



# Towards Smarter Floriculture Chains

*CROP Innovation & Business,  
Amsterdam*

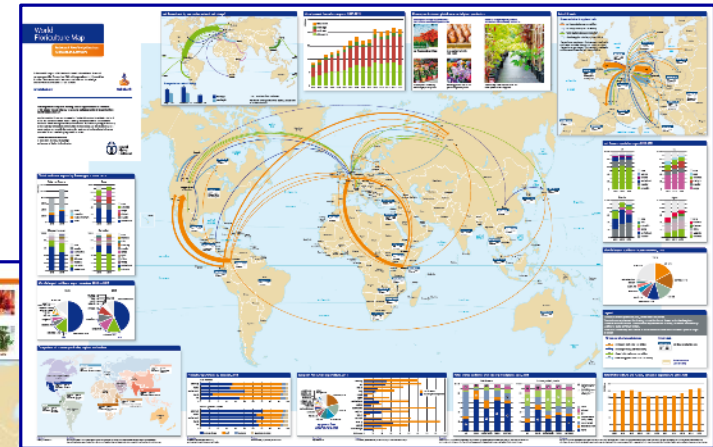
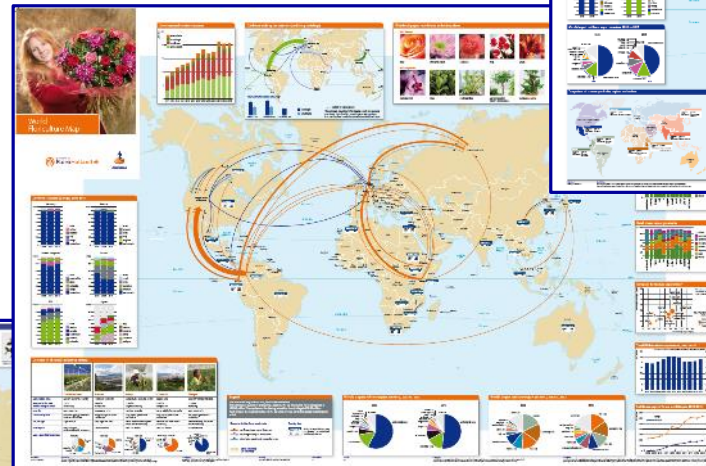
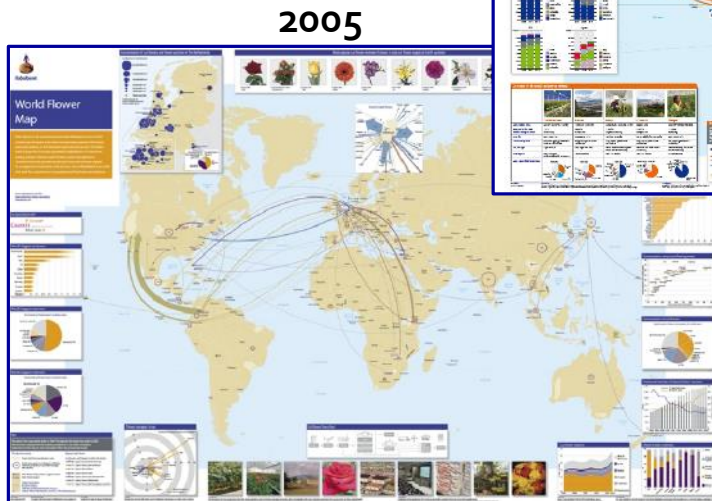
Lambert van Horen – 4 April 2017



# Ch-ch-ch Changes 2005-2016

No market growth in W. Europe

Shifting retail shares



Emergence of sea freight

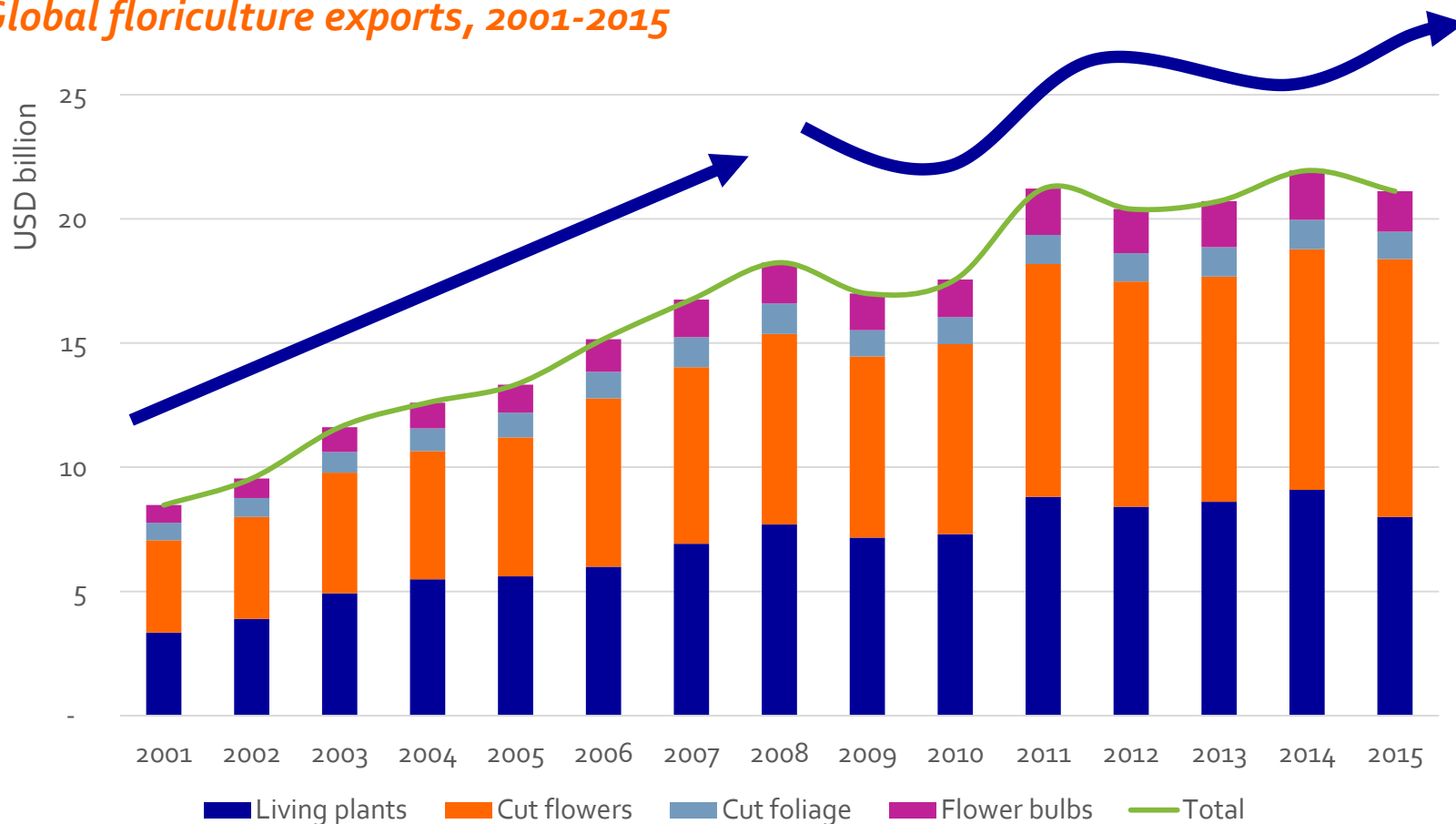
Rising cut-flower production in equatorial countries

