

**SELLING**

# *Hawaiian* **FLORAL PRODUCTS**

## **A Market Appraisal — Part I**

**C. W. Peters**



**50**  
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## HIGHLIGHTS

1. The major purpose of this research is to consider the current status of the flower shipping industry in Hawaii and to evaluate mainland trade reaction to Hawaiian floral products. Similar research was conducted in 1950 and 1951 at which time the future prospects of the flower export trade were considered to be promising. In large measure this report is intended to provide answers to the question of why the export trade in flowers has not developed as expected and what steps should be taken to improve this trade with the Mainland.

2. There are about 100 flower dealers in Hawaii who ship flowers and foliage to dealers or to individual consumers on the Mainland, but only 30 of these shippers are marketing commercial quantities through mainland wholesalers and retailers. To obtain information on operating methods and market prospects, a survey was made of 93 dealers on the Islands of Oahu and Hawaii and of 69 wholesale and retail florists on the Pacific Coast.

3. Data assembled in the course of this study indicate that commercial shipments of the light-weight cut flowers, mostly vanda Joaquim orchids, have declined by about 50 percent since 1951. There has also been a decline in wholesale shipments of the heavier cut flowers, although it is believed that anthuriums have been moving in constantly greater volume. Hawaiian foliage has gained spectacularly, and in 1955 the mainland shipments of these items were almost four times the 1951 total. Miscellaneous plant materials other than rooted plants have also registered substantial gains, mostly because of the rapid development of the trade in ti cuttings.

4. Seventeen of the 30 commercial shippers offer a diversified line of flower products to mainland receivers. No reliable information is available on the shipments of individual products but it is generally agreed that the heavy volume items are vanda Joaquim orchids, anthuriums, woodroses, ti and croton leaves, and ti sections.

5. Over two-thirds of the Hawaii wholesale shippers grow a part of the floral products they ship to the Mainland. Still over half of these shippers purchase more than 75 percent of their supply from local growers, generally on the basis of verbal contracts.

6. In contrast to the situation in 1951, most commercial shipments of floral products from Hawaii are now sold on an f.o.b. basis. Only 7 of the 30 dealers are still sending over half of their mainland shipments on consignment. In terms of dollar volume, the commercial type sales through dealers on the Mainland by the 30 Hawaii shippers totaled \$821,100 in 1955. Wholesalers on the Mainland received 89 percent of the total and the balance was shipped directly to retail outlets.

7. The Pacific Coast received about 52 percent of the total commercial shipments of floral products from Hawaii to the Mainland in 1955. The Midwest and East are the areas next in importance. Some Hawaiian products are transhipped from the Pacific Coast but the amount is not known.

8. Pricing methods vary among shippers, but almost half said that they based their prices on cost plus. Almost as many indicated that they were guided by the going or competitive price in the local area. Prices quoted or received by Hawaii shippers show a wide range of variation. Less divergence is noted in prices of foliage items than in quotations relating to orchids and other cut flowers.

9. Friction among local shippers is listed by the dealers themselves as the major obstacle to further development of the mainland market for Hawaiian floral products. Pricing problems were also mentioned by a number of shippers. Other serious obstacles listed are transportation cost, lack of uniform grading, and unfamiliarity of mainland consumers with Hawaiian floral products.

10. Hawaiian floral products are handled regularly by 18 wholesale dealers in Los Angeles, San Francisco, Portland, and Seattle. Only 6 of the 18 wholesalers specialize in Hawaiian items to the exclusion of mainland products. There are seven who specialize in the promotional type of sale with emphasis on the vanda Joaquim and ti sections. Among the 51 retail florists surveyed on the Pacific Coast, there were only 18 who had Hawaiian materials on display at the time of the survey but 42 reported regular use of one or more items from Hawaii. Anthuriums are the only cut flower from Hawaii that Pacific Coast retailers use in volume.

11. There is less range in the mainland prices of Hawaiian floral products than is found in the f.o.b. prices quoted by the shippers in Hawaii. In Pacific Coast markets Hawaiian floral products are generally in a higher price bracket than competing flowers and foliage produced on the Mainland.

12. Among the cut flowers from Hawaii anthuriums and woodroses have met with the most general acceptance on the Pacific Coast. Price is a major impediment to increased sales of these and other Hawaiian flowers. Dealers expressed a desire for more pink and white anthuriums. Retailers are almost unanimous in their criticism of the manner in which the vanda Joaquim has been marketed. Orchid preferences on the Mainland have been changing and the cymbidium is the current favorite. Hawaii may be able to market cymbidiums most advantageously on the Mainland from November through January. Vanda hybrids have not yet "caught on" and are in need of promotion as a corsage flower.

13. Ti and croton leaves are used extensively by Pacific Coast florists. Price is the major obstacle to further expansion of the market for these and other foliage items. Lycopodium is meeting with increasing acceptance.

14. The Hawaiian lei is considered a novelty on the Mainland and efforts to encourage use of leis in place of corsages have generally not been successful. Ti sections are sold in large quantities by specialty wholesalers through the mass outlets such as supermarkets, drug stores, and variety stores.

15. Trade opinion on the Pacific Coast indicates a general belief that the Hawaiian flower shipping industry lacks stability, particularly as regards price. Packaging of most Hawaiian floral products has improved greatly in recent years but further standardization of quality is still necessary. There is general agreement that Hawaiian products should be featured in an aggressive promotional program aimed at familiarizing both the florist trade and consumers in general with the identity, qualities, and use of island flowers and foliage. It is highly desirable to remove the "fad" or "novelty" label from Hawaiian floral products.

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## **PREFACE**

This publication is the first of a series based on Hawaii's phase of Western Regional Marketing Project WM-24 on "Marketing Horticultural Specialty Crops." The Agricultural Experiment Stations of California, Colorado, Hawaii, Oregon, and Washington and the Agricultural Marketing Service of the U. S. Department of Agriculture are cooperating in conducting various phases of this regional research.

The study on which this report is based is financed by funds authorized under the Hatch Act (Amended) and RMA 9b3, and allocated to Project 363 of the Hawaii Agricultural Experiment Station.

For their cooperation in providing much of the information contained in this report, the author gratefully acknowledges the frank and open manner in which flower shippers and dealers, both in Hawaii and on the Mainland, responded to the survey. The generous assistance of the several commercial airlines, steamship companies, and freight forwarders involved in transporting floral products to the Mainland contributed much to this research. Particular thanks are also due to Mr. Paul Mori, Mrs. Grace Unemori, and Mrs. Ethel Nihei who participated in the collection and analysis of the data. Appreciation is expressed to the staff of the Agricultural Marketing Service, to members of the WM-24 Regional Technical Committee, and to co-workers in the College of Agriculture who provided helpful suggestions and constructive criticism.

The color photograph on the cover of this publication was made available through the courtesy of Fritz Henle and Paradise of the Pacific, Ltd.

# SELLING HAWAIIAN FLORAL PRODUCTS ON THE MAINLAND

## A MARKET APPRAISAL—PART I

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### INTRODUCTION

Among the commodities, other than sugar and pineapple, that are exported from Hawaii in commercial quantities, only coffee brings into the Territory more income than floral products. It is estimated that shipments of Hawaiian flowers and foliage to both commercial and noncommercial outlets on the mainland United States produced an income of some 1½ million dollars in 1955. Local sales of flowers, foliage, and plants probably added another 1 million dollars to the income from such products.

Commercial flower growers in the Territory are concentrated on the Island of Oahu and in the vicinity of Hilo on the Island of Hawaii. Information presently available indicates that they probably do not number greatly in excess of 300, although various estimates range from 200 to 600 and the total, including hobbyists and other part-time growers, has been placed as high as 2,000. The considerable numbers of persons who gather foliage that grows wild on both public and private lands are not included among the commercial producers.

There are about 100 dealers in the Territory who ship flowers and foliage to the Mainland. Over two-thirds of this number restrict their mainland business to sales for shipment directly to consumers, mostly as gift packages. It is of interest to note that about as many flower shippers went out of business from 1950 to 1955 as began operations. The mortality rate, including change in ownership, was about one-third, with the bulk of the changes occurring at the retail level. Among the mortalities during this period were the two largest commercial shippers that have thus far developed in Hawaii. The removal of these dominant influences from the flower exporting operations has had a profound effect on the entire trade in Hawaiian floral products.

### BACKGROUND

From 1950 to 1952 the Hawaii Agricultural Experiment Station, with financial aid from the Territorial Industrial Research Advisory Council,<sup>1</sup> conducted extensive research in the marketing of Hawaiian flowers and foliage on the Mainland. Several publications resulted from this earlier work.<sup>2</sup> During this

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<sup>1</sup>This agency has been superseded by the Economic Planning and Coordination Authority of the Territory of Hawaii.

<sup>2</sup>Alice Kono, *Hawaiian Flowers and Foliage, Production, Markets and Shipments, 1949-52*, Hawaii Agr. Expt. Sta., Agr. Econ. Rpt. 15, April 1953.

Edward L. Rada, *Some Problems of Marketing Hawaiian Floricultural Products on the Mainland*, Hawaii Col. Agr., Agr. Econ. Rpt. 4, March 1951 (Processed).

Edward L. Rada, *Marketing Floral Products—Here and There*, Hawaii Col. Agr., Agr. Econ. Rpt. 8, (First Floral Clinic Proc.) August 1951 (Processed).

Edward L. Rada, *Mainland Markets for Hawaiian Flowers and Foliage*, Hawaii Agr. Expt. Sta., Agr. Econ. Rpt. 9, 163 pp., illus., February 1952.

period optimism concerning the future of the industry was widespread and efforts were made to set up a territory-wide trade association among the flower dealers and shippers.

After 1952 the flower export business of the Islands went through a period of adjustment that was still in progress when the current research was initiated in 1955. Among the major developments were a severe break in the market for vanda orchids, a gradual build-up in demand for certain items such as anthuriums, ti leaves and ti logs, a more or less distinct shift in emphasis from wholesale to retail sales, and a breaking away from selling on consignment. Income from mainland sales of Hawaiian flowers and foliage did not measure up to earlier expectations by a considerable margin. This fact alone was one of the principal reasons for undertaking further research work in the marketing of these products. Furthermore, several of the agricultural experiment stations in the Western Region developed interest in conducting a regional study of the marketing of horticultural specialty crops which include flowers and foliage.<sup>3</sup> With this combination of local and regional interest in the marketing of floral products there was provided an excellent opportunity for the Hawaii Agricultural Experiment Station to resume this line of work.

A major objective of the research is the evaluation of present and prospective outlets on the Mainland for Hawaiian flowers and foliage. Another purpose is to examine critically the operating policies and practices of the local dealers who are shipping flowers and foliage to the Mainland. In collecting information and presenting the findings this project actually consists of several related but semi-independent phases. One of the first steps was to assemble data on volume of export shipments of floral products since 1952 when the previous series terminated. Locally the operating methods of the shippers are the focal point of the study. So far as mainland outlets are concerned they consist of two distinct types: the regular wholesale-retail dealer channels and the deliveries directly to consumers.

In this initial report attention will be concentrated on (1) the volume and trends of commercial shipments, (2) the operations of Hawaii shippers, and (3) trade reaction to Hawaiian flowers and foliage among Pacific Coast wholesalers and retailers. Later reports will deal with the consumer sales and with trade reaction in sections of the Mainland other than the Pacific Coast.

## PROCEDURE

For information on the volume of commercial shipments<sup>4</sup> of floral products leaving Hawaii the only satisfactory sources are the airlines, steamship companies, and freight forwarders. It was from the records of these firms that the summary of shipments was compiled by personnel assigned to this research project.

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<sup>3</sup>Western Regional Marketing Project WM-24 "Marketing Horticultural Specialty Crops" in which the Agricultural Experiment Stations of California, Colorado, Hawaii, Oregon, and Washington and the USDA Agricultural Marketing Service are cooperating.

<sup>4</sup>"Commercial shipments" referred to throughout this report are those shipments moving through dealer channels as contrasted to deliveries directly to individual consumers, mostly in small units moving by airmail or parcel post.

A total of 93 dealers who ship Hawaiian flowers and foliage to the Mainland were interviewed in the local phase of the study. Only 30 of these dealers were found to be shipping commercial quantities regularly to wholesalers and retailers in the States. In this survey of Hawaii shippers, a special form was used as a guide in conducting the interviews and for recording the response of the persons involved. For the most part, this survey was designed to provide desired information on kinds and prices of floral products shipped, marketing channels used, transportation facilities, destination of shipments, and problems of the industry. Most of these interviews took place during the period of November 1955–June 1956.

In March 1956 and in June 1956 personal calls were made on flower dealers located in California, Oregon, and Washington. All wholesale dealers in Los Angeles, San Francisco, Portland, and Seattle who presently handle any volume of Hawaiian items were interviewed. In addition, calls were made on a number of other wholesale florists in the same areas who had sold Hawaiian floral products at one time and then discontinued the line or who had never tried the products at all. There were 18 wholesalers handling Hawaiian items who were included in this particular phase of the survey on the Mainland. The same method was used in obtaining the reaction of 51 retail florists selected at random on the Pacific Coast. No formal questionnaire was used in these interviews on the Mainland, but the questions asked were designed to get a response indicating (1) what the dealer's experience with Hawaiian flowers and foliage had been, (2) why he did not sell or use a greater volume of these items, and (3) what action would be required to improve the competitive position and acceptance of Hawaii's floral products. Results of these calls on the trade were recorded as field notes.

