

CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN THE UNITED KINGDOM

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Report summary

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

- The United Kingdom (UK) is the second largest market for cut flowers and foliage in the EU. The value of the market has been increasing steadily for more than 10 years. In 2006, the market value amounted to € 2,821 million. The consumption level is expected to continue its upward trend. However, increases will probably no longer be as high as in the previous years. Production in the UK has been stable over the past ten years, and amounted to € 77 million in 2005.
- The UK is the largest EU importer of cut flowers and foliage, accounting for 24% of total EU imports in 2006. Its total imports decreased by 2% annually between 2002 and 2006, amounting to € 806 million in 2006. Flowers are traded through the 35 wholesale markets or through import wholesalers. The larger supermarket chains, due to their enormous buying power, have directly influenced the way products are sourced. The share of supermarket is expected to increase even more, at the cost of traditional retail channels such as florists.
- The value of imports sourced in developing countries increased by 6% annually between 2002 and 2006, amounting to € 153 million in 2006. This signifies a considerable share of 19% in UK imports. The UK sources its flowers in a rather large number of different developing countries. The most important developing country suppliers are Kenya (10%) and Colombia (6%). Rosa, Dianthus and other fresh cut flowers are the most interesting product groups for developing countries in value terms. Emerging developing country suppliers are South Africa (from which imports increased by 51% annually), and the Philippines, from which imports increased by 35% annually between 2002 and 2006.

This survey provides exporters of cut flowers and foliage with sector-specific market information related to gaining access to the UK. 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 UK is the second largest market for cut flowers and foliage in the EU, (after Germany). The value of the market has been increasing steadily for more than a decade. The current value of the market is € 2,821 million. Between 2002 and 2006, consumption increased by 4% annually. Because of the low level of penetration and the opportunities for development of sales channels, the consumption level is expected to continue to increase. However, increases will probably no longer be as high as in the previous years. The market value for 2011 is forecasted at € 3,521.

The average expenditure on flowers was € 47 per capita in 2006. It is one of the highest in the EU. The penetration of the market is relatively high as well. The share of the population buying flowers was 75% in 2005.

Two factors determine the total expenditure per purchasing consumer. One is the price of purchases, which will be discussed in Chapter 4. The other one is purchasing frequency. The average purchasing frequency has increased from 21.3 in 2001 to 22.5 in 2004. This increase was mainly caused by an increase of mixed bouquet purchases. Purchases of mono-bunches, compositions and single flowers remained at approximately the same level. Considering the total expenditure on flowers, mixed bouquets are also increasing in importance. Their share increased from 37% in 2001 to 57% in 2005. Mono-bunches, compositions and single flowers all lost share in total expenses. Nevertheless, mono-bunches still account for 42% of total flower sales.

Most consumers buy flowers on impulse. Another interesting fact is that almost half of all flower sales take place on Friday and Saturday. Furthermore, flower sales peak on public holidays. Please refer to Appendix E of the EU survey of cut flowers and foliage for a list of the public holidays.

Product groups

Since British people prefer a classic and cosy interior, they are most likely to choose bouquets mixed with traditional flowers (such as Rosa, Freesia, Dendranthema and even Dianthus) in "sweet" colours (pink and purple). The preference for mixed bouquets to decorate the home explains the relatively high expenditure on flowers by the people who purchase them.

Important criteria influencing the choice of bouquets are freshness, scent and price. The colour of the bouquet has also become an important factor of influence in recent years.

Table 1.1 Top-15 flowers in mono-bunches, 2001-2005, share in %

	2001	2002	2003	2004	2005
Dianthus	34	33	25	27	16
Rosa	9	14	16	19	16
Lilium	8	11	11	14	15
Dendranthema	16	17	14	15	14
Narcissus	5	3	3	4	6
Raceme dianthus	0	0	0	0	6
Tulipa	4	4	4	5	4
Freesia	5	5	4	4	2
Gladiola	0	0	0	0	1
Iris	1	1	1	1	1
Orchids	0	0	0	0	1
Gerbera	0	0	0	0	1
Helianthus (sunflower)	0	0	0	0	1
Convallaria	0	0	0	0	1
Other	18	13	22	11	11
Total	100	100	100	100	100

Source: Horticultural Commodity Board (2007)

Table 1.1 presents the most popular flowers in the UK market. Dendranthema and Dianthus are popular because these species are relatively cheap and have a longer vase life compared to other species. They are notably more popular than in most other EU countries. In a recent consumer survey, however, many consumers also considered Dendranthema as the least beautiful flower.