Rise and fall of the Russian market

# Global Market Recovery ...but Uncertainty and Volatility to Stay



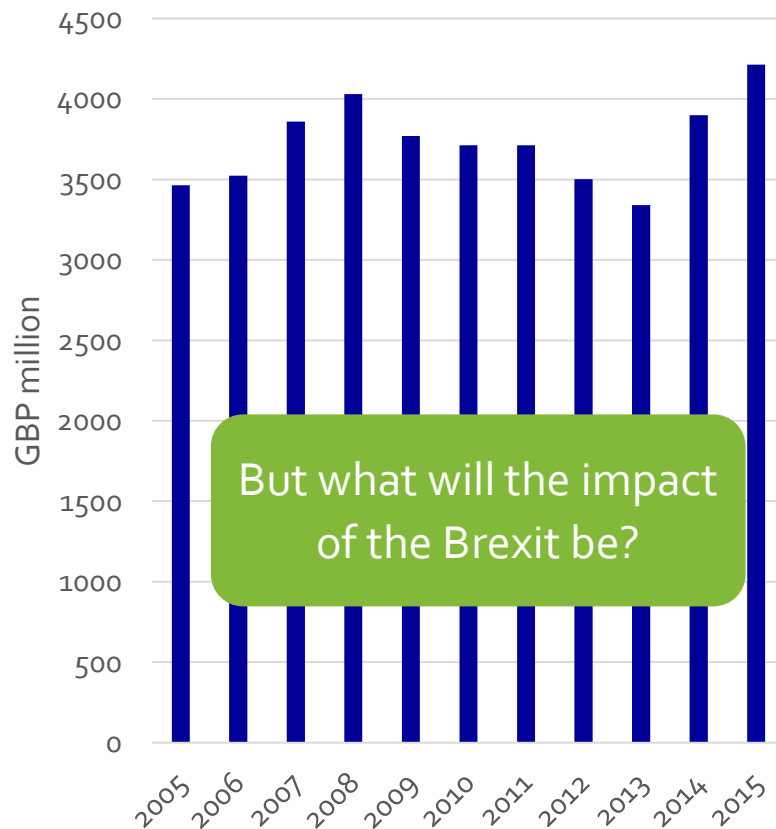
## Global floriculture exports, 2001-2015



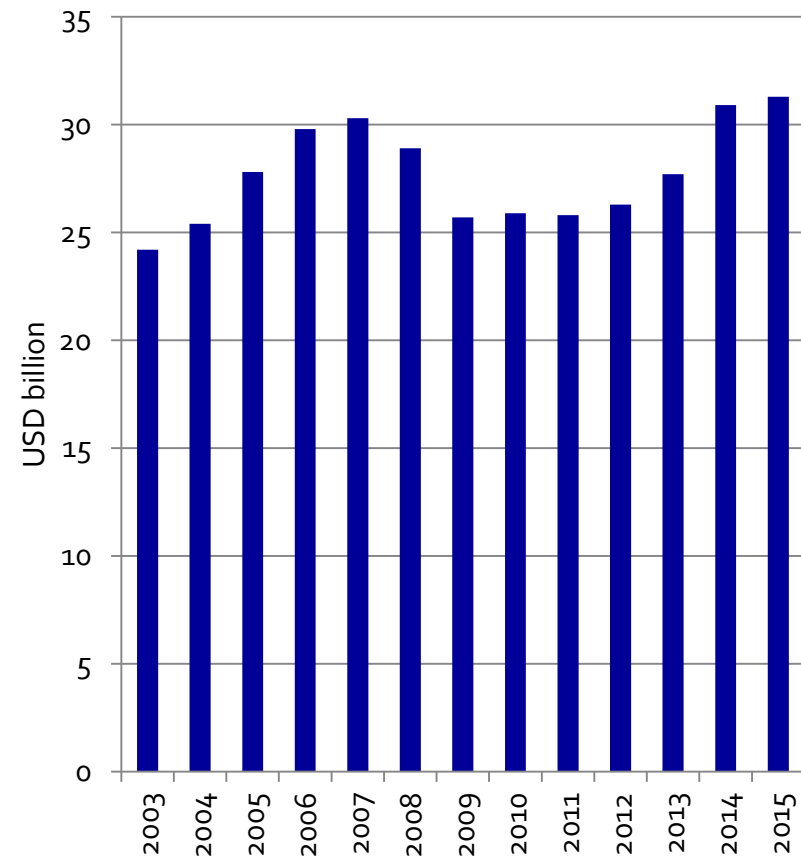
# Strong Upturn in Both UK and US Market



