



TRADE FAIR INTELLIGENCE REPORT



International Horti Fair, International Floriculture Trade Fair (IFTF)
and the Flora Holland Trade Fair

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1. SUMMARY

The Netherlands is the heart of the international floriculture business. It has an intricate and high quality net work of companies, ranging from breeders & growers to sales experts & export firms, representing every aspects of the business. The Horti week, held during the 1st week of November in Netherlands each year is a combination of three fairs related to floriculture namely International Horti Fair, International Floriculture Trade Fair (IFTF) and the Flora Holland Trade Fair.

These Trade Fairs are considered as an international meeting place for breeders, wholesales, retailers, traders and specialized suppliers in floriculture. Hundreds of new varieties of flowers and plants are introduced each year. These three shows attracts producers and importers from all over the world since this is the annual meeting place to observe the newest trends and the latest developments in the floriculture field.

The team appointed to conduct the Research on Trade Fair intelligence had the opportunity to visit all three exhibitions and gather important information of products, market and promotional trends discussed in this report.

The information presented in this report was gathered by in-depth interviews with Dutch buyers, technology leaders and industry experts. The EDB wish to share the industry & market trends collected at the fair with the Sri Lankan Floriculture Exporters to provide them an insight on the behavior & trends in the Netherlands market.

The European floriculture industry has experienced a difficult time and margins have generally reduced. Growers around the world have felt the pressure and are trying to become more and more professional, for example, in terms of cost of production, flower/foilage quality, post-harvest technology, efficient packaging, logistical management, etc. The buyers look at price/quality ratio before taking a decision to purchase. These are also areas Sri Lankan exporters should pay attention

- Sri Lanka needs to concentrate on new products and value addition to existing products to compete in the market.
- Opportunities exist for Sri Lankan live plant exporters to directly deal with growers.
- Long term opportunities could be created by working towards to obtain quality and environmental certifications to the products.
- Polish market will be a prospective market in the East European block.

2. TRADE FAIR SPECIFICATIONS

a. Relative Importance

- **International Hortifair**

The International Hortifair is the largest annual international trade fair held in Europe for technology, innovation and inspiration in horticulture and took place in the Rai Exhibition Convention Centre in Amsterdam Rai from 1st to 4th November 2011.

- **International Floriculture Trade Fair (IFTF)**

IFTF held in the Expo Haarlemmermeer in Vijfhuizen (Aalsmeer), Netherlands is an international fair dedicated for floriculture products and the second edition of IFTF was held from 2nd to 4th November 2011. The event clearly focuses on cut flowers and potted plants with representatives of the entire floriculture supply chain including breeders, growers, vendors and horti suppliers.

- **Flora Holland Trade Fair**

Flora Holland Auction in Netherlands is also organizing a separate exhibition in the Flora Holland Auction Centre during the same time span of IFTF.

Flora Holland flower auction plays a key role in the Netherlands as a matchmaker, intermediary and knowledge centre for market access. Flora Holland is a cooperative, owned by nearly 5000 members from Netherlands and other flower producing countries. The aim of the cooperative is to achieve the best possible market position for its members at a lowest possible cost. The six auction centres owned by Flora Holland offers their customers a wider assortment of plants and flowers, nearly 20,000 different varieties per day, produced all over the world.

Flora Holland Trade Fair held annually in Aalsmeer is an exhibition organized by the members/growers, supplying products to the Flora Holland Auction. The exhibition was much

bigger than the IFTF exhibition. The exhibition was held in two big halls at the Flora Holland Auction centre in Aalsmeer.

b. No. of Visitors Exhibitors and main countries exhibited

- **Horti Fair**

Horti Fair 2011 has attracted 599 exhibitors from 32 countries.(10% growth over 2010). During the four days the show has attracted 23,240 visitors from 65 countries. 52% of the visitors to the Horti Fair were growers or plant breeders.

Finding out new technologies, machinery, automation and services along with fresh cut flowers, potted plants & vegetables are the principal reasons most visitors attend the Horti Fair.

- **IFTF**

According to the official statistics 184 exhibitors have participated at IFTF. Countries such as Netherlands, Germany, Denmark, Italy, UK, Belgium, France, Spain were representing European exhibitors and the Sri Lanka, South Africa, Hong Kong, Taiwan, Israel, Ecuador, Ethiopia, Russia, Kenya were among the international participants. China, Thailand and India were new comers to the exhibition.

The attendance to the show was up by 70% from year 2010 and the show has attracted 11,834 key retailers and international buyers. The show is a truly B2B event and most of the visitors were serious buyers with decision making power. The exhibitors were happy with the quantity and quality of visitors.

- **Flora Holland**

There were around 900 companies displaying their products at the exhibition.

