LAYING THE GROUNDWORK

A gap analysis report for the Open Flower Network program

OPEN FOOD NETWORK CANADA

ACKNOWLEDGEMENT

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TABLE OF CONTENTS

OVERVIEW 1

INTRODUCTION 2

DATA SOURCES 4

SECTOR SIZE & CHARACTERISTICS 5

KEY FINDINGS 8

BRIDGING THE GAPS 18

NEXT STEPS 21

APPENDIX 23

OVERVIEW: OBSTACLES & OPPORTUNITIES

Women and gender diverse farmers are leading a rapid increase in specialty cut flower farming, and with it a need for research and resources to support sustainable growth in the sector. Through a series of focus groups and an online survey of 200 specialty cut flower farmers across Canada, we identified the following key priorities, which will guide OFN's future programming:

1

Optimism and growth in the sector

Farmers have significant optimism about the future of the sector, with the majority planning to expand operations.

2

Access to new markets

With more farmers entering the sector, promoting their businesses and finding buyers are key needs for farms of all sizes.

3

Establishing viability for smallest scale farms

Farms under 1 acre made up the largest group of survey respondents and also the group needing the most support as they work towards becoming financially viable.

4

Utilizing wholesale sales channels

Wholesale sales channels represent a major, untapped market for farms that are scaling up or established.

5

Time, stress and burnout

Farms at all sizes surveyed are experiencing challenges balancing demands on their time and avoiding burnout.

INTRODUCTION

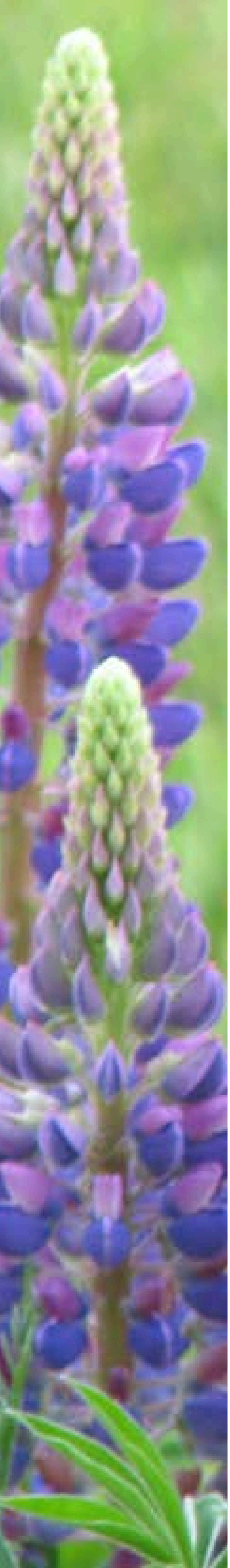
The specialty cut flower sector in Canada has begun to experience rapid growth, with much of it led by women and gender diverse farmers. Demand for novel varieties and sustainable growing methods has combined with the challenges of shipping materials globally, leading to the creation of a valuable market niche for local Canadian flower growers.

Cut flowers such as dahlias, cosmos and zinnias are now profitably grown by smaller, local farms and specialty growers across the country. These products appeal to high-end markets, boutique florists and event planners, social media-inspired wedding parties, and consumers looking for less traditional flower designs.

The term 'specialty cut flowers' refers to floral products other than the 'big three' (roses, carnations and chrysanthemums). This includes not only diverse flower types, but also decorative grasses, foliage, branches and even grains. While the 'big three' still dominate global flower trade because they can be grown cheaply abroad and hold up well during shipping, designers and florists increasingly prize the distinctive and versatile materials offered by specialty cut flowers.

Based on the research findings documented in this report, we estimate that despite being new to farming and managing relatively small acreages, this group of women and gender diverse farmers has sales equal to as much as <u>one quarter</u> of the country's entire field-grown cut flower market.

Yet, to date, there is a lack of research and programming focused on the sector, or on the success of the women and gender diverse farmers leading it. With support from the Sustainable Canadian Agricultural Partnership, we established the Open Flower Network program to address these needs.



Drawing on the experience of leading specialty cut flower farmers across Canada, this program will provide a range of mentoring, skill-building, and knowledge-sharing opportunities to help farms connect, scale and succeed. Over the next two years, we will coordinate in-person events and online spaces where women and gender diverse flower farmers can share knowledge around priorities identified in the sector. Through this 'open flower network,' our goal is to foster the growth of profitable flower farms and co-selling networks that combine sustainable growing practices with creative design work.

