CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN AUSTRIA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the market for cut flowers and foliage in Austria. The information is complementary to the information provided in the CBI market survey 'The market for cut flowers and foliage in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo

1. Market description: consumption and production

Consumption

- Austria is a relatively small market in the EU, with a value of € 369 million in 2005. Consumption of flowers has been at the same level for more than 10 years. Per capita consumption is the second highest in the EU. Only in The Netherlands is the average consumption higher. Moreover, flowers have a high penetration level in the Austrian market. No less than 69% of Austrian consumers purchased flowers in 2003. The stability of the market and the high level of per capita consumption indicate saturation of the market. Nevertheless, the Flower Council of Holland expects the market to grow to € 408 million and per capita consumption to € 50 million in 2009.
- Mixed bouquets are most popular in Austria. However, their share in flower sales decreased by 5% between 2000 and 2003, amounting to 43% in the latter year. Compositions have been increasing in importance over the last 10 years. They currently hold a market share of 12%. Mono-bunches account for 42% of flower purchases and single flowers for 2%. The top 10 flowers in mono-bunches in 2003 were: Rosa (56.5%), Tulipa (11.7%), Dianthus (9.3%), Dendranthema (3.6%), Gerbera (2.5%), Lilium (2.1%), Gladiolus (1.6%), Orchid (1.5%), Helianthus (1.2%) and Amaryllis (1.0%).

Production

- Austria is a small producer of cut flowers and foliage in the EU. Its production was valued at € 24 million in 2000. A total area of 100 hectares was used for the production of cut flowers and foliage in 2004. 53 hectares were open land and 47 hectares were under glass.
- In 1998, a total area of 177 hectares had been allocated to the production of flowers of which 90 hectares were open land and 87 hectares were covered. In other words, production area decreased sharply. In the same period, the number of companies decreased from 710 to 451. This means the average size of companies was smaller in 2004 (0.22 ha) than it was in 1998 (0.25 ha). This is the opposite to the development in most other EU countries, where company scales are increasing.
- Most companies produce Dendranthema, Narcissus, Tulipa, foliage, Dahlia or Gladiolus.

Trends

- A small shift in expenditure on flowers has taken place in recent years. Consumers spent slightly less per purchase than before, indicating increased demand for less expensive flowers. This is also reflected in the increased popularity of the often less expensive mono-bunches compared to that of mixed bouquets and the increased market share of supermarkets which mostly sell lower priced flowers. In contrast to this development, a group which has increased its demands regarding quality has also been identified. Exactly which of the two groups of consumers will grow stronger is not yet known.

- Austrian people are very conscious about their environment. Guidelines for the creation of ecologically decomposable flower arrangements are an example of this.

Opportunities and threats

- Austria is a significant and stable market for cut flowers and foliage. However, there is little room for further development.
- Labels stressing the organic production of flowers offer good opportunities to answer demand for environmentally friendly produced flowers.
- Domestic production is too small to form a serious threat to foreign suppliers.

Useful sources

- Statistik Austria: http://www.statistik.at/index_englisch.shtml
- Wirtschaftskammer Österreich: http://portal.wko.at

2. Trade: imports and exports

Imports

- Austria is an average EU importer of cut flowers and foliage. Austria is the 7th largest EU importer of cut flowers and foliage, accounting for 3% of total EU imports. Its imports decreased by 6% between 2001 and 2005, amounting to € 90.4 million in 2005.
- Austria's main supplier is The Netherlands (77%), followed at a distance by Germany (10%).
- Developing countries account for 6% of the supply of cut flowers. This is low compared to other EU countries, although supplies from developing countries increased by a considerable 21% annually in the period reviewed, amounting to € 5.3 million in 2005. Austria's main developing country suppliers are Turkey (3%) and Ecuador (1%). Turkey's supplies increased by 65% annually, amounting to € 2.9 million in 2005.
- Ecuador is Austria's largest developing country supplier of Rosa. Its supply increased by 8% annually in the period revised, amounting to € 1.1 million in 2005, signifying an import share of 4%. Turkey is the largest supplier of Dianthus. Its supply increased considerably by 112%, amounting to € 2.5 million in 2005, signifying an import share of 36%.
- The largest product groups imported into Austria are 'other fresh cut flowers' (€ 39.6 million) Rosa (€ 27.4 million) and 'prepared cut flowers' (€ 8.3 million). The Netherlands is by far the main supplier. Imports of 'prepared cut flowers' and Rosa decreased slightly by 2% annually. Imports of prepared cut flowers increased by 9% annually between 2001 and 2005.

Exports

- Austria is a small producer of cut flowers and foliage, while its per capita consumption is high. Consequently, Austria's export market is small when compared to the size of its import market. However, exports increased by 181% between 2001 and 2005, amounting to € 4.8 million in 2005. Austria is a net-importer of cut flowers.
- Austria's exports are, surprisingly, mainly composed of Dianthus (€ 2.6 million).
- Its main export destinations are the UK (€ 4.8 million), Germany (€ 894 thousand) and The Netherlands (€ 734 thousand).