*Floriculture expenditure in the UK, 2005-2015*



*Floriculture expenditure in the US, 2003-2015*



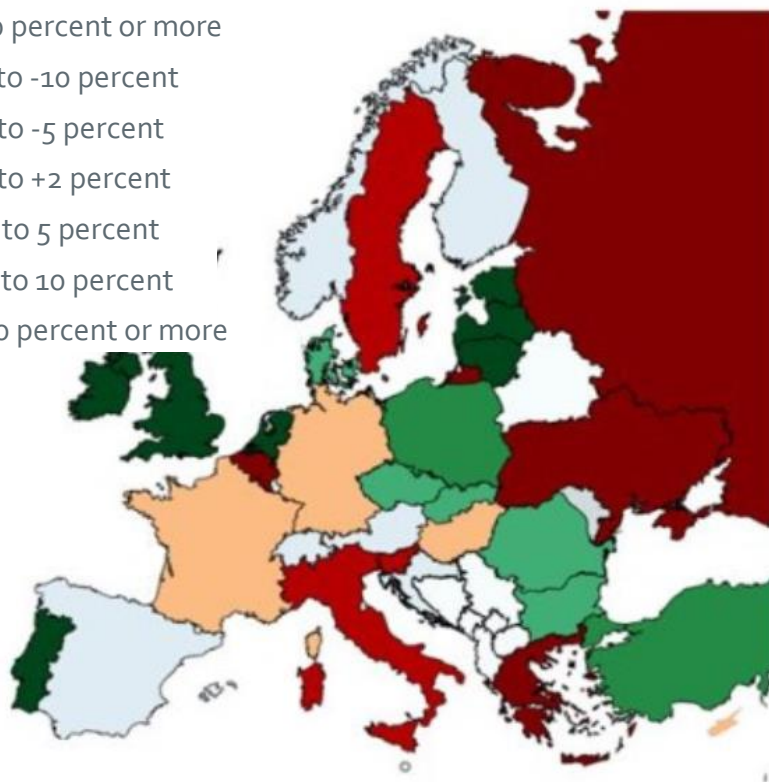
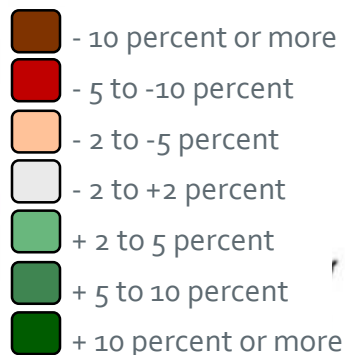


# ...but the Picture in Europe Is Very Diverse



*Change in European cut flower and indoor potted plant expenditure in 2015  
(according to Royal FloraHolland research)*

Growth:

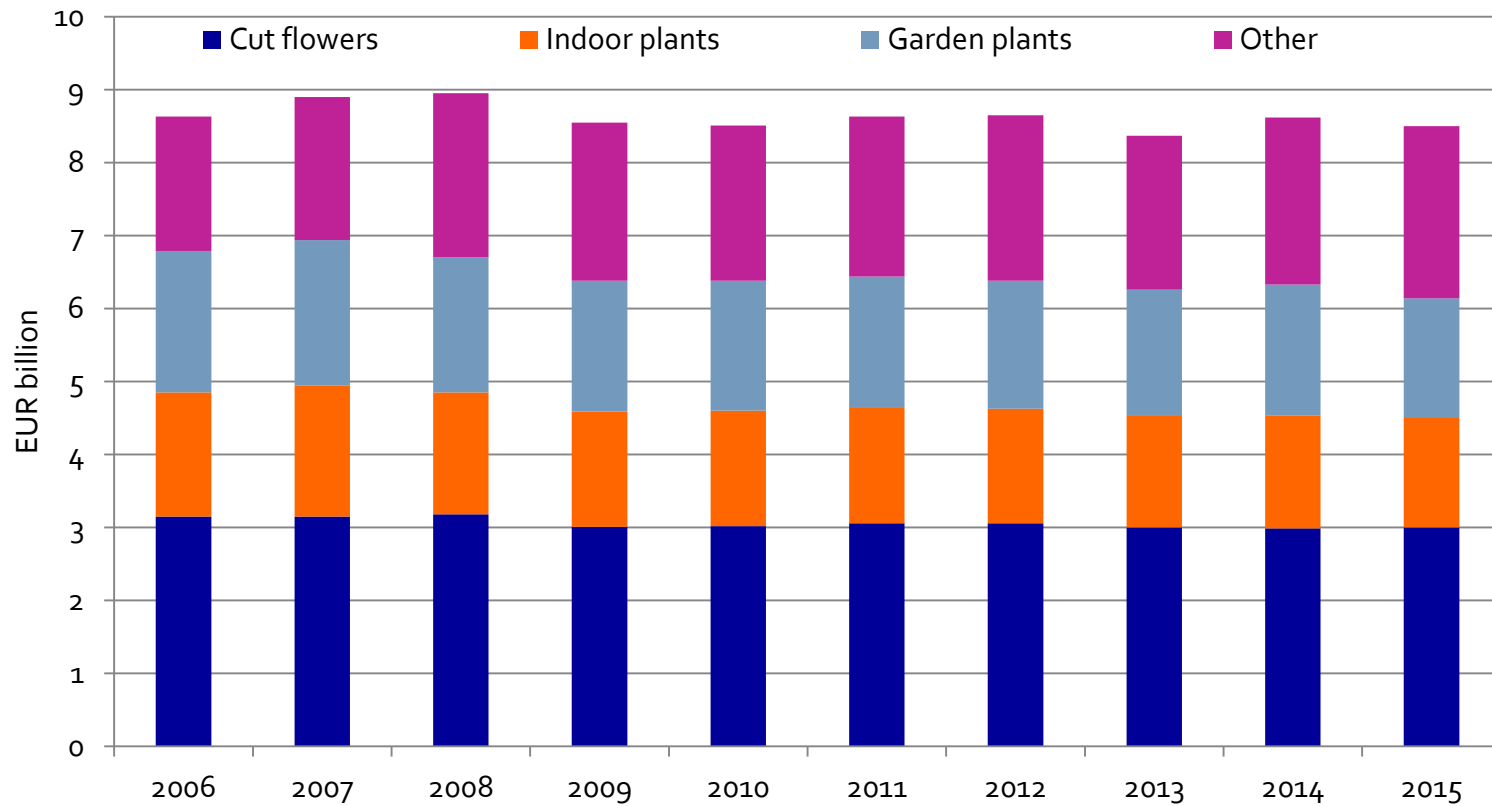


**The total consumption of houseplants and flowers in Europe increased in 2015 by 0.5% to €32.4 billion.**

Regarding European consumption, 2014 was a good year with growth of around 4%. Although the growth was not as strong in 2015, the trend clearly continued. Strong growth was seen especially in the Netherlands and the UK.

# Stagnant German market

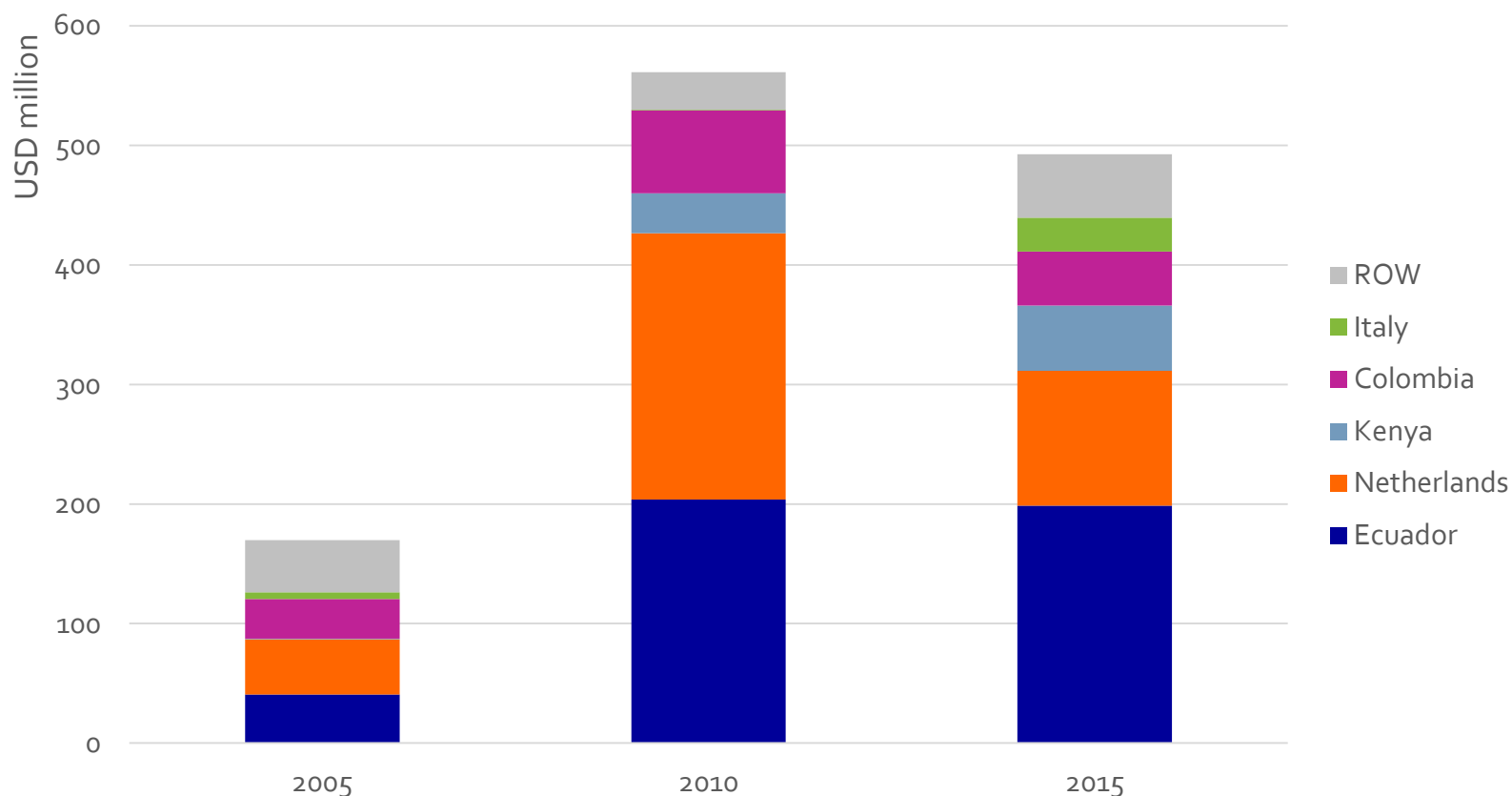
## *Total floriculture expenditure in Germany, 2006-2015*



