Market Report

Focus on the EU and Swedish Market

Floricultural Products
May 2011

The Swedish Chambers of Commerce

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Summary

This market brief provides a description of the EU market for floricultural products, including pot plants, cut flowers and foliage; followed by an in-depth analysis of the Swedish market. The objective of this guide is to help exporters of floricultural products in developing countries to understand the Swedish floricultural market and therefore improve their chances of export success on the market. This brief is also useful for Business Support Organisations (BSOs) in developing countries who want to support the floricultural industry in their countries.

Among the three product categories, cut flowers offer the best opportunity for exporters from developing countries, and therefore are the focus of this summary and market brief.

EU floricultural market

The European market (including non-EU countries) for cut flowers is valued at approximately €18 billion in 2011, accounting for around 56% of the global market. The size of the European pot plant market is smaller, valued at €12.5 billion. Both markets are expected to grow further to reach €22 billion and €15 billion in 2016 respectively.

Germany was the largest market in the EU in 2008 (23%), followed by the UK (15%), France (14%), Italy (11%) and the Netherlands (8.0%). Germany also ranked first in the EU in terms of consumption of pot plants in 2007 (41%), followed by France (12%), the UK (8.0%), Italy (6.0%) and the Netherlands (5.0%). The majority of the EU floricultural market is supplied by the Netherlands.

Most Western and Southern European markets are mature or saturated, with limited growth potential. These markets have high floriculture consumption per capita and intense market competition. Consumption in these countries is mainly for gifts, and to a much lesser extent for personal use. The Central and Eastern European markets on the other hand are expanding, and are expected to grow further with improving consumer wealth.

EU floricultural production accounts for around 40-50% of the world, estimated at €19.5 billion in 2009. Major producing countries were the Netherlands (30%), Italy (15%), Germany (13%), France (11%) and Spain (11%).

Most of floricultural import to the EU is traded via flower auctions. The auctions in the Netherlands (especially FloraHolland) are the most developed and represent an important hub for floricultural imports from developing countries. Concentrating on a high level of demand and supply, they also serve as a price setting institution in the EU. Floricultural trade also occurs directly from growers/exporters to intermediaries, such as agents and wholesalers, who distribute the product to local retailers or export to other EU countries.

In the EU retail market, florists continue to dominate although other retail channels have increased their market share, particularly supermarket chains and garden centres. Due to much stiffer competition, new retail formats with unique value propositions have emerged in the EU, including flower delivery networks, florist chains, online florists, etc.

The most important trends in the EU market are price sensitivity; growth driver shift to Central and Eastern Europe, more complex consumer requirements, increased importance of 'fair' flowers, online sales, increased importance of direct trade, restructuring of trade channels and increased transparency in the trade channel.

Swedish floricultural market

Sweden is a mature market for floricultural products and is considered a medium-sized market in the EU. The country accounts for around 1.5-2.0% of the total EU market for cut flowers and around 3.0-5.0% for pot plants.

The Swedish cut flower market is dominated by roses (around 30% of cut flower sales), followed by tulips (around 20%). Flowering plants are popular in the Swedish pot plant market, with orchids being the most imported product, followed by Rosa. The most popular imported foliage plants are Ficus and Dracaena.

Around one third of cut flower purchases are for personal use, while 75% of pot plant purchases are for this purpose. Florists strongly dominate the Swedish cut flower market, accounting for an estimated 40% of total cut flower sales, followed by supermarkets (30-35%) and garden centres (10-15%). Garden retail centres, however, account for about one third of total pot plant sales, followed by supermarkets (25%) and florists (15-20%).

Floricultural production in Sweden is quite limited and has been declining. Tulip is the only type of flower production in Sweden, while production for pot plants includes both indoor (especially Pelargonium or Geranium) and outdoor (especially Violas or Pansy) use.

The most important trends in the Swedish market are slow demand recovery, continuation of price sensitivity, change in trade structure, increased importance of social and environmental certification/labels and increased popularity of home and garden decoration.

Swedish floricultural trade

Due to a limited scale of production, the majority of floricultural products in Sweden are imported. Imports from other EU countries account for more than 90% of total imports; half of which is accounted for by the Netherlands. Direct imports from developing countries account for 6.5% of total imports, with Kenya being the main supplier. However, a significant number of flowers from developing countries are re-exported from the Netherlands to Sweden. Cut flower imports to Sweden from developing countries are estimated to account for around 40-60% of total Swedish imports. Important products from developing countries include dianthus (especially from Colombia), rosa (especially from Kenya) and orchid (Thailand).

A small portion (6.7%) of imported foliage is from developing countries, mostly from China. Pot plants, however, are hardly imported from developing countries.

Trade price levels of cut flowers to Sweden recorded a peak in 2006-2007. In 2008 and 2009, the economic recession resulted in a significant pressure on prices before wearing off in 2010.

Trade channels

There are around 50 floricultural wholesalers in Sweden, most of which are specialised in pot plants. Most players are small-sized and locally orientated. Around 20 wholesalers source their supply internationally, mostly from the Netherlands and Denmark, while around 5-10 of them import from developing countries.

Most floricultural products imported to Sweden are traded via auctions. However, direct trade has increased a lot in recent years. Supermarkets, in particular, engage in direct trade; since supermarkets account for 30-40% of cut flower sales, it can be assumed that the share of direct trade in Sweden is at least 20%, roughly.

The best opportunity for companies in developing countries is in the Swedish cut flower market as opportunities in the pot plant market are limited. In addition, there are some opportunities for young plant material; however, for these products other EU countries than Sweden are more attractive.

Exporting cut flowers to Sweden can be done in several ways. In fact, it is not possible to advise on one best channel for the Swedish market. Most important is that exporters should make a distinct choice between direct sales and auction trade.

Market access requirements

All floricultural imports into the EU, including Sweden, must meet phytosanitary legislation. Apart from that, Swedish consumers are also highly concerned about the sustainability aspect of floricultural cultivation, which has led to an increase in the adoption of relevant consumer labels, such as Fair Flower Fair Plants (FFP) and Fairtrade, by Swedish floricultural retailers. Apart from consumer labels, sustainability standards/ certification systems, especially MPS-ECAS, has started to be regarded as an increasingly important buyer requirement in Sweden. This trend is robust in not only Sweden, but also elsewhere in the EU.

Doing business

Finding the right trading partner is a crucial first step. The market brief emphasises the importance of direct contact which can be best established by organising a roadshow or buyer event. While a roadshow is a business trip collectively organised by a group of exporters to meet prospects in the desired export country, a buyer event is when a group of exporters collectively invite prospects to visit their farms/facilities in their country. Both types of events allow exporters the time and opportunity to present themselves and their companies to prospects, which increases the chance of establishing mutual agreements. The organisation of these events could be well assisted by BSOs. Other, but less relevant channels for promoting one’s company are trade fairs and trade magazines/journals.

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Introduction

Objective
The main aim of this market brief is to support producers from developing countries in understanding and, consequently, improving their position on the EU and Swedish market. Furthermore, this report is also very useful for BSOs in developing countries dealing with the floricultural (export) industry in their own country.

Statistical product classification
This market brief deals with three product categories: pot plants including young plant material, cut flowers and foliage. The classification of products used in this market brief are based on the European Union's Combined Nomenclature (CN), which are in turn based on the Harmonised System (HS) classification developed by the World Customs Organisation. The trade statistics are extracted from the Eurostat database (Eurostat is the statistical body of the EU). Table 1.1 shows the three product categories and their product groups. Refer to Appendix 1 for an overview of the selected CN codes. If reference is made to all products involved, the term 'floricultural products' will be used.

Table 1.1 Selected product categories and product groups for floricultural products

Product category	Product group
pot plants	finished indoor plants finished outdoor plants young plant material
cut flowers	Chrysanthemum Dianthus Gladiolus Rosa Orchids other cut flowers
Foliage	Dried Dyed Fresh

Source: Facts Figures Future, based on Eurostat (2011)

Methodology
This research was conducted in the period April-May 2011. A list of the main sources used for desk research can be found in Chapter 10. In addition, in-depth interviews with representatives of several types of organisations were conducted. The interviewees represented the following (type of) organisations:

- An international agency representing Kenyan rose growers, working from Dubai and selling to one of the main wholesalers in Sweden.
- The Swedish Floricultural trade Association (BRO).
- The Swedish Fair-Trade Association.
- One of the two leaders in the pot plant market in Sweden, Gasa.

Report structure
This market brief describes and explains the Swedish market for a selection of floricultural products. Although the main focus is on cut flowers, since these products offer the most opportunities to exporters from developing countries, some attention will also be paid to foliage, pot plants and young plant material. In several chapters, attention is paid to the characteristics of consumption, trade, distribution, trends and developments, buyer requirements, prices and doing business. Before focusing on the Swedish market, we will consider the EU market for these products. The last two chapters contain useful links for conducting further research and tips for growers and Business Support Organisations (BSOs).

1 EU market for floricultural products

This chapter describes the floricultural industry in the EU. Discussions on the Swedish market are provided in the chapters that follow. Market opportunities for floricultural exporters in developing countries are far more promising for cut flowers than pot plants. As a result, this chapter will focus more on the cut flower market.

1.1 Consumption

Market size

According to the Dutch Association of Wholesale Trade in Horticultural Products (VGB), the total value of the global cut flower market is €31 billion in 2011. The European market (including non-EU countries) for cut flowers accounts for the majority of the global market (56%) or approximately €18 billion in 2011. This regional market is expected to grow further to reach €22 billion in 2016, representing a growth of 41% between 2006-2016. The size of the European pot plant market is smaller, valued at €12.5 billion in 2011 and is expected to reach almost €15 billion in 2016, representing a growth of 37% in the period 2006-2016.

Major flower consuming countries in the world are concentrated in Western Europe. Of the world's ten largest national markets for cut flowers, six are in the EU, namely Germany, the UK, France, Italy, the Netherlands and Spain. Other important markets are the U.S. and Japan, accounting for around 20% each. Recently, Russia and the Middle East have also become important markets with rapid market growth.

The EU consumption of flowers and plants has been relatively stable in recent years with a temporary sales decline in 2009. The crisis led to an oversupply of flowers and decline in demand in that year.

International trade plays a main role for floricultural products. The Netherlands, in particular, supplies almost 75% of the EU market and around 80-90% of the UK, Germany and France's imports. In addition, the Netherlands is also the main distribution hub of floricultural products, with products being imported and distributed to other EU countries.

EU market characteristics

In Europe, the different national markets have their own particular characteristics. The Flower Council of Holland categorises different EU markets into four stages of product life cycles (PLC). The table below provides a brief market description of each stage of PLC and also indicates which national markets belong to each stage.

	Market characteristics	Cut flower markets	Pot plant markets
Market introduction	This stage is characterised by relatively low consumer awareness of the product and its benefits. Customers have to be prompted to try the product. Level of competition, sales and consumption per capita is the lowest.	- Romania - Ukraine	- Romania - Ukraine
Growth	Public awareness about the product starts to increase, and as a result increases sales volume. The market becomes more established with a few new players. Improved competition leads to price decreases. Expenditure per person is relatively low. Flowers are considered a luxury item and are bought mainly as gifts.	- Estonia - Hungary - Ireland - Poland - Slovakia	- Estonia - Greece - Hungary - Ireland - Poland - Portugal - Slovakia - The Czech Republic - The UK

	Market characteristics	Cut flower markets	Pot plant markets
Maturity	Sales volume peaks at this stage and market saturation is reached. Flower purchases for personal use are relatively higher. Competition level increases as more competitors enter the market. Brand differentiation and feature diversification are often needed to maintain or increase market share. Prices and profits tend to drop.	- Belgium - Denmark - Finland - France - Greece - Portugal - **Sweden** - The Czech Republic - The UK	- Austria - Finland - France - Italy - **Sweden**
Saturation and decline	At this stage, sales volume is stable or even declines. Prices and profitability diminish. Markets at this stage have a relatively high consumption per capita of flowers and/or plants. Flower purchases for personal use are relatively high.	- Austria - Germany - Italy - The Netherlands	- Belgium - Denmark - Germany - The Netherlands

Source: Flower Council of Holland (Marktvisie 2006 - 2011 - 2016) and Facts Figures Future (2011)

In general, according to the Flower Council of Holland, most markets for cut flowers in the EU have entered either market maturity or saturation, and therefore have observed negative or no market growth over the years. On the other hand, the countries with the highest growth potential are those in the market introduction and growth phrases. The Swedish markets for cut flowers and pot plants both fall into the maturity stage.

