

# 2009

## Member Meeting Round Table Discussions



NORCAL

820 Bay Avenue, Ste. # 210,

Capitola, CA 95010

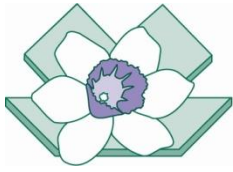
Phone: 831-479-4912 Fax: 831-479-4914

# Member Meeting Round Table Notes

## Table of Contents:

- Letter from Steve Dionne, NORCAL President-----Page 3
- Geographic Expansion of NORCAL-----Page 4-5
- California Logistics – The North/South Distribution Axis-----Page 6
- Re-Thinking the California Floral Convention-----Page 7
- New Transportation Model/Prepaid Freight-----Page 8-9
- What More Can NORCAL Do To Promote California Flowers?---Page 10-13
- NORCAL’s Value Proposition-----Page 14-15





**NORCAL™**

California Association of Flower Growers & Shippers  
"Serving the Floral Industry Since 1941"

Dear NORCAL Member,

As one of the attendees of the NORCAL Member Meeting at La Costa, we are pleased to present to you this compilation of comments from the Round Table Discussions.

As a participant in the discussions, you were asked to contribute your voice to 6 separate topics of relevance to today's California floral industry. With this set of information, you will now be able to see the results - in a brief, bullet-point format – of all of the discussions that took place on each topic.

As was stated at the Member Meeting, your association's Board of Directors is keenly interested in the highest level of engagement with the membership, and the Round Table Discussion format was one means to achieve that end. Member feedback has been strong and positive, and I am optimistic that this format could be deployed at future meetings due to its apparent success.

NORCAL would like for you to view your Board of Directors and association staff as having an "open-door" policy on any industry-related issues, and this level of engagement and transparency is part-and-parcel to that stance.

So please take a few moments and pique your interest by reading through the myriad ideas contained in these pages, and we will look forward to seeing you at NORCAL's 2010 Member Meeting next summer!

Best Regards,

*Steve Dionne*

Steve Dionne

NORCAL President

## Geographic Expansion of NORCAL

- Strong involved shippers in Oregon and Washington
- Different products grown in Washington and Oregon – not a real threat to CA production.
- Change / disrupt relationships already established between carriers and shippers / growers?
  - Rate structures, timing and shipping lanes
- Involve transportation companies in expansion (role of transportation committee).
- Cost of maintaining possible new membership vs. current customers?
- Express carriers already integrated in most cities; should not negatively change structure and could bring more ground movement out of Pacific North West.
- Possible inclusion of Utah, Nevada and Arizona / Western Region Association.
- Overall feeling is that it would strengthen NORCAL.
- Small growers in Oregon and Washington could greatly benefit from shipping rates.
- Could a better rate be achieved by including new members from North West?
- Is there potential benefit for existing members?
- Concern that NORCAL would lose focus on mission.
  - Does expansion benefit NORCAL or the membership or both?
  - How far does expansion carry?
- Could potentially strengthen business between California, Oregon and Washington.
- What would be the cost of new members?
- What would the cost be to market in North West?
- Potential conflicts with current regional association in North West?
- Targets for new members (number of new members? - % of new shipping business?)
- Add a 4<sup>th</sup> category of membership – affiliated?
- Expansion beyond the Pacific North West?
  - Shipping rates would extend for all shipments in Baja, CA. – Most Baja growers have primary shipping locations in CA.
- Exploration of existing association in the Pacific North West.
- Great Potential for growth:
  - North West freight generally moves with CA product.
  - Important to CA distribution network to help fill trucks going east.
- Possible conflict:
  - Opening up FedEx rates to competing companies of current CA members.
  - Promotion of CA Grown campaign.
- Concerns:
  - Potential precedent setting and expansion to other areas.
  - Dilution of CA Grown and CA Image.

