

Through what channels can you get cut flowers or foliage onto the European market?

Two main market segments for cut flowers and foliage in Europe are specialised flower shops and unspecialised retail. Within the two main segments, sub-segments include the gift market and the home use market. Within these sub-segments product types, quality and price differ depending on the specific occasion, consumer group and market outlet. This document explains the main differences between the market segments and the main channels for supplying to a specific segment.

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1. Which market segments should you target?

Each of the main market segments consists of a consumer group and a specific purpose for which the flowers are bought. Two main market segments are the gift flower market and the segment of cut flowers and foliage for consumer use, such as home decoration (personal use). Other market segments include special floral design and bouquets for events such as weddings, and the institutional market of business and government offices, events, hotels and restaurants, et cetera.

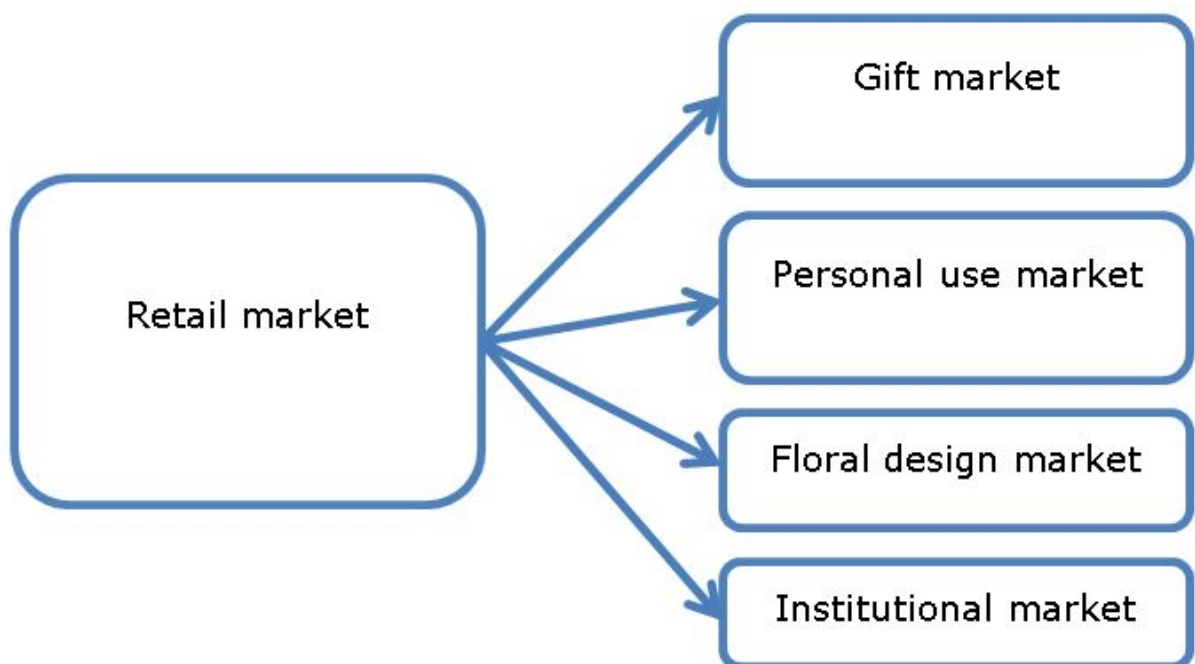


Figure 1: Main market segments for cut flowers in Europe

Gift market segment

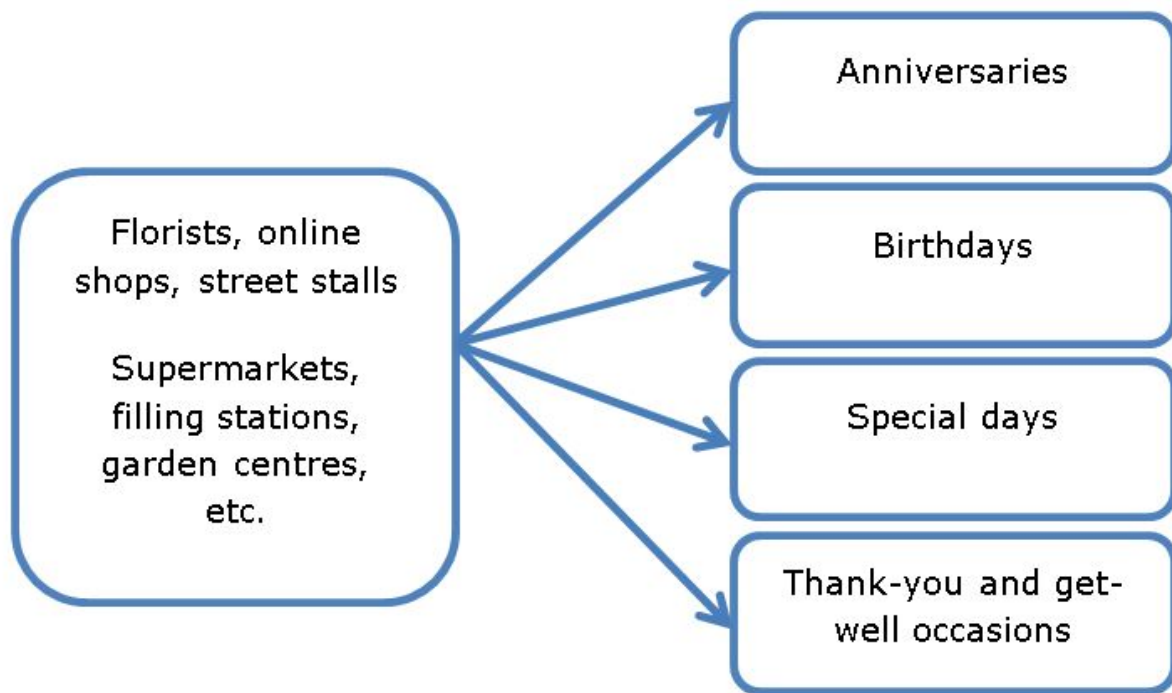


Figure 2: Gift market segments

Flowers are a traditional gift item in many European countries

The market for flowers as gifts represents between 40% and 70% of all expenditures on flowers, depending on the country. In eastern and Central European countries in particular, as well as in Switzerland and Austria, the gift market is the largest part of the market. In general, higher average consumer income is associated with lower shares of the gift market for cut flowers as compared with the personal use (home decoration) market segment.

For birthdays, (work) anniversaries, Mother's Day, Valentine's day and many other occasions, flowers rank among the top gifts in many European countries. The highest-priced sub-segment includes custom-made flower bouquets and arrangements. High-end prices can exceed €100. The middle-priced segment includes quality bouquets and mono-bunches, which are sold primarily by florists. The low-end segment includes mono-bunches and small bouquets sold at supermarkets, filling stations and kiosks.