3. NEW TRENDS OBSERVED

a. Product trends

Various trends for cut flowers decorative foliage and live plants were observed at the exhibition.

- Tropical decorative foliage import companies in Holland are expecting to receive new products during the next two years. The exporters having new foliage varieties and different product mixes will have more opportunities to sell their products. The team had an opportunity to discuss with the companies importing from Sri Lanka. Some buyers mentioned that products such as *Monstera deliciosa*, *Fatsia japonica*, *Cycas revoluta*, *Chamidorea elegans* and *Phoenix roebellnii* as most promising products for year 2012. These buyers are not buying some of these products from Sri Lanka at present.



Monstera Deliciosa



Fatsia japonica



Chamidorea elegans



Phoenix robellinii

- It was also mentioned that the demand in the Eastern European countries is for big leaves and longer grasses such as snake grass which is imported from USA.



Snake grass (*Equisetum*)

BAMBOO



Bare grass (*Xerophyllum tenax*)



Fresh Long SALAL (*Gaultheria Shallon*)



ZWAARDVAREN (*Polysticum Minutum*)



- The major countries supplying decorative foliage to Europe are Costa Rica, Guatemala, Israel, Scandinavia, Italy, USA and South Africa. It was observed that some buyers do not have adequate awareness on Sri Lankan products.
- The exhibitors were displaying their latest products at the novelty pavilion as well as at their own stands. Among the IFTF's eye catches was the Rose and Gerbera breeder Schreurs from De kwalkel, who has introduced a new series of bright blooms namely "The white Naomi" in the white rose segment, "Baby Love" for pink roses, "Sugar Lips" referring to a slightly light pink colour on the outside of petals and its stunning deep pink colour on the insight and "Sambuca" a variety with creamy colour.
- Schreurs also introduced three new gerberas including the mini gerbera "Sunlove" – a yellow flower with black centre and the more classic gerberas "Fernanda" in pink and "Ranya" in orange.

b. Promotion trends

The exhibitors had selected a particular fair out of the three fairs to display their products according to the visitors they were expecting to meet at the fair. The companies exhibiting at the IFTF were mostly the international suppliers, buyers (wholesalers) and growers in Netherlands. The growers and wholesalers were also exhibiting at the Flora Holland Exhibition.

The business support organization (BSOs) in some countries such as Kenya and Ethiopia had organized national pavilions attractively to promote their growers.

The floriculture trade fair organizing companies in India, Israel, Japan, and Ukraine were promoting their exhibitions at the fair to attract exhibitors.

New cut flower and pot plant varieties introduced in year 2012 were on display at the pavilion for novelty products.

It was observed the Flower Council has reduced its promotions. Flora Holland was doing more promotional activities than previous occasions.

4. OBSERVATIONS AT MAIN COMPETITORS

a. Product offer and presentation

Kenya Flower Council presented the products of their members mainly roses in the National Pavilion.



Attractively designed stall under the Kenya Pavillion

The Ethiopian Horticulture Producer Exporters Association (EHPEA) was displaying cut flowers, cuttings, ornamental plants, fruits and vegetables.

Ecuador National Pavilion was organized by the Ethiopian Horticulture Producer Exporters Association & Taiwan Floriculture Exports Association (TFEA) was displaying the orchids such as *Phaleonopsis* varieties. South African Flower Export Council (SAFEC) supported by four main producer organizations was also promoting their member's products at the exhibition.



The research team had the opportunity to visit these pavilions and discuss with the key persons.

b. Promotional efforts

All companies were keen to do business to business promotions. Advertising in trade magazines and online promotions through internet, e-marketing have become key promotional activities. According to the discussion conducted with the competitors it was observed most of them have developed net work with major development agencies at international level. The Kenya Flower Council (KFC) has obtained membership in COLEACP, Union of Fleur and International Association of Horticulture Producers (AIPH). KFC is the only African member of the Union Fleur and AIPH.

Both KFC and Ethiopian Horticulture Producers Exporters Association (EHPEA) is offering its members lot of value added services such as facilitating market access & business linkages, supporting promotion of socially & environmentally responsible production practices, organizing & supporting capacity building, measures for the members and safeguarding overall rights & benefits of the members.

Kenya is the leading exporter to the European Union (EU) with a market share over 35%. Approximately 65% of exported flowers are sold through the Dutch Auctions and direct sales are growing in the United Kingdom. Super markets are the main retail outlets and over 25% exported flowers are delivered directly to multiples providing an opportunity for value addition at source through sleeving, labeling and bouquet production.

KFC and EHPEA have developed industry standards guided by an Accredited Quality Management manual to certify farmers. The gold standard is an advanced level of the code of practice which is a form of assessment of the impacts by the farms. The farmers conduct daily operations on the environment and in particularly the effects of pesticides and fertilizers on the employees, the community, the consumer, wildlife, aquatic life, water, soil and other natural resources. The development of gold standard is inline with ISO 14001 environmental management systems frame work and similar management systems.