- More Strength in numbers to try to market to consumers.
- Preventative measure to combat reduction in membership:
  - Necessary for long term health of association.
- Not only expansion in territory but perhaps redefining who could be involved as a member.
- Stimulus for participation and discussion.

## California Logistics – The North / South Distribution Axis

### Transportation / Logistics

- Growers and logistic companies duplicating efforts
- Partial deliveries going back and forth
- ½ empty trucks to Oxnard
- Cut off times too early.
- L.A. traffic a problem
- No Northern hub.
- Instate trucking problem; 3 companies, 3 different systems
- Instate trucking standardization needed
- EDI information helpful, legible, saves time and errors
- Current companies share trucks at pick-up points
- Growers work together to find trucks
- Possibility of using produce trucking when available
- California / Seasonal state / more outbound
- Freight rates out of Miami high, low volume leaving state
  
- Association help to coordinate logistic efforts
- Prime / Armellini combine efforts
- Cost / cut costs? Single Transport.
- Box standardization / Basic – how much?
- Financial incentive.
- Need of standards?
- Association not to set standards, recommendations ok.
- Shippers responsible for pre-cooling boxes.
- Set a standard of penalties for those who do not pre-cool.
- Different flowers / different temperatures
- Pre-cooling wasted through truck handling
- Cold chain problem with trucking companies
- Northern growers far from hub.
- Not compatible for shipper / customer.
- Mixing hot boxes with cold boxes/penalties?
- Take random temperatures/ publish grower-shipper list?
- What can Association do about the list of offenders?
- Do not want to “police” boxes.
- Pre-Cool a customer call.
- Need of Full-Time Logistics person

## Re-thinking the California Floral Convention

### PROMOTION

- More web based advertising: Facebook, twitter and Utube.
- Market beyond our members and their customers; AIFD is a good start.
- Promote California flowers to the consumer.
- Find a way to include the CCFC.
- Ask airline partners for promotional airfares/ask members to help subsidize travel costs. Possibly donate an airfare, or a member assessment.
- Have a day for the public, invite sponsors from mass markets and retail to display our flowers (possible revenue source).
- Include the media, and fresh produce and floral council.
- Use other organizations: PMA, SAF, Cal State Floral Association, WFFSA/ or piggyback.
- Make business fun again. A reason to come to California.
- Have a working convention.
- Possibly incorporate Fun N Sun into name again (every group supported this).
- Identify who the customers are: wholesale, mass market, etc.
- Work on a major campaign to invite all mass buyers to come to the show at no charge.
- Promote features and benefits of CA flowers.

### CONVENTION

- Spend the extra year really promoting the up coming convention so people do not forget about it and can plan to attend.
- Shorten to 3 days.
- Return grower tours.
- Help subsidize the tour luncheons so not just one or two growers have to pay the biggest tabs.
- More interactive educational workshops and round table discussions with customers.
- Flower Fair - A LA CARTE function, the more buyers the better.
- Liked having the reception in the flower fair the night before.
- Advertise the flower fair exhibitors.
- More networking time with customers.
- Create relevance and value for dollars spent.
- Can brokers be exhibitors?

