

## CBI MARKET SURVEY

## THE CUT FLOWERS AND FOLIAGE MARKET IN GERMANY

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**Report summary**

This CBI market survey discusses, amongst others, the following highlights for the market for cut flowers in Germany:

- Germany is the largest market for cut flowers and foliage in the EU. In 2005, the market experienced growth again after a few years of decreases in market size. Thanks to the current moderate recovery of the German economy, the future of the flower market looks a bit more promising.
- Germany is a key player in the trade of cut flowers and foliage. Although total imports decreased in recent years, the relative importance of imports from developing countries increased.

This survey provides exporters of cut flowers and foliage with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The cut flowers and foliage market 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*****Total market size***

Germany is the largest market for cut flowers and foliage in the EU. The value of the market amounted to more than € 3 billion in 2005. Between 2001 and 2004 the market had decreased by 2.7% annually, but in 2005, the market experienced growth again (1.4%). Consumer purchasing power experienced roughly the same development. Moreover, fear of unemployment and reduced benefit arrangements for retirement caused consumers to spend less money in recent years. The similarities between developments in the flower market, consumer purchasing power and consumer confidence indicates strong correlation between the 3 variables. However, the current moderate recovery of the German economy makes the future of the flower market look a bit more promising.

Per capita consumption of cut flowers amounted to € 36 in 2005. There are approximately 6 EU countries where consumers spend more on cut flowers. The decrease by € 3 in per capita consumption compared to 2001 was largely caused by a decrease in the number of people purchasing flowers. 63% of the German population purchased flowers in 2001, while only 58% of them purchased flowers in 2004. Moreover, the average price paid for a bunch of flowers decreased (refer to Chapter 4 for more information on prices and price developments). A factor preventing further decrease in per capita consumption and total consumption was the increased purchasing frequency (from 8 times in 2001 to 10 times in 2004).

Germans associate flowers with beauty, lovely colours, bringing joy, festivities, nature and as signs of affection and love. It is a way of making the interior of houses more friendly, beautiful and cosy. Negative associations are high prices and short lifetime.

Flowers are the number one present in Germany. Candy/chocolates, money, wine and perfume follow in order of importance. Young people and men in particular relate flowers primarily to the giving of a present. However, young people have also come to associate flowers with a lack of inspiration and originality by the person giving the flowers, because of their traditional value as a gift.

**Figure 1.1 Occasions for purchasing flowers as gifts, 2003, share in %**



Source: Horticulture Commodity Board, 2005

Sales of lower-priced flowers in supermarkets have stimulated the purchases of flowers for own use.

### Product groups

- Mono-bunches account for 48% of the cut flower market, mixed bouquets (a bundle of mixed flowers and foliage) for 24% and compositions (decorative objects or arrangements made of flowers, foliage and other materials) for 31%.
- Within mono-bunches, Rosa is the leading cut flower purchased. Tulipa, Dianthus, Gerbera and Dendranthema follow in order of importance.
- Rosa and Dendranthema are the most popular flowers for funeral purposes and for putting on graves.

**Table 1.1 Top 10 flowers sold in Germany, 2003-2005, in % of sales**

	2003 (%)	2004 (%)	2005
1. Rosa	48.7	49.6	37
2. Tulipa	10.9	11.4	10
3. Gerbera	4.7	4.4	5
4. Dendranthema	4.5	3.7	5
5. Lillium	1.8	1.7	n.a.
6. Dianthus	6.4	6.1	n.a.
7. Amaryllis	2.5	2.6	n.a.
8. Orchid	2.5	2.3	n.a.
9. Narcissus	2.0	2.6	n.a.
10. Aster	3.3	2.7	n.a.

Source: Horticultural Commodity Board (2006)

### Market segmentation

- Elderly people contribute most to flower sales. A recent consumer survey showed that people older than 60 years account for no less than 44% of total flower sales in Germany.
- In 2004, the share of people purchasing flowers was significantly higher in (former) East Germany (68%) than it was in West Germany (55%).

