

Ila Rose Floral Subscription Services Marketing Plan



Mine Shaft Marketing

Shullsburg FFA

Wisconsin

WI0229

2019

Description of Service

Ila Rose Gifts and Floral is a startup florist located in Shullsburg, Wisconsin. Ila Rose is owned and operated by Sandy Russell. Sandy has successfully operated Kingsley Crossing, a unique craft and gift store in Shullsburg, for a number of years. This past year the neighboring property came up for sale and Sandy purchased the building to start Ila Rose. Although Ila Rose will be a full-service florist, you have tasked Mine Shaft Marketing with focusing on your new monthly floral arrangement and holiday arrangement services. Local and national competitors exist in both the monthly subscription service and the holiday subscription service. Ila Rose will look to position itself as the local go to provider of subscription floral arrangements for individuals looking to give an ongoing gift and to remember loved ones during holidays.

Market Analysis

Client's status in current market

As a new startup, Ila Rose has no current status in the market place and no current marketing strategy regarding its subscription services. As a full-service floral shop, Ila Rose Gifts & Floral is designing their subscription services to generate sales as well as make others aware of the existence of the business. It is anticipated that the subscription service will initially account for fifteen percent (15%) of gross revenue with the goal to increase overall sales and percentage of revenue over the three years of this plan. Social media and traditional advertising will be utilized by Ila Rose Floral not just for the subscription services but also for all services provided by the company. The current market is driven by large national companies who have significant online presence and large marketing budgets. They have limited local connection to the community but have very simple ordering. Ila Rose will be marketing to residents in the Wisconsin counties of Lafayette, Grant and Green as well as Dubuque County, Iowa due to their close proximity to Ila Rose.



Industry trends

In 2017, according to the Society of American Florists, the total sales of all retail outlets in floral was \$35.2 billion, which was up from \$33.2 billion in 2016.¹ Per capita spending on flowers, seeds, and potted plants was \$108 in 2017, up from \$102.50 in 2016.² Currently, there are about 13,100 retail florist shops in the US with average annual sales of \$322,000 per year.³ The industry has experienced considerable consolidation since the economic recession in 2008. The floral businesses that have remained successful have kept costs in line and developed new markets to stay in the business. Consumers also have many additional gifting options, so the industry challenge is to keep flowers and plants top of mind to consumers.

Buyer profile and behavior

The most popular occasions for flowers include Valentine's Day, Easter, Administrative Professionals Week, Mother's Day, fall holidays and Christmas. Recent sales show positive signs for the floral industry. In 2019, Valentine's Day sales were extremely strong with an increase over 2018. The average purchase was approximately \$75, up from \$73 the year before.⁴ Mother's Day and Christmas sales were robust with 60% of floral shops reporting increases in 2018.⁵ Some holidays however continue to be a mixed bag. Sales related to Administrative Professionals Week have been all over the board. Due to the name change of the holiday in 2000 along with shifting workplace cultures sales on this holiday have eroded.

The floral industry has done extensive research to help boost flower sales. One area of significant research has been done to prove the health benefits of flowers. According to a survey by Wakefield Research, 68 percent of people feel stress on a weekly basis, and 32 percent are stressed every day.⁶ Research from the University of North Florida shows that something as simple as flowers can help.⁷ The findings show that people who lived with flowers in their homes for just a few days reported a significant decrease in their levels of stress and improvements in their moods. According to a research study at Harvard, flowers feed compassion, chase away anxieties, worries and the blues at home, and living with flowers can provide a boost of energy, happiness and enthusiasm at work.

More than 202,000 adult residents reside in the target area of Grant, Green, and Lafayette Counties (Wisconsin) and Dubuque County (Iowa). According to research conducted by Mine Shaft Marketing, 92% of the population has purchased flowers in the past year.

¹ Trends & Statistics. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 15 2019.

² Trends & Statistics. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 15 2019.

³ Trends & Statistics. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 15 2019.

⁴ Holiday Statistics. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 15 2019.

⁵ Holiday Statistics. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 15 2019.

⁶ About Flowers. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 16 2019.