PURPOSE OF THIS GAP ANALYSIS

The first step in creating a meaningful program is to learn more about the experiences of farmers in the sector. To do this, we have collected and analyzed survey responses from 200 Canadian specialty cut flower farms at a range of scales. We combined this analysis with insights drawn from a series of focus groups to create a gap analysis of the sector. This report describes the sector as it is today, and highlights opportunities and barriers to growth, which we will use to guide the development of the Open Flower Network program.

ABOUT OFN

Open Food Network Canada is an incorporated, not for profit organization. For the past 10 years, we have supported farms, artisans, and community organizations, helping them to connect and scale, in order to increase access to food and flowers produced in regenerative and climate-beneficial ways. The Open Flower Network project is a response to the grassroots interest of the many flower farmers and hubs that have begun using our e-commerce tools, particularly in the past 2 years.

DATA SOURCES

Our analysis is based on data from several focus groups and an online survey of Canadian specialty cut flower farmers.

FOCUS GROUPS & ROUNDTABLES

Between August 2023 and February 2024, we hosted a series of informal focus groups to explore the issues that specialty cut flower farmers are facing. These sessions were held in Ontario, and with Canadian growers who participated in the 2023 Association of Specialty Cut Flower Growers conference. In total, our focus groups engaged 82 participants. Additionally, we held two virtual roundtables in February 2024, with a total of 18 online participants.

ONLINE SURVEY

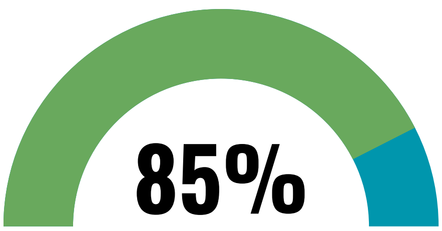
Building on the focus groups, we ran an online survey to establish baselines for the sector, and to identify key challenges and opportunities for growth. The survey targeted Canadian specialty cut flower farmers at any scale who grew cut flowers or produced associated products for sale in 2023. This included farmers offering woodies, wild harvested products, dried flowers, micro nursery products, design services, on-farm workshops, consulting or training materials. The survey was made available in English and French, from March 13 to April 22, 2024.

Along with questions about farm size, sales, marketing, and operations, the survey also asked about respondents' plans for the next year, as well as obstacles to maintaining or expanding their business. Finally, in order to help us ensure and track equitable access to our programs and services, there was an opportunity for respondents to self-identify if they belonged to groups that have been historically marginalized in Canadian agriculture.

SECTOR SIZE & CHARACTERISTICS

The exact number of specialty cut flower farmers in Canada is unknown. However, there are 294 cut flower farmers listed on Open Food Network's Canadian directory and approximately 150 Canadian members in the Association of Specialty Cut Flower Growers. StatsCanada (2023) estimates that there are 194 field-grown cut flower farms and 1545 greenhouses producing specialty cut flowers.

Exactly 200 flower farmers completed our survey, with most respondents coming from Ontario.



female or non-binary run

WOMEN & GENDER DIVERSE FARMERS

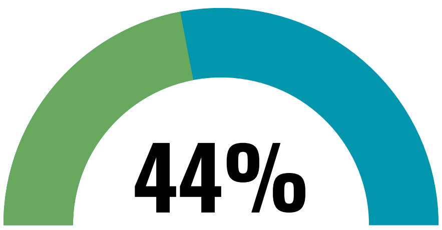
165 respondents indicated that their farm was solely run by someone who identifies as female. An additional four were run by individuals who identify as non-binary.

RAPID GROWTH

Since 2019, gross field-grown cut flower sales across the country have more than doubled, from approximately 15 million dollars to 34 million dollars in 2023 (StatsCan, 2024). Our survey data suggests that the sector may be larger than previously estimated, as many of the farmers who filled out our survey seem unlikely to have previously completed an agriculture census (i.e., they are just beginning to farm, at a very small scale). Despite the small scale of many of the farms surveyed, their combined impact on the sector is significant:

Collectively, our 200 survey respondents sold between $4.3 - 8.8 million in cut flowers annually, representing 12-26% of the country's entire field-grown cut flower market.

It was apparent in our survey results that while most challenges and opportunities identified were common across farms of all sizes, there were some that were unique to new entrants. To explore whether there were trends that were unique to larger and more established farms, we created two data sets: one drawn from across all survey respondents and one focused only on farms over 1 acre in size.



'experimenters' in the sector

THE 'EXPERIMENTERS'

Close to half of survey respondents reported they have been farming for less than one year, are operating on less than one acre of land, and grossed less than $10,000 in revenue in 2023. This subset of farms can be thought of as 'experimenters' – farms who have, for the most part, just begun to explore the sector's potential.