In general, floriculture consumption is strongly related to income levels. This is why markets with high purchasing power also have high floriculture consumption. According to the Flower Council of Holland, the Nordic countries, as well as Germany, the Netherlands and Austria have the highest consumption per capita of flowers and plants combined in the EU. In these countries, the consumption per capita is in the range of €75-95. In comparison, other countries in the EU spend much less on cut flowers and pot plants. Most countries in Central and Eastern Europe, for example, spend (far) less than €30 per capita.

For the cut flower market in particular, the Netherlands is the leading country in the EU in terms of consumption per capita, followed by the UK, Denmark and Ireland. Sweden and Belgium ranked fifth. For the pot plant market, Germany has the highest consumption per capita, followed by Sweden, Denmark, Finland and Austria.

Market segmentation

The flower and foliage market is usually segmented according to consumer use. In general, consumers purchase flowers for two main purposes, namely as gift items and for own use.

Gift item

Purchases of flowers as gift items are mostly made for special occasions, such as birthdays, weddings, funerals, as well as for festive occasions or holidays. In the EU, demand for cut flowers peaks around holidays or festive days, especially Mother's Day and Valentine's Day, which together account for almost 20% of cut flower sales. In addition, certain species of flowers are associated with particular occasions, for instance, carnations for funerals and poppies for Remembrance Day.

The gift segment is important for the flower market. Flowers marketed/sold as gifts, however, experience relatively high price elasticity. This is because their demand also depends on the price level of other gift items, e.g. wine, jewellery, ceramics and confectionary, which can be substituted for flowers. If the price of flowers becomes higher than other gift categories, consumers are likely to buy other gift items instead of flowers. Buying flowers as gifts is more common among women than men.

Own use

EU consumers also buy flowers for their own use, usually with the intention of creating a pleasant atmosphere or brightening up their home, office or garden. EU consumers, especially in the mature or saturated markets, generally find pleasure in home and garden decoration and increasingly purchase flowers and plants for this purpose.

More than half of cut flowers in most Western and Southern European countries are purchased for gifts and a smaller proportion are purchased for personal use. This includes Germany, Italy, Spain, the Netherlands, France and Sweden.

In the two market segments, consumer requirements differ significantly. In the gift segment, consumers tend to spend more time and effort in planning and sorting out the product. This can be a special wedding bouquet or flower arrangement for a funeral. On the other hand, flower purchases for own use can be described as impulse buying, in which consumers have had no prior plan or intention of buying a flower/plant. Ease of finding and buying the product, as well as affordable price levels are crucial for purchases in this segment.

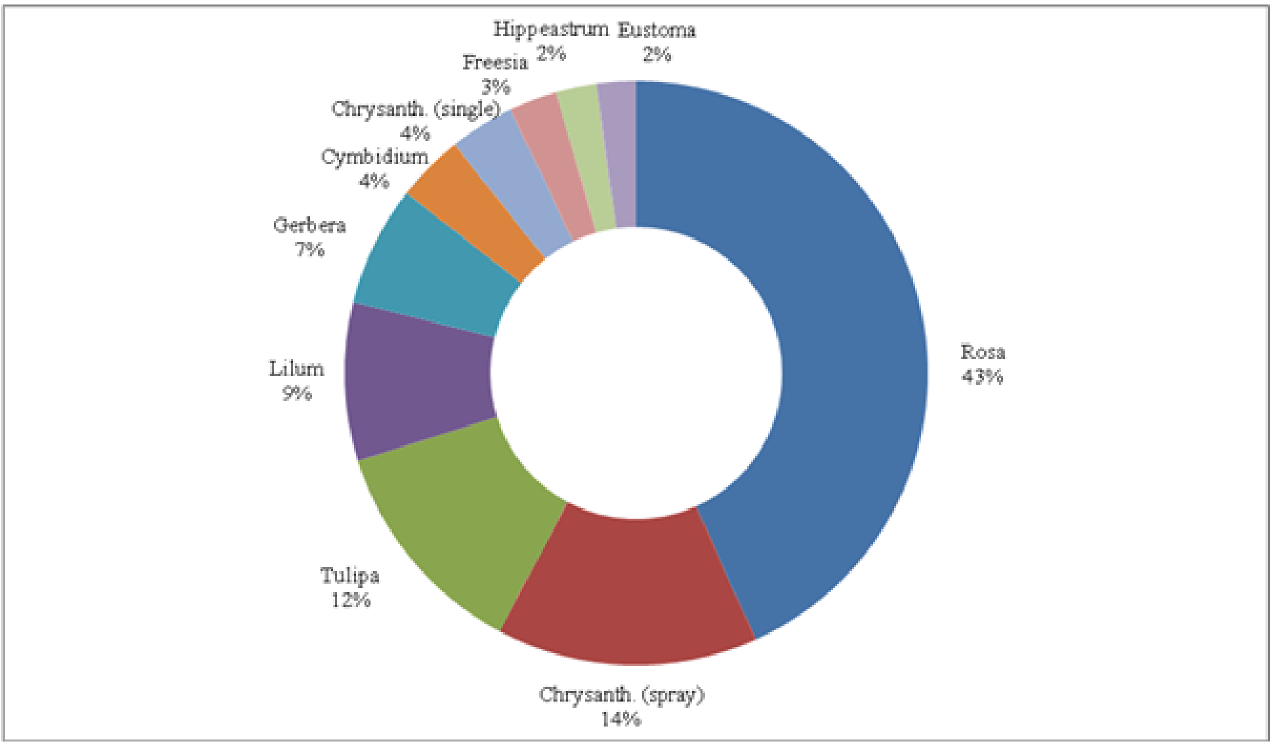
Market segmentation also determines where the product is available. For example, florists tend to target the gift and special occasion segment as they are able to custom make bouquets or flower arrangements according to customers' wishes in terms of size, flower variety, colour and design. On the other hand, flowers and plants for the own use segment in the EU are purchased more via supermarkets, garden centres and Do-It-Yourself stores. As these retail chains focus on bulk buying, they are able to offer their flowers or plants at a relatively low price suitable for this segment.

Assortment

There are no official data available on the sales volume of flowers and plants in the EU. Nevertheless, in order to provide an indication of which flower and plant varieties are in demand, a summary of the amount of turnover per type of flowers at Dutch auctions in 2009 is provided in the figures below. These data present a good indication of which cut flowers and pot plants are currently in demand in the EU.

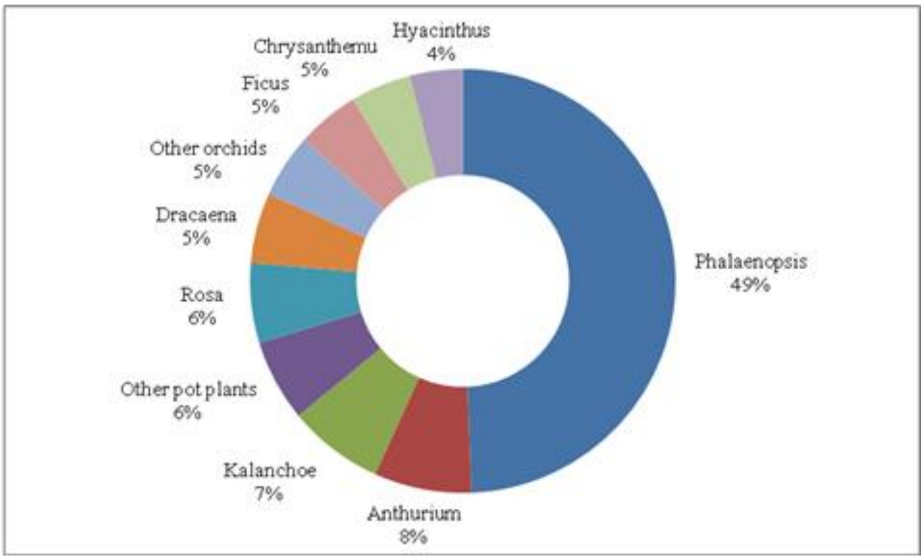
As can be seen, roses are by far the most important cut flower, followed by Chrysanthemum, Tulipa, Lilium and Gerbera. There is a wide and deep assortment of roses available in the EU and they are purchased for many different occasions. Consumers' preferences have gradually shifted from small-budded (e.g. 'Intermediates' and 'Sweethearts') to larger ones (e.g. 'T-Hybrids'). Small-budded roses are increasingly associated with generic or bulk product, partly due to their lower price and dominant presence in supermarket chains. Larger rose varieties, on the other hand, are primarily sold in more specialised channels, such as the florist. They are relatively higher priced and are bought for special occasions.

Figure 1.1 Top ten cut flowers at Dutch auctions, turnover in € million, 2009



Source: VBN (2010)

Figure 1.2 Top ten pot plants at Dutch auctions, turnover in € million, 2009



Source: VBN (2010)

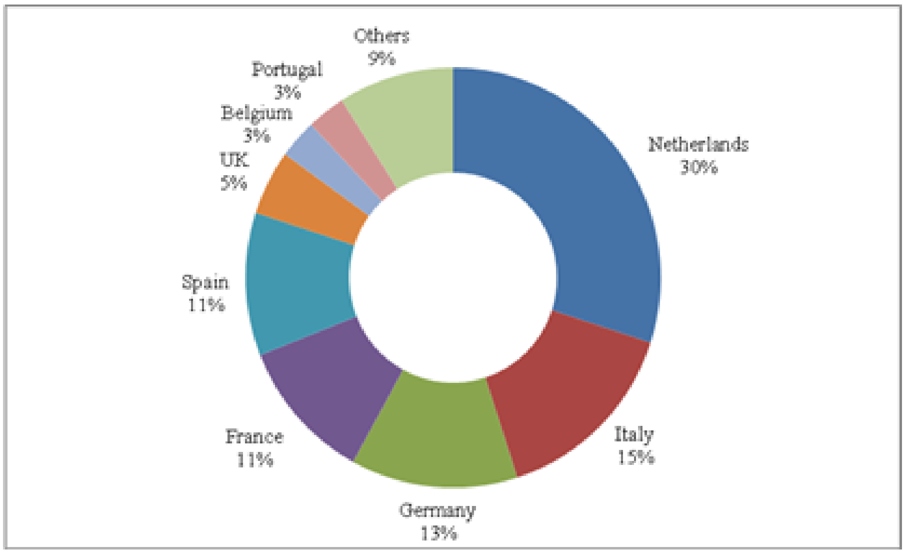
Between 70-80% of all cut flowers sold in the EU are bought in mono bunches, which contain one variety, or bought per stem. The rest is bought in bouquets of different varieties of flowers and foliage or in flower arrangements. The Flower Council of Holland reports that when purchasing flowers, consumers usually look for criteria as follows: quality (36%), price (13%), species (13%) and colour (10%).

1.2 Production

Traditionally, demand for cut flowers was satisfied by local production. This is also why countries with large domestic markets - such as the U.S., Japan and Germany - are also major producers of flowers and plants. The EU is the largest producer of flowers and plants, accounting for 40-50% of the world's production. Other main producers are the U.S., China and Japan, each of which accounts for around 10-15% share. Other smaller producers include Canada, Colombia, South Korea and Kenya.

In the EU, production was estimated at €19.5 billion in 2009. Most of the production is concentrated in Western and Southern Europe, where the Netherlands is by far the leading producing country, accounting for 30% of EU total production value. Other major producers in the EU are Italy (15%), Germany (13%), France (11%) and Spain (11%).

Figure 1.3 EU production of cut flowers and plants, share of main countries, 2009



Source: Eurostat

According to the Agricultural and Rural Development (European Commission), the land area of flowers and ornamental plants and nursery plants in the EU was estimated to cover 195,000 hectares in 2009. The Netherlands accounted for the largest share of this area (43 thousand ha), followed by France (27 thousand ha), Germany (26 thousand ha) and Italy (24 thousand ha). The amount of land area used for growing flowers in the EU is expected to decline in the long term, except for the Netherlands.

1.3 Trade channels for market entry

Trade of floricultural products in the EU mainly occurs either via auctions or direct trade between flower growers/exporters and buyers, such as agents or wholesalers or retailers. The four channels are as follows:

Flower auctions

Flower auctions continue to be the main marketplace and distribution point of floricultural products in the EU. There are around 10 flower auctions in the EU, but the most important ones are FloraHolland (http://www.floraholland.com; the Netherlands) and Langard (http://www.langard.de; Germany). Other auctions generate only a small auction turnover and usually have local importance.

Dutch flower auctions serve as an important international hub for products from developing countries. They are owned by domestic growers, but also comprise EU members (growers) outside the Netherlands and an increasing share of non-EU members. They handle around 80-90% of the local produce and 60% of Dutch floricultural imports. Concentrating on a high level of supply and demand, they greatly influence global trade and set the price of floricultural products, especially in the EU market. Buyers at Dutch auctions are mostly Dutch wholesalers, who resell to retailers or export to other markets in the EU.

