CBI MARKET SURVEY

THE PLANTS AND YOUNG PLANT MATERIAL MARKET IN POLAND

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 Poland. 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
- Poland, with its 38.2 million people and a total area of 312,700km^2, is the biggest country among the new European member states. Moreover, it has a relatively large plant market compared to the other EU countries. The Polish market for plants was worth € 97 million in 2005 and ranked 12th in the EU25. The value of the market decreased by 13% since 2001 after a long period of growth. This was mainly due to the disappointing economic performance of the country in preceding years.
- Nevertheless, the plant market is estimated to be worth € 154 million in 2009. Two factors used for this estimation are the expected increase in welfare and the recovery of consumer confidence.
- Per capita expenditure on plants is low in Poland. It amounted to € 3 in 2004. In the two years before, per capita consumption amounted to € 2.76 and € 2.39 respectively.
- Penetration levels remain low. Only 48% of Polish households purchased plants in 2004 compared to 70-80% in West-European countries.
- Plants are most often purchased for graves (41%). Plants for personal use account for 27% of total expenses on plants, while plants as gifts account for 32%. There are numerous special occasions presented by Polish culture. Name Days are celebrated throughout the year, creating spread demand. Other important gift days are: Valentine's Day, Mother's Day (26 May), the end of school year (around 20 June), All Soul's Day (2 November) and Teacher's Day (14 October). A typically stagnant trade period is between 1 and 21 January (Grandmother's Day), but March is one of the best months for flower sales. Many Name Days are celebrated in March, as is Women's Day (8 March).
- Flowering plants accounted for 84% of consumer expenses on plants in 2004. This share increased by 2% since 2001.

Table 1.2 Top 10 flowering/foliage plants in Poland, 2003 - 2004

	Flowering plants			Foliage plants	
	2003 (%)	2004 (%)		2003 (%)	2004 (%)
Dendranthema	44	44	Fern	18	13
Rododendron	4	8	Ficus	8	11
Euphorbia pulcherrima	5	6	Dracaena	12	11
Begonia	5	5	Coco Palm	15	9
Cyclamen	5	5	Hedera	5	5
Begonia	5	5	Yucca	6	4

	Flowering plants			Foliage plants	
	2003 (%)	2004 (%)		2003 (%)	2004 (%)
Rosa	9	5	Codiaeum	3	2
Primula	4	2	Calathea	1	2
Impatiens	2	2	Dieffenbachia	3	1
Aster	0	0	Schefflera	3	1
Other	23	21	Other	26	41
Total	**100**	**100**	**Total**	**100**	**100**

Source: GfK Poland (2005)

Production

- Poland has a strong tradition in flower production. In the 1970s and 1980s, greenhouse production flourished in Poland, particularly cut flowers like Dianthus, Gerbera and Rosa being cultivated. With the fall of communism in 1989, the Polish economy underwent a rapid transition to a market system, leading to strong changes in the floricultural sector. The area of greenhouse production decreased by one-third[1]. However, the first signs of recovery were already noted in the mid-1990s.
- Polish production of pot plants amounted to € 13.4 million in 2004. It increased by 5% since 2001.
- According to a 2002 agricultural census, the total area of production of floricultural products in greenhouses amounted to 1,417 hectares, divided between 6,900 companies. This puts Poland in the sixth position in Europe. However, according to an estimation by the agricultural university, the total production area amounted to only 850 hectares of which 600 hectares under glass. It is estimated that pot and bedding plants accounted for about 45% of the area under cultivation.
- According to the 2002 agricultural census, field production of ornamentals occupies approximately 3,176 hectares (hardy nursery stock excluded). This area is divided between approximately 27 thousand growers.
- Only 150 Polish growers are capable of competing on the EU market.
- Some Polish pot plant growers work closely together with West-European companies. Gasa, the Danish pot plant giant, for instance, offers Polish growers cultivation contracts. The Polish companies receive the young plants from Gasa and cultivate them. The end product is then sold via Gasa in Denmark.
- The leading pot plants produced in Poland include foliage plants like Ficus, Hedera, Nephrolepis and Dieffenbachia, but also flowering pot plants like Saint Paulia, Cyclamen, Primula and Euphorbia pulcherrima. Another leading pot plant is Dendranthema which is produced mainly for All Saints' Day (1 November).
- It is important to note that many producers also import plants.
- Although the Polish floricultural sector is currently growing strongly, one of the interviewed Dutch importers of tropical pot plant cuttings mentioned that they export fewer cuttings to Poland than before. A possible explanation is that many Polish greenhouses tend to be outdated and investments are often lacking. A proper working climate control system in the greenhouses is of course required for the production of tropical pot plants.