53% of farms under 1 acre are based in Ontario. This suggests both that the specialty cut flower sector is considerably more established in Ontario than in other provinces, and that it is likely to grow at a faster rate due to the high concentration of new farms located there.

INCOME DISPARITY & POTENTIAL

A majority of survey respondents (60%) reported that flower farming generates less than 10% of their household income. Most of these farmers (76%) are what we classify above as 'experimenters.' On the flip side, we identified a smaller but significant percentage of respondents who have achieved considerable commercial success, generating over 50% of household income.

7% have gross revenues of
$100,000+

2% operate on more than
4 acres of land

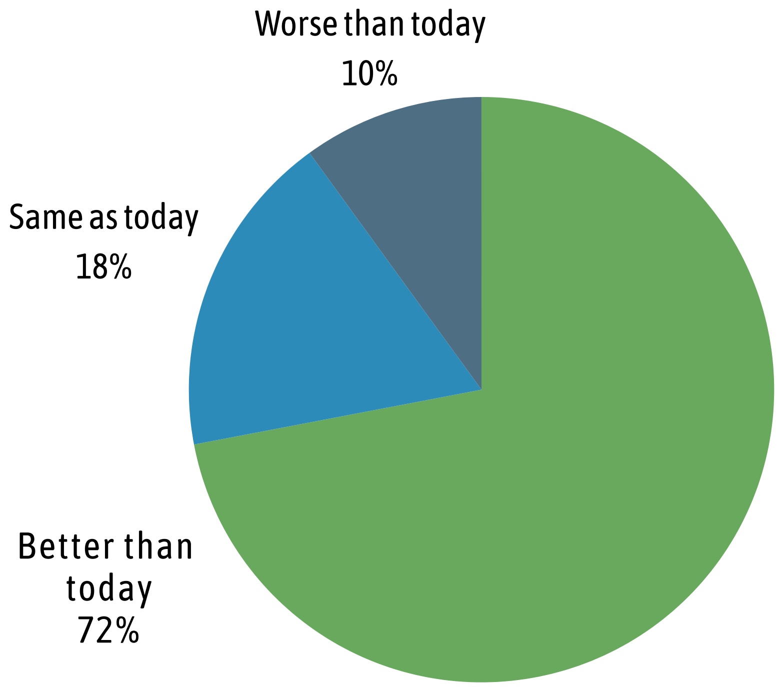
8% report that this activity generates over
50% of household income

Our results confirm that one of the reasons flower farming is attracting new entrants is that it can be profitable on a small land base. For example, 5% of our survey respondents reported operating on only 1-4 acres, yet generating revenues over $100,000 per year. By vertically integrating flower farming with design work, 'farmer florists' add significant value to their crop by designing floral arrangements for weddings and events, using their own flowers. This approach can, for example, increase the value of a flower stem from $1.00 in a wholesale market to $3.00 in a wedding bouquet. Such strategies highlight the unique growth potential open to specialty cut flower operations, where scaling a farming business need not rely solely on adding new acreage.

Vertical integration is a strategy in which a business takes ownership of two or more key stages of its supply chain. In the flower farming sector, this refers to producers working as both farmers and designers, supplying the majority of the flowers used in their design work from their own farms.

