

Tropical Flowers & Foliage

BioTrade Facilitation Programme
Facilitating Trade of Tropical Flowers and Foliage



Market Scan in the European Union

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PART 1: MARKET SCAN

1 INTRODUCTION

1.1 Context

Since 2003, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC), an agency of UNCTAD/WTO, have jointly coordinated the BioTrade Facilitation Programme (BTFP) for Biodiversity Products and Services. The programme was announced during the World Summit on Sustainable Development that took place in September 2002 in Johannesburg, South Africa.

The BTFP comprises a number of partnerships with national and regional organisations. The programmes initiated through these partnerships enhance the capacity of developing countries in producing value-added products and services derived from biodiversity, which should be in line with the objectives of the Convention on Biological Diversity (CBD). BTFP is focused on products that have a potential for high value addition and generation of local income by involving rural and indigenous communities as well as contributing to biodiversity conservation.

1.2 Why tropical flowers and foliage from Colombia?

The value chain of flowers and foliages is a growing export sector in Colombia, taking into account the diversity of species and climatic conditions, which provide the country a competitive advantage in international markets. At national level, the production of tropical flowers and foliage was initiated in response to the need to diversify within the coffee-based economy. Today, this production represents a high-potential sector as well as opportunities to involve good practices to promote the conservation and sustainable use of biodiversity.

1.3 BTFP support to tropical flowers and foliage value chains in Colombia

The BTFP, in coordination with the National BioTrade Programme of Colombia, Alexander von Humboldt Institute, Proexport Colombia and regional Chambers of Commerce, is supporting the development of this sector. Besides strengthening leading companies that are able to take a hold of opportunities in the international market, support is also directed towards the exchange and cooperation with other actors in the value chain, particularly small-scale growers with little opportunities to develop a direct export business.

The goal of the BTFP with tropical flowers and foliages from Colombia is to support the production and exports of environmentally and socially sustainable products from the regions of Antioquia, Cundinamarca, Eje Cafetero and Valle del Cauca. This means producing tropical flowers and foliages under the BioTrade Principles and Criteria. Guidelines for the management of farms cultivating tropical flowers and foliages, taking into account the BioTrade principles and Criteria are underway. Furthermore, actors involved in the value chain have identified the need to formulate a research and development strategy as a priority to foster the identification of new species and markets



As part of the BTFP export promotion strategy for tropical flowers and foliage, two missions have been carried out to select companies suitable for participation in the programme. As a next step, these selected companies are now developing their export promotion strategy which should be launched by the end of 2006.

The specific objectives of the programme are:



- To support selected companies in exporting tropical flowers and foliage to international markets.
- To develop native flower and foliage species portfolios for exports.
- To support selected companies in developing their relations with local suppliers according to good social and environmental practices.
- To generate positive social impact through linkages with small producers.
- To support local suppliers in the implementation of environmental and social practices.

1.4 Market Scan

This report describes a survey, or market scan, that was carried out by Milco Rikken of ProVerde to identify and contact European importers interested in purchasing tropical flowers that have been cultivated according to the BioTrade Principles and Criteria.

The main objective of the market scan is:

- To identify and contact main European importers/retailers of flowers to (i) research the main trends (medium and long term) of the market in Europe (ii) find out the relevance of the tropical flowers niche within the overall market and the purchase intention of retailers and final consumers (iii) evaluate the market potential of tropical flowers and foliage produced under environmental and social practices (e.g. BioTrade Principles and Criteria)

The outcomes of this scan are required to guide the export promotion strategies of UNCTAD/BTFP and its local partners.

1.5 Methodology

The period from May to July 2006, 18 interviews were carried out. The majority of the interviews were conducted by telephone. Three interviews were carried out face-to-face during a visit to the respective company. Company names and persons interviewed have been kept anonymous for this publication.

The second section of this report describes the results of the individual interviews, starting with a short description of the company and its experiences with tropical flowers and foliage and Colombian products, followed by the most characteristic remarks and conclusions.

Below is a list of the countries in which the interviewed companies are based.

