just 17% of those aged 55+
- Almost 1 in 2 (46%) cite the convenience of giving flowers as the main driver for purchasing bouquets as gifts
- 41% of generation Z cite value for money (41%) above all else when choosing where to buy flowers



# FLOWER POWER

*A consumer-led  
shift in online  
floristry*

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The online flower market is  
changing.

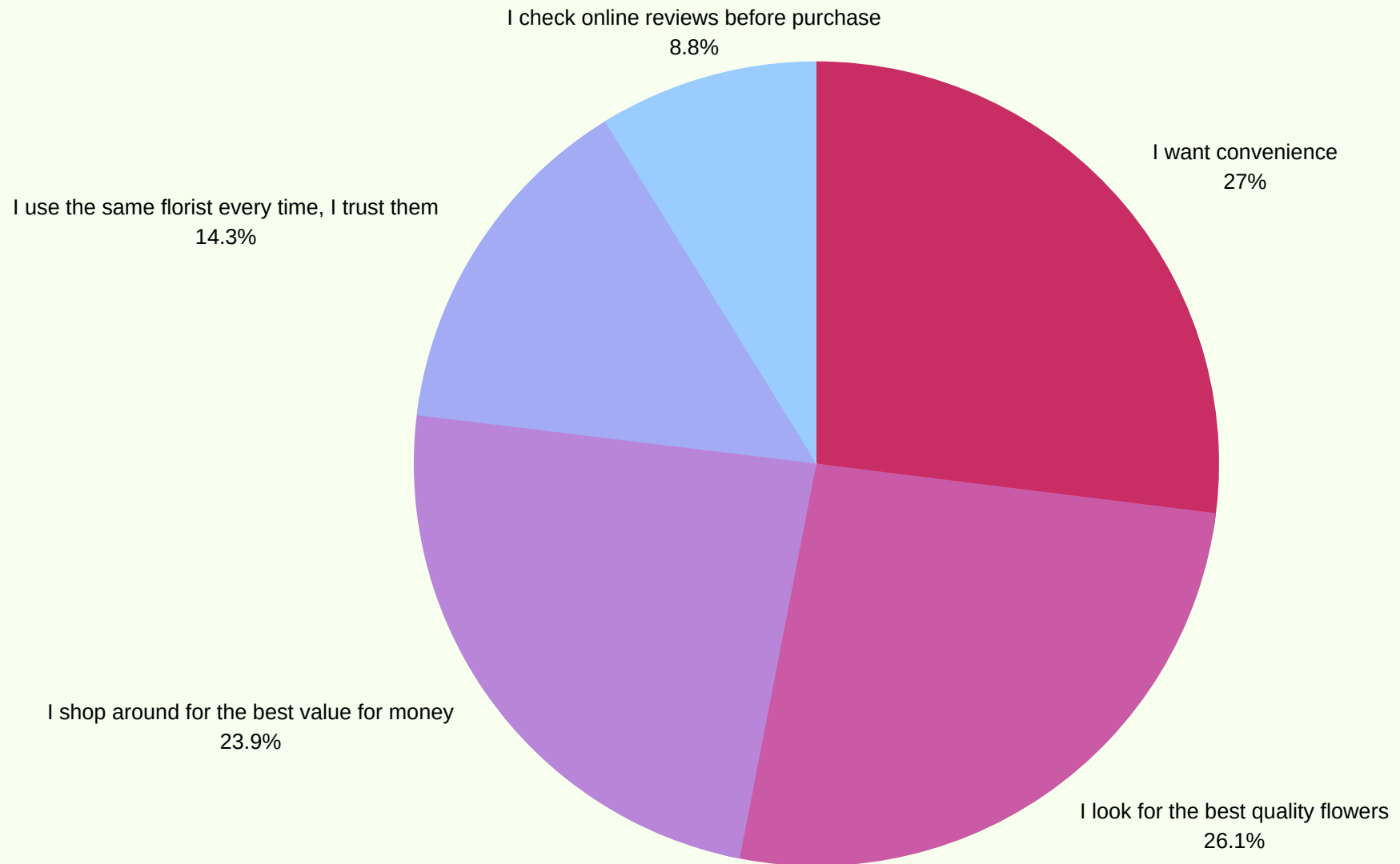
The online flower market is changing. Direct ecommerce businesses have seen a 12% increase in use in the past 10 years, while the growth of traditional online flower delivery giants based on relay business models has slowed. While the availability of new organisations built on more agile business models is enabling this change, it is consumers who are leading it. Consumers are choosing to shift away from relay companies and taking their business to a new style of online flower delivery service.