# The Rise and Fall of the Russian Market



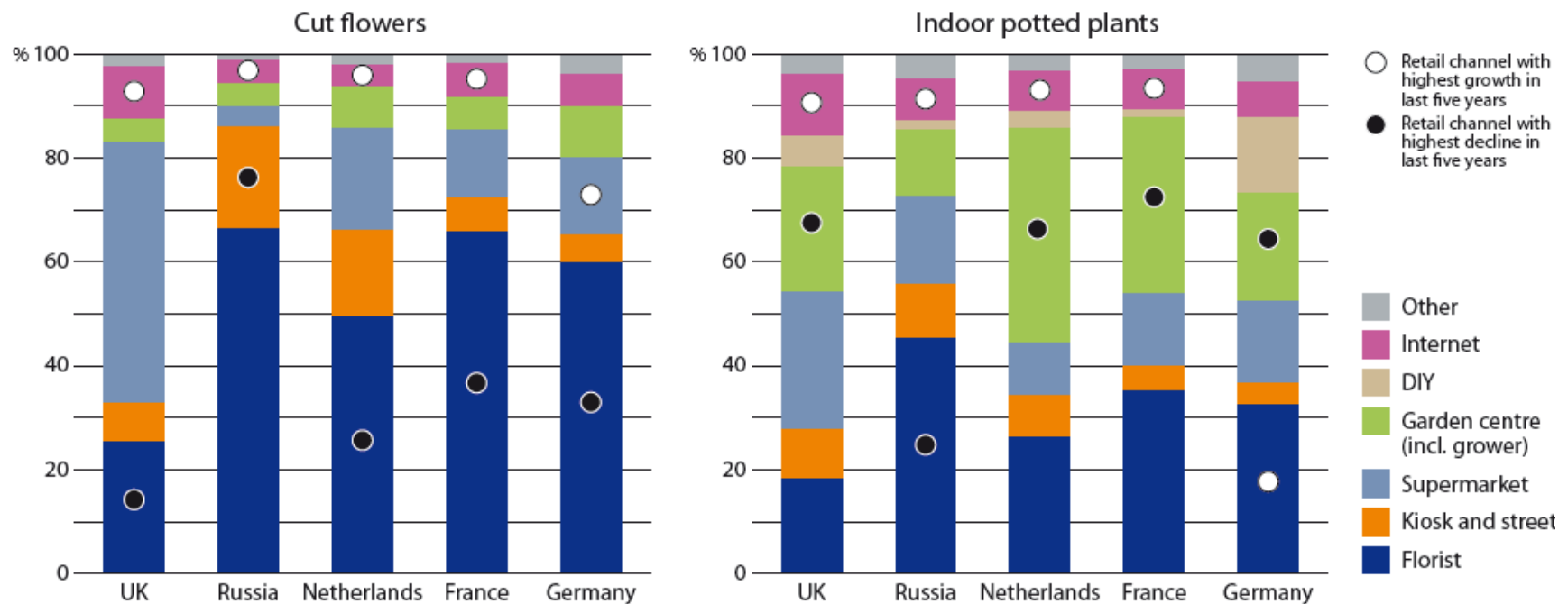
## *Russia's cut flower imports by origin, 2005 vs. 2010 vs. 2015*



# Growth in Online Floriculture Sales



Retail shares cut flower and indoor potted plants sales, 2015





# New Players Are Emerging



Get Quotations ▾

Multi-Language Sites ▾



wholesale fresh cut flowers Tulip same quality as Netherlands Tulip Flower

FOB Price: **US \$0.1 - 0.3 / Piece** | [Get Latest Price](#)  
Min Order Quantity: 1000 Piece/Pieces  
Supply Ability: 1000000 Piece/Pieces per Week  
Port: CHANGSHU/SHENZHEN/GUANGZHOU  
Payment Terms: L/C,D/A,D/P,T/T,Western Union,MoneyGram,paypal

Contact Supplier

Start Order

Loading...



## Trade Assurance

**TYRS** | Kunming Rolane Biotechnology Co., Ltd.  
China (Mainland) | Trading Company

Supplier Assessments: [View](#)

Response Time: **<24h**

Response Rate: **92.1%**

Visit Minisite

Contact Detail

## Agriculture

Suppliers with Trade Assurance experience only.

Source Now >

You May Like:

Party Decorative  
Fresh cut Tulip  
Flowers  
US \$0.1 - 0.5 /  
Piece  
500

Flower: Madame  
5-7cm: Butterfly  
RT001: Assorted Tulip

spicious Activity

t:  
als:  
del Number:

bloomon order how it works gift about us ▾

Utterly original bouquets  
Delivered to your home. On repeat.

get your flowers

Shop ▾

Subscriptions ▾

Our Difference



For Florists Help Log In

## STEP 1: SELECT COLLECTION & SIZE



THE FARMER'S MARKET

Our team scours the floral landscape on the volcano and picks their favorite flowers and combos for each Bouq.



CHOOSE YOUR OWN

You select the Bouqs to create your very own custom subscription.



C'MON GET HAPPY

A collection of Bouqs with bright colors and a positive attitude. Smiles included!



WAR OF THE ROSES

Super Premium Roses that clans, countries and cultures would fight for. Perfect for romance and making anywhere more beautiful!



BOUQ-TASTIC VOYAGE

Selected Bouqs from our current catalogue delivered regularly from the Volcano to the home. Get The Bouqs!

## SELECT YOUR SIZE



ORIGINAL \$40



DELUXE \$55



GRAND \$70

Concierge discounts will be applied at checkout.

BACK

NEXT

FARMGIRL FLOWERS  
100%  
American  
Grown  
SUPPORTING U.S. FARMERS

# Online Retail Is a 'Game-Changer' for the Complete Value Chain



*Shorter chain with fresher products, less handling*

*Opportunities for cross-sell, niches ...but what about impulse purchases?*

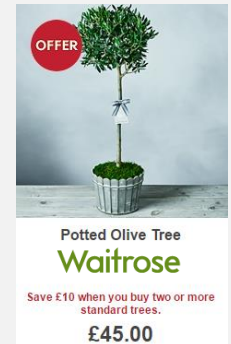
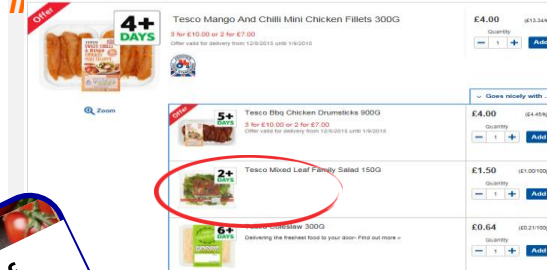
• Traditional supply chain