## **New Transportation Model / Prepaid Freight**

- Affordability for the small Grower. Overhead is a concern.
- On the transportation side from a trucker's point of view, it would relieve them of some burden.
- Risk would now be on the grower – with credits, bookkeeping headaches, price of money all being issues.
- Puts the expenses in the growers / shippers control. Gives the shipper more control over that segment of the shipping model. It can be a good thing if it is managed properly.
- As an industry we have to do it the most efficient way possible. Any step in the process that does not contribute to efficiencies must be cut out.
- Shippers prepaying effects cash flow.
- If the shipper prepays they would look for an added layer of protection from the transportation companies. Some kind of alliance between shippers prepaying and transportation carriers would be helpful.
- The larger companies will have an advantage in negotiation power with carriers.
- If a payables/receivables issue arises it could be a road block.
- Receivables go up right away.
- For smaller growers prepaying freight would be difficult.
- One of the issues of each shipper billing each buyer would be how to know what to charge.
- Dry freight is prepaid. Our industry is the odd ball.
- Prepaid freight has advantages in economies of scale, if full truckloads are managed.
- The A/R problem is manageable if there is an entity managing the A/R. This could work. Without this management it can be very risky for the individual shipper. Are there any industry solutions?
- Going prepaid you would need to have full trucks.
- Another way is to capitalize on working with non ethylene produce. This would give more shipping options, new directions.
- The geography of California causes pricing inequities.
- Prepaid freight will work if it is organized, managed to full truckloads to bring costs down and improve cold chain. Goal is to drive costs out of the system. We will need to educate and or sell the customer on the prepaid idea.
- Starting slower and take it city by city is one idea.
- The only way to sell the prepaid option is to have a solution in hand for the shippers.
- Offer prepaid freight to customers if they reach a certain dollar volume and stay within the terms outlined by the seller/shipper.
- The question was asked "Would it save any money"?
- The question was asked "How would the minimum work?"
- As long as the trucks consolidate, it helps the issue.
- Truckers are about 40 days out with Accounts Receivables.
- The truckers do not have a lot of room to cover costly items. They are running lean operations.
- Pricing on trucks vary which could make pricing difficult to set.

- Wholesalers want a simple, stable rate, with less hassle so they can get back to the business of selling flowers.
- Truckers want to provide the cheapest possible transportation to the wholesaler.
- Prepaid freight gives you more control and you do not have collection issues.
- Truckers can or should pair up with different kinds of carriers to utilize the efficiencies of other industries or different modes of transportation.
- California has to be in unison, on the same page. Once this happens costs can be contained and efficiencies can be realized.
- The pick-up and consolidation of freight in California is the most expensive part of the chain for the long haul truckers.
- Claims will go up.
- One drawback would be receiving invoices late from the carrier.
- Need quote on pricing before they can give price to the customer.
- Prepaying adds more administration time and complexities to the shipper.
- Seller has to get more involved with transportation.
- “The Future of our industry is in prepaid freight”. One comment
- On FedEx, Pass Through discount is actually expensive.
- Prepaid freight gives you control in almost every aspect. It is a service and you can make a little money on it.
- More responsibility for product damage and claims.
- Credits can be more painful.
- On in-bound trucks prepaid is helpful especially if other companies help with volumes (consolidation)
- With Trucking, prepaid freight is very risky but it would depend on the terms.
- If someone or some entity manages the prepaid part, it will help minimize the risks.
- If a company, customer, stopped paying bills, word should get out alerting the shippers. It must be within the laws.
- Some sort of insurance to help with disasters when things happen.
- One member stated that they are already on the hook for the flowers. They do not want to be on the hook for the freight.
- Prepaid can open up more services offered from the airlines.
- Prepaid can offer even better rates.
- Slow pay is very hurtful.
- Credit insurance was mentioned as a solution.
- How many additional sales could you generate if you had the security of insurance on payment?
- Biggest pro was knowing the “Landed Cost”.
- Prepaid freight can work if you have an incentive for the customer to pay it.

## What More Can NORCAL Do To Promote California Flowers?

### What has already been tried?

- Differentiate the product as Californian Grown. Leverage California Grown as the identity. It is already visible and already working.
- California Grown is a good program but most customers (those that are outside of the State of CA) do not know the story.
- California Grown is only promoted in the state. We need a national reach.
- California Grown sign is the only thing that currently promotes.
- California Grown implies better quality.
- Buzz the Bee was working. We do not have anything like Happy Cows.
- Veriflora
- Is the convention working? Maybe NORCAL should take the “cost” and or “loss” and put towards logistics and marketing.
- PMA is very successful – flower growers were a part of this show but a small part of the show.
- Proven winners being paid by royalties.
- Use the money that we spend on the convention and put towards promoting flowers and creating transportation solutions.
- NORCAL not thought of as the promotional end of the floral industry.
- NORCAL should be involved in national programs and get behind them.
- Need for a national program targeted directly to consumers to increase the per capita consumption of fresh cut flowers.
- Discussion of Buzz the Bee Program-this is an example of a national program that was successful. All agree that NORCAL doesn't have the resources to develop a national program.
- How can NORCAL participate in California Grown?
- Two great national programs are the one for raisins & California cheese.
- National Marketing Order – Red Kennicott & Charles Kiemp trying to resurrect National program.

