

## CBI MARKET SURVEY

## THE CUT FLOWERS AND FOLIAGE MARKET IN ITALY

Publication date: November 2007

**Report summary**

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

- Italy is the fourth largest market for cut flowers in the EU. Since 2002, consumption of cut flowers in Italy decreased significantly, amounting to € 1.7 million in 2006. As from 2006, however, the economy recovered and the outlook for the period 2006-2011 is slightly positive. Italy is the largest EU producer of flowers after The Netherlands, with production amounting to approximately € 850 million. Current developments are characterized by scale increases.
- Italy is the fifth largest EU importer of cut flowers and foliage, accounting for 5% of total EU imports. Italian imports remained stable between 2002 and 2006, amounting to € 170 million / 23 thousand tonnes in 2006. The largest product groups are Rosa and Orchids. Italy has a traditional distribution system dominated by florists.
- Developing countries account for a share of 15%, although imports from developing countries decreased by 4% annually between 2002 and 2006. The most important developing country suppliers are Thailand and Ecuador, with market shares of 7% and 3% respectively. Developing countries have a large share in imports of Orchids, prepared cut flowers, and foliage. Emerging developing countries are Ethiopia (imports increased by 149% annually between 2002 and 2006), and Turkey with an annual increase in Italian imports of 50%.

This survey provides exporters of cut flowers and foliage with sector-specific market information related to gaining access to Italy. 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 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*****Total market size***

The total Italian expenditure on flowers amounted to € 1,619 million in 2006. This makes Italy the fourth largest consumption market within the EU. A comparable consumption market is France, where the expenditure amounted to € 1.9 million in 2006. Since 2002, consumption in Italy has decreased by an average of 5% per year. Life has become more expensive since the introduction of the euro. Purchasing power has significantly decreased. In 2002, consumer purchasing power was 8% higher than the average in the EU25. In 2006, however, it was equal to the average. As a result, per capita consumption of flowers decreased from € 35 in 2002 to € 28 in 2006.

Since 2006, however, the economy has been recovering and the outlook for the period 2006-2011 is slightly positive. The Flower Council of Holland predicts that total consumption will slowly pick up again and reach an estimated € 1,660 million in 2011. Purchasing power is also increasing slightly according to the National Institute for Statistics (ISTAT). Note that Eurostat,

in contrast, estimates a further decrease in relative consumer purchasing power. According to the EU statistical institute, consumer purchasing power in Italy will not follow the general increase in the EU economy as closely as that of other EU countries.

Italian women associate flowers with beauty, happiness, scent, sunshine, light, freshness, nature and simplicity. Next to that, they offer company, decoration, give a certain elegance to the house and mark the end of the winter. Moreover, they demonstrate love and they are an expression of someone's identity and creativity. Negative associations are mortality and dependence. In general, giving flowers is seen as a polite gesture and represents good manners.

In 2005, the share of people purchasing flowers was 57%, according to the Flower Council of Holland. According to the Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA), the share of people purchasing flowers in 2006 was 39.4%. The average purchasing frequency was approximately 11.7 in 2005. Since 2000, market penetration has decreased by 13%. It appears that fewer people bought flowers after the introduction of the euro, which made flowers more expensive.

### **Product groups**

In 2005, mono-bunches accounted for 36% of the number of flower sales. Mixed-bouquets accounted for 30%, compositions for 25% and single flowers for 9%. In 2001, the mixed-bouquets formed the largest category. The share of compositions increased by 5% since 2001.

Traditionally, the assortment of cut flowers consumed in Italy was relatively limited. In the past, domestic production focused on only a relatively small assortment of products. As a result, consumers have become used to this limited assortment. Nowadays, Italian consumers more and more develop a taste for different varieties. The most frequently sold flowers are presented in Table 1.1.

Particularly young women often prefer to buy less traditional and simpler flowers, which are considered to express spontaneity. Traditional flowers are often associated with formal gifts and have lost some of their emotional value.