• Online supply chain

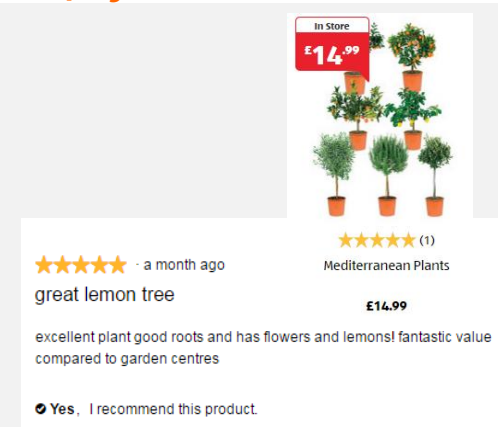
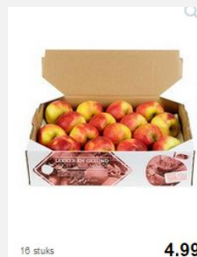


In 2030, ca. 25% of groceries will be bought online



*Different packaging, sizes, marketing*

*Better exchange of data, information*



# Locality to Become More of an Issue in Floriculture



BIODIVERSITY, CLIMATE CHANGE

## Why Buying Local Flowers Is Just as Important as Buying Local Food

Diane MacEachern, Care2 | May 15, 2016 11:53 am | Comments

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You may not realize it, but flowers are a part of the [buy-local](#) movement reason.

Seventy percent of the cut flowers sold in the U.S. are imported from L the hot climate is just what the flowers need, those constant high temp conducive to bugs and disease. Consequently, growers in Columbia, Ec countries rely on pesticides that have long been banned in the U.S. to selling in international markets.



*25 acres of high tech glasshouses to open in 2017*

## Matthews Flower Group to boost British flower industry

Matthews Flower Group PLC will revitalise the British grown cut flower sector by building 25 acres of high tech glasshouses in the UK. "92% of cut flowers sold in Britain are imported. They have long carbon footprint and often lose considerable freshness during transport", says Ian Matthews, CEO of Matthews Flower Group (MFG). "The new glasshouses will enable us to produce flowers, and roses in particular, that the market demands." Bringing cut flower cultivation back to Britain has been a long held vision of this flower growing veteran who started pulling the threads of his business plan together three years ago.

## Mega rose farm brings flower power back to Spain

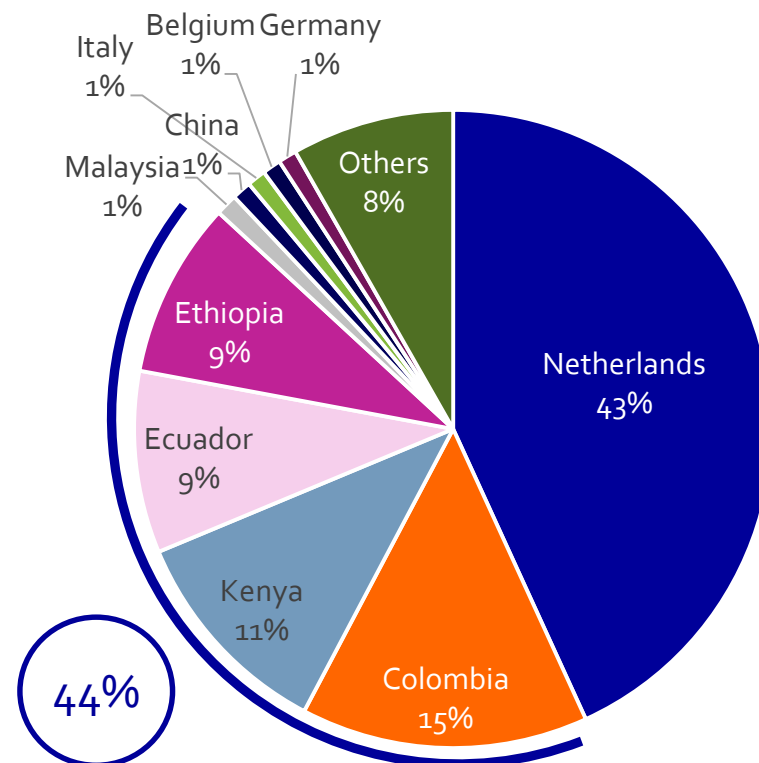
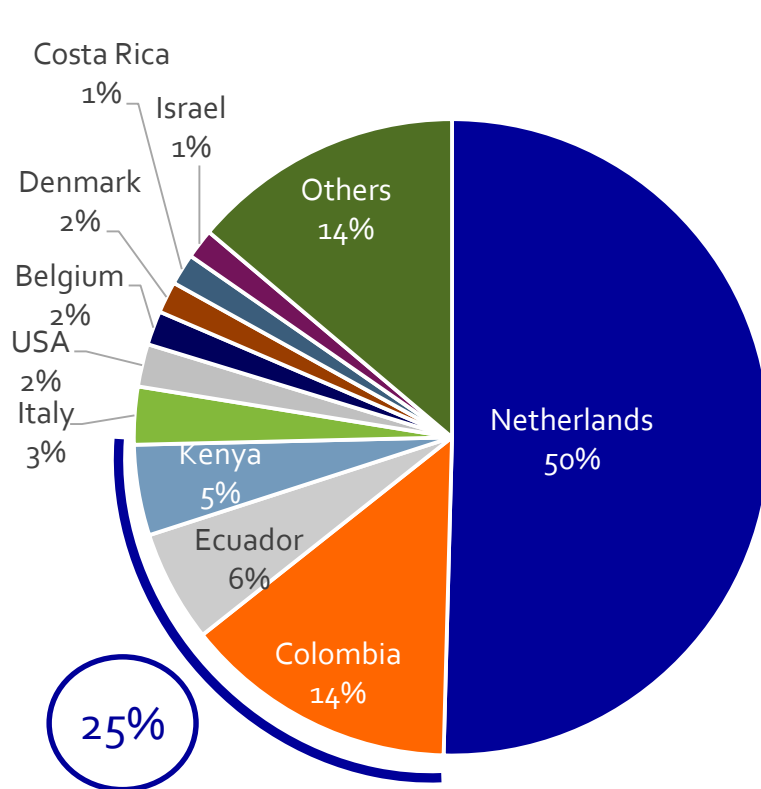
Posted On 22 Sep 2016 Comment: Off Tag: business management, roses, Spain



AALSMEER, The Netherlands / SORIA, Spain:  
Dear flower folks, if you think Spain is just about olive and palm trees, Nerium oleander and carnations it's time to think again. Launching in Soria, Spain, is Aleia, a 14ha rose farm which aims at growing premium quality and sun-kissed roses in an environmentally sound matter.