### Marketing via Social Networking

- Web based media UTube videos – Search engines really like UTube. A very trendy video.
- To be most productive, hire an intern from a local college for NORCAL who is very proficient at viral marketing.
- Flip phone video to website.
- Facebook page for NORCAL – Add Photos.
- Twitter is more cost effective than advertising.
- Campaign to get consumers to ask for CA flowers.
- Points system to be used with our customers with prizes and gifts. (Rewards program or toy in the cereal box idea).
- People can not see our variety unless they come to California. Getting them to come to California should be a top priority.

- Target our marketing specifically for weddings/funeral/hotels/AIFD/junior colleges/design competitions.
- Members should Put NORCAL Logo EVERYWHERE! i.e. price sheets, web pages – Each member should be promoting CA flowers not just their flowers.
- Email Marketing – not too expensive. (Constant Contact – has great management reports integral that allows you to follow your success.
- NORCAL has opportunity to embrace technology for marketing-everyone is new in this game so it is a great opportunity right now.
- Website needs to be more interactive. Not so static.
- Generationally, for the younger demographic, the social networks are where it is at.
- Video of how to do it yourself, Buy domestic, Care and Handling with CA Flowers.
- PR angle – There are agencies that focus on social networking sites and bloggers. Get them to talk about CA flowers. Better than advertising and very cost effective.
- Guerilla marketing tactics – social networking. You bloom.com
- “Webisode” – 15 minute video got Florabundance a lot of business.
- Highest hits for a UTube video come from a nice designer making flowers.

### **Marketing via our website**

- Develop marketing pieces, host them on site, allow members to purchase the use and download and customize.
- Good designs will sell-United agribusiness league has an in house graphic arts person and they have created self funding programs that have been very successful for both the association and the members.
- Better name for website.
- UTube videos can be on the website. Profile of growers can be an idea of the video.
- Google analytics
- Have pictures of all flowers on our website so customers do not need to go to other sites such as Sierra Flower Finder.
- Drive traffic to the website and have the site have a compelling message to buy California Flowers.
- Online can be cheap and successful but there can be much wasted money there also.
- Come up in search engines on page 1 when searching for California flowers, California flower growers and shippers.
- Education of customers of what comes from California and when. Seasonality information should be pushed out to the industry on a timely and regular basis.
- NORCAL’s site is being used to source vendors but could also be a tool of seasonality also.
- Push out the seasonal availability in the NORCAL News and link back to the tool on the website.
- Education on care and handling of CA flowers will increase our visibility. If NORCAL sponsored an educational video, it would be great.
- What is new and in season is very important.

### **Marketing via our NORCAL News**

- Explanation of the NORCAL site. Tool for finding members.
- NORCAL could be proactive and tell FTD what they should put into a particular bouquet.
- Push out availability to all the supermarkets/Teleflora/FTD/Seasonality.
- TV is not the only answer. We need to promote to our customers.

### **Can we Increase promotion of California Flowers within our current dues structure?**

- Promotion can only be accomplished with a budget because it is expensive.
- Promotion would be competing with CCFC – this works against NORCALs ability.
- Have dues on a sliding scale.
- NORCAL does not have a marketing program.
- What would members be willing to pay to be a NORCAL Member? \$5,000 - \$10,000 if there was a marketing plan?
- \$895 dues are not enough to promote CA flowers. Maybe all the Association can do is provide its members a forum.
- Trade missions were good. Could be useful too in the future.
- \$895 dues are very reasonable. Expectation of dues is too many times higher.
- Small growers will not be able to offer more money to be a member– tiered pricing could be a solution. Create the marketing plan with a budget first. Then, we might be able to go to the membership to pay for it in the form of dues.