Auction suppliers are subject to the costs of handling and selling the flowers, which do not occur in other trade channels. Exporting via auctions also takes two to four extra days as the flowers must be re-cut and placed in water prior to the auctions. This preparation is done again by buyers after they have been auctioned and before being sent to the final destination. Double-packing practised in this trade channel reduces vase-life and stem length. However, flower auctions are still a preferred option for many suppliers because they represent a fast and convenient way of sales. Sales at auction are done at the market price and payments are guaranteed. In addition, there is hardly any quality dispute between buyers and growers because flowers via auctions are subject to a random quality inspection which ensures that the actual quality of flowers is the same as what suppliers declare.

Agents

Exporters/growers also deliver directly to an agent, who in turn either sells the products via an auction or to wholesalers. Agents represent an important trade channel especially for exporters who lack representation and marketing ability in the export market. Agents generate value by providing a range of crucial services, including consultancy, market information and consumption trends, facilitating relationships with retailers or importers in the EU and (assistance in) marketing activities.

Wholesalers

The (import) wholesalers are the link between the growers and the retailers. Most wholesalers buy from auctions although some also buy directly from growers or agents. In turn, they deliver the product to other (smaller) wholesalers or retailers both in the domestic and foreign markets. Product delivery is usually done on the FOB or CIF basis. While the challenge of distributing most fresh products lies in gathering large quantities required by retailers, wholesalers of floricultural products have an indispensable role in compiling a large variety of flowers in small volumes. An increasing number of EU wholesalers conduct business online, with modern online stores and ordering formats.

Some export wholesalers and agents have built up a system of supplying to foreign retailers. By doing so, they take over some market share of local wholesalers. As most of them are from the Netherlands, they are sometimes referred to as “Flying Dutchmen”.

Many large-sized wholesalers in the EU are international corporate groups that have grown by acquiring or forging alliances with other companies in the floricultural industry. Members in a group are usually from different countries and play different roles in the supply chain, such as agents, wholesalers, growers, traders or retailers. Each player brings their own specialisations and export markets to the table. Examples of large-sized wholesalers include the Dutch Flower Group (DFG; largest flower supplier in the EU with turnover of €800 million in 2008), Zürel (the Netherlands; part of Italy’s Ciccolella group) and Florimex (Germany).

Retailers

In the EU, flower shops or florists are the main retail channel of floricultural products and are expected to continue their leading position in the years to come. Nevertheless, florists in some markets have started to lose their share to other channels, such as supermarket chains and garden centres. This is particularly true for the UK, where supermarket sales of cut flowers increased from around 2.0% of market share twenty years ago to an impressive 68% in 2008. It is estimated that 10-20% of cut flowers are sold in supermarkets in Europe.

In Central and Eastern European markets, main sales channels for cut flowers are street stalls, markets and kiosks. Other retail channels in the EU include DIY stores, petrol stations and, increasingly, on-line florists.

Florists in the EU usually get their supply from wholesalers while supermarkets are supplied mainly by flower providers. Flower providers are large scale wholesalers, often with a bouquet-making department. Florists generally hold a competitive edge against other retail channels as they offer exclusivity and creativity. They custom make flower arrangements according to the occasion and consumers' wishes. In addition, they offer a wider range of products, usually of higher quality and are also more likely to accept new non-traditional products. On the other hand, supermarket chains are known for their efficient logistics operations, which enable them to deliver a large volume of products (of reasonable quality) and at a competitive price. However, these operations are not suitable to handle delicate flowers, which are not mostly found at florists.

Different retail channels in the EU have different requirements. It has become important, especially for small-sized growers and wholesalers in the EU, to specialise in serving a channel in order to stay in business. In general, they can be specialised in either large-scale production against low price or small-scale production for a niche market.

Due to much stiffer competition, especially in Western European markets, new retail concepts and brands have emerged in order to offer innovative or differentiated value propositions for customers. For example, Monceau Fleurs is a French florist chain, aiming to combine low prices with convenience. In addition, an increasing number of florists in the EU form strategic partnerships in order to perform joint purchasing and joint marketing, including Blume in Germany. As the market becomes more mature, more new florist retail formats are expected.

1.4 Trends and developments in the EU floricultural market

In general, the prospects of the EU floricultural industry are positive. However, challenges arise from stiffer competition, pressure on selling price and general increase in cost. Supplier's ability to deliver unique quality, control costs and diversity of products will determine his success on the market. The most important trends on the EU floricultural market are discussed below.

Cautious market

The EU floricultural market recorded a decline in 2009 when it was hit hard by the economic recession. The drop in demand and lower purchasing power put significant pressure on price in 2009 and 2010. In general, consumers are still cautious and are asking for lower prices.

New demand drivers in the EU

While demand for floricultural products has stabilised in the largest markets, including Germany, France, the UK and Sweden, growth has been impressive in the past decade in Central and Eastern Europe. Despite currently low consumption, the attractiveness of these markets will grow further as consumer wealth expands and the standard of living continues to improve. The average market growth rate of Central and Eastern European markets is also higher than that of the West.

Consumers demand more

Today's consumers want to express their identities/personalities through their choice of consumption, and therefore, demand more personalised products than ever before. For the floricultural market, there is a growing demand for exclusive and tailor-made products (e.g. arrangements and packaging).

Consumer demand is also becoming more complex. Their product requirements can be a combination of the following factors: long shelf life, good texture, colour diversity, affordable prices, sustainable cultivation, organic products, 'convenience for taking and treating' and favourable or unique scents. From the producer's perspective, meeting these requirements at the same time can be contradictory. For example, price pressure on growers often leads to a trade off between economy and sustainability.

In addition, it has been observed that the distinction between 'exclusive' and 'mass' products has become more clear, especially in Western Europe. Traditionally, value was generated by fair quality products at a reasonable price. However, value is now generated based on either 'low price' or 'luxury'.

Increased importance of 'fair' flowers

Consumers in the EU are highly knowledgeable and concerned about the impact their consumption has on the environment and farm workers. This is especially true of Western European markets. Consumers are aware of social issues frequently found in the industry, including labour right and occupational safety and health abuses. As a result, EU consumers have increasingly demanded sustainably cultivated products.

The concerns of sustainability issues have led to a growing magnitude of social and environmental certification/accreditation systems and consumer labels. The Netherlands, for example, incorporated fair trade flowers in auction sales in 2008. Many retail channels also put labels on their products to signify sustainability, such as Fairtrade. Major retailers also develop private labels especially for this purpose, such as ‘Tesco Natures Choice’ by Tesco, the main supermarket chain in the UK.

Online sales

Florists traditionally deliver their products to the consumer’s door. However, for the past ten years, online flower shops, dedicated to flower and plant delivery, have increased in number. Many of them originate from IT-based companies or online gift shops (such as Amazon.com; the U.S. largest online retailer), without experience in the floricultural industry. In addition, traditional florists have also gone online. This includes not only individual florists, but also retail florist networks (such as Euroflorist from Sweden and Interflora originating in the UK), florist chains (such as Blume from Germany and Monceau Fleurs originating in France) and supermarket chains (such as Lidl Blumenservice in Germany, Tesco in the UK in corporation with Interflora) and non-traditional players (such as TNT post in the Netherlands who offers online floriculture sales). Market research reveals that online sales are expected to expand at a rapid rate and a significant number of online consumers have never ordered flowers before.

Increased importance of direct trade

While auction trade of pot plants had significantly decreased years ago, this process has just begun recently for cut flowers. It is an ongoing trend and the cut flowers trade is expected to increasingly surpass flower auctions and exporting wholesalers (often from the Netherlands). Instead, trade is done directly from the grower to the wholesaler in the destination market, which shortens the supply chain. In fact, two developments have stimulated this trend: 1) the low prices in recent years, which have more or less forced growers/exporters to look for other, more profitable sales channels, and 2) the increasing transparency in the trade channel (see below). The increased importance of direct trade has led flower auctions in the EU to increase their competitiveness by merging (e.g. the Dutch VBA and FloraHolland in 2008) or joining operations (e.g. Langard and FloraHolland in 2009).

Restructuring of trade channels

Trade channels in the EU floricultural market have evolved significantly over the years. In particular, the increase in direct trade between growers and retailers has made the intermediary role of wholesalers redundant. In response, many flower and plant wholesalers need to differentiate themselves and offer a unique value to the customer they serve. The situation has meant that many wholesalers have gone out of business or have become acquired, which has resulted in a decline in the number of floricultural wholesalers/traders. In the Netherlands, for example, the VGB reported that the number of flower and plant wholesalers in the Netherlands decreased by 20% between 2007 and 2011, with the largest decline in the cut flower sector.

Another important trend over the past years is the increase in acquisitions and strategic networks/alliances of players. Most large-sized floricultural suppliers in the EU have joined together to become a larger flower group. In addition, flower networks and alliances in the EU are also formed vertically across the supply chain. Vertical integration enables companies to strengthen their competitiveness and market position. For example, Ciccolella transformed from a local Italian floricultural producer to an international floricultural group, after acquiring the Dutch Zurel Group (flower trader) and Leliveld group (supplier to large retailers).

One of the most recent examples is the acquisition of parts of the Mavuno Network by the Dutch Flower Group (April 2011). From this acquisition, the Dutch Flower Group (DFG) will strengthen its flower supply and procurement position in Africa, especially from the Oserian farm, which is well-known for its sustainably cultivated flowers. This also fits DFG‘s aim of establishing a strong foothold in sustainable products.

More transparency in the supply chain

In recent years, the supply chain of the floricultural industry has become increasingly transparent, which represents an opportunity for some and a threat for others. The emergence of the virtual flower auction (in the Netherlands it is called ‘KOA’ which stands for purchasing at distance) enables buyers to participate from a distance without having to travel to the auction building. This allows for a much wider base of buyers to source from growers or exporters they have been unable to source from before. At the same time, this also means that flower traders, especially in the Netherlands, who buy from auction and re-sell the flowers at a profit, are worse off. As information becomes transparent at a virtual auction, buyers are better informed of market prices and product origin, and therefore surpass the trader or allow them only a small margin. While Dutch exporters need a margin of 15-20% to cover their costs, as a result of the increased transparency they sometimes receive margins as low as 6%. In practice, many exporters nowadays do not know which flowers they will actually export the next day, since they do not know which distance buying orders their customers have made in the preceding days/weeks.

Useful sources for further research

- Agricultural and Rural Development (European Commission) - http://ec.europa.eu/agriculture - provides useful studies on the EU agricultural sector.
- Association of Wholesale Trade in Horticultural Products (VGB) - http://www.vgb.nl - represents companies in the Dutch floricultural wholesale market. They provide useful studies on the industry.
- Flora Culture International - http://www.floracultureinternational.com - leading International floricultural magazine with reports on industry trends and updates.
- Flower Council of Holland - http://www2.flowercouncil.org - promotes floricultural products from the Netherlands. They provide market research on the EU floricultural industry.
- Hortinews - http://www.hortinews.com - (Dutch) news portal for the floricultural industry.
- International Association of Horticultural Producers (AIPH) - http://www.aiph.org - association of horticultural producers from all over the World.
- Prof news - http://www.profnews.nl - (Dutch) professional news portal for many industries, including the floricultural industry.

2 Swedish market for floricultural products

2.1 Consumption

Like the other Scandinavian countries, Sweden is considered a mature market. This means that the per capita spending on floricultural products is relatively high and that the market is relatively stable. In addition, consumers in mature markets tend to spend a relatively high share of flower expenditure on personal use. For cut flowers, Sweden can be considered a small to medium-sized market in the EU, accounting for approximately 1.5-2% of the total EU market. For pot plants, Sweden accounts for 3-5% of total EU demand, making the country a medium-sized market in the EU, ranking seventh after the 'big five' countries Germany, France, UK, Italy and Spain, and the Netherlands.

Market size

Since there are no detailed market data available, apparent demand needs to be deduced from imports, local production, imports and exports. Import statistics are available; they are discussed in Chapter 4. The main conclusion that can be drawn from these statistics: as a result of the decline in imports since 2008, the import value in 2009 reached the 2005 value again.

Floricultural production in Sweden is relatively small and shows a declining trend. As a result of the cold climate in Sweden, the country is not very suitable for floricultural production; it must be done in greenhouses. Clearly, Swedish local production has lost competition from foreign supplies; local production has continued to decline in the last decade. Nowadays, virtually the only local cut flower production is of tulips (about €30-40 million; grown from Dutch bulbs). This mainly takes place in the form of contract production for Swedish retailers. Swedish retailers use the tulips as 'traffic builders', and therefore the contract prices are relatively low.

