



Retail Sales Unit

What Happens in a
Retail Floral Shop?



Retail Orders

- There are five things that should be included on an order form at a floral shop.
 1. Name of person ordering
 2. Name, address, and phone number of recipient
 3. Payment information
 4. Delivery date and place
 5. Type of arrangement



Retail Sales

- There are many different types of sales that take place within a floral shop.
 - In-store sales: This is the traditional way of purchasing within floral shops
 - Telephone sales: This type of sale accounts for most sales within a floral shop because it is convenient and easy
 - Internet sales: This type of sale is becoming more and more common in some floral shops



Retail Pricing

- There are two methods for pricing floral arrangements within a floral shop:
 - Percent Markup
 - Ratio Markup



Percent Markup Method

- This method is based on the concept that 40 percent of the retail selling price should be made up of the wholesale value of the materials used, while the remaining 60 percent should cover costs of running the business and should generate profit.
- This formula can be used as a guideline for florists in planning how much material can be put into an arrangement that is to sell for a set price.



Percent Markup Method continued...

Example:

Retail Selling Price of
Arrangement

\$20.00

X 0.4

8.000 or \$8.00



Percent Markup Method continued...

- This formula can also be used to determine the price of an arrangement

Example:

Wholesale cost of materials
 $\$10.00$ divided by $0.4 = \$25.00$



Ratio Markup Method

- The easiest method of pricing is to figure the total wholesale value of the materials in a product and multiply it by a certain number.

| <u>Markup</u> | <u>Types of Items</u> |
|---------------|--|
| 2 to 1: | Gift items, supplies, hardgoods, cash-and carry cut flowers, etc. |
| 3 to 1: | Basic arrangements, bud vases, decorated plants, etc. |
| 4 to 1: | Creative designs, holiday arrangements, basic corsages |
| 5 to 1: | Wedding flowers, party flowers, designs requiring a great deal of time |



Other types of Retail Pricing

- Standard Divisional Pricing
 - This method not only covers the cost of goods, but also includes labor, operational expenses, and profit

| | |
|-----------------------|------------|
| Cost of goods: | 30% |
| Operational Expenses: | 35% |
| Labor: | 20% |
| <u>Profit:</u> | <u>15%</u> |
| Retail Selling Price: | 100% |

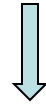


Standard Divisional Pricing

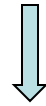
- Add up the wholesale prices of everything tangible that goes into the bouquet.
- Once determined, the other expenses can be easily found.
- For instance, if the cost of goods, etc. adds up to \$15.60, then divide this by 30% (the allowance for cost of goods) which would equal \$52.00
- To figure the other parts simply multiply time the percentages:
$$52.00 \times .35 = 18.20$$
$$52.00 \times .20 = 10.40$$

Chain of Life for Flowers

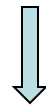
Grower



Wholesaler



Retailer



Consumer





Processing Flowers in a Retail Shop

- There are four necessary steps in processing when flowers are received:
 1. Unwrap flowers
 2. Recut stems
 3. Put in fresh clean water
 4. Place in floral refrigerator