CBI Product Factsheet:

Cut orchids in the Southern European Market

Introduction

Imports of cut orchids in the Southern European market have a value of €33 million. The market in Southern Europe comprises Italy, France, Spain, Portugal, Greece, Malta and Cyprus. These countries have similarities regarding sales channels, with a dominance of traditional small flower shops and street market sales, buyer characteristics and consumer preferences. This product factsheet covers product specifications, important phytosanitary and marketing requirements, and statistics about international trade, consumption, production and market trends.

Product description

Product definition

Orchidaceae is a diverse family of flowering plants with blooms that are often colourful and fragrant, known as the orchid family. This family comprises about 1,000 genera and more than 15,000 species.

Source: Shutterstock.

The greatest diversity of orchid species occurs in tropical mountain areas, due to the effect of reproductive isolation of plant species caused by the mountains. Areas noted for having a large number of orchid species include the islands of Southeast Asia, the mountainous areas of Ecuador and Colombia and the Brazilian coastal mountains along the Atlantic. Orchids have been cultivated for centuries. The size of their flowers varies from 1 millimetre up to 20 centimetres. Their colours range from white to very vibrant colours such as yellow, orange, red and dark purple. Many are multi-coloured. In Europe, the most important commercial varieties of cut orchids are Cymbidium and Phalaenopsis (although the latter is also often sold as a potted plant). These varieties are mainly produced within Europe, mostly in the Netherlands. Dendrobium is the most important imported cut orchid in Europe. In addition, a whole range of other orchids are imported, such as Paphiopedilum, Mokara, Aranthera, Oncidium, Aranda, Vanda and Arachnic. This product factsheet covers fresh cut orchids in the Southern European market. The Southern European market compromises Italy, France, Spain, Portugal, Greece, Malta and Cyprus. The corresponding CN code is 06031300.

Table 1: CN commodity code for fresh cut orchids and buds

Number	Product
06031300	Fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes

Source: Eurostat Comext.

Product Specification

The Netherlands supplies most of the cut orchids in the Southern European countries. Italy is an exception; it imports about 51% directly from developing countries (DCs). The Netherlands is at the centre of the European flower trade. There is an excellent system of traders and logistical service providers to facilitate the trade in cut flowers. The Dutch flower auction (FloraHolland) is the central marketplace for buying and selling cut flowers in Europe. Flower growers from all over the world gather at the flower auction to find buyers. There are specific requirements regarding quality, size, packing and labelling set by the Dutch Flower Auctions Association (VBN). For Developing Country exporters, the Dutch auction serves as an important trade platform, therefore we refer mainly to these requirements that are widely adopted as minimum requirements across the entire cut flower industry.

Quality

Cut orchids are generally traded per flower or per stem. Cut orchids are traded in 3 quality groups: A1, A2 and B1, depending on the extent to which they meet the quality and grading criteria. Cut orchids should be sorted according to length, the number of flowers, weight and maturity. The VBN requirements consist of two parts: general requirements for all supplied flowers and specific requirements for specific flowers. For Cymbidium and Phalaenopsis specific requirements can be found on the Dutch Flower Auctions Association (VBN) website with specific product specifications for cut flowers. For imported orchids other than Cymbidium and Phalaenopsis, the general requirements for cut flowers (which can be found on the same website) must be met.

Growers are responsible, through self-assessment, for grading and the reliability of the information they provide with their lot. The Reliability Index (BI) was set up to do this as efficiently and effectively as possible. The BI indicates the 'reliable grower's information' percentage for the last 100 lots. The lower the BI, the more samples there will be checked.

Size and packaging

Cut orchids are often supplied in boxes specially designed for the transportation of orchids. For packing and loading VBN gives detailed information about requirements. There are variations in requirements between the different types of cut orchids.

Loading

- Optimal loading must be realised, whereby the volume of the bunches determines the number of supplied bunches per container unit.
- For cut orchids stems must come with a water bottle with a capacity that is specific for each type of cut orchid. For example for Cymbidium the capacity is set at 22 ml. For lengths of 50 and over, the stems should be provided with a water bottle of 35 ml. For Phalaenopsis the minimum capacity of the water bottle should be 12cc.
- VBN gives indications about the number of branches per box depending on the branch weight and quality class.

Analysis and interpretation

An increasing number of growers from developing countries export directly to South European market. In general the principal product requirements given above are also applicable on the direct market.

Tip:

- Visit the VBN website to find out about changes in product specifications.