⁷ About Flowers. Society of American Florists. <https://safnow.org/trends-statistics/>. Accessed April 16 2019.

Competitor SWOT Analysis

Only one local competitor was found in the subscription floral market. Three national competitors were also identified. Numerous companies provide floral arrangements but do not have subscription services and were not included in the SWOT analysis.

Companies	Strengths	Weaknesses	Opportunities	Threats
Divisions Cut Flowers CSA	- Strong history of raising cut flowers at their local farm - Owner has been a florist for more than 10 years	- No storefront - Subscription service is only available for four months (June – September) - No holiday subscription service	Opportunity to capitalize on the local nature of the flowers grown	- Possibility of CSA model being rejected by consumers - Crop loss at the home farm would result in catastrophic problems in producing the displays
1-800 Flowers	- National brand with strong internet-based clientele - Significant marketing presence across the nation	- Limited marketing of subscription service - No direct link to subscription services on website - No discount for longer duration subscriptions	Wide variety of subscriptions that can appeal to a wide array of customers	- Preference to move to locally sourced flowers regardless of the geographic region - Domination of sales by another national brand
The Bouqs Company	- Strong focus on subscription service programs - Significant priority in business model - Utilize a Happiness Guarantee	- Not as much variety as some other competitors - Newest of the national brands	- Limited marketing of subscription service - No direct link to subscription service on website - Ability to promote eco-friendly alternatives to competitors	- Preference to move to locally sourced flowers regardless of the geographic region - Domination of sales by another national brand
ProFlowers	- Large company with access to flowers from across the country - Connection to FTD and the first on the national floral industry	- Limited marketing of subscription services - No direct link to subscription services on website	Large marketing budget that can expose large client base to subscription services	- Preference to move to locally sourced flowers regardless of the geographic region - Domination of sales by another national brand

Ila Rose Floral SWOT Analysis

Strengths	- Experience with retail and online sales - Access to wide arrange of cut flowers through your suppliers - Limited local competition
Weaknesses	- No experience in the industry - Start-up Business
Opportunities	- Ability to capitalize on local production and service - Labor and products readily available - Located near populated areas

Threats	• Change in discretionary income • Movement by national brands to “local” products • Upward movement in gas prices
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Primary research results⁸

Our firm conducted an online survey of tri-state residents. Facebook was used to conduct the online survey and a “boost” was utilized to draw interest and participation in the survey. A Facebook boost assisted in driving individual customer participation in Monroe & Platteville, WI, Dubuque, IA, and Galena, IL. Any survey completed from outside the target area, Jo Davies County (IL), Dubuque County (IA), Grant County, Green County and Lafayette County (WI), were not counted. Our team received 208 completed surveys from the target area. 59% of the respondents were females and 41% of the respondents were males. Nearly 77% of respondents had a household income greater than \$50,000 and 21% had household income greater than \$100,000. 59% of respondents indicated that they would be at least somewhat interested in purchasing a subscription floral service from a local provider for themselves or as a gift, with 28% of those respondents being very or extremely interested in such purchases. Of those surveyed who were at least somewhat interested in the service, 45% preferred a monthly subscription service, 32% preferred the holiday program, and 23% were interested in both services. Equally important is the fact that local products are a key marketing position for these services. In survey questions, local products as gifts were a preference over luxury, sharable and useful items

Survey responses indicated that 92% of Tri-State residents purchase flowers as a gift while only 8% of residents buy flowers for themselves. When compared to other gifts, flowers were the gift with the second most amount of preference with 24% of survey respondents preferring flowers. 57% of respondents preferred services such as massages, nail care and salon services over flowers, while the remainder of those surveyed preferred some other type of gift.

Business Proposition

Mission Statement

Ila Rose Florists strives to provide high quality floral services that exceed the expectations of our customers.