As incomes rise, consumers tend to spend more on flowers for home decoration, but they are also tempted to buy other gifts than flowers. Competition from other gifts, like gift vouchers from retail stores or cinemas, is becoming a threat to the gift flower market segment. This trend will impact the gift flower market in the future and requires extra effort from growers, traders and florists to attract customers. The gift market segment is nevertheless expected to remain a major market segment.

Gift purchases from florists tend to be associated with planned purchases for occasions that are known in advance. When consumers buy cut flowers as gifts from florists, they tend to spend more time comparing alternatives. This allows suppliers to attract consumers with additional product information and special packaging (storytelling). In the unspecialised market channel, products are more standardised, offering fewer opportunities for differentiation.

Special days play a very important role in gift flower market. Sales of some flowers can double before special holidays. Roses, and to a lesser extent gerberas, freesias, hydrangeas, chrysanthemums and peonies, are popular flowers for Mother's Day (second Sunday of May in most European countries). Roses (red and pink) are

traditionally popular on Valentine's Day (14 February). But traditions vary by country. International Women's Day (8 March) is especially important in Central and eastern Europe.

Flower prices are usually higher just before peak days when demand is high, but sometimes the market can be oversupplied and especially suppliers of the most common flowers may be disappointed if prices are low.

Tips:

Check other flower shops to see what the competition is offering. Each type of flower and sub-segment of the gift flower maker has its own special features, with peak days and seasonal changes. Make a plan and organise your growing season accordingly!

Check the [special holidays calendar](#) and flower giving customs in different countries.

Supplying a little extra before the peak days can be a good strategy, but do not focus solely on the holidays as prices may be disappointing. Diversify your offer.