Pot plant production comprises both production for indoor and outdoor use. In the first category, the most cultivated plant is Pelargonium (Geranium), followed by Kalanchoe at a distance, Euphorbia Pulcherrim (Poinsettia) and Dendranthema (Chrysanthemum). Smaller volumes of Aster, Begonia, Petunia, followed by some 5-10 more species are cultivated. In the outdoor category, the main cultivated plants are Violas (Pansy), accounting for 40% of the total number of plants cultivated. Petunia, Lobelia and Tagetes are in second, third and fourth position (each about 10%). The total cultivation area for pot plants, including young plant material, is approximately 130 ha. It should be noted that most of the young plant material used for pot plant production is imported from the Netherlands and Denmark.

Although it is a very rough estimation, the local production value of cut flowers can be estimated at €25-30 million. For pot plants, production output can be estimated at €60 million (40-50 million plants). There are virtually no exports of floricultural products to other countries.

Based on the above mentioned data, and assuming that sales margins are in the range of 30-40% for wholesalers and about 130% for retailers, a market value of about €700-800 million can be calculated for 2009. About 30% of that value is for cut flowers and 70% is for pot plants. From 2005 onwards, the market first experienced growth in 2006 before declining in 2007. Growth returned in 2008, while 2009 showed a drop again as a result of the influence of the economic crisis on consumer spending. With this development, the market value in 2009 was more or less back at the level of 2005. However, in terms of numbers of flowers and pot plants sold, the market seems to show a slightly declining trend.

2010 and beyond
Although overall market development in 2010 is not known so far, it can be concluded that 2010 sales remained at least stable, but probably recorded a small growth in the range of 1-3%. For example, it is already known that the imports of cut flowers and pot plants from the Netherlands increased in 2010.

Forecasts for 2011 and the years after are difficult to make. This is because two variables are rather unpredictable: first, the exchange rate of the Swedish Koruna against the € and USD, and, second, the weather circumstances in Sweden. If assuming that the forecast of the Economic Intelligence Unit (EIU) considering the exchange rate of the Swedish Koruna (Swedish Koruna is getting stronger in the coming years) is reliable and that weather circumstances in Sweden remain relatively favourable for flowers in Sweden, the market will most probably show growth in the coming years.

Cut flowers
The cut flower market in Sweden is dominated by roses, accounting for some 30% of total cut flower sales each year (in value). Tulips follow at a distance with approximately 20% market share. The other half of the market consists of the sales of Lilium and Chrysanthemum (about 5-7% market share), Gladiolus, Dianthus and Gerbera (4-6%), Orchids (1.4%) and several other species like Freesia, Anemone, Ranunculus and Alstroemeria.

Pot plants
The Swedish like flowering plants the most. This can be seen clearly from import statistics. In terms of imports, the most popular pot plants in Sweden are Orchids by far. Orchids are sold the whole year round. The same goes for the following popular pot plants (in range of popularity): Rosa, Kalanchoe, Dendranthema, Spathiphyllum, Anthurium, Saintpaulia and Guzmania.

Pot plants that are only popular during a certain part of the year are the following: Cyclamen Persicum and Azalea, (October-February), Muscari (December-March), Hyacinthus (November-March), Primula (December-April), Narcissus (January-March), Dianthus (April-May), Helianthus (May- August), Lilium (April-August), Hippeastrum (October-December), Euphorbia Pulcherrim or Poinsettia (November-December, related to Christmas), Begonia (February-August), Gerbera (March-June), Zantedeschia (April-June), Celosia (May-August) and Tillandsia (August-October).

The most popular imported foliage plants are Ficus and Dracaena. With the exception of the period before Christmas, these foliage plants are the most imported plants throughout the year. They are followed by Cacti; the most popular cacti are Haworthia and Crassula, and Echeveria (peak in November). Other foliage plants that are in good demand are Zamioculcas, Hedera, Calathea, Dieffenbachia and Peperomia.
It should be noted that because of the climate in Sweden (cold winters), tropical plants, such as Orchids, are kept indoors.

In addition to the above mentioned pot plants, one should not forget the main locally cultivated pot plant: Pelargonium. Like in many other EU countries, this is a very popular outdoor bedding plant

Market segmentation
The Swedish market can be segmented in several ways. For example, the reason for purchasing can be used. As stated before, consumers in mature markets, and thus also Swedish consumers, tend to spend a relatively high share of expenditure on personal use. This can be seen from the statistics: approximately one third of cut flower purchases are for personal use, for pot plants this share is almost 75%. Other reasons for purchasing can be gifts or funerals, for example. Gifts, in turn, can be further divided into, for example, birthdays, visits, and special celebration days.

Another relevant market segmentation is the type of trade channels used by customers. Although several sources present different figures, it can be estimated that florists account for about 40% of total sales value of cut flowers, followed by supermarkets (30-35%) and garden retail centres (10-15%). For pot plants, the information is slightly different: garden retail centres account for about one third of total sales, followed by supermarkets (one quarter) and florists (15-20%). As compared to other EU countries, the position of florists in cut flower markets is relatively strong.

Main celebration days

The main days of celebration in Sweden that cause peaks in the sales of floricultural products are the following:

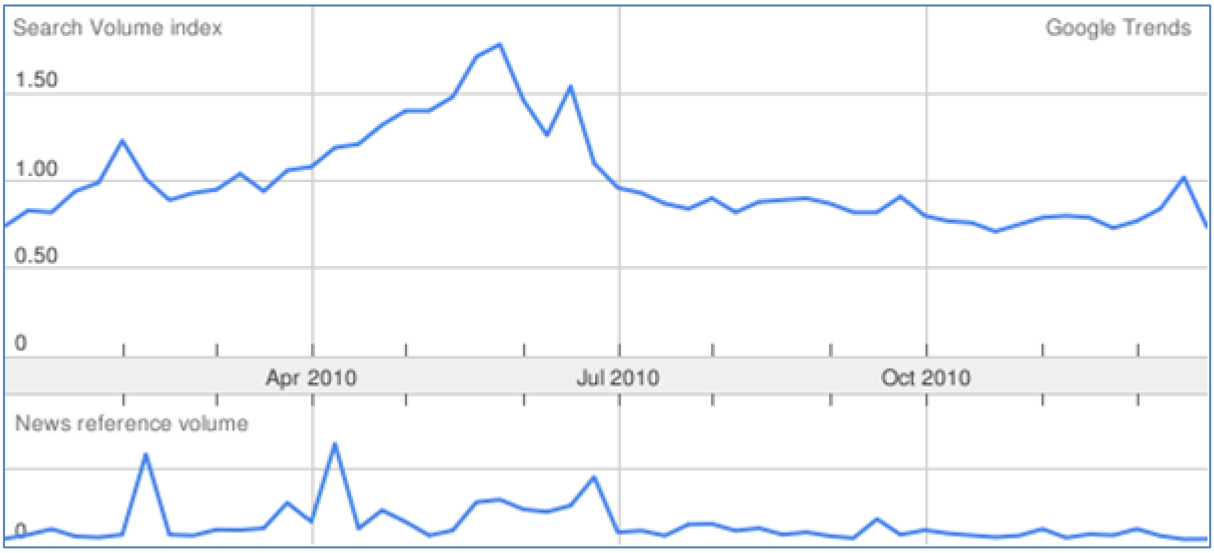
- **Mother's day**, each year celebrated on the last Sunday of May. Bouquets, especially of pink roses but also of other flowers and colours, experience a peak in sales in the weeks before Mother's day. Pot roses, mainly pink, are also in high demand. A typical Mother's Day gift is to receive flowers with breakfast in bed, while churchyards are often ablaze with colour from bunches of flowers placed on the graves of mothers in loving memory. A popular item used for Mother's day is the so-called 'hanging basket', mostly filled with annual garden and bedding-plants.
- **Student's Day**. On this day, one week after Mother's Day, students know if they will graduate or not and get flowers as gifts.
- **Easter**. Yellow is the main colour of flowers sold in the period before Easter. Most bunches of Narcissus are sold in this particular period. In the pot plant market, there is a peak in the sales of arrangements and bulbs in pot, often with attached Easter decorations.
- **Midsummer Eve**. Midsummer is a very popular festival in Scandinavia. Midsummer is the longest day of the year (June 21) and in Sweden it is actually celebrated as a national holiday. The most popular flowers for the Midsummer festival are white, red or blue and especially white Chrysanthemum.
- **Christmas**. In November and December, there is a peak in sales of the pot plant Euphorbia Pulcherrim and also of arrangements and bulbs in pot, many of them equipped with Christmas decorations.
- **Valentine's Day**. In particular, roses, but also other flowers see an increase in sales in the week of Valentine. An estimated number of 2 million roses are sold on Valentine's Day every year.

The following days in November are also a reason for Swedes to buy floricultural products:

- **Father's day**. Bouquets in autumn colours are the most popular (orange, for example).
- **All Saints' Day**. In Sweden, it is customary to place flowers on graves on All Saints' Day.

Below is an overview of the annual search volume index for the keyword 'blommor', which is the Swedish word for flowers. The figure shows several peaks, from the left to the right these are the peak of Valentine's Day, the long peak caused by Mother's Day and Easter, and also a clear peak for Midsummer Eve. The peak at the right is related to the Christmas period. In addition, the news reference volume shows that news items peak in the Valentine's period, two months before the peak of Mother's Day and Easter, and around Midsummer Eve.

Figure 2.1 Search volume index and news reference volume by Google trends for the keyword 'blommor', 2010



Source: Google trends (2011)

Other market characteristics

- One pot plant experienced a large decline in popularity in the last decade: Begonia.
- The main food retail chain for floricultural products is ICA with the Coop lagging behind.
- The main garden centre chains are Plantagen, Blomsterlandet and Bo Grönt.
- The weekly peak in sales is on Friday, followed by days at the weekend.
- Mixed bouquets account for almost 50% of all cut flower sales, followed by mono bouquets (about 30%). Arrangements account for 16-18% and single cut flowers for an estimated 5% of sales.
- Flowering plants account for 45-50% of all pot plant sales in Sweden. They are closely followed by foliage plants (40%). Arrangements account for about 8% of sales, followed by bulbs in pot (3%). Usually, the period before Christmas sees a peak in sales of bulbs in pot and arrangements. A trend in recent years is that supermarkets increasingly sell arrangements of several pot plants, often in combination with a decorative pot and some decorative items attached. The same, although to a lesser extent, goes for bulbs in pots.

2.2 Trade

Since local production in Sweden is small, a main share of the Swedish market consists of imports. Read all relevant details below.

Imports and main trade partners

Sweden imports more than 90% of all floricultural products from other EU countries. More than half of that amount is accounted for by the Netherlands; Denmark takes second place with one third of intra-EU imports of Sweden. Imports from developing countries represent 6.5% of total floricultural product imports. Kenya is the main supplier (4.3% of total imports), followed by Colombia (1.3%), Ecuador (0.4%) and Zimbabwe (0.2%). Refer to Table 2.1 for more information.

Table 2.1 Imports by and leading suppliers of floricultural products to Sweden, 2005-2009, share in % of value in 2009

Product group	Origin*	2005 € million	2007 € million	2009 € million	Leading suppliers in 2009 (share in %)	Share (%)
Total	**Intra EU**	**150.0**	**197.0**	**149.0**	**the Netherlands (55), Denmark (30), Germany (5.2), Belgium (1.3), Italy (1.1)**	**93**
	Developing countries (DCs)	**10.0**	**11.0**	**10.0**	**Kenya (4.3), Colombia (1.3), Ecuador (0.4), Zimbabwe (0.2), China (0.1), Thailand (0.1), Sri Lanka (0.1)**	**6.5**
Indoor plants	Intra EU	86.0	113.0	87.0	Denmark (49), the Netherlands (44), Germany (5), Belgium (1.1), Italy (0.2)	100
	DCs	0.0	0.0	0.1	Sri Lanka (0.1)	0.1
Other cut flowers	Intra EU	29.0	37.0	27.0	the Netherlands (94), Italy (1.9), Denmark (1.5), the UK (0.5), Belgium (0.3)	99
	DCs	0.4	0.5	0.4	Colombia (0.6), Ecuador (0.5), Zimbabwe (0.1), South Africa (0.1)	1.3
Cut flowers - Rosa	Intra EU	13.0	19.0	12.0	the Netherlands (58), Germany (2.2), Denmark (0.9)	61
	DCs	7.2	7.9	7.7	Kenya (35), Ecuador (2.4), Colombia (1.1), Zimbabwe (1), Ethiopia (0.2), India (0.1)	39
Young plant material	Intra EU	12.0	17.0	15.0	the Netherlands (42), Denmark (35), Germany (13), Belgium (3.9), the UK (1.6)	98
	Extra EU excl. DCs	0.2	0.4	0.2	Israel (0.4), Singapore (0.3), Norway (0.2), USA (0.2)	1.2
	DCs	1.1	1.0	0.2	Kenya (0.5), Costa Rica (0.3), Mexico (0.2), Thailand (0.2)	1.2
Outdoor plants	Intra EU	11.0	14.0	13.0	the Netherlands (44), Denmark (22), Germany (20), Belgium (7.7), Poland (4)	99
	Extra EU excl. DCs	0.2	0.2	0.1	Norway (0.9), USA (0.1)	1
	DCs	0.0	0.0	0.0	-	0
Foliage	Intra EU	5.0	4.9	4.7	the Netherlands (30), Denmark (22), Germany (18), Italy (18), Poland (4.1)	92
	Extra EU excl. DCs	0.1	0.1	0.1	USA (1.2), Norway (0.1)	1.2
	DCs	0.4	0.4	0.3	China (4.4), El Salvador (0.9), India (0.5), South Africa (0.5), Turkey (0.3), Costa Rica (0.2)	6.7