**Table 1.1 Top 10 flowers sold in Italy, 2006, in % of flower purchasing consumers**

	2006
1. Rosa	41.8
2. Dendranthema	26.6
3. Mixed bouquet	24.0
4. Dianthus	16.2
5. Gerbera	15.2
6. Orchids	14.9
7. Lilium	14.1
8. Tulipa	11.8
9. Gladiolus	10.8
10. Mimosa	9.5

Source: ISMEA (2007)

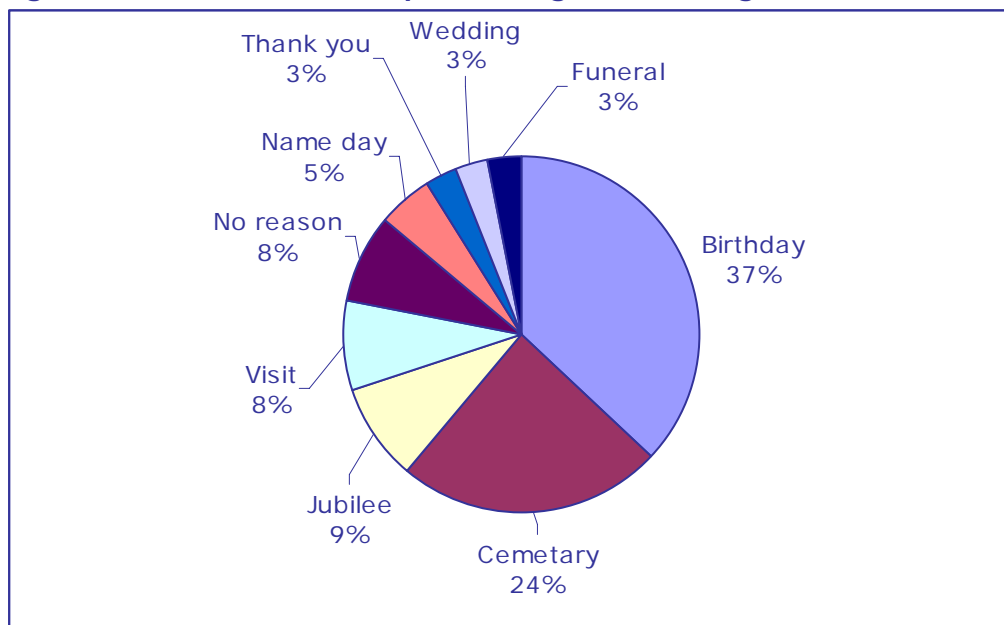
Dendranthema are mainly bought to put on graves on all Souls Day. Gladiolus is also often bought for graves. The most popular flower for wedding bouquets is Rosa, which is part of about 94% of the bouquets. Orchids are included in 25% of the bouquets, Freesia in 20%, Lilium in 11% and Zantedeschia (Calla) also in 11%. Dianthus has significantly decreased in popularity in the last 3 decades. Many consumers regard Dianthus as an old-fashioned flower.

### **Market segmentation**

The choice of flowers is strongly dependent on the occasion for which flowers are bought. Different occasions require different flowers. In Italy, 47% of the flowers purchased is bought

as a gift within the family, 36% as a gift outside the family, and 20% for own use. Figure 1.1 presents the occasions for which Italian consumers purchase flowers to give them away.

**Figure 1.1 Occasions for purchasing flowers as gifts, 2005, share in %**



Source: Product Board for Horticulture (2007)

Italians predominantly purchase flowers for birthdays (37%) and for visits to cemeteries (24%). Other categories are considerably smaller.

It is also possible to categorize the occasions by special day. Valentine's day, Women's day, Mother's day and religious (holi)days generate especially high flower sales in Italy. In the second half of the year, All Saint's Day and Christmas are major reasons to purchase flowers. Also refer to Appendix E of the EU survey of cut flowers and foliage for a list of the public holidays.

As an exporter of flowers, it is also important to know the composition of the population buying flowers. For example, on average, Italian men spend considerably more on flowers (€ 14.38) than women (€ 9.76). Flower purchases by men consist for a larger part of gifts than flower purchases by women. This results in a relatively high average expenditure, as they often buy more expensive flowers as gifts. Younger people also spend relatively more on flowers than older people. Younger people between 15 and 25 years old spend € 5.72 on average, while people of 65 and older spend € 4.28 on average. The explanation for this remarkable fact is that younger people more often purchase flowers as gifts, which are usually more expensive.

The institutional market for flowers is considerable in Italy, although the share of companies (with more than 10 employees) buying flowers decreased from 75% in 1996 to 68% in 2003. Companies have also become more price-sensitive. However, the absolute number of purchasing companies increased, due to an increase in the total number of companies in Italy. Moreover, the average expenditure on flowers per company increased. 64% of Italian women purchase flowers and 58% of men.

The Italian flower market can also be segmented into four different geographical regions, which are Northwest, Northeast, Central and South. The North western part increasingly spends more on flowers and was the region with the highest expenditure in 2005. The other regions are approximately the same.