## **VOLUME AND TREND OF SHIPMENTS**

A previous publication reported shipments of Hawaiian flowers and foliage by air freight for the period of 1949 through 1952.<sup>5</sup> Table 1 incorporates the earlier data and provides the same information for 1953, 1954, and 1955. For most purposes these shipments by air freight are considered commercial in nature and are composed almost entirely of sales to or through wholesale and retail dealers on the Mainland. Floral products shipped directly to consumers move mostly by airmail and parcel post. Some commercial shipments of the lighter-weight cut flowers in particular are also routed through the postal service. To obtain a more complete listing of the commercial shipments it is necessary also to consider the movement by ocean freight, which is considerable for some foliage and certain plant materials. Information on the movement of floral products by ocean freight is not readily available for 1949 and 1950 but tables 2 through 4 summarize boat shipments of cut flowers and foliage from 1951 through 1955. Table 5 shows the shipments of plant materials by air freight from 1953 through 1955 and by ocean freight from 1951 through 1955.

The lighter-weight cut flowers such as orchids have been responsible for a

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<sup>5</sup>Alice Kono, *Hawaiian Flowers and Foliage, Production, Markets and Shipments, 1949–52*, Hawaii Agr. Expt. Sta., Agr. Econ. Rpt. 15, April 1953.



much smaller part of the total shipments of flowers and foliage via air freight during the years since the 1949-1952 period (see fig. 1 and table 1). Conversely, the movement of heavy cut flowers and foliage has tended to increase although at a slower rate than the decline in the lighter cut flowers with the net result that all commercial shipments by air freight have dropped by some 20 percent after reaching a peak of over 443,000 pounds in 1950.

Greater detail on trends in the shipments of the several classifications of floral materials is contained in figure 2. This chart and tables 2 through 5 show the commercial shipments of Hawaiian floral products by both air and surface transportation. The decline in sales of vanda orchids (Joaquim) is primarily responsible for the drastic falling off of shipments of light-weight cut flowers from a high of almost 200,000 pounds in 1951 to about 96,000 in 1955. It is perhaps significant to note, however, that there was some increase in such shipments during 1955. Most of this recent gain may be accounted for by woodroses but some of it may also represent a slight upturn in sales of vandas. Sales of the heavier cut flowers have also tended downward since 1953 when the total approached a quarter million pounds. However, despite the overall decline, it is generally believed in the trade that the shipments of anthuriums have been increasing in volume. This would mean that there has been a very severe drop in the volume of other heavy cut flowers such as gingers, birds of paradise, and heliconias. Hawaiian foliage has been gaining consistently in volume and the



Preparing Hawaiian anthuriums for shipment to mainland dealers.

TABLE 1. Gross shipping weight, in pounds, of certain flowers and foliage shipped from Hawaii to the U. S. Mainland, via air freight, 1949-1955\*

Commodity and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Pounds												Pounds
<i>Cut flowers†</i>													
1949.....	4,326	4,496	5,113	6,429	10,321	14,315	8,211	17,868	17,607	16,349	20,217	16,210	141,462
1950.....	8,556	13,273	16,654	21,166	32,206	22,046	11,345	13,767	17,383	22,042	19,411	20,825	218,674
1951.....	14,084	13,619	17,867	17,285	30,805	11,237	12,394	13,768	14,037	17,650	23,838	9,533	196,117
1952.....	15,942	15,029	16,842	26,602	27,012	11,792	7,996	6,012	7,529	7,124	3,701	3,530	149,111
1953.....	2,691	2,417	4,096	7,981	16,945	5,298	5,519	10,922	11,521	8,554	7,130	6,973	90,047
1954.....	4,974	7,257	7,152	5,841	8,515	8,138	5,384	4,750	6,215	8,008	5,170	7,119	78,523
1955.....	3,808	3,472	4,348	8,034	12,302	9,014	7,507	8,087	8,092	8,457	7,474	7,268	87,863
7-year average.....	7,769	8,509	10,296	13,334	19,729	11,691	8,337	10,739	11,769	12,598	12,420	10,208	137,399
<i>Heavy cut flowers and foliage‡</i>													
1949.....	10,075	10,752	18,198	10,960	16,910	32,800	18,817	24,963	17,653	11,423	15,009	21,912	209,472
1950.....	12,604	13,799	16,468	24,074	25,455	20,695	17,101	16,495	16,142	21,219	17,723	22,604	224,379
1951.....	13,083	19,135	23,573	14,979	17,597	12,943	13,744	13,974	15,072	14,513	19,032	17,983	195,628
1952.....	14,708	19,261	22,471	24,959	23,013	21,909	19,464	12,645	10,251	14,447	13,101	15,061	211,290
1953.....	9,707	11,824	35,220	25,753	19,877	21,324	16,735	19,859	22,891	26,360	24,633	24,565	258,748
1954.....	19,873	23,848	14,287	24,639	20,989	19,359	14,223	14,076	19,010	15,336	19,433	22,093	227,166
1955.....	17,056	29,376	25,001	23,942	22,639	17,735	15,936	21,073	19,026	23,881	20,008	28,857	264,530
7-year average.....	13,872	18,285	22,174	21,329	20,926	20,967	16,574	17,584	17,149	18,168	18,420	21,868	227,316
<i>Total cut flowers and foliage</i>													
1949.....	14,401	15,248	23,311	17,389	27,231	47,115	27,028	42,831	35,260	27,772	35,226	38,122	350,934
1950.....	21,160	27,072	33,122	45,240	57,661	42,741	28,446	30,262	33,525	43,261	37,134	43,429	443,053
1951.....	27,167	32,754	41,440	32,264	48,402	24,180	26,138	27,742	29,109	32,163	42,870	27,516	391,745
1952.....	30,650	34,290	39,313	51,561	50,025	33,701	27,460	18,657	17,780	21,571	16,802	18,591	360,401
1953.....	12,398	14,241	39,316	33,734	36,822	26,622	22,254	30,781	34,412	34,914	31,763	31,538	348,795
1954.....	24,847	31,105	21,439	30,480	29,504	27,497	19,607	18,826	25,225	23,344	24,603	29,212	305,689
1955.....	20,864	32,848	29,349	31,976	34,941	26,749	23,443	29,160	27,118	32,338	27,482	36,125	352,393
7-year average.....	21,641	26,794	32,470	34,663	40,655	32,658	24,911	28,323	28,918	30,766	30,840	32,076	364,715

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii.

†All cut flowers except anthuriums, birds of paradise, gingers, and heliconias.

‡Includes anthuriums, birds of paradise, gingers, heliconias, and foliage.

Source: Records of airlines and freight forwarders.

TABLE 2. Gross shipping weight, in pounds, of cut flowers (light) shipped from Hawaii to the U. S. Mainland, by air freight and by ocean freight, 1951-1955\*

Carrier and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<i>Via air freight</i>	Pounds												Pounds
1951.....	14,084	13,619	17,867	17,285	30,805	11,237	12,394	13,768	14,037	17,650	23,838	9,533	196,117
1952.....	15,942	15,029	16,842	26,602	27,012	11,792	7,996	6,012	7,529	7,124	3,701	3,530	149,111
1953.....	2,691	2,417	4,096	7,981	16,945	5,298	5,519	10,922	11,521	8,554	7,130	6,973	90,047
1954.....	4,974	7,257	7,152	5,841	8,515	8,138	5,384	4,750	6,215	8,008	5,170	7,119	78,523
1955.....	3,808	3,472	4,348	8,034	12,302	9,014	7,507	8,087	8,092	8,457	7,474	7,268	87,863
5-year average.....	8,299	8,359	10,061	13,149	19,116	9,096	7,760	8,708	9,479	9,958	9,463	6,885	120,333
<i>Via ocean freight†</i>													
1951.....	153	228	421	112	—	—	208	293	443	422	417	97	2,799
1952.....	26	620	474	129	—	‡	‡	—	—	733	706	437	3,125
1953.....	166	419	1,219	39	90	1,355	181	225	782	1,232	134	413	6,255
1954.....	393	626	389	307	807	694	1,017	838	816	168	39	315	6,409
1955.....	—	368	2,503	719	694	666	888	444	644	808	615	80	8,429
5-year average.....	148	452	1,001	261	318	543	459	361	537	673	382	268	5,403
<i>Total all shipments</i>													
1951.....	14,237	13,847	18,288	17,397	30,805	11,237	12,602	14,066	14,480	18,072	24,255	9,630	198,916
1952.....	15,968	15,649	17,316	26,731	27,012	11,792	7,996	6,012	7,529	7,857	4,407	3,967	152,236
1953.....	2,857	2,836	5,315	8,020	17,035	6,653	5,700	11,147	12,303	9,785	7,264	7,386	96,302
1954.....	5,367	7,883	7,541	6,148	9,322	8,832	6,401	5,588	7,031	8,176	5,209	7,434	84,932
1955.....	3,808	3,840	6,851	8,753	12,995	9,580	8,395	8,531	8,736	9,265	8,089	7,348	96,292
5-year average.....	8,447	8,811	11,062	13,410	19,434	9,639	8,219	9,069	10,016	10,631	9,845	7,153	125,736

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii. Cut flowers (light) includes all cut flowers except anthuriums, birds of paradise, gingers, and heliconias. Commercial shipments via airmail and parcel post are not included.

†Consists mostly of woodroses and other dry items.

‡Maritime strike prevented shipments.

TABLE 3. Gross shipping weight, in pounds, of cut flowers (heavy) shipped from Hawaii to the U. S. Mainland, by air freight and by ocean freight, 1951-1955\*

Carrier and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Pounds												Pounds
<i>Via air freight</i>													
1951.....	11,868	17,159	18,706	18,874	15,818	12,259	11,365	13,359	14,887	16,172	15,576	20,273	186,316
1952.....	12,638	18,272	19,919	20,098	16,844	13,055	12,102	14,225	15,852	17,224	16,586	21,586	198,401
1953.....	9,707	11,802	35,220	25,062	19,004	11,450	15,143	19,623	22,866	26,105	21,559	22,597	240,138
1954.....	13,840	21,298	13,577	20,311	16,771	15,155	9,493	10,770	13,221	10,614	16,139	19,535	180,724
1955.....	11,517	17,009	12,347	13,531	12,906	10,258	10,513	11,502	11,117	14,402	11,170	19,281	155,553
5-year average.....	11,914	17,108	19,954	19,575	16,269	12,435	11,723	13,896	15,589	16,903	16,206	20,654	192,226
<i>Via ocean freight†</i>													

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii. Cut flowers (heavy) includes anthuriums, birds of paradise, gingers, and heliconias.

†Quantity shipped by boat is negligible.

TABLE 4. Gross shipping weight, in pounds, of foliage shipped from Hawaii to the U. S. Mainland, by air freight and by ocean freight, 1951-1955\*

Carrier and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Pounds												Pounds
<i>Via air freight</i>													
1951.....	672	628	492	837	841	752	877	639	733	751	1,170	920	9,312
1952.....	930	869	680	1,159	1,164	1,041	1,214	884	1,014	1,042	1,619	1,273	12,889
1953.....	—	22	—	691	873	9,874	1,592	236	25	255	3,074	1,968	18,610
1954.....	6,033	2,550	710	4,328	4,218	4,204	4,730	3,306	5,789	4,722	3,294	2,558	46,442
1955.....	5,539	12,367	12,654	10,411	9,733	7,477	5,423	9,571	7,909	9,479	8,838	9,576	108,977
5-year average.....	2,635	3,287	2,907	3,485	3,366	4,670	2,767	2,927	3,094	3,250	3,599	3,259	39,246
<i>Via ocean freight</i>													
1951.....	2,224	2,363	4,832	3,335	2,243	2,668	3,957	3,202	3,231	3,585	3,668	5,652	40,960
1952.....	1,765	3,465	4,332	3,546	4,324	†	†	3,440	7,653	14,184	2,933	2,234	47,876
1953.....	2,156	2,969	5,125	5,484	5,775	2,788	6,432	3,126	5,281	6,008	5,062	6,506	56,712
1954.....	2,806	3,715	3,143	8,284	4,633	4,406	4,708	4,672	6,011	5,688	5,466	4,546	58,078
1955.....	2,239	3,235	8,857	5,085	5,446	7,803	7,463	1,514	10,907	7,090	7,682	7,392	74,713
5-year average.....	2,238	3,149	5,258	5,147	4,484	3,533	4,512	3,191	6,617	7,311	4,962	5,266	55,668
<i>Total all shipments</i>													
1951.....	2,896	2,991	5,324	4,172	3,084	3,420	4,834	3,841	3,964	4,336	4,838	6,572	50,272
1952.....	2,695	4,334	5,012	4,705	5,488	1,041	1,214	4,324	8,667	15,226	4,552	3,507	60,765
1953.....	2,156	2,991	5,125	6,175	6,648	12,662	8,024	3,362	5,306	6,263	8,136	8,474	75,322
1954.....	8,839	6,265	3,853	12,612	8,851	8,610	9,438	7,978	11,800	10,410	8,760	7,104	104,520
1955.....	7,778	15,602	21,511	15,496	15,179	15,280	12,886	11,085	18,816	16,569	16,520	16,968	183,690
5-year average.....	4,873	6,436	8,165	8,632	7,850	8,203	7,279	6,118	9,711	10,561	8,561	8,525	94,914

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii.

†Maritime strike prevented shipments.