### ***Trends in consumption***

- The German flower market appears to be saturated. In Germany, less and less people purchase flowers as their interest is shifting to other products. Furthermore, the average price of the flowers has been under pressure as a result of a slow economy and the general increase in discount outlets. However, as the German economy has lately been showing signs of recovery, demand for flowers is also expected to rise again.
- The number of companies purchasing cut flowers decreased from 26% in 1998 to 21% in 2002. The number of companies purchasing plants increased. This indicates a substitution of flowers by plants, which last longer and are often considered to offer more value for money.

## **Production**

### ***Total production***

Although Germany is the biggest market, it is only the fourth largest flower producer in the EU. Furthermore, the production of cut flowers declined by 3.5% annually between 1999 and 2004, amounting to € 270 million in the latter year. This was realised by 3,625 growers on 2,897 hectares.

The main products produced in Germany are Rosa and Dendranthema, followed at a distance by summer flowers and other cut flowers like Gerbera, Dianthus and bulb flowers like Tulipa and Narcissus. There is also some production of foliage for bouquet purposes.

Dendranthema and Rosa are mainly produced under glass. A specialty product produced by Germany growers is the so-called 'Freiland Roses' which are grown outside and are produced in the summer season. In the open area, summer flowers accounted for the major part of the production. The area under glass used for the cultivation of cut flowers has been decreasing since 2001. The open area used for the cultivation of flowers witnessed an increase. This shift is mainly the result of the high energy costs, particularly compared to The Netherlands which is one of Germany's neighbouring countries.

Major flower and plant producing regions in Germany are Nordrhein-Westfalen (2,330 ha), Niedersachsen (920 ha), Baden-Württemberg (887 ha) and Bayern (729 ha).

The German production covers approximately 20% of domestic demand.

### ***Trends in production***

- Shift from production in greenhouses towards production in the open.

## **Opportunities and threats**

The demand for flowers in Germany can not be answered by domestic production. Approximately 80% of consumption needs to be imported. Furthermore, the decreasing number of growers can be interpreted as a positive development for exporters in developing countries, as it means a smaller number of competitors. However, the slight decrease in production area and the stable production value indicate scale increases and more efficient production. In other words, competition has become smaller but stronger.

## **Useful sources**

- Horticulture association: <http://www.g-net.de>
- Horticulture information system: <http://www.hortigate.de>
- International Association of Horticulture Producers: <http://www.aiph.org>

## 2. Trade: imports and exports

### Imports

Germany is a key player in the trade of cut flowers and foliage. It is the largest EU importer of cut flowers and foliage, accounting for 25% of total EU imports. Its total imports decreased by 13% between 2001 and 2005, amounting to € 801.7 million in 2005.

Imports sourced in developing countries decreased at a slower pace; by 5% between 2001 and 2005, amounting to € 57.9 million in 2005. This signifies an import share of 7% which is still small compared to other EU countries. Germany sources its flowers in a large number of different developing countries. Its most important developing country suppliers are Kenya, Ecuador, Colombia and South Africa. However, each country only accounts for approximately 1% of German imports. Ethiopia, currently accounting for an import share of 0.4%, experienced the strongest relative growth for the period 2001-2005 (40% annually).

The main EU supplier is The Netherlands (88%), followed at a distance by Italy (2%). Both these countries saw their export decrease by 3% and 10% annually respectively. Note that supply from The Netherlands is approximately 42 times larger than that of the second largest supplier, Italy. However, a large part of exports from The Netherlands consists of re-exports, due to the country's strategic position in the EU.

In the period reviewed, imports of all species decreased, with the strongest decline in the imports of Dianthus (-7% annually), Orchids (-8%), Dendranthema (-8%) and 'prepared cut flowers' (-34 %). As can be seen in table 2.1, imports of 'other fresh cut flowers' account for more than half of German total imports.