Telephone interviews:	
1. Company A	The Netherlands
2. Company B	France
3. Company C	Germany
4. Company D	Germany
5. Company E	The Netherlands
6. Company F	Germany
7. Company G	Germany
8. Company H	The Netherlands
9. Company I	United Kingdom
10. Company J	United Kingdom
11. Company K	Switzerland
12. Company L	Spain
13. Company M	Germany
14. Company N	The Netherlands
15. Company O	The Netherlands

Face-to-face interviews:	
16. Company P	The Netherlands
17. Company Q	The Netherlands
18. Company R	The Netherlands



2 FINDINGS

A number of issues that were mentioned in several of the interviews were:

Market developments

- Worldwide overproduction of tropical flowers.
- Some interviewed persons responded that the market for tropical flowers has been on a downward trend for the last 2-3 years. According to others, the market is still growing, but slowly.
- Quality requirements in the European market are becoming ever stricter.
- Some importers stopped importing tropical flowers because of decreasing prices and lack of demand.
- Besides Colombia, many other countries are mentioned as suppliers of Heliconias and other tropical flowers. The leading ones are Costa Rica and Ecuador, but Ivory Coast, Jamaica, Tanzania, Brazil, Surinam, Cameroon have also been mentioned.
- One of the main problems for Columbian products appears to be the big price difference between Colombian products and products from competing countries like Costa Rica and Ecuador. The quality of the Colombia products is usually better, but it is hard to receive the extra price for this quality.



Conclusion

The market for Heliconias and other tropical flowers is relatively small and sensitive to oversupply. In this very characteristic niche market, only specialised importers/wholesalers are able to make some money. It is estimated that there are about 10-15 specialised importers in Europe. Therefore, exporters are advised to differentiate their offer and create aggressive marketing campaigns to tackle the existent albeit reduced opportunities in this market.

Main criteria for selecting suppliers

Criteria mentioned	Number of times mentioned
1. Product quality	11
2. Price	9
3. Communication	6
4. Packaging	5
5. Availability / Supply consistency	4
6. Freight rates	2
7. Personal relationship	2
8. Volumes	2
9. Certified flowers	1
10. Availability of photo material	1



Environmental and Social Sustainability in this Industry

- Although some of those interviewed responded that labels are becoming more important, it is still not a requirement for most customers. Most clients simply do not ask for sustainable flowers (neither environmental or social claims). If a client asks for a label, it is almost never the all-decisive issue for purchase. At present, some supermarkets require suppliers to be certified (EUREPGAP, Max Havelaar, MPS, Fair Trade label).
- Traditional wholesalers are not willing to pay extra for certified flowers.
- Although wholesalers are not interested in labels (or not aware of them), some retailers and customers are.
- It was mentioned a number of times that some labels can be interesting for specific market channels: FLP, FFP, Max Havelaar. Different channels prefer different labels.

Conclusion

The BioTrade Principles and Criteria will provide exporters with a solid market differentiation strategy. However, they cannot guarantee – at least in the short term – significant increases in sales. Sustainability practices are one strategy for product characterisation, as are packaging, delivery time and price. It is the exporter that must select the strategy that best fits the business.

It is important to note, nevertheless, that Environmental and Social practices in other industries have become a key business strategy for sales (the cosmetics industry is an example of this). At the same time, BioTrade Principles and Criteria should be mainly seen as a Company Policy to contribute to sustainable development, which eventually brings along increased income and reputation.

For the time being, certification schemes do not play an important role in the tropical flower trade. However, a number of certification schemes can offer individual Colombian exporters the opportunity to distinguish themselves and develop a supply relation with specific (niche) markets. From a sales perspective, the selection of a label for the entire Colombian sector is not recommended. BioTrade Principles and Criteria could be bridged to the most preferred label by each exporter

Opportunities for exporters

- Product diversification: new products and varieties.
- An exporter who is able to supply the full range of varieties from one country.
- Ready-made bouquets of tropicals for supermarket channels.
- Supply volume against competitive prices for supermarkets.
- New foliage varieties.
- Standardisation of packaging.