### **What is working against the successful promotion of California Flowers?**

- Sharing the products that they use – i.e.: Chrysal/Floralife/something vs. nothing.
- Lack of standardization in floral bunches from California is affecting sales.
- Quality perception is being negatively affected by this lack of standardization.
- Is there a loss of market share for California flowers or is the pie shrinking?
- More transparency and honesty to define the different grading.
- Holidays – California is missing out on pre-booking because pricing is not out soon enough.
- NORCAL can work with USDA – they will not work on the weekends.
- USDA is a different animal in California vs. Miami – this is working against California.
- Department of Ag is fragmented with CA. – government agencies are working against CA.
- NORCAL should lower transportation rates, price point of transportation.
- Buying decisions are being made based on cost and costs coming from Miami are cheaper.

### **One Voice for promoting California Flowers would be ideal**

- Pull marketing resources for one voice with CCFC. Combine the efforts to benefit both groups-CCFC and NORCAL.
- National trade shows. Need branding. Consistent branding of CA flowers.
- Is the CCFC's roll to promote CA flowers? What is NORCAL's roll? What should it be?
- Promotion needs to create a mystique with the consumer – so that they ask for California flowers.

- NORCAL could cross advertise with the Farm Bureau.

**There is a need to develop a story to promote California Flowers**

- The industry in California is lacking a story about why our flowers are great. NORCAL could help “develop a story” about what is produced in CA and then that message would help sell California Flowers. A consistent message is needed.
- Send flowers free to news people, one box to Oprah type with our “story of California Flowers” to get the story out.
- 80% of domestic production is from CA. – this is part of our story.
- Use the Rose Parade as a marketing too. It is a good time and place to get our story out.
- Have/invite publications to do profiles on growers and then post their work on the website.
- Train the public on the value of California Flowers. Train the public on how to ask for the product. Once they know that they can get it.
- Educational “local programs” Home Depot style.
- Advertise to everyone in the U.S. or just to industry and customers?
- Organization needs the best person to be a great leader of the organization.

## NORCAL's Value Proposition

### Why Join?

- Meeting Customers and other growers and being able to network
- Support the Association
- Own Industry
- As an Associate member – able to target industry and have the ability to market.
- “The major Association for growers”.
- FedEx rates and Fun-N-Sun.
- To Create Change.
- Collective Buying – Alliances.
- Keep up with change – Information.
- History

### Why Stay?

- FedEx and other programs.
- Networking industry information.
- Work “FedEx” type deal with Armellini.

### Change – Best Practice

- Leadership – Full Time? Or paid.
- More and better marketing.
- Name Change?
- Redefine distribution model.
- Someone to govern and enforce new ideas that have been agreed upon.
- More action.
- Need a full time president / executive board without another job.
- More information compiled by 3<sup>rd</sup> part demographics.
- Acreage, production price, volume with forecasting.
- 100 of 300 attended Member Meeting – Poll other 200 about why they did not attend.
- What do they value?
- Cold chain – create standards and work with growers who are not able to pre-cool.
- Membership – require participation.
- Increased focus on advertising. More web based marketing.
- Paid / Full time leadership.
- Subsidizing buyer visits / tours to increase sales / more buyers.
- More promotion – Timing for promotions / seasonality.
- Leverage volume for all purchases, boxes, sleeves, etc.

## **Transportation**

- Sole consolidation to Oxnard problems first. Then focus on East bound solutions.
- Improve north / south modify by assigning / awarding 1 or 2 carriers per grower region.
- Lower minimums.
- Day of service schedule more accessible.