**Table 2.1 Imports by Germany and leading suppliers to Germany, 2001 - 2005, € million / share in % of value**

Product	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)		Share in German imports
Total cut flowers and foliage	917.3	801.7	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (88), Italy (2). Israel (1). Kenya (1), Ecuador (1), Colombia (1), South Africa (1).	92% 1% 7%
Rosa	231	219.0	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (83), UK (11), France (10). Israel (1) Kenya (5), Ecuador (4) Ethiopia (1), Colombia (1), South Africa (1).	85% 1% 15%
Dianthus	44.5	33.5	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (70), Italy (6). Gaza (0.1). Colombia (20), Turkey (1), Ecuador (1).	77% 0.1% 23%
Orchids	16.0	11.4	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (89). Thailand (10).	89% 0% 11%
Gladiolus	2.9	2.4	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (97), Belgium (2).	100% 0% 0%
Dendranthema	52.0	36.6	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (97), France (1), Belgium (1).	100% 0% 0%
			Intra-EU:	The Netherlands (95), Italy (2).	98%

Product	2001 € mln	2005 € mln	Leading suppliers in 2005 (share in %)		Share in German imports
Other fresh cut flowers	509.1	470.4	Extra-EU excl DC: DC*:	Israel (1). Ecuador (0.3).	1% 1%
Prepared cut flowers	39.5	7.7	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (60), Italy (2). Australia (9). South Africa (17), India (6).	64% 10% 26%
Foliage	21.8	20.8	Intra-EU: Extra-EU excl DC: DC*:	The Netherlands (15), Italy (12), Poland (6). Germany (5). Australia (2). India (18), South Africa (16), China (14).	42% 3% 55%

Source: Eurostat (2006)

\*Developing Countries

### Imports by product group

Rosa, Dianthus, prepared cut flowers and foliage are probably the most interesting product groups for developing countries in terms of import share and value.

Imports of Rosa from developing countries decreased slightly by 1% annually between 2001 and 2005, amounting to € 32 million, signifying an import share of 15%. Kenya is the second largest supplier of Rosa to Germany (€ 11,1 million) after The Netherlands. Imports from Kenya decreased slightly by 2% annually for the period 2001 -2005. Ecuador, the third largest supplier of Rosa, saw its exports decline by 9% annually between 2001 and 2005, amounting to € 8.4 million in 2005. South Africa experienced the strongest relative growth (100% annually) amounting to € 2.5 million in 2005.

Imports of Dianthus from developing countries decreased by 9% annually between 2001 and 2005, amounting to € 7.7 million, signifying an import share of 23%. Colombia is the second largest supplier of Dianthus to Germany (€ 6.8 million) after The Netherlands, accounting for an import share of 20%. Colombia's supply of Dianthus to Germany decreased by 7% annually for the period 2001-2005. Turkey, now accounting for an import share of 1%, experienced the strongest relative growth for the period 2001-2005 (67% annually).

Whilst total German imports of 'prepared cut flowers' decreased by 34% annually, imports from developing countries increased by 6% annually between 2001 and 2005, amounting to € 2 million, signifying an import share of 26%. The change in the figures to more extra-EU sourcing can mostly be contributed to declining imports from The Netherlands, the leading supplier of 'prepared cut flowers' to Germany. Imports from The Netherlands decreased annually by 40% between 2001 and 2005. South Africa is the second largest supplier of 'prepared cut flowers' to Germany (€ 1.3 million), accounting for an import share of 17%. Its supply increased by 4% annually between 2001 and 2005. The largest relative increase was for India; its supply increased by 33% annually, signifying an import share of 6% in 2005.

Developing countries have a relatively large share (55%) in foliage imports, compared to the other imports. The Netherlands only has a 15% share in these imports. This is little, considering that its overall share accounted for 88% of total imports of cut flowers and foliage. Imports of foliage from developing countries increased by 9% annually between 2001 and 2005, amounting to € 11.5 million. India is the largest supplier (€ 3.8 million), accounting for an import share of 18%. India's supply of foliage to Germany increased by 9% annually for the period 2001-2005. South Africa, the second largest supplier of foliage, also experienced positive growth (6% annually) amounting to 3.3 million in 2005.

