

CBI MARKET SURVEY

THE PLANTS AND YOUNG PLANT MATERIAL MARKET IN DENMARK

Publication date: September 2006

**Introduction**

This CBI market survey gives exporters in developing countries information on some main developments on the plants and young plant material market in Denmark. The information is complementary to the information provided in the CBI market survey 'The plants and young plant material 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**

- The Danish plant market was worth € 236 million in 2005. The value of the market decreased by 4.8% compared to the previous year in which the Danish plant market experienced the highest sales ever. It is uncertain what impact this decrease will have on future sales. Both per capita consumption and market penetration are among the highest in the EU and will be difficult to increase any further. Per capita consumption was € 44 in 2005 and the penetration level was 80%. Note that per capita consumption was surpassed by per capita consumption levels in Belgium and Sweden.
- Even though the Danish population already spends a lot on flowers, the prognosis for the period 2005 – 2009 is still positive. The Flower Council of Holland estimated an increase to € 274 million with a per capita consumption of € 51. However, it will require new impulses to realize this growth.
- In 2003, around 61% of plants was bought for personal use. 36% was given as a present. In this latter segment, 42% is given during visits, 20% for birthdays and 8% without any special occasion. Important occasions in other countries, such as Mother's Day and Christmas are less prominent in Denmark. Funerals are not an occasion for which Danes normally buy plants.
- The most important buyer segments are those older than 50 years.
- As for the institutional market, 86% of Danish companies buys plants. 81% has foliage plants and 45% has flowering plants.
- Plants are bought because companies believe they improve air quality and enhance productivity by offering a better working atmosphere. Time used to care for plants is a major barrier for companies to consider buying plants.
- The beginning and end of the year are the times when sales of plants are highest.
- Flowering plants are especially popular in Denmark. Flowering plants account for 66% of expenditures on plants, foliage plants account for 20%, potted bulbs for 9% and compositions for 5%.

**Table 1.1 Top 10 flowering/foliage plants in Denmark, 2002 – 2003, market share in %**

	Flowering plants			Foliage plants	
	2002 (%)	2003 (%)		2002 (%)	2003 (%)
Orchid	8	13	Hedera	17	17
Kalanchoe	12	12	Cactus	8	10
Potted Rosa	6	10	Dracaena	3	2
Azalea	9	10	Spathiphyllum	3	2

	Flowering plants			Foliage plants	
	2002 (%)	2003 (%)		2002 (%)	2003 (%)
Poinsettia	10	9	Fern	3	2
Dendranthema	11	6	Palm	2	2
Primula	5	5	Zamioculcas	2	2
Begonia	7	4	Yucca	0.2	1.3
Cyclamen	5	4	Ficus	0.4	0.1
Tagetes	2	1	Other	62	61
Bouvardia	n.a.	0.4			
Anthurium	0.1	0.2			
Bromelia	n.a.	0			
Other	27	29			
<b>Total</b>	<b>100</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>100</b>

Source: GfK Denmark (2005)

- According to a number of importers interviewed, Northern European countries tend to import tropical plants more for the purpose of placing them indoors. This is in contrast to, for instance, Mediterranean countries where they are often used as outdoor plants to brighten up gardens. In the North of Europe, it is too cold during the winter for most tropical plants to survive outside.

### Production

- Denmark is the fourth largest plant producer in the EU. The value of Danish plant production was € 317 million in 2004. In 2002, the production of pot plants was realised on 3,029 hectares under glass and the production of perennial plants on 420 hectares under glass. Please note that these figures are not directly comparable to those of other countries, there are as differences in measurement of production area between countries. The area for the production of plants in open air was around 800 hectares between 1993 and 1999. Many growers of foliage plants have been switching to flowering plants. As a result, the area for foliage plants is decreasing, while the area for flowering plants is increasing.
- Overall, the production of plants is decreasing. It decreased by 3.9% between 2001 and 2004. The number of growers under glass decreased from 722 to 635 between 1999 and 2002. It is estimated that the number of companies will further decrease in the coming years, while the area under production remains stable. These developments indicate scale increases by surviving companies.
- The major production area for pot plants is the island of Funen and the area around the western city of Aarhus. Perennial plants are mainly produced on Funen and the Eastern Isles.
- Traditionally, Danish growers are specialised in growing traditional varieties of small flowering plants.
- The leading product cultivated in Denmark is the pot Rosa. In 2004, pot Rosa represented a total area of 26.6 hectares. In 2005, however, the area decreased to 20 hectares because a number of growers reduced their area under cultivation of pot Rosa.
- Many of the larger modern companies have invested in technology to increase efficiency. There are however also smaller companies which are specialised in growing high-quality niche products.
- Increasing costs of energy (heating) are a major burden for Danish plant growers.
- An increasing number of Danish plant growers organise themselves into growers associations. The two biggest growers associations in Denmark are Living Colours and Group Unique.