Product group	Origin*	2005 € million	2007 € million	2009 € million	Leading suppliers in 2009 (share in %)	Share (%)
Cut flowers - Chrysanthemum	Intra EU	3.5	5.7	3.7	the Netherlands (98), Germany (1.5)	99
	DCs	0.0	0.0	0.0	Colombia (0.7)	0.7
Cut flowers - Dianthus	Intra EU	0.8	0.8	0.9	the Netherlands (32), Germany (2.2), Denmark (0.4), Italy (0.1)	34
	DCs	1.8	1.8	1.7	Colombia (65), Ecuador (0.9)	66
Cut flowers - Orchids	Intra EU	0.5	0.8	0.5	the Netherlands (65), Denmark (20)	85
	DCs	0.1	0.2	0.1	Thailand (15)	15
Cut flowers - Gladiolus	Intra EU	0.5	0.7	0.4	the Netherlands (100), Italy (0.1)	100
	DCs	0.0	0.0	0.0	-	0

Source: Eurostat (2011)
**For only a few groups there are imports from other extra-EU countries than developing countries.*

The Netherlands plays an important role in the international trade of floricultural products: the main bulk of floricultural products from ex-EU countries are directed to their destination market (no matter where in the world) via the Netherlands. As can be seen from Table 2.1, the Netherlands accounts for 55% of total Swedish imports of floricultural products. For cut flowers alone, one can calculate a share of even 78%. A certain amount of this trade flow includes flowers from developing countries; these are flowers that are transported to the Netherlands, sold through a Dutch auction and then transported to and sold in Sweden. The main question that arises now is 'how much of the cut flower imports to Sweden come from developing countries?' This share is likely to be 40-60%. Read the textbox below for an explanation

How much of the cut flower imports to Sweden originate from developing countries?

Based on the information of Table 4.1, it is possible to calculate that 18% of all Swedish cut flower imports come from developing countries directly. This is the first step.

The second step is to calculate and estimate the share of flowers from developing countries that reach Sweden through the Netherlands. Of all Dutch cut flower imports in 2010, some 66% came from developing countries. With the assumption that the same percentage of all Dutch cut flower exports to Sweden is from developing countries, a figure for the share of 70% can be calculated. However, the Netherlands itself is a foremost production country of cut flowers and Dutch exports of flowers to Sweden will also consist of a major share of locally produced flowers. For example, all flowers used for the Royal Wedding in Sweden (2010) were from Dutch produce. This means that the share of flowers from developing countries in Swedish imports is less than that calculated share of 70%, but, at the same time, also more than 18%.

More details can be found when looking at the trade flows of the several types of cut flowers (such as rosa, orchids, etc.). Roses are particularly interesting to focus on, since most of the flowers from developing countries are roses. Dutch imports of roses consist of virtually 100% roses from developing countries. Although roses are still produced in the Netherlands (especially red and white ones), it can be assumed that most of the roses exported to Sweden originate from developing countries. Roughly, this would almost double the developing countries' share of Swedish flower imports from 18% to 36%.

With this information, it is possible to make the assumption that the share of imports from developing countries in Swedish imports is somewhere between 36% and 70%, but likely somewhere between 40% and 60%.

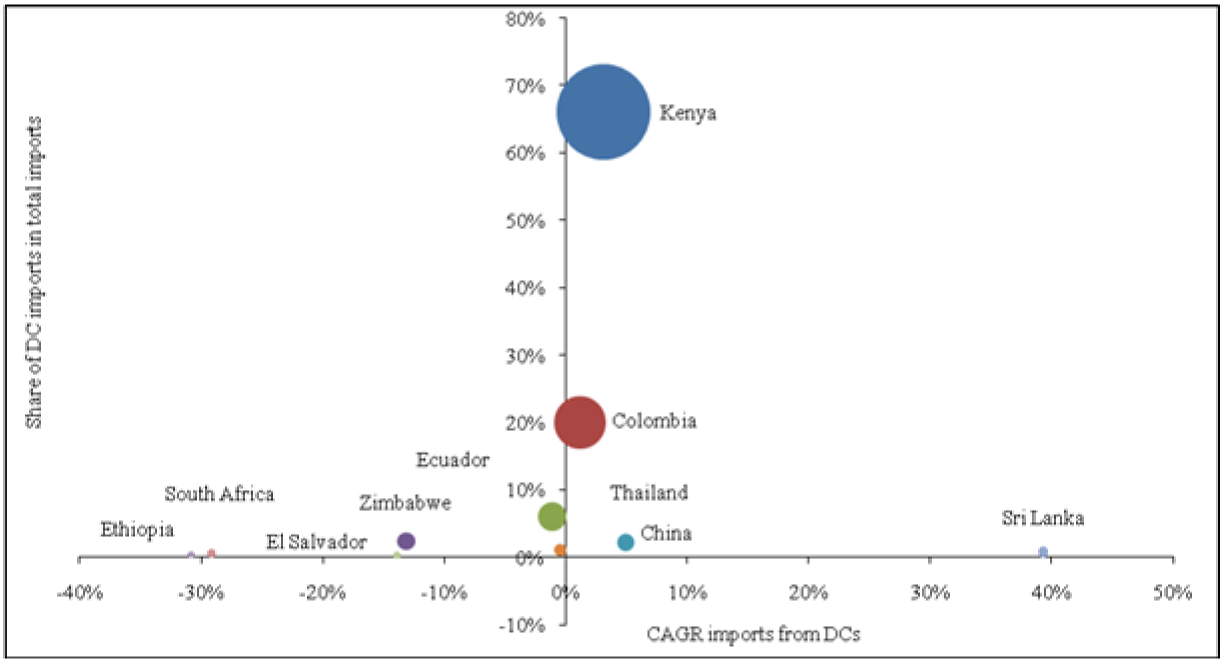
Imports from developing countries

In particular, dianthuses are imported a lot from developing countries directly. As a rough estimation, every 2 out of 3 stems come directly from developing countries. Colombia is the foremost supplier (98% of all dianthus imports from developing countries), with the balance left for Ecuador. Roses are also imported a lot from developing countries directly. Roughly, every 2 out of 5 rose stems are directly imported from developing countries. Kenya is the main supplier, representing almost 90% of all imports from developing countries. The main part of the balance is left for the main flower countries from Latin America: Ecuador and Colombia.

The third species grown in developing countries and directly exported to Sweden is orchids. In fact, it is only Thailand that plays a role here. It accounts for 15% of total Swedish imports of orchids. Foliage is also imported from developing countries directly (6.7% of total imports); most of it comes from China, followed at a considerable distance by El Salvador and a few other countries. The last category in which developing countries play some role is other cut flowers (1.3% of imports come from developing countries). The main suppliers in this category are Colombia and Ecuador.

When looking at the position and growth of developing countries, who are the main suppliers, it becomes clear that the two largest developing country suppliers (Kenya and Colombia) have consolidated their position as leading developing country suppliers to Sweden. Their floricultural products exports to Sweden continued to increase in the period 2005-2009, while exports from many other developing country suppliers experienced a decrease (Ethiopia, South Africa, El Salvador, Zimbabwe, Ecuador and Thailand). Only China (mainly foliage) and Sri Lanka (mainly indoor plants) experienced a higher growth in their exports to Sweden than Kenya and Colombia. Refer to Figure 2.2 for more information.

Figure 2.2 Size, growth and share of top 9 developing country suppliers of flowers to Sweden,2005-2009



Source: Eurostat (2011)

2010 and beyond
Swedish imports of cut flowers and pot plants recovered in 2010 and 2011. Although all details are not available yet, this can be concluded from the information from experts and from some statistical information from the Dutch Flower Council. This information confirms that Dutch cut flower and pot plant exports grew by 9% and 17% respectively in 2010. In the first two months of 2011, Dutch export growth even reached +30% and +45% respectively, compared to the first two months of the previous year.

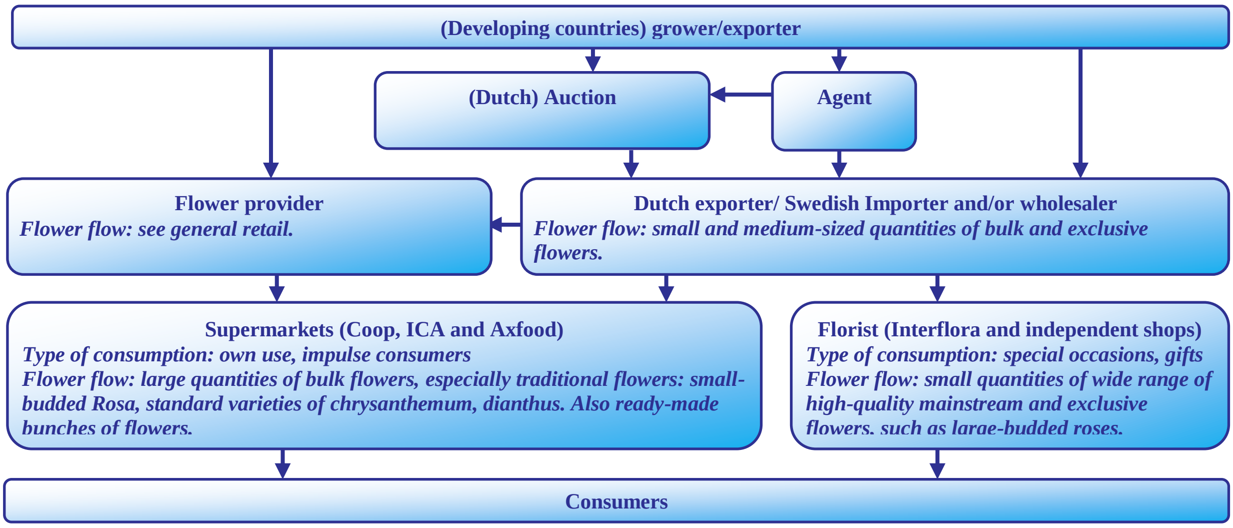
2.3 Trade structure

The best opportunity for companies in developing countries is in the Swedish cut flower market, as opportunities in the pot plant market are limited. In addition, there are some opportunities for young plant material; however, for these products EU countries other than Sweden are more attractive.

Exporting cut flowers to Sweden can be done in several ways. In fact, it is not possible to advise on one best channel for the Swedish market. What is extremely important is that exporters should make a distinct choice between direct sales and auction trade.

Cut flowers
There are several opportunities for developing country growers/exporters to supply cut flowers to the Swedish market. Figure 2.3 shows all possibilities. It should be noted that virtually all flowers are repacked in Sweden or beforehand in the Netherlands. This means that export packaging should only protect the flowers against transport damage; it is not used for the presentation of the flowers in the store.

Figure 2.3 Main trade channels for cut flowers to the Swedish market



Source: Facts Figures Future (2011)

As Figure 2.3 shows, flowers can go through the auctions or bypass the auctions (‘direct trade’). Although the auctions have lost market share to the direct trade channel in the past years, they are still the main trade channel through which flowers reach flower providers and traditional wholesalers. So far, most direct trade concerns cut flowers and foliage sold through supermarkets. As a rough estimate, supermarkets sell 30-40% of all cut flowers. It should be noted that the shop-in-shop concept is often applied in Sweden. This means that the shop is not part of the supermarket, but it is run by independent companies, often specialised flower distributors.

Young plant material

The leading players in the Swedish young plant material market are mainly European breeders/propagators and young plant traders, mostly from the Netherlands, Denmark and Germany. Examples are Gasa (http://www.gasagroup.com), Florensis (http://www.florensis.nl) and Fleischle (http://www.fleischle.de). While Dutch traders are the overall number one on this market, the segment for tropical young plant material is dominated by Gasa from Denmark. Gasa imports its young plant material mainly from Central America as well as from China, Taiwan, Sri Lanka and other countries. It should be noted that most of the young plant material sourced in developing countries is produced on behalf of EU breeders/propagators through licensed production or joint ventures. Independent young plant material producers from developing countries have opportunities by supplying to an importer or by direct sales to growers in Sweden.