1) FARMS ARE OPTIMISTIC AND ANTICIPATE GROWTH

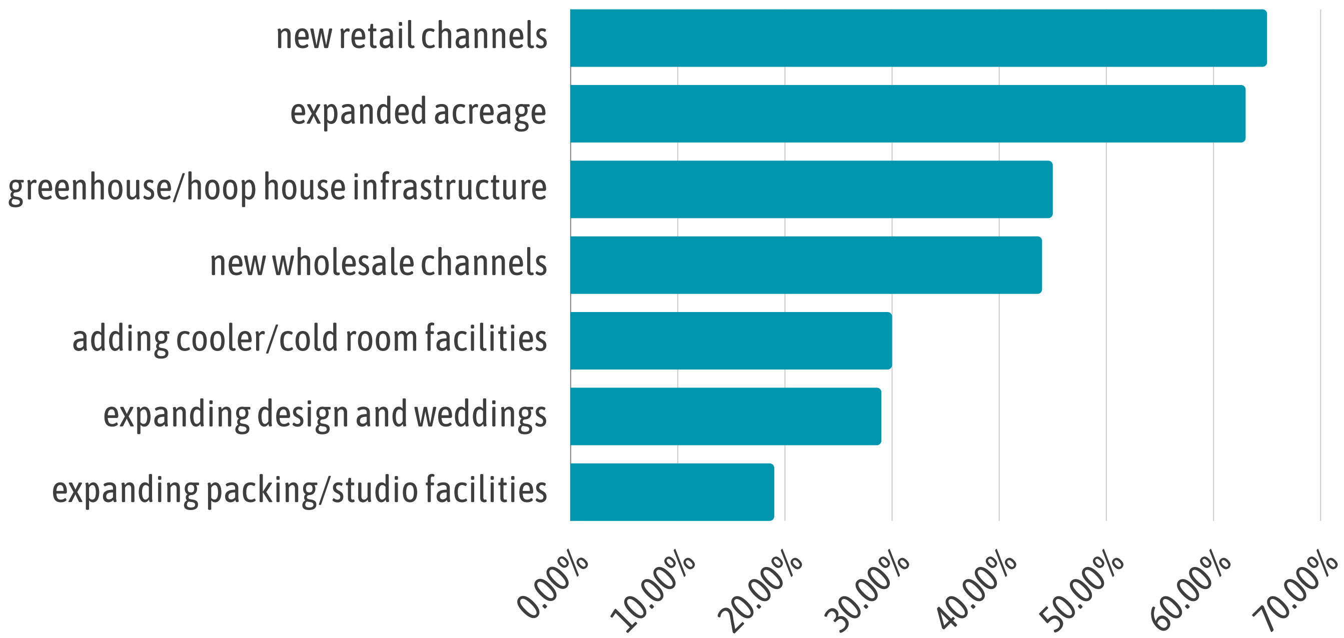
Among the 200 farms we surveyed, there was pervasive optimism about the future of the sector. A majority believe that business conditions will improve over the next five years, and farms of all sizes have plans to expand operations.



Almost three quarters of all flower farms believe business conditions will be better in five years than they are today. Less than 1 in 10 believe conditions will be worse.

71% of all flower farms have plans to expand their operations this year.

Specific expansions planned include increasing acreage, adding sales channels, and expanding infrastructure.



THE GAP

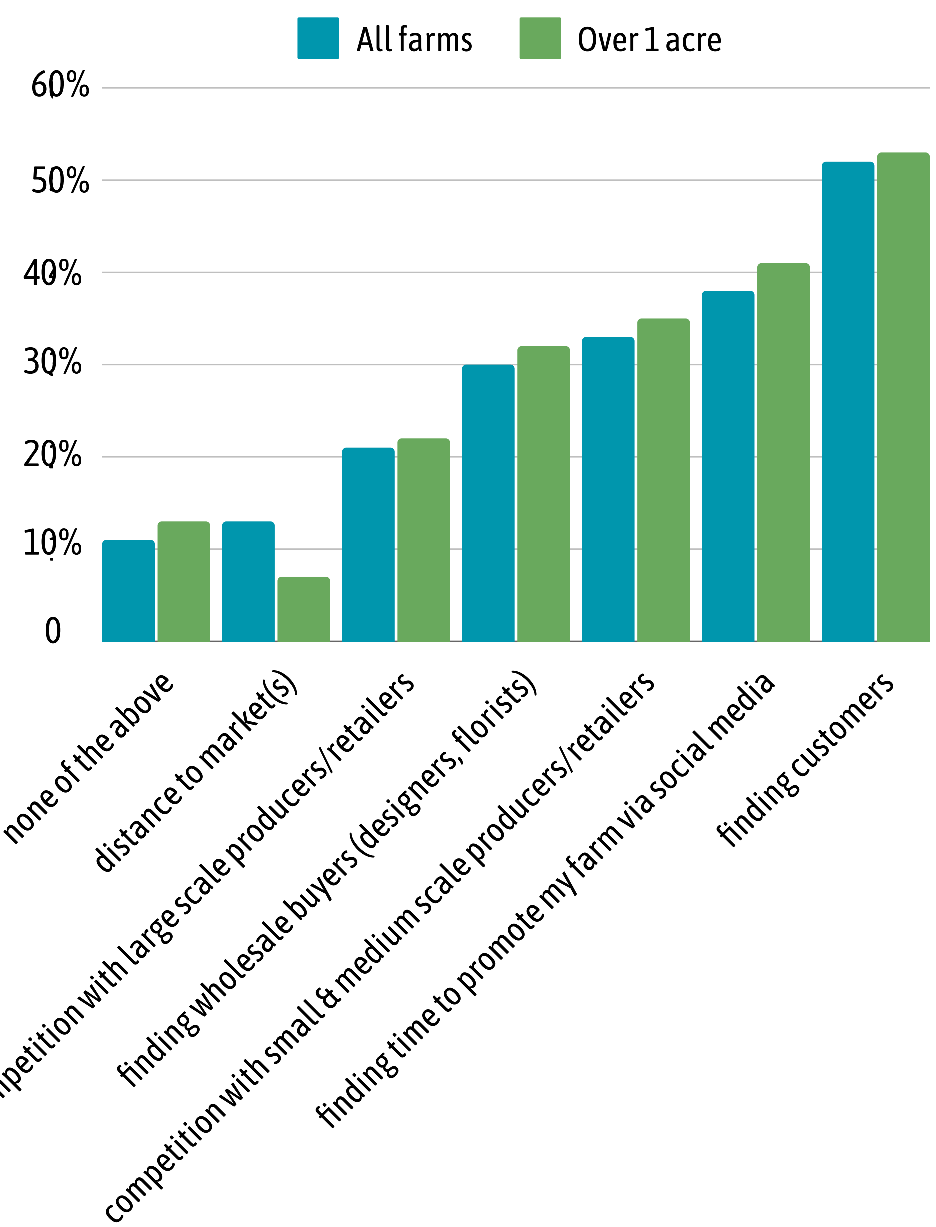
Overall, there is significant optimism about the future business potential of this sector. This optimism, coupled with sector-wide plans to expand capacity, brings with it a need to coordinate and channel the sector's growth effectively, to prevent gluts and scale market opportunities effectively.

