

An Omni-Channel Social Commerce Company



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 1-800-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 website 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, Scotts Miracle-Gro, 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 (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 Fine Chocolates, The Popcorn Factory, Cheryl's Cookies, FruitBouquets.com, and 1-800-Baskets.com.

How have you had such consistent performance and how do you stay so well connected to your customer?

We're a company that experienced initial success as a result of embracing a new technology. It sounds silly to say 25 years later, but the technology back then was an 800 telephone number.

We have had our antennae up since then with the goal of always being the innovator and disrupter in our category, and never the disruptee.

When my brother Chris joined the company, he saw that transition from being a store-based company to embracing the 800 number, and he recommended that we explore the Internet as the next transitional step.

We have experienced four waves in our business: first was the retail stores; second was embracing the 1-800 number as our primary

access modality; and third was the Internet. Today, we are well into our fourth wave, which includes everything about mobile, local, and social.

What we're on our way to becoming is an omni-channel social commerce company. We will embrace any channel that is appropriate for our customers because they're not channel-specific – they are channel-agnostic. They are going to interact with us wherever and however it is most convenient for them – on their home phone, their mobile phone, their desktop, an iPad, an iPhone, or an Android device.

The reason we are so focused on being as convenient as we can be is because we're helping our customers act on their thoughtfulness.

We got a lot of press recently for being one of the first e-commerce companies to embrace Bitcoin. This is part of our DNA; we were the first floral gift company to accept credit cards over the phone, the first to embrace the Internet, the first merchant partner of any kind with AOL, and the first company to conduct a transaction on Facebook without leaving their site. Being first means that we are willing to be on the cutting edge – sometimes the bleeding edge. We are always investing in innovations for the future that help us engage directly with our customers.

The nice thing about being an omni-channel social commerce company is that our customers are in constant dialogue with us; it doesn't take much for us to follow the bread crumbs our customers leave to tell us where they want to go.

We launched a product a year ago called Fruit Bouquets specifically because our customers were asking us for it. Frankly, I didn't realize how big a business that could be, but our customer service agents told us they were getting requests almost daily from customers. And customer response since our launch has been excellent.

Do your product extensions complement each other and are they all connected?

We find that as customers sample more of the breadth of our product lines, they become more frequent customers because we can solve more of their gifting and celebratory needs. Our customers help us determine what we should have in our product offering and we are charged with merchandising accordingly.

Our job is to interact with our customers, anticipate what they want, and test into what we think they want to help them express themselves and connect for their business and social purposes.

Does the 1-800-FLOWERS name still effectively describe the scope of your business and how do you communicate that there is so much more you offer?

If you were looking for flowers and came to our site, this is where you'd land. You would also see tabs for other brands and products that we think, based on your behavior, might be relevant for you.

What our corporate brand is doesn't really matter – what we want to serve is our consumer brand. Going forward, you will increasingly see, on all of our sites, our Celebrations brand and content, which helps to engage with our customers in a different way – not always via a transaction. What we are trying to do is create a celebratory ecosystem that helps our customers express themselves and connect. Sometimes this will be with a free greeting and sometimes with a gift.

If someone decides to buy her mom a new set of running shoes, we don't sell those and we can't add value there. But that person might want to come to our site and send a nice note to her mom or a very interesting video to tell mom how much she thinks of her – that costs nothing. We want to be there when our customers have these thoughts to connect in a simple way and, of course, when they wish to send a beautiful bouquet or gourmet gift.

How great are the international opportunities?

The U.S. still offers significant growth opportunities, especially with our product expansions in gourmet foods. But we have operating partners in Canada, Mexico, South America, and Europe, and we will go to other regions of the world where we can find good local partners. We have the right set of assets to bring to the table when matched with local operators and capabilities.

Is it difficult to maintain an entrepreneurial culture now that the company has grown so much larger?

Yes. Entrepreneurs will swing for the fences but we can't always do that, because we have stakeholders and others that would rather not see us take excessive risk. We have to find a balance between a good, sensible stewardship of assets culture and the renegade trying to build upon some kernel of an idea culture. We try to empower our people to take risks and become leaders within the scope of our enterprise. ●