Plant tissue culture

- As a result of the popularity of Gerbera in the 1980s, tissue culture laboratories proliferated in Poland. It is estimated that, at the height of the boom, about 100 laboratories were active. Most Polish breeders cannot compete with more global companies. Still, a few Polish breeders play a minor role on the world stage, including Petos (Gerbera), Wieslaw Legutko (Dahlia), Polan (Callistephus) or Plantico (Callistephus).
- As labour costs are still relatively low, some European breeders are using Polish laboratories for propagation purposes. However, European breeders are increasingly looking at other countries, where labour costs are even lower.

[1] Floraculture International – "*Poland's Market for Ornamentals*", 2005, Edition March, p. 23.

Trends

- Consumer interest in plants is increasing; the interest in outdoor plants is increasing particularly fast.
- Expenditure on plants by people younger than 30 decreased notably from 47% in 2000 to 30% in 2004.
- Currently, Polish production is improving fast. Traditional Polish growers are relatively small. The average production area for floricultural producers amounts to 2,046 m^2 in greenhouses and 1,151 m^2 in the field. However, scale enlargement is taking place, the number of modern and efficient companies increases and growers become more active in the field of cooperation.
- The increasing demand for flowering plants has led to producers switching their production to flowering plants.

Opportunities and threats

- Polish consumption of plants is expected to increase in the coming years, after decreases in previous years. There is still much room for growth in penetration of the market. The increasing consumption will create space on the market for expansion of existing supplies and for new suppliers.
- There are particularly good opportunities for producers of outdoor plants, for which demand is increasing.
- Although domestic production is increasing and improving, it does not yet meet local demand. A large portion of this demand is consequently satisfied by imports. Nonetheless, increasing local production poses a future threat to foreign suppliers.
- Developing country suppliers are most competitive in the market for cuttings. Poland is traditionally strong in the production of cuttings. This is a threat to suppliers of the same type of cuttings.

Useful sources

- You can find Polish growers in a online catalogue of the Polish Nurseryman Association: http://www.zszp.pl/eng/index.phtml

2. Trade: imports and exports

Imports

- Imports of plants and young plant material by Poland amounted to € 36 million or 24 thousand tonnes in 2005. There are 10 EU countries which import more than Poland, which is a relatively small importer. Imports increased significantly in recent years due to the fact that Polish production does not keep up with the increasing domestic consumption.
- Netherlands wholesalers hold a strong position on the Polish market. In 2005, The Netherlands supplied 80% of the imports. Other leading suppliers are neighbouring Germany and Denmark, with shares of 7% and 5% respectively.
- The share of developing countries in Polish imports is small. Developing countries only play a role in the supplies of unrooted cuttings, in which Kenya has a 20% share. Costa Rica and Thailand have shares of 2% and Ethiopia and Turkey have shares of 1%.
- Finished indoor plants account for 70% of imports by Poland. Cuttings only accounted for 15% of imports.

Exports

- Poland was the 8th exporter of plants and young plant material in the EU 2005. Exports amounted to € 13 million or 6 thousand tonnes. It is a small exporter compared to the total exports by other EU countries.
- Cuttings accounted for 65% of exports. This confirms the leading role of in-vitro propagation in Polish production of plants.
- Major destinations were Denmark, The Netherlands, Russia and Germany.