Key Planning Assumptions

- The cost of production for the arrangements will stay consistent as outlined in the plan
- Radio and social media campaigns will follow industry standards regarding driving purchases
- Overall market conditions will allow consumers to have continued discretionary income
- Cancellation of credit cards will not happen to long-term packages
- Fuel costs will stay constant

Short and Long-Term Goals

Based on our client interview with Sandy Russell and our original market research, the following goals were developed for this plan:

By the end of year one, Ila Rose Floral will:

- Sell at least 50 subscriptions per month through the program
- Sign-up at least 90 holiday subscriptions by years end
- Achieve gross sales of at least \$44,000 via the subscription programs
- Establish a rating system to improve the design of the floral arrangements

By the end of year three, Ila Rose Floral will:

- Increase monthly subscriptions to more than 100 per month
- Sign-up at least 200 holiday subscriptions by end of year three
- Increase gross sales of subscription arrangements to more than \$93,000
- Establish a baseline level for repeat customers and determine the traits of a repeat customer
- Determine the percentage of other sales that were driven by the subscription services.

⁸ See addendum for specific selected results.
Mine Shaft Marketing for Ila Rose Floral

Target market

The target market for this plan are adults in the tri-state area but the specific focus will be on the Platteville and Monroe, Wisconsin as well as Dubuque, Iowa markets due to the larger populations and higher average earnings per household. This target market includes more than 202,000 adults. Specifically, the main focus of the plan will be adult males with earnings greater than \$35,000 a year as our survey demonstrated that males purchase flowers more often than females. Females will be a secondary target market.

Strategies and Action Plan

Product

Ila Rose will be selling a monthly value-added floral arrangement program. The arrangements will be designed and created by Ila Rose to fit a monthly theme. Customers can sign up for a three, six, or twelve-month program. Additionally, Ila Rose will be selling a holiday package that allows delivery of flowers for Valentine's Day, Mother's Day, and a selected birthday.

Price

Based on our primary research results, production information provided by Ila Rose and the industry standard markup of at least 300%, there will be three different prices for the monthly program. The three-month subscription service will sell for \$49.99, the six-month service will be 44.99 per month, and the year-long service will sell for \$39.99. The holiday service will be priced at \$210 per year with additional dates available for \$55 per additional holiday. Survey results indicate that these prices are very acceptable for the market.

Place

Customers will purchase the subscription service via the Ila Rose website or through phone orders. They will select their desired package and verify delivery dates. Flowers will be delivered on Tuesdays to one of four markets: Lafayette County/Galena, Illinois, Grant County, Dubuque, Iowa, and Monroe, Wisconsin. Delivery has already been determined in the price. Delivery outside of the general service area will be possible, but under a yet to be determined mail program. More specific dates will be utilized for national holidays for the holiday packages. Birthday and anniversary dates will be delivered on the Tuesday closest prior to the holiday.

Position

Ila Rose Floral will be positioned as a local source for subscription floral arrangements providing seasonally inspired themed arrangements that serve as gifts that keep on giving. Ila Rose Floral will position their service as a gift to last minute purchasers as well as individuals wanting to streamline gift giving. You will also position yourself as a local alternative to large national brands.

Promotion

Website Modification/Upgrade: Ila Rose needs to take great care in creating a website that highlights your subscription services. We are suggesting establishing the website with details about the subscription packages and create an online store so residents of the target market can order directly through the website and select delivery dates available.

Holiday Radio Advertising Campaign: A localized holiday specific radio campaign will target customers prior to Christmas, Valentine's Day, and Mother's Day. This campaign will utilize saturation advertising in the seven to ten working days leading up to the holiday in order to help generate gift subscriptions for those holidays. The plan calls for utilizing two radio stations the first year and expand up to four during the third year if growth targets are being met.⁹ Average cost for these saturation spots will be \$15 per spot for music stations and \$10 per spot for sports stations. The reach for each of the stations utilized covers the entire tri-state area.

Social Media Advertising – Paid and Unpaid: In order to develop sales while limiting marketing expenses and steadily growing your new venture, Facebook advertising will be utilized throughout the marketing plan. Facebook advertising will be done throughout the year but will have a large focus during our holiday seasons of Christmas, Valentine's Day, and Mother's Day. The campaign will have a budget for approximately 9,000 clicks the first year and expand to 14,250 clicks by year three. The advertisements will highlight both the subscription service and the holiday packages. We also recommend that you create short videos for Instagram showing a time lapsed video of the monthly arrangement being created to help generate interest. Creating videos of holiday deliveries will help generate free advertising through social media. Additionally, we suggest Ila Rose give away one extra month to a current subscriber who shares a picture of their monthly subscription via social media with the hashtag, #ilarosefloral. Finally, we suggest that you give away one monthly arrangement to one follower on Facebook, Twitter or Instagram who shares someone's picture.