TABLE 5. Gross shipping weight, in pounds, of miscellaneous plant materials shipped from Hawaii to the U. S. Mainland, by air freight and by ocean freight, 1951-1955\*

Carrier and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Pounds												Pounds
<i>Via air freight</i>													
1951.....	Data not available												
1952.....	Data not available												
1953.....	101	365	3,629	527	838	33	134	803	270	99	1,953	1,093	9,845
1954.....	2,014	8,313	8,535	6,028	6,442	5,577	5,519	8,236	9,861	9,596	11,178	11,060	92,359
1955.....	3,330	6,255	3,343	2,020	3,078	2,255	4,544	9,791	2,955	2,600	2,264	4,173	46,608
3-year average.....	1,815	4,978	5,169	2,858	3,452	2,622	3,399	6,277	4,362	4,098	5,132	5,442	49,604
<i>Via ocean freight</i>													
1951.....	605	2,485	1,033	44	—	325	1,370	3,375	834	1,296	1,690	22,881	35,938
1952.....	658	867	3,635	4,586	105	†	†	12,266	12,247	19,789	11,369	3,211	68,733
1953.....	1,529	5,647	7,219	4,584	10,666	4,760	826	5,802	15,514	2,785	3,418	1,460	64,210
1954.....	2,475	9,438	13,651	3,086	18,472	28,674	2,383	22,799	21,940	19,582	11,513	4,689	158,702
1955.....	5,796	21,077	25,332	33,601	7,323	5,354	13,689	28,778	24,656	2,807	14,869	4,813	188,095
3-year average†.....	3,267	12,054	15,401	13,757	12,154	12,929	5,633	19,126	20,703	8,391	9,933	3,654	137,002
<i>Total all shipments</i>													
1951.....	Data not available												
1952.....	Data not available												
1953.....	1,630	6,012	10,848	5,111	11,504	4,793	960	6,605	15,784	2,884	5,371	2,553	74,055
1954.....	4,489	17,751	22,186	9,114	24,914	34,251	7,902	31,035	31,801	29,178	22,691	15,749	251,061
1955.....	9,126	27,332	28,675	35,621	10,401	7,609	18,233	38,569	27,611	5,407	17,133	8,986	234,703
3-year average.....	5,082	17,032	20,570	16,615	15,606	15,551	9,032	25,403	25,065	12,489	15,065	9,096	186,606

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii. Consists mostly of unrooted plant materials such as ti cuttings.

†Maritime strike prevented shipments.

‡Average for 1953-1955 used in order to maintain comparability of data.

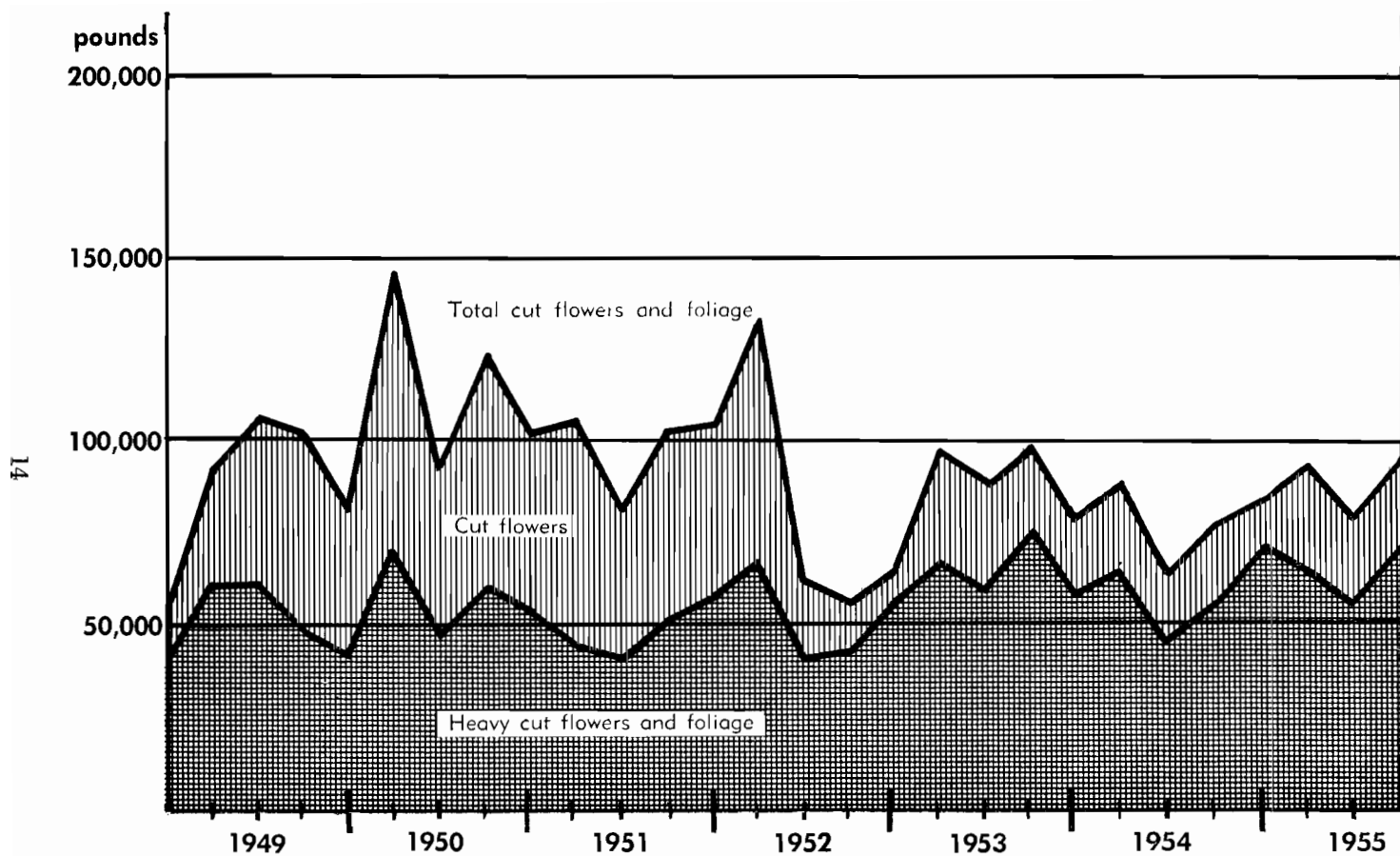


FIGURE 1. Shipments of certain floral products from Hawaii to the U. S. Mainland, via air freight only, by quarters, 1949–1955.

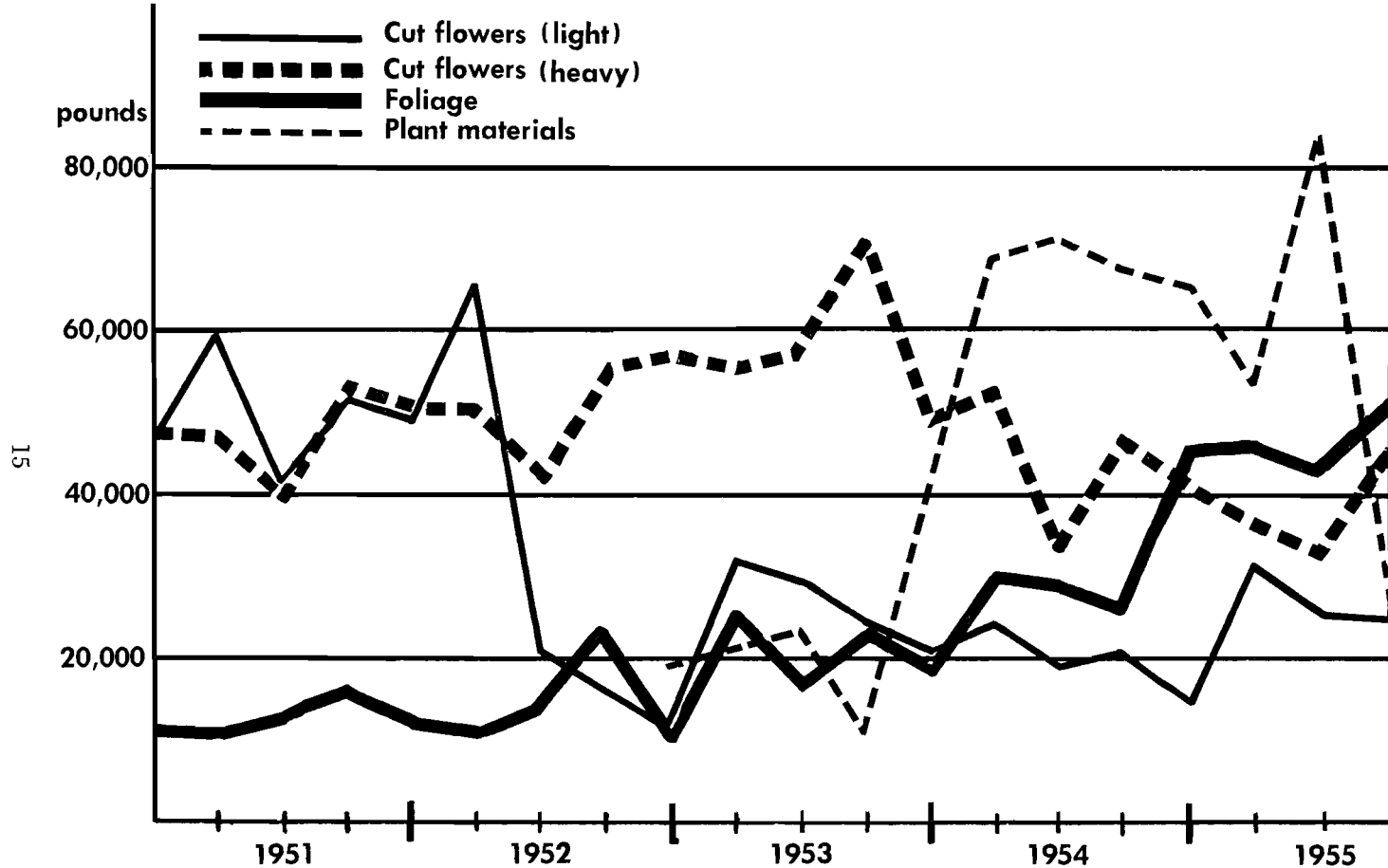


FIGURE 2. Shipments of floral materials from Hawaii to the U. S. Mainland, via air freight and ocean freight, by quarters, 1951-1955.



1955 shipments totaling 183,690 pounds almost quadrupled the 1951 total. Other miscellaneous plant materials have made a spectacular showing, although 1955 shipments were somewhat below the 1954 figure of over a quarter million pounds. Ti cuttings are undoubtedly responsible for much of this rapid increase in shipments of miscellaneous plant materials to the Mainland. It is to be noted that surface transportation is used for a substantially greater part of the shipments of these plant materials.

At this point it should be emphasized that sales for delivery directly to consumers, usually by airmail or parcel post, are not included in these tabulations. Such information as is presently available indicates that direct deliveries by mail have been increasing steadily as the tourist industry of Hawaii has gained momentum.

Seasonality is evident in the shipment of all floral products from Hawaii. In general, the slack months are in the mid-winter and mid-summer. The pattern varies considerably from one type of product to another. For example, anthuriums are considered especially appropriate for Christmas and Valentine's Day, as well as for Easter and Mother's Day, with the result that heavy cut flowers are shipped in relatively good volume in December and February when some other Hawaiian floral products are moving slowly. The high points for shipment of most cut flowers occur in the spring of the year, but foliage does not experience the same intensification of demand at that time. Plant materials show no clear-cut pattern of seasonality, although shipments are usually lower in mid-winter. These materials are less perishable than most other floral products shipped from Hawaii and they do not appeal particularly to the holiday trade.

It is not illogical that shipments of floral products from Hawaii should be subject to the same factors as affect the demand for flowers on the Mainland. Thus we note the important influence of certain holidays on the plus side and of summer with its abundance of both home-grown and commercial flowers on the negative side. Perhaps unfortunately, the time spacing of Hawaii's seasons is roughly comparable to that prevailing on the Mainland. Thus flower production in the Islands is high during the summer when weather conditions are most favorable but when mainland demand is at a seasonal low point.

## **OPERATING POLICIES AND PRACTICES OF HAWAII SHIPPERS**

Through the survey and personal interview of all known wholesale dealers who ship floral products from Hawaii to the Mainland, it was possible to obtain considerable information concerning the manner in which this business is now being conducted.<sup>9</sup> An understanding of operating methods used by local shippers is essential to a critical evaluation of the outlook for further development of mainland markets for Hawaiian flowers and foliage. Much of the effort devoted to this first phase of the project was concentrated on the several points discussed in this section.

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<sup>9</sup>This section and the two that follow were written in the present tense although they report the situation as it was during the 1955-56 period when data were being assembled. This method of presentation was selected in order to give emphasis to the lapse of time between the current research and that reported previously by Rada and Kono.

## Commodities Handled

Of the 30 dealers who regularly ship floral products to the Mainland, there are about 17 who could be considered as offering a diversified line including cut flowers, foliage, and plant materials. The others tend to specialize in a certain type of product such as orchids or foliage. The heavy volume items are generally the ones handled most frequently by the shippers. Table 6 shows that anthuriums, gingers, woodroses, birds of paradise, vanda Joaquim, vanda hybrid, crotons, ti leaves, and leis are offered by 20 or more shippers. With the exception of the vanda hybrid and leis these products are all shipped in substantial volume to wholesalers and retailers on the Mainland. Ti sections are the only product exported in volume that is not handled by more than half of the shippers. Concentration of the cutting of ti logs in the Hilo area and more specialized mainland outlets for this item probably account for the relatively limited number of dealers.

