

## CBI MARKET SURVEY

# THE CUT FLOWERS AND FOLIAGE MARKET IN IRELAND

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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 Ireland. 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.eu/marketinfo>.

## 1 Market description: consumption and production

### Consumption

- Ireland is a small market for cut flowers and foliage compared to other EU countries. However, it is growing fast. Between 2002 and 2006, the value of the market increased by 8% annually to € 162 million. In relative terms, it is one of the fastest growing markets in the EU.
- Per capita consumption increased at a slightly lower rate of 6% annually between 2002 and 2006, to an amount of € 38. The difference between the growth rates of total consumption and per capita consumption was caused by a growing population, due to the high level of immigration. The positive developments in per capita consumption and migration are a result of the growing economy.
- Moreover, consumption is expected to keep on increasing in the coming years, thanks to the growing economy and to the fact that the market penetration of cut flowers is still low; in 2006, market penetration was only 50%. Furthermore, the infrastructure under construction at present will reduce transportation costs in the future.
- The purchasing patterns in Ireland show similarities to the UK market. Approximately 44% of flowers was purchased for own consumption and 43% as a gift. The high share of purchases for own consumption, compared to other EU countries, is also noticeable in the UK. Moreover, the factors behind the high share are also the same. The high disposable incomes and the convenience of flower distribution through supermarkets is stimulating purchases for own consumption. Note that Irish consumers purchasing flowers for own use pay most attention to price, colour and freshness.
- Most popular are the mixed bouquets (65%). The share of mono-bunches is 31%. In the case of mixed bouquets, the Irish prefer big, heavy bouquets with for instance Dendranthema. Flowers which are particularly popular amongst Irish consumers are Lilium, Tulipa, Gerbera, Freesia and Alstroemeria.

### Trends

- In Ireland, flower consumption is showing an upward trend.
- This is also applicable to the institutional market. Following the positive economic development, expenditure in the Irish institutional markets is also increasing.

### Production

- The value of cut flower and foliage production in Ireland remained stable at € 5 million from 2002 until 2005. In 2006, production decreased to € 4.5 million. The small size of domestic production is strongly related to high energy costs. Many smaller companies disappear, while middle-sized companies choose to cooperate.

- Production takes place on 207 hectares of which approximately 70 hectares are used for the production of foliage. The relatively large area for foliage is related to the cool climate in Ireland, which favours foliage production.

#### ***Trends***

- Companies are bundling forces and improving their efficiency.

#### **Opportunities and threats**

- + Ireland is a growth market and has good expectations. Domestic production is small and demand is almost completely met by imports.

Also refer to Sections 1.4 and 2.3 of the CBI market survey 'The cut flowers and foliage market in the EU' for general information on opportunities and threats in the EU.

#### **Useful sources**

- Overview of Irish florists: <http://www.flowers.ie>

## **2 Trade channels for market entry**

- There is one wholesale market in Ireland, located in Dublin, and there are about 39 Irish wholesalers. They face increasing competition from exporters in The Netherlands, which supply directly from their trucks. Modern Cash & Carry outlets have also been set up.
- Most florists purchase from wholesalers (80%). Other purchasing channels are: companies in The Netherlands supplying individual product orders (30%), exporters from The Netherlands supplying directly from their trucks (so-called 'Flying Dutchmen' 24%), Cash & Carry (22%), producers (10%), traditional exporters (6%) and own production (1%).
- Supermarkets have become the major retail channel in Ireland. Their share in total sales increased from 36% in 1998 to 48% in 2006. Florists hold a market share of approximately 37%. Supermarkets are expected to increase their market share even further in the future. The largest supermarkets in Ireland are Musgrave (market share of 33%), Tesco (market share of 19%), Stonehouse (11%), BWG (11%), Dunnes (6%) and Superquinn (5%). The top 5 flowers sold in supermarkets are Liliun, Rosa, Dianthus, Dendranthema, and Gerbera.
- Cut flowers and foliage pass through various intermediaries from the moment of export to the moment that the final consumer purchases the product. All of the intermediaries add value to the product and the prices paid for the product are thus different at every stage. Please refer to the survey covering the EU market for more specific information on margins.
- The website of the Chambers of Commerce of Ireland can offer a good starting point to find trade prospects: <http://www.chambers.ie>. The website flowers Ireland gives a listing of leading florists: <http://www.flowers.ie>