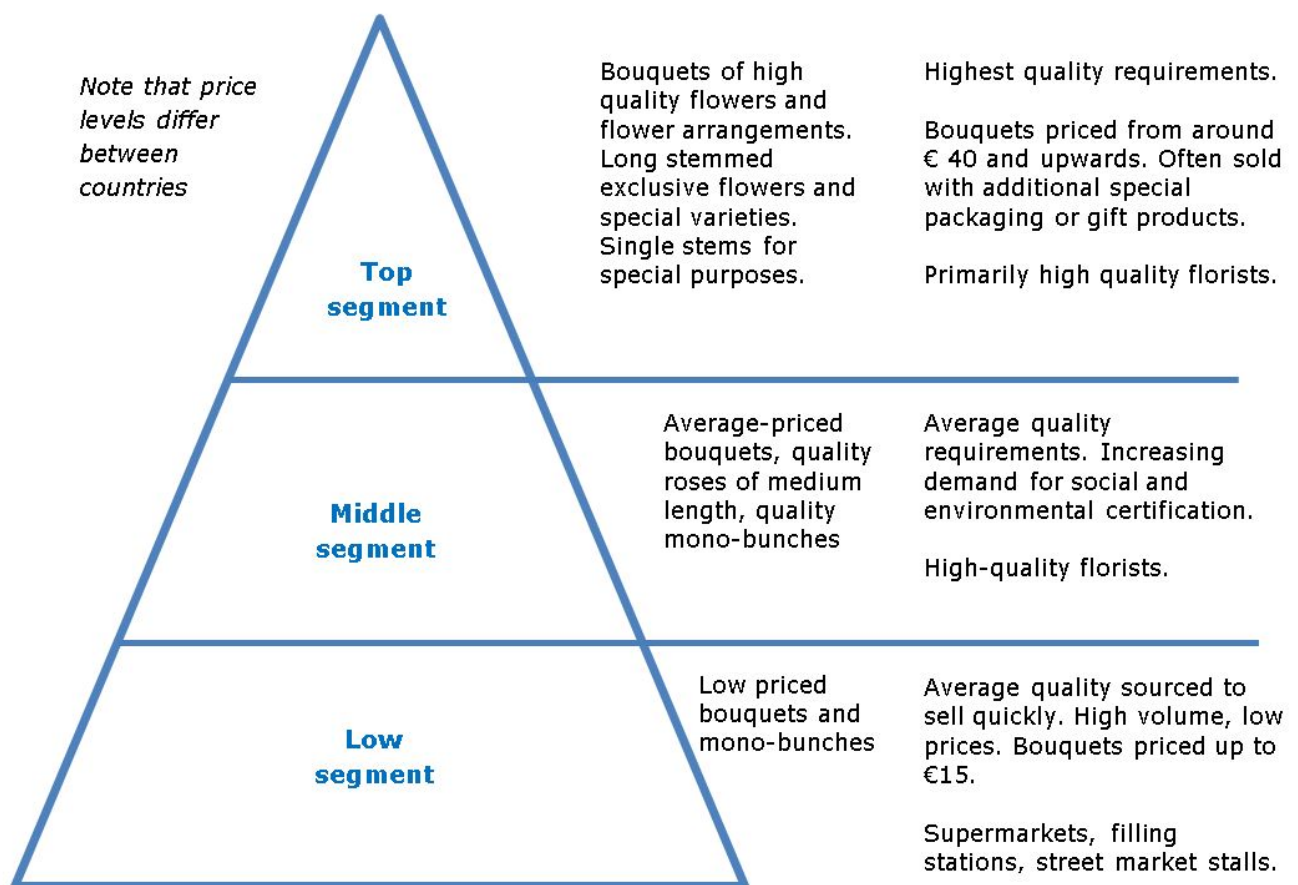


Figure 3: Segments within the gift market channel

Consumer use and impulse-buying market segment

The market for cut flowers for consumer use (such as for home decoration or as a casual gift to a spouse) is especially large in the Netherlands, the UK, Germany and Belgium. These temperate-climate, northwestern European countries with high average incomes form the primary market for cut flowers for consumer use

(40–60% of all expenditures). Such purchases are increasing in eastern and Central European countries. Further growth in this market segment is expected as average incomes continue to increase.