This begs the question: why? What is it that is leading this change in consumers' purchasing habits? To find out, we asked 1,000 UK adults what they felt was important when they buy flowers as a gift. The results were telling. Leading the consideration is convenience, with more than a third (34%) of British consumers highlighting they want convenience when choosing to where to buy flowers as a gift for others.

Following closely behind though is the need for quality, with 33% of the vote. In the context of flower delivery, this is not only about the quality of the stems delivered, but also the difference between the bouquet that is pictured online and the bouquet that arrives.

Then there is a third major consideration - value for money. 30% of those surveyed felt value was a key consideration when choosing where to purchase flowers for others as a gift.

When choosing where to buy flowers from as a gift for others, which of the following statements do you agree with?



# Ecommerce vs relay:

How well does each type of business meet these needs?

To understand the correlation between consumers' purchasing choices and this shift in the market, we have considered how each type of online florists' business model meets or fails to meet these purchasing considerations, which consumers will spend their money on the basis of:

## Purchase consideration

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## Relay model business

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## Direct ecommerce business

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### Convenience

Not all local florists work outside of normal trading hours, therefore it is not always possible for deliveries to be made in the evenings and at weekends.

Daily deliveries of fresh flowers to the flower emporium means next day delivery can be achieved.

### Quality

Local florists are not able to have fresh stems delivered for every bouquet that is featured on the relay model's website, therefore when the bouquets are put together, it may include substitute stems or stems which are a few days old, meaning it will not last as long.

Daily deliveries of the freshest stems ensure customers receive a fresh bouquet which contains the exact stems listed on the website. They are also monitored for quality by the same business producing them as the one listing the bouquet online.

### Value for money

The relay business acts as a middleman, and therefore takes a cut of the final cost of the bouquet. Local florists increase their prices to ensure enough margin is made to cover both their own profit and the relay businesses.

The company that the flowers are ordered from is the company that delivers them, and so no commission is paid. This saving is passed onto the customer, who can get more flowers or a higher standard of bouquet, for a cheaper price.

As we can see, it is likely that relay businesses are not only suffering as a result of the direct ecommerce models' superior proposition but in fact wilting due to the limitations of their own business models. The data suggests consumers are waking up to these limitations.



**Serenata**Flowers.com



# A Digital Disruption:

## ecommerce florists are blooming

There's no denying the floristry sector has been wildly disrupted by the growth of online retail. Innovations to ecommerce infrastructure coupled with quick supply chain distribution and shipping has opened up the ability for direct ecommerce retailers to penetrate the market and meet the demands of consumers, better than ever before. Not only is the relay model not the only way, it's far from the best way.

According to latest digital insight report from Inside Online, the online floral industry has seen an overall online growth of 41.35% in the UK in the past year alone. According to our data, 43% more consumers now buy flowers online compared to 10 years ago.

The market has seen decline in bricks and mortar florists along with many other sectors on the high street, and with this comes a big opportunity for online retailers. This shift has prompted the need for online florists to find a new way to acquire and retain customers, as the competition online is so vast.