PART 2: INTERVIEWS

2.1 Company A

1. Company information

- Located at the Aalsmeer Auction, *Company A* is an importer of cut flowers and foliage that buys directly from growers in production countries. *Company A* is not involved in commission trade or production under contract.
- *Company A* imports cut flowers and foliage and sells the products without adding any value to Netherlands wholesalers and exporters. The products do not leave the box, they are not sorted or treated in any way but are re-sold directly to the customer. Consequently, *Company A* is able to offer the products for a very competitive price.
- Clients: Dutch and European wholesalers.
- Suppliers: Costa Rica, Jamaica, Ivory Coast, South Africa, etc. Remarkably, *Company A* does not have any Colombian suppliers. According to the manager, there is no specific reason why *Company A* is not importing from Colombia.

2. Market developments

- Stricter quality requirements in the European market.
- Worldwide overproduction.
- Products from the Ivory Coast are relatively cheap because of lower airfreight costs. Connection via France is not optimal however. The quality of their products is a bit less than from most Latin American exporters, but Ivory Coast has a number of unique varieties.
- Costa Rica is known for its quality. The assortment, however, is rather disappointing.
- *The Interviewed* also mentioned Jamaica. Freight rates from Jamaica are very competitive (30% below Costa Rica). There are a couple of growers that are able to supply good quality. As in every other country, there are however also growers who do not pay attention to products quality.

3. Main criteria for selecting suppliers

1. Freight rates
2. Product quality
3. Co-operation and communication
4. Personal relationship

- A grower should be open to feedback from the importer. If there is a problem with the quality of the product, or the final customer has a specific request, the grower is expected to consider this and should show openness to adopt recommendations.
- Most of the growers already have a long-term relationship with *Company A*. New growers are usually found through this network of companies or through visits to the producer countries. If an exporter contacts *Company A* directly to offer products (particularly a standard assortment), *the Interviewed* concludes that this exporter probably has some quality issues.

4. Labels and certification schemes

- *Company A* does not work with certified products.
- Most clients do not ask for labels. If a client asks for a label, it is mostly not the all-decisive issue for purchase. Nevertheless, *Company A* recognises that some clients show interest in labels. No specific label mentioned.

5. Opportunities for exporters

- Product diversification: new products and varieties can attract attention.

6. Practical tips

- Personal contact is very important.





2.2 Company B

1. Company information

- *Company B* is a wholesaler located in the Rungis wholesale market, specialised in import and distribution of tropical flowers and foliage.
- Clients: retailers in Paris and its suburbs. These clients buy tropical flowers to complement their traditional assortment.
- Suppliers: mainly Costa Rica and the Ivory Coast, but also from Ecuador, Thailand and some other countries.

2. Market developments

- Competition among the three tropical flower specialists at the Rungis wholesale market is rather fierce. Two companies offer higher quality, while another offers particularly low prices. All offer their product straight out of the box.
- According to *Company B*, there is not a big difference between products coming from Costa Rica and the Ivory Coast.

3. Main criteria for selecting suppliers

1. Product quality
2. Packaging
3. Prices
4. Availability
5. Contact with supplier/relation

4. Labels and certification schemes

- Customers do not specifically ask for certified products. On the other hand, *Company B* is importing from a couple of certified growers, mainly MPS, EUREPGAP and ISO9002. If asked why they import from them, *Company B* says it is because of the good quality. In other words, labelling is primarily considered as a tool to identify professional and serious companies from which you can expect good-quality products.

5. Opportunities for exporters

- *The Director* showed quite a lot of interest in new suppliers, particularly from Colombia. It was our impression that this interest is not only price-driven. Because of the competition on the Rungis market, *Company B* is always on the lookout for good-quality, fair-priced products.

2.3 Company C

1. Company information

- *Company C* is a German importer/wholesaler specialised in supplying certified flowers to mainly Swiss and German supermarkets, but also to wholesalers and florist chains.
- Suppliers: *Company C* mainly imports roses from Africa (Kenya) and South America (Ecuador). All products are certified.
- *The Director* recently sold all his shares to other company (large wholesale company specialised in roses from Africa for European supermarkets).

2. Market developments

- In the past, *Company C* imported tropical flowers from Ecuador and Costa Rica. However, because of downward pressure on the prices and lack of demand they stopped a few years ago. He explained that it was not a planned strategy, but somehow just happened.