Flowers for consumer use are more associated with impulse buying than are flowers for gifts and other market segments (e.g. funeral and wedding flowers, and the institutional market segment). Between 25% and 40% of all cut flowers and bouquets are bought on impulse. Flowers bought on impulse are generally lower priced. The market segment for impulse buyers is therefore more associated with supermarkets, filling stations and market stalls.

Sales of cut flowers in the supermarket channel are growing throughout Europe, with supermarkets selling primarily lower-priced bouquets and mono-bunches. In some countries, discounters are likely to sell a bunch of roses for as little as €2 or €3. Growth in the market share of supermarkets is expected to continue, thereby increasing demand for low-priced flowers for home decoration.

In some countries (e.g. the UK, Germany, the Netherlands, Denmark, Austria and Belgium), mixed bouquets are more popular than mono-bunches, while mono-bunches are more popular in other countries (e.g. Poland, Hungary, the Czech Republic and Sweden).

Tip:

The market for flowers for home decoration is to some extent subject to trends in home decoration and fashion. Favourite [colours](#), product varieties and stem length may change as fashions change. Keep track of expected changes by contacting buyers, reading relevant magazines and visiting trade fairs.

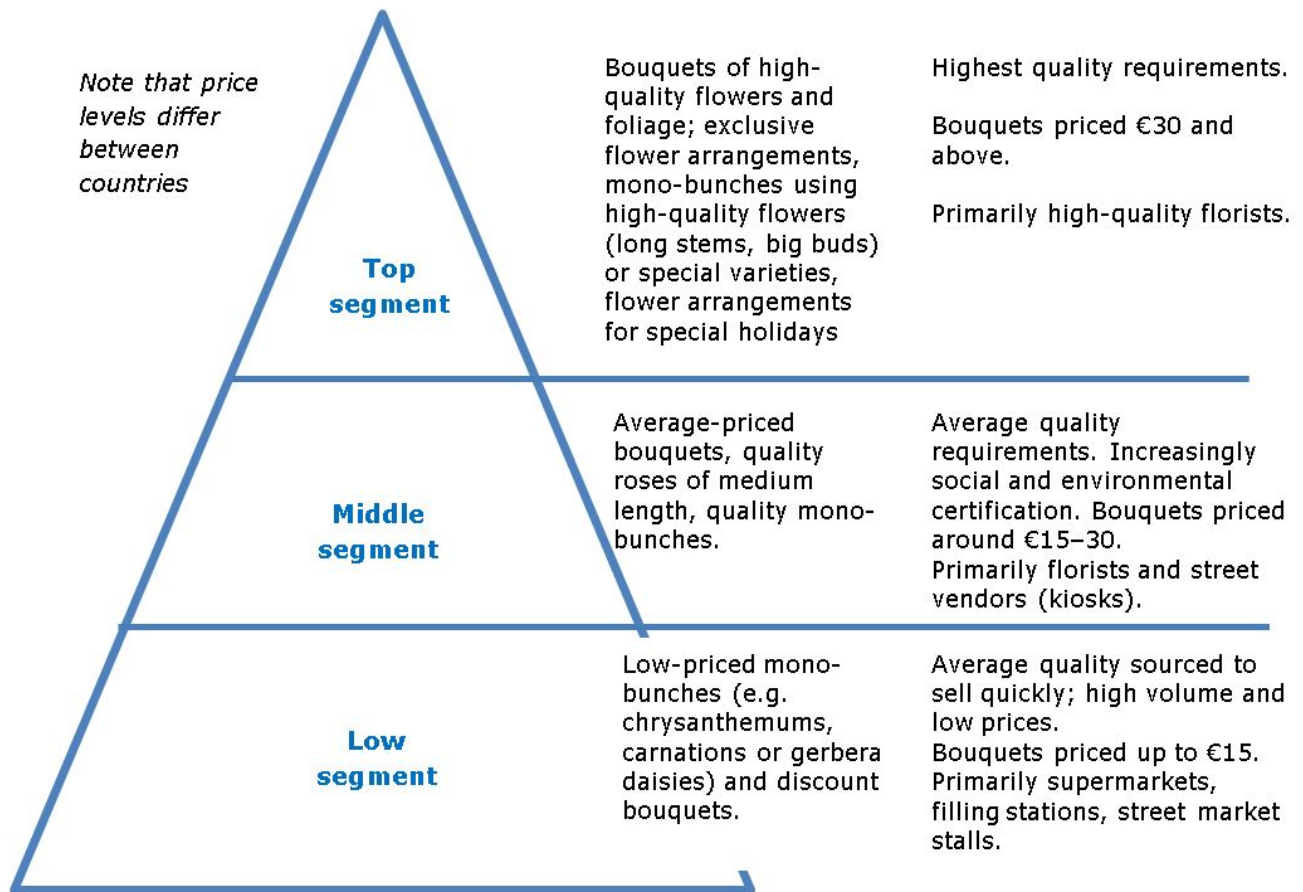


Figure 4: Segments within the consumer-use market channel

2. Which channels can you use to put cut flowers on the market?