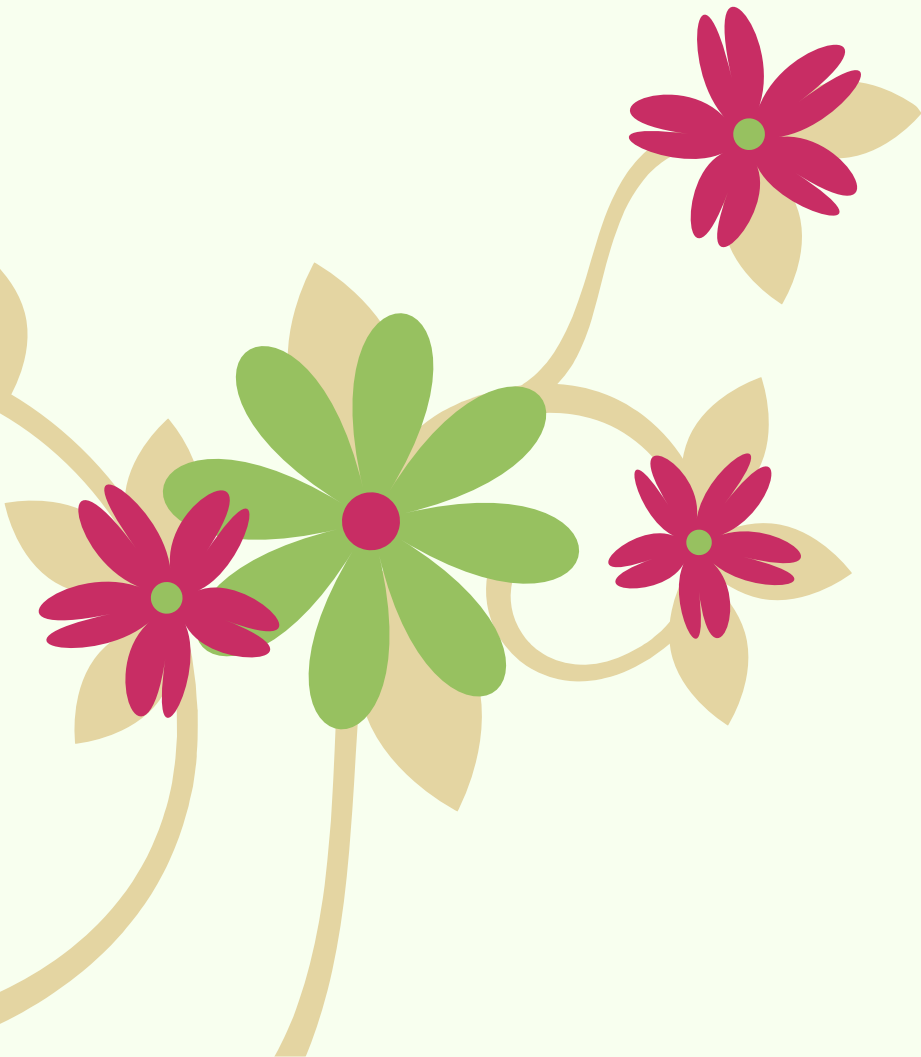


Assessing the key factors affecting consumers' purchase decisions isn't the only route to understanding what is causing this shift in the market. Consumers' beliefs and expectations – and how likely it is that they are actually met – can also help to inform why certain types of business models are flourishing.

Tellingly, our study asked consumers about their expectations when ordering flowers from an online florist, and the outcome revealed a significant issue for relay model businesses.

40% of those surveyed said they would expect the bouquet they ordered to look exactly like it did on the website - an expectation which relay models can fall short in meeting due to local florists who fulfil orders, not having fresh supplies of the stems featured on the relay business' website.

Other expectations include the website being easy to use (37%), a strong customer service such as being updated if the delivery cannot be made (35%) and being offered a refund if the consumer is not happy with what is delivered (30%) – all of which should be feasible for well-run online floristry organisations.