⁹ Enclosed budget only accounts for up to two stations in Year 1 through Year 3.

Sponsorship of Resident of the Month: A partnership with local nursing homes and assisted living facilities will be established. This partnership involves Ila Rose awarding an arrangement every month to a “Resident of the Month” within the identified facility. The resident will be selected by the facility and provided to Ila Rose. The facility agrees to publish a picture and article of the “Resident of the Month” in the weekly newspaper serving that community which recognizes the resident along with Ila Rose Floral's subscription services. In addition, Ila Rose's subscription services and other services offered will be provided to all new residents and their families upon moving into the facility. Currently, we have six facilities who have agreed to participate in this plan and we anticipate that number growing to ten by year three. Ila Rose will gain key placement before these potential customers that will not only enhance the subscription services but other floral services offered. If goals are met, Ila Rose will have monthly recognition in every local newspaper in the target area.

Proposed Budget

	2020	2021	2022
INCOME			
Holiday Package	\$ 19,950.00	\$ 32,760.00	\$ 42,840.00
Extra Holidays added	\$ 4,620.00	\$ 7,722.00	\$ 12,342.00
Customization Fee	\$ 421.80	\$ 730.08	\$ 1,003.68
3 Month Floral Arrangement	\$ 12,297.54	\$ 16,946.61	\$ 20,395.92
6 Month Floral Arrangement	\$ 7,558.32	\$ 12,147.30	\$ 16,466.34
12 Month Floral Arrangement	\$ 9,117.72	\$ 12,476.88	\$ 18,715.32
TOTAL INCOME	\$ 44,847.66	\$ 70,305.99	\$ 93,047.94
OPERATING EXPENSES			
Products for displays	\$ 8,146.98	\$ 11,687.49	\$ 15,760.98
Products for holiday displays	\$ 4,708.20	\$ 6,958.22	\$ 11,121.26
Products for extra holidays	\$ 1,065.96	\$ 1,781.68	\$ 2,847.64
Display Creation Labor	\$ 658.05	\$ 967.05	\$ 1,335.15
Holiday Creation Labor	\$ 189.11	\$ 311.81	\$ 428.66
Customization Costs	\$ 84.36	\$ 146.02	\$ 200.74
Delivery Labor	\$ 3,219.00	\$ 3,700.00	\$ 4,310.50
Transportation*	\$ 3,340.80	\$ 4,068.00	\$ 120.00
Overhead Cost**	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00
Employer FICA	\$ 332.02	\$ 417.51	\$ 507.71
Credit Card Fees	\$ 1,121.19	\$ 1,757.65	\$ 2,326.20
TOTAL OPERATING EXPENSES	\$ 25,115.68	\$ 34,045.42	\$ 41,208.83
MARKETING EXPENSES			
Website Creation	\$ 1,550.00	\$ 450.00	\$ 450.00
Radio Advertising	\$ 5,700.00	\$ 6,750.00	\$ 9,250.00
Facebook Advertising	\$ 1,350.00	\$ 1,725.00	\$ 2,137.50
Social Media Giveaway Cost	\$ 304.56	\$ 304.56	\$ 304.56
Resident of the Month Program	\$ 1,113.68	\$ 1,443.24	\$ 1,772.80
TOTAL MARKETING EXPENSES	\$ 10,018.24	\$ 10,672.80	\$ 13,464.86
TOTAL EXPENSES	\$ 35,133.92	\$ 44,718.22	\$ 54,673.69
NET INCOME BEFORE TAXES	\$ 9,713.74	\$ 25,587.77	\$ 38,374.25
Return on Investment	28%	57%	70%