# Strong Rise of Low-Cost Producing Countries In International Trade

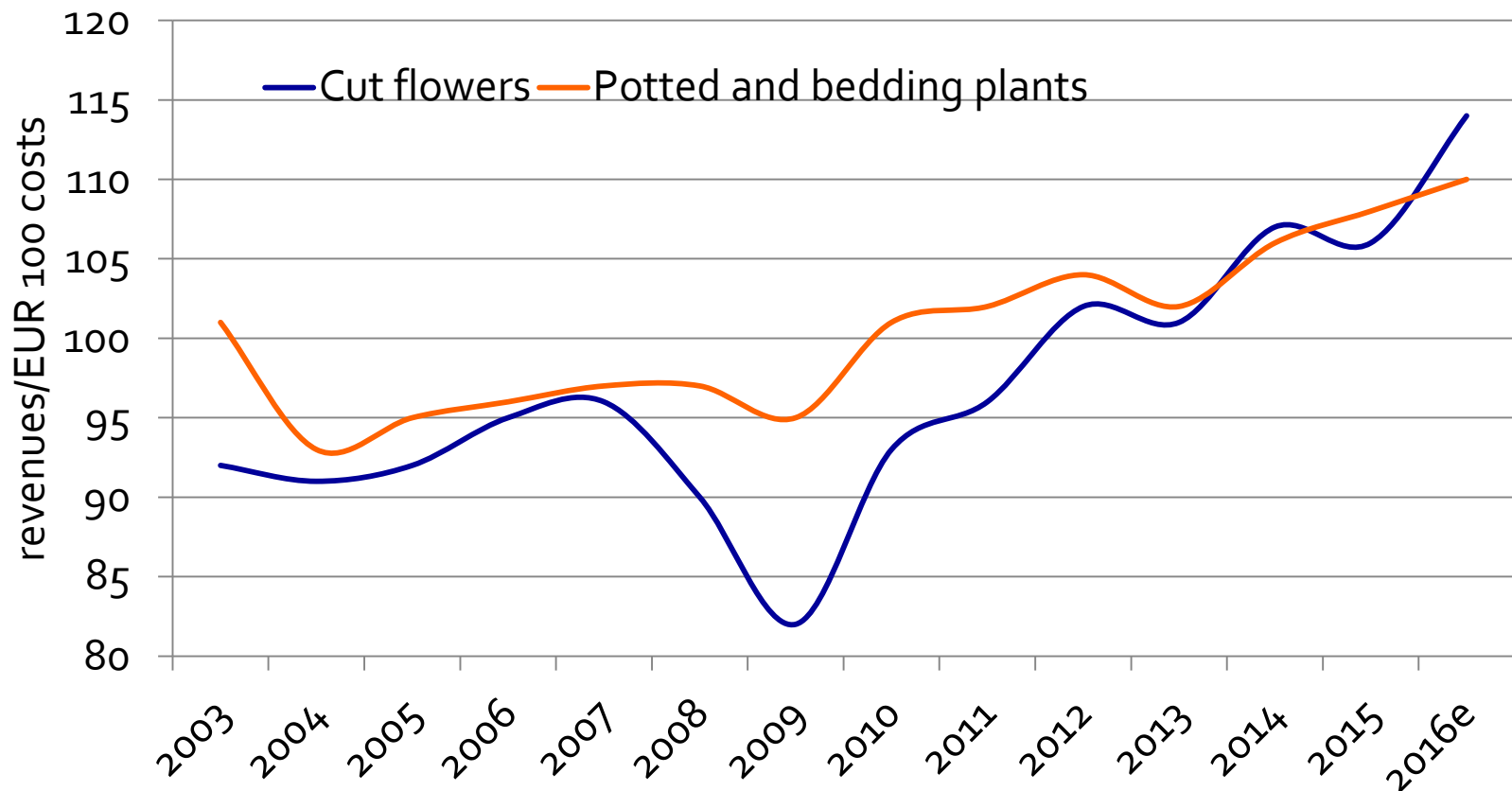
*Largest cut flower export nations, 2005*      *Largest cut flower export nations, 2015*



# Grower Profitability Is Very Volatile, with Huge (Rising) Differences among Growers



## *Development in Dutch grower profitability, 2003-2016e*





# ...but African and Latin American Growers Are Also Challenged



## Challenges for African and South-American flower growers

### Esmeralda Farms forced to discontinue operations in Ethiopia

"We will probably not continue with our flower operations in Ethiopia", says Loui Hooyman, CEO of Esmeralda Farms. Their Ethiopian location was severely hit by rebels over the last few weeks.



#### Big damage

The production location of Esmeralda farms was attacked by Ethiopian rebels. The scale of the damage was unknown for quite a while. Some said that they mainly damaged their vehicles, but according to Hooyman, the damage is more serious. "The cold store and storage area are burnt out completely and a large part of the packaging area is damaged too", says Hooyman. The damage is estimated at 10 million euros. Esmeralda Farms owns, besides their headquarter in Aalsmeer, the Netherlands, production locations in Colombia and Ecuador. They started cultivating flowers in Ethiopia in 2015.

#### More flower farms attacked

The Ethiopian rebels attacked several flower farms in Bahir Dar last week. According to FloraHolland, at least four farms fell victim to arson attacks and destruction. The reason for the unrest is dissatisfaction with government policy.

