

# Uae flower industry



**ASSIGN  
BUSTER**

**Introduction:**

Tulips is a flower delivery company in the UAE. It currently operates in Dubai and is applying business plans to operate in the rest of UAE with the view to become the market leader in the domain.

Tulips started off its business in the year 2000 seeing the opportunities for growth in the region. Crossing all barriers Tulips gathered a strong sustainable base of regular buyers of flowers and also started delivering fresh flowers right at the doorstep just on a phone call. Providing the largest variety of flowers in its retail outlets (currently four in numbers) it is deemed to become the leading flower distributor in the city.

The flower delivery market today has evolved out of a meagre retail business to one where more the innovativeness more is the price you get. It is not a single rose put even its petals do matter. Gradually all the florists are leaving their traditional business and diversifying their business into innovative system of preserving the freshness of flowers through refrigeration and delivering more exotic items with them like perfumes, chocolate, greeting cards etc.

Tulips has entered into the same process. As a result it is looking out for opportunities so that it is not left in the race. The company has been meeting with the expectations of the customers and has been receiving good response over the years with majority of the customers feeling completely satisfied with the services of the company.

The company now proposes to spread its business worldwide beginning from expansion in UAE with the introduction of doorstep delivery service centres, online booking business.

**Executive Summary:**

“ Tulips” is a chain of floral decorations and delivery that operates various retail shops in Dubai. Flowers grace every event from ceremonies to weddings, from gifts to decorations etc. Tulips is the pioneer in this field by providing fresh flowers for all occasions on just a call. In this way it has set a benchmark by initiating the unique anywhere, anytime doorstep delivery of services on just a single phone call thereby reducing all the hassles a customer has to take in first going to a florist, buying and presenting the flowers to the concerned person.

“ Tulips” has realised huge potential that lies in the Middle East for flower delivery and hence has decided to expand its portfolio by opening retail chains across the nation that provide quick delivery and also arrange decorations for parties, weddings and other ceremonies. For the first time in the region Tulips tends to begin online booking of flowers for the ease of the customers and expanding of the business for a higher growth.

This business model is centred to the establishment of a nationwide retail chain fully computerized to take online bookings and orders. The goal is to tap the hidden potential of the market by providing world class services at the cheapest possible rates. The climate of Middle East being extremely hot, to preserves fresh flowers in store and during delivery is an important issue that lingers the plan when delivering to destinations far off to the retail store.

This requires huge costs to be spent to maintain the freshness of flowers like air conditioning etc.

### **The Company:**

Tulips is a leading flower outlet that provides fresh flowers in various artistic ways like bouquets, flower vase etc in selected parts of Dubai City. The company is on a rapid diversification process to evolve as the leading flower distributor through a nationwide expansion policy.

### Mission

The mission of the company includes:

- Developing a sustainable client base.
- Providing personalized services to the maximum extent as possible.
- Innovation in design and decoration.
- Adapting to changing market scenario.
- Achieve break even within the second year of investment.
- Vision:
  - Becoming the leading chain of flower distribution in UAE.
  - Fostering intercontinental supply of flowers from UAE.
  - The main keys to success of the firm lie in:
    - Creating a retail outlet that confronts flower like an art gallery fully fresh and artistic floral arrangements.
    - Additive products along with flowers.
    - Advertisements and popularising services through quality service.
    - Using the best available technology to maintain the freshness of products.

- Designing and customising the flowers according to the likes of customers.

**The Market:**

The market for floral delivery is rapidly growing as more and more customers advance into modern style of living and consider flowers as the prime object for greetings. Flower delivery has recently increased due to the increase in population and higher celebrations at various festivals.