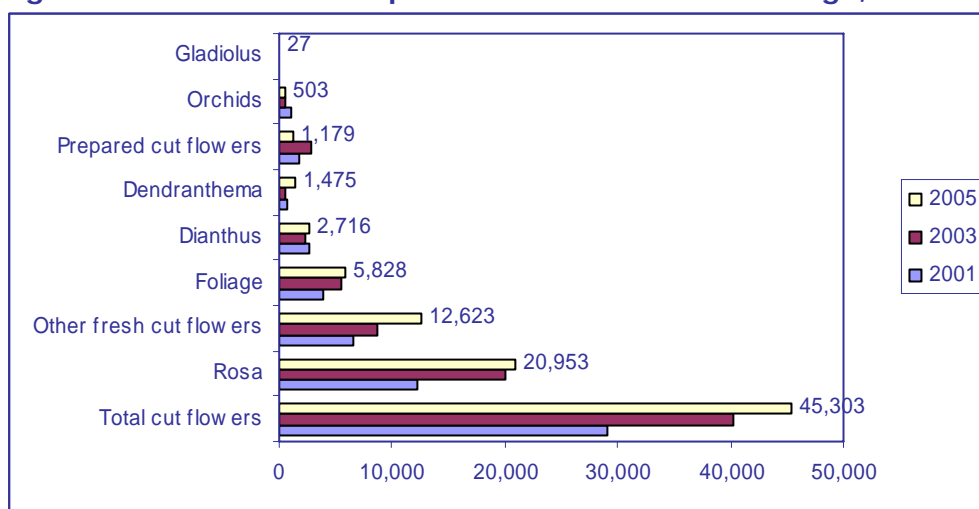


## Exports

Although Germany is still a strong net importer of cut flowers and foliage, it is one of the few EU countries that experienced strong growth in its exports of cut flowers and foliage between 2001 and 2005. Germany is the fifth largest exporter of cut flowers and foliage in the EU. Exports increased considerably by 56% between 2001 and 2005, amounting to € 45 million. The strongest relative growth was in exports to Russia; exports of cut flowers and foliage increased by a value of € 50 thousand in 2001 to € 2.2 million in 2005. Also, German exports to its leading consuming market Switzerland increased at a steady pace; from 3.3 million in 2001 to 9.1 million in 2005. Half of Germany's exports are destined for the neighbouring countries; Switzerland, Austria and The Netherlands.

As can be seen in figure 2.1, German exports are mainly composed of Rosa, with a share of 46%. The strongest relative growth was in 'other fresh cut flowers'. Exports of Gladiolus, Orchids and Dendranthema remain negligible.

**Figure 2.1 German exports of cut flowers and foliage, 2001-2005, in € thousands**



Source; Eurostat (2006)

## Opportunities and threats

It seems, based on the figures, that Germany is an interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:

- Germany is a key player in the EU trade in cut flowers and foliage, having the largest domestic consumption market and import market of the EU;
- Imports from developing countries remained stable between 2001 and 2005;
- Germany sources its cut flowers in a variety of different developing countries. Although these countries hold (up to this day) a small amount of the import share, significant annual growth was experienced for the smaller developing countries concerned (India, China, Ethiopia, Zimbabwe, Turkey).
- The German auction Landgard is interested in attracting more supply from developing countries, particularly from Africa. Supplying via the German auction Landgard offers interesting opportunities for developing country suppliers.
- Major German import companies which import directly and supply regional wholesalers, wholesale markets and retail chains also offer opportunities.

## Useful sources

- EU Expanding Exports Helpdesk: <http://export-help.cec.eu.int>  
Go to: trade statistics.
- Eurostat (official statistical office of the EU): <http://epp.eurostat.cec.eu.int>  
Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' -

'external trade - detailed data'.