4. Labels and certification schemes

- All products imported by *Company C* are certified. Main labels that they adhere to are the German fair trade label, Max Havelaar (for the Swiss supermarkets) and the Flower Label Program (FLP) and the *Milieu Programma Sierteelt* (MPS).



- *The Director* has some doubts concerning Fair Flowers and Plants (FFP). He recognises that this label can become interesting for the wholesale/Florist channel, however, he also doubts whether there will be sufficient supply and demand.
- At the moment, labels are only demanded by supermarkets. The wholesale customers do not really ask for them. For the traditional wholesale channel, the price is still the main criteria.

5. Opportunities for exporters

- Although it will be very difficult, *The Director* recognises that there are possibilities for ready-made bouquets of tropical flowers for the supermarket channel. The supplying company will have to be able to supply high-quality, certified (fair trade) products, in larger volumes, for good prices. Professional communication and planning is an important requirement.

2.4 Company D

1. Company information

- *Company D* is a German importer of flowers and foliage, located near Frankfurt.
- About 10% of their products are tropical flowers, mainly from Costa Rica.
- *Company D* supports the Flower Label Program (FLP). The production of their imports has to respect the guidelines of this program.

2. Market developments

- The market for tropical flowers has been on a downward trend for the last 2-3 years. *The Interviewed* hopes and expects that the market will recover a bit.
- *Company D* imports mainly from Costa Rica because they consider Costa Rican product quality better than from other countries. Another reason is that they have not been able to find good certified suppliers from other countries.



3. Main criteria for selecting suppliers

1. quality
2. packing
3. price

4. Labels and certification schemes

- *Company D* not only imports FLP but also other labels. *The Interviewed* expects that FFP will become the major label for their trade channel (traditional wholesalers and florists). Customers are however still not very familiar with FFP.
- A problem with FLP has been that the costs for the grower are quite substantial. He expects that this will be better with FFP.

5. Opportunities for exporters

- New tropical foliage varieties: novelties.
- High-quality tree fern.

6. Practical tips

- The importance of packing cannot be overestimated.
- Shipping should be fast. Delays can have very bad results on future business.

2.5 Company E

1. Company information

- *Company E* imports from and exports to approximately 50 countries and by doing so *Company E* achieves an annual turnover of about € 200. *Company E* uses its own fleet of delivery vehicles (across Europe).
- The purchase department consists of 29 buyers, seven being specialised in plants and 22 in flowers. Every purchaser has a specific area of expertise, relative to specific flowers or plants. A few years ago, during an internal re-organisation, *Company E* decided that other



specialised import companies are more efficient in purchasing flowers in Africa. *Company E's* Purchase Department therefore has stopped most of its African activities. *Company E*, however, is still very active in South America (mainly Ecuador and Colombia). There is currently one purchaser in charge of imports.

- Customers: mainly traditional (importing) wholesalers in Europe.

2. Market developments

- Tropical flowers are partly sourced from the auction clocks and Dutch importers, but *Company E* has also been looking for suppliers in Ecuador. It is however a problem to find a supplier that is able to provide the required quality.

3. Main criteria for selecting suppliers

1. Quality
2. Price

4. Labels and certification schemes

- Although not a main issue for *Company E*, certified products can be very interesting.
- Not a preference for a specific label.

5. Opportunities for exporters

Company E is quite interested in developing their imports of tropical flowers.

2.6 Company F

1. Company information

- The different companies falling under *Company F's* holding are specialists in all aspects of the business: importers, exporters, bundlers, wholesalers and cash-and-carry markets.
- The biggest branch is *Company F*, specialised in 1) the importing and 2) the wholesaling of cut flowers and cut greens. Main customers are wholesalers and traditional florists and retailers.
- *Company F's* major sources of supply are The Netherlands, Central and South America, South Africa and Spain. *Company F* mainly imports products from growers with whom they have established a long-term relationship.
- *Company F* imports tropical flowers from one main exporter in Colombia and a couple of smaller exporters.

3. Main criteria for selecting suppliers

1. product quality
2. packing
3. price
4. communication

Good communication between grower and buyer is essential and should be on a day-to-day basis. *Company F* keeps in contact with their suppliers by phone, msn-chat and e-mail. This way, occasional problems can be resolved more easily because grower and buyer know each other through the regular contact between the parties involved.