The European cut flower market consists of two market channels: one focusing on specialised florists and the other on unspecialised retail (e.g. supermarkets). The main differences between the channels are the role of the flower auction and wholesalers, and the characteristics of the products. The unspecialised channel is growing. Direct sales that bypass the flower auction clock are increasing. E-commerce and online sales throughout the chain are important developments that are reshaping the market channels.

Explanations of the various market-channel actors are provided in Annex 1.

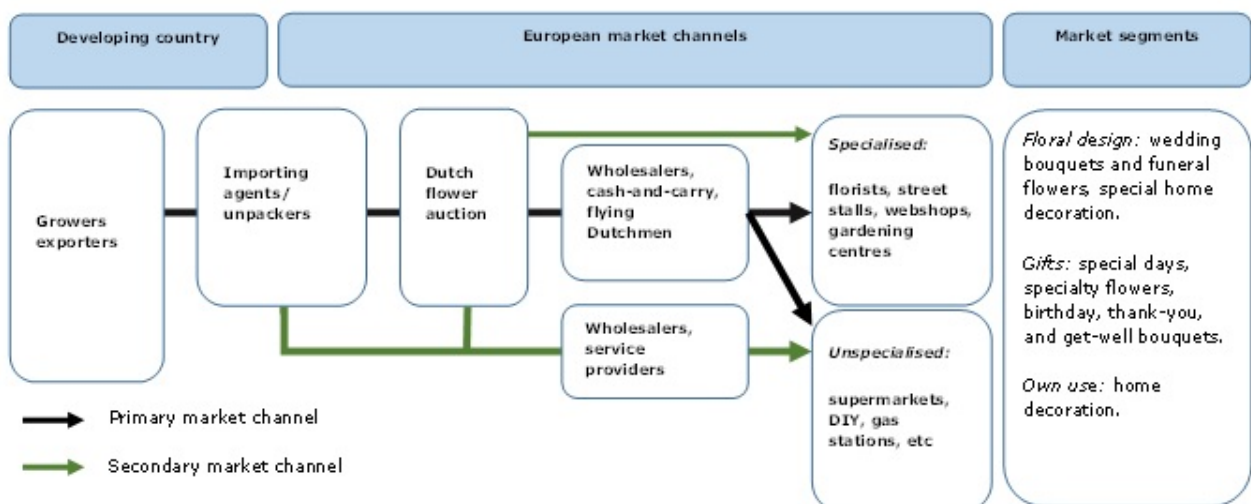


Figure 5: Market channels and segments in the European market for cut flowers

Most wholesalers specialise in one of the two main sales channels, although some (particularly the larger wholesalers) have special divisions for each channel.

The specialised market channel

The specialised market channel concerns florists, markets stalls and kiosks, garden centres, and other outlets where flowers (and plants) are the main product. Specialised shops offer a wide assortment and associated products, and usually create custom bouquets and decorations. The specialised retail market is mainly supplied by specialist wholesalers who buy small volumes of flowers and bouquets for redistribution to the numerous florist outlets. The [flower auction](#) is an important link in this channel.

The traditional channel via the Dutch flower auction mainly targets the specialised florists. Many wholesalers in this channel buy flowers at the auction and offer a wide assortment of flowers. They sell to florists and importing wholesalers all over Europe. Some drive trucks of flowers from the Netherlands via a fixed route (line) to florists in neighbouring countries ('Flying Dutchmen'). Some florists and street vendors also buy flowers directly at the auction, or are supplied through cash-and-carry outlets.