### Trends

- The Danish consumption pattern is changing. More expensive special plants, particularly flowering plants, are increasingly favoured over cheaper mass products.

- Orchids, potted Rosa and Cactus have become more popular in recent years. Ficus has become much less popular than in 1998.
- Danish plant producers are under heavy pressure to remain competitive. The weakest growers disappear and the strongest increase their scale.

### Opportunities and threats

- The decrease in consumption of the Danish market is a threat to suppliers to this market. With fewer increases in market space, the competition for the consolidation of market shares becomes fiercer.
- Opportunities are created by the previously mentioned change in consumption pattern. Danish people spend high amounts on plants and want special flowering plants in return.
- As a result of the consolidation of the market, the remaining growers offer fiercer competition for other players on the market. Developing country producers are least threatened when they supply products in which the Danish producers have not specialized.

### Useful sources

- Website listing Danish sales organisations and growers: <http://www.floradania.dk>
- Danish Agricultural Council: <http://www.landbrugsraadet.dk>
- Living Colours: <http://www.livingcolours.dk>
- Group Unique: <http://www.group-unique.com>
- Gasa Group: <http://www.gasagroup.com>

## 2. Trade: imports and exports

### Imports

- In 2005, Denmark imported plants and young plant material worth € 83 million. The volume of imports amounted to 24 thousand tonnes. The value of imports increased by 5.2% since 2001. Compared to the imports by other EU countries, Denmark ranks 9<sup>th</sup>. Most growth was realised by imports of outdoor plants other than perennial plants and foliage plants.
- The leading product groups imported were flowering plants, foliage plants and rooted cuttings. Together they account for 80% of total imports. Compared to 2001, imports of outdoor plants other than perennial plants increased from a 3% import share to an 8% market share. The import share of flowering plants decreased slightly.
- The Netherlands strengthened its dominant position in the Danish plant market. Supplies from this country to Denmark increased by 25% between 2001 and 2005. This resulted in 5% more market share to a total of 67% of total plant imports by Denmark. Although imports from Germany decreased by 17% in the period reviewed, Germany remained the second leading supplier to Denmark. Germany significantly increased its supplies of outdoor plants other than perennial plants.
- Developing countries also have some market share. Leading developing country suppliers of unrooted cuttings are Brazil (5%), Kenya (4%), Vietnam (1%), Sri Lanka (1%), Madagascar and Thailand. These countries expanded the total share of developing countries in supplies of unrooted cuttings from 9% in 2003 to 16% in 2005. Leading developing country suppliers of rooted cuttings are Costa Rica (3%), Guatemala (2%) and China (1%). Leading developing country suppliers of foliage plants are Thailand (1%) and China (1%).

### Exports

- Denmark exported plants and young plant material worth € 301 million in 2005. The volume of exports amounted to 71 thousand tonnes. Denmark is the second exporter of the EU measured in value. Its exports consist for 64% of flowering plants and for 22% of foliage plants. Exports of flowering plants and foliage plants decreased by 4.5% and 5.7% annually respectively between 2001 and 2005. The other plant products account for the remaining 14% of plant exports.
- Although many producers of foliage plants are switching to flowering plants, the exports of flowering plants decreased most between 2001 and 2005. This indicates that the increased local supply of flowering plants has been directed to the increasing local demand.

**Opportunities and threats**

- Denmark is largely self-sufficient. It is a leading exporter of plants and only imports plants to complete the assortment. The imports of young plant material are needed to supply the growers with input material. This is an attractive situation for developing countries which mostly supply young plant material.
- The Danish market for flowering plants and, to a lesser extent, for foliage plants is largely supplied by domestic producers. Nevertheless, Denmark still imports significant amounts of these products.

