



Journal of Food Distribution Research
Volume 54, Issue 1, pp. 1–7

Research Report: Growing a New Cut Flower Industry: Market Needs and Preferences

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Abstract

Cut flower production is a small, rapidly growing, and dynamic industry in Utah. Growers currently market their products through various outlets. Each outlet has different needs in terms of varieties, colors, and pricing, and the advantages/disadvantages of each are not well understood. Moving forward it will be important to understand the needs, hurdles, and capacity of markets to ensure continued profitability. This study provides crucial information on the florist market for local cut flowers. Marketing information and education will enhance the ability of current and potential cut flower growers to properly assess the profit potential of their decisions and assist with the long-term sustainability of their farming operations.

Keywords: florists, cut flowers, wholesale, market survey

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Introduction

Cut flower production is a small, rapidly growing, and dynamic industry in Utah. Other states are also experiencing tremendous growth and looking to Utah, particularly Utah State University (USU) Extension programs, to meet grower needs. Cut flower farms are primarily new businesses, often urban micro farms. Others are adding cut flowers to diversify existing crops, such as alfalfa and fresh produce. The number of flower farms has expanded from less than 20 farms in 2018 to approximately 135 farms in 2022. The Utah Cut Flower Farm Association (UCFFA) started in 2019 and currently has 140 members. Last August, USU Extension and the UCFFA hosted the first annual Utah Flower Day at Wheeler Farm (Salt Lake City, UT) with just over 500 attendees, demonstrating the substantial interest in local cut flower farming.

Most cut flower farms are women run, often aged 30–40, and are new to farming; thus, they represent a new and underserved demographic for agriculture. Until recently, the average farm size was a quarter acre, and now it's closer to a half-acre, as 2022 saw much farm expansion. Farms are highly entrepreneurial, and local cut flowers are predominantly sold direct to consumer (farmers' markets, CSAs/subscriptions, through Instagram, you-pick, etc.), wholesale to florists, and through events (arrangements for weddings, funerals, and other events). Farms also tend to offer educational experiences, such as classes on farming, floral arrangements, and agritourism-type events. As farms mature, they often move more into wholesale markets, which require high quality and large volumes. This is where the most growth has occurred, as awareness regarding the higher quality and selection of local flowers has grown among florists and consumers.

A study conducted in 2021 evaluated the economic impact of the cut flower industry on Utah's economy (Ward and Stock, 2022). A total of 21 farm responses were analyzed ($n = 21$; ~20% of farms), through the use of IMPLAN, with a conservative estimate of 25 acres in cut flower production statewide. The average revenue per acre was \$64,000, with a low of \$7,000 per acre and a high of \$200,000 per acre. This range in revenue correlated with the number of years the farm was in business. The impacts assessed ranged from \$3 million to \$13.7 million in total output (sales); between \$221,000 and \$1.3 million in state tax revenue; and between \$1.1 million and \$5.8 million in labor income. Other benefits included raising families out of underemployment (many growers would otherwise not be working) and entrepreneurs converting small plots of land into profitable businesses. The use of this land in agriculture will improve the environmental quality of farmland, assure the availability of green space in rural and urban areas, demonstrate the potential beauty in farming to nonfarmers, and establish a contemporary crop that appeals to newer and younger generations of farmers.

Approximately 40 acres were devoted to cut flower production in 2022. Although this amount of farmland is small compared to other crops, the net returns are far greater than any other crop in Utah, save cannabis, which only a few can grow. Cut flowers are simply redefining profitability in agriculture. Growers are currently marketing their flowers through a number of outlets and are generally on their own in finding/developing markets for their products. Each market has different needs in terms of varieties, colors, quantities, delivery, pricing, etc., and the disadvantages and advantages of each are not yet well understood. Also, little is known about the willingness of

florists and consumers to pay premiums for locally grown cut flowers, especially in the Intermountain West. Research in this area has primarily focused on the U.S. Midwest and South (Yue and Hall, 2010; Rihn et al., 2011; Columbia and Stock, 2021). This study provides crucial information on wholesale florists' needs and preferences for local cut flowers. Marketing information and education will enhance the ability of current and potential cut flower growers to properly assess the profit potential of their decisions and assist with the long-term sustainability of their farming operations.

Methods

In the fall of 2021 and 2022, online surveys (via Qualtrics) of florists in Utah and surrounding communities were conducted to better understand their needs, preferences, and hurdles to sourcing cut flowers locally. An email directory of florists was assembled based upon internet searches for florist businesses across Utah and nearby communities. Survey questions (20 in 2021 and 24 in 2022) included florists' business details (years in business, business location, primary products and markets, annual flower expenditures, etc.), current usage of local flowers, interest in sourcing flowers locally, perceived barriers and hurdles to local sourcing, flower variety, color and delivery preferences, quality and quantity needs, and willingness to pay pricing above normal wholesale. Additional questions regarding market capacity and seasonality needs were added in 2022. The survey was tested with UCCFA member growers and florists before it was distributed to florists via email request.

The 2021 survey was completed by 42 florists, and 60 completed the survey in 2022. In 2021, 44% of the respondent florists had been in business 5 years or less. This percentage dropped to 28% in 2022. Their primary clientele were weddings and daily florals, with funerals coming in at a strong third. In 2021, 68% sourced their flowers through wholesale channels, dropping to 66% in 2022. Also, local flower usage increased from 11% to 16% from 2021 to 2022. In 2022, 32% spent \$30,000 or less on flowers annually, while 30% spent more than \$60,000 annually. In 2021, 71% felt their 2021 sales reached pre-pandemic levels (74% for 2022). The wedding market is important as the average wedding provides between \$1,000–\$5,000 in sales (62%), with 5% from \$5,000–\$10,000. In 2022, average wedding income dropped to 49% for \$1–\$5,000 in sales but increased to 11% for \$5,000–\$10,000 in sales. Flower quality, flower selection, and delivery schedule were the respondent florists' primary challenges in sourcing from wholesale providers.