Opportunities and threats

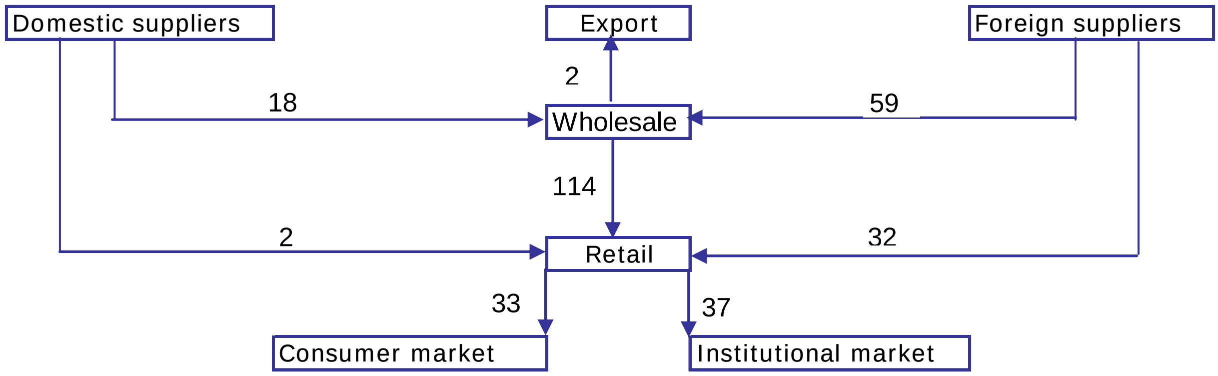
- Austria could be an interesting market for developing country suppliers, since domestic demand is much larger than domestic consumption, so that Austria relies heavily on imports for its consumption of cut flowers and foliage. Furthermore, the share of developing country suppliers is small, although increasing at a fast pace.
- On the other hand, overall imports decreased between 2001 and 2005 and the Austrian cut flower market shows signs of saturation.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

3. Trade structure

Figure 3.1 Distribution of flowers in Austria, 2005, in € million



Note: Figures are indications and can only be applied to get an idea of the importance of different trade channels.

- As Figure 3.1 shows, a considerable share of foreign produce entering Austria is directly supplied to retailers. In general, retailers, who have the means to bypass wholesalers, are large in scale. Supermarkets account for 20% of sales in Austria. However, measured in volume, their share is higher. It is therefore expected that supermarkets account for the relatively large direct imports. The leading supermarkets, according to their share in flower sales, are Aldi (48.3%), REWE (22.9%), SPAR (14.9%) and Tengelmann (4.6%).
- Austrian importers of cut flowers often have a long history. They have often built up strong relationships with their business partners and work closely together with growers who supply them exclusively. Their average turnover amounts to € 2 million to € 5 million.
- Florists accounted for 55% of flower sales in 2003. They mainly compete on service and quality.

4. Prices

- Although strong fluctuations took place, prices increased only moderately over the long term. The price increases in retail channels ranged from an average of € 4.60 to € 5.30 for a mono-bunch and from € 8.60 to € 9.90 for a bouquet between 2000 and 2003; they should therefore not be used to make a forecast for the coming years.
- As most flowers are imported, the auctions in The Netherlands and in Germany, Austria's main suppliers, offer the most interesting information about prices of flowers in Austria. The statistical yearbook of the Federation of Dutch Flower Auctions (http://www.vbn.nl) offers information on prices at the Netherlands auctions. The German auction Landgard (http://www.landgard.de) publishes some of its prices in its annual report.

5. Market access requirements

- Growers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- The general VAT rate in Austria is 20%. The VAT rate generally applied to flowers is 10%.
- Austrian environmental labels: http://www.umweltzeichen.at/
- For more information go to 'Search CBI database' at http://www.cbi.nl/marketinfo

6. Business practices

Trade associations

- Association of Austrian Horticultural Producers and the Flower Council of Austria: http://www.gartenbau.or.at

Trade press
- Gardeners and florists: http://www.gaertner-und-florist.at
- Taspo: http://www.taspo.de/
- Gestalten & Verkaufen: http://www.g-und-v.de/
- Monatszeitschrift: http://www.monatsschrift.de/
- Das Gruene Hause: http://www.gesundheitswelten.com/gruenehaus/

Trade fair organisers
- IGM (International Horticultural Exhibition): http://www.tulln.at/messe or http://www.gartenbaumesse.at/

This survey was compiled for CBI by ProFound – Advisers in Development and Milco Rikken of ProVerde in collaboration with Mr. Jan Lanning.