2) FINDING NEW MARKETS IS A KEY CHALLENGE

Our survey asked farmers to select all of the market-related issues they experience in operating their businesses. Not surprisingly, the rapid growth of the specialty cut flower sector has led to some challenges. Farms at all sizes surveyed report that promoting their businesses and finding new buyers are key priorities. Competition with other small and medium scale farms was also a frequently selected challenge, indicating that existing markets may be beginning to show signs of saturation.

50%

of surveyed farms have challenges finding customers

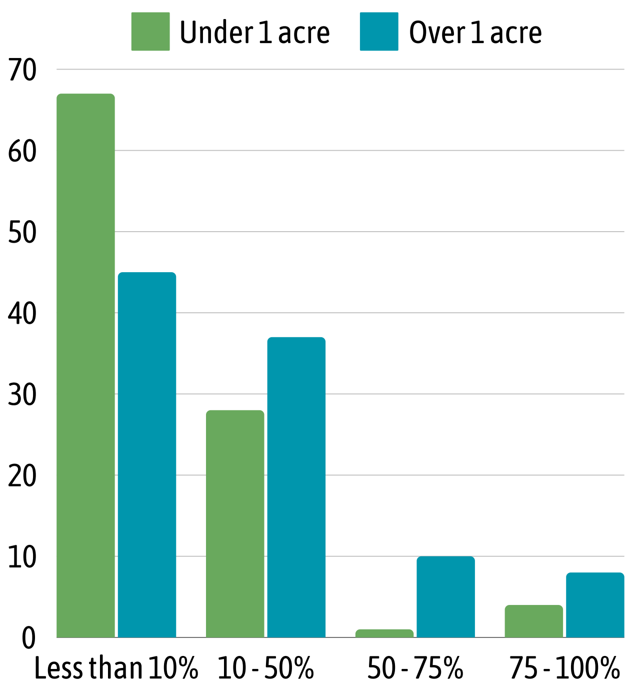


THE GAP

With more farmers moving into specialty cut flowers, further market research is needed to support sustainable growth for the sector. In addition, farmers need help to find customers and market their businesses effectively, in order for their own growth plans to materialize. With multiple, distinct customer groups in this sector—from event designers to florists to DIY brides—farmers can use help identifying the best mix of sales channels, while understanding how to meet the different needs of each buyer group. Looking ahead, it will be important to coordinate connections between producers and buyers, in order to ensure that the sector continues to scale sustainably as the productive capacity of farms expands and new growers enter the sector.