**Useful sources**

- Det Danske Handelskammer Borsen (Danish Chamber of Commerce): <http://www.commerce.dk/>
- 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**

**Wholesale level**

- Denmark has a closed distribution structure. Almost all plants are distributed by the wholesale market of Copenhagen (KGT, Københavns Engros Grønttorv) and the wholesale co-operations, or Gasa. KGT trades in fruit, vegetables, flowers and plants. Larger wholesalers on this market are becoming more important and it is expected that the number of wholesalers will decrease from the present 55 to about ten. Some niche players will continue to operate on KGT.
- There are also wholesale markets near other bigger cities. In general, these wholesale markets function as a supply market to local flower shops. Companies offering products on the wholesale markets are typically Danish wholesalers and Netherlands export companies, but also local growers.
- Approximately 50 to 60% of the locally produced pot plants are marketed via Danish sales organisations like Gasa and exporters like Bøg Madsen. About 50 Danish growers supply their products via the Netherlands auctions.
- The two largest wholesale co-operations, of Aarhus and Odense, have merged to form by far the country’s largest player in the plant trade. They are also highly active in exports. Their total turnover reached € 300 million in 2004. Other co-operations are located in Aalborg, Holserbro and Kolding. Together, co-operations represent an estimated 60-70% of Danish production.
- The European market for tropical young pot plant material is for a large part dominated by Netherlands importers. Denmark and other Scandinavian countries are an exception. The Danish company Gasa Young Plants which also imports young pot plant material has an estimated 80-90% market share in the Scandinavian markets. Gasa imports mainly from Central America, but also from China, Taiwan, Sri Lanka and other countries.
- A number of “Flying Dutchmen” (Netherlands wholesalers supplying directly from their trucks) are active on the Danish wholesale market and Danish wholesalers are also increasingly adapting this method.

**Retail level**

- Supermarkets are the leading retail channel in Denmark. Their share in the plant market was 65% in 2003. Florists are the second major retail channel.

**Table 3.1 Market shares of retail channels, 2002 - 2003, % of value**

	Flowering plants		Foliage plants	
	2002	2003	2002	2003
Florists	14.2	17.3	16.7	19.5
Street / Markets	2.8	2.6	2.3	1.3
Garden Centre	5.7	6.6	7.5	9.6

Supermarket	71.1	69.1	67.4	64.9
Other	5.1	4.5	6.1	4.7

Source: GfK Denmark (2005)

- The Danish retail structure has some distinct features in comparison to other European countries. Firstly, even compared to the UK, the market share of supermarkets is exceptionally high. Leading supermarkets are Bilka/A-Z, Fotex, SuperBrugsen and Kvickly. The market share of supermarkets in value terms has been steadily decreasing and is expected to remain around the current level.
- Secondly, Denmark is one of few countries in Europe where the market share of florists is growing. This is the case for both flowering and foliage plants. However, the market share of Denmark's 1,100 florists is one of the lowest of the countries discussed. Danish florists increasingly focus on offering service, product quality and expertise, to distinguish themselves from supermarkets and garden centres.
- The importance of garden centres is relatively limited in Denmark. The country has 180 garden centres. However, especially for indoor plants, this channel is expected to show further growth; largest are Bo Grønt, Planteskole Ringen and Gronne Denmark.

#### 4. Prices

- Between 1998 and 2003 there was a significant increase in prices of both flowering and foliage plants. The price increase for flowering plants amounted to € 0.37, or 16%. The increase in prices for foliage plants was much higher at 67%.

**Table 4.1 Average price per plant (€), 1998-2003**

	1998	1999	2002	2003
Flowering plants	2.26	2.28	2.50	2.63
Foliage plants	2.08	3.21	3.44	3.47

Source: Flower Council of Holland (2005)

#### 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 International Association of Horticultural Producers (AIPH) publishes information on prices and trends for plants in their statistical yearbook.
- ITC Market News Service (MNS): <http://www.intracen.org>
- International Association of Horticultural Producers: <http://www.aiph.org>

#### 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.
- For more information, go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>
- Website of the Danish Plant Directorate, part of The Danish Ministry of Food, Agriculture and Fisheries: <http://www.plantedir.dk>

#### 6. Business practices

##### Trade associations

- Dansk Erhvervsgartnerforening (DEG): <http://www.deg.dk>
- PpP (Danish pot plant grower association): <http://www.prydplanter.dk>
- Begonia Klubben (Begonia growers): <http://www.begonia.dk>
- Danpot A/S (communication centre between growers and wholesalers): <http://www.danpot.dk>

- Dansk Gartneri: <http://www.danskgartneri.dk>

*Trade fairs*

- Dan-Gar-Tek (International trade fair for cultivation technology): <http://www.dan-gar-tek.dk>

*Trade press*

- Flora Dania Magazine: <http://www.floradania.dk/magasin.po>
- Gartner Tidende: [http://www.deg-greenteam.dk/gartner\\_tidende/](http://www.deg-greenteam.dk/gartner_tidende/)
- Danske havecentre: <http://www.danskehavecentre.dk>

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

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