

How Important is Impulse Buying to the Floral Industry?

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Information obtained through the American Floral Endowment's Consumer Tracking Study separates floral purchases the customer planned to make ahead of time, from those that were not planned -- or, were bought on impulse.

While perhaps not as sizable as in other parts of the world, impulse purchases account for close to one third of floral transactions made in the US. That is a significant share of the retail floral business. While the proportion has varied slightly from year to year, the overall contribution from spur-of-the-moment buying has been quite consistent over time:

Figure 1

	% US Floral Purchase Transactions	
	<u>Jan.'93-Aug.'00</u>	<u>Sept.'99-Aug.'00</u>
Impulse	31%	30%
Planned	<u>69%</u>	<u>70%</u>
Total	100.0	100.0

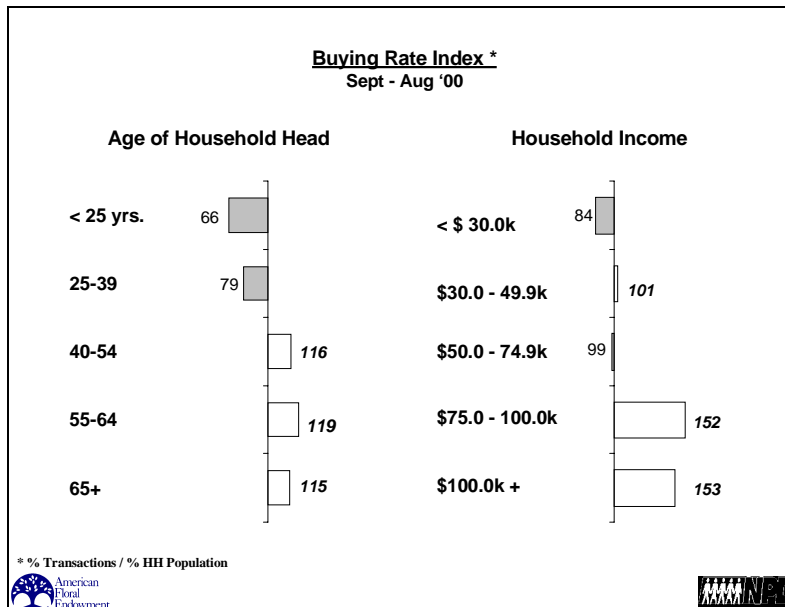
Perhaps it's not surprising, when customers buy on impulse, they spend less than they do for their planned floral purchases. As a result, the dollar return from impulse sales is lower than the proportion of transactions, yet those occasions still support one-fifth of consumer spending for all floral products:

Figure 2

	% Dollars Spent for Floral Products	
	<u>Sept.'99-Aug.'00</u>	
Impulse	22%	
Planned	<u>78%</u>	
Total	100.0	

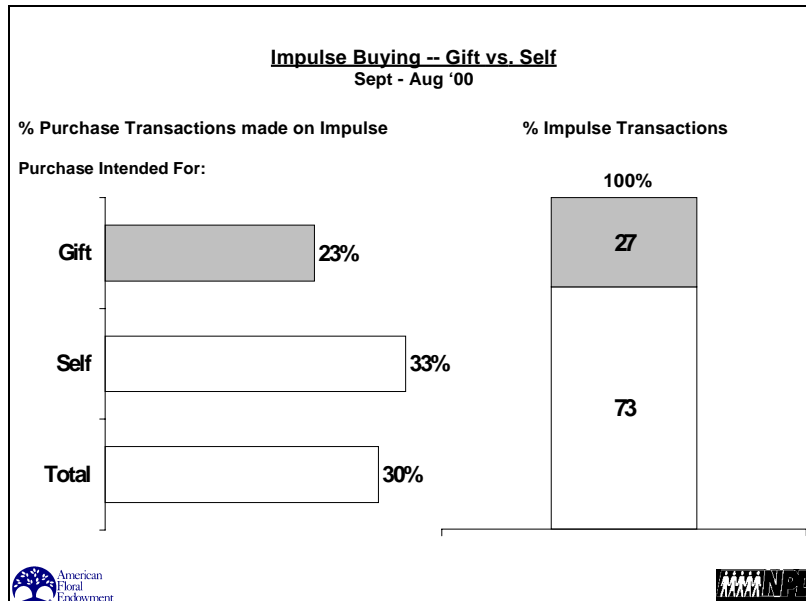
Who buys on impulse? It's the typical floral customer. Those with the highest impulse buying rate are households shown to be the heaviest floral buyers -- the more affluent, middle-aged household.

Chart 1



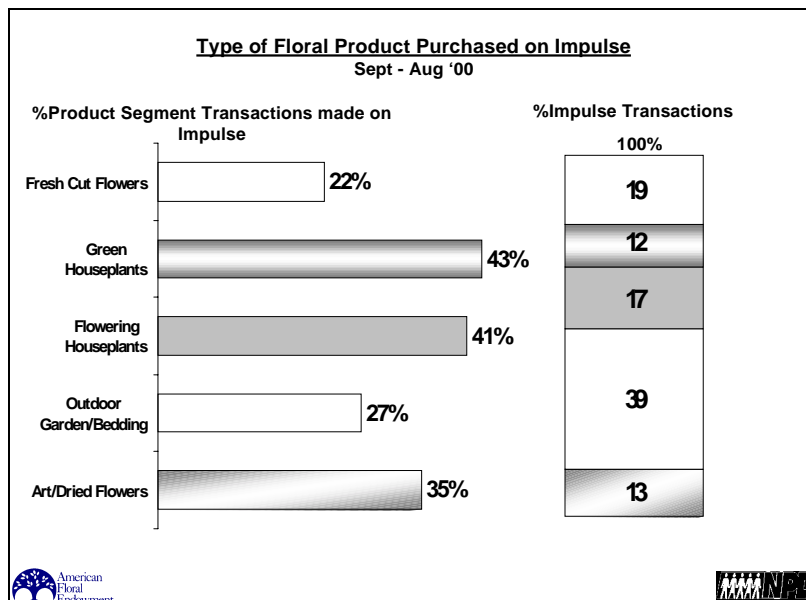
Are customers as likely to purchase floral gifts on impulse as they are when buying for themselves? No, while floral gifts are purchased on impulse, customers are more likely to make a purchase decision on impulse when buying for themselves:

Chart 2



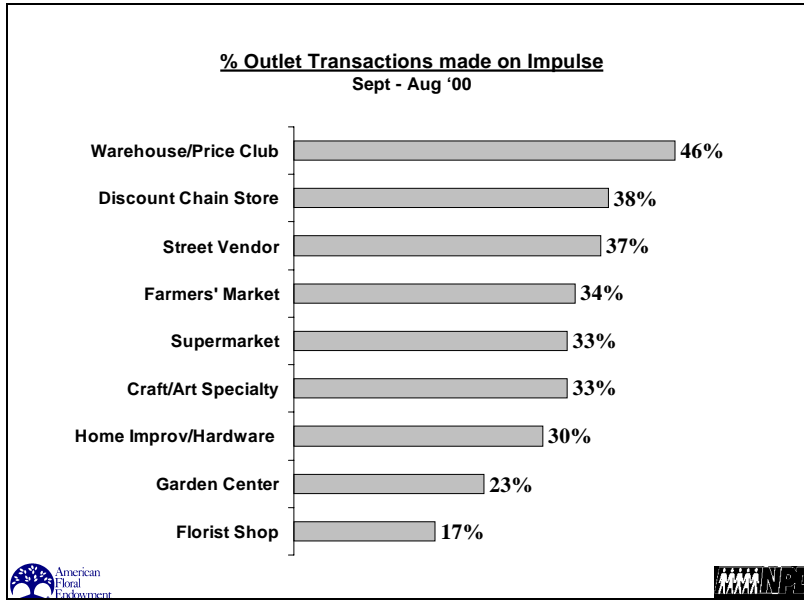
What type of floral product is most likely to be purchased on impulse? Reflecting its overall share of all purchase transactions, Outdoor Bedding plants account for the largest percentage of all impulse purchases. However, when considering volume of each product sold, impulse buying is most important to the movement of houseplants.

Chart 3



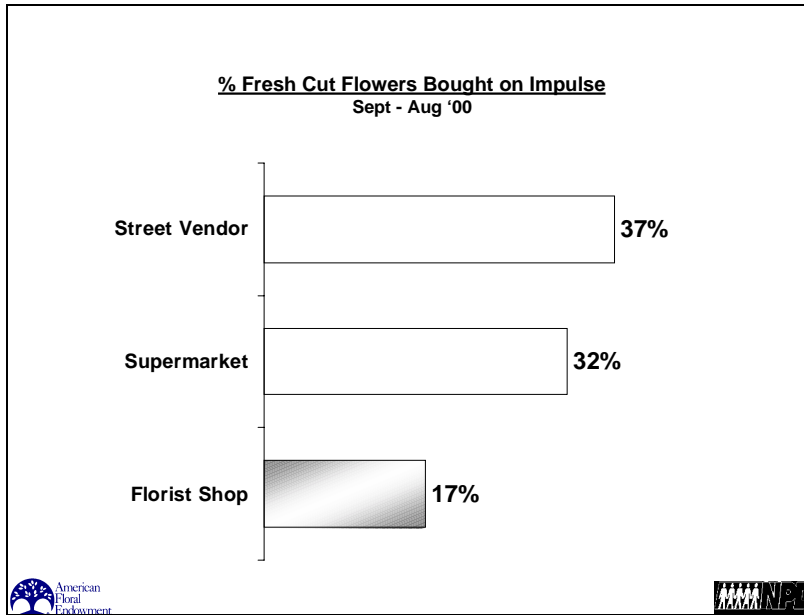
Which type of outlet fares best with impulse buying? Price Clubs, Discount Chain Stores, Street Vendors and Farmers' Market -- have the highest volume dependence on impulse buying:

Chart 4



Considering just Fresh Cut Flowers, the benefit to prominent display, ease of selection and purchase (and available traffic) is demonstrated in the difference shown here in obtaining impulse transactions in these three types of outlets:

Chart 5



In summary, the US floral industry benefits substantially from spur-of-the-moment buying. Nearly one-third of floral transactions and one-fifth of the sales are impulse purchases. At this time, the product segments that gain most from impulse buying are foliage and flowering houseplants -- four of every ten purchases were not planned.

Retailers may wish to give particular attention to:

- Heavy traffic areas
- Display prominence
- Ease of self selection by the customer and
- Readily identified pricing

in order to stimulate more impulse buying. The opportunity need not be limited to houseplants. The spread in portion of fresh cut flowers sold to impulse buyers for the three outlet types shown demonstrates that when it's made very easy, they will buy. Perhaps, as seen in so many other industries, what is driving consumer behavior here is --convenience. That includes convenience of location, of making a selection, of price recognition, of completing a transaction -- catching their eye and making it easy to do.