Pot plants

The main distinction between trade channels for pot plants and trade channels for flowers is that pot plants from developing countries do not go directly to auctions. Instead, most of the pot plants go to importers, who are actually wholesale nurseries. They acclimatise the pot plants for a certain period of time before selling them through auction or to other wholesalers. As with flowers, Dutch auctions play a main role in EU trade of pot plants. Pot plants produced in the Netherlands (which is also the leading producing country in the EU, accounting for two-fifths of EU production) and pot plants from other countries are mainly sold through Dutch auctions. The main suppliers of pot plants to the Swedish market are the Danish wholesalers Bog Madsen and Gasa. Their main customers in Sweden are supermarkets, garden centres and florists. The market for pot plants is equally divided between these three segments, accounting for about one quarter of the market each. Note that the market segmentation is somewhat different: garden retail centres account for about one third of total sales, followed by supermarkets (one quarter) and florists (15-20%). This is mainly because garden retail centres source a large amount of pot plants locally.

Interesting players

Sweden is home to approximately 50 wholesalers, most of them trade in pot plants, whereas only a limited number of them (5-10) trade in cut flowers. Most wholesalers are relatively small and work on a local or regional basis. Twenty of them source worldwide; however, most of them buy from Dutch and Danish companies, like Hilverda de Boer and Gasa Group. Only 5-10 of them are independent wholesalers importing directly from developing countries. Sweden is also home to a few physical market places where Danish and Dutch exporters and Swedish importers and wholesalers sell floricultural products to small, local wholesalers, florists and retailers. The largest one in Oxie (Malmo) is good for more than half of the floricultural products trade in Sweden; two others are in Goteborg and Stockholm.

Virtually all interesting players in the trade of floricultural products for the Swedish market are listed below, per category.

Flower providers
- Bloom Flowers http:/www.bloom-flowers.nl- flower provider of ICA. Bloom is part of the Mavuno Network (http://www.mavuno.com) and has recently become part of the Dutch Flower Group.
- Saba Blommor - http://www.saba.se - flower provider for Axfood and Coop. Subsidiary of Dole Food Company.
- S-Blommor - http://www.s-blommor.se- flower provider.

Dutch exporters of flowers
- Barnhoorn - http://www.barnhoorn.nl - Dutch exporter of flowers.
- Hilverda De Boer - http://www.hilverdadeboer.nl - Dutch exporter of flowers and one of the market leaders in Scandinavia. Supplies to wholesalers in Sweden.
- Martin Bakker Bloemenexport - http://www.martinbakkerbloemenexport.nl - Dutch exporter of flowers.
- Nieuwkoop Flowers - http://www.tnieuwkoopflowers.nl - Dutch exporter of flowers.
- Verdel Bloemenexport - http://www.verdel-bloemenexport.nl - Dutch exporter of flowers. This company also sells fair-trade roses (linked to AG Blommor), albeit not very many.

Importers and/or wholesalers of flowers
- APH - http://www.aph.se - traditional wholesaler and importer of cut flowers, the largest one in Sweden with more than 50% market share. APH imports directly from developing countries and sells to wholesalers, florists and also to Coop. Owner of the brand 'best out of Africa' for roses, APH also runs two Cash & Carrys (wholesale markets). APH is also an important player for fair-trade roses in Sweden.
- De Tulp - http://www.detulp.se - importer and wholesaler of cut flowers, second largest. Also sales of fair-trade roses.
- AG Blommor - http://www.agblommor.se- importer and wholesaler of cut flowers, third largest. Also sales of fair-trade roses.
- Gustafssons - http://www.gustafsblom.se - importer and wholesaler.
- Hukra - http://hukra.nl - importer and wholesaler of cut flowers, owned by the florist organisation Interflora.
- Lambes Blomservice - http://www.lambes.se - importer and wholesaler of cut flowers.

Pot plant traders
The pot plant trade to Sweden is dominated by two companies.
- Gasa Group - http://www.gasagroup.com - Danish company, market leader in Scandinavia for pot plants and young plant material, supplying to Swedish wholesalers. Gasa is also the pot plant provider of ICA.
- Noviflora - http://www.noviflora.nl - Dutch exporter of pot plants and market leader in Sweden together with Gasa, supplies to Swedish wholesalers.

Note that there are also several local pot plant wholesalers in Sweden; however, they buy from Gasa and Noviflora, or from local producers.

Florists
- Buketten - http://www.buketten.se - small florist chain with its own purchasing department and direct sourcing from countries such as Ecuador and Kenya.
- EuroFlorist Sverige AB - http://www.euroflorist.se - retail association of florists. The sourcing and assortment decision of the associated florists occurs individually.
- Interflora - http://www.interflora.se - retail association of florists, also includes the concepts of Blommogram and Teleflora. The sourcing and assortment decision of the associated florists happens individually or in small cooperative groups.

Main opportunities for developing country exporters

Flowers
There are several possibilities for supplying flowers to the Swedish market. To some extent, the best opportunity depends on the type of product. Some main questions to be considered are: are the flowers exclusive or of bulk type, is the volume small or large? Even then, several opportunities remain, not just one. Refer to Figure 2.3 for a general overview of all possibilities.

Young plant material
EU breeders/propagators play a key role in EU trade of young plant material. Since they regularly make use of relationships with developing country producers in the form of licensing production or joint ventures, this could be an opportunity for producers from developing countries. Of course, producers from developing countries can also try to sell license-free young plant material although, generally speaking, market volumes for license-free material are limited, compared to licensed material. However, compared to cut flowers, opportunities for young plant material are limited.

Pot plants
It is difficult to supply (finished) pot plants to the EU and the Swedish market. Transportation costs are generally high and competition from EU growers is strong. In fact, there are only limited opportunities for developing country exporters of plants that can be transported in sea containers.

They can be sold to EU growers (directly or indirectly) who in turn can finish the cut plants in a limited period of time. Sweden, however, is not interesting in that respect since it is only a very small production country of pot plants; the main production country in the EU is the Netherlands.

2.4 Trends

When planning your export to Sweden, suppliers of floricultural products in developing countries should take recent trends into account and developments on the Swedish market. This chapter summarises key trends relevant to developing country exporters.

Market is waiting for recovery

The global economic recession has had a negative impact on the value of Sweden's floricultural imports. In 2009, the value dropped to around €159.3 million, which was even lower than the 2005 level. Recovery is expected to be at a slow rate. The first indications for the overall market development in 2010 are positive, mainly due to the stronger Swedish Krona compared to 2009. On the other hand, the very low temperatures in winter had a negative effect on sales. Although it is too early to draw a final conclusion on the market development in 2010, a small growth in the range of 1-3% is expected.

Consumers become more price-conscious

Like elsewhere in the EU, Swedish consumers have reduced their expenditure on floricultural products and have become more cautious about purchasing flowers. The unfavourable exchange rate has resulted in rising prices, which has further reduced demand. Since 2008, it appears that consumers have been buying cheaper varieties and importers lower volumes. Flower varieties in the upper market have faced the most difficult challenges. Increased price sensitivity among Swedish consumers has significantly affected the sales of sustainably cultivated products, such as Fairtrade roses, which are sold at a higher price.

Development in consumption patterns

Demand for certain flower varieties depends on the occasion. For instance, Swedes like to decorate their homes with poinsettias, amaryllis and hyacinths during Christmas. Moreover, preferred colour and type of flowers/plants also depends on what is 'in fashion' at the time. Orchids sold as cut flowers, for instance, used to be a popular cut flower in Sweden more than ten years ago, but have become less 'fashionable' today. Instead, orchids sold as potted plants are gaining more appeal. Some organisations and websites in Sweden that provide inspiration and tips on trends and ideas for home or garden decoration through the use of flowers and plants include:

- Blomster Främjandet (Flower Promotion) - http://www.blomsterframjandet.se - Swedish trade organisation that aims to provide information about flowers and its management.
- Tulpanguiden - http://www.tulpanguiden.se - specifically for tulips.

The media drive floricultural demand

Over the past few years, Sweden has seen an impressive increase in the popularity of home and garden decoration, or so-called 'Home-styling' and 'Home makeover', which is considered a lifestyle trend. There are new magazines, books and television programmes dedicated to this. Cut flowers and pot plants are regarded as home decorative items and are therefore part of this trend.

Social and environmental labels have gained importance

The concept of 'green' and 'sustainability' is very important in Sweden, including the floricultural market. Swedish consumers do not only demand a greater variety of floricultural products, but they are also increasingly interested in the environmental and social dimensions of how they are produced. Since 2007, the presence of sustainability labels, such as FFP and Fairtrade, has increased significantly. Swedish retailers are at the forefront of initiating and bringing certified products onto the market. Although Swedish green consciousness presents an opportunity for sustainably cultivated products, demand has recently declined due to the economic recession. The speed of recovery will depend on how fast consumers restore confidence, become less price-sensitive and are willing to spend more on 'fair' products again.

More direct trade

An increasing number of floricultural imports to Sweden are bypassing auctions. This is because several Swedish importers and wholesalers have started to trade directly with growers/exporters or agents. In fact, two developments have stimulated this trend:
1) the low prices in recent years, which have more or less forced growers/ exporters to look for other, more profitable sales channels, and
2) the increasing transparency in the trade channel (refer to Chapter 2 for more information). One example of a Swedish importer who has increased direct sourcing is APH.

2.5 Market access requirements

The export of floricultural products into the EU is subject to certain legislations required by EU governments, and increasingly, the non-legislative requirements of trading partners. This chapter discusses important market access requirements.

Legislative requirements

Flowers, plants and fresh fruits and vegetables imported into the EU must meet phytosanitary legislation. The EU has based its phytosanitary measures on international standards developed under the IPPC framework. A 'phytosanitary certificate' is issued to indicate that the imported products meet phytosanitary import requirements specified by the EU. The inspection and issuance of such a certificate is carried out by the National Plant Protection Organisation (NPPO) in the export country. The list of NPPOs is available on the website (http://www.ippc.int; click on 'Countries' and 'Description of the NPPO').

Industry requirements

It is estimated that at least half of the flowers imported to the EU adhere to one or more social and environmental standards. Swedish consumers are known for their 'green' behaviour and are strongly conscious of the impact their consumption has on society and the environment.

> Major supermarket chains in Sweden, namely Coop and ICA, require their flower suppliers to hold certifications and markings that meet their ethical policies. These include MPS Socially Qualified certificate, Fair Flowers Fair Plants and Fairtrade. Other retailers in Sweden also require (some or all of) their suppliers to comply with social and environmental standards or sell flowers with the (sustainability) consumer label, including Plantagen, Axfood, Euroflorist and Interflora.
> *Source: Fair Trade Centre (Sweden)*

Increasingly, products carrying sustainability and organic labels are a preferred choice in many product categories. In Sweden, the Swedish Floricultural trade Association (BRO) played a key role in introducing the Fair Flowers Fair Plants label in 2007 and 'sustainability' has become an important theme of floricultural trade exhibitions. There are many social and environmental standards in the global flower industry; the most important ones in the Swedish market are discussed below.

Fair Flowers Fair Plants (FFP)

FFP is a consumer label in the floricultural market which is gaining increasing importance in the EU. Flowers and plants bearing this sustainability label come from growers whose production processes comply with FFP's environmental and social requirements. FFP's social requirements are based on the ILO conventions. Growers are inspected by independent accredited inspectors, with observers from trade unions and NGOs. FFP products are sold by affiliated FFP traders and retailers, and thus cover the whole supply chain.

FFP initially targeted the florist channel, but has become widely adopted by supermarkets and garden centre chains; including Coop in Sweden. According to FFP, as of October 2010, Sweden ranked second in the world in terms of the number of florists that have adopted the label. There were 1,567 such retailers in Sweden, which is fewer than Germany (2,135), but much higher than France (72) and the Netherlands (63). All flower shops in Sweden belonging to either EuroFlorist or Interflora/Blommogram sell FFP certified flowers and plants. Despite the large adoption of the FFP label in Sweden, consumer awareness of FFP is believed to be lower than that of the Fairtrade label, which also covers many other product categories such as coffee, tea and cotton.

Fairtrade

The 'Fairtrade' standards and certification cover 20 product groups and is represented in Sweden by Fair Trade Sweden. Fairtrade's social requirements include adherence to ILO agreements and the United Nations charter of human rights. The Fairtrade certification system aims to improve farm workers' low wages and poor working conditions (e.g. mandatory overtime and extensive exposure to dangerous chemicals) typically found in the floricultural industry. As with FFP, Fairtrade certified growers are inspected by independent accredited inspectors and products are sold by affiliated traders and retailers. 10% of the commercial price of Fairtrade flowers is used as Fairtrade premium for social and economic development in local grower communities.

