## CBI MARKET SURVEY

# THE CUT FLOWERS AND FOLIAGE MARKET IN SLOVENIA

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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 Slovenia. 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

- Slovenia is a small country and has only 2 million inhabitants. Naturally, the market for cut flowers and foliage is small compared to other West European countries. The value of the Slovenian market amounted to only € 47 million in 2004. Note that this is much less than in 2003 when it still amounted to € 58 million.
- Although Slovenia is a small market compared to most West European markets, the consumption of flowers is considerable, compared to many other Eastern European countries. This is mainly the result of the high average expenditures per person of € 24 per year (In Poland for instance, the average expenditure on flowers per person amounts to only € 3 per year). The high penetration of flowers in the Slovenian market (65%) also adds to high overall consumption. The downside of the high level of per capita consumption and market penetration is that there is little room for further growth. The market is nearer to saturation than other East European countries. The future outlook is consequently, less positive. However, small increases in consumption are still expected.
- On average, consumers purchase flowers 11.7 times a year: 5.4 times as a present, 3 times for own use and 3.3 times for graves.
- Presentation, colour, quality and price are of equal importance to Slovenian consumers when they purchase flowers for personal use. When purchasing flowers to give them away, presentation and freshness are of slightly more importance than the other characteristics.
- The most popular flowers are Rosa, Dianthus, Tulipa, Gerbera, Narcissus and Orchids.

### Production

- Within former Yugoslavia, Croatia and Macedonia were the two main areas were flowers were produced. Already in those years, flower production in Slovenia was very moderate. This has not changed much since then. The current total production of cut flowers amounts to an estimated € 4 million per year.
- In 2000, there were 264 small private-owned growers working on 18 hectares of land, of which approximately half was protected under plastic or glass. In 2003, there were only 233 growers left, working on 10 hectares of land. The decrease is partly due to the switch to plant production by a number of growers.
- The most important cut flowers produced in Slovenia are Dendranthema and Gladioli, followed at a distance by Rosa.

### Trends

- The product assortment sold in the Slovenian shops is clearly broadening.
- Consumers are increasingly purchasing more exclusive and expensive flowers.

**Opportunities and threats**

- There is a higher demand for less traditional flowers, which often come from abroad.
- The gap between demand and supply caused by decreasing domestic production of flowers needs to be filled by imports.

**Useful sources**

- Slovenian Chamber of Commerce: http://www.gzs.si/eng/

## 2. Trade: imports and exports

**Imports**

- Slovenia is one of the smallest EU importers of cut flowers and foliage, accounting for 0.3% of total EU imports. Its total imports decreased by 8% between 2001 and 2005, amounting to € 9 million in 2005.
- Slovenia's main suppliers are The Netherlands (88%), Germany (6%) and Italy (4%).Together these three countries basically supply total cut flower demand.
- Consequently, developing countries play hardly any role in the supply of cut flowers. Furthermore, their supply decreased by 39% annually in the period 2001-2005, amounting to € 114 thousand in 2005. This signifies an import share of 1.3%. This share is mainly accounted for by India (0.8%).
- China accounts for 7% of Slovenian demand for prepared cut flowers, amounting to € 9 thousand. India accounts for 18% of Slovenian demand for foliage, amounting to € 68 thousand in 2005.
- The largest product groups imported into Slovenia were 'other fresh cut flowers' valued at € 3.9 million and Rosa, valued at € 2.6 million in 2005.

**Exports**

- Slovenia's exports of cut flowers and foliage is among the smallest of the EU. Just as for many other smaller EU markets of cut flowers and foliage, Slovenia's exports experienced rapid growth in relative terms between 2001 and 2005. Its exports increased by 885% in the period revised amounting to € 145 thousand in 2005. Slovenia is a net-importer of cut flowers.
- Slovenia's exports are mainly composed of foliage (€ 93 thousand).
- Slovenia's exports are destined to its neighbouring countries Croatia, Bosnia Herzegovina, Serbia and Montenegro.

**Opportunities and threats**

Slovenia is not an interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:

- The cut flowers and foliage market is among the smallest of the EU and imports are not increasing.
- Developing countries hold a negligible share in Slovenia's imports, furthermore this share decreased considerably between 2001 and 2005.

**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
- Slovenian Statistical Bureau: http://www.sigov.si/zrs/

## 3. Trade structure

- There is no physical market space where wholesalers gather in Slovenia. Growers sell their products directly to individual wholesalers or retailers. The wholesale sector consists of approximately 40 wholesalers. Many of them were formerly state-owned enterprises and are active on the wholesale as well as the retail market.

- One of the larger local companies active in floriculture is Gardenia. This company is based in Ljubljana, owns about 20 own flowers shops and imports most of their products directly from The Netherlands.
- Gardenia: http://www.informacija.net/podrobno.asp?narocnik=1481&jezik=EN
- Florists dominate the retail market in Slovenia with an 85% market share. Supermarkets account for 4% of total sales, however, their market share is growing.

## 4. Prices

- As in many other countries, The Netherlands auctions set the price for most flowers sold in the Slovenia, particularly, because many of the flowers traded in Slovenia passed through the auction system or have been supplied by Netherlands wholesalers. Refer to the VBN statistical yearbook for average prices paid for the products auctioned: http://www.vbn.nl.
- The number of supplying companies active in the Slovenian floriculture sector is increasing. Netherlands exporters have established their links with the local wholesale and retail. But also Israeli, South American and some African exporters are establishing trade links. As a result, prices have come under pressure and are mostly in line with surrounding countries.
- Producer prices of flowers and ornamental plants increased by 4.5% annually between 2000 and 2005. Consumer price increases are slowing down from 15% in 2000 to 4% in 2006.
- The average retail price paid for flowers as gifts was € 11 in 2004. The average retail price for flowers for personal use was € 6.50.

## 5. Market access requirements

- Manufacturers 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 Slovenia is 20%. The VAT rate generally applied to flowers is also 20%.
- For more information go to 'Search CBI database' at http://www.cbi.nl/marketinfo

## 6. Business practices

*Trade fairs*
- Flora Garden & Flower Show: http://www.ce-sejem.si/show_sejem.php?cid=1_21_45&l=1

*Trade press*
- Vrtnar: http://www.vrtnar.com

This survey was compiled for CBI by ProFound – Advisers in Development in collaboration with Mr. Jan Lanning.