4. Labels and certification schemes

- Labels are becoming increasingly important, but they are not yet a requirement for their type of customers: traditional wholesalers.
- Traditional wholesalers are not willing to pay more for certified flowers. It is merely an additional sales argument.
- Although wholesalers are not interested in this, retailers and customers are.
- The most important label for *Company F* is the FLP label. *Company F* has been supplying and promoting FLP certified flowers for several years. *Company F* did try to promote MPS, but this was unsuccessful as the florists were unable to effectively promote this label towards their customers. MPS remains a business-to-business label primarily.



5. Opportunities for exporters

A supplier who is able to supply the full range of varieties from one country.

6. Practical tips

During the winter season, there are often problems with pallets being left outside in the cold

2.7 Company G

1. Company information

- *Company G* is one of the largest importers/wholesalers in Germany and primarily imports traditional flowers and foliage. Tropical flowers are a side product accounting for about 1% of their volume. However, because their total volume is so big, *Company G* is also one of the biggest importers of tropical flowers in Germany.
- Tropical flowers are imported from Ecuador and Tanzania. In Tanzania, they work with one grower. Tanzanian products are a bit smaller than the South American ones, but the prices are more competitive.
- Customers: primarily high-quality wholesalers, but also supermarkets (in Germany and Eastern Europe).

3. Main criteria for selecting suppliers

1. Quality
2. Price

Depending on the type of customers, the price or quality is more important.

4. Labels and certification schemes

- Different customers prefer different labels. He mentions the whole spectrum of labels. Labels are important but it is not a real requirement for the customers. The exception is Switzerland, where some customers require Max Havelaar.

5. Opportunities for exporters

- Exporters could focus on quality improvement to distinguish themselves from the rest by being able to offer the best quality.

2.8 Company H

1. Company information

- *Company H* is a wholesale business, specialised in organic ornamental plant cultivation products. Besides organic traditional cut flowers and foliage, *Company H* also trades organically grown *Strelitzia* (cultivated in The Netherlands).

2. Market developments

- Organic is actively searching for international supply to compliment their assortment. Recently, organic roses have started to be imported from Ecuador.

3. Main criteria for selecting suppliers

1. Organically certified (EKO-label).
2. Quality.

4. Labels and certification schemes

- According to *the Interviewed*, all labels that are in use in the flower trade at the moment are still far away from the requirements as stated by the EKO certification scheme. For many growers who are MPS certified, it is still a major step to shift towards organic production.

5. Opportunities for exporters

- *Company H* showed interest in the possibility of jointly developing the production of organically cultivated tropical flowers and foliage in Colombia.



2.9 Company I

1. Company information

- *Company I* is a UK-based importing wholesaler that supplies to wholesalers, supermarkets and bouquet makers throughout the UK and Ireland.
- The assortment consists of traditional and tropical flowers that are imported from various regions of the world.

2. Market developments

- In the past, the main suppliers of tropical flowers were Costa Rica and Ecuador. Today, products from Colombia are increasingly imported into the UK.
- *The Interviewed* recognises that there is also a lot of potential in Brazil, but for some reason this country has not yet developed its exports of tropical flowers to the UK.

3. Main criteria for selecting suppliers

1. Quality.
2. Communication: It is *Company I's* experience that companies in Ecuador, Sri Lanka and Colombia usually communicate in a more professional way than Costa Rica and African countries.
3. Freight cost and availability.
4. Price.



4. Labels and certification schemes

- Labels can be interesting, particularly for the retail chains. These supermarkets, Do-It-Yourself stores and garden centres usually require EUREPGAP and MPS.
- A few years ago, *Company I* had a project on supplying tropical flowers to supermarkets. However, this was not a success as the bulk of flowers that are sold in supermarkets are traditional products that need to be cooled. The entire supply chain is developed around the cool chain, making logistics with tropical flowers difficult.

2.10 Company J

1. Company information

- *Company J* is a UK-based importer specialised in importing cut flowers and foliage from Colombia.
- Main products are carnations, roses, and foliage, but they have also recently started importing tropical flowers.
- Customers are primarily UK wholesalers.