TABLE 6. Number of Hawaii wholesalers shipping or offering to ship commercial quantities of certain floral products to mainland dealers, November 1955-April 1956

Commodity	Dealers
	<i>Number</i>
<i>Cut Flowers</i>	
Anthuriums .....	23
Gingers .....	22
Heliconias .....	16
Birds of paradise .....	20
Woodroses .....	21
Lipstick .....	11
Pine cone .....	9
Volcano grass .....	15
<i>Orchids</i>	
Vanda Joaquim .....	26
Vanda hybrid .....	22
Cattleyas .....	13
Dendrobiums .....	18
Cypripediums .....	7
Phalaenopsis .....	7
Cymbidiums .....	11
<i>Foliage</i>	
Dieffenbachia .....	10
Crotons .....	22
Ti leaves .....	26
Monstera .....	17
Pothos .....	12
Fern leaves .....	6
Lycopodium .....	15
Staghorn .....	5
Polypodium .....	6
<i>Other</i>	
Leis .....	20
Ti sections .....	15
Coconut hats .....	6

Among the cut flowers other than orchids, the principal items shipped from Hawaii are anthuriums and woodroses. Vanda Joaquim orchids dominate the orchid classification while croton and ti leaves are the volume items among the foliage. As has been indicated, ti sections are shipped in large quantities and provide one of the major sources of income from Hawaiian floral products. No reliable information is available on the quantity of each individual floral product shipped nor have any estimates been made on the aggregate value of each item. Relative importance of individual products must therefore be judged mostly on the basis of personal observation and informal trade reports.

### Sources of Supply

Over two-thirds of the wholesale dealers who ship Hawaiian floral products to the Mainland grow a part of the material they handle (see table 7). Only

TABLE 7. Hawaii wholesalers classified by source of floral products handled and percent from each source\*

Percent of supply	Number of wholesalers	
	Grow own supply	Buy outright from grower <sup>†</sup>
None .....	8	3
1- 24 percent.....	9	1
25- 49 percent.....	1	3
50- 74 percent.....	7	6
75-100 percent.....	5	17
Total.....	30	30

\*Reported by 30 wholesalers who shipped floral products to the Mainland, November 1955-April 1956.

†Persons who gather uncultivated or wild products are included among "growers".

three shippers reported that they produce all of the floral products they ship to the Mainland. Eight of the 30 dealers produce none of the items they ship. The tendency appears to be to produce either a substantial part of the supply or only a very minor portion of the total. There were eight dealers who said that they buy all of their requirements from growers. Over half of the 30 wholesalers purchase more than 75 percent of their supply. Included in the grower category are the people who gather foliage and ti logs from the rain forest<sup>7</sup> in the native or wild state.

Most of the flower growers who supply the shippers in Hawaii are using this enterprise to supplement income from other sources. They are generally not organized for bargaining purposes but as individuals they usually sell consistently to some particular shipper. Such contractual agreements as exist between grower and shipper are ordinarily verbal. These verbal agreements are subjected to considerable strain during periods of either under or over-supply. Bargaining goes on constantly between buyers and sellers and there is

<sup>7</sup>Areas at higher elevations where rainfall is heavy and plant growth is both rapid and lush.

no semblance of an open market price. Personal loyalties also play an important part in the marketing of these products. Much of the price instability that prevails in the industry throughout Hawaii is probably the direct result of poor communications among growers and between growers and shippers.

In Hawaii it is relatively easy to grow flowers commercially and the people of the Islands like flowers. The weather is generally favorable throughout most of the year and the investment in physical plant is not comparable to that usually required on the Mainland. Many items are grown in the open outdoors or at the most require only a lath house, mostly for protection from excess sunlight. The large number of small, part-time growers is good evidence of the effect of such favorable circumstances from the production standpoint.

### Methods of Sale

Most commercial shipments of floral products from Hawaii are now sold on an f.o.b. basis<sup>s</sup> to wholesale dealers on the Mainland. From table 8 it is noted

TABLE 8. Hawaii wholesalers classified by method of sale and percent of sales by each method\*

Percent of sales	Number of wholesalers†			
	Consignment to wholesalers	F.o.b. Hawaii to wholesalers	F.o.b. Hawaii to retail florists	Delivered to mainland consumers
None .....	20	7	23	14
1- 24 percent.....	1	5	3	5
25- 49 percent.....	2	5	2	2
50- 74 percent.....	1	4	2	4
75-100 percent.....	6	9	0	5
Total.....	30	30	30	30

\*Reported by 30 wholesalers who shipped floral products to the Mainland, November 1955-April 1956.

†Some shippers reported more than one channel.

that 23 of the 30 shippers use the f.o.b. sale to wholesalers in varying degree while only one-third of the group are still shipping on consignment.<sup>s</sup> In this latter group only seven reported sending over 50 percent of their shipments to wholesalers on consignment. Among the f.o.b. shippers there were 13 who sold over half of their products to wholesalers on a quoted price basis. This is in distinct contrast to the situation in 1950 and 1951 as reported by Rada<sup>o</sup>. At that time, consignment selling was general and the bulk of the commercial sales were handled in that manner. High among the reasons for this shift in practice would be general dissatisfaction with the returns or the accounting for sales, coupled

<sup>s</sup>F.o.b. sales are made at a stated price, usually delivered to the airport in Hilo or Honolulu, whereas in consignment selling the shipper receives the actual proceeds realized from sale of his product on the Mainland minus the seller's commission and any other authorized charges such as transportation.

<sup>o</sup>Edward L. Rada, *Mainland Markets for Hawaiian Flowers and Foliage*, Hawaii Agr. Expt. Sta., Agr. Econ. Rpt. 9, February 1952.

with the difficulty of maintaining close enough contact with mainland dealers to develop mutual confidence.

In 1955 the 10 shippers who continued to use the consignment method of sale sent floral products valued at \$98,200 to mainland consignment wholesalers. It should be noted that some of these shippers also used other methods of sale. In relation to the total value of commercial shipments (consumer sales excluded) indicated by table 9, the consignment sales represent only 12 percent of the entire mainland business, which totaled \$821,100. Sales to mainland wholesalers on an f.o.b. basis were reported at \$630,800 for 1955. This represents almost 77 percent of the total commercial sales through all channels.

TABLE 9. Value of sales classified by method of sales used by Hawaii wholesalers, January-December 1955\*

Method of sale	Value		
	<i>Dollars</i>	<i>Percent of commercial shipments</i>	<i>Percent of total shipments</i>
Consignment to wholesale florists .....	98,200	12.0	8.2
F.o.b. to wholesale florists.....	630,800	76.8	53.0
F.o.b. to retailers.....	87,000	10.6	7.3
Other .....	5,100	.6	.4
Total commercial shipments	821,100	100.0	68.9
Delivered to consumers†.....	370,200		31.1
Total shipments .....	1,191,300		100.0

\*Reported by 30 wholesalers who shipped floral products to the Mainland.

†Only the direct consumer deliveries of the 30 dealers who also ship to wholesalers are included here. There are over 60 retail florists in Hawaii whose mainland sales are thus excluded.

The third important channel for commercial shipments of Hawaiian floral products is the retail florist or other retail outlets on the Mainland. Only 7 of the 30 shippers were dealing directly with retailers but the value of shipments to these outlets was \$87,000 in 1955. All of these sales are f.o.b. Hawaii. This channeling of about 11 percent of all commercial shipments directly to retailers is one of the major criticisms leveled at Hawaii's shippers by mainland wholesalers.

Among the 30 commercial shippers, there are 16 who make a regular practice of sending floral products to individual consumers on the Mainland. As was pointed out above, this type of sale is of constantly increasing importance in Hawaii and it will be treated as a separate phase of the current research in the marketing of Hawaiian flowers and foliage. At this point, however, it should be mentioned that these shipments to consumers, mostly by airmail or parcel post, totaled \$370,200 in 1955 for the commercial flower shippers involved in this initial phase of the study. This business actually made up over half of the dollar volume of nine shippers who also send flowers and foliage to dealers on the Mainland. In total it was equivalent to some 45 percent of the commercial

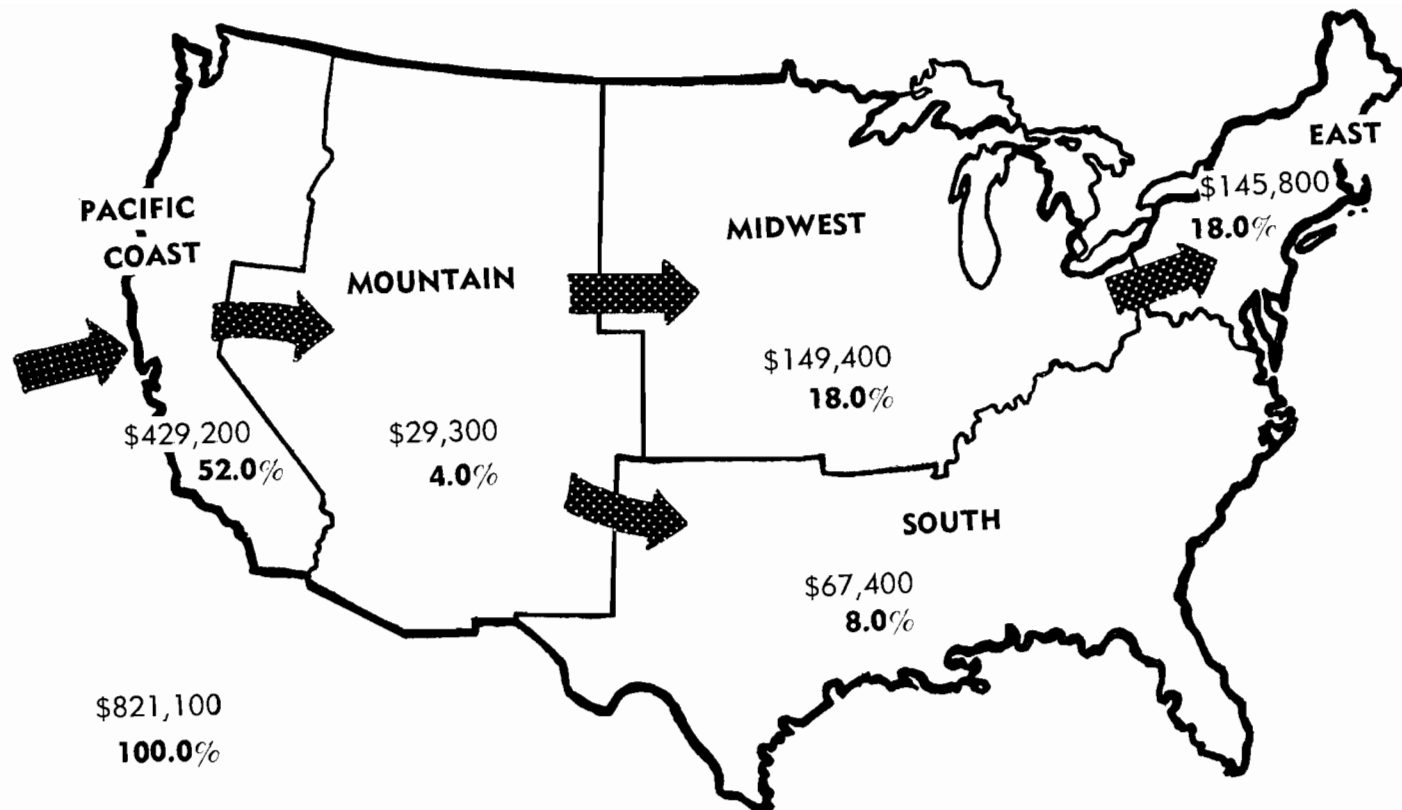


FIGURE 3. Geographical distribution and value of direct shipments of Hawaiian floral products, except rooted plant materials, to dealers on the U. S. Mainland in 1955.

shipments through regular dealer channels by all 30 of the Hawaii shippers and it made up 31 percent of the gross business done by the 30 dealers involved.

### Geographical Distribution

With only one exception all 30 shippers reported the sale of some floral products on the Pacific Coast. Table 10 shows that over two-thirds of the Hawaii wholesalers send more than half of their commercial shipments to markets in California, Oregon, and Washington. In terms of value (see table 11 and fig. 3) the Pacific Coast received about 52 percent of the total volume of \$821,100. Some of the Hawaiian products shipped to this area are transhipped to other parts of the United States but the amount involved is not known definitely. The physical proximity and historical trade ties of Hawaii and the Pacific Coast tend to make that area the first to be considered by local shippers in developing their marketing programs.

TABLE 10. Hawaii wholesalers classified by geographical distribution of commercial shipments and percent to each area\*

Percent	Number of wholesalers				
	Pacific	Mountain	Midwest	East	South
None	1	25	16	15	25
1- 24 percent.....	3	4	6	5	5
25- 49 percent.....	4	1	7	7	0
50- 74 percent.....	7	0	0	2	0
75-100 percent.....	15	0	1	1	0
Total.....	30	30	30	30	30

\*Reported by 30 wholesalers who shipped floral products to the Mainland, November 1955-April 1956.