Dianthus received much attention in recent years, due to the strongly decreased sales of this flower. Therefore, more market information is available for Dianthus than for other flowers. Forecasts about the future of Dianthus are diverse, but research by the Association of Netherlands Flower Auctions (VBN) has provided some interesting facts. In the UK, Dianthus is

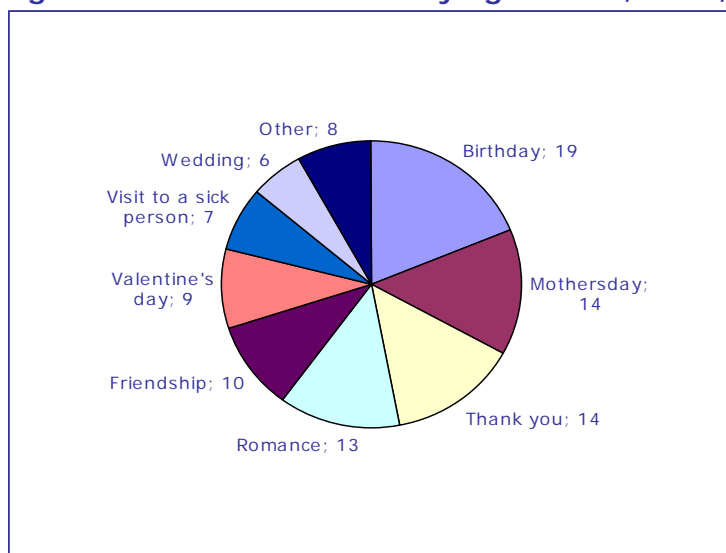
mainly used in compositions which are meant to be given away, which is in contrast to Germany and France. In those countries, Dianthus is mainly bought for own use. Another interesting fact is that UK consumers have indicated that the strength of the stem should be improved.

Consumers in the UK are very positive about Lilium. Lilium has an image of exclusivity and white Lilium is most popular. Sales of Lilies increased notably in recent years. According to the retailers, this was the result of both increased demand and increased availability. Retailers also expect sales of Lilium to increase in the next few years.

Market segmentation

- In all of the EU, flowers are mostly purchased by women. Also in the UK, the share of men purchasing flowers in 2005 (64%) is significantly lower than the share of women who purchase flowers (87%). In general, men often purchase flowers only as presents, while women also purchase them for own use.
- A general rule in the flower business is that flower purchases increase with the age of the buyer. In the UK, people between 65 and 75 spent most on flowers in 2005; they represent 21% of the population. The next largest age group that buys flowers consists of people between 35 and 44 years of age, with a share of 20%. People younger than 24 spent least on flowers.
- People in the south of the UK bought most flowers in 2005, accounting for 40% of the UK. The northern region accounts for 34%, and the middle region for 26%.
- In the UK, a relatively large share of flower purchases is for own use. In 2005, approximately 55% of flower purchases was for own use. This large share is related to the high average income in the UK and to the popularity of flowers. Many consumers can afford to purchase flowers for own use and like to decorate their home with flowers. Moreover, the distribution of flowers is rather convenient for consumers in the UK, stimulating impulse purchases. This is further explained in Section 2. Flowers as gifts represented 33% of flower purchases, while flowers for funerals and graves represented only 6%.

Figure 1.1 Occasions for buying flowers, 2005, share in %



Source: Product Board for Horticulture (2007)

- Figure 1.1 presents the occasions for which British people buy flowers. Most people buy flowers as a birthday present (19%). Furthermore, many people buy flowers as a "thank you", for Mother's Day, and for romance.
- The institutional market has also become a major flower market in the past two decades. The share of companies buying cut flowers increased from 11% in 1994 to 24% in 2002. This share remained stable until 2006.