The market is not restricted to only UAE but has got wide expanse across the world. The demand for flowers will never decrease and their frequent use in bouquets, garlands make the market run all round the year. Located at the boundaries of Europe, Asia and Africa has got great potential to be a major centre of growth or the flower industry. Dubai Flower Centre is the only trans-shipment in the country that prevents perishing of flowers when imported from countries like India, Thailand etc. (Dubai Flower )

According to another survey for the household buyout of the flowers in UAE we gathered the following information:

- 30% of all households purchased freshly cut flowers at least once in a year.
- The mean rate of purchase ranged between US \$60 to US \$70.
- The maximum percentages of buyers include women.
- The income from bulk delivery accounts for only 27%.

**Competitive Comparison:**

In the corporate world it is not a difficult task to establish a flower shop or flower business in any region. After globalisation import and export of goods

have become very easy and hence flowers can also be transported to various part of world with ease and little damage. This has allowed many companies to setup flower delivery service in UAE. Taking the advantage of location of UAE in the crossroads of Asia, Africa and Europe, companies import flowers from several countries, including Holland, Kenya, India, Iran and Equador. (UAE flower industry endures effects of crisis )

Some companies that sell flowers currently in UAE and are our competitors include:-

1. DFC (Dubai flower centre)
2. FlowerDubai. com
3. Flowersdubai. co. uk
4. Emirates florist. com
5. Ready flowers

### **Dubai Flower Centre:**

Dubai flower centre handles flower imports and exports and Dubai is the main hub for import and export of flowers. Dubai flower centre is capable of preserving 150, 000 tons of flowers and other perishables. DFC is committed to deliver the above by providing:

- Increased capacity and connectivity between leading trading countries in the world.
- Trans-shipment and rapid consolidation.
- One of the world's best cool preservation management.
- Facilities and Resources to enable value addition that is cost effective.
- Efficiency in commercial transactions.

DFC has been designated as a trans-shipment hub. The main operations for handling items of import, export and transition trading take place on the base or the ground floor of the company. Shelf life is maximized by efficient handling of the perishable materials. DFC is responsible for maintaining the perishable transit cargo of Emirates.

**Flowerdubai. com:**

Flowerdubai. com is an online shop of flowers. People can buy flowers from website flowerdubai. com and flowers will be delivered on the door. It uses door to door delivery service. There are many services given by the company as follows: (Fresh Flowers for Dubai )

- Express Checkout Privileges
- Need not to enter the information again while booking flowers and hence saves time.
- Member Only Specials
- Exclusive discounts and offers from the company.
- Gift Reminder Services
- A remember policy to help the customer remind the dates of important occasions.
- Newsletter(s)

Customer is daily updated with new ideas, offers and fun articles.

**Flowersdubai. co. uk:**

FlowersDubai. co. uk is an internet purchaser and seller of flowers and specialty gifts. FlowersDubai. co. uk is operated by Grey Matter SARL, one of the leading e-commerce companies, that was founded in 1996. Operating

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throughout the UAE, Cyprus and Lebanon, it is a key provider of tourism related products on the internet. FlowersDubai. co. uk sells flowers directly to consumers through its web portal and on telephone.

This company delivers only to Dubai because the company does not deal with intermediary retailers, distributors and other online networks; they directly purchase it from the main source of flowers and gifts to provide the customers with the best lot of prices and exercise full control over the quality. As every country, has its own manners and cultures, Dubai too has it and thus FlowersDubai. co. uk utilises it to capture the market of Dubai.

FlowersDubai. co. uk offers a huge variety of unique and artistic floral arrangements and gifts for holidays and other auspicious occasions. If the company has any item that does not appear in their catalogue or if customers have a special request, it just requires an email to deliver such objects.

Flowersdubai. co. uk has divided the shops on three bases:-

### **Shops by categories**

In these types of shops products are divided into categories

- Specials
- Flowers for Dubai
- Plants
- Etc.

### **Shops by occasion**

In these types of shops products are categorised on the basis of occasion



- Birth day
- Congratulations
- Corporate gifts
- Get well soon
- Love & romance
- Miss u
- New born
- Thank you

### Shops by price

In these types of shops products are categorised on the basis of price

- Under \$60
- \$60-\$90
- \$90-\$120
- Over \$120

### **Emiratesflorist. com:**

The company offers same day delivery to nearly every city in United Arab Emirates.