TABLE 11. Value of floral products shipped to mainland dealers by 30 Hawaii wholesalers, by geographical areas, January-December 1955\*

Area	Value	
	<i>Dollars</i>	<i>Percentage</i>
Pacific Coast .....	429,200	52.3
Mountain States .....	29,300	3.6
Midwest .....	149,400	18.2
East .....	145,800	17.7
South .....	67,400	8.2
Total.....	821,100	100.0

\*Does not reflect a significant but quantitatively unknown volume of transshipments, particularly from Pacific Coast points, or the shipments of floral products directly to mainland consumers.

Next in importance are the Midwest and East, to each of which about half of the local shippers are sending some floral products. In dollar volume the sales in the Midwest totaled over \$149,000 in 1955 while those in the East were almost \$146,000. Increasing attention is being given to further development of markets beyond the Pacific Coast. This would include the South where sales of \$67,400 were made in 1955 and the Mountain States which received \$29,300 in commercial shipments. Only 5 of the 30 Hawaii shippers were operating in the South and in the Mountain States and then it was on a relatively limited scale.

These potential markets beyond the Pacific Coast will be surveyed and evaluated as still another separate phase of this research project. It is expected that a special report covering these markets will be released at a later date.

**Pricing Policy**

As Hawaii dealers shift from a consignment to an f.o.b. basis, the method of determining prices assumes constantly greater importance. In the absence of any centralized local market for floral products and without any effective medium of communication among the dealers, the determination of price is mostly an individual affair and the setting is particularly conducive to influence by rumor.

Almost half of the 30 wholesalers indicated that their prices are based on the cost of the products handled plus an amount that will cover their operating expenses and provide a reasonable margin of profit. Some use a percentage factor and others add on a fixed amount per unit handled. Table 12 shows that another 12 dealers are guided primarily by the going or competitive price in their area. In this approach to price determination it is likely that those dealers using "cost plus" are exerting considerable influence because they are con-

TABLE 12. Methods of determining price reported by Hawaii wholesalers\*

Basis	Number of wholesalers†
Custom .....	1
Competition .....	12
Cost plus.....	13
Price offered or negotiated.....	4
Season .....	7
Consignment only.....	3

\*Reported by 30 wholesalers who shipped floral products to the Mainland, November 1955-April 1956.

†Several dealers mentioned more than one factor.

sidered to be leaders in the industry. Where there is no effective clearinghouse for price information, however, it is obvious that knowledge of prices in general on the part of any one shipper is at best incomplete or even inaccurate. Thus the basing of prices only on "competition" is in many cases neither objective nor sound.



Seven dealers are in the position of accepting the best price they can get through straight consignment selling or by negotiating directly with the buyer. Only seven shippers said that season is a primary consideration in pricing. It is known, however, that season enters into the determination of most flower prices in Hawaii and on the Mainland. Seasonal fluctuations are reflected quickly in price changes at the grower level. Price shifts at the grower level in Hawaii almost always result in some revision of the shippers' price schedules although some shippers do try to maintain a more or less uniform selling price. Instability of price is much more noticeable in the commercial shipments to mainland dealers than in the sales to individual consumers where a relatively fixed price is used all through the year and even from one year to another.

Prices quoted or received by the Hawaii shippers who are sending floral products to the Mainland show a wide range of variation. Some of the differences noted may be attributed to quality and method of packing, but this explanation is only partly satisfactory in light of the broad range of prices for the same basic item. Average winter prices received during the 1955-56 season are listed in table 13. It should be emphasized that these estimated averages represent only a mid-point in the range and thus may or may not have any close relationship to the price at which the bulk of the flowers and foliage actually moved to market. It is probable that the table 13 prices show an upward bias because it may be assumed that the greater share of the sales were made at the lower prices on the scale. Some of the items listed in table 13 show a much wider range of prices than do others. In general, the greatest divergence is found among the cut flowers such as vanda Joaquim, anthuriums, gingers, birds of paradise, and woodroses and the least price spread is noted among the foliage and leis. It so happens that the relative stability in foliage prices coincides with a constant upward trend in the mainland sales of these items. Conversely, the marked divergence of vanda Joaquim and other cut flower prices is related to a declining and highly erratic record of shipments. Whether there is more than coincidental relationship involved in these comparisons is not entirely clear. It is generally known that Hawaiian foliage, and other foliage as well, is not subject in the same degree to the seasonal and holiday influences that have such a marked effect on prices of cut flowers. Thus it might be expected that foliage items would show greater price stability and uniformity.

### **Obstacles and Problems**

One of the major objectives of this research is to consider the factors that are responsible for the relatively slow development of mainland markets for Hawaiian flowers and foliage. With this purpose in view, each of the shippers surveyed was asked to express his own ideas on the obstacles to further expansion of mainland sales. The responses to this question are summarized in table 14. These expressions must be viewed in their proper light—they are the opinion of Hawaii shippers only.

Friction among the local shippers was mentioned by 13 of the 30 dealers as a major problem in developing the mainland market. This same difficulty is also involved to some extent in the pricing problem which was pointed out by 12 of the wholesalers. Lack of unity among Hawaii's flower shippers has been

TABLE 13. Average prices received for certain Hawaiian flowers and foliage shipped to the Mainland, November 1955-April 1956

Item	Size or type	Quantity	Shipper's return f.o.b. airport in Hilo or Honolulu	Wholesaler's price in West Coast markets
<i>Cut flowers</i>				
Anthuriums	Miniature red	doz.	\$ .95	\$ *
	Small red	doz.	2.05	2.85*
	Medium red	doz.	3.15	4.50
	Large red	doz.	4.35	6.80
Gingers	Red	doz.	2.00	4.85
	Torch	doz.	3.00	6.50
	Shell	doz.	2.65	6.25
Heliconias		doz.	2.85	7.00
Birds of Paradise		doz.	2.75	4.00
Woodroses	Regular large	doz.	.95†	1.25
<i>Orchids</i>				
Vanda Joaquim	Natural	doz.	.30‡	.55
	Cotton	doz.	.50	.70
	Foil	doz.	.60	.90
	Vial	doz.	.75	1.25
Vanda hybrid	Medium	each	.25	.35
<i>Foliage</i>				
Dieffenbachia		doz.	.20	.50
Crotons		doz.	.20	.40
Ti leaves	Green	doz.	.20	.40
	Variegated	doz.	.24	.48
Monstera	Large	each	.45	.75
Pothos		doz.	.24	.55
Lycopodium		doz.	.24	.60
Staghorn		doz.	.24	.60
Polypodium		doz.	.20	.50
<i>Other</i>				
Leis,				
Vanda Joaquim	Mauna Loa	each	2.35	3.45‡‡
	Frill	each	1.00	1.25‡‡
Ti sections	3-inch	hundred	3.25	**
Coconut hats	Green	each	1.35	\$

\*Miniature anthuriums are often mixed with the small size on the Mainland and the mixture is sold as "small".

†Packed in cellophane bags.

‡Packed in trays. Vandas shipped loose in used beer cartons or similar containers averaged about 18 cents per dozen.

‡‡Many of the leis are assembled by mainland dealers who use vandas shipped in bulk from Hawaii.

\*\*Prices range widely from 7 cents each and up depending on packaging, quantity, and outlet.

§Supply insufficient to price.

recognized by observers for a number of years. It was noted at the time the previous research on mainland markets was conducted in 1950 and 1951. With the aid of various members of the University of Hawaii staff there have been organized several trade associations of flower growers and/or shippers. With but few exceptions, however, these organizations have been quite ineffective as a means of bringing about an atmosphere of cooperative self-appraisal through

TABLE 14. Obstacles to further development of mainland sales reported by Hawaii wholesalers\*

Problems	Number of wholesalers†
Grading and quality.....	7
Packaging .....	4
Transportation .....	10
Pricing .....	12
Unfamiliarity with island flowers.....	5
Competition of similar flowers from other areas.....	4
Competition of other flowers.....	5
Friction among local shippers.....	13
Difficulty of establishing trade channels.....	4
Uncertainty of supply.....	3

\*Reported by 30 wholesalers who shipped floral products to the Mainland, November 1955-April 1956.

†Several dealers mentioned more than one factor.

which a mutually beneficial program to solve industry problems could be developed.

The belief that competitors are engaging in unfair competitive practices is responsible for most of the pricing problem. The wide range in prevailing prices for several floral items does to some extent support those who consider both instability and lack of uniformity of prices as major obstacles to the sale of flowers and foliage on the Mainland. This problem assumes constantly greater importance as more and more of the mainland shipments are handled on an f.o.b. basis where shippers quote the specific prices at which they will sell floral products delivered to the airport in Hawaii. Cooperative shipping associations have been proposed by some members of the trade in an effort to overcome both friction and pricing as industry problems. Nothing in the way of an active working association has yet developed.

Transportation is listed as the third major obstacle impeding mainland sales of Hawaiian flowers and foliage. The problem in this case is one of cost which is closely related to Hawaii's position some 2,000 miles from the nearest outlets on the Mainland. Little fault was found with the service provided by the carriers, but there was a general feeling that existing rates put Hawaii in an unfavorable competitive position so far as mainland markets are concerned. In contrast to the first two obstacles, industry friction and pricing problems, there is probably little the trade itself can do to reduce the cost of transportation. Some efforts are being made to cut unit costs of transportation to the Mainland by developing improved packages and packaging methods.

Lack of uniform grading and quality were also considered important obstacles in shipping floral products from Hawaii. Until the latter part of 1956, when export standards were tentatively planned for a few items<sup>10</sup>, the grading of flowers and foliage shipped from Hawaii to the Mainland has been a strictly private affair in which each shipper maintained his own standards. The difficulty in this approach is readily apparent when it is realized that each shipper may have a different idea of grading, and private standards are fre-

<sup>10</sup>Vanda Joaquim orchids, ti leaves, and woodroses.

quently changed because of weather, season, market conditions, etc. For example, an anthurium that is "small" to one shipper may be medium or even large to another and a vanda that would be rated as top quality in the winter when they are in short supply might be discarded as a cull in the summer. It may be said, however, that there has been a semblance of uniformity in the grading practices of the shippers but there have been notable exceptions and it is these latter cases that create the problem.

With only limited firsthand knowledge of the mainland markets for flowers, several local shippers said that they considered the competition of other flowers and lack of familiarity of Mainlanders with Hawaiian flowers as important obstacles. There is a tendency on the part of Hawaii shippers to minimize these factors as will be noted later in this report when the opinions of mainland dealers are reported.<sup>11</sup>

Packaging is no longer a serious problem in the technical sense because most shippers do not now have difficulty packing flowers and foliage in such a way that their shipments arrive in good condition. Some exceptions are still found but the industry is doing a much better job in this respect today than it did five years ago.

Table 15 shows the average weight per package of floral products shipped by air freight. On the basis of package weight alone it is evident that little change in packaging practices has occurred since 1951 except in the case of the lighter-weight cut flowers. There has been a gradual but consistent increase in package weight for this latter classification which is made up mostly of orchids and wood-roses. The increase in shipments of woodroses in larger containers coupled with the developing bulk shipments of vandas probably account for the heavier package weights. The real packaging problem that is currently of industry concern is centered primarily on vanda Joaquim orchids and stems from the tray pack *vs.* bulk pack controversy. The bulk or "beer box" pack has developed recently and generally involves the placing of the flowers loose in a jumble arrangement or semi-packed in layers with stems plain or cotton wrapped. Many secondhand cartons<sup>12</sup> are used for this purpose. This type of pack is much cheaper to prepare than the conventional arrangement of vanda Joaquim in which the individual flowers are placed carefully in rows in trays, usually with stems in cotton, foil, or vials. Much of the current friction among the Hawaii shippers is a direct result of differences over the manner in which vandas are packed for shipment to the Mainland.

Apparently local shippers do not find it difficult to establish trade contacts on the Mainland. Only three dealers reported this item as a major problem. Although it may not have been difficult to find outlets by mail or by personal contact, still most shippers admit that they are not satisfied with their knowledge of the mainland markets. A number of Hawaii shippers believe that they have been treated badly by a few mainland receivers and there have been occasions when payment for shipments was delayed or even not made at all. The trend

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<sup>11</sup>See the sections "Competitive Situation" and "Trade Reaction."

<sup>12</sup>These cartons are often the discarded fiberboard containers in which canned or bottled beer has been shipped, but other miscellaneous containers made for purposes other than shipping flowers are also used.

TABLE 15. Number of packages, gross weight, and average weight per package of certain floral products shipped from Hawaii to the U. S. Mainland, via air freight, 1951-1955\*

Year and detail	Cut flowers (light) †	Cut flowers (heavy) ‡	Foliage	Plant materials
<i>1951</i>				
No. packages .....	28,533	15,607‡†	Data not available	Data not available
Pounds shipped .....	196,117	195,628		
Pounds per package .....	6.9	12.5		
<i>1952</i>				
No. packages .....	20,893	14,021‡†	Data not available	Data not available
Pounds shipped .....	149,111	211,290		
Pounds per package .....	7.1	15.1		
<i>1953</i>				
No. packages .....	12,555	16,158	837	416
Pounds shipped .....	90,047	240,138	18,610	9,845
Pounds per package .....	7.2	14.9	22.2	23.7
<i>1954</i>				
No. packages .....	9,917	11,524	1,902	3,455
Pounds shipped .....	78,523	180,724	46,442	92,359
Pounds per package .....	7.9	15.7	24.4	26.7
<i>1955</i>				
No. packages .....	9,752	10,241	4,698	1,800
Pounds shipped .....	87,863	155,553	108,977	46,608
Pounds per package .....	9.0	15.2	23.2	25.9

\*Includes minor quantities shipped to other miscellaneous destinations outside Hawaii.