Trends

- Flowers are increasingly purchased for own use. Between 2001 and 2005, the share of flower purchases for own use increased from 43% to 55%.
- Consumption of mixed bouquets is increasing. It is becoming more common to purchase mixed bouquets for home decoration. The higher prices of mixed bouquets do not hamper the increase in sales of mixed bouquets.
- The popularity of Lilium bunches is increasing.
- A test in supermarkets pointed out that consumers would like to see more exotic flowers in mono-bunches as well as mixed bouquets. They also indicated that foliage made bouquets more beautiful.

Production

Total production

The UK production of cut flowers amounted to € 77 million in 2005, making the UK the sixth largest producer within the EU. The value of production has remained relatively stable since 2003. The total area for the production of flowers in the UK was estimated at approximately 6 thousand hectares in 2005. The size of the production area also remained relatively unchanged the past 10 years. Approximately 5.7 thousand hectares is open area and 0.2 thousand is protected. The flowers are cultivated by about a thousand growers. The main production areas in England are the Southwest, the East Midlands and Eastern England. Most growers are smaller companies which focus on the regional wholesale markets. There are only modest investments in new up-to-date greenhouse technology, as growers face relative high interest rates in the UK compared to other EU countries. Nevertheless, a number of larger companies has scaled up to supply to the UK supermarkets.

Table 1.2 Production of cut flowers in England and Wales, 2001-2005, volume in ha and value in € million

	2001		2002		2003		2004		2005	
	vol. (ha)	Value (€)	Vol. (ha)	Value (€)	Vol. (ha)	Value (€)	Vol. (ha)	Value (€)	Vol. (ha)	Value (€)
Cut flowers open area										
Narcissus	3,298	19.8	3,900	20.0	3,890	20.5	3,900	20.8	3,900	21.3
Gladiolus	154		100		93		130		130	
Other cut flowers	607	19.5	662	19.3	666	19.2	638	19.8	630	19.8
Total	4,059	39.3	4,622	39.3	4,649	39.7	4,668	40.6	4,660	41.0
Cut flowers under glass										
Dianthus	4	0.4	5	0.7	5	0.5	5	0.4	7	0.5
Alstroemeria	21	8.7	19	8.4	18	7.7	18	7.7	16	9.5
Dendranthema	59	10.4	48	6.0	46	7.1	43	8.5	13	6.7
Other cut flowers	53	6.5	55	7.7	53	6.7	52	5.7	50	6.0
Total	137	29.2	127	24.7	122	23.7	118	24.1	104	23.5

Source: Flower Council of Holland (2005)

Traditionally, the leading product grown in the UK is Narcissus. In the trade they are often referred to as so-called 'pencils', because they are mostly traded without leaves.

The area of cultivation under glass in England (amongst others on the Channel Islands) and Wales decreased from 270 hectares in 1994 to 104 hectares in 2005. This was mainly due to the decreasing area of cultivation for Dendranthema.

Trends in production

- A long-term trend over a period of 10 years is the decrease in production of cut flowers and an increase in the production of hardy ornamental nursery stock. This indicates a switch from the former to the latter.
- In the past, many UK growers cultivated a wide assortment of flowers. Nowadays, more and more UK growers focus on a smaller assortment to increase productivity and to pinpoint demand in their target market segment.
- Many growers in the UK lack capital and their materials are mostly outdated. As a result, the number of growers is declining. The remaining growers have increased their scales. Average scales of growers in England increased from 3.3 hectares in 1995 to 4.7 hectares in 2005.

Opportunities and threats

- + In general, the UK market for cut flowers has experienced healthy growth in recent years and has almost become as big as the number one market in the EU, Germany. Moreover, the low penetration level offers room for continued growth.
- + Exporters of ready-to-use flower bunches are offered good opportunities by the increased popularity of mixed bouquets. These products have more added value and give higher returns. Exotic flowers also offer good opportunities, especially when they are offered in combination with an appropriate vase.
- A number of UK growers is scaling up, professionalising and improving their assortment policies. They are becoming more interesting as suppliers to wholesalers and supermarkets.