# What do you expect from an online florist when purchasing flowers as a gift for others?

40.0%

*I expect the bouquet to look exactly like it does on the website*

37.2%

*I expect the website to be easy to use*

30.2%

*I expect to be offered a refund if I am not happy with what is delivered*

25.0%

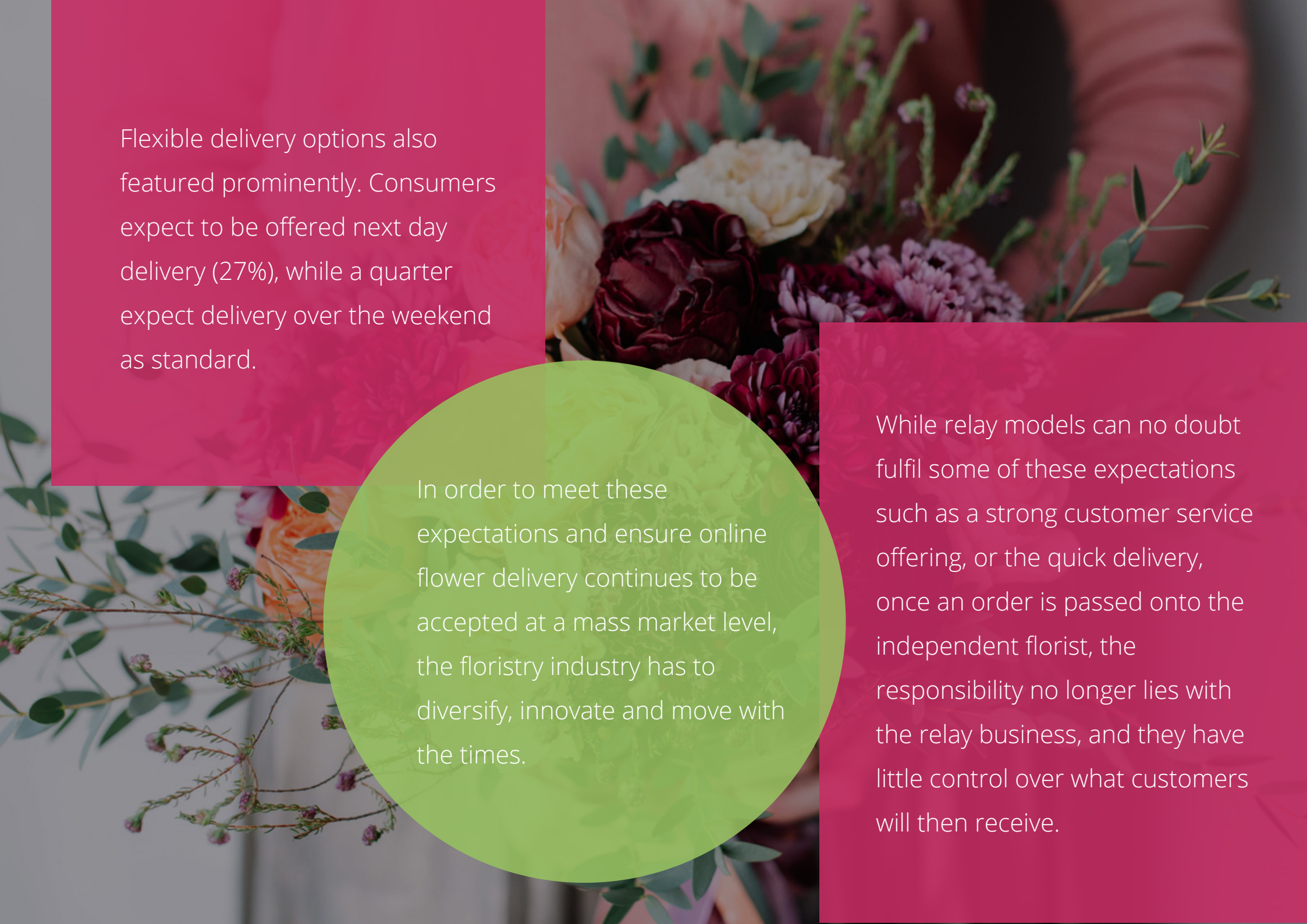
*I expect to be offered weekend delivery*

35.2%

*I expect to be updated if the delivery cannot be made*

27.4%

*I expect to be offered next day delivery*



Flexible delivery options also featured prominently. Consumers expect to be offered next day delivery (27%), while a quarter expect delivery over the weekend as standard.