### 3. Trade structure

#### Trade channels

Nearly half of German production is directly supplied to wholesalers and large retailers. The major volume of imported cut flowers and foliage is distributed either by German wholesalers or by Netherlands export wholesalers to the retail trade. These wholesalers are partly located at traditional wholesale markets, which are spread out amongst almost all the main cities (Hamburg, Berlin, Düsseldorf and Cologne). The Verband Deutscher Blumengrossmärkte consists of 14 wholesale markets. Products sold by growers and wholesalers in these markets mainly aim at regional florists. The major German import wholesalers are large enterprises and mostly situated near Frankfurt, due to the importance of its airport in the physical distribution of flowers. The airport of Frankfurt has centre for perishables where the cut flowers and foliage are held until further transport.

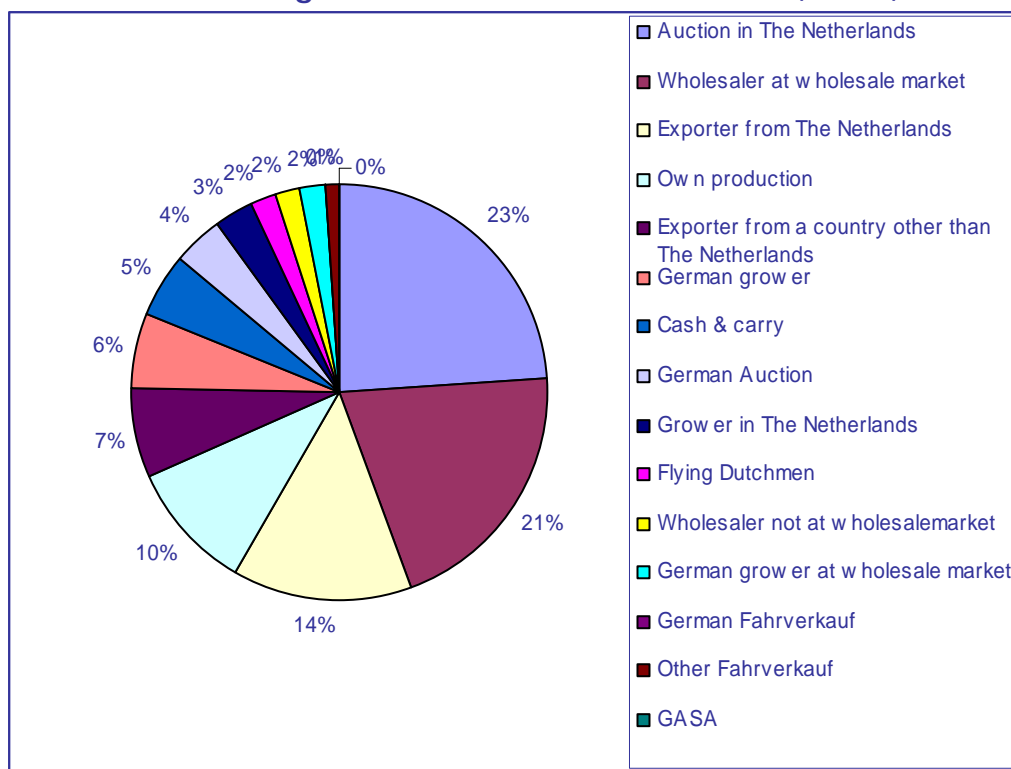
The predominance of approximately 400 wholesalers in Germany trading cut flowers and foliage is noteworthy. They are well organised and well informed and they are mainly focused on imports. Moreover, they are increasingly expanding their services, in cooperation with branch organisations, to include marketing concepts and training for retailers.

Nevertheless, the average size of German importers has decreased significantly since 1997. In 2002, only 17 of 715 companies importing from The Netherlands had a turnover of over € 1 million. Many large importers have gone bankrupt. At the same time, a number of smaller importers started up new businesses.

It is therefore obvious that, when targeting the German market, exporters should seek long-term business relationships with serious and qualified German importer wholesalers.