They hope that their customers enjoy shopping on web portal. Customer can search from more than 200 offerings for the item of their choice which is far more than any competing site. The company offers superior service, free home delivery and 100% satisfaction guarantee coupled with very low service charge as compared to its competitors. Tulips sees a major competition from this company.

Emiratesflorist. com offers customers a wide variety and selection from amongst mixed bouquets, fresh-cut flowers, arrangements, potted plants etc. for all occasions.

Emiratesflorist. com is one of the fastest growing online floral retailers in the flower delivery industry as they deliver what they promise. The company accepts credit cards from all major providers and it is processed by one of the leading banking companies in the United States.

The company has also divided its products on the basis of various categories similar to the last company.

**Ready flowers:**

Ready Flowers Company sends flowers and gifts all around United Arab Emirates every day. Ready Flowers employs a centralised management centre that monitors and controls all the orders that go through their system, thereby keeping a track that they are delivered on time to the customers. This process goes in parallel with a customer care centre where floral experts are always solving flower related queries.

They do not use other flower networks to fulfil customer's orders, as they send all of our flowers through their own network of experienced and professional florists. They offer a wide variety of beautiful Bouquets, floral Arrangements, Gifts and Corporate designer collections to ensure there is everything that the customer requires.

They care about their customers, and that is why they stay in touch with all of their customers on a regular basis.

They also have product division in several categories:

Shops by categories

In this type of shops products are divided into categories

- Specials
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- Etc.

Shops by occasion

In this type of shops products are categorised on the basis of occasion

- Birth day
- Congratulations
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- New born
- Thank you

Shops by types:

- Season best
- Corporate flowers
- Flowers case
- Important dates
- Flower meanings

- Affiliates
- Testimonials

Shops by colour:

- Red
- Yellow
- Orange
- Purple
- White
- Pink

Thus we see that all the competitors of Tulips already have innovative features in their portfolio that really poses tough environment for Tulips to build its niche in for the flower delivery market.

To counteract this Tulips maintains an innovative ERP solutions for its flower delivery business that integrates the good features of all its competitors. Every other seller has a unique advantage over the others in terms of their plan of services and Tulips has to create an innovative solution for managing its portfolio.

The important features of business to be carried out by Tulips are as follows:

- Centralised management.
- Wide variety of choices.
- Delivery at the earliest.
- No false promises.
- Maintaining customer faith.
- Web portal reflects the theme of business to attract the customers.

- Customer service through surveys and feedback system.

### **SWOT Analysis**

The SWOT analysis is as follows:

#### 1. Strength

2. The biggest strength of Tulips is complete knowledge of price and choice of customers and delivering the customized product required. This flexibility allows it tap further opportunities in the market. The present customer base of Tulips is large enough to give it a good growth for its starting endeavours.

#### 3. Weakness:

4. The weakness of Tulips, lies in the plan of action which is shares many common features with its competitors and those features have already been implemented. Thus Tulips has to use the same tools to give better service than the others.

#### 5. Opportunity:

6. The opportunities in the flower delivery market are vast enough to allow another player in the domain. A large number of celebrations and occasions continuously take place all round the year thereby there are many customers who can be the source of earning for the company.

#### 7. Threats:

Flowers are perishable and stocks cannot be maintained over a long time as it increases the cost of preservation and can lead to huge losses. Hence the only way out is to sell off the stocks as soon as possible to prevent losses.

The company if not able to deliver products at the right time can also suffer loss of reputation which can be extremely harmful for its business.

Thus we see that overall structure is conducive for Tulips to diversify its business and look out for new growth opportunities in this sector.

Tulips has implemented a unique business strategy that employs the good points of all its competitors and tries to solve as many problems as possible.