Specialised florists carry a more diversified range of flowers than supermarkets. Depending on the type of outlet and market segment this includes speciality flowers and higher-quality flowers. Florists usually also sell a range of flower and plant-related products (e.g. vases), whereas street market stalls have smaller assortments and focus more on impulse buying of bouquets and mono-bunches.

Environmental and social standards do not yet play an important role in this market channel. But there is a trend towards sustainably produced flowers throughout the business. In the United Kingdom and some countries in Scandinavia, sustainable flowers (e.g. [Fair Flowers Fair Plants](#)) are gaining popularity in flower shops. Some more exclusive flower shops in countries such as the Netherlands now only source flowers that adhere to minimum standards like [MPS-A](#). The market for sustainable flowers is expected to increase.

In the eastern European market, a considerable share of cut flowers are sold as single stems. For example, in Poland, 18% of the flowers are sold as single stem. In Spain, Switzerland and Sweden as well, people buy between 10% and 14% of all cut flowers as loose stems. Roses, tulips and sunflowers (*Helianthus*) are the most popular products to buy as single flowers. In western Europe, consumers buy flowers primarily in bunches.

New developments in information technology are changing the way of doing business in the flower industry. Distance buying, pre-auction sales, and online shops are becoming more important. The specialised florist chains are at the forefront of online flower sales. Many of them buy flowers from wholesalers through their business-to-business online shops.

Tips:

Make a deliberate choice for a market channel. If you do not have experience on the European market, consider supplying to the flower auction. The auction is very well connected to the specialised market channel.

Study the information that the auction provides. Identify your most important buyers and contact and visit important buyers in order to create sustainable relationships.

Explore the potential of supplying flowers produced in socially and environmentally friendly ways, but only if your company is ready to adhere to the requirements and only if this is part of your long-term company strategy. Additional information about social standards is available in [ITC Standards Map](#).

Learn about the possibilities and technical aspects of E-commerce. Invest in the necessary software

and changes in business processes if you decide to make online trading part of your marketing strategy. However, take care to explore the options and learn about the implications first.

The unspecialised market channel

The unspecialised market consists of large supermarkets, filling stations, and other retail outlets that are not specialised in flowers and plants. Since flowers are not the primary product of these retailers, in this channel consumers are more likely to buy flowers on impulse or when they are in a hurry. One-stop-shopping is popular throughout Europe, and especially in the United Kingdom and other north-western European countries. The large supermarket channel is growing in many European countries.

The dominant feature of this channel is that flowers are a secondary product in the assortment. The assortment is limited and supplementary services (e.g. custom-made bouquets) are mostly non-existent. Consumers in this channel usually buy flowers in bunches – either mixed bouquets or mono-bunches. Bouquets are standardised, usually small (in number and length of stems) and low priced.

The importance of the unspecialised market has increased in recent years. It even is the dominant sales channel for flowers in the United Kingdom. It has also increased in the Netherlands, Germany and the Scandinavian countries. It is expected that supermarkets will further increase their sales of flowers in many European countries.

The unspecialised market is highly concentrated. A few dominant retailers have a major influence on the market. Some of the major players in this market segment include Tesco (UK), Aldi (Germany), Lidl (Germany), Carrefour (France), Royal Ahold (Netherlands) and Sainsbury's (UK).

Certificates of good agricultural practices, quality management and sustainable production are far more important in this channel than they are in the specialised market channel. In many cases, supermarkets impose additional requirements related to social and sustainability issues. In the United Kingdom, [GLOBALG.A.P.](#), [Fairtrade](#) and adherence to [ETI base code](#) are important. In Germany, retailers are increasingly demanding [MPS-ABC](#) and [MPS-SQ](#). Some German supermarkets sell Fairtrade flowers.

Wholesale traders and large retail buyers make direct agreements in advance. This also takes place between growers and the wholesale traders supplying supermarkets. The flower auction is used only to complement the regular product assortment. Supermarkets also impose additional requirements regarding vase life, labelling and quantity. Retailers in the unspecialised channel purchase large numbers of imported flowers. Large foreign producers are able to supply larger quantities and fulfil the specific needs of major retailers in terms of planning and price.

Tips:

Target customers in the unspecialised retail market channels only if your company is able to produce constant quality flowers at low costs. Cost price is a major factor in these market channels. There is very limited space for negotiations.