Opportunities and threats

- The small imports of outdoor plants are remarkable, as demand for these plants is increasing. Imports are expected to increase in response to growing demand.
- Polish production is not sufficient to satisfy market demand. Export figures show that Poland is only self-sufficient regarding some types of cuttings. However, imports of this product group are also the only imports in which developing countries have significant shares, demonstrating the specialisation in different products.

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

Wholesale level

- Wholesale markets are the leading distribution channel in Poland. Approximately 60% of plants is sold at 10 of these markets which are common in Poland's large cities. Until recently, Poland did not have modern wholesale markets. As from 1999, modern wholesale markets were opened in Poznán, Wroclaw, Gdansk and Warsaw. Two other wholesale markets are those of Lódz and Tychy. Wholesale markets are mainly important for small producers and buyers. Regarding larger players, direct contacts are more important and wholesale markets function as a complementary channel.
- Wholesale markets are being challenged by new methods of doing business, including the "mobile wholesaler" who goes directly to customers. The number of Cash & Carry centres is also increasing, according to importers.
- Although wholesalers are increasingly specialising in one function (production, import, wholesale, etc.), wholesalers operating multiple functions are still common in Poland.
- Most Polish supermarket still purchase their plants from Polish wholesalers. The share of Netherlands and other foreign suppliers, however, is increasing.

Retail level

- The approximately 7,000 florists constitute the main retail channel in Poland. Apart from flower shops, simple kiosks or even stalls near cemeteries, as well as some petrol stations, add to the overall picture of the flower retail market. Do-it-yourself chains also sell pot and bedding plants.

Table 3.1 Market shares of retail channels, 2003 – 2004

	2003	2004
Florists	37%	36%
(Street-)markets/kiosks	29%	28%
Supermarkets	16%	16%
Growers	3%	3%
D.I.Y.	3%	3%
Garden centres	3%	3%
Others	10%	11%

Source: GfK Poland (2006)

- The market share of supermarkets increased by 5% between 2001 and 2003. This was related to the emergence of international supermarket chains in Poland of which almost all are selling plants. Leading supermarket chains are Metro Group, Tesco, Jerónimo Martins, Ahold and Schwarz Group.
- Do-it-yourself stores are expected to gain market share in coming years. They broaden their assortment and improve presentation and quality of the products.
- The most important changes in the Polish retail structure have been a decrease in the market share of street sellers and markets and an increase in the importance of supermarkets. Most important for the plant trade are foreign chains such as Metro and Tesco. Although the increasing market penetration of supermarkets puts pressure on the

position of street and market sellers of plants, their share is still very high compared to other European countries.

- Approximately 20% of Polish florists is associated with one of the florist organisations. The leading organisations according to membership by florists are Interflora (5%), Euroflorist (4%) and Fleurop (1%).

Useful sources:

- Wielkopolska agri-horticultural wholesale market PLC in Poznań: http://www.wgro.com.pl

4. Prices

- Average prices of plants decreased significantly between 2001 and 2004. Currently, prices remain stable.

Table 4.1 Average retail plant prices in Poland

	2001		2004	
	€	Zloty	€	Zloty
Flowering plants	2.0	7.4	1.1	5.2
Foliage plants	2.8	10.1	1.8	8.1

Source: GfK Poland

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 of 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

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country 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

6. Business practices

Trade associations

- Zwiazek Szkolkarzy Polskich (Polish Nurseryman Association): http:// www.zszp.pl

Trade fairs

- Polagra (international agri & horticultural fair): http://www.mtp.com.pl
- Flowertarg (garden fair): www.mtk.katowice.pl
- Ogrod I Ty (garden fair): www.ctk.com.pl

Trade press

- Kwietnik: http://www.kwietnik.pl
- Bukiety: http://www.bukiety.pl
- Florum: http://www.florum.pl
- Rosliny Ozdobne: http://www.hortpress.com

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