



Flowers Reinvented

An Interview with
Ajay Koriand and Jeff Sheely,
Co-Founders, UrbanStems



UrbanStems bouquets

EDITORS' NOTE *Ajay Kori was previously Associate Director at Wag.com with Quidsi Inc.; Product Manager Intern at Microsoft, in the Management Development Rotational Program with GlaxoSmithKline; and Founder and CEO of autodream.com. He has an M.B.A. from Harvard Business School and a B.A.Sc. from Duke University.*

Jeff Sheely was previously Director of Marketing at Overture Technologies, Marketing Consultant at Blue Egg Marketing, and Co-Founder of WikiBios. He received his B.A. from Duke University.

COMPANY BRIEF *The original idea for UrbanStems (urbanstems.com) came about when Ajay Kori was in a long-distance relationship and he often sent flowers for birthdays, Valentine's Day, or just because. He tried all of the major outlets, but always ended up frustrated with the high prices, confusing choices, unreliable delivery, and often underwhelming bouquet quality.*

One Valentine's Day, he and Jeff Sheely decided to figure out why sending flowers was such an awful experience. What they found was an industry that has been operating in largely the same way for 100 years: aggregators take orders either in stores, on the phone, or online, and send them to local flower shops to recreate those arrangements and deliver them.

By vertically integrating the supply chain, using new technologies and offering a carefully curated selection of the freshest flowers, UrbanStems was designed to address each of these issues. Customers just pick one of three to six beautifully handcrafted bouquets, enter the recipient's name, address, and a short note, and the flowers will be in the loved one's hands within an hour or two – starting at just \$35, which includes free delivery and no additional fees. They also e-mail a photo of the bouquet to confirm its safe arrival. The ultimate goal is to make sending flowers an easy, everyday thing.

What was your vision for what this company could become?

Kori: The idea got started when I lived in New York and I had a girlfriend who lived in Philly at the time. I was having a bad experience every time I would send her flowers. It kind of crescendoed on her birthday when I sent her a bouquet to surprise her and it never got there. We got into a bit of a fight and I spent two hours on the phone with the flower company to figure out what went wrong.

I thought I had the worst luck but I spoke with my friends and every one of them had a similar experience. So I convinced Jeff (Sheely) to take



Ajay Kori and Jeff Sheely

a deeper look at the industry with me and we found that the full industry hadn't changed in 100 years, and it's not designed to create the best customer experience.

The big floral companies use wire services to distribute to local florists, and then one local florist fulfills it. Because of that, the price is really high. From a local source perspective, they're getting orders from two streams – those walking in their doors who are paying full price who can be repeat business and those who do online orders that are branded under someone else's name and pay less than what a customer would if they walked in the door. This means they have no incentive to take care of the online order first or to do a great job.

Customers end up paying more money for a lower quality product. The Internet has made everything cheaper and better but, in this case, it was the opposite and that seemed like a big opportunity for us.

How hard has it been to break in and show that differentiation?

Kori: This is a highly fragmented industry and there are a lot of players. For many of them, their function is marketing, which makes it quite an uphill battle to make our brand well known. For us, the customer experience is the most important thing. It's going to be hard for us to overcome all the marketing noise, but if we create that "wow" factor so customers tell their friends about us, this is how we will grow and overcome the noise.

The real challenge is convincing someone in the space that we're entirely different.

Sheely: Our goal from the beginning was to provide the best customer experience possible and to let that shine through. Once we get people to try it, they tend to use it again and tell their friends about it. Now, it's about getting people

to try it for the first time so they can experience the difference.

How can you provide great product but at a reasonable price point?

Kori: Consumers think that just because something is priced reasonably, they're being ripped off. We're still giving them high-quality flowers. We try to address this on the website, but a lot of it is consumer education.

One thing that has worked is having gorgeous photography on the site. We also fully stand behind our products. By limiting our options and working directly with the farm, we're able to be very reasonable with price.

What are the key markets for UrbanStems and where do you anticipate growth opportunities as you look to the future?

Kori: We launched in D.C. and expanded to the suburbs, and in New York, we launched in Manhattan and recently expanded to all of Brooklyn and Queens. Within those cities, our core market is women sending to their friends and people who live in urban areas sending for everyday occasions. This gives us an opportunity to market in creative ways around sending year round as opposed to just big holidays.

Are you trying to guide customers on product?

Kori: We have a very limited selection with around five bouquets at any time. We have a designer in house who designs selections we know people will love and that will fit the ideal of having bouquets that will be on trend.

For custom orders, we're not the guys. But if someone wants something that will look nice and last a long time, we can get it there in an hour at a reasonable price.

We're also so customer-centric that if someone calls us and wants something specific, we will find the nearest local florist that could potentially put that together and we can place the order without taking a cut.

Do you anticipate extensions in the future?

Kori: Flowers will always be part of the core. We have experimented with really great gifts that can't be found elsewhere, and we have focused on experiences.

We're really trying to push away from balloons and stuffed animals. We know our demographic doesn't find that appealing, but what does appeal to them are cool things they can't get elsewhere, and the fact that our flowers are well-curated. ●