Major wholesalers in Germany are: Florimex in Neurenberg, Straelener Blumen Großhandel in Straelen-Herongen, Akkus Blumen und pflanzen in Berlin, Blumen Schroter in München and Rosen Heitman in Hamburg.

Total wholesale in flowers is worth about € 2.1 billion annually. The main buyers of flowers from wholesalers are approximately 17 thousand florists. Other buyers are grocery shops, supermarkets, street vendors and markets and garden centres.

**Table 3.1 Purchasing channels of German wholesalers, 2002, share in %**


Source: Horticultural Commodity Board (2002)

The president of the German association of flower wholesalers and import trade estimates a 1.8% expansion of the sector in 2006. Most of this expansion was realised in the first half of 2006 when average growth in wholesale trade was 7.8%. The expansion is expected to slow down in 2007, when an expansion of only 1.2% is estimated.

Compared to The Netherlands, only a small percentage of flowers produced in Germany is sold via the auction. Nevertheless, because of its increasing role as an auction where international produce is traded, the German auction organisation deserves special attention. Landgard, previously NBV-UGA, had a total turnover from flowers and plants of € 820 million in 2005, of which flowers accounted for about one fifth. The auction has also developed 29 so-called 'Abholmärkte' (cash-and-carry) in Germany, one in Vienna (Austria) and another one in Prague (Czech Republic). This number is expected to increase further. To complement its assortment, Landgard also imports cut flowers and foliage from the main non-European supplying countries.

## Retail trade

**Table 3.1 Share of retail in Germany, % of total sales, 2000-2004**

	2000	2001	2002	2003	2004
Florists	63	60	57	54	51
Growers	13	14	16	16	16
Supermarkets	10	11	12	14	15
Street and market	8	8	8	8	8
Garden centres	3	4	4	4	5
Others	3	4	3	4	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Flower Council of Holland (2005)

Distribution at the retail level is characterised by the predominance of florists. There are some 14,500 florists in Germany. They are the main source of flowers and bouquets which are



purchased to give away as presents. The leading organisations in which many florists are organised are Fleurop and Fachverband Deutsche Floristen (FDF). Fleurop, together with the Flower Council of Holland, aims at expanding the institutional market. FDF mainly organises trainings and helps to develop trends in flower arrangements. With a market share of only 15%, the importance of supermarket chains like Tengelmann, Metro, Edeka and Rewe is still modest.

**Table 3.2 Share in the plant market of a number of supermarkets selling plants, 2002-2004, % of value**

	2002	2003	2004
Aldi	4.5	4.5	5.4
Rewe	2.1	2.1	2.3
Edeka	1.3	1.8	2.0
Tengelmann	0.8	1.0	1.1
Metro	0.9	0.9	1.0
Markant	0.9	0.6	0.8
Spar	0.5	0.5	0.6
Others	89.0	88.6	86.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Flower Council of Holland (2006)

### Trends

Traditional wholesalers are currently facing hard times. Many have already gone bankrupt, especially large importers. Wholesalers need to expand their services to justify their value in the market. These services are mainly aimed at retailers.

The share of supermarkets in the retail trade has been growing steadily since 2000. This is mainly due to the importance of the price criterion for German flower consumers. The lower prices in the supermarkets have encouraged consumers to buy their flowers increasingly at supermarkets instead of florists. Do-it-yourself-shops, with their large scale discounts, profit from the 'Geiz ist geil' (cheap is cool) trend too. Another factor contributing to the growing market share of supermarkets is the 'one-stop-shopping' concept. The convenience of buying flowers while shopping for groceries lowers the barrier to purchasing.