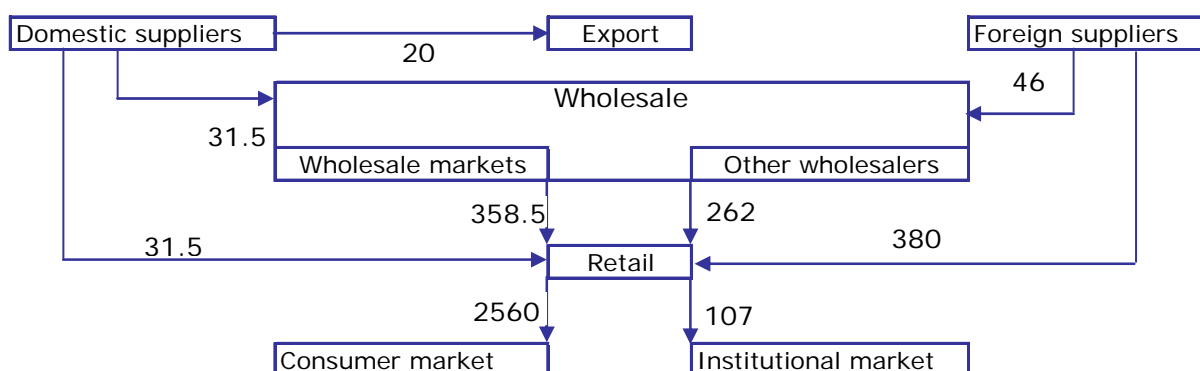
Useful sources

- Flowers and Plants Association: <http://www.flowers.org.uk>
- Horticultural Development Authority: <http://www.hdc.org.uk>
- Flower Council of Holland: <http://www.flowercouncil.org.uk/>
- Commercial Horticultural Association: <http://www.cha-hort.com>
- Find growers: <http://www.flowers.org.uk/industry/whos-who.htm>

2 Trade structure

Trade channels

Figure 2.1 Distribution of flowers in the United Kingdom, 2004, in € million



Source: Flower Council of Holland (2007)

Note: Figures are indications and can only be applied to obtain an idea of the relative importance of different trade channels.

Figure 2.1 presents the distribution of flowers in the UK, although no clear distribution chain for cut flowers exists in the UK. At the wholesale level, flowers are traded through the 35 wholesale markets or through import wholesalers. The larger supermarket chains, due to their enormous

buying power, have directly influenced the way products are sourced. This has caused changes in the distribution chain, leading to implications even in African supplying countries like Kenya. The result is a small number of very large UK-based companies which is specialised in supplying these supermarket channels. Their activities extend from production to wholesale.

An example is World Flowers (part of Oserian Group, <http://www.world-flowers.us>), which has its own production in Kenya and imports from associated farmers in, for instance, Kenya, Zimbabwe, Zambia and Uganda. Most of these products are destined for UK supermarkets like Tesco and Waitrose.

Another example is Flamingo Holdings (<http://www.flamingoholdings.com>). Flamingo has its own farms in Kenya (amongst which Homegrown) and South Africa. Flamingo subsidiaries Zwetsloots and Flower Plus coordinate the supply of bouquets in the UK. Zwetsloots, for instance, supplies Tesco, Morrisons, Sainsbury and Co-Op. The main client of Flower Plus is Marks & Spencer.

Trade experts foresee that growers and wholesalers will increasingly bypass the traditional wholesale markets. Supermarkets are expected to become more important in the UK distribution of flowers in the future. Wholesale markets, florists and street markets are expected to decrease in importance. According to the Flower Council of Holland, the number of traditional wholesalers will decrease from 450 to 350. Wholesalers offering extra good opportunities to flower exporters are packers supplying directly to supermarkets.