The gold standard therefore requires members to formulate and implement specific company policies towards the environment, health and safety, good labour practices, Corporate Social Responsibility (CSR), Good Agricultural Practices (GAP) and Ethical Trade Initiatives (ETI).

It was observed all these countries are using these national standards accredited to international standards such as MPS, Global GAP as a marketing tool to promote their products in the international fairs.

Also the BSOs were promoting the names and details of their registered growers in printed leaflets enabling buyers to identify the premium suppliers in their countries.

c. Visitor traffic

It was observed most of the exhibitors have well planned to face the visitor traffic at an international fair.

Some companies had nice video presentations in large screens attractive enough to stop the visitors to have a look and also encouraged them to step into the stalls to inquire about products.

Some exhibitors were promoting souvenirs at the entrance of the exhibition hall. The visitors were requested to visit few exhibitor stalls and collect tokens from those stalls to receive the souvenir on their way back.

The stalls were nicely decorated and some exhibitors had nice girls wearing frocks decorated with flowers to entertain visitors.



The key personnel of the companies equipped with all information were there to discuss with visitors. The BSOs have prepared good quality promotional material including brochures and information leaflets about their members and also activities conducted by them to develop and promote the members.

5. BUYERS OPINIONS (Interview done with some Industry Experts & Leading Buyers)

- European buyers are generally satisfied with their Sri Lankan trading partners, in terms of cost, quality and reliability.
- It is noticeable that some European importers are not aware that Sri Lanka also exports the foliage products they have in their assortment, and end up sourcing from competitors, especially Central America. They stated that there were differences in product offerings (e.g. leaf quality, colour) between Sri Lanka and competitors.
- Most buyers identify low product volume as a weakness of Sri Lankan exporters. In this sector, the ability to supply a large volume of products is important, for example, to get lower cost of air transport.

The team had the opportunity to discuss with two leading importers Adomex International BV & VHS Greens on the following aspects and views expressed by them are as follows:



a. Market Development

In general, the European floriculture industry has experienced a difficult time and margins have generally reduced. Growers around the world have felt the pressure and are trying to become more and more professional, for example, in terms of cost of production, flower/foilage quality, post-harvest technology, efficient packaging, logistical management, etc. The buyers look at price/quality ratio before taking a decision to purchase. These are also areas Sri Lankan exporters should pay attention

Sri Lankan exporters are advised by an industry expert and Dutch importers to give priority to 'importers' as they source in bigger volume and floricultural trade is their core-business. Exporters will also get better feedback of how to improve their business and market insights from importers. Wholesalers, on the other hand, focus on their domestic customers and trading with growers is not their specialty. There is also a risk of trading with wholesalers, who might drop out of trading business and focus on wholesaling only.

Plant growers who were earlier buying through the import agents have also started direct buying from suppliers in developing countries. The growers have improved and they have expanded the production and marketing capabilities.

Eastern European market is expanding slowly. Dutch importers are catering to the needs of the Eastern European importers and very few importers import directly from other countries. The importers are still not experienced to handle fresh products. Directly exporting to Eastern Europe is challenging due to limited number of importers. Importers in this region are also less experienced in trading with exporters outside Europe. Sri Lankan exporters are advised to target Western European importers who have connections/market share in Eastern European markets.

Poland market is more secured compared to other markets. Poland is the second market in the Eastern Europe for flower and plants after Russia. It is the only country did not affected by the recession and currently maintaining an economic growth of 4%. Poland has established an Association of import wholesalers.

According to the industry expert's opinion Poland market is changing from "price market to quality market". Polish consumers have become less price-conscious due to increasing disposable income and ready to buy new varieties and quality products at a higher value.

Other trends on sustainable flowers:

- Fair-trade flowers account for only 5% of the market. This is a small market share, but Fair-trade is not the only standards/label. In order to show commitment to the environment and/or social responsibility, other certifications are also an option.
- Suppliers in Central America are increasingly certified by MPS and ABC. Global GAP and ETI (for UK, supermarket) are other important certifications in the sector.
- The MPS certification is gaining more important especially for supermarkets.
- Working towards this certification, Sri Lankan exporters are advised to start with implementing management systems for record keeping, for example, of the chemical levels used.

b. Opportunities

- Sri Lanka needs to concentrate on new products and value addition to existing products to compete in the market.
- Opportunities exist for Sri Lankan Plant Exporters to directly deal with growers.
- Long term opportunities could be created by working towards to obtain quality and environmental certifications to the products.
- Polish market will be a prospective market in the East Europe.

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