### Useful sources

- Landgard: <http://www.landgard.de>
- Lebensmittel zeitung (ranking of main supermarkets): <http://www.lz-net.de/rankings/handeldeutschland/>
- Fleurop: <http://www.fleurop.de>
- Fachverband Deutsche Blumisten: <http://www.fdf.de/>
- Marktgemeinschaft Blumengrossmarkt Hamburg e.G.: <http://www.blumengrossmarkt-hh.de> (Importer of cut flowers and pot plants)
- Association of the German Flower Wholesale and Import Trade (BGI): <http://www.bgi-ev.com>
- Zentralverband Gartenbau e.V. (ZVG): <http://www.zvg-bonn.de>
- Landgard: <http://www.landgard.de>

## 4. Prices and margins

### Prices and margins

Due to the economic slowdown and lower purchasing power, consumers have spent less on flowers. They did not only purchase less flowers, they also spent less on the flowers they bought.

Another related development is the growing market share of discount supermarkets. Discount supermarkets focus on offering products against very low prices.

All these factors has led to devaluation of flowers in general. The average price of flower bunches decreased steadily from € 5.28 in 2001 to € 4.60 in 2004. However, the image of flowers has not deteriorated and this can lead to positive price developments when purchasing power increases again.

#### Useful sources

A few European organisations publish prices for finished plants on a regular basis. ITC in Geneva collects prices at the wholesale level on EU markets and publishes a weekly bulletin. The German auction Landgard publishes some of its prices in their annual report. These prices should be seen only as indicative for the products traded in Germany and are an average of the different sizes traded. The International Association of Horticultural Producers (AIPH) publishes information on prices and trends of plants in their statistical yearbook.

- ITC Market News Service (MNS): <http://www.intracen.org>
- Landgard: <http://www.landgard.de>
- International Association of Horticultural Producers: <http://www.aiph.org>

## 5. Market access requirements

As a grower in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German 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

#### Legislative requirements

Adherence to national legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements which are applicable to your products. For information on legislation for the market for cut flowers and foliage, go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

#### Non-legislative requirements

Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to the market for cut flowers and foliage, go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

#### Packaging, marking and labelling

In general, the requirements for packaging, marking and labelling should be determined in cooperation with the buyer or auction.

Refer to the market survey 'The market for cut flowers and foliage in the EU' for more information on packaging, marking and labelling.

#### Tariffs and quota

Tariffs and quota applicable in Germany are the same as for the EU. Information regarding these market requirements can be found in the CBI market survey covering the EU market. The general VAT rate in Germany was 16% as from February 2006, but it will be increased to

19% as of January 2007. However, the VAT rate generally applied to plants is 7%. Former plans to increase this rate have not been executed.

## 6. Business practices

For general information on business practices, exporters should refer to the CBI market survey covering the EU market, CBI's Export Planner and CBI's Image Builder manual.

### Selecting a suitable trading partner

Finding a trade partner in Germany should not deviate from the general EU method as described in the CBI market survey covering the EU market. Their preferred mode of looking for new suppliers is through trade fairs, through recommendations or sometimes by visiting the country of interest. The most common ways for developing country exporters to approach German customers are through direct (e)mail, personal visits as follow up, inviting potential German customers to visit them, building a network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage, the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

### Coming to terms with your trade partner

As in the rest of Europe, both general and specific offers are common in Germany. Therefore, common practices as detailed in the CBI market survey covering the EU market apply. When establishing an overseas price for your products, factors involved are: competition; costs such as production, packaging, transportation and handling, promotion and selling expenses; the demand for your product or service and the maximum price which the market is willing to pay. Conformity to market prices depends on the product's novelty. How you price your product is worth a good deal of thought and effort, since it directly affects your ability to make a profit.

The most commonly used terms in the flower trade are *open account* and *payment in advance*. Selling on open account carries the greatest risk for the exporter. Sometimes, initial export shipments are partly pre-paid before the products are shipped. In the case of co-operation agreements with overseas companies, payment terms could also include periodical payments.

Export terms of sale which determine costs are covered in the price of the cargo, at what point ownership transfers to the buyer and at what point responsibility for the cargo is transferred. The most commonly used terms of sale are FOB (Free on Board), CFR (Cost and Freight) and CIF (Cost, Insurance, Freight). Special attention should also be given to contract fulfilment in reference to contingencies which might occur while the sale order is being processed, shipped etc.