### Trends in consumption

- Although consumption of flowers decreased drastically in recent years, Italians are now also expected to profit from the general upturn in the EU economy.
- Particularly consumers in the Northern part of Italy are currently diversifying their demand to include less traditional flowers.

### Production

#### Total production

Unfortunately, no up-to-date statistics on the production value are available for Italy. However, production of cut flowers in Italy can be estimated to be between € 800 and € 900 million. As acreage and number of stems produced are fairly stable (see Table 1.1), it is also estimated that the production value has been rather stable.

A number of regions in Italy is famous for their flowers, but particularly San Remo. Other major regions of flower production are Campania, Puglia, Toscana, Sicily and Lazio. Thanks to subsidy schemes, the southern regions accounted for more than 60% of local production in 2000. Some growers have as much as 6 hectares of production area.

An example worth mentioning is the Italian Ciccolella group (<http://www.ciccolella.eu>). Ciccolella is one of the leading growers in Europe of Rosa and Anthurium. They recently acquired a number of flower companies like the Leliveld Group, Flower Plant Partners and the Zurel Group, one of the main European traders of flowers and plants. The Ciccolella group is also building new greenhouses in Southern Italy: after their completion, the total greenhouse area will be an estimated 130 ha, with a total production of 118 million stems of Rosa and 15 million stems of Anthurium per year.

**Table 1.1 Production of cut flowers and foliage in Italy, 2001-2005, in ha and thousands of stems**

		2001	2002	2003	2004	2005
Covered	area	4,995	4,994	5,026	4,699	4,644
	stems	3,377	3,156	3,426	3,185	3,241
Open area	area	1,886	1,808	1,841	1,825	1,796
	stems	956	943	992	989	1,007
<b>Total</b>	<b>area</b>	<b>6,881</b>	<b>6,802</b>	<b>6,867</b>	<b>6,524</b>	<b>6,440</b>
	<b>stems</b>	<b>4,333</b>	<b>4,099</b>	<b>4,417</b>	<b>4,173</b>	<b>4,248</b>

Source: Istat, 2007

Nowadays, Italian growers cultivate a wide assortment of for instance Rosa, Lilium, Gerbera, Dianthus, etc. At the moment, products which show growth in production are Anthurium, Dendranthema and Rosa. Since Italian growers are now able to supply a wide assortment and have expanded and modernised their assortment, they hold a stronger competitive position.

**Table 1.2 Production of selected cut flowers in Italy, 2001-2005, in ha**

	2001		2002		2003		2004		2005	
	Open area	Under glass	Open area	Under glass	Open area	Under glass	Open area	Under glass	Open area	Under glass
Rosa	225	1,198	202	1,245	220	1,227	214	1,008	214	1,007
Dendranthema	467	814	445	824	431	810	438	812	411	769
Lilium	152	581	138	515	116	495	114	431	122	445
Dianthus	160	653	166	662	161	695	149	611	134	588
Mimosa	426	3	452	8	448	9	430	5	424	15
Foliage	340	13	317	35	325	30	355	29	361	31
Gerbera	14	359	14	350	15	351	15	341	19	359
Gladioli	268	305	248	294	255	295	230	285	227	233
Gypsophila	30	56	32	51	80	56	77	59	111	42

Iris	57	105	55	106	58	109	58	103	83	118
Anemone	51	41	47	45	56	45	57	45	59	47
Zantedeschia	40	64	40	72	43	72	42	70	45	70
Tulipa	22	145	24	112	25	110	21	152	22	147
Freesia	11	96	14	105	15	107	11	101	11	15
Orchid	1	41	1	42	1	47	1	47	1	43
Other flowers	263	520	244	536	274	567	298	597	278	572

Source: ISTAT, 2007

### Trends in production

- Many producers have changed their production in the open to cultivation under cover. Overall, the number of producers is decreasing, but the average size of the companies increases. Some of the Italian companies show a trend towards larger scales and the integration of different activities in the chain. Examples of this development can particularly be found in the South of Italy.
- The production of Dendranthema increased mainly under glass, which brought about a year-round supply. The quality of Dendranthema produced under glass is almost comparable to the Dendranthema produced in The Netherlands; consequently, traditional growers producing in open areas are having difficulties in competing.
- It is expected that, in the South of Italy, the area under cultivation of Rosa will grow strongly in the coming years.
- Production of Dianthus, in contrast, has declined since 1970. Although Dianthus production has been relatively stable since 2001, production levels are far lower than in 1970. The decrease was caused by the falling popularity of Dianthus and decreasing competitive strength of producers. The Italian Dianthus growers had relatively small production areas and could not compete with the industrial scale flower farms in major producing countries (Flowerculture International, 2007). Nevertheless, there remain some leading breeders, such as Hybrida, Di Giorgio, Baratta, Enzo Brea, Andrea Mansuino and Flavio Sapia Costanzo.