In order to meet these expectations and ensure online flower delivery continues to be accepted at a mass market level, the floristry industry has to diversify, innovate and move with the times.

While relay models can no doubt fulfil some of these expectations such as a strong customer service offering, or the quick delivery, once an order is passed onto the independent florist, the responsibility no longer lies with the relay business, and they have little control over what customers will then receive.

# Growing pains:

## the future of flowers

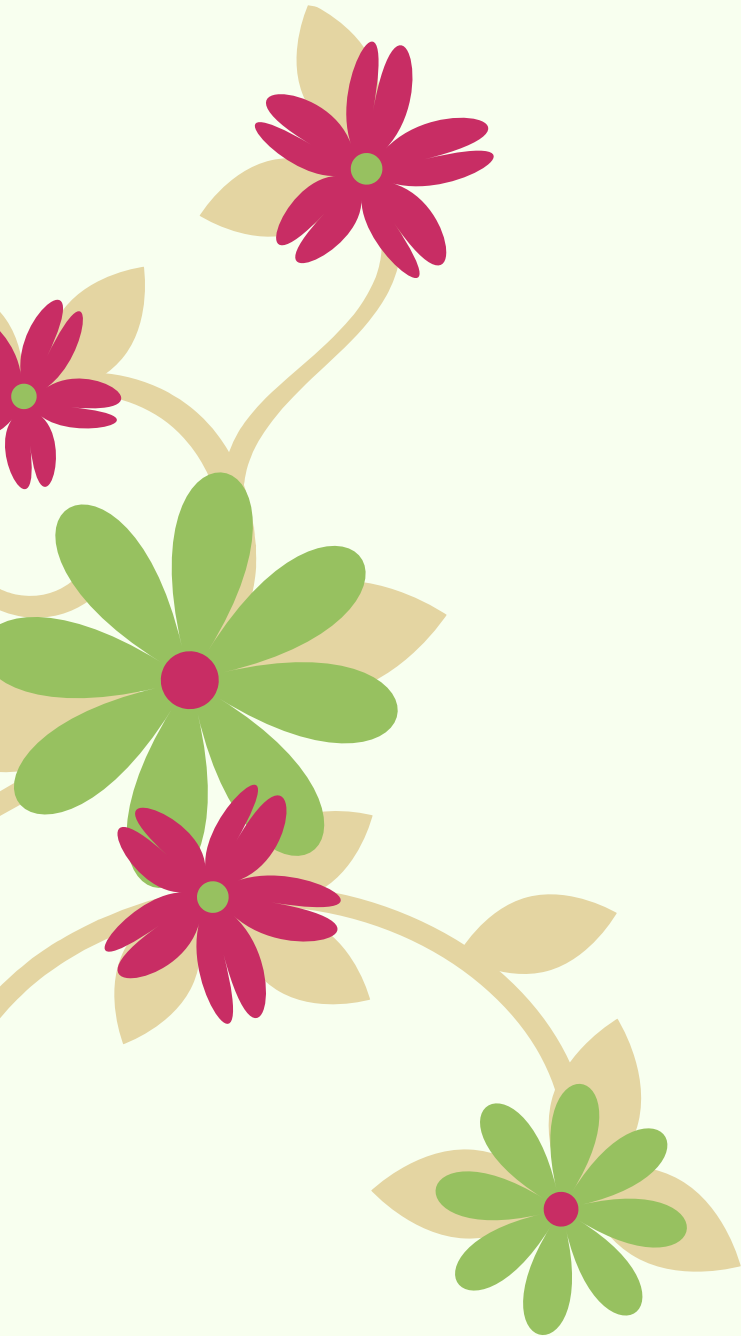
While the online floristry market has sizably increased in recent years, there are no guarantees this is set to continue. Naturally, the industry will face changes and developments which could make or break continued growth. Brexit and the weakness of the pound are just some of the immediate challenges the industry is facing.