3) FARMS UNDER 1 ACRE NEED SUPPORT TO SCALE UP

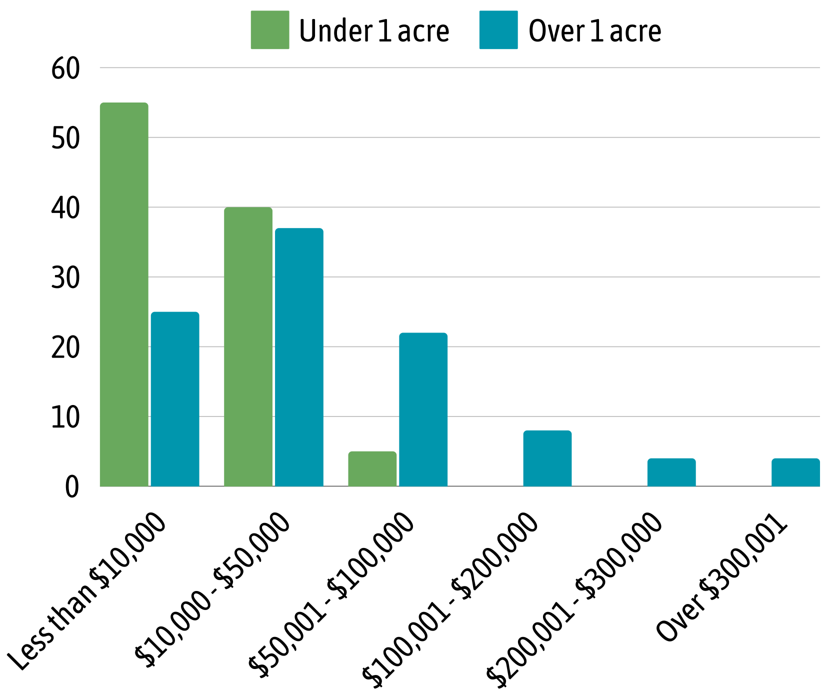
Roughly two thirds of our survey respondents are operating farms that are under 1 acre in size. Most of these farms are newly established. It appears that under 1 acre farms are typically run by growers who are just starting to explore the sector, or in the early stages of building a business. This large cohort of 'experimenters' are optimistic about the future and plan to expand their operations. However, our data suggest that these farms are not yet financially viable. Farms under 1 acre report experiencing all the same business-related challenges as larger and more established farms (e.g., sourcing inputs, accessing capital), yet few are making a significant contribution to household income.



CONTRIBUTION TO HOUSEHOLD INCOME IN 2023

THE IMPORTANCE OF SCALE

Among farms under 1 acre in size, more than two thirds of respondents report that flower farming brought in less than 10% of their 2023 household income. In contrast, farms only a little larger are seeing greater success, with higher contributions to household income and larger overall revenues. We found that farms only 1-4 acres in size are capable of generating significant revenues. This suggests that farms under 1 acre could enjoy significantly greater chances of business success by scaling up their acreage to above 1 acre.



Among farms under 1 acre in size, 95% made $50,000 or less. None made over $100,000.

Scaling up by just one or two acres can be a critical step. Two farms between 1-2 acres in size reported grossing $100,000 - 200,000 in revenues in 2023, with two more grossing between $200,000 - 300,000. Among farms 2-4 acres in size, half reported grossing over $100,000 in revenue.

THE GAP

There is a large cohort of <1 acre, early-stage farms that need targeted programming to channel their business optimism effectively. Providing proven scaling strategies will help farms that want to make the jump from 'experimenting' to business viability.

4) CAPACITY AND TIME MANAGEMENT ARE KEY CHALLENGES

One finding came through clearly in both the survey and our focus groups: flower farmers are experiencing significant challenges balancing demands on their time and managing other priorities in their lives. Farmers running small businesses typically have to 'wear many hats,' doing the work of manager, marketer, accountant, HR lead and labourer. This issue is perhaps even more prominent in the specialty cut flower sector, where a high proportion of farms are led by women who are often also managing households and caring for young children. Despite acknowledging the need to connect with customers and develop new sales channels, many respondents specifically mention that finding time to promote their farms is a key challenge.

62% **of respondents face challenges finding time to do the all work involved in running their businesses.**

Physical health challenges, mental health challenges, and the demands of caring for young children were other key concerns.

In their own words …

Many participants in our focus groups spoke about the competing demands of home and the workplace, and the effects of this tension on their businesses and stress levels.

> "I think we all share that challenge of trying to be the 'super mom' and giving our families AND our business the best we can. The result is maybe we get over-stretched, and we don't end up giving anything our best."

A number of specific factors were named as contributing to feelings of burnout, including:

- cancellation and re-scheduling of weddings and events due to COVID
- the climate crisis and precarity of production
- high family stress levels
- high interest rates on equipment and mortgages.