Major wholesalers are: Zwetsloots (<http://www.zwetsloots.co.uk>) in Sandy Bedfordshire, World Flowers in North Warnborough-Hookhants, Winchester Growers (<http://www.winchestergrowers.co.uk>) in Pinchbeck-Spalding, Lingarden Flower Sales in Weston-Spalding, Lincolnshire and John Austin in London.

Retail trade

Supermarkets are the leading sales channel for flowers in the UK, with a 73% share in 2006, as can be seen in Table 2.1. Supermarkets in the UK play a significantly more important role than in other EU markets. Their market share is expected to remain at this level in the future. The second largest retail channel is the florist, although its market share decreased from 27% in 2002 to 14% in 2006.

Table 2.1 Share of retail channels in the UK, % of total sales, 2002-2006

	2002	2003	2004	2005	2006
Supermarkets	58	64	69	70	73
Florists	27	25	20	17	14
Street and market	6	5	5	7	7
Garden centres / DIY	3	2	2	2	1
Grower	0	0	0	0	1
Others	6	4	4	4	4
Total	100	100	100	100	100

Source: Flower Council of Holland (2007)

The approximately 7,000 florists in the UK are facing a declining market share. Nevertheless, as the total UK consumption showed a strong increase, the florists still managed to expand their sales in absolute terms. They are becoming more professional by offering better service, quality and knowledge. This has resulted, amongst other benefits, in increased sales to the institutional market from which florists derive approximately 25% of their turnover. More than 67% of companies purchases their flowers at a florist. Other purchasing channels are supermarkets (13%) and the market (5%).

The major purchasing channels for florists are wholesale markets, where 48% of florists purchase flowers. Other major channels are wholesalers supplying directly from their trucks (38%) and exporters in The Netherlands (30%). The leading organisations of florists are Interflora and Teleflora. 32% and 27% of florists are associated with these organisations respectively.

Supermarket chains are growing fast. The major supermarkets are Tesco, Sainsbury, Safeway, Asda and Marks & Spencer. Consumers mainly purchase flowers at supermarkets because of the convenience, attractive offers and vase life guarantee.

Trends

As supermarkets have become the main sales channel and often prefer to source directly from growers, shorter distribution lines are increasing in importance. Supermarkets are actively seeking reliable suppliers.

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 as they are often supplied by specialised wholesale companies with own production in Africa. Florists mostly purchase flowers at wholesale markets, but margins can vary when products are sourced directly from local growers.

Selecting a suitable trade partner

Finding a trade partner in the UK should not deviate from the general EU method as described in the CBI market survey covering the EU market. UK importers look for new suppliers in developing countries by visiting the country of interest, through recommendations or through trade fairs. The most common ways for developing country exporters to approach UK customers are through direct (e)mail, personal visits as follow up, inviting potential UK 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 websites can be used to find a trading partner in the UK:

- <http://www.tradeholding.net>
- <http://europe.bloombiz.com>
- <http://www.tradepro.com>

Useful sources

- The Fresh Produce Consortium: <http://www.freshproduce.org.uk>
- Flower and Plants Association: <http://www.flowers.org.uk>
- Flower Wholesale Trade Association (FWTA): <http://www.fwta.co.uk>
- International Floriculture Online Report: <http://www.pathfastpublishing.com>
- New Covent Garden Market: <http://www.cgma.gov.uk>
- New Smithfield Market: <http://www.manchester.gov.uk/markets/wholesale/>

3 Trade: imports and exports

Imports

The UK is a key player in the trade of cut flowers and foliage. The UK is the largest EU importer of cut flowers and foliage, accounting for 24% of total EU imports in 2006. Its total imports decreased by 2% annually between 2002 and 2006, amounting to € 806.3 million / 146.7 thousand tonnes in 2006. Comparable importers are Germany, The Netherlands, and France which account for market shares of 23%, 15%, and 12% respectively.

The value of imports sourced in developing countries increased by 6% annually between 2002 and 2006, amounting to € 153 million in 2006. This equals a considerable share of 19% in UK imports. The UK sources its flowers in a rather large number of different developing countries.