†All cut flowers except anthuriums, birds of paradise, gingers, and heliconias.

‡Includes anthuriums, birds of paradise, gingers, and heliconias.

‡‡Includes the small quantity of foliage shipped by air in 1951 and in 1952.

Source: Records of airlines and freight forwarders.

toward more f.o.b. selling is perhaps a reflection of the local reaction to a number of unfortunate experiences that were perhaps not entirely the fault of the receivers on the Mainland.

Although only three shippers listed uncertainty of supply as an obstacle in shipping flowers and foliage to the Mainland, it was apparent that this factor is considered relatively much more important by the mainland dealers who receive the Hawaiian products. A number of mainland dealers were most emphatic in their criticism of the Hawaiian flower "deal" because of the fact that they could not get the items they want and can sell when the trade will take them at a favorable price.

In their comments on industry problems, several shippers stated the belief that much of the uncertainty and instability in their marketing program is a direct result of the low capital requirements in shipping flowers to the Mainland. It is relatively easy to become a wholesaler merely by setting up packing tables in the basement or garage at home, buying a few containers, and then arranging to buy or even to grow a small quantity of flowers. Less than \$5,000 in cash would be sufficient to get a modest start in most cases where the enterprise is a family venture. These small firms often lack experience and many are fearful that the dealers already in the shipping business are not sympathetic. In these



**Interior of a packing plant in which Hawaiian flowers and foliage are prepared for mainland shipment.**

circumstances, the newly established shipper may unknowingly disrupt the marketing program of the entire industry by adopting pricing or other policies that are not beneficial to himself or to the group.

Other problems experienced by Hawaii wholesalers in shipping to the Mainland include occasional freezing of flowers in winter and wilting in summer, slow collections, extremely low prices for some consignment sales, and at times there have been questionable trade practices by a few mainland dealers such as over-ordering and then attempting to get a price reduction.

### **COMPETITIVE SITUATION — PACIFIC COAST**

Over a considerable period the Pacific Coast has been the primary outlet for floral products shipped to the Mainland from Hawaii. California, in particular, has been the destination of a large part of the total shipments of flowers and foliage. Some of the Hawaiian flowers and foliage reaching the Pacific Coast are transhipped from there to all parts of the United States. The nature and extent of competition in California, Oregon, and Washington are thus of real concern to Hawaii shippers. This competitive situation is made more acute by the fact that these states are themselves important production centers for floral products. Western-grown flowers and foliage are sent to most markets in the mainland United States.

### **Availability of Floral Products**

In the survey of wholesale florists in Los Angeles, San Francisco, Portland, and Seattle, only 18 dealers were found who offered Hawaiian floral products for sale regularly and in volume. Included in this number are the initial receivers on the Pacific Coast to whom flowers and foliage are shipped in commercial

TABLE 16. Hawaiian floral products offered for sale by 18 wholesale flower dealers in Los Angeles, San Francisco, Portland, and Seattle, March and June 1956\*

City and dealer	Products handled regularly or in season	Does dealer sell main-land floral products	Does dealer grow floral products
Los Angeles			
Dealer A.....	Cymbidiums, vandas, anthuriums, heliconias, gingers, ti, crotons, lycopodium, woodroses.....	yes	yes
Dealer B.....	Cymbidiums, vandas, hybrid vandas, anthuriums, gingers, heliconias, woodroses, ti, crotons, lycopodium .....	yes	no
Dealer C.....	Complete line.....	no	no
Dealer D.....	Cymbidiums, anthuriums, all foliage, woodroses.....	yes	no
Dealer E.....	Vandas, woodroses.....	no	no
Dealer F.....	Vandas, ti logs, woodroses.....	yes	yes
Dealer G.....	Complete line.....	no	no
San Francisco			
Dealer H.....	Vandas, ti, crotons, dendrobiums.....	yes	yes
Dealer I.....	Ti, crotons .....	yes	no
Dealer J.....	Complete line.....	no	no
Dealer K.....	Vandas, ti, crotons, lycopodium.....	no	no
Dealer L.....	Ti, crotons .....	yes	no
Portland			
Dealer M.....	Vandas, hybrid vandas, anthuriums, ti, crotons, woodroses and other dry items.....	yes	yes
Seattle			
Dealer N.....	Cymbidiums, vandas, anthuriums, gingers, heliconias, birds of paradise, ti, crotons, lycopodium, woodroses.....	yes	yes
Dealer O.....	Vandas, anthuriums, ti, crotons, woodroses.....	yes	no
Dealer P.....	Anthuriums, ti.....	yes	yes
Dealer Q.....	Vandas, anthuriums, ti, woodroses.....	yes	yes
Dealer R.....	Vandas, anthuriums, ti, ti logs.....	no	no

\*This list includes all wholesalers in the areas listed who were receiving, regularly, commercial shipments of floral products directly from Hawaii. A number of other dealers sell Hawaiian products but their source of supply is one or more of the initial receivers on the Mainland.

lots, mostly for sale to retail or other consumer outlets. Dealers who purchase Hawaiian floral products on the Mainland for transshipment are not included here. Of the 18 wholesale dealers (see table 16) only 6 are specializing in Hawaiian products to the exclusion of mainland produced items. Among the wholesalers there are seven who are themselves growers of varying proportions of flowers that they sell. From table 16 it is evident that there is some tendency among the wholesalers to specialize in certain Hawaiian products. Only four dealers in Los Angeles and one each in the other three major Pacific Coast markets could be considered as offering a reasonably complete line of Hawaiian floral products. Except for specialty firms that feature only a few items such as vandas, ti logs, or woodroses, it is evident that there has been some trend toward distribution of most Hawaiian floral products through a few dealers who handle a diverse line of island flowers and foliage. Some of these latter dealers sell

mainland products also, but there are now a few who handle only island flowers and foliage.

Among the Pacific Coast wholesalers who have Hawaiian floral products in stock regularly, it was found that some items are offered much more frequently than others. Among the 18 dealers surveyed the following items were most often available:

<i>Commodity</i>	<i>Number of dealers</i>
Vanda Joaquim orchids	14
Anthuriums	12
Ti leaves	16
Croton leaves	13
Woodroses	12

Other lines of flowers and foliage handled by 12 of the 18 wholesalers at the time of the survey in March and June 1956 consisted of various greens from the Pacific Northwest and the usual mainland-grown flowers such as roses, carnations, irises, gladioli, daffodils, tulips, asters, and chrysanthemums. Flowers grown on the Pacific Coast but similar to Hawaiian products were orchids other than vanda Joaquim, birds of paradise, and anthuriums, the latter especially pink and white in color.

The considerable number of Pacific Coast flower dealers who assemble orders for out-of-town buyers or who tranship in large volume to other sections of the United States serve to make Hawaiian products available in small lots to many of the smaller cities or in the more distant markets. For the most part, however, these Pacific Coast assemblers depend upon the 18 regular handlers of Hawaiian products as their primary source of supply for island flowers and foliage. Several of the dealers who handle Hawaiian products regularly also do some transshipping and at times they take orders from outside markets for direct delivery from Hawaii.

In a few cases a wholesaler will also sell at retail, but this type of operation is limited to a very minor part of the trade. This particular retail business consists mostly of supplying decorative materials for Hawaiian parties or other functions such as weddings. Where this practice is found, however, the use of Hawaiian products is thus extended slightly.

There are several wholesale firms on the Pacific Coast that sell Hawaiian products almost wholly outside the usual flower marketing channels. These dealers feature promotional items, particularly vandas, for use mostly as "give aways" at openings, conventions, parties, etc. They also sell ti cuttings in volume, either directly or through sales representatives, to various retail outlets such as variety, drug, and food stores. Some woodroses are also sold through these channels. About seven dealers engage actively in this type of business.

In the survey of Pacific Coast retail florists, 51 shops were selected to be visited in California, Oregon, and Washington. Most of the large city shops were included in the list, but an effort was made to obtain a representative number of suburban and small town dealers also. Among these 51 retailers there were only 18 who had any Hawaiian materials on display at the time of the visits in March and June 1956 (see table 17). However, a much larger proportion of the retailers reported using island products regularly. It was found that there



were 42 of the 51 shops making regular use of ti leaves in arrangements of various kinds and 23 dealers said that they use croton leaves and woodroses regularly.

TABLE 17. Display and use of Hawaiian floral products by 51 retail florists in California, Oregon, and Washington, March and June 1956\*

Products	Shops with displays	Shops reporting regular use
	<i>Number</i>	<i>Number</i>
Anthuriums.....	15	35
Gingers.....	3	3
Woodroses.....	2	23
Ti leaves.....	3	42
Croton leaves.....	1	23
Vandas.....	0	1
Total.....	18†	42†

\*All of these shops were served by wholesale florists in Los Angeles, San Francisco, Portland, and Seattle.

†Represents shops displaying and/or using Hawaiian items.

Anthuriums are the only cut flowers in the Hawaiian line that a substantial number of retailers use in any volume. Of the 51 retailers there were 35 who sell anthuriums more or less regularly. Other Hawaiian products are sold by most of these retail florists but they are not usually stocked and are considered as specialty items that can be obtained on special order. Had the survey been conducted in the fall of the year it is probable that woodroses would have been much more in evidence. This item and other dry materials are the most distinctly seasonal of all Hawaiian floral products sold on the Mainland.

### Prices of Hawaiian and Other Floral Products

Average prices of Hawaiian floral products available through Pacific Coast wholesalers during the winter of 1955-56 are indicated in table 13. In this particular tabulation there is listed also the average price received by the local shippers for the same items. In comparing the two series of prices it must be remembered that transportation and shrinkage are included in the apparent margin. For example, on medium anthuriums the price spread of \$1.35 (\$4.50 minus \$3.15) must cover the cost of shipping the flowers to the Mainland and any loss through throw-away as well as the Pacific Coast wholesaler's gross margin on the sale.<sup>13</sup> No reliable data are currently available on the loss of Hawaiian items through quality deterioration but Rada reported it to be a serious problem in 1950.<sup>14</sup> As was pointed out above, there is a wide range in both the prices quoted and the returns realized by Hawaii shippers for most floral products sold on the Mainland.<sup>15</sup> In many cases this disparity is not so

<sup>13</sup>Commission rates on consignment sales are generally 20 to 25 percent of the wholesaler's selling price.

<sup>14</sup>Edward L. Rada, *Mainland Markets for Hawaiian Flowers and Foliage*, Hawaii Agr. Expt. Sta., Agr. Econ. Rpt. 9, February 1952.

<sup>15</sup>See section "Pricing Policy," above.

apparent in consignment sales as it is in prices actually quoted by different shippers on sales f.o.b. Hawaii.

Among wholesalers on the Pacific Coast there tends to be less range in the prices of Hawaiian floral products than is found among the quotations of the Hawaii shippers themselves. This tendency toward a recognized market price in the Pacific Coast markets may result in part from the fact that there are central flower markets and other active florist's organizations operating in all four of the principal cities on the West Coast. The wholesale price level of floral products in general is somewhat lower in California than in Oregon and Washington. This difference usually prevails in prices quoted for Hawaiian products as well. It is not surprising that the competitive forces would result in maintenance of a similar area differential even though the Hawaiian items are shipped into the different areas from the one point on the outside.

TABLE 18. Estimated wholesale prices of certain flowers in the major Pacific Coast markets, Spring 1956

Item	Price range
	<i>Dollars per dozen</i>
Cut flowers:	
Roses.....	0.75- 1.50
Carnations.....	0.75- 1.25
Daffodils.....	0.15- 0.25
Irises.....	0.85- 1.25
Stocks.....	0.50- 1.50
Asters.....	0.85
Tulips.....	1.25
Chrysanthemums.....	3.25- 3.50
Gladioli.....	1.00- 2.50
Birds of Paradise.....	2.25- 5.00
Other:	
Cattleyas.....	6.00-12.00
Cymbidiums.....	6.00
Gardenias.....	1.20- 3.00
Camellias.....	2.00- 3.00

By comparing the prevailing price scale of most mainland flowers (see table 18) with the wholesale prices of Hawaiian flowers listed in table 13, it is noted readily that the Hawaiian items are mostly in a much higher price bracket. For example, small anthuriums sold for roughly double the price of average red roses, and heliconias were priced at about four times the high off-season, spring price of gladioli. It is perhaps not entirely valid to compare directly the prices of Hawaiian and mainland flowers. They are different commodities in some respects, but there is no question but what prices of other flowers do affect the competitive position of Hawaiian floral products. Although the price difference was considerable at the time of the survey it may be even more noticeable in the summer when flower production on the Pacific Coast and elsewhere reaches a seasonal high.

On most Hawaiian products the retail florists were not realizing the 3 to 1 markup that they normally consider necessary to cover operating costs and

provide a margin of profit. For anthuriums, which to most retailers are the only important Hawaiian item in the cut flower line, the usual markup is closer to 2 to 1 and the retail price in the majority of cases was about \$9.00 per dozen for the medium-size red. The range in price of anthuriums of all sizes was wide, however, and at the extreme showed a low of \$6.00 and a high of \$24.00 per dozen. At \$9.00 per dozen retail, anthuriums were priced at roughly 2 to 3 times the price of mainland flowers such as roses, carnations, and gladioli. Where prices were quoted on Hawaiian cut flowers other than anthuriums it was noted that the retail price is often about double the dealer's cost.