### Cultural differences

A profound knowledge of the German business culture is one of the main keys to a durable relationship. In spite of all modern communication tools, the personal relationship with a trading partner often decides a durable co-operation. The general business culture in Germany is described below:

- Germans are formal and never use first names.
- They like to be addressed by Herr (Mr.), Frau (Mrs) or Fraulein (Ms) and their last names; it is important to check beforehand whether your counterpart has a title: in this case titles should be used also: Herr Doktor Schmidt or Frau Ingenieurin Albrecht.
- The first impression is important when doing business with a German business. Smart clothing, use of language, showing respect and well-prepared presentation material backed up by sufficient statistical information are all important.
- German purchasers like to come quickly to the point and are well prepared for the meeting; as they want to eliminate uncertainties as much as possible, they will ask a lot of details.

- Offer your German counterpart 'certainties': assurances, guarantees, references to check you and your company out; company background, expertise and track record are very important elements for Germans in their search for certainties.
- Solid knowledge of markets and products are key to credibility.
- Knowledge of the position of the contact person is necessary to understand this person's responsibilities.
- Hierarchical differences are stronger than in most other northern European countries and are to be respected.
- Dress correctly and formally; avoid flashy and contrasting colours and expensive watches, rings, bracelets, etc..
- Come strictly on time; German purchasers usually have very tight schedules and many meetings on one day; they usually inform you how long the meeting will last and the points they want to cover.
- They require detailed planning and concrete arrangements and expect you to adhere to them; prepare yourself in detail for this meeting: mistakes or inability to reply to questions will not be tolerated and mean the end of a possible business relationship.
- Try to get friendly with the secretaries; they have a lot of influence in scheduling the appointments for their bosses; here again, never address them by their first names.

Many sources on business practices and culture can be found on Internet, such as <http://www.communicaid.com/germany-business-culture.asp>. Please keep in mind that the above concerns general remarks and, therefore, in conducting business use your intuition and an understanding attitude.

### Sales promotion

Common practices of trade promotion should not differ considerably from other European countries. Although most Germans are able to speak English, it is of course preferable that export/sales personnel of your company is capable of speaking some German. In general, good care should be taken of existing contacts, by using prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Visiting and participating in a trade fair can be an efficient tool for communicating with prospective customers or even trading. It can also be an important source of information on market developments, production techniques and interesting varieties.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the horticultural sector.

Please refer to CBI's Export planner and Your image builder for more information on this subject.

### Trade associations

- BGI (Association of the German Flower Wholesale and Import Trade): <http://www.bgi-blumen.com>
- Zentralverband Gartenbau e.V. (ZVG) (German growers association): <http://www.zvg-bonn.de>
- Fachverband Deutscher Blumisten (FDF) (German florists association): <http://www.fdf.de/>

### Trade fairs

- IPM: <http://ipm.messe-essen.de> (International Plant Show is held every January or February in Essen, Germany. The show features plants, but also cut flowers and horticultural equipment and is the largest show of its kind in the world).
- Hortec: <http://www.hortec.de> (Trade fair focused on cultivation equipment)
- IFLO: <http://www.messe-essen.de> (Trade fair for florists)

- IGW, International Green Week: <http://www.fair.gruenewoche.de> (International exhibition for the food, agricultural, and horticultural industries)

*Trade magazines*

- TASPO: <http://www.taspo.de>
- Deutscher Gartenbau (DEGA): <http://www.ulmer.de>
- Grüner Markt: <http://www.ulmer.de>
- CAMPOS: <http://www.campos-net.de>
- Florist: <http://www.florist.de>
- ZVG Gartenbau Report: <http://www.g-net.de>
- Floristik International: <http://www.ulmer.de/artikel.dtl/fi>

This survey was compiled for CBI by ProFound – Advisers in Development and Milco Rikken of ProVerde.  
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