### Opportunities and threats

- + The diversification of Italian demand offers opportunities to expand the market for new varieties which are not yet main stream.
- + Young women, who are often trendsetters, are increasingly looking for simple flowers with a spontaneous image. New simple spontaneous flowers offer especially good opportunities to exporters.
- + Men often buy relatively expensive flowers. Typically, they want to purchase a high-quality bouquet to give away, which fits the occasion. However, men often do not know what kind of flowers they should buy. Therefore, they go to florists who can make the appropriate bouquets for them. Thus, if you want to target this market, you should typically have high-quality flowers with colours, which are not too sweet, and sell them through the trade channel at which florists purchase their flowers. Refer to Section 2 for more information on trade channels.
- Some Italian production companies are scaling up and professionalising. Particularly in the South of Italy, production is growing and productivity improving. Subsequently, competition from local growers on the Italian market is increasing.

### Useful sources

- Assofioristi - Association of growers: <http://www.assofioristi.it> (website in Italian only)
- The Istituto Nazionale di Economia Agraria (INEA) offers more information on Italian agriculture: <http://www.inea.it> (website in Italian only)
- Useful links on website Piante e Fiori D'Italia: <http://www.piantefioriditalia.it/INGLESE/link.HTM>
- Federfiori - National association of florists: <http://www.federfiori.it>

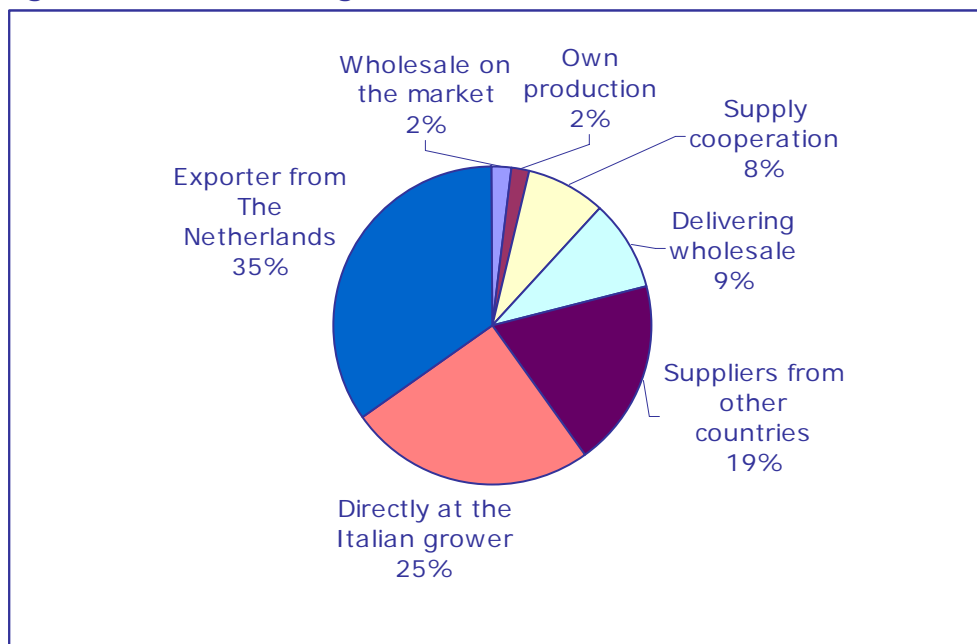


## 2 Trade structure

### Trade channels

Italy has a traditional distribution circuit dominated by florists. Domestic growers must market their products themselves to the wholesalers and retailers, and sometimes even to the consumer, hereby competing with each other. Production co-operatives and trading companies, however, are playing an increasingly important role in buying, selling and importing to complete their product range of flowers. Figure 2.1 presents the purchasing channels used by Italian importers.

**Figure 2.1 Purchasing channels in % of turnover cut flowers**



Source: Flower Council of Holland (2006)

Most imports still come from Dutch exporters (35%), but direct imports by Italian wholesalers from other countries are increasing. The next largest channel is the Italian growers (25%), followed by own production (19%).