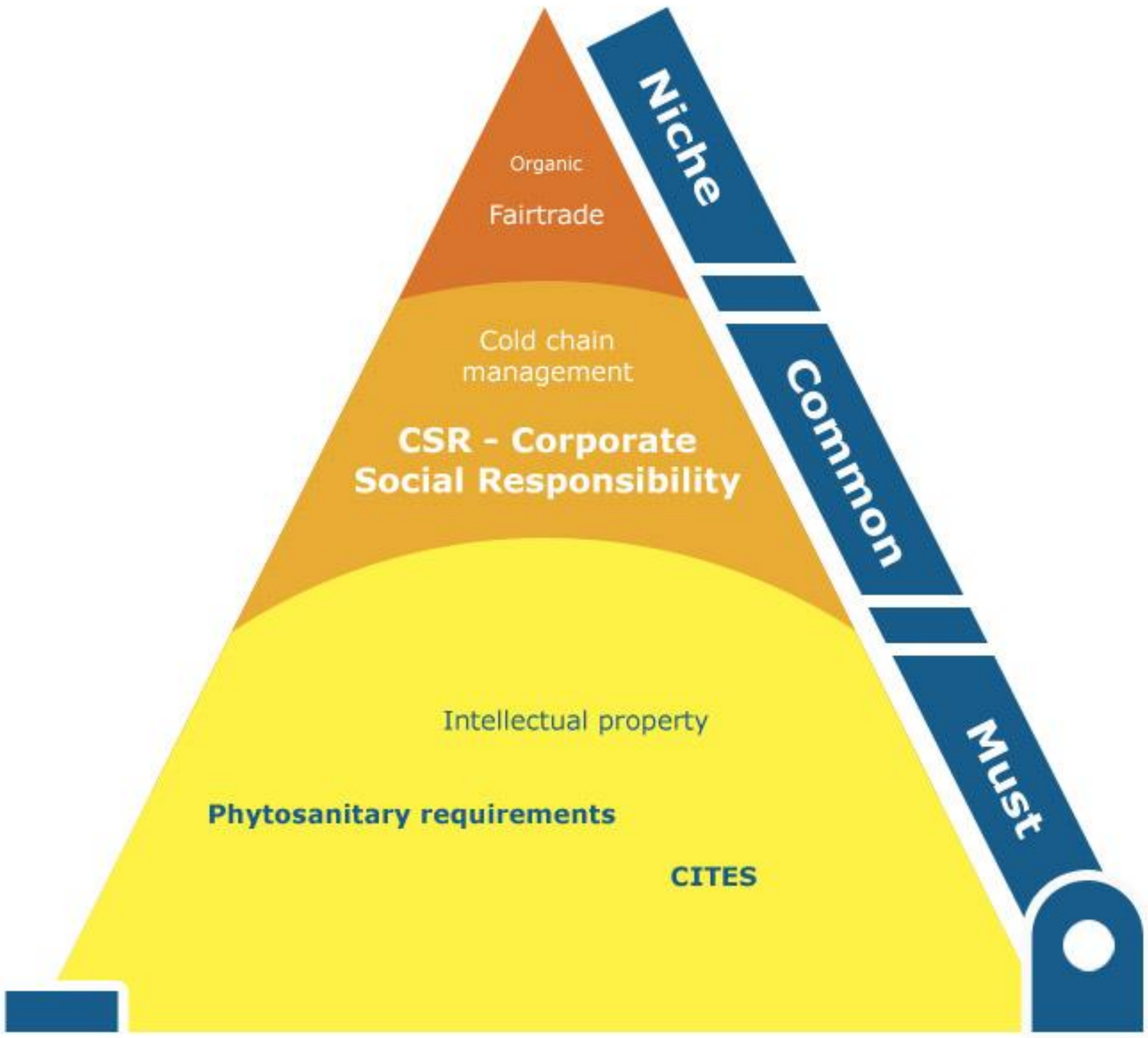
However supplying directly can be more demanding in terms of additional requirements. Retailers often request a continuous supply of flowers over a fixed period. In addition payment terms differ from the flower auction; in the direct trade this can take longer.

Tip:

- Contact your import agent or your potential client about any additional requirements if you wish to supply directly.

Buyer requirements

Buyer requirements can be divided into (1) *musts*, requirements you must meet in order to enter the market, such as legal requiremets, (2) *common* requirements, which are those most of your competitors have already implemented, in other words, the ones you need to comply with in order to keep up with the market, and (3) *niche* market requirements for specific segments.



Requirements cut flowers marketed in the EU must meet

Plant health

Cut orchids exported to the EU, must comply with the EU legislation on plant health. The EU has laid down phytosanitary requirements to prevent introduction and spread of organisms harmful to plants and plant products in the EU.

Tips:

- Check with the relevant National Plant Protection Organisation for the exact procedures to get the phytosanitary certificate. Click here for a list of NPPOs
- A model phytosanitary certificate can be found in Annex VII of the Plant Health Directive.

Cut orchids imported in the EU must be accompanied by an official "phytosanitary certificate" guaranteeing the phytosanitary conditions of plants and plants products, and also that the shipment has been officially inspected, complies with statutory requirements for entry into the EU and is free of quarantine pests and other harmful pathogens.

Tip:

- Check if your country and the country you want to export to have implemented digital services to facilitate the process of import and export. For example in Holland there is the CLIENT export system, which is also used by the Kenyan and Ugandan inspection authorities.

Phytosanitary certificates are issued by your National Plant Protection Office (NPPO).