Fairtrade flowers were first launched in Sweden at the beginning of 2007 and it was the initiative of the country's biggest supermarket chains: ICA and Coop. Although it was limited to only roses from Kenya (which is still the same in April 2011), the start of fair trade flower sales in Sweden was quite successful. In 2008, 95% of ICA's fresh cut flowers were roses from Kenya and between 70-80% of them carried the fair-trade label; Coop reported that 10% of their cut flowers' sales were Fair-trade certified. The number of fair-trade certified roses sold in that year reached 13 million, or 15% of the Swedish market for cut roses in that year. However, the market for fair-trade roses experienced a sharp decline as a result of the recession. Many (shop-in-shops in) supermarkets stopped the sales of fair-trade roses and in 2010 the share of fair-trade roses was reduced to only 5%.

In the meanwhile, fair-trade roses are no longer only sold by ICA and Coop; they are also sold at several outlets of the Plantagen chain of garden retail centres, the supermarket chain Axfood, and by the florist chains Interflora and Euroflorist.

MPS-ECAS certification
MPS (Milieu Programma Sierteelt) certification originates from the Netherlands and aims to promote sustainable production and trading of flowers and plants. ICA is an example of a Swedish supermarket chain that sources flowers and plants from MPS certified growers. MPS offers a variety of certificates for different aspects of sustainable cultivation. Examples are as follows:

- MPS-ABC certificate verifies that the holder uses a minimum amount of energy and fertilisers/pesticides, as well as generates minimum waste. MPS-ABC is believed to be the most adopted certification by growers in developing countries who trade via flower auctions.
- MPS Quality certificate verifies that the holder provides reliable product information and safe produce.
- MPS Socially Qualified certificate provides assurance that the certified growers cultivate their products under good working conditions.
- MPS-GAP certificate is awarded to growers who can meet the requirements of supermarkets.
- MPS Florimark certificate is awarded to growers who can demonstrate excellent performance with regard to environmental factors, product quality and social responsibility.

Svenskt Sigill
Svenskt Sigill (Swedish Seal of Quality) is a quality label for food and flowers produced in Sweden. The label follows the IP SIGILL standards, which are also open to producers outside Sweden although they cannot use the label. The label assures that the produce comes from farms that comply with strict criteria concerning food safety, animal welfare and environmental responsibility. Most cut flowers carrying the Svenskt Sigill label are tulips sold through supermarkets.

2.6 Prices

The floricultural market is characterised by an enormous number of different species, varieties and qualities. Therefore, although the general price information below presents the best overall picture, it may not apply to individual species, varieties or qualities of flowers.

Market prices

In fact, the consumer price level for floricultural products has continued to increase year on year since 2005. This was both the case for cut flowers and pot plants. Apparently, florists and retailers have maintained or even increased their margin since 2005.

Some examples of websites showing prices of floricultural products are:
- Blomsterhallen http://www.blomsterhallen.com
- Flowerhouse - http://www.flowerhouse.se
- Interflora - http://www.interflora.se
- Medis Blommor - http://www.medisblommor.se/produkter.asp

Refer to Table 2.2 for some examples of prices for flowers and pot plants in Sweden. Note that the price indications are rather high since the prices are retail prices including VAT (25% in Sweden) from companies' Internet-shops and also include delivery costs to the consumer. As for pot plants the price also includes the price of the flower pot and sometimes also other decorations.

Table 2.2 Price examples of flowers and pot plants in the Swedish market

Type of product	Website of florist/store	Price in €*
Flowers		
Single Germini stem (FFP label)	http://www.bernzons.se	2.8
Bunch of 10 Fairtrade roses	http://www.ica.se	5.5
Single rose decorated with greenery	http://www.interflora.se	11
Bouquet of 15 roses	http://www.euroflorist.se	84 - 124
Bouquet of 3 gerbera	http://www.euroflorist.se	27
Birthday bouquet of roses and alstromeria	http://www.interflora.se	31
Birthday bouquet of roses, chrysanthemum and iris	http://www.euroflorist.se	26
Birthday bouquet of germini, chrysanthemums and alstroemeria	http://www.interflora.se	54
Luxurious bouquet of roses, lilies, carnations and germini	http://www.interflora.se	132
Funeral wreath of roses and chrysanthemum	http://www.flowerhouse.se	207
Pot plants		
Aloe Vera (FFP label)	http://www.bernzons.se	21
Odlad (FFP label)	http://www.bernzons.se	27
Phalenopsis orchid (FFP label)	http://www.bernzons.se	35
Phalaenopsis Orchid	http://www.interflora.se	31-52
Pepperomia	http://www.interflora.se	18
Zamioculcas	http://www.interflora.se	28
Cymbidium orchid	http://www.euroflorist.se	56-78
Lily	http://www.euroflorist.se	21-32

*Exchange rate used is: 1 EUR = SEK 8.95.
Source: Facts Figures Future (April 2011)

Trade prices

Trade price levels of cut flowers destined for the Swedish market saw a peak in 2006-2007, before dropping in 2008 and 2009 as a result of the economic crisis. The year 2010 showed an increase in prices again, which can be seen from the average price per stem paid for Dutch cut flowers (growing from 21 cents in 2009 to 23 cents in 2010). However, despite the increasing prices, the average price remained at a very low level in 2010, making it very difficult for growers to gain some profit. It should be noted that the price levels of auction trade in the Netherlands are also indicative of price levels of direct trade by Swedish importers.

For pot plants and young plant material, price levels have remained relatively stable over the years, although for the most popular pot plants, such as orchids, prices are certainly under pressure. For pot plant arrangements, prices have gone up slightly in recent years.

Note: Since the economic crisis started in 2008, the payment behaviour of Swedish importers and wholesalers has deteriorated a lot.

Influence of exchange rates

Exchange rate fluctuations influence the prices of floricultural products in Sweden. First, there is the exchange rate of the Euro against the Swedish Krona. In times of a strong €, products from EU sources and from Africa (where the common trade currency is the €) are relatively expensive, while in times of a weak € EU African products have a better competitive position on the Swedish market. Second, the exchange rate of the US Dollar (USD) against the Swedish Krona influences imports of flowers from America and Asia, since these flowers are usually paid in USD. At the same time, these two exchange rates influence the competitiveness of imports of floricultural products from developing countries. As an illustration, in terms of export opportunities the best situation for exporters from American and Asian countries is a strong € and a weak USD: in such a situation flowers from these countries are very attractive in terms of price as compared to flowers produced in the EU and Africa. Refer to Table 2.3 for an overview of exchange rates.

Table 2.3 Average exchange rate of the Swedish currency SEK against USD and Euro, 2000-2011

	2000	2005	2006	2007	2008	2009	2010	2011 January-May
USD	8.45	7.45	7.36	6.75	6.51	7.60	7.20	6.26
Euro	9.14	9.29	9.26	9.25	9.60	10.62	9.55	8.94

Source: Oanda (2011)

Imported flowers versus EU production
The prices of flowers that have been produced in the EU are generally sold at higher prices than those from developing countries, as can also be seen from Table 2.4 below. The reasons for this difference are the higher quality of EU products, the freshness and low degree of transportation damage, and the supply of exclusive varieties. Note that the details on pot plants and young plant material show that imports from developing countries are not very competitive in terms of price. This is mainly due to the relatively high costs of transportation involved.

Table 2.4 Price index of Swedish imports, 2005-2009, total 2005 = 100

	Total					Developing countries				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Cut flowers – total	**100**	**120**	**121**	**107**	**102**	**95**	**98**	**98**	**102**	**100**
Chrysanthemum	90	121	128	85	79	-	-	-	-	-
Dianthus	80	80	79	92	95	87	90	89	92	90
Gladiolus	64	67	87	46	54	-	-	-	-	-
Rosa	97	118	123	108	98	95	100	100	103	102
Orchids	190	310	148	218	166	116	116	128	130	126
other cut flowers	107	125	125	111	108	125	128	108	105	97
Foliage – total	**100**	**104**	**118**	**76**	**122**	**51**	**44**	**53**	**56**	**67**
Pot plants and young plant material - total	**100**	**100**	**118**	**124**	**106**	**621**	**538**	**650**	**359**	**488**
finished indoor plants	97	97	118	121	103	418	341	397	250	265
finished outdoor plants	79	79	82	97	88	85	162	235	235	-
young plant material	153	150	182	176	150	721	562	685	374	1003

Source: Eurostat (2011)

Seasonal influences
Prices fluctuate during the year. A clear pattern is visible: in summer, when EU production peaks, prices are at a relatively low level, while in winter this is the opposite. In addition, in the period of the peak in consumption in April-May (caused by, among other things, Mother's Day) prices of cut flowers are also relatively high.

Certified products
Basically, the balance of supply and demand defines actual market prices and therefore, certified flowers and plants do not receive higher prices than non-certified products. Two major observations should be noted here:

1. In the case of flowers that are not sold through auctions (direct trade), certification helps to access certain markets, especially supermarkets.
2. The auction clock communicates accessory information on labels such as FFP and MPS. Such labels could improve the reputation of growers, which could eventually lead to higher prices. However, in such a case the premium will only be based on the quality of the flowers, not on the label itself.

For fair-trade roses sold in Sweden, prices are usually higher than comparable, non-fair-trade roses. This is mainly because of the fair-trade premium that is paid to the grower.

Import tariffs
As a member of the European Union (EU), Sweden applies the regulations and tariffs of the EU. Although the common third country tariff for cut flowers is 8.5%, virtually all main country suppliers of floricultural products apply for reduced tariffs and most of them are even granted duty-free access.

Table 2.5 Applied tariffs for cut flowers imported to the EU, by main developing country suppliers, 2011

Country of origin	Import tariff	Origin/Measure type
Kenya	0%	Economic Partnership Agreement
Ecuador	0%	Tariff preference GSP+*
Ethiopia	0%	Tariff preference GSP
Costa Rica	0%	Tariff preference GSP+
Colombia	0%	Tariff preference GSP+
Uganda	0%	Economic Partnership Agreement
Guatemala	0%	Tariff preference GSP+
Zimbabwe	0%	Economic Partnership Agreement
China	5%	Tariff preference GSP
Mexico	1,500 tons 0% / rest 5%	Preferential tariff quota / Tariff preference GSP
Thailand	5%	Tariff preference GSP
Sri Lanka	5%	Tariff preference GSP

Source: EU Helpdesk (2011)
** Incentive arrangement for sustainable development and good governance.*

Margins

Margins in the trade of floricultural products vary a lot. Several factors influence the margins, for example, the relation between demand and supply and the level of competition in the market. However, some general indications of trade margins are the following: handling, packaging and auction margins can be assumed to be in the range of 5-15% (since it is a fixed price per stem, the percentage depends on the value), (Dutch) exporters' margins are about 15 20% and Swedish importers/wholesalers' margins are about 40% for cut flowers and a little bit lower for pot plants (30-35%). If there is an additional chain in the channel, mainly wholesalers covering the Northern part of Sweden, the importer's margin will be somewhere in the range of 5 15% and the rest is left for the wholesaler (25-35%). Margins for specialised retailers or florists are somewhere in the range of 125-150%, while those of supermarkets are somewhat lower. Although these margins seem to be high, it should be kept in mind that floricultural products are perishable products. Therefore, most floricultural trading companies and retailers have low profits.

Useful sources for further research

Below you will find an overview of sources for more information on the floricultural market in Sweden. In addition, the relevant organisations in Sweden are also listed.

Market information

- BTC market information - http://www.befair.be/en/articles/www-befair-be/2-ressources/resources.cfm- you can download the report 'The European Market for Fair and Sustainable Flowers and Plants'.
- CBI market information - http://www.cbi.eu/marketinfo- market information on cut flowers and foliage and plants and young plant material.
- Dutch trade magazine for the horticultural industry - http://www.vakbladvoordebloemisterij.nl.
- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu - go to 'trade statistics'.
- Eurostat - http://epp.eurostat.ec.europa.eu/newxtweb - statistical database of the EU. For trade, choose 'EU27 Trade Since 1995 By CN8'. Use the guide 'Understanding Eurostat: Quick guide to easy comext' (http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf) for instructions. Both value and volume data are presented; by comparing import value and volume, it is possible to get an idea of the development of import prices.