Italian dispatch markets, where growers offer their produce to the wholesalers, are mainly situated in the production areas. Those specialised in cut flowers are in San Remo, Pescia, Ercolano, Albenga, Viareggio, Lecce and Vittoria. The other wholesale markets are situated in the major cities (Genoa, Milan, Messina, Rome and Turin), where retailers buy flowers from wholesalers.

Due to the individualism and the interests of the leading wholesalers, the market for wholesalers has never become a price-setting institute.

Major Italian wholesalers are: Central Fiori in Milano, Primaflor in San Remo (<http://www.primaflorsanremo.com>), Ciccolella group in Bari (<http://www.ciccolella.eu>), Florever in Pescia, Euroflora in Carate Brianza and Colosseum di Giorgio M. Rosario in Rome.

The ANCEF (National Association of Floral Traders and Exporters) website gives a list of all producers and wholesalers who are members of ANCEF: <http://www.ancef.it/ENG/gofind.asp>.

### Retail trade

At the retail level, traditional florists dominate the market (see Table 2.1). 65% of these florists is associated with an organisation. The largest organisation is Interflora

(<http://www.interflora.it>). Quality, service and price levels are generally higher at florists than at other retail channels.

**Table 2.1 Leading retail channels in Italy, % of total sales, 2001-2006**

	2001	2002	2004	2005	2006
Florists	73	73	71	78	76
Street markets	19	19	20	13	15
Garden centres/DIY	3	1	1	0	1
Supermarkets	4	4	5	4	4
Others	1	3	3	5	4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Flower Council of Holland

There are also many street vendors, aiming particularly at the impulse-purchase market. This group is followed by market stalls, garden centres and supermarkets, which are of minor importance in Italy. The supermarkets are expected to increase their market share in response to the increased demand for lower-priced flowers.

### Trends

For several years, the sales of flowers have been decreasing in the retail channels. Also, the economic climate has worsened because of increasing costs (for example taxes, rent, fuel). Moreover, traditional retail outlets hold a very strong position in Italy. However, the share of supermarkets has slightly increased over the past years. It can be expected that florists and street market will remain the dominant outlets.

The wholesale sector in Italy is concentrated in a small number of large wholesalers. These wholesalers are increasing their scales and pushing smaller wholesalers out of the market. These wholesalers are for a large part supplied by Netherlands exporters, which have built a strong position in Italy, due to their wide range and quick delivery.

### Price structure

Different prices and margins apply throughout the various trade channels. The price structure depends on the type of distribution channel and the role of the individual players. The margin of wholesalers can vary from about 25% to 50%. The margin of retailers can even vary more, from 50% to 150%. Supermarkets tend to apply lower margins than florists.

### Selecting a suitable trade partner

Finding a trade partner in Italy should not deviate from the general EU method as described in the CBI market survey covering the EU market. As an alternative for supply by Netherlands and Danish companies, some Italian importers are searching for new suppliers in developing countries. 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 Italian customers are through direct (e)mail, personal visits as follow up, inviting potential Italian 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.

The following online marketplaces can be used to find trade partners in Italy:

- <http://www.europe.bloombiz.com>
- <http://www.worldbiditaly.com>
- <http://www.agrotrade.net>

### Useful sources

- National Association of Floral Traders and Exporters (ANCEF): <http://www.ancef.it>

- Interflora: <http://www.interflora.it>
- Florinfo: <http://www.florinfo.it>
- Italtrade (Italian trade promotion agency): <http://www.italtrade.com>
- San Remo wholesale market: <http://www.sanremoflowermarket.com>

### 3 Trade: imports and exports

#### Imports

Italy is a medium-sized player in the trade of cut flowers and foliage. Italy is the fifth largest EU importer of cut flowers and foliage, accounting for 5% of total EU imports. Countries such as The Netherlands and France are considerably larger importers, with import shares of 15% and 12% respectively. Italian imports remained stable between 2002 and 2006, amounting to € 170 million / 23 thousand tonnes in 2006. Domestic consumption in Italy decreased, which does not coincide with the stable imports. Moreover, the exports also decreased. This could indicate that actual consumption has already picked up again and that the Flower Council of Holland, which provided the figures in Section 1, had not yet registered this.