Other than anthuriums and orchids, the one fresh cut flower produced in Hawaii that sells in some volume on the Pacific Coast is the bird of paradise. This flower was selling at about \$4.00 per dozen in March on the wholesale market. At that time, however, practically all of the "birds" on the market were California grown.

Foliage from Hawaii sold mostly at 40 cents to 60 cents per dozen at wholesale. Retailers use these materials in arrangements of various kinds and rarely sell them directly to consumers. At the going price of from 30 cents to 50 cents per dozen for ti leaves many of the retail florists are using them in quantity, particularly for their higher priced table arrangements. Hawaiian foliage competes more or less directly with the lower priced greens from the Pacific Northwest which retail florists customarily use in funeral work and in all but their most expensive table arrangements.

Woodroses are purchased by retailers mostly for combination with other dry materials, both Hawaiian and mainland, in various kinds of arrangements for home use. Baby woodroses are often used for corsage purposes also. Thus a price for woodroses as such is not often quoted at the retail level although a few are sold for do-it-yourself arrangements. Some woodroses are now being offered by retail outlets other than florists but no prices are currently available for such sales. The average wholesale price of \$1.25 per dozen on regular large woodroses was quite generally used by dealers on the Pacific Coast. There are no mainland products that are closely comparable to Hawaiian woodroses, which fact complicates any price comparison and evaluation.

Ti sections or "logs" are considered by most florists as a novelty product. A wide range of prices was found on this item at wholesale and there is an even greater difference in retail prices. In a few cases the ti cuttings are retailed as growing plants but usually they are sold through variety stores, drug stores, and supermarkets for propagation at home by the purchaser. At the retail level and also to some extent at the wholesale level the ti sections are in most cases given some more descriptive name and the purchaser usually does not know the true identity of the product. Hawaii as the source is often emphasized in order to add a further element of glamour to the item. On the Pacific Coast, ti sections were selling in wholesale lots at from 7 cents each and up depending upon quantity, method of packing, type of outlet, transportation costs, etc. Retail prices of ti cuttings range upward from a minimum of about 25 cents each.

Most vanda Joaquim orchids are sold in large lots for promotional purposes. The regular flower wholesalers on the Pacific Coast sell limited quantities to local retail florists, especially street vendors, but the heavy volume is moved by

a few firms that specialize in vandas and other items that are used in promotions. Single vandas with foil wrap on the stem were offered at prices ranging from 5 to 10 cents each depending mostly on quantity ordered. Retail prices have little meaning on the vanda Joaquim because this flower is usually purchased for give-away purposes at store openings, parties, meetings, etc. It is for this reason more than any other that retail florists very rarely buy vandas for sale through their shops. Single vanda corsages were available at a few street stands for about 25 cents each.

Leis are sold in limited numbers by wholesale and retail flower dealers on the Pacific Coast. Some of these leis are made in Hawaii but increasing numbers are being assembled on the Mainland. Vanda Joaquims shipped loose in jumble pack<sup>10</sup> are often used in making leis. Average prices at wholesale range from \$1.25 for the ordinary frill lei to \$3.50 for a Mauna Loa type. Several dealers also make leis from mainland carnations. Few leis are sold singly at retail because they are generally used at group functions and are purchased at wholesale for this purpose.

Among the corsage flowers, vanda hybrids were offered at 35 cents each by the few wholesalers who handled this flower. This price was the same as that prevailing on similar hybrids produced on the Mainland. A few cymbidiums from Hawaii were seen on the market but they were very limited. Mainland-produced cymbidiums and cattleyas dominated the orchid trade on the Pacific Coast at the time of the survey and prices were depressed. Cymbidiums were selling for about 50 cents each and cattleyas were bringing only 50 cents to \$1.00, with some offered as low as 25 cents each. Other corsage items such as gardenias and camellias were selling in the range of 10 to 25 cents each. These quotations indicate the difficult price situation facing Hawaii shippers who consider sending corsage flowers to the Pacific Coast.

### **TRADE REACTION — PACIFIC COAST**

In addition to the competitive disadvantage of physical distance from the mainland markets, Hawaii also has the problem of selling flowers and foliage that are not well known to the consuming public or even to the florist trade on the Mainland. This latter problem is somewhat less serious on the Pacific Coast where Hawaiian floral products have been on sale for a number of years. Also, a much greater proportion of the general public on the Pacific Coast have visited the Islands and are Hawaii-conscious. Mere physical proximity and long-time trade ties with Hawaii tend to further this consciousness. In these general circumstances it is not enough, however, to have a good product although quality is important in itself. There must also be conducted an aggressive and consistent program aimed at gaining trade and consumer acceptance. In an effort to learn what steps should be taken to develop further the market for Hawaiian floral products, the opinions of wholesale and retail florists provide perhaps the best available guide in isolating the existing weak points that need special attention. It was with this purpose in mind that the following opinions relating to Hawaiian

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<sup>10</sup>Jumble pack is generally synonymous with the "beer carton" method of packing.

flowers and foliage were assembled. They represent the consensus of those members of the florist trade who were surveyed in the Pacific Coast phase of this project.

### **Cut Flowers**

Anthuriums are more widely accepted on the Pacific Coast than is any other fresh cut flower from Hawaii. The most frequent reply to the question of why more are not sold was related to price. Although there is a difference of opinion among florists on the effect of price appeal, the bulk of the dealers said that anthuriums are too costly to move in volume. As to a specific price the majority seemed to think that a wholesale price of \$3.00 to \$4.00 a dozen for mediums and a retail price of \$6.00 to \$9.00 would result in greater volume. There is some feeling, however, that price alone is not the answer but that it is even more important to create a demand for the anthurium as such so that it may command a higher price. Even at the suggested retail price of \$6.00 to \$9.00 per dozen, anthuriums would be among the high-priced flowers. Pacific Coast florists are in general agreement that more of both pink and white anthuriums should be shipped from Hawaii. In their opinion the distribution of colors should be about 50 percent red, 40 percent pink, and 10 percent white. The pink desired is a true color and not a coral or variegated type. Although the red anthurium is preferred for certain times such as Christmas or Valentine's Day and for tropical arrangements, the florists believe that the pinks and the whites could be used to advantage where for one reason or another the bright, intense red color is not desired. A few anthuriums, mostly pink and white, are now grown in California but these flowers are not a serious competitive threat to Hawaii. In certain areas a number of plastic artificial anthuriums are being used for display purposes. A few florists look on the imitation, which is quite realistic in appearance, as a possible competitor of the fresh flower. This contention may have a certain amount of validity in light of the impression of some mainland people that the fresh anthurium itself has an almost artificial appearance.

Woodroses are the other item in the cut flower group that moves in some volume on the Pacific Coast. For the most part the woodroses are used in making up dry arrangements of various kinds or to a limited extent they are made up as corsages. Very few woodroses are sold as such to consumers. The peak season for dry items on the Mainland is the fall and early winter. Many florists make up dry arrangements during the mid-summer slack period when the flower business is generally slow. Quality was considered generally satisfactory but a moderate objection to woodrose prices was noted among the trade. In this case the major need is to convince more florists that the use of woodroses in dry arrangements and corsages is a desirable and profitable activity.

The heavier cut flowers from Hawaii such as ginger, heliconia, and bird of paradise do not meet with any great demand on the Pacific Coast. The possible exception to this statement is the bird of paradise which is shipped from Hawaii in some volume during the summer months when California "birds" are not available. During the balance of the year the California birds dominate the Pacific Coast trade. It is difficult for Hawaii shippers to compete price-wise when the California product is available. Assuming that it is not profitable to engage in such competition, then Hawaii should concentrate on supplying the market

for birds of paradise during the summer off-season for California. The only specific criticism of Hawaiian birds was the cutting of stems too short so as to save shipping expense.

Both ginger and heliconia are considered by many florists as novelty items to be used only in the larger, display-type arrangements. A few florists who are looking for new things find the ginger and heliconia very acceptable and the price is no great problem. But to the great majority these heavy flowers are considered too different and too expensive to appeal to the average consumer. Not many ginger and heliconia are sold alone as a bouquet. There is considerable doubt whether price reduction would stimulate sale of these flowers greatly unless there is a change in the attitude of both the florists and the consumers. Even with birds of paradise and anthuriums it was found that many florists believe such flowers do not fit well in the conventional or traditional type home that is found so often on the Mainland. For display in a place of business or in a hotel lobby the attitude was quite different because something "showy" is desired. Several dealers mentioned the perishability of ginger as a further obstacle.

## **Orchids**

More than any other single product the vanda Joaquim orchid was responsible for the rapid development of Hawaii's flower shipments to the Mainland following World War II. The production and marketing of this orchid literally boomed from 1948 until 1951. During the past five years the vanda has declined in relative importance but it is still a major item among the flower shipments to the Mainland. In recent years the vanda Joaquim has been used mostly for promotional purposes as a "give away" at store openings, parties, meetings, etc. Only one retail florist among the 51 surveyed on the Pacific Coast indicated that he makes regular use of the vanda in his shop. These retailers are almost unanimous in their criticism of the manner in which the Joaquims have been marketed and they appear to resent the bypassing of the usual outlets for flowers. Although the regular wholesale florists still sell vandas, the volume moved through the customary flower marketing channels is limited. Most vandas are sold directly to buyers through mainland dealers who specialize in promotional deals. So long as the Joaquim is handled in volume by these dealers it is highly unlikely that the regular flower wholesalers and retailers will again take any quantity of these orchids. Despite their strong criticism of the manner in which the Joaquim is marketed, the majority of the dealers still think that the flower itself is attractive. Price is no serious obstacle to sales of vandas because if anything, they are actually too cheap at the present time. It is perhaps encouraging to note that somewhat greater stability is developing in the marketing of this flower now that production in Hawaii has declined drastically since 1951. Unless there is a distinct turnabout in the attitude of most retail and wholesale florists, however, it will be necessary to exploit the promotional and gift package sales in order to build up or even maintain the sales of vanda Joaquims. In continuing emphasis on these channels there is some danger that mainland florists will develop an increasingly negative attitude toward all Hawaiian products.

Orchid preferences have been shifting on the Mainland. The trend of late has been away from the cattleyas and more toward the cymbidium and certain other spray-type orchids. In fact, many florists complained of a general decline in the use of corsages. Among the reasons given for this situation were the women's hair styles and the dress styles now in vogue that are not adapted to use of corsages. Some flower dealers also blamed the cheapening of orchids through either "give away" or sale at low price in mass outlets such as supermarkets. Mainland production of most orchids, except the vanda, has been more than adequate for normal market requirements. A combination of heavy production and slackening demand has reduced the price of cattleyas to a very low level. Some of these flowers were selling as low as 25 cents each at wholesale in California during the spring of 1956. The pricing of other orchids was not so badly demoralized but the situation certainly lacked strength. Cymbidiums from Hawaii have a chance of moving into the Pacific Coast market from November through January when California and Australian cymbidiums are in seasonally short supply. A limited quantity of Hawaiian dendrobiums may be sold successfully on the Pacific Coast and a few dealers inquired about epidendrums.

Vanda hybrids have not yet been accorded full acceptance by the florists of the Pacific Coast. Several dealers were quite enthusiastic about this flower, both in spray and as a corsage, but in the majority of cases the interest level was very low. A number of florists said that the vanda hybrid is hard to sell because it does not look like an orchid; in fact, it does not look like anything with which the average Mainlander is familiar. Some colors and shapes of hybrids are not versatile for corsage use. In a few instances florists said that the hybrid is too hard to process into corsages. A further complication is the developing production of hybrids in California. This in itself is not yet a serious threat to shipment of vanda hybrids from Hawaii to the Mainland. Of much greater consequence is the need for developing an interest in the flower on the part of the trade and producing the colors and shapes that are most acceptable on the Mainland.

### **Foliage**

Among the Hawaiian foliage shipped to the Mainland it was found that ti and croton leaves are used extensively by Pacific Coast florists. These leaves are more generally accepted as a staple item than are any other Hawaiian floral products. It is only price that keeps florists from using larger quantities of both ti and croton. In San Francisco and Los Angeles where a substantial part of the ti leaves are received by ocean freight the price level is lower than in other areas where only air freight is used. Extent of use is related closely to price and California florists are working some ti and croton into their funeral pieces and lower-priced table arrangements much more than is the case in the Pacific Northwest. Lycopodium is gaining acceptance steadily as florists learn to use it effectively with many different flowers. Other foliage products from Hawaii are used in lesser quantities, some such as the monstera for special purposes only. However, they do not at this time seem to have the potentialities of ti, croton, and lycopodium. On the Pacific Coast the native greens compete strongly with other

types of foliage and intensify the price competition because of their physical proximity and low cost. Several retail florists said that they prefer colors other than green in the croton because the local foliage is green. If prices to retail florists on the Pacific Coast could be held at 2 to 3 cents each for the common Hawaiian foliages then the quantity used by these dealers would be increased substantially. Such a price is currently feasible only where ocean freight is used and bulk lots are sold to retailers. In common with several other Hawaiian products, the effective use of foliage from Hawaii needs to be demonstrated to florists on the Mainland.

### **Specialty Items**

Several florists on the Pacific Coast have made a determined effort to popularize the Hawaiian lei. Without exception the dealers surveyed who have tried to develop a market for this product are now discouraged by the results. All of them indicate in one way or another that a lei is fine in Hawaii but simply does not go over well on the Mainland. After trying to sell leis to both men and women customers for use in lieu of a corsage these florists have concluded that the lei cannot be made a staple item in their trade. Two florists in Portland have even given away leis on occasions where it seemed that such action would result in people becoming accustomed to wearing flowers in this form but very few sales resulted. The exception to this report on lack of success in selling leis to individuals is the use of the lei as an accessory for a Hawaiian party or some other gathering where leis are considered appropriate. On the basis of this information it seems that the best mainland outlet for Hawaiian leis is the gift package or direct sale to consumers.