Results

Table 1 provides an overview of 2021 and 2022 survey results for the local cut flower sourcing questions. Current cut flower sourcing increased between the 2021 and 2022 surveys. Florists sourcing more than 50% of their flowers from local growers increased from 9.1% to 16%. Those sourcing 11%–50% of their flowers locally increased from 41% to 42%. The number of growers florists sourced from increased. Those sourcing from more than 10 growers rose by 4%, and those sourcing from six to 10 growers rose by 14.5%.

Table 1. Local Sourcing Statistics, 2021 and 2022 Florist Surveys

Question Description	Response Choice	2022 (N = 60)	2021 (N = 42)
What percentage of the flowers you used this year were sourced from local farms/growers? (Utah, or within 150 miles of your floral business)	None	16.13%	13.64%
	10% or less	25.81%	36.36%
	11% to 25%	25.81%	15.91%
	26% to 50%	16.13%	25.00%
	51% to 75%	8.06%	4.55%
	More than 75%	8.06%	4.55%
What percentage of your flowers would you like to source locally next year?	None	1.67%	0.00%
	10% or less	8.33%	6.25%
	11% to 25%	16.67%	16.67%
	26% to 50%	30.00%	27.08%
	51% to 75%	18.33%	25.00%
	More than 75%	25.00%	25.00%
If you sourced flowers locally this year, from approximately how many growers/farmers did you source?	2 or less	26.09%	48.72%
	3 to 5	41.30%	48.72%
	6 to 10	17.39%	2.56%
	More than 10	4.35%	0.00%
	Cut flower coop	10.87%	NA
	What do you feel are the benefits of sourcing flowers locally? (Choose all that apply.)	None	0.00%
Quality—vase life		21.74%	20.62%
Quality—event ready		15.46%	13.92%
Unique selection		20.29%	18.56%
Reliable supply		5.80%	8.25%
Support local economy		21.74%	20.62%
Sustainable production		14.01%	17.01%
Other		0.97%	1.03%
Would you be willing to pay more for locally sourced cut flowers? If so, what percentage over wholesale pricing?	No	23.33%	34.04%
	Less than 5%	36.67%	31.91%
	6% to 10%	26.67%	23.40%
	11% to 20%	10.00%	6.38%
	21% to 30%	0.00%	0.00%
	31% to 40%	0.00%	0.00%
	41% to 50%	1.67%	2.13%
	More than 50%	1.67%	2.13%
What barriers do you currently face in sourcing local flowers? (Choose all that apply.)	Don't know growers	13.79%	15.38%
	Communication time	11.72%	14.62%
	Pricing	12.41%	12.31%
	Lack of inventory/supply	22.07%	17.69%
	Lack of types/varieties	18.62%	20.77%
	Delivery capabilities	15.86%	13.85%
	Other	5.52%	5.38%

Table 1. (cont)

Question Description	Response Choice	2022 (N = 60)	2021 (N = 42)
What is the minimum number of bunches per flower you need weekly from a local grower/farmer to meet your quantity goals for a supplier?	1 or less	3.70%	15.91%
	2 to 5	37.04%	34.09%
	6 to 10	31.48%	18.18%
	11 to 15	7.41%	13.64%
	16 to 20	5.56%	6.82%
	21 to 30	9.26%	4.55%
	31 to 45	1.85%	0.00%
	More than 45	3.70%	6.82%
How many flower deliveries would you need weekly from a local grower/farmer?	1 or less	51.72%	NA
	2	29.31%	
	3	12.07%	
	4	3.45%	
	5 or more	3.45%	
What time of year are you most likely to need cut flowers from a local grower/farmer?	Never	0.00%	NA
	1 or 2 summer months	3.45%	
	All summer long	43.10%	
	All year long	48.28%	
	Other	5.17%	
Has the availability of local flowers benefited your floral business?	No	5.66%	0.00%
	Yes	67.92%	78.05%
	Unsure	26.42%	21.95%

In both survey years, 25% of florists indicated they would like to source more than 75% of their flowers locally in the next year, and another 54% would like to source at least some of their flowers (less than 50%) from local growers in the next year. Overall, the number of florists willing to pay a premium for local flowers increased between 2021 and 2022, as the number not willing to pay a premium decreased from 34% to 23%. The florists willing to pay premiums from 11% to 20% increased from 6% to 10%. Flower quality in terms of vase life and unique selection were the primary reasons florists sourced locally. Lack of inventory (quantity) and lack of the varieties or flowers needed were the main hurdles florists noted in sourcing locally. However, the vast majority (68% in 2022 and 78% in 2021) of respondents felt that the availability of local flowers had benefited their business.

In 2022, additional survey questions found that florists (52%) would primarily need only one flower delivery a week, but 30% would likely need two deliveries weekly. Close to half of the florists would need flowers all year long, and another 43% would need them all summer long. Figure 1 illustrates the flower types/varieties that florists would like to source locally. The larger words indicate higher preferences.

The surveys conducted as part of this study show a strong and growing demand for local cut flowers in the wholesale florist market in Utah. Additional survey results not discussed in this research report provide growers important information on quantities and varieties needed, colors required, and delivery and communication needs. As the study progresses, a full market assessment will be conducted to look at direct to consumer, agritourism, and other potential markets and obtain a measure of market capacity and the benefits and disadvantages of each.

Acknowledgment

This research was supported by the Utah Agricultural Experiment Station, Utah State University, and approved as journal paper number 9640.

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