Italy imports most of its cut flowers and foliage from countries within the European Union, mainly from The Netherlands which accounts for a share of 81%. Developing countries account for a share of 15%. Imports from developing countries decreased by 4% annually between 2002 and 2006. The most important developing country suppliers are Thailand and Ecuador, with market shares of 7% and 3% respectively. Between 2002 and 2006, imports from Thailand decreased by 1% annually and imports from Ecuador decreased by 12% annually. Imports from the Philippines showed the largest growth, of 19% annually, with imports amounting to € 635 thousand / 239 tonnes in 2006. Contrary to these statistics, trade experts indicate that some products are increasingly imported directly from producer countries. Examples are small-budded roses, Hypericum, Gypsophila and Solidago. It is, for instance, estimated that about 90% of Italian Gypsophila is imported directly from Ecuador.

Italian imports from countries within the EU increased by 1% annually during the review period. Imports from France showed an annual decrease of 12%. Italian imports from The Netherlands increased by 2% annually. A large part of exports from the Netherlands comprises re-exports, due to the country's strategic position in the EU. Developing countries could supply a significant share of these re-exports.

#### Imports by product group

**Table 3.1 Imports by Italy and leading suppliers to Italy, 2002-2006, € million / share in % of value**

Product	2002	2004	2006	Leading suppliers in 2006 (share in %)		Share in Italian imports
Total cut flowers and foliage	137.8	134.2	143.6	Intra-EU:	The Netherlands (81), France (1), Germany (1), Spain (0.4), Austria (0.4).	84%
	1.0	0.9	0.7	Extra-EU excl DC:	Israel (0.3).	1%
	30.7	27.9	26.2	DC*:	Thailand (7), Ecuador (3), Peru (1), India (1), China (1), Colombia (0.4), Philippines (0.4), South Africa (0.4), Mauritius (0.4).	15%
Rosa	52.7	57.3	60.6	Intra-EU:	The Netherlands (92), France (1), Germany (0.4).	93%



Product	2002	2004	2006	Leading suppliers in 2006 (share in %)		Share in Italian imports
	0	0	0	Extra-EU excl	-	0%
	6.9	5.3	4.2	DC:		
				DC*:	Ecuador (5), Colombia (1), India (1), Kenya (0.3), Ethiopia (0.2), South Africa (0.1).	7%
Dianthus	0.8	0.5	0.5	Intra-EU:	The Netherlands (46), Spain (31), Germany (1), France (0.3).	79%
	0	0	0	Extra-EU excl	-	0%
	0	0.1	0.1	DC:		
				DC*:	Turkey (13), Colombia (5), Ecuador (2), Thailand (0.1).	21%
Orchids	11.4	11.1	12.5	Intra-EU:	The Netherlands (48), Germany (1).	49%
	0	0	0	Extra-EU excl	New Zealand (2).	2%
	14.0	11.9	12.9	DC:		
				DC*:	Thailand (49), South Africa (0.2), Malaysia (0.1).	49%
Gladiolus	0.1	0.1	0.1	Intra-EU:	The Netherlands (99), France (1).	100%
	0	0	0	Extra-EU excl	-	0%
	0	0	0	DC:		
				DC*:	-	0%
Dendranthema	13.1	11.4	8.3	Intra-EU:	The Netherlands (99), Germany (0.4), France (0.1).	100%
	0	0	0	Extra-EU excl	-	0%
	0	0	0	DC:		
				DC*:	-	0%
Other fresh cut flowers	54.0	56.4	62.1	Intra-EU:	The Netherlands (89), France (2), Spain (0.5), Germany (0.4).	92%
	0.4	0.4	0.4	Extra-EU excl	Israel (1).	1%
	6.0	5.8	4.8	DC:		
				DC*:	Peru (3), Ecuador (2), Mauritius (1), Egypt (0.3), South Africa (0.2), Costa Rica (0.2).	7%
Prepared cut flowers	2.7	1.4	1.5	Intra-EU:	The Netherlands (37), Austria (9), Spain (8), France (4), Germany (2).	61%
	0.3	0.2	0.1	Extra-EU excl	Australia (3), Israel (2).	4%
	0.6	0.7	0.9	DC:		
				DC*:	India (12), China (9), South Africa (6), Philippines (5), Thailand (1), Colombia (1), Kenya (0.4).	35%
Foliage	2.9	2.5	2.2	Intra-EU:	The Netherlands (15), Austria (7), Germany (6), France (5), Slovenia (1), Hungary (1), UK (1), Poland (1),	38%

Product	2002	2004	2006	Leading suppliers in 2006 (share in %)		Share in Italian imports
	0.3	0.2	0.2	Extra-EU excl DC:	Finland (1). USA (2), Israel (0.4).	3%
	3.2	4.1	3.3	DC*:	India (22), China (13), Philippines (9), Brazil (5), South Africa (5), Indonesia (1), Mexico (1), Albania (1), Turkey (0.5), Sri Lanka (0.4).	59%

Source: Eurostat (2007)

\*Developing Countries

As can be seen in Table 3.1, the most important product groups for Italy are Rosa, Orchids, and 'Other fresh cut flowers'. The largest decreases in imports occurred for Gladiolus and Dendranthema, with annual decreases of 17% and 11% respectively. Imports of all other product groups also experienced small decreases during the review period.