A few coconut hats are sold to florists for display purposes and for an occasional Hawaiian-type party. This is considered strictly as a novelty item and no effort is made to sell it in volume.

Although ti sections from Hawaii are being sold in volume throughout the States by a few specialty wholesalers on the Mainland, the regular florist trade, both wholesale and retail, has given this product little attention. It is somewhat the same category as the vanda Joaquim in that it is marketed outside the usual channels for floral products. There is one major difference between ti cuttings and vandas, however, in that the ti logs have never at any time been handled extensively by the florists. This may in large part account for the tendency of the florist trade as a whole to ignore the sale of ti sections by the mass outlets such as variety stores and supermarkets. Also, it should be noted that the ti logs are not considered flowers, or even plants, in the ordinary sense of the word. A limited number of ti cuttings are propagated by mainland florists and then sold as plants under various names but most dealers do not have the inclination or facilities to grow the plants, particularly in competition with the cuttings which a housewife can buy for home propagation. Among the wholesale dealers on the Pacific Coast who sell ti sections there is considerable optimism concerning the future of the product. Extensive promotional work will be necessary to stimulate an improved demand for this item, however. And there are problems such as tendency of the cuttings to mold or difficulty in obtaining satisfactory growth consistently that need to be given more attention. Price



spreads between shipper and consumer are extremely high but the cost of market development and promotion is also heavy. There is no present indication that ti sections will be marketed in any way other than as special items which may be best adapted to sale through the mass retail outlets.

### **General**

A number of the opinions expressed and attitudes noted among the florists on the Pacific Coast related to Hawaiian floral products as a group. Among the wholesalers the most common criticism was the lack of stability in the Hawaiian flower shipping business. Lack of uniformity in prices quoted by the several Hawaii shippers is a major problem and is of more concern to the mainland dealers than are the fluctuations in any particular dealer's prices. Price variations among shippers are in many cases the direct consequence of grading to individual standards with resultant differences in quality of products shipped to the Mainland. Some comment was made on variations in quality from one time to another and the tendency of certain island shippers to send lower quality products during periods of short supply.

Most of the Pacific Coast wholesalers who receive Hawaiian flowers and foliage said that packaging of the island products has improved markedly during the past five years. The notable exception is the controversy over the bulk shipment of vandas in the so-called "beer cartons". Little damage in transit because of faulty packing is now experienced. In general the arrival condition is good. Wholesalers also said that the island shippers have in large part discontinued the practice of overloading the markets with consignment shipments. To the extent that this was actually done the practice has undoubtedly contributed to the disruption of the price structure for Hawaiian floral products and it has probably stimulated the shift to f.o.b. selling.

Both wholesalers and retailers, especially the latter, believe the Hawaiian products are seriously in need of an effective promotional program aimed at familiarizing the florist trade and the consuming public with the qualities and use of tropical items. Among retail florists in particular there is a feeling that the public looks upon Hawaiian flowers as something to be admired in a display but not to be purchased for home use. This apparent reluctance of the public to accept exotics readily may be partly due to the fact that in the use of flowers much of the satisfaction comes from conforming to custom. And as yet, it cannot be said that the use of Hawaiian flowers is customary on the Mainland. Price is considered a major obstacle to volume sales of most Hawaiian items. Where the consumer is not thoroughly familiar with the product and the price is also relatively higher than the usual flowers it is not surprising to find acceptance a problem. In the florist trade many shops sell almost entirely by telephone and this practice further complicates the merchandising problem for the Hawaiian products. It is doubly difficult to sell a new item when the buyer cannot see the product or does not know a great deal about it.

Some florists on the Pacific Coast are inclined to look on Hawaiian flowers as "fad" items for which it is difficult to establish a sustained demand. At considerable cost one large retail florist on the Pacific Coast set up a special Hawaiian department with an authentic island motif. For a while the new section attracted large numbers of people but after the initial rush the sales gradually

declined until it became necessary to revert to the former plan of offering Hawaiian products along with the regular line in the shop. Others have had somewhat similar experiences in trying to focus special attention on tropical products. It is now the consensus in the retail trade that Hawaiian items must find their place among the usual line of floral products available on the Mainland and not be considered as a separate line.

The importance of price is indicated by the experience of a florist located in a high income area of Los Angeles. In this community most of the residents know Hawaii and appreciate tropical flowers. But when these people who know and like the Hawaiian things are buying flowers they are shocked by the difference in price between Hawaii and Los Angeles. They wonder why they should pay \$12.00 a dozen for anthuriums that they saw for \$2.00 in Hilo. In this instance the consumer's knowledge of Hawaii is a distinct disadvantage and the florist involved sells only a small volume of island flowers.

In a few cases mainland dealers have not been able to rely upon a supply of Hawaiian items being available when and where needed. Delays in plane arrivals have caused some trouble but most of the difficulty comes from the periodic shortages in the available supply of island floral products. Dealers generally find it most satisfactory to place emphasis on sale of those things that are readily and consistently available.

## **OBSERVATIONS AND SUGGESTIONS**

In the course of the field work conducted in surveying the floral trade, both in Hawaii and on the Pacific Coast, there developed a number of observations and suggestions that are sufficiently clear-cut and objective to serve as at least a partial guide in a program of industry self improvement. The points emphasized in this section represent a combination of the author's appraisal of industry marketing problems and trade opinions of the steps that remain to be taken in strengthening the marketing of Hawaiian flowers and foliage. Many ideas other than those listed were expressed by both island and mainland people but this listing is limited to the views that seem to represent a consensus.

### **At the Shipper Level**

There is need for an industry program, either voluntary or with legal sanction, through which better control of volume shipped may be achieved. Such a program would be expected to aid in bringing about a greater semblance of price stability. It is suggested that for efficient marketing there would not need to be more than five or six competing commercial shippers who send floral products from Hawaii to the Mainland. Improved timing of shipments is needed so as to minimize the problem of meeting competition in the mainland markets. Further elimination of "cutthroat" competitive practices is needed among Hawaii's shippers. It is generally believed that there has been somewhat less of this practice during the past several years. Continuation of the trend toward f.o.b. selling may slow the price gyrations further. The practicability of operating an export pool for Hawaiian flowers and foliage, comparable to certain flower pools now found in California, may be worthy of investigation. Hawaii shippers need to select their marketing channels and then stay with their choice for at least a fair trial period.

Further improvement of quality is needed and consistency in grading is essential. Steps currently being taken to establish official Territorial export grades for Hawaiian floral products are to be encouraged. As grading is standardized it is logical to expect that some of the pricing problems may be solved. Some damage is still occurring in transit despite marked advances in the packing methods. In certain flowers, such as anthuriums and orchids, there is need for shift in colors.

Preferably through united action, the Hawaii shippers should take positive action to improve their contact and communications with the florist trade on the Mainland. For example, a representative of the Australian cymbidium growers was calling on the trade in all the major United States markets during the spring of 1956. This type of program is all the more necessary in light of the feeling on the Mainland that the decline of the vanda is having an adverse effect on all Hawaiian floral products.

Constant attention must be given to the reduction of costs at all stages in the marketing process. Particular emphasis should be placed on greater efficiency and lower costs in grading, packing, and transportation.

#### **At the Wholesaler Level**

Hawaiian flowers and foliage are strictly a side-line for most of the wholesalers on the Pacific Coast who handle these products. Not only do the majority of these dealers handle other floral products of mainland origin, in a number of cases they are also growers of some of the products they offer for sale. These facts, coupled with a normal tendency to favor local enterprise, result in a situation that is not too favorable from the standpoint of the Hawaii shippers. Several specialty dealers and a few regular wholesalers are handling only Hawaiian items. These people, of course, devote all of their efforts to developing a market for the Hawaiian products. In the trade on the Pacific Coast there is a growing sentiment in favor of having only one or two wholesale dealers in each market who would give major attention to the Hawaiian line.

In the survey of dealers there were a number who advised Hawaii to explore other markets, particularly farther East and in the smaller cities. It is a well known fact that Los Angeles, San Francisco, Chicago, and New York are highly competitive markets where flower prices are always subject to considerable stress and strain. Another suggestion in developing outlets was to offer flowers to selected dealers in new markets if they would pay the transportation charges only and then report back to the shipper on the outcome of sales. This would be done on an introductory basis to stimulate the interest of prospective dealers and to indicate the probable acceptance of the Hawaiian products.

The wholesale price of Hawaiian floral products is often influenced too much by poor quality in a few lots reaching a particular market. A low price on items of inferior quality affects the level of all prices of the commodity involved. It was also pointed out that the price structure on Hawaiian products becomes progressively weaker as the number of wholesale dealers handling the line increases in a given area.

Another reason advanced in explanation of unstable prices is the fact that in many cases a shipper in Hawaii will quote the same price to all who inquire, whether they are wholesalers, retailers, or just individuals.

It was the consensus of the entire trade on the Pacific Coast that despite record high income levels the market for floral products, other than ornamentals, is slow. Some attribute this condition to the record high consumer debt and increasing consumer emphasis on the purchase of hard goods such as appliances, cars, furniture, etc. Others maintain that changing habits such as the swing away from corsages and fewer funeral arrangements may be responsible. In any event, the wholesalers take the view that Hawaii is trying for a bigger piece of a shrinking market.

From the evidence accumulated in the survey of Pacific Coast florists it is apparent that retailers generally expect the wholesaler to maintain a stock of Hawaiian items so that they may be purchased on order. This practice of buying only to fill a specific order shifts a considerable responsibility to the wholesale florist who generally tries to hold his inventory at a very low level. Shipments of Hawaiian floral products directly to retail florists on the Mainland also complicate the marketing situation from the wholesaler's standpoint.

### **At the Consumer and Retailer Level**

Retail florists also said that the public in general does not buy flowers at the same rate as formerly. This alleged change in buying habits since the close of World War II may be the logical outcome of the greatly expanded availability of consumer goods with the coming of peace time. In regard to Hawaiian things as such, some florists maintain that there is no popular market for exotic flowers and that most mainland people look on these items as a novelty or fad. Others stated that they use these flowers as eye catchers but do not expect to sell many. Apparently there is a feeling among the trade that Hawaiian items are adapted only to certain settings or fit best in semi-tropical surroundings. Whether this is actually the case or not, it is indicative of the marketing job that remains to be done in selling Hawaiian floral products on the Mainland.

A number of retail florists were quite frank in saying that if the decision is left to them by the customer they select mainland flowers, partly because they are more certain of acceptance by the customer; also, there is usually a better margin of profit in the mainland products. In too many cases the retailers have an attitude of passive acceptance of Hawaiian flowers but no real enthusiasm toward them.

To sell more Hawaiian flowers and foliage most retailers said they believed that the price would need to be lower. Promotion would not be effective if the price is not attractive to the prospective buyers. Except in the large downtown shops, florists on the Pacific Coast consider \$5.00 as the limit for most retail flower purchases. The real need is to find some way of offering an inexpensive arrangement of exotics. Several florists contend that there is not much direct substitution of mainland flowers for Hawaiian flowers and that if a person wants heliconia he or she is not satisfied with gladiolus as a substitute<sup>17</sup>. Although direct substitution may be assumed too often the fact remains that there is a strong element of price competition in the marketing of Hawaiian products.

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<sup>17</sup>To the extent that it is true this factor tends to emphasize the importance of a more aggressive program of consumer education on the use of Hawaiian flowers and foliage.

In promoting greater use of Hawaiian floral products it is suggested that the Hawaii shippers consider these possibilities:

1. Prepare and distribute an attractive color brochure illustrating Hawaiian flowers and foliage, as well as a few simple arrangements of exotics.
2. Utilize the women's sections of newspapers and other mainland publications to publicize the use and arrangement of Hawaiian floral products.
3. Adopt more "catchy" names such as "lipstick pods" and "volcano grass".
4. Encourage florists to do more with arrangements by displaying and demonstrating the use of Hawaiian flowers and foliage at conventions and providing short courses for mainland florists.
5. Get Hawaiian items in more florist shops in new market areas through special price concessions to both wholesalers and retailers as an introductory measure.
6. Flower shows and special store displays are a good medium for publicizing Hawaii's floral products. Hawaiian arrangements are particularly adapted to use for special occasions such as meetings and banquets and for commercial accounts such as clubs, offices, hotels, and banks where "something different" is quite acceptable.
7. National advertising sponsored by sugar, pineapple, and shipping companies could do much to help publicize the less known Hawaiian flowers such as the vanda hybrid. These flowers could be made an integral part of the design used in such advertisements.
8. Hawaii must ship a good quality product and give the florists delivery when the products are needed.

Suggestions on the negative side were also stated by a number of the florists surveyed on the Pacific Coast. The most frequent admonition heard was to avoid the "give away" or promotional type of sale that has been responsible for most of the open antagonism that practically all retail florists now display toward the vanda Joaquim. Two other methods of sale are not viewed with any favor by most of the retail florists; these are the mass outlets, such as supermarkets, drug stores, and variety stores, and the retail flower peddlers. This general attitude does not necessarily extend to all Hawaiian floral products but it does apply particularly to the cut flowers, including orchids and woodroses.

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