2. Market developments

One of the main problems that *the Interviewed* mentioned is the big price difference between Colombian products and products from competing countries like Costa Rica and Ecuador. The quality of the Colombia products is far better quality, but it is hard to pay the extra price for this quality.

3. Main criteria for selecting suppliers

1. Quality: Their wholesalers only accept 100% perfect flowers. The rest is rejected.
2. Packing.
3. Price.

4. Labels and certification schemes

Customers do not ask for any labels.

5. Opportunities for exporters

- It would be interesting if an exporter is able to supply volume against competitive prices for the supermarket channel. This channel, of course, requires labels like EUREPGAP.



2.11 Company K

1. Company information

- *Company K* is a Swiss importer of cut flowers, specialised in supplying to mainly Swiss flower wholesalers.
- According to *the Interviewed*, about 30% of their products consist of roses that they import particularly from Africa. Heliconias represent about 150 boxes per week, which is considerable.

2. Market developments

- Heliconias are not only imported from the regular supplying countries in South America, but *the Interviewed* also mentioned Cameroon as being one of the better suppliers. The company in Cameroon that *Company K* works with is particularly outstanding in terms of reliability.
- According to *the Interviewed*, Heliconias are a very fashionable product in Switzerland.
- *Company K* is sometimes confronted with a lack of supply of certain varieties. *The Interviewed* did not want to get deeper into the subject of which varieties.

3. Main criteria for selecting suppliers

1. Consistency of supply.
2. Communication skills.
3. Packaging.

4. Labels and certification schemes

- Labels are appreciated, but not strictly required. *Company K's* customers, however, like to show their clients (flower shops) that the products are in order and produced in a sound manner. Therefore, it is recognised that particularly the FLP and FFP labels offer good added value for a company like *Company K* that is working in the specialised supply channel.

2.12 Company L

1. Company information

- *Company L* is a Spanish importer and wholesaler of cut flowers.
- Its main clients are local wholesalers who supply to flowers shops in the Barcelona area.
- Heliconias account for about 10% of *Company L's* imported assortment. The main products are traditional products like carnations and roses.
- Tropical flowers are only imported from Costa Rica. They have a long-term relationship with one grower/exporter.
- In the past, they had tried to import from Colombia, but the higher price and transportation costs were a problem.

2. Market developments

- According to *the Interviewed*, the tropical flower market is very small in Spain. The reason for this is that most retailers are not familiar with the product and it is a relatively expensive flower.
- The market position of *Strelitzia* is a bit better than that of Heliconias, because *Strelitzias* are easier to handle and cheaper.
- *Company L* imports only mixed boxes.

3. Main criteria for selecting suppliers

1. Quality.
2. Price.

4. Labels and certification schemes

- Clients never ask for labels. This is not important at all in the Spanish market, according to *the Interviewed*.



2.13 *Company M*

1. **Company information**

- *Company M* imports flowers from all over the world and predominantly supplies to specialist wholesalers, but also to regional retailers.
- *Company M* does not import Heliconias. A couple of years ago, they experimented with Heliconias from Colombia, but they soon concluded that there was no market for tropical flowers.

2. **Market developments**

- According to *the Interviewed*, the market for tropical flowers is down and therefore does not offer any opportunities for them.

4. **Labels and certification schemes**

- For many years, *Company M* has given preferential treatment to suppliers that grow and produce under humane and ecological conditions. Feeling the recognition and acceptance of the "Flower Label Program" (FLP) from the market, *Company M* works within these guidelines.
- *Company M* mainly sources certificated products from suppliers in Ecuador and Kenya, which are licensed for the FLP.
- *Company M* only works together with suppliers from Colombia that support the national "Florverde Program", or run their farms with even higher standards.
- The reason why *Company M* only offers certified flowers is that it is a minimum requirement from their customers. They do not really get better prices for certified flowers compared to regular flowers, but it is a way of opening up certain sales channels.