The most important developing country suppliers are Kenya (10%) and Colombia (6%). Imports from Kenya and Colombia showed an annual increase of 9% and 3% respectively during the review period. Taiwan shows the strongest growth, with imports increasing by 202% annually. Imports amounted to € 1 million in 2006. South Africa also showed a large annual growth, of 51% between 2002 and 2006, with imports amounting to € 2 million in 2006.

The main EU supplier is The Netherlands (76%), followed at a distance by Spain (3%). Between 2002 and 2006, imports from The Netherlands decreased by 3% annually. Imports from Spain decreased by 13% annually during this period.

Imports by product group

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

Product	2002	2004	2006	Leading Suppliers in 2006 share in %		Share in UK imports
Total cut flowers and foliage	758.5	655.6	648.3	Intra-EU:	The Netherlands (76), Spain (3).	80
	3.2	2.5	5.1	Extra-EU excl DC:	Israel (0.5)	1
	119	126.7	152.9	DC*:	Kenya (10), Colombia (6), Turkey (1), India (0.3), Ecuador (0.3), South Africa (0.3).	19
Rosa	66.0	67.2	85.7	Intra-EU:	The Netherlands (68), Germany (1).	69
	0.1	0.1	0.03	Extra-EU excl DC:	-	0
	31.5	24.8	38.4	DC*:	Kenya (28), Colombia (2), Ethiopia (0.4), Zambia (0.3), India (0.2).	31
Dianthus	44.5	32.7	28.2	Intra-EU:	The Netherlands (15), Spain (10), Austria (1).	26
	0	0	0	Extra-EU excl DC:	-	0
	54.1	43.5	79.6	DC*:	Colombia (38), Kenya (29), Turkey (6), Morocco (1), Ethiopia (0.2).	74
Orchids	4.1	4.8	6.1	Intra-EU:	Netherlands (80).	80
	0	0	1.0	Extra-EU excl DC:	Taiwan (13)	13
	0.6	0.3	0.5	DC*:	Thailand (6), South Africa (0.2), Turkey (0.2)	7
Gladiolus	1.2	1.2	2.3	Intra-EU:	The Netherlands (70), Italy (1), Spain (1).	72
	0	0	0	Extra-EU excl DC:	Israel (0.2).	1
	3.0	2.9	0.9	DC*:	Colombia (18), Morocco (6), Kenya (2), Malaysia (1), Brazil (0.4).	27
Dendranthema	124.8	118.3	130.0	Intra-EU:	The Netherlands (97), Spain (1).	98
	0.1	0	0	Extra-EU excl DC:	-	0
	0.3	1.9	2.6	DC*:	South Africa (1), Colombia (0.4).	2
Other fresh cut flowers	485.6	419.6	378.4	Intra-EU:	The Netherlands (88), Spain (3), Italy (1), Belgium (1).	93
	2.8	2.1	3.9	Extra-EU excl DC:	Israel (1).	1
	23.0	48.4	24.9	DC*:	Kenya (3), Colombia (2), Ecuador (1), South Africa (0.3), Costa Rica (0.3).	6
Prepared cut flowers	28.5	9.4	14.5	Intra-EU:	The Netherlands (86), Italy (0.5), Spain (0.3).	88

Product	2002	2004	2006	Leading Suppliers in 2006 share in %		Share in UK imports
	0.1 4.2	0.1 1.4	0.1 2.0	Extra-EU excl DC: DC*:	- Colombia (4), India (3), China (2), Ecuador (1), Philippines (1), Thailand (1).	0 12
Foliage	3.9	2.4	3.0	Intra-EU:	The Netherlands (31), Italy (9), Ireland (2), Germany (1).	43
	0.1	0.1	0.1	Extra-EU excl DC:	USA (1)	1
	2.3	3.4	3.9	DC*:	India (26), China (15), Philippines (9), Thailand (3), South Africa (1).	56

Source: Eurostat (2007)