* Estimated IRS mileage rates - \$0.58

** Includes 15% of insurance, real estate taxes, and utilities

Sales Projections

Subscription Service

	3 Month Plan	6 Month Plan	12 Month Plan	Avg. Per Month
2020	82	28	19	54
2021	113	45	26	77
2022	136	61	39	104

Holiday Package

	Holiday Package	Add-ons
2020	95	84
2021	156	140
2022	204	224

Evaluation

Timeline, Benchmarks and Measurement Tools

It is important that monitors be set in place to help Ila Rose Floral meet the goals set. The primary monitor is to focus on implementing the four marketing strategies within the next year with a target timeline of selling at least 50 monthly subscriptions and 90 holiday packages in the calendar year. A timeline for each of the marketing strategies will help keep the marketing efforts on track. Website modifications should happen as soon as possible. With a modified website, potential customers will have a way to find out more about your new subscription services and schedule delivery. The partnership with local nursing homes and assisted living facilities should be established as soon as possible with plans to communicate to new potential partners in October. Arrangements should be made with the local partner in October to design and cut the radio advertisement for the Christmas season. The advertisements will be updated in January and April to modify for upcoming holiday. The specifics of the Facebook campaign should be established in October for initial implementation in November.



Benchmarks should be monitored on a monthly basis to establish how marketing efforts are working and if adjustments need to be made to increase sales for the year. These dates should be monitored and recorded annually to track consumer patterns. A simple email survey will be established to determine satisfaction with the monthly arrangement. The email survey will provide a straightforward 1-5 ranking system for respondents to assist in gauging satisfaction. Also, returning customers should be specifically categorized and scrutinized to determine future marketing efforts.

Recommendations for alternative strategies, if benchmarks are not reached

If sales at the end of Year 1 do not meet or exceed projections, a series of contingencies can be enacted to ensure success of marketing plan:

Contingency 1: Partner with area businesses to drive subscription purchases as gifts to clients and employees.

Contingency 2: Offer promotional coupons during non-holiday season via social media ranging from 5% discount to a 10% discount.

Contingency 3: Create a paid Instagram and Pinterest advertising campaign focused on individuals.

Contingency 4: Explore partnerships with local hospitals similar to nursing home partnership.

Select Results from Primary Research

1. What gender are you?
Male (41%) Female (59%)
2. Select all statements that apply to you: (affirmative responses)
I have purchased flowers as a gift for someone this past year (92%)
I have purchased flowers for myself this year (8%)
I have not purchased flowers this year (8%)
3. How often do you purchase fresh flowers?
Once a week or more (3%) Once a month (9.5%) **Once every three months (15%)** Once every six months (28%) **Once a year (36%)** Never (8.5%)
4. Are you interested in purchasing a monthly subscription service that delivers a floral arrangement to your door or as a gift?
Extremely interested (10%) **Very Interested (16%)** Somewhat Interested (33%) **Not so interested (22%)**
Not at all interested (19%)
5. Do you give flowers as a gift?

	Males	Females
Yes, often	12%	8%
Yes, but usually only on special occasions.	58%	47%
Rarely	25%	32%
Never	5%	13%

6. What is your preferred gift when giving a gift?
Service - Massages, nail care, etc. (57%) Flowers (24%) **Candies (9%)** Other (10%)
7. What would make you more likely to purchase flowers?
Lower Price (56%) **Increased availability (37%)** Online ordering (7%)
8. Which best describes your preference?
Interested in Monthly Service Interested in Holiday Service **Interested in Both Services**
9. How do you feel about pricing of the particular offerings?

	3 Month	6 Month	12 Month	Holiday
Not priced high enough.	5%	2%	1%	4%
Price seems low, but seen as a good value.	7%	3%	5%	8%
Priced at the correct price.	44%	50%	48%	52%
Priced slightly high, but still willing to purchase.	6%	13%	27%	19%
Priced too high	38%	32%	19%	17%

10. What is your household income?
Less than \$20,000 (8%) \$20,000 - 35,000 (6%) **\$35,000-\$50,000 (10%)** \$50,000 - 75,000 (22%)
\$75,000 - \$100,000 (33%) \$100,000 - \$150,000 (18%) **\$150,000 or more (3%)** No response (3%)