- Google search. Translate keywords (flowers, pot plants) and look for news in a certain country. For Sweden, this delivered several interesting results. Some examples are: http://www.malmo.se/download/18.5d8108001222c393c008000127466/Upphandling+av+blommor+och+krukv%C3%A4xter+Malm%C3%B6++stad.pdf and http://pub-epsilon.slu.se:8080/1811/01/borg_et_al_100629.pdf. You can translate the text with help of Google Translate. Note that it could also be worthwhile to search in the Dutch language, since the Netherlands is the foremost floricultural trade country.
- Hortinews - http://www.hortinews.com - Dutch news portal for the floricultural industry.
- International Association of Horticultural Producers - http://www.aiph.org - information on prices and trends of floricultural products is published in a statistical yearbook.
- International Trade Statistics - http://www.trademap.org - you have to register first.
- ITC Market News Service - http://www.intracen.org/exporters/Market-News-Service - provision of up-to-date price information and qualitative information such as market trends, industry news, regulatory updates, trade show reviews and interviews with market players on cut flowers and ornamental plants.
- Professional network sites such as Linked-in http://www.linkedin.com. By becoming a member of relevant groups at the professional network site Linked-in (for example, the group 'Fresh Cut Flower Professionals'), it is possible to start a discussion on a topic for which you aim to gather market information.

Associations

- Association of Swedish Chambers of Commerce and Industry - http://www.swedishchambers.se - information and services for exporters from developing countries.
- Open Trade Gate Sweden - http://www.opentradegate.se - portal dedicated to information on rules and requirements in Sweden and the EU that are relevant for exporters from developing countries. The following areas are covered: customs procedures and preferences, labelling, packaging, health and sanitary requirements.
- Swedish Board of Agriculture - http://www.sjv.se - official Swedish horticultural statistics.
- Swedish Floricultural Trade Association - http://www.bro-cert.se/english.htm - about 40 wholesalers are organised in the Swedish Floricultural Trade Association 'Blomster Branschens Riksorganisation' (BRO). Interflora, Euroflorist and Saba are also associated with this organisation. This association also introduced a consumer label for flowers. This BRO-Label will be replaced by the FFP-Label from Union Fleurs as soon as this label will come onto the Swedish market.
- Swedish Horticultures' Association - http://www.lrf.se/lrftradgard - part of the Swedish Federation of Farmers (LRF).

3 Doing business in Sweden

Establishing direct contact with potential business partners is an important first step. It is more effective than contact via e-mail or telephone as you will have a better chance of presenting yourself and your company. To this end, floricultural exporters from developing countries are advised to plan appointments with prospects in Sweden, or organise a road show to meet prospects, for example. Visiting a trade fair is also an option, but it is less effective. In addition, trade publications or magazines represent a possibility to promote sales. Recommendations on how to find trading partners in Sweden are discussed in this chapter.

Roadshows and Buyer events

Floricultural exporters from developing countries are advised to join forces and organise a roadshow to Sweden. The objective of a roadshow is to meet representatives from Swedish floricultural companies and discuss business opportunities. In a roadshow, a seminar could also be organised around your products in relation to your country, for example. A roadshow should preferably be organised by a group of exporters sharing the same goal or with the help of a local business support association.

In addition, instead of visiting the destination country, exporters from developing countries can also invite potential trading partners to their country in order to visit local farms and facilities. This is generally known as a buyer event. Although this can also be done by individual growers, it is best to organise this together with other growers, if possible managed by a local business support association.

Roadshows and buyer events provide the exporter with the best opportunity to convince prospects of their strengths and possible synergy opportunities.

Trade fairs

Floricultural trade fairs offer an opportunity to exporters from developing countries to meet prospects or current customers. By visiting fairs you will also improve your understanding of the EU/Swedish market. The most important trade fair for exporters from developing countries is IPM (Germany). A summary of interesting floricultural trade fairs in the EU are as follows:

- IPM - International trade fair for flowers, plants, equipment and florists' items - http://ipm.messe-essen.de - this is the largest trade fair in the global floricultural industry. It features plants, but also cut flowers and horticultural equipment. IPM is held annually in January in Essen (Germany).

The second best choice for exporters from developing countries is to visit or attend the following trade fairs in the Netherlands:

- International Horti Fair - http://www.hortifair.nl - main EU horticultural trade fair, held annually in November, Amsterdam, the Netherlands.
- International Floriculture Trade Fair - http://www.iftf.nl - main EU floricultural trade fair, held annually in November, in Vijfhuizen (near Amsterdam), the Netherlands.
- FloraHolland Summer Fair - http://www.floraholland.com - FloraHolland auction's trade fair in Aalsmeer, June, in the Netherlands.

Although Sweden is home to a few floricultural trade fairs (Elmia Garden http://www.elmia.se/garden and Nordic Gardens http://www.nordiskatradgardar.se) these are not interesting for exporters from developing countries.

Trade press

Exporters from developing countries could consider placing an advertisement in a magazine to reach prospects in Sweden although industry experts do not consider it a very effective method. In general, floricultural trade magazines/journals are read by flower/plant producers, traders, wholesalers and retailers; landscape architects and contractors; garden designers; landscaping machinery users and traders; interior landscapers. Examples of magazines distributed in Sweden include:

- Blomster Branschen - http://sverigestidskrifter.se/medlem/tidskrifter/blomster-branschen- Swedish trade magazine for the floricultural industry. Published by the florist retail association Interflora, 8 times per year.
- Hortica - http://www.hortica.com - Swedish horticultural magazine.
- Flora Culture International - http://www.floracultureinternational.com - digital and printed trade magazine for the global floricultural industry. The magazine is distributed worldwide with 11 issues yearly.

Useful sources
For more information on doing business in Sweden, visit the following websites: • CBI's export manuals - http://www.cbi.eu/marketinfo - 'Export Planner', 'Your image builder' and 'Exporting to the EU' can be downloaded from the website. Go to search publications and enter the title of the document to search for it. • Flowerweb - http://www.flowerweb.nl - overview of trade fairs in the sector. • Kwintessential - http://www.kwintessential.co.uk/resources/global-etiquette/sweden.html - for practical tips on business culture and etiquette. • Swedish Chambers' export manual 'Exporting to Sweden' - http://www.swedishchambers.se/market-information/exporting-to-scandinavia.aspx - it is possible to download the manual or to order a printed edition.

4 Recommendations for BSOs in developing countries

Below follows an overview of two trends in the EU and Swedish market that should get prior attention of Business Support Organisations. Also included are tips on how to respond to these trends.

Distance buying stresses need of reliability of growers

Fewer buyers physically go to the auction. Instead they buy their flowers from a distance, online through different auctions without seeing the product. This means that buyers need to be assured of the quality and consistency of the flowers. This is an important aspect for growers from developing countries; EU companies will increasingly buy from growers they know and trust.

To improve their reliability, growers from developing countries should pay particular attention to product quality. All the product details of the shipment need to be in line with the consignment note. This is important because buyers do not actually see the products in advance and, therefore, prefer to deal with reliable growers. Yet, all too often what happens is that EU buyers are disappointed with the quality of their suppliers from developing countries. As a result, these suppliers receive lower prices. Therefore, product quality is of the utmost importance in order to remain competitive and to maintain a level of trust on the international market.

At a later stage when exporters have become reliable, direct trade partners of European companies, they could start to make use of marketing campaigns aimed at creating brand awareness among European consumers. In the case of Sweden, exporters should, for example, connect with consumers on the social network Facebook. This social network has a very strong position in Sweden, and you could invite consumers of your flowers (communicate it through prints on the sleeve, for example) to become a friend of your company on Facebook. Through regular updates you can keep Swedish consumers informed and build up a relationship with them.

Recommendations

BSOs are advised to organise seminars or workshops dealing with this issue. As a first step, make your exporters aware of the need to keep working on quality and consistency. Supplying in accordance with the consignment note is very important. Second, your exporters need to brand or market their companies to European buyers in order to build a brand and to gain their trust. This can be done by offering shipments of flowers on a regular basis at the auction, preferably five days a week. Some more suggestions: advise growers to print their company names, logos and other promotional information on the sleeves. Also a professional website and registrations of your company on the social network Facebook would be very helpful.

Increasing role of direct trade

In recent years, the role of direct trade has grown a lot. Growers from developing countries have to realise that direct sales require a completely different range of skills from their organisation. In the first place, it is of the utmost importance to become a reliable company (see above). While delivering flowers to the auction would mean that your employees can pack perhaps 95 out of a total of 100 harvested roses, delivering flowers by contract to a Swedish importer could mean that your employees can only pack 70 out of the 100 roses; the other 30 do not reach the quality requirements for that specific customer. This example makes clear that every employee needs to make a shift in their perception of quality. Growers should make a clear choice between direct selling and auction sales. In the case of focusing on direct sales, the company should make serious efforts to sell all or a very large part of their flowers through the direct channel.

Recommendations
Make exporters aware of the need to make a choice between selling through auctions and making use of the direct channel. In particular, support them in preparing an export strategy. Organise training events on this topic. And, in addition, awareness can also be raised by organising a market tour to the Netherlands and a specific destination market, for example, Sweden. Such a tour may take up to, for example, three days, in which an auction will be visited, but also major buyers, such as wholesalers and supermarkets. By joining forces, a group of exporters could go together and save costs.

Appendix 1 – Selected product groups and products, based on Eurostat

Product category	Product group	CN Nomenclature	Description
Plants and young plant material	Finished indoor	6029091	indoor flowering plants with buds or flowers (excl. cacti)
		6029099	live indoor plants and cacti (excl. rooted cuttings, young plants and flowering plants with buds or flowers)
	Finished outdoor	60240	roses, whether or not grafted
		6023000	rhododendrons azaleas , grafted or not
		6029050	live outdoor plants, incl. their roots (excl. bulbs, tubers, tuberous roots, corms, crowns and rhizomes, incl. chicory plants and roots, unrooted cuttings, slips, rhododendrons, azaleas, roses, mushroom spawn, pineapple plants, vegetable and strawberry plants).
		6029051	perennial outdoor plants
		6029059	live perennial outdoor plants incl. their roots n.e.s.
	Young plant	6012030	orchid, hyacinth, narcissi and tulip bulbs, in growth or in flower
		6012090	bulbs, tubers, tuberous roots, corms, crowns and rhizomes, in growth or in flower (excl. those used for human consumption, orchids, hyacinths, narcissi, tulips and chicory plants and roots)
		6021090	unrooted cuttings and slips (excl. vines)
		6029045	outdoor rooted cuttings and young plants of trees, shrubs and bushes (excl. fruit, nut and forest trees)
		6029070	indoor rooted cuttings and young plants (excl. cacti)
Cut flowers	Chrysanthemum	6031025	fresh cut chrysanthemums and buds from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes
		6031050	fresh cut chrysanthemums and buds, of a kind suitable for bouquets or for ornamental purposes
		6031065	fresh cut chrysanthemums and buds from 1 November to 31 May, of a kind suitable for bouquets or for ornamental purposes
		6031400	fresh cut chrysanthemums and buds, of a kind suitable for bouquets or for ornamental purposes
	Dianthus	6031013	fresh cut carnations and buds from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes
		6031020	fresh cut carnations and buds, of a kind suitable for bouquets or for ornamental purposes
		6031053	fresh cut carnations and buds from 1 November to 31 may, of a kind suitable for bouquets or for ornamental purposes
		6031200	fresh cut carnations and buds, of a kind suitable for bouquets or for ornamental purposes
	Gladiolus	6031021	fresh cut gladioli and buds from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes
		6031040	fresh cut gladioli and buds, of a kind suitable for bouquets or for ornamental purposes
		6031061	fresh cut gladioli and buds from 1 November to 31 May, of a kind suitable for bouquets or for ornamental purposes
		6031910	fresh cut gladioli and buds, of a kind suitable for bouquets or for ornamental purposes
	Rosa	6031010	fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes
		6031011	fresh cut roses and buds from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes
		6031051	fresh cut roses and buds from 1 November to 31 May, of a kind suitable for bouquets or for ornamental purposes
		6031100	fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes

Product category	Product group	CN Nomenclature	Description
Cut flowers	Orchids	6031015	fresh cut orchids and buds from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes
		6031030	fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes
		6031055	fresh cut orchids and buds from 1 November to 31 May, of a kind suitable for bouquets or for ornamental purposes
		6031300	fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes
	Other cut flowers	6031029	fresh cut flowers and buds, from 1 June to 31 October, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, gladioli and chrysanthemums)
		6031069	fresh cut flowers and buds from 1 November to 31 May, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, gladioli and chrysanthemums)
		6031080	fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, gladioli and chrysanthemums)
		6031990	fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, gladioli and chrysanthemums)
Foliage	Dried	6049910	dried foliage, branches and other parts of plants, without flowers or flower buds, grasses, for bouquets or ornamental purposes
	Dyed	6049990	dyed, bleached, impregnated or otherwise prepared foliage, branches and other parts of plants, without flowers or buds, grasses, for bouquets or for ornamental purposes (excl. dried)
	Fresh	6049190	foliage, branches and other parts of plants, without flowers or flower buds, grasses, fresh, for bouquets or ornamental purposes (excl. christmas trees and conifer branches)

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Market Report

Focus on the EU and Swedish Market

Floricultural Products
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