*Developing Countries

As can be seen in Table 3.1, the largest product groups for the UK are Dendranthema, Rosa, Dianthus and 'other fresh cut flowers', which mainly consist of summer flowers. Within the EU, the UK is the largest importer of Dendranthema, accounting for a market share of 51% in 2006, with imports increasing by 1% annually. Furthermore, the UK is the third largest importer of Rosa, accounting for an import share of 13% in 2006. Moreover, Rosa imports increased by 6% annually. The UK is the largest importer of Dianthus, accounting for a market share of 45% in 2006, and imports increased by 2% annually. The UK is also the second largest importer of 'other fresh cut flowers', accounting for a market share of 25%. However, the imports of this product group decreased by 6% annually. The UK imports of Orchids showed the largest increase (13% annually), and the imports of prepared cut flowers showed the largest decrease (16% annually). Finally, imports of Gladiolus decreased during the review period, while imports of foliage slightly increased.

The role of developing countries in UK imports is particularly important for four product groups. Their share in imports is 74% for Dianthus, 56% for foliage, 31% for Rosa and 27% for Gladiolus. UK imports of Dianthus from developing countries increased by 10% annually between 2002 and 2006. The largest suppliers are Colombia (38%) and Kenya (29%), which increased their supplies to the UK by 1% and 41% annually respectively. As a result of the good performance of developing countries, the share of EU countries in the UK imports of Dianthus decreased by 11% annually. Imports from a number of EU countries even decreased sharply. Imports from Spain decreased by 22% annually, imports from Italy by 36% annually and imports from Belgium by 33% annually.

The total share of developing countries in UK imports of Rosa increased by 5% annually during the review period. The largest developing country supplier is Kenya (28%), which increased its supplies to the UK by 8% annually. The Netherlands is still the largest supplier, with imports also increasing by 8% annually during the review period. Ethiopia and Zambia are new suppliers of Rosa to the UK since 2004, although their market shares are still below 1%. Imports from Colombia increased slightly between 2002 and 2006.

Although foliage and Gladiolus are small product groups for the UK, the share of developing countries in UK imports is considerable. The imports of foliage from developing countries increased by 14% annually during the review period. The most important developing country suppliers are India and China, from which the imports increased by 15% and 6% annually respectively. The imports of Gladiolus from developing countries decreased by 26% annually between 2002 and 2006. This decrease was mainly caused by Colombia from which the imports decreased by 30% annually. Imports from Kenya and Malaysia also decreased, by 27% and 30% annually.

Although Dendranthema and 'other fresh cut flowers' are the two largest product groups for the UK, the share of developing countries is rather low. Note that many of these products like summer flowers are purchased from Netherlands wholesalers, who partly import them from

developing countries. Despite this low share of direct UK imports, the value of 'other fresh cut flowers' imported from developing countries is still large compared to other product groups. Between 2002 and 2006, imports of 'other fresh cut flowers' from developing countries increased by 2% annually. The largest supplier is The Netherlands (88%) although imports decreased by 6% annually during the review period. Imports from Kenya decreased by 11% annually, whereas imports from Colombia increased by 49% annually.

UK imports of Dendranthema from developing countries increased by 66% annually during the review period. Kenya, South Africa and Colombia showed a very large annual increase in imports, of 92%, 59%, and 72% respectively. Still, The Netherlands is by far the largest supplier (97%), and imports increased by 2% annually.

The UK imports 7% of its Orchids from developing countries. These imports decreased by 3% annually between 2002 and 2006. Most imports come from The Netherlands (80%), of which the imports increased by 14% annually. The Netherlands is a leading European producer particularly of Cymbidium varieties. The most important developing country supplier is Thailand, from which the imports increased by 3% annually. Taiwan is another important exporter of Orchids to the UK, achieving a market share of 13% in 2006.

Finally, the UK imports 12% of its prepared cut flowers from developing countries, with imports decreasing by 17% annually during the review period. However, imports from Colombia, India and China increased during this period, by 16%, 17%, and 5% annually respectively.

Exports

The UK exports only moderate amounts of cut flowers and foliage. Ranked only as the sixth largest exporter of cut flowers and foliage with a market share of 1% in the EU, the UK is a net importer of cut flowers and foliage. However, its exports increased by 5% annually, amounting to € 35.5 million / 22.7 thousand tonnes in 2006. Comparable exporting countries are France and Portugal, which also have a market share of 1%.