Develop an adequate product assortment for your target market segment. Ensure that you are able to produce the quantities demanded at constant quality.

Focus on a specific assortment, market channel and segment to become a long-term and trusted supplier.

Contact and visit your buyers in order to create sustainable relationships.

Sustainability is an important issue for supermarkets and retailers. Be sure to comply with their standards if you consider supplying this market segment.

Find more information about social and environmental labels in the [ITC Standards Map](#) and in our study about [Buyer requirements for cut flowers and foliage in Europe](#).

Differences between European regions

The European market can roughly be segmented into three different geographical areas with specific patterns of consumption and buying behaviour: north-western Europe, southern Europe, and Central Europe and eastern Europe. Keep in mind however that consumer preferences differ between countries.

Western and north-western Europe is the biggest and the most mature market. In terms of per capita consumption, Switzerland, Belgium, Germany, the Netherlands, Denmark and France have the biggest per capita consumption of cut flowers. Sales of cut flowers predominantly take place in florist shops and kiosks (specialised market channel). However, supermarkets are gaining market share. In the United Kingdom, the market share of supermarkets (including discounters) already exceeds 60%.

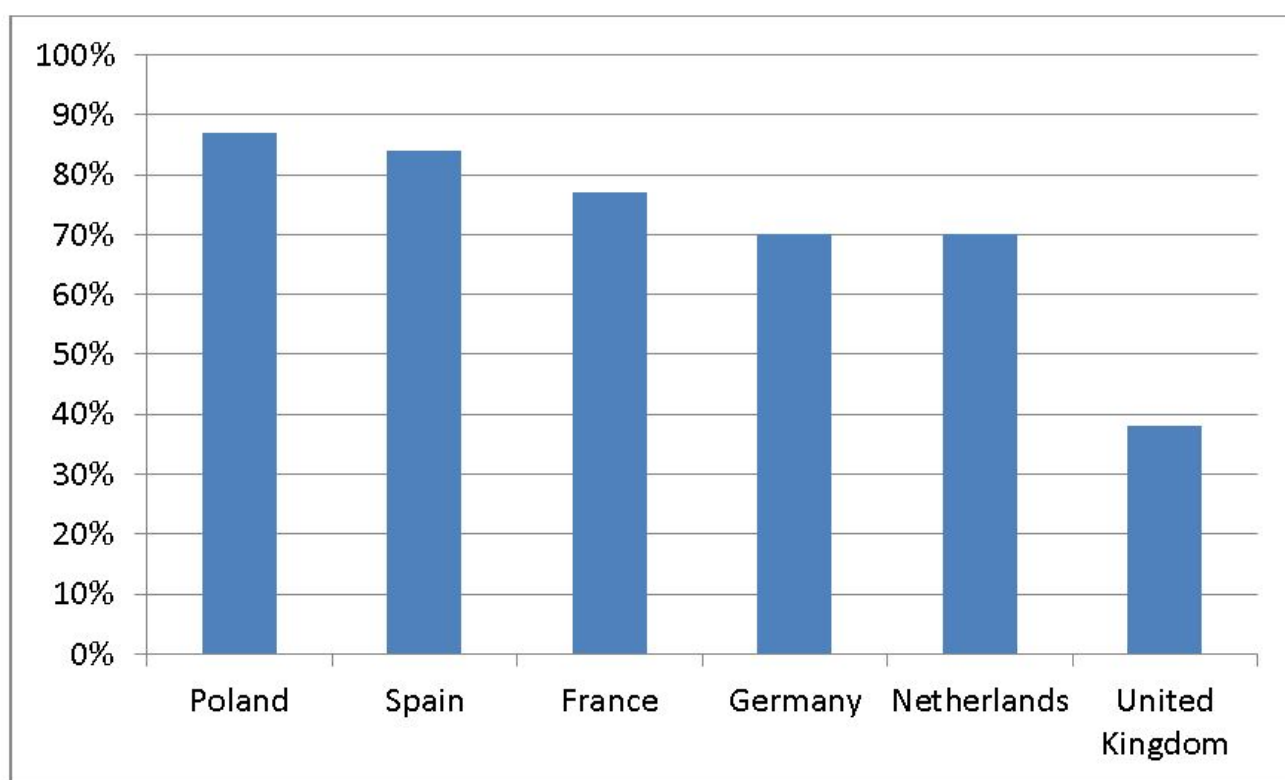


Figure 6: Market share for cut flowers sold in the specialised market channel, per country in % (2012), selection of countries. Source: Productschap Tuinbouw, 2012.

