

Turning the Tide of Floriculture's Supply Chain: The Information Age and Its Practical Applications

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Abstract: The Floriculture industry suffers from various maladies, including lack of informed participants, few means of fulfilling last-minute orders or for compensating for low supply from traditional vendors, and a sales and marketing structure based on product push-through rather than pull-through. The floriculture industry can better serve its consumers (each supply chain participant being both supplier and buyer) with the information and communication tools provided by Internet products such as Floraplex.

Not often can a single industry dictate to consumers what they want. Businesses must discover what needs or wants reside in the consuming body and meet those needs. Otherwise, how can they hope to survive? Notorious for this practice are the fashion and automotive industries. Each year, these industries introduce products the end consumer is expected to want and buy. A major difference between the two, however, is that the automotive industry conducts surveys and scrutinizes previous buying trends in an attempt to judge future buying trends. While there is no foolproof crystal ball that will reveal to an industry what its consumers will want in the future, there are tools that make educated guessing possible. To this list, one might add the floriculture industry. However, unlike the automotive industry, the floriculture industry is infamous for its shotgun approach to product introduction.

For decades, the industry has operated top-down. While it is true that breeders adhere to stipulations when growing flowers--the flower must produce excellent yields, be resistant to pests and disease, and require little fungicide--the idea that they are growing what the consumer wants is ludicrous. Yes, the breeders will create flowers that are aesthetically pleasing (they would be fools not to); however, since it takes 5 years to develop a new rose variety, how can breeders be assured they are growing a commercially viable product? The truth is, they can't. So it falls on the shoulders of the growers to move the plant to wholesalers who in turn must move it through to retailers who in turn must convince customers that this is a desirable flower. As a result, each member of the supply chain must rely on the retailers' marketing powers or be stuck with product that withers and dies.

The question then, remains: how can an industry that has operated in the same way for so long--since the early 1950's, when the flying Dutchmen filled out their produce loads with flowers and transported their wares into France and Germany--be expected to change? The answer is a simple one. Begin to place trust in the latest tools available and use them to their fullest.

It is not something the industry should be adverse to. After all, growers are quick to use the latest in automated irrigation systems once they realize these systems will enable them to produce healthier flowers while simultaneously reducing employee costs. Wholesalers should be quick to grasp the latest in refrigeration and flower monitoring systems as these ensure longer storage life for their flowers. The industry should also realize that in order to grow, it must begin to change. It must be ready to embrace new technologies and new methods of communication. It must be prepared to share information rather than hoarding it. And the world is full of tools to make this possible, Floraplex being just one such option.

Picture if you will a lot of flowers. This lot is of a variety developed by a breeder and produced by a grower. The grower had to take the breeder's word that this variety would produce good, strong, long-lasting flowers. And, while all of this may be true, the grower is essentially gambling on the flower's success at various levels.

If we take the business model current across South and North America, these flowers were produced on a farm in Colombia or Ecuador, and most likely went through an importer/exporter in Miami. While many of our industry's importer/exporters add value to the chain, there are a few who capitalize on the lack of information and communication in the industry. These few often will tell the grower there is a glut of surplus on a specific flower--or low demand--and will tell wholesalers wishing to purchase the flower that there is a low supply, thus driving up the price. In this scenario, it is the broker who wins, without having added any value to the supply chain, and leaving the grower and wholesaler with poor sales and purchases. However, with a tool such as Floraplex, each section of the supply chain will hard pressed to take a piece of the pie without providing added value.

For example, Floraplex can assist in bridging the language barrier that might hinder communication between supply participants. Being a central platform with news and information in multiple languages, each member of Floraplex can inform themselves of worldwide weather conditions, shipping and logistics news, and market supplies and prices. This way, each member of the supply chain knows what events may or may not be taking place, which could affect the price of flowers. Less scrupulous members of the supply chain will then be harder pressed to inflate prices due to fabrications about supply and demand discrepancies, phantom weather patterns that have ruined harvests, or fabricated labor strikes strangling the shipping industry.