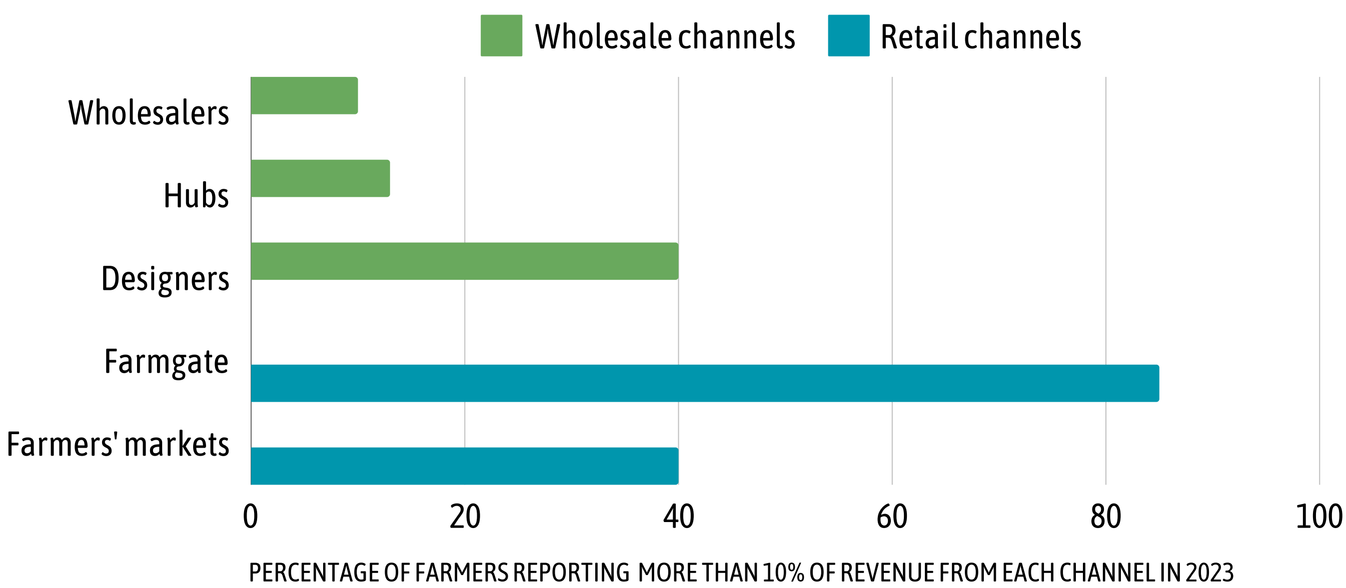
Despite the emotional strain, some flower farmers felt that quitting would be a personal failure. As one farmer said, "I feel like I'm giving up before I got started, but I'm too ashamed to tell anyone that I just can't manage."

THE GAP

Finding time and managing life's demands are key difficulties faced by the women and gender diverse farmers who filled out our survey. Recognizing that women are leading this sector, there is a need to develop a culture of sustainable and holistic entrepreneurialism, that situates flower farming in the context of women's busy lives. We can assist farmers with these issues and nurture growth in the sector by curating proven crop planning and priority-setting strategies, and building peer-to-peer support networks.

5) FARMS ARE UNDERUTILIZING WHOLESALE SALES CHANNELS

Flower farmers have multiple possible channels to sell their product, including direct to consumer, to designers, to wholesalers, and through hubs. Most farmers who filled out our survey rely heavily on retail sales channels. A large majority sell via farmgate and earn a significant portion of their income this way. A much smaller number are taking advantage of other sales channels—despite the value added opportunities presented by supplying through wholesalers, hubs and vertically integrated farming/design businesses.



Only one farmer in 10 generates over 10% of their revenue through wholesalers, and a similar percentage through flower hubs. More farmers sell via designers; however, the amount sold is still relatively small. In contrast, 85% of farmers make more than 10% of their income from farmgate sales, the main retail channel.

Vertical integration in the flower farming sector is one particularly effective and proven strategy for scaling farms. For example, of the five flower farmers who earned 75-100% of their household income from flower farming in 2023, three of these farms designed for weddings and supplied most (over 50%) of the flowers from their own farms to these events.

UNTAPPED POTENTIAL

With most specialty cut flower farmers on the hunt for new markets, value added opportunities like wholesale and designer sales are essential. Yet, our survey data indicate that very few farmers are making significant sales this way. We found this a surprising finding as OFN platform data have shown these channels to have great potential for growth. In 2022 we ran a project focused on increasing online presence for small farms. We found that farms participating in flower hubs (primarily selling wholesale) experienced a 142% increase in sales from July - Dec 2022, compared with the same period in 2021.

THE GAP

Our survey data suggest that wholesale sales channels are an untapped source of income for many farms that are scaling up or established. Coordinators of wholesale cut flower marketplaces currently using the OFN platform agree with this, reporting that there is a large unmet demand from event planners and designers for more local floral products. Curating and sharing case studies and best practices concerning wholesale sales channels is one way we can help flower farmers begin shifting towards these promising opportunities.

BRIDGING THE GAPS: OPEN FLOWER NETWORK RESOURCE PACKAGES

To address obstacles and capitalize on opportunities, we will be creating a set of five resource packages focused on the priority areas identified in this report, along with related programming and activities. In addition, we have suggested areas for additional research to help bridge gaps in the sector.