The leading three export destinations for UK exports are The Netherlands (€ 18.7 million), and Ireland (€ 13.7 million). Exports to both countries increased, by 12% and 2% annually respectively between 2002 and 2006.

UK exports are mainly composed of 'other fresh cut flowers' (mainly Narcissus), with exports amounting to € 28.2 million.

Opportunities and threats

The UK is an interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:

- + It is the largest EU importer of cut flowers and foliage with a market share of 24%.
- + The UK imports consist for a relatively large part of products from developing countries. The import value of developing countries increased annually by 6%, amounting to an import share of 19% in 2006.
- + Dianthus and Rosa provide particularly good opportunities to developing country producers, since these are two important product groups in the UK and developing countries have a large and increasing share in UK imports of these flowers.
- + Although Kenya and Colombia are, by far, the leading developing country suppliers of flowers and foliage to the UK, many other developing countries are represented in UK imports. Ethiopia is an important emerging country for Rosa.
- + Besides The Netherlands, the UK is one of the European countries which has a number of large importing companies specialised in sourcing products in developing countries. Their main market channels are supermarkets.

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

The Netherlands auctions set the price for most flowers sold in the UK. This is because many of the flowers traded in the UK have passed through the Netherlands 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>.

Table 4.1 presents the retail prices of flowers in the UK. Between 2001 and 2004, retail prices of flowers in the UK increased by 4.2% annually. Prices increased for mono-bunches and mixed bouquets, as well as for compositions.

Table 4.1 Retail prices of flowers, 2005, in €

	2005
Mono-bunches	14.31
Mixed bouquets	10.91
Compositions	n.a.
Total	10.49

Currency converted from £ to €: £ 1 = € 1.4818 (exchange rate October 2007)

Source: Product Board for Horticulture (2005)

Prices at florists and for mail orders are higher than in other retail channels. The price at a florist is more than three times higher than at a supermarket, the price of a mail order almost five times higher.

Useful sources

A few European organisations publish prices for cut flowers 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 cut flowers 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

As a grower in a developing country preparing to access the UK, you should be aware of the market access requirements of your trading partners and the UK 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

For information on import tariffs, please refer to the CBI market survey covering the EU market. The general VAT rate in the UK, which is also applied to flowers, is 17.5%.

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. English is the common language used during negotiation. 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.

In the case of flowers, some importers in the UK are not in favour of trade fairs as a means to promote suppliers from developing countries. However, their opinion is not truly objective as they themselves are threatened by the increasing exclusion of the middle chains in the distribution chain. Visiting or even participating in a trade fair can be an efficient tool for communicating with prospective customers. It can also be a valuable source of information on market developments, production techniques and interesting varieties.

Assistance with market entry can also be sought through local trade associations, import promotion organisations such as CBI and branch organisations focusing on the flower sector.

Trade associations

- Flowers and plants association: <http://www.flowers.org.uk>
- Institute of Horticulture: <http://www.horticulture.org.uk>
- Horticultural Trades Association (HTA): <http://www.the-hta.org.uk>
- Horticultural Development Council (HDC): <http://www.hdc.org.uk>

- Commercial Horticultural Association: <http://www.cha-hort.com>

Trade fairs

- Four Oaks Trade Show (horticultural trade fair): <http://www.fouroaks-tradeshow.com>
- Chelsea Flower Show (floricultural trade fair): <http://www.rhs.org.uk>
- Spring Flower Show (flower show): <http://www.flowershow.org.uk>
- Spring Florist Event (floriculture wholesale and retail show): <http://www.springfloristevent.co.uk>
- Full overview of UK trade shows: http://www.cha-hort.com/uk_trade_shows.htm

Trade press

- Florist & Wholesale Buyer: <http://www.masterflorist.com>
- Grower: <http://www.nexusmedia.com>
- Nurseryman & Garden Centre: <http://www.nexusmedia.com>
- Horticulture Week: <http://www.hortweek.com>
- Comm. Greenhouse Grower: <http://www.actpub.co.uk/greenhousegrower.htm>

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

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