2.14 *Company N*

1. **Company information**

- The *Company N* covers and owns independent subsidiaries. Each has its own specific knowledge, products and solutions for its own target groups.
- *Company N* is focused on large stores and supermarkets, primarily discount-type multiples.
- *Company N* has a division responsible for importing flowers. For about two years, *Company N* has been developing direct import activities.

2. **Market developments**

- *Company N* does not import any tropical flowers at the moment. The main reason is that tropical flowers, like Heliconias, are too expensive for their market channel (discount supermarkets).
- If customers were to ask for tropical flowers and other specialty products, *Company N* would purchase them from specialised importers or via the auction clocks.

4. **Labels and certification schemes**

- At the moment, not many customers demand labels. The only label that is required from time to time is MPS. It is expected that in the longer term, fair trade labels will also become more important.

2.15 *Company O*

1. **Company information**

- *Company O* is a specialised grower and importer of orchids and other tropical flowers and greens with more than 70 years of experience.
- At the moment, the main product is orchids, which are grown in The Netherlands and imported from countries like New Zealand, Thailand, Malaysia and other countries.
- *Company O* does not sell their products on the auctions, but sells them directly to Dutch export companies that primarily supply to the specialised chains all over Europe (flower shops, etc.).



2. Market developments

- In the past, *Company O* has also imported Heliconias, Gingers, etc. from Costa Rica and Colombia. The main reason for not importing these products now is the fact that their clients stopped asking for them. *Company O* supplies the high-quality, exclusive flower business and after the strong increase in the supply of Heliconias, they are no longer considered all that exclusive anymore by the high-end buyers. Because of oversupply, prices have decreased and, at a certain point in time, every flower shop on the corner was offering Heliconias. *Company O* therefore partly blames the suppliers for oversupplying the market.
- Nevertheless, *the Owner* remains positive about the exclusive sales channel. It can be a very interesting sales channel as long as it is possible to offer a very exclusive product and do so under the right conditions.



3. Main criteria for selecting suppliers

1. Interesting product of good quality.
2. Delivery reliability (on-time delivery).

4. Labels and certification schemes

- Clients do not ask for it, with the exception of the Swiss market that demands MPS-A orchids.

5. Opportunities for exporters

- Interesting assortment: specialties and varieties that may be difficult to cultivate.

6. Practical tips

- It would be a good idea to use a standardised box type. Nowadays, if you order from different exporters, you get many different types of boxes. This should be better coordinated.

2.16 *Company P*

1. Company information

- *Company P* is one of the businesses affiliated to a Dutch consortium. At present the Dutch consortium has 16 affiliated businesses, which are subdivided into three divisions: wholesale, supermarkets and import. The 'import' division imports products from South America and Africa and markets these products via the auction or via exporters.
- The strength of the consortium is the wide diversity of the affiliated businesses. This allows the group to respond to any conceivable demand with a tailor-made solution. Each affiliated business focuses on what it does best and consequently excels in one or more of the market sectors in which it operates.
- In most cases, *Company P* buys directly from growers in production countries. Occasionally, *Company P* signs production contracts with growers.
- Currently *Company P* is developing its imports of Heliconias and other exotic products.

2. Market developments

- Market for exotic products is still growing, albeit slowly.
- An increase in supply volumes is immediately reflected in lower prices in the market.

3. Main criteria for selecting suppliers

1. Volume.
2. Quality.
3. Price.
4. Type and background of contact: floriculture should not be one of the side activities and the contact should be eager and pro-active in searching for a business relationship.

4. Labels and certification schemes

- An environmental label is not interesting.



- For products supplied to the supermarket channel, EUREPGAP and socially oriented labels like ETI, FLO and Max Havelaar could be interesting.

5. Opportunities for exporters

- Besides the traditional/specialised market channel (flower shops, exhibitions, etc.), it is also expected that the impulse market offers opportunities for sales of heliconias. A well-coordinated supply chain in this case is absolutely necessary as the margins for all players are very small. Nevertheless, *the Interviewed* sees opportunities for selling small Heliconias bouquets to the English supermarkets, for instance.

6. Practical tips

- Visit The Netherlands and see and understand what it is all about.