1

CHANNELLING OPTIMISM

This resource will help farmers consider the challenges and opportunities in each of the sector's main sales channels: retail, weddings, and wholesale. In addition to summary data from our survey, this resource package will share the experiences of differently-scaled farmers working in the sector. To expand our knowledge about buyers in these different channels, OFN will also pursue additional funding to conduct a designer and florist survey, along with other research to help us better understand local flower purchasing patterns in the wedding and consumer sector.

GETTING LOCAL FLOWERS ON THE MAP

OFN has already begun a series of online directories to promote flower farms. We will be seeking further funding to enhance these directories, with the goal of directly connecting consumers and buyers with flower farms in their area. Additionally, OFN plans to add our voice to Canadian Flowers Week promotions, helping to build a unified media presence for the sector. More immediately, OFN will compile recommended marketing resources and advice from leading flower farmers across Canada to create a marketing resource pack tailored to the needs of specialty cut flower farms.

GETTING STARTED AND SCALING

This resource kit will bring together key materials to help 'experimenting' early-stage farmers clarify their goals and plans. Based on crowd-sourced suggestions from flower farms across Canada, we will curate and compile resources into an easy-to-use repository, helping farmers explore various elements of running a successful business. Planned topics include: finding land, developing business goals, choosing priority marketing channels, developing cropping plans, and identifying Canadian sources for key inputs.

4 EXPANDING WHOLESALE

This resource pack will support flower farmers expanding into wholesale markets. Drawing on input from successful wholesale hubs, the pack will include guidance on quality and pricing, tips for establishing relationships with designers, and a summary of top selling wholesale flowers by season. Knowing that our sector in Canada is dispersed, with most farms located near small cities and towns rather than large urban markets, we will also provide logistical support through the OFN platform, which presents an ideal way to build the co-selling and co-marketing approaches that are essential in less populated regions.

5 PREVENTING BURNOUT, TOGETHER

Drawing from the experiences of flower farmers across Canada, we will develop a package of crowd-sourced tips and strategies around goal setting, time management, and marketing. Along with this resource, we will provide networking and skill sharing opportunities to give flower farmers access to place-based and online peer-to-peer support networks.

NEXT STEPS

The specialty cut flower sector is a young and emerging movement in Canadian agriculture, characterized by a great deal of dynamism and potential. Our research shows that it is possible to make a good living on small plots of land, particularly by running vertically-integrated businesses that combine growing with design. However, farms that have reached the point of financial viability are still in the minority. The majority of farms surveyed are 'experimenters,' who are yet to make the jump to developing a livelihood from farming.

Creating a sustainable and profitable future for the sector as a whole means helping more of these new farms achieve scale, while avoiding exhaustion of retail markets. We can do this by helping farms understand market signals and develop connections with larger wholesale buyers. In this way, we can take a proactive approach to scaling demand and expanding market access. Further, by building peer-to-peer support networks we can help to prevent burnout among farmers, while sustaining the growth of a young and exciting floriculture movement that is providing women and gender diverse farmers with new pathways to a rewarding career in sustainable agriculture.

Through our research, we have had many valuable opportunities to talk with the women and gender-diverse flower farmers who are building this sector in Canada. Their enthusiasm is contagious! The Open Flower Network program is designed to help fuel this enthusiasm, while channeling it toward proven business models that help turn the dream of a career in flower farming into a reality. In the coming months, we will be inviting flower farmers across Canada to share their knowledge and insights, understanding that they are the real experts in the field!

We see our role as a facilitator, gathering the collective wisdom of successful flower farmers, collating it into useful resources, and distributing it back to the sector in meaningful ways. As the first step in this process, we are launching a set of cross Canada virtual roundtables to inform our resource packages. We invite flower farmers from across Canada to be part of this process and these conversations. Sign up for our newsletter to stay in touch and participate.

APPENDIX: SECTOR SIZE AND CHARACTERISTICS

GROSS REVENUE	VALUE
Less than $10,000	44%
Between $10,000 - $50,000	77%
Between $50,001 - $100,000	22%
Between $100,001 - $200,000	5%
Between $200,001 - $300,000	2%
Over $300,001	2%
YEARS FLOWER FARMING	**VALUE**
I am new to flower farming - less than 3 years experience	35%
I have 3 - 5 years experience farming cut flowers	46%
I have 5 - 10 years experience farming cut flowers	16%
I have been farming cut flowers for over 10 years	4%
FARM SIZE	**VALUE**
Less than 1 acre	67%
1 - 2 acres	27%
3-4 acres	5%
4-10 acres	1%
More than 10 acres	1%
% HOUSEHOLD INCOME FROM FLOWER SALES	**VALUE**
Less than 10%	60%
Between 10 - 50%	31%
Between 50 - 75%	4%
Between 75 - 100%	4%