CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN SLOVENIA

Publication date: November 2007

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.eu/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 € 34 million in 2006. Moreover, flower sales are decreasing. Between 2002 and 2006, the market of cut flowers decreased by almost 8% annually.
- However, note that disposable income in Slovenia is already approaching levels of the old EU countries. As a result, development and prospects in flower consumption differs from other East European countries like Poland, etc. This is reflected by the level of per capita expenditure on flowers, which amounted to € 17 in 2006. This is much higher than expenditure in other East European countries such as Poland, where capital expenditure is only € 8 per year. Also note that the expenditures on plants are increasing.
- 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 for cut flowers and foliage is, consequently, less positive.
- Important purchasing criteria for Slovenian consumers are presentation, colour, quality and price. These are of equal importance. 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.
- Furthermore, the day with the highest flower sales is All Saint's Day on the first of November. It is a custom to remember the dead and put flowers on their graves on this day. Note that people mostly buy large compositions and potted Dendranthema on this day, but not so many bouquets.

Trends

- Consumers are increasingly purchasing more exclusive and expensive flowers, although per capita consumption and, consequently, the total value of the market are decreasing.
- The product assortment sold in the Slovenian shops is clearly broadening.

Production

- Slovenia is a small producer of cut flowers. In 2003, production took place on 9.8 hectares. Production in 2000 occurred on 17.7 hectares, which indicates that production has been decreasing. The number of producers also decreased. It looks like producers turned to producing plants instead of flowers.

- The most important cut flowers produced in Slovenia are Dendranthema and Gladioli, followed at a distance by Rosa. Other flowers which are produced on a smaller scale are Dianthus, Strelitzia, Lilium, and Gerbera.

Trends

- Production is decreasing, in terms of hectares as well as producers.

Opportunities and threats

- Slovenia is a small market, and consumption of flowers is stagnating.
+ 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.

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

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

2 Trade channels for market entry

- 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 (http://www.informacija.net/podrobno.asp?narocnik=1481&jezik=EN). This company is based in Ljubljana, owns about 20 flowers shops and imports most of their products directly from The Netherlands.
- Florists dominated the retail market in Slovenia with an 85% market share in 2006. Supermarkets account for 4% of total sales. The market shares of all retail channels have been stable since 2002.
- 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. Margins in Slovenia are in line with other European countries.
- A starting point to find wholesalers in Slovenia can be the Europages (http://www.europages.com). Another potentially interesting contact could be Chamber of Economy of Slovenia (http://www.gzs.si).

3 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. Comparable importing countries in size are Romania, Latvia, and Luxembourg. Total imports by Slovenia increased by 1% between 2002 and 2006, amounting to € 10.4 million / 1.5 thousand tonnes in 2006. This slight increase in imports partly compensated for the decrease in domestic production.
- The largest product groups imported into Slovenia were 'other fresh cut flowers' valued at € 4.2 million, Rosa valued at € 2.9 million, and Dianthus valued at € 1.2 million in 2006. Imports of 'other fresh cut flowers' and Rosa remained stable, whereas imports of Dianthus decreased by 8% annually between 2002 and 2006.
- Slovenia's main suppliers are The Netherlands (85%), Germany (5%) and Austria (5%). Imports from all three countries increased, annually by 3%, 21%, and 110% respectively. The large role of The Netherlands in the Slovenian flower market is the result of the

preference of florists in Slovenia for flowers from The Netherlands, rather than from local growers.

- Developing countries hardly play any role in the supply of cut flowers and foliage to Slovenia. They accounted for a market share of 1.4% in 2006 and their supply decreased by 39% annually in the period 2002-2006, amounting to € 144 thousand in 2006. The main developing country supplier is India with a share of 1%. Other suppliers are China and South Africa, which account for a share of 0.2% each.
- Developing countries have a share of 28% in Slovenian imports of foliage, with imports amounting to € 125 thousand in 2006. The main developing country suppliers are India (21%), South Africa (4%) and China (3%). Imports from India and South Africa increased by 40% and 57% annually respectively, whereas imports from China decreased by 20% annually.

Exports

- Slovenia is one of the smaller exporters of cut flowers and foliage within the EU, with a negligible share in total EU exports. In contrast to many other small exporters, Slovenia's exports increased by 36% annually in the review period, amounting to € 173 thousand / 38 tonnes in 2006. However, Slovenia remains a strong net importer of cut flowers.
- Slovenia's exports are mainly composed of foliage (€ 91 thousand), and exports increased by 20% annually between 2002 and 2006.
- Slovenia's exports are destined to its neighbouring countries Croatia, Bosnia Herzegovina, Serbia, as well as Hungary.

Opportunities and threats

\- The cut flowers and foliage market of Slovenia is among the smallest of the EU. Imports increased only slightly between 2002 and 2006.

\- Developing countries hold a negligible share in Slovenia's imports, furthermore this share decreased considerably during the review period.

\+ Imports of foliage from developing countries are increasing, and developing countries hold a share of 28% in Slovenian imports of foliage.

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/

4 Price developments

- As in many other countries, The Netherlands auctions set the price for most flowers sold in Slovenia, particularly, because many of the flowers traded in Slovenia pass 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.
- Nevertheless, domestic producer prices of flowers and ornamental plants increased by 4.5% annually between 2000 and 2005. Consumer price increases are slowing down and dropped 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

- As a manufacturer in a developing country preparing to access Slovenia, you should be aware of the market access requirements of your trading partners and the Slovenian

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 Slovenia 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 Slovenia, which also applies to flowers, is 20%.

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 Slovenia, visit the following websites:

Trade fairs
FLORA is the only horticulture, floristry and landscape gardening show in Slovenia which is organised every spring.
- FLORA Garden & Flower Show: http://www.ce-sejem.si

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

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