### **Services:**

The main products that will form a part of the Tulips flower delivery process are mentioned as follows:

- Attractive floral designs by using a hybrid of flowers whose ready samples would be showcased at the stores and visuals and images would be available on the website. The designs will have specific names to allow online booking of pre purchased products.
- Attractive vases for different customer segments and concessions on the next purchase.
- Bulk booking for decoration at occasions with free arrangement of flowers upon delivery or at very low rates.
- Online or telephone booking for quick delivery to destinations with the options of sending chocolates or perfumes available at the store.
- Focus on every segment with the most economic to the most costly product.
- Special supply for bonsai plants for decorative purposes.

Thus the customer will always get more than he wishes at Tulips. How many times it happens that people tend to forget the important occasions? For

them Tulips brings a special “ Remember” program. Customers can book their important dates with the “ Remember” calendar and pay the money and get assured that the dates won’t be forgotten from now on. In the event flowers remain undelivered Tulips is not going to cheat its customers but return half the amount of the flowers to the customer as a part of its fair service policy.

Besides this the flower delivery portfolio of Tulips will contain services like:

- Regular delivery of flowers for households, offices as per orders.
- In store offers.
- Free greeting card with every purchase of flowers above US \$ 60.

### **Strategy:**

In order to implement aforementioned goals and services there requires an adequate plan for the roll out of the services including spotting of the market, location of retail stores and spotting the right customers.

### **Marketing Strategy**

The marketing strategy and services of Tulips may be quite similar to its competitors but the factors of quality, timely delivery and cost effective services may set it apart from the others and develop its own niche in the market. Often the customers are neglected once served but Tulips has a strong customer support system that takes care that the choices of the customers are recorded to give speedy de livery the next time.

Tulips flower delivery model is same as of its competitors but much more innovative to deliver what the customer requires and ethical in its policies.

The marketing strategy can be outlined as follows:

- All the Tulips Retail Stores will have all the possible designs of floral arrangements and display of prices with each design.
- Customers will have choice to choose his/her design from the printed arrangements and can also have his / her own design.
- The customers who buy online will be sent different designs of floral arrangements and attractive discount policies from time to time as and when a festival or the occasions in the “ Remember” record are near.
- No return policy will be provided once ordered and delivered however the customer s can exchange it in some due time with another of cost lower than what they ordered.
- Free delivery to destinations on orders more than US \$100.
- Free gifts from time to time to make the occasion even more special.
- Kiosks at malls and shopping complex will be set up for the ease of customers if the retail outlets are far from their home.

The five segments that Tulips tends to target have been formed as follows:

- Businessmen who work in Dubai and have families.
- Newly engaged or married couples.
- Boys and Girls.
- Event Management Companies.
- Restaurants and Hotels.

Reasons for businessmen to buy flowers from Tulips:



1. For spouse to foster romance.
2. For family members on their birthdays and anniversaries.
3. Easy and convenient delivery at the doorstep without having to postpone meetings or work.
4. Options of additives like chocolates, cakes, and perfumes to manage the complete occasion.

Reasons for Newly engaged and married couple and boys, girls:

1. As a gesture of love.
2. To rejoice on occasions.

Reasons for Event Management Companies:

1. During weddings.
2. In decoration on various occasions.
3. During business meetings and summits.
4. Ceremonial occasions.

Reasons for restaurants and hotels:

1. For decorative purposes.
2. For parties.
3. For dates.
4. For welcoming guests and dignitaries.

Advertisement:

The advertising strategy shall be targeted to all the above segments of customers through:

- Business and Lifestyle Magazines.

- Small TV commercials.
- Pamphlets with every purchase at shopping malls.
- Through discount coupons on purchase of perfumes and exotic chocolates that are sold at Tulips stores.
- Website and emails to customers.
- Sponsoring key events and events to attract the customers.

#### Sales Strategy:

The prime focus of the above segments is on the individual purchase of flowers. Thus the sales strategy at the start is not on bulk delivery but to add more and more customers to the database of the company in the short run. This will ensure that the market penetration will reach an optimum amount in the next 2 years.