## **3 Trade: imports and exports**

#### **Imports**

- Ireland is a small EU importer of cut flowers and foliage. It is the 12<sup>th</sup> largest EU importer of cut flowers, accounting for a share of 1.2%. Imports increased by 5% annually between 2002 and 2006, amounting to € 40.3 million / 8 thousand tonnes in 2006. From 2002 to 2004, imports slightly decreased, but from 2004 to 2006 imports increased again considerably. The increase in imports coincides with the increasing consumption and stable production in Ireland.
- Ireland's main suppliers are The Netherlands (73%) and the UK (24%). Imports from The Netherlands increased by 6% annually between 2002 and 2006, and imports from the United Kingdom increased by 5% annually.
- The largest product groups imported by Ireland are 'other fresh cut flowers', 'prepared cut flowers' and Rosa. Imports of 'other fresh cut flowers' increased by 7% annually, amounting to € 17.6 million in 2006. Imports of 'prepared cut flowers' increased annually by 4%

amounting to € 6.8 million in 2006. Imports of Rosa increased by 2% annually. Amounting to € 4.9 million in 2006.

- Developing countries hardly play a role in the supply of cut flowers. Their supply decreased by 8% annually in the period 2002-2006, amounting to € 822 thousand in 2006. This signifies an import share of 2%, which is small compared to other EU countries. However, note that the supplies by The Netherlands consists for a considerable part of re-exports from developing countries. Direct supplies from developing countries of significance are those from Kenya and Colombia, each accounting for 1% of the supply of cut flowers and foliage. Imports from Kenya increased during the review period, whereas imports from Colombia decreased by 30% annually. Also note that it could be expected that direct imports from developing countries will increase, as supermarkets are gaining market share and increasingly purchase their flowers directly from growers.
- Developing countries play a significant role in the supply of Rosa, Dianthus, and foliage. Their share in imports of Rosa increased strongly by 85% annually between 2002 and 2006, whereas imports of Rosa from EU countries slightly decreased. The most important developing country supplier of Rosa to Ireland is Kenya accounting for 11%. The share of developing countries in Irish imports of Dianthus decreased by 31% annually, leaving them with a share of 8% in 2006. Imports of Dianthus come from Colombia, which accounts for a share of 8%. Imports of foliage from developing countries increased by 42% annually, accounting for a share of 3% in 2006. Most imports of foliage come from Colombia (2%) and Sri Lanka (1%).

## Exports

- Ireland's export market of cut flowers and foliage is negligible. Moreover, exports decreased by 39% annually between 2002 and 2006, amounting to € 90 thousand / 24 tonnes in 2006. Ireland is a strong net importer of cut flowers.

## Opportunities and threats

- Ireland is a small importer of cut flowers and foliage. Currently, developing countries play hardly any role in the supply of cut flowers and foliage into Ireland. Moreover, their share decreased by 8% annually.
- + However, this could change in the future, as local consumption is growing at a fast rate and the cut flower market is a young market in Ireland. Imports are increasing fast.
- + Sales by supermarkets are increasing strongly. As many supermarket chains in the EU are increasingly importing directly from growers, it could be expected that supermarkets in Ireland will also look for interesting growers to supply them directly.
- + Rosa and foliage could be particularly interesting products, since the share of developing countries increased significantly during the review period.

## 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>
- Irish Department of Agricultural and Food: <http://www.agriculture.gov.ie>

## 4 Prices

- In general, price development is in line with the UK and other North European markets. Many flower importers have direct lines with suppliers, who buy at the Netherlands auctions. The Netherlands auctions therefore have an important role to play in price-setting in Ireland (<http://www.vbn.nl>).
- Prices at the Dublin wholesale market can be found at: <http://www.agriculture.gov.ie/index.jsp?file=areasofi/dubmkt/dubmkt.xml>
- In general, the average price of a bunch of cut flowers in 2006 was € 20.10. Even though no information is available about the composition of this figure, it indicates that prices of flowers are relatively high at retailers in Ireland.

## 5 Market access requirements

- As a manufacturer in a developing country preparing to access Ireland, you should be aware of the market access requirements of your trading partners and the Irish government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select 'cut flowers and foliage' and Ireland in the category search, click on the search button and click on market access requirements.
- Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>
- Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>. The general VAT rate in Ireland is 21%. The VAT rate generally applied to flowers is 13.5%.

## 6 Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Ireland, visit the following websites:

### *Trade fairs*

- Garden Show Ireland (Hillsborough Castle, Northern Ireland): <http://www.gardenshowireland.com/>

### *Trade press*

- Interflora Mercury Magazine: <http://www.interflora.co.uk>
- Nurseryman & Garden Centre: <http://www.nexusmedia.com>
- Plants Magazine: <http://www.plants-magazine.com>

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

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