Italy and France are major markets for cut flowers and foliage in southern Europe. In Italy, Spain and France, the majority of all flowers are bought at florists. Southern European countries are also relatively large producers of seasonal flowers (especially summer flowers), which means that demand for imported flowers is also seasonal.

Consumption of cut flowers is increasing in most countries in Central Europe and eastern Europe. Although the Netherlands is the main supplier in almost all Central European and eastern European countries, direct trade from developing countries is increasing. This is caused by both an increase in supermarket sales as well as the

emergence of local branches of flower importers. Consumers buy flowers at florists and street markets, and garden centres have increased in market share.

Tips:

To focus on a geographical market segment, you can partner with a wholesaler specialised in that region.

Pay attention to specific preferences of consumers in a geographical area, specific peak days (like Valentine's Day and Mother's Day) and organise your growing season accordingly.

The Netherlands is at the centre of the European flower trade

The Dutch flower auction of [Royal FloraHolland](#) is the central marketplace where imported cut flowers are sold and redistributed to other European destinations. Other important auctions are [Rhein-Maas Auction](#) in Germany and [Plantion Flower Auction](#) in the Netherlands. Royal FloraHolland and the associated flower companies have built outstanding logistics and trade services systems and facilities, for both the physical and virtual trade of cut flowers.

More than 50% of all imported flowers in Europe go through the Netherlands. Besides the flower auction, there are many specialised wholesalers in the Netherlands. From there, cut flowers and bouquets are re-exported all over Europe and beyond. Dutch wholesale companies sell to local wholesalers in other countries and also deliver directly to florists in other countries (e.g. through their own cash-and-carry outlets). Larger wholesalers supply directly to major retail chains in other European countries.

In recent years, an increasing number of growers from developing countries export directly to the European market, bypassing the auction clock. However, many still use the [direct trade service offered by the flower auction](#). The direct trade channels are generally more demanding in terms of product requirements and more risky in terms of payments.

Tips:

Use the extensive network of the Dutch flower auctions and flower trading companies. The [Royal FloraHolland Flower Auction](#) and [Plantion Flower Auction](#) are reliable trade platforms that offer extensive services to help you enter the European market, each with its own focus. In Germany the [Rhein-Maas Auction](#) in Straelen-Herongen is also an important flower auction.

Without prior experience and knowledge of exporting directly to the European market, the direct trade channel is a difficult channel. Exporting through the auction is recommended.

Although products sold through the auction clock can be sold to just about any buyer, the auction provides information on the buyers. You are advised to carefully monitor which buyers are interested in your products and ask for feedback.

Annex 1

Auction

The Netherlands is at the centre of the European flower trade. There is a good and functional system to facilitate the trade in cut flowers. The flower auction is a central marketplace in Europe for buying and selling cut flowers. Flower growers from all over the world supply the auction to find suitable buyers for their products. The [Royal FloraHolland Flower Auction](#) offers a trading platform and additional services to suppliers and traders, and is the foremost partner for exporters from developing countries.

Wholesale

The Dutch (exporting) wholesalers have a prominent position in the European cut flower market. They are responsible for the majority of the distribution of cut flowers in Europe to both the specialised and unspecialised channels. Although there are wholesale traders who specialise in buying their stock at the auction clock, there are more and more wholesale traders that source directly from growers. As wholesaling exporters have in-depth knowledge of markets, they are an important partner for exporters from developing countries that are able to meet the quality and reliability requirements to become trusted partners.

Agent

Import agents are intermediates that facilitate trade. They also assist in repacking flowers from cardboard export boxes to the required standard flower containers in order to supply the auction.

Wholesale importers

There are various import wholesale traders that are specialised in importing flowers from developing countries and that work closely with European retailers within the unspecialised market.

Specialised channel


Specialised market channel: the sales of flowers through florists, market/street stalls, garden centres, etc. Within this segment flowers (and plants) are the dominant product.

Unspecialised channel


The unspecialised market consists of supermarkets, filling stations, and other retail outlets that are not specialised in flowers and plants. The dominant feature of this segment is that flowers are a secondary product in the assortment.

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