And so, the real question is if and how the market will respond and adapt accordingly – and while the emergence of direct ecommerce businesses is evidence that the industry is capable of this, only time will tell which organisations choose to make the changes and improvements that future customer groups demand of them.

Interestingly, our data suggests the future looks bright for florists who can meet consumers demands.

Our study surveyed consumers of all ages, but most tellingly surveyed generation Z – the consumers of the future born between 1995 and 2015 – in order to help to paint a picture of the online floristry market in the years to come.





Despite the popular trope that millennials and generation Y and Z are selfish and self-serving, the research shows that, in fact, they could be spearheading a revival towards more generous and considerate practises, as those aged 25-34 are in fact more likely than any other age group to send flowers (81%) as gifts for others. In comparison, their often more financially comfortable elders - those aged 45-54 and those aged 55+ - are in fact the age groups least likely to do this.

What's more, the survey revealed some extremely good news for those in the online flowers business: almost half (47%) of those aged 18-24 said they buy flowers online. This is in stark comparison to those 55+ as just 17% of this age group do so.

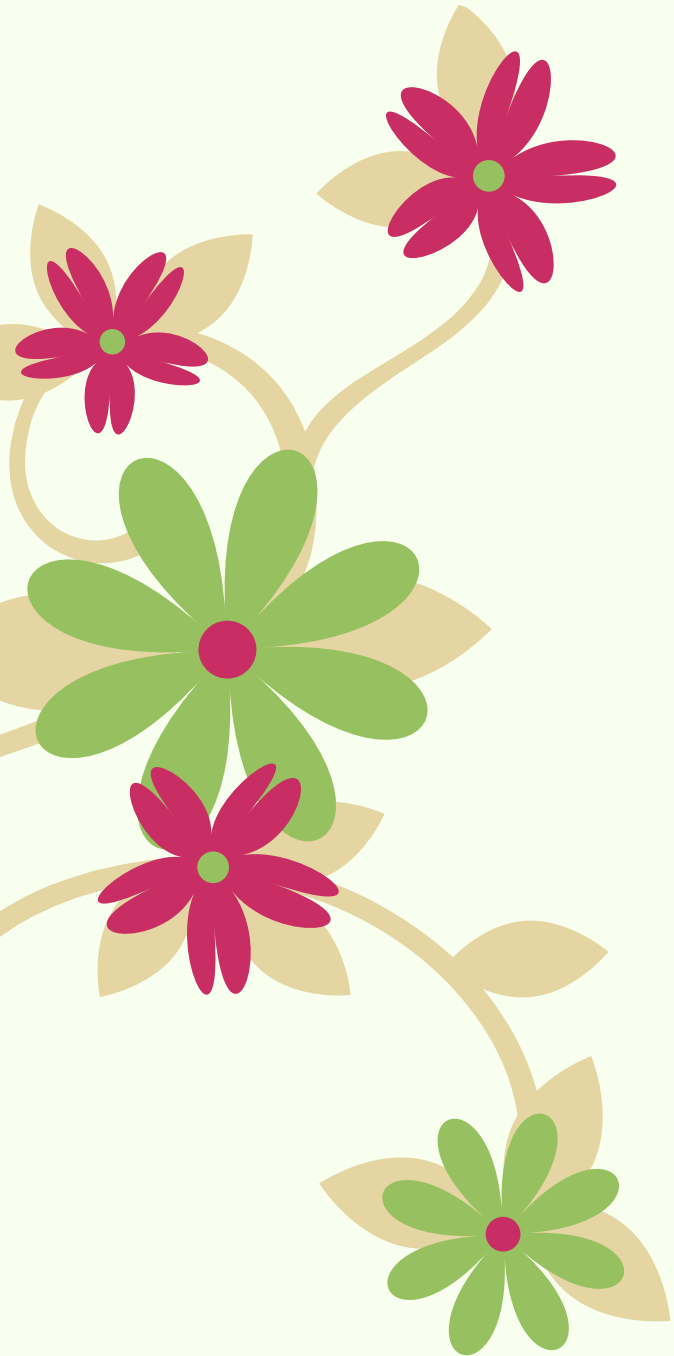
This indicates that, as generation Z matures into adulthood, the market for online flower orders could well grow with it, as there could be more customers in the market for ordering flowers online than ever.