Italy is the fifth largest importer of Rosa within the EU, accounting for a share of 6%. Italian imports of Rosa remained stable between 2002 and 2006. The leading sources of Rosa for the Italian market are domestic production and Netherlands exporters. Italy imports only 7% of its Rosa from developing countries. Imports from these countries decreased by 12% annually between 2002 and 2006. The leading developing country supplier is Ecuador, for which imports decreased by 14% annually during the review period. Imports from Kenya and South Africa also decreased sharply, by 27% and 28% annually respectively. On the other hand, imports from Colombia and India showed an annual increase, of 6% and 13% respectively. Ethiopia showed a particularly large increase in Rosa supplies, of 164% annually, with imports amounting to € 132 thousand in 2006.

Besides its own production of Orchids, Italy also imports considerable amounts. Within the EU, Italy is the largest importer of Orchids accounting for a market share of 29%. Imports of this product group remained stable during the review period. A large share of these Orchids is sourced in developing countries, which account for 49% in 2006. These imports however decreased by 2% annually during the review period. Basically, all of these imports come from Thailand (49%), which decreased by 1% annually. Imports from South Africa decreased by 29% annually, accounting for a market share of only 0.2% in 2006. The Netherlands is the second largest supplier, accounting for 48%. Imports from The Netherlands increased by 2% annually.

For 'other fresh cut flowers', Italy is the sixth largest importer within the EU, accounting for a share of 4%. Imports of this product group increased by 3% annually during the review period. However, Italian imports from developing countries decreased by 6% annually, accounting for a market share of 7% in 2006. The largest developing country supplier is Peru, with imports amounting to € 2.1 million in 2006, which signifies an import share of 3%.

The share of developing countries is larger for Italian imports of Dianthus (21%). Moreover, imports of this product group increased by 55% annually between 2002 and 2006. Since 2004, Turkey exports considerable amounts of Dianthus to Italy, accounting for a share of 13% in imports in 2006, making it the third largest supplier to Italy. However, Dianthus is only a small product group for Italy, with a low import value.

Furthermore, Italy imports a large share of its foliage from developing countries (59% in 2006). These imports increased by 1% annually during the review period. India is the largest supplier, with supplies amounting to € 1.2 million. However, these supplies decreased by 6% annually. Italian imports from China increased by 13% annually and those from the Philippines

by 15%. The Netherlands is the second largest supplier to Italy, though imports decreased by 8% annually during the review period.

Although Italian imports of prepared cut flowers are small, in terms of value, developing countries play a significant role in imports of this product group (35%). Moreover, imports from the main developing country suppliers increased strongly in the period under review. Imports from India increased by 35% annually, with imports amounting to € 305 thousand in 2006. Imports from South Africa and the Philippines increased by 15% and 53% annually respectively. Nevertheless, The Netherlands remains the largest suppliers of prepared cut flowers to Italy, although imports from this country decreased by 16% annually.

Finally, Italian imports of Gladiolus and Dendranthema from developing countries is negligible. Almost all of these flowers are imported from The Netherlands, although it often concerns re-export.

### Exports

Italy is the second largest EU exporter of cut flowers and foliage in the EU, although its share in total EU exports is only 3%. Italian exports decreased by 6% annually between 2002 and 2006, amounting to € 78.2 million / 12.1 thousand tonnes in 2006. Exporters of similar size are Belgium, Germany, and Spain, all with a market share of 2%. The largest EU exporter is clearly The Netherlands, with a market share of 88% in 2006.

Italy has become a net importer of flowers and foliage since 1985. However, imports of most products must still be viewed as complementary to domestic production. Its top three export destinations are Germany (€ 25.3 million), The Netherlands (€ 14.0 million) and Switzerland (€ 12.3 million). Between 2002 and 2006, exports to Germany and Switzerland decreased, by 8% and 12% annually respectively. Exports to The Netherlands increased by 9% annually during this period.

