

Trends in Cut Flower Industry

study of production trends, returns to growers, out-of-state sales, and California retail consumption during 1950-1958

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Cut flower sales returned about \$35.6 million to California flower growers in 1958—a 26.8% increase over the 1950 farm value and an average increase of 3.4% over the eight years.

California is the largest producer of cut flowers in the United States, according to the 1954 Census of Agriculture.

In 1957, the latest year for which data are available, farm values of cut flowers were just over the total returns to growers of strawberries and a little lower than returns to growers of rice or lemons. Gross farm receipts of all California farmers had increased by 20.1% of the 1950 total, but the gain was irregular in the years between.

Total flower sales returns represented 1.2% of total California gross farm receipts in 1950. The percentage varied between 1.0% and 1.3% in the intermediate years, and in 1957 was again 1.2% of total farm receipts.

Flower Production

In 1958, in San Mateo County, flower sales returns accounted for 51% of total agricultural income; in Alameda County, 16.8%; in Los Angeles County, 8.9%; and in Santa Clara County, 7.5%.

The industry is concentrated in two major areas of the state: southern California, which includes Los Angeles, Orange, Riverside, San Diego, San Bernardino, Santa Barbara, and Ventura counties; and the Bay Area around San Francisco and Oakland, which includes Alameda, Contra Costa, Marin, San Mateo, Santa Clara, and Santa Cruz counties. During 1958, the production of cut flowers in southern California, as measured by the sales volume, decreased 9.1% below the 1950 volume. In the same period, production in the Bay Area increased by 66.5%, an average of 8.3% annually. Southern California's share in the total state production decreased from 52.3% in 1950 to 37.7% in 1958, while the Bay Area increased its share from 47.7% to 62.3% of the total.

Among the major factors in the expansion of commercial flower production are the increased use of glasshouses, with moisture and temperature controls; new and improved fertilizers, insecticides, and fungicides; and better disease control through soil sterilization and plant

breeding. The expansion of land area used for flower production could also increase the commercial output.

According to available data, glasshouse square feet in Alameda County increased from 4.7 million in 1950 to 5.3 million in 1958. In San Mateo County, production under glass rose from 2.9 million square feet in 1950 to 4.2 million in 1958, while field acreage devoted to flowers decreased from 1,406 acres in 1950 to 1,110 acres in 1958. The change from field to glasshouse production is said to yield higher-quality flowers.

California flower growers supplied both local and out-of-state flower markets. Between 1950 and 1958, retail sales in California increased 58.2% but out-of-state sales remained fairly stable, with only slight increases.

Out-of-State Sales

As a surplus producing area California supplies part of the flower demand of the large population centers in the east. Farm values of out-of-state sales have been estimated as \$19 million in 1950 and more than \$21 million in 1958. Out-of-state sales decreased considerably in 1953. The peak year was 1955. The proportion of cut flowers sold out-of-state accounted for 67.9% of the total flower crop in 1950 and for 59.9% in 1958.

Retail Sales in California

Total retail flower sales in California increased from about \$28.2 million in 1950 to nearly \$44.6 million in 1958, an increase of 58.2%.

Part of this increase in sales total is due to price change. Assuming that the prices of flowers changed in proportion to the general consumer price index, then the real increase in flower sales in California—adjusted for price changes—would be equivalent to an increase of 28.6% and sales in 1958 would be equivalent to \$35.3 million at 1950 prices.

Increases in flower sales were caused in part by the rapid population growth in the state. Between 1950 and 1958 the population of California increased from 10.6 million to 14.8 million, an increase of 39%. This would reduce the per capita consumption figures unless sales increased at the same rate as population.

Per capita consumption of flowers was \$2.64 in 1950 and \$3.02 in 1958, but in dollars of stable purchasing power the per capita consumption actually declined slightly during the eight years.

In spite of considerable increase in flower retail sales, the number of flower retail outlets declined from 1,796 in 1950 to 1,516 in 1958.

Flower sales are lagging behind both personal income and total taxable sales in California. While flower sales increased by 58.2%, all taxable retail sales increased by 60.8% in 1958 over 1950.

From the facts available, it appears that most of the increase in cut-flower production in California since 1950 has been marketed within the state. Should a marketing order be developed by the industry—as authorized by the 1959 California legislature—those responsible for its administration might study the reasons for the disproportionate growth of the intrastate market, its relation to the greater use of mass merchandising techniques, and the relative advantages and disadvantages of intrastate sales and out-of-state sales. Economic information now available from the industry is inadequate for the administration of a marketing order for cut flowers.

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