#### Still unrest

According to Hooyman, peace has not been restored yet. "For the coming Tuesday, they have already announced demonstrations. Everything will be burned, and everything that does not burn will be destroyed", says Hooyman.

For more information:

**Esmeralda Farms**

Loui Hooyman

Email: [loui@esmeraldafarms.nl](mailto:loui@esmeraldafarms.nl)

[www.esmeraldafarms.nl](http://www.esmeraldafarms.nl)

- Political instability
- Economic instability
- Volatile exchange rates
- CSR issues: water, labour, etc.
- Rising costs
- Security
- Air freight
- High interest rates
- Dependency on few long-distance markets
- Import levies

# Corporate Social Responsibility Increasingly Important in Floriculture



Rabobank

Impact of  
transportation on  
CO<sub>2</sub> footprint?

What about  
labour ethics?

What about  
geothermal  
energy?

What to do  
with waste?

Are the  
pots/sleeves  
sustainable?

Is biological pest  
management  
possible?

Are these  
plants  
sustainable?





# Traditional Flower Wholesale Markets and Auctions Are under Pressure



## *Challenges for auctions*

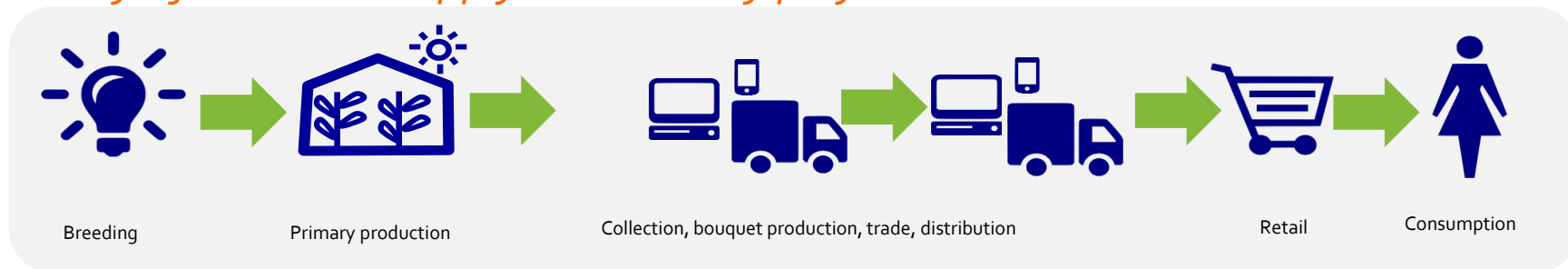
- Search for added value and reduced costs
- Growing direct product flows
- Lack of loyalty of members/suppliers
- More dedicated supply chains
- Stronger distributors
- New players: lean and mean, advanced in ICT



# The Floriculture Supply Chain Will Change Fundamentally



*Today's floriculture supply chain: many players involved*



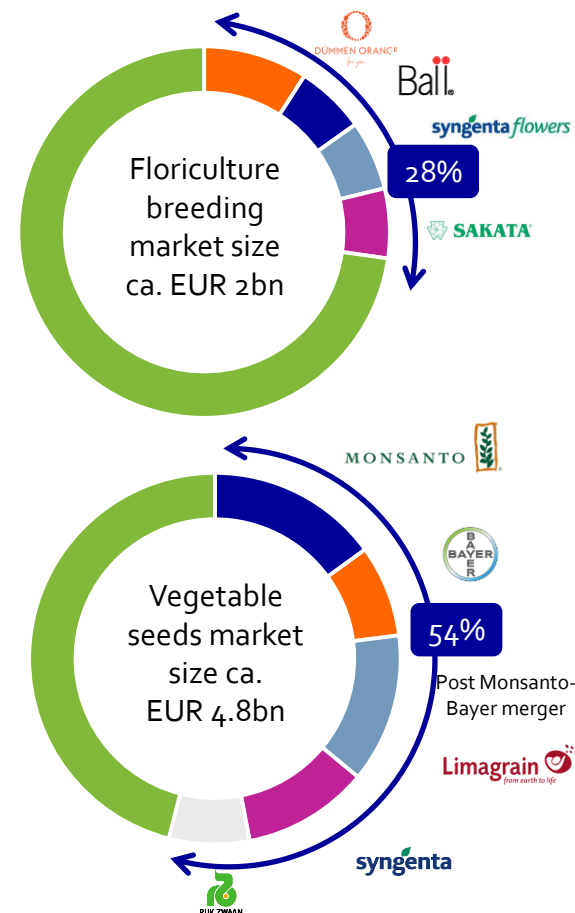
*The future floriculture supply chain: there are only three indispensable links*



# Floriculture Breeding and Propagation Will Also Change

*Floriculture breeding will move to a more consolidated market, like vegetable seeds\**

- Adoption of other breeding techniques
- Outsourcing of low-value and non-core activities
- Ongoing consolidation
  - Obtain access to technology and new varieties
  - Diversification of risks
  - Grow in scale to allow investments in more advanced R&D, and create efficiencies and synergies on the production and marketing side
  - Access to new (emerging) markets



# Breeding Will Move to the Next Level



## *Critical success factors from an outsider view*



## *How to move forward?*





- ❖ Be a leading genetics supplier: investments in R&D, genetics

*or*

- ❖ Be the best supplier of propagation materials to floriculture growers in selected product groups: invest in efficiency, quality and supply chain, customer satisfaction

# What Do These Global Developments Mean for the Floriculture Industry?



-  Many markets are a zero-sum game:  
**dare to be different**, but only one is the cheapest
-  **Sustainability check** needed: more sustainable production & trade
-  Explore opportunities and challenges of **digitisation** along the supply chain  
(use of data, new online channels to partner with)
-  Increasing **uncertainty** (weather, politics, economics)
-  **Anticipating** adverse **scenarios**. Risk spread (countries, products),  
increase flexibility, financial buffers

A close-up photograph of several vibrant pink orchid flowers with yellow centers and green buds, set against a soft, out-of-focus background.

# Thank you for your attention

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