Moreover, by breaking down barriers in information and communication, the Internet allows members of the floriculture industry to break from traditional suppliers. Again, using Floraplex as an example, a wholesaler might be faced with a shortage of a single product. Heavy rains may have reduced harvest from his traditional suppliers or he may have simply under bought. His traditional suppliers, then, sold their surplus product elsewhere. Using traditional tools, the wholesaler might be hard pressed to find product and have it delivered. While it is true we operate in a close-knit industry, the practicality of calling new vendors on the phone (or merely faxing an order!) and hoping to be find product is suspect at best. Not only will the wholesaler suffer lost time, just the simple operating cost of placing that number of long distance calls in a day would probably cause the wholesaler to carefully consider his position and true need for that product.

However, using Floraplex, a member can browse lists of suppliers and apply to many, or that member can browse all posted inventory for a specific product and its availability. Once found, the wholesaler can use email, Internet paging, or provided chat service to contact and communicate with the chosen vendor. The vendor can, in turn, use automated Internet tools to determine the credit worthiness of the wholesaler as well as find a logistics provider and move the product with little difficulty. Also, each party can perform all these functions without having to have direct contact with the other party (which helps in overcoming the barrier that time zones place in operating on a worldwide basis) or without having to pick up a phone and suffering the large operating costs of extended long-distance phone calls.

Finally, tools such as those found in Floraplex can be used to increase the viability of products throughout the entire supply chain, from breeder to consumer. In order to see return on his investment, a grower must convince wholesalers or importer/exporters that he possesses a desirable flower and one which the public will find intoxicating and beautiful. The wholesaler must in turn convince the retailer of the same thing. Finally, it is up to the retailer to convince the consumer that this flower is a desirable commodity and will bring happiness, joy and beauty into the home. In this model, the burden falls on the shoulders of the retailer, and if the retailer does not do an excellent marketing job, the lack of desire flows back up the supply chain, and wholesalers are faced with freezers full of dying flowers, and growers are faced with fields of useless flowers and inventory that will be left to wilt on

shipping docks. However, when using innovative tools such as can be found in Floraplex, each supply chain participant can communicate information to all others and create a chain that is based on consumer demand as opposed to grower supply.

The Floraplex trading engines allow for complex purchase and sales history tracking, much like the automotive industry uses. In this way, a retailer can, over the years, examine in detail the purchasing trends of customers and begin to make educated guesses about what will be a desirable product in the years to come. For example, the retailer might notice a particular color of gerbera beginning to gain in popularity. The retailer then may notify the wholesaler (or may notify select growers directly) as to the forecasted desirability of this particular color. The grower can then communicate to the breeders that success can be had if there was an abundance of a particular color that shared the same desirable traits as other flowers. Finally, three years after the retailer first noticed the trend, and the breeder has had a chance to develop the gerbera variety, each member of the supply chain can be somewhat assured that they have a successful product. Marketing will be easier for the retailer who will be able to put money otherwise marked back into the supply chain, the wholesaler will have product that does not stay long in coolers, and the grower will can be assured of high turnover and product that will not languish on loading docks or in the warehouses of importers/exporters.

Thus, we must ask ourselves, as an industry, can we afford to turn a blind eye towards the opportunities in information and communication that Internet technology affords us? The answer should be 'no.' With the advent of seamless information and communication, we can become a better informed industry. One that runs smoothly and caters to the needs of its consumers, not its suppliers.

Bio: Greg Turner graduated with a degree in English and a minor in the history of science from the University of Florida. He obtained a masters of fine arts degree in creative writing from the University of North Carolina at Wilmington. He lives in Orlando, Florida and works at World Commerce Online, parent company of Floraplex and FreshPlex. He has crafted marketing corporate and product marketing messages and writes articles that focus on technology and the produce industry.

NOTE:

Founded in 1994, World Commerce Online builds global and private trade communities. These communities enable supply chain participants in the perishable products industries to come together and do business on the World Wide Web. WCO provides its customers open market exposure while providing maximum security and data integrity. World Commerce Online currently offers Floraplex, the B2B e-commerce solution for the estimated \$150 billion worldwide floriculture industry, and FreshPlex(tm), a B2B e-commerce solution for the estimated \$550 billion worldwide produce industry. World Commerce Online maintains offices in Florida, Colombia, Ecuador, the Netherlands, Israel and France.