



Driven by the Customer

An Interview with Jim F. McCann,
 Founder and Chief Executive Officer, 1-800-FLOWERS.COM

EDITORS' NOTE In 1976, Jim McCann began building a chain of retail flower shops in the New York metropolitan area. He acquired the 800-FLOWERS phone number and renamed the company in 1986, launched the company online on CompuServe in 1992, was AOL's first merchant partner of any kind in 1994, and launched the company's own Web site in 1995, adding the com to the company name and taking it public in 1999. McCann is a published author and an award-winning public speaker, as well as a member of the boards of directors of Willis Group Holdings Limited and Dearborn National.



Jim F. McCann

COMPANY BRIEF

1-800-FLOWERS.COM, based in Carle Place, New York, is now one of the most recognized brands in gift retailing providing flowers, plants, gourmet food gifts, chocolates, gift baskets, balloons, and more to customers around the world via the Internet (www.1800flowers.com), telephone, retail, and franchise stores, and a network of franchise and independent professional florists. The company's family of brands are among the best known in gifting, including 1-800-FLOWERS.COM, Fannie May, The Popcorn Factory, Cheryl's, and 1-800-Baskets.com.

How have your product offerings evolved and do you seek out extensions that make sense for the brand?

Our mission and our mantra is to "Deliver Smiles" for our customers. We do this by helping them express themselves and connecting them to the important people in their lives through an ever-growing range of great gift products and services. We start with our core floral offerings – beautiful arrangements created and delivered by talented professional florists. This is a great place to start in terms of our relationship with our customers because, through flowers, we are involved in people's lives for momentous as well as everyday occasions. As our customers' trusted florist, we can build a deep relationship

with them as their resource for all of their celebratory occasions. Over the years, we have worked to engage our customers in an open dialogue, inviting them "behind the curtain" to help us shape our product offerings. Our product development efforts – focusing on truly original gifts – are driven by our customers.

Thirty-five years ago, when I had one flower shop on the Upper East Side of Manhattan, we had 35 customers who would visit us regularly, not just to transact but often to just chat and offer their opinions on everything from our products to the latest neighborhood news – we had relationships with those customers. Today,

we have 35 million customers and our challenge is to build and maintain similar relationships with our customers that are not just about a transaction but about us being a part of their lives. Believe it or not, technology – in the form of the Internet, social networks, and mobile communications – is the key to enabling this effort. Social networks like Facebook and Twitter allow us to have an open, ongoing dialogue with our customers.

Because we were an early investor and adopter of these channels, we have seen a virtual fire hose of suggestions from our customers about the products and services they would like to see us provide. As a result, we have expanded our range of gifts – particularly in gourmet foods and gift baskets – including our newest offerings, Fruit Bouquets and Fannie May Chocolate Dipped Strawberries, which are two of our fast growing new gift categories.

The idea for our new Fruit Bouquets line stemmed from a gathering of our customer care team members where I was asked when we



were going to get into arrangements made of fruit. Several of our agents said they had customers asking every day for this product and saying they were surprised we didn't offer it. This is a product I made in my flower shop decades ago, as have many florists. With our Fruit Bouquets brand, we are targeting Edible Arrangements, which has built a \$500-million-dollar category without a number-two competitor. We aim to change that and we are moving aggressively into the space with what we believe is a fantastic and original perspective on this great gift product.

We believe that we can take a significant share of the business that is already there as well as contribute to the growth of the category. We are employing a similar strategy with our new Fannie May Strawberries, dipped in real chocolate and featuring the iconic Fannie May flavor profiles, such as Pixies and Mint-Meltaways. We believe these two new product lines offer a significant revenue growth opportunity for our company over the next several years.

Will there always be a need for local flower shops and what do florists need to do to remain relevant?

We think a healthy and vibrant local retail presence remains an important element in our customer interaction and engagement. With that said, over the years, we have gone through four big waves as a company: first was retail flower shops, and we still have them through our

1-800-FLOWERS franchise network and BloomNet; then came #800 Watts telephone lines; the late '90s saw the development of the Internet as the next big wave; and now we are experiencing the fourth wave, which we call So-Lo-Mo for Social, Local, and Mobile. We're seeing the continued evolution of e-commerce into "social commerce" and we're staying on the forefront of this by continuing to invest and innovate for the future. ●



Clockwise from top left: Fruit Bouquets Winter Nights; Fruit Bouquets Autumn Orchard; Fannie May Favorites Chocolate Dipped Strawberries; Pixies® Chocolate Dipped Strawberries