In fact, the very nature of online floristry businesses are best equipped to serve this emerging consumer – as almost 1 in 2 (46%) cite the convenience of giving flowers as the main driver for purchasing bouquets as gifts.

In order to beat the competition to win the custom of this emerging customer group, online flower businesses must consider their unique demands and adapt to meet them. According to this data, cost-effectiveness is likely to be key to this battle - generation Z cite value for money (41%) as an important factor when choosing where to buy flowers. This is more important to generation Z than for any other age group.

Naturally, this would correlate with the fact that this generation are currently (at a maximum age of 23 years old) less financially comfortable, but it could also be as a result of this generation having grown up during a time in which there are more online retail businesses – who are famous for passing the savings they make by cutting out overheads such as bricks and mortar stores onto their customers – than ever before.





If this is the case, price is likely to command more of their attention than it does for any other age group, even when they are well into adulthood and have greater spending power.

But interestingly, this age group are also extremely quality-driven. They are more likely than any other generation to be willing to express their dissatisfaction with having received sub-standard flowers which looked nothing like they did on the website (35%) – suggesting that online florists offering bouquets lacking in freshness or the right kinds of stems could see themselves lose out to businesses which are set up to offer superior quality and accurate product descriptions.

Quite frankly, they want it all – value for money, quality and convenience - and direct ecommerce businesses delivering goods without the need for a middleman currently seem best equipped to meet this generation's demands, suggesting this emerging customer group could well end up driving even further growth towards this section of the market.





# Summary

A new wave of online florists has disrupted the floristry market and are taking on relay businesses which have dominated the industry since the .com boom.

Direct-commerce floristry websites have continued to grow quicker than relay businesses, where no flowers are actually dispatched directly by the business themselves, and are instead sent out from local partners.

And while this is in part due to an overall increase in the number of shoppers purchasing flowers online, the industry is starting to see shoppers splitting between the sub-sections of the market.

Direct-commerce businesses appear to be winning a longer game delivering cheaper, more convenient and better quality flowers, thanks to more nimble business models.

The digital age means the consumers of tomorrow, those aged 18-34, are helping drive this online revolution. The very nature of direct ecommerce online floristry businesses means they are best equipped to serve this emerging consumer and as we're seeing a shift towards this sub-section of the market, we are reaping the rewards.

# About

## SerenataFlowers.com

SerenataFlowers.com was founded in 2003. It is an independent online florist which delivers flowers across the UK, ideal for those who need a convenient service with free delivery 7 days a week.

SerenataFlowers.com prides itself on delivering value and quality to its customers, sourcing nearly 70% of their flowers directly from flower auctions in Europe to offer the freshest blooms.

Having grown from just two small flower shops in central London in 2003, the company is now making waves in the online floristry world, cutting out the middleman and distributing bouquets direct from its flower emporium to consumers.



**SerenataFlowers.com**



Now with a driving force of 64 employees, SerenataFlowers.com is delivering close to a million fresh bouquets per year and the privately-owned ecommerce business is smashing the old floristry cartel with its dynamic distribution model.

A digital disruptor with convenience and value for money at its core, SerenataFlowers.com operates as an ecommerce business, providing customers with a more efficient and cost-effective alternative to relay models.



**SerenataFlowers.com**