Italian exports are mainly composed of 'other fresh cut flowers' (€ 50.7 million) and foliage (€ 13.7 million). Italian exports of all product groups concerned decreased. The strongest decreases were for the exports of Rosa (18% annually), Gladiolus (18%), and Dianthus (12%).

### Opportunities and threats

- Netherlands export wholesalers dominate the Italian import trade.
- + Nevertheless, developing countries still account for a substantial import share of 15%, although this is lower than the EU average of 22%.
- + In the case of selected products, Italian wholesalers increasingly import directly from the producer countries, bypassing Netherlands exporters. Italy sources flowers in a wide variety of developing countries. Emerging countries are Colombia and the Philippines.
- + Italy is a key player in the EU trade of cut flowers and foliage, ranking fifth in the EU concerning imports.
- However, a negative trend is the decline in imports from developing countries (4% annually during the review period).

### 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'.

## 4 Price developments

In general, price developments in Italy are mainly in line with the North European markets. Many Italian cut flower importers have direct lines with suppliers who buy at the Netherlands auctions.

As is the case in some other countries, consumer prices of flowers in Italy also seem to have increased over the past couple of years. The introduction of the euro was the main reason according to trade experts. A recent survey by the Flower Council of Holland also illustrated that the average price of a flower bunch increased by 18% between 2000 and 2005. The most recent average auction prices are presented in Table 4.1.

**Table 4.1 Average auction prices of selected flowers, week 28 of 2007, in € per stem**

	Rosa (large budded)	Dendranthema	Gerbera	Gladiolus	Lilium (asian)
San Remo	0.30	n.a.	0.25	n.q.	0.35
Pescia	0.90	0.24	0.23	0.30	0.70
Viareggio	0.38	0.24	0.20	0.30	0.60
Ercolano	0.18	0.15	0.10	n.a.	0.40
Vittoria (Ex)	0.31	n.a.	0.09	n.a.	n.a.
Taviano	n.a.	n.a.	n.a.	n.a.	n.a.
Pompei Castellammare	0.19	0.14	0.14	0.23	0.45
Roma	0.69	0.24	0.15	0.45	0.60
Milano	0.39	0.23	0.15	0.45	0.53

Source: ISMEA (2007)

### 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. These prices should be seen only as indicative for the products traded in Europe and are an average of the different sizes traded. 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>
- Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA): <http://www.ismea.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/136> (in Italian only)

## 5 Market access requirements

As a grower in a developing country preparing to access Italy, you should be aware of the market access requirements of your trading partners and the Italian 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.eu/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 target country of interest.

### Non-legislative requirements

Social, environmental and quality-related market requirements are of increasing 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.eu/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 cut flowers and foliage market in the EU' for more information on packaging, marking and labelling.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

### **Tariffs and quota**

Tariffs and quota applicable in Italy 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 standard VAT rate in Italy is 20%. However, the VAT rate generally applied to cut flowers is 10%.

More information on tariffs and quota can also be found at <http://export-help.cec.eu.int/>.

## **6 Doing business**

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

### **Sales promotion**

Common practices of trade promotion should not differ widely from other European countries. Although many Italians are able to speak some English, it is of course preferable if export / sales personnel of your company is capable of speaking Italian. It is recommended that you hire an interpreter if the two parties do not have a shared language. 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.

*Trade associations:*



- FEDERFIORI (Federazione Nazionale Fioristi) – National florist federation: <http://www.federfiori.it>
- AEFI (l'Associazione Enti Fieristici Italiani):
- ANCEF (Associazione Nazionale Commercianti Exportatori Fiori) – National association of floral traders and exporters in Italy: <http://www.ancef.it>
- Assofioristi: <http://www.assofioristi.it>
- ONCFV (National Liaison Body for Floriculture and Ornamental Horticulture): <http://www.pianteeffioriditalia.it>
- National Farmers Confederation: <http://www.coldiretti.it>

*Trade fairs and events:*

- Flormart/Miflor: <http://www.flormart.it/index-ing.htm>
- Euroflora 2011: <http://www.fiera.ge.it/euroflora>
- Ortogiardino: <http://www.fierapordenone.it/orto/index.html>

*Trade press:*

- Flortecnica: <http://www.flortec.it>
- Il Floricoltore: <http://www.ilfloricoltore.com>
- Il Fiorista: <http://www.federfiori.it>
- Green Up: <http://www.spaziotre.it>
- Linea Verde: <http://www.linea-verde.net>

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

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>