

159 views | Feb 26, 2019, 02:47pm

# Ever Hear of a Flower-Power Stock? Watch This One Bloom!



**Randy Warren** Contributor ⓘ  
Markets

Since 1829, the annual Philadelphia Flower Show — which is the world’s oldest and largest indoor event of its kind — draws more than 250,000 people to the Pennsylvania Convention Center in Center City every year. The event takes place March 2-10, 2019.



Philadelphia Flower Show at the Convention Center, ASSOCIATED PRESS

With its popular themed event, 2019 will surely not disappoint with the following theme of “Flower Power,” celebrating the impact flowers have on society in the

year of the 50th anniversary of Woodstock.

The gifting industry where the floral business makes the bulk of its revenue has been growing and the main benefactor has been a company with the name “flowers” baked into its brand. Want to take a wild guess?

If you guessed 1-800-FLOWERS.com then you just might be inclined to jump on this blossoming stock pick (pun intended). Just coming off a successful holiday season and of course Valentine’s Day, the Company’s CEO Chris McCann noted during its Fiscal 2019 Second Quarter Results that total net revenues for the quarter were \$571.3 million, up 8.6 percent compared with \$526.1 million in the prior year period.

The Company’s press release stated that the strong growth was driven by increases in all three of the Company’s business segments with net revenues for Gourmet Foods and Gift Baskets up 8.4 percent, Consumer Floral up 8.0 percent and BloomNet up 15.0 percent compared with the prior year period.

## YOU MAY ALSO LIKE

---

---

---

McCann went onto say, “The investments we have made – and continue to make – in our floral business are helping us to accelerate new customer growth and increase total order volumes. As a result, the 1-800-Flowers.com brand is further expanding its market leading position and BloomNet continues to grow its market share versus the legacy wire service providers. These positive trends position us well for continued accelerated revenue growth in the second half of our fiscal year, which features the Valentine’s Day and Mother’s Day holidays as well as everyday occasions such as birthdays, anniversaries, sympathy and get well for which the 1-800-Flowers.com brand is the go-to destination for our customers.”

Reasons to be bullish on 1-800-FLOWERS.com as a pure play are due to the following two growth drivers cited in the Company's Fiscal 2019 Second Quarter Results:

- **Consumer Floral:** Revenues in this segment increased 8.0 percent to \$108.1 million, compared with \$100.1 million in the prior year period. Gross profit margin was 38.5 percent, down 30 basis points compared with 38.8 percent in the prior year period. Segment contribution margin was \$9.8 million, compared with \$10.8 million in the prior year period. The lower gross margin and lower segment contribution margin primarily reflects the assumption of a full bonus payout for fiscal 2019 compared with a reduced payout in the prior year period, as well as increased investments the Company is making to extend its market leadership position in floral gifting and to launch its newest brand, Goodsey.
- **BloomNet Wire Service:** Revenues for the quarter increased 15.0 percent to \$23.4 million, compared with \$20.4 million in the prior year period. Gross profit margin was 52.6 percent, down 480 basis points compared with 57.4 percent in the prior year period. The lower gross profit margin percentage reflects the investments the Company is making to drive increased order volumes and expand BloomNet's market position. Segment contribution margin increased 7.3 percent to 8.3 million, compared with \$7.7 million in the prior year period, reflecting the strong revenue growth, which more than offset the lower gross margin percentage in the quarter.

If you want proof as to whether or not the consumer floral business is flourishing enough to buy into a growing segment of the gifting market, the revered Philadelphia Flower Show would be a good place to start. Our Flower Power Stock Pick is 1-800-FLOWERS.com!

**Disclosures:** *Warren Financial has no long positions in the stocks mentioned in this article for our clients and our own portfolios. We may be starting new long positions in some of these companies in the future. The fact that a company is mentioned is not a recommendation or offer to buy or sell that stock or bond.*

*Investors should always seek advice from an advisor that knows their particular financial situation and not assume that general information such as the information in this article will apply directly to their portfolio. Investing includes the risk of loss.*

*Randy Warren is CEO of Warren Financial. For information on how to protect your investments from volatility visit [WarrenFinancial.com](http://WarrenFinancial.com) and make sure to investigate our Safer-Equity strategies.*



**Randy Warren** Contributor

---

Randy Warren serves as Chief Executive Officer at Warren Financial, a financial advisory firm originally founded in 1965 by his father. Today, under Mr. Warren's leadership, the firm has greatly expanded beyond its headquarters outside of Philadelphia, with additional offic...

**Read More**

---