2.17 Company Q

1. Company information

- Beneath the flag of *Company Q*, there are several different companies. The firms operate independently from one another in order to specialise in particular areas, but are nevertheless closely linked. The companies are based at various locations in The Netherlands and France.
- *Company Q* started its import activities with a few farms in South Africa. It created an import concept with these farmers, which he later also introduced in other countries. The concept is an open and transparent organisation. In South Africa, the activities are organised by two Dutch employees.
- Today, *Company Q* imports flowers from various countries in Africa, South America, Australia and Europe, or acts as an agent for the farms from these continents.
- *Company Q* imports mainly from the Cape region. *Company Q* is specialised in what they call 'exotics' like Proteas and other Fijnbos. Main-stream products are scarcely traded. This is not only the case for South Africa, but for other countries as well.
- *Company Q* imports some Heliconias but adds that it is not fond of the product because of regular problems with quality and marketing. Volumes are low and transportation costs are high. *Company Q* imports some Heliconias from Portugal (smaller, but of a fair quality and price).

2. Market developments

- Although South Africa has been a major source for *Company Q*'s exotics, they are currently looking for alternative countries to supply the same products.
- It is expected that Southern European countries, like Spain (Canary Islands) and Italy, will become major alternatives for certain typical South African products.
- Considering off-season production, South American countries like Chile and Argentina are getting more and more interest from European importers.
- Australia is considered too far away and too expensive.
- Due to the cheap dollar, there is currently quite a lot of products (Proteas) coming from Hawaii. This flow, however, is expected to dry up as soon as the value of the dollar increases.

4. Labels and certification schemes

- Difficult to say: customers (mainly Dutch export companies) scarcely ask for certified products.

5. Opportunities for exporters

- *Company Q* expects that in the long term, only the specialised companies will be able to make it.
- Interested in new foliage varieties. *Company Q* is currently looking to Brazil for new foliage varieties, similar to the Von Humboldt Institute's initiative in Colombia. *Company Q* had offered their assistance to the project and has already received a first overview of the identified products by the Von Humboldt Institute.



2.18 *Company R*

1. Company information

- One of the only importers in The Netherlands that is fully specialised in importing Heliconias and other tropical flowers and greens. *Company R* is a company consisting of a flower wholesale division and import divisions in the Dutch auctions. At the wholesale division special flowers, leaves and greens are available for weddings, funerals, flower shows and other special occasions.
- Seven days a week imports arrive from Costa Rica, Ecuador, Australia, New Zealand, Thailand, Sri Lanka, South Africa, Ivory Coast and various European countries. Colombia is a major supplier of Heliconias to *Company R*. Most of the Colombian Heliconias are sold via the auctions.

2. Market developments

- Different countries have different tastes. And taste also varies according to the season. In autumn, darker colours are preferred. In spring, yellow colours are preferred.
- Buyers do not specifically ask for Heliconias from Colombia, Ecuador or Costa Rica.



3. Main criteria for selecting suppliers

1. Production planning (for special promotions).
2. Availability of photos.
3. E-mail contact.
4. Exporters should distinguish themselves from other exporters.

4. Labels and certification schemes

- Not many clients ask for certified flowers. The only exception to this was IKEA that asked for EUREPGAP.
- *Company R* concluded that the issue of labelling and certifying is not the most important issue for exporters of tropical flowers.

6. Practical tips

An exporter should not supply more than one importer per region as they will compete with their own products.



APPENDIX: INTERVIEW SETUP AND QUESTIONS

Step 1: Introduction

1. UNCTAD/BTFP
2. BioTrade principles and criteria
3. Purpose market scan

Step 2: Interview questions

1. Company information:
 - name, position
 - activities (sourcing, sales channel, countries)
 - experience with a) tropical flowers and foliage and b) Colombian products
2. Market developments:
 - general trends in tropical flowers (products)
 - Colombian tropical flowers and foliage (main competitors)
3. Main criteria for selecting suppliers (why, problems)
4. Importance of labels and certification schemes
 - which labels are interesting and why / why not?
 - check Interest in purchasing products according to BioTrade principles or other (similar labels)
5. Opportunities for Colombian exporters of tropical flowers
6. Practical tips for exporters
7. Do you know other importers/traders in tropical flowers and foliage?

Step 3: Explanation and discussion of next steps



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