The future sales of the company shall target bulk orders like decorations at parties or supply to an Event Management company to embark on the path of higher growth and involve direct selling agents.

- Doorstep Delivery
- Online Booking And Delivery
- Targeting heavy populated areas.
- Streamlining designing and innovation to increase the sales.

#### **Management:**

The management of Tulips stores will be fifty percent owner based and remaining franchisee based. This will prevent franchisee from taking undue advantage by selling at prices higher than set. This will also decrease the setup cost of retail outlets and the division of profits will be done as follows:

- The total profit from sales will go to the chairman of Tulips.
- The franchisee will get 30% of the profit thereon and commission at 10% of the additional sales incurred above the targeted amount.
- The franchisee will have the freedom to sell at prices lower than the MRP to attract the customers.
- Tulips thus gets a share only in the sales.
- The cost of overheads like transportation, electricity sales employees and shop rent shall be born either fifty-fifty or Tulips can pay a larger amount if required.
- The losses shall be borne by both the parent company and franchisee equally.

The management shall only comprise of three hierarchies only to prevent complexities and reduce the investment incurred over the wages of the employees:

1. Owner of Tulips
2. Franchisee Head
3. Sales employees(in store, out store)

The flowers that are left in the retail outlets shall have to be dispensed before they perish and lose their moisture. Thus the store maintains the policy to sell of the flours to local suppliers at low rates to avoid high losses.

Pricing Policy:

The pricing policy is extremely important to draw the attention of the customers hence the aim of Tulips is to give more to the customers at the lowest rates. A brief structure of prices is as follows:

1. 15 vivid pink roses in a attractive vase= US \$ 65
2. 100 red roses in a fish bowl= US \$ 180
3. Chocolates= US \$ 25 to US \$150
4. Cakes= US \$45 to US \$80
5. Perfumes= US \$ 200 above

These are the tentative prices of the objects but the range will be scattered around the above prices only. The prices may vary depending on the import prices and prices of the competitors but not on the account of keeping them low than everyone else but by delivering the best quality at the best prices as satisfaction must balance sacrifice.

### **Financial Strategy:**

The financial strategy of Tulips is as follows:

- The wages of labour and rent on land and other expenses shall account to only 40% of the operating expenses.
- Main source of income is through cash flow.
- Advertisement costs and marketing costs to form 6% of the portfolio.
- In case of revenues exceeding the estimated ones the excess profit can be plough backed or bonus be given to the employees through bonus pool.
- Break Even Analysis:

In the break even analysis we need to consider only the running costs which include utilities, payroll and rent. The chart below shows the break-even point and sales relationship under the assumptions:

- It is the minimum for each retail outlet.

- Monthly revenue Break-Even: US \$ 6000
- Average Variable cost: 30%
- Estimated fixed cost monthly: US 4000

#### Profit and Loss Estimation:

The model assumes losses to occur only in the beginning months followed by profit and the following considerations on the gross revenue:

- 12% profit
- 28% cost on labour.
- 15% cost for inventory management.
- 27% overhead.
- 18% costs incurred on merchandise.

#### **Conclusion:**

Thus we see that the flower delivery business is of great potential as per the financial projections. Although these are just projections but we can estimate to grow really well provided we meet our objectives at the earliest.

Tulips has a good advantageous position over its competitors which can be further strengthened provided optimum finance and opportunities arrive in its way. The initial start-up does not require loans as we have seen in the financial analysis and so all the preliminary amount shall be invested by Tulips only except some favours from outside investors.

Tulips has good foresight to witness the boom that the flower delivery sector is yet to witness and it is right at time to have its presence in the market to tap all the available opportunities.

The portfolio of Tulips once completing its first phase of expansion has plans to enter the world market to narrow the restriction of flower being produced and delivered seasonally and huge inventory costs.

### **Bibliography:**

There have been no books referred in making the project although facts and figure presented in this plan have been retrieved from the following sources:

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