Tip:

- Read more about plant health in the EU Export Helpdesk

Endangered Species – CITES

If you are exporting cut orchids that are listed as endangered according to the international CITES convention (e.g. certain orchids), you have to take specific procedures into account, to prove that trade will not be harmful to the survival of the specie in the wild. If your product is listed in Annex A and Annex B of Regulation (EC) No 338/97 all exports need to be accompanied by an export permit from the your country's CITES authority and an import permit from the authorities in the country you are exporting to.

Tips:

- Check in the Annexes if import and export permits are required for your product. If you are not sure, contact your local CITES authority.
- Getting all CITES documents may take some time (especially when you are a new exporter, not known yet by the authorities). Since timing is essential when handling with perishable goods as cut orchids, try to anticipate on possible delays during the application for a permit.
- Read more about CITES in the EU Export Helpdesk.

Intellectual Property Rights (IPR)

Developing new plant varieties is very expensive. The developers of new varieties want their return on their investments. To avoid that just anybody can use these new varieties, they are protected by intellectual property rights. In recent years, there has been a growing attention for breeders' rights and illegal products are rejected from the market.

Tips:

- Make sure that you know exactly who owns the IPR for your species and pay necessary royalties.
- An interesting trend is that breeders' only let their new variety be grown by a select group of growers. Staying in contact with breeders and offering perfect conditions to grow their new variety may therefore be an advantage
- Familiarise yourself with the protection frameworks for new plant varieties, for example from the Union for the Protection of New Plant Varieties (UPOV) or the Community Plant Variety Office (CPVO).

Full overview of requirements for cut orchids:

For a list of requirements for cut orchids consult the EU Export Helpdesk where you can select your specific product under chapter 06031300.

Common buyer requirements: Sustainability

CSR - Corporate Social Responsibility

EU consumers pay more and more attention to social and environmental circumstances during the flower production. As a result EU buyers require you to meet certain environmental and social standards in the form of certification of B2B schemes and consumer labels. Compliance with environmental standards (focusing on pesticide and water use) is a very common requirement, while social conditions are gaining importance.

Tips:

- Both buyers and consumers (especially in Western and Northern Europe) consider environmentally friendly production very important and this importance is expected to increase in the future. Becoming certified is essential.
- Use your good practices and certification as a marketing tool in the communication with (potential) buyers.
- There is an abundance of standards to choose from (although the actual criteria show a lot of similarities). To determine which scheme you should follow, the market your targeting will probably be decisive (which country do you want to export to and which trade channels do you use?)
- See Channels and Segments to see how market channels are changing

The most important B2B scheme for orchids is MPS. MPS ABC certification covers environmental performances and is considered a must for growers. Furthermore they have several other schemes such as MPS-SQ (focussing on social issues) , MPS-GAP (on Good Agricultural Practices) and MPS-Quality.
The most comprehensive scheme is MPS-Florimark, which is a combination of the aforementioned four schemes

Tip:

- Click here for an overview of all MPS schemes including links to the criteria per scheme.

GlobalG.A.P. is a B2B scheme originally focussing on Good Agricultural Practices. GlobalG.A.P. has been the most important scheme for fruit and vegetables for years, but it is gaining importance for cut orchids as well, especially when selling to supermarkets.

Tips:

- Click here for the relevant GlobalG.A.P. standards for cut orchids and ornamentals.
- Check for existing initiatives in your country. Examples are the Colombian Florverde standards or the code of the Kenyan Flower Council. Sometimes these local initiatives are benchmarked against GlobalG.A.P. and/or MPS
- If you want to target supermarkets directly, check which sustainability criteria they impose.

Private labels

The increasing share of the 'unspecialised' market (supermarkets etc) in comparison with the 'specialised' market has also had its effects on the buyers' requirements. Several supermarket chains offer cut orchids under their own private labels often referring to social and environmental conditions at the production level.

Furthermore importers may also participate in initiatives such as the Ethical Trading Initiative (ETI) in the UK, or the Business Social Compliance Initiative (in several Western European countries). These initiatives focus on improving social conditions in their members' supply chains. This implies that you, as a supplier, are also required to act in compliance with their principles.

Tips:

- Familiarise yourself with the ETI base code to check what ETI members require from their suppliers.
- Assess your company's current performance by doing a self-assessment, which you can find on the BSCI website.

Cold chain management

Proper cold chain management has a positive effect on o the quality and vase life of cut orchids. Therefore EU buyers' demands for cold chain protocols are growing. Note that, although improving your cold chain management may be a challenge, the higher product quality should also improve your profits.

Tips:

- Developing and implementing cold chain protocols will be vital to survival in the coming years.
- Do not wait until buyers ask for improved cold chain management, but anticipate on the developments.

Niche markets CSR in consumer labels

Fairtrade certification

Although CRS requirements are common buyer requirements, standards that are communicated through a consumer label still represent a relatively small part of the market, mostly in North-western Europe.

Tips:

- Always check with your buyer if he requires certification and which certification he prefers.
- Consult the Standards Map database for the different labels and standards relevant for cut orchids.

Examples of relevant consumer labels are: Fair Cut orchids Fair Plants (FFP), Fairtrade International, Florverde and Rainforest Alliance.

Organic, niche market

The market for organic cut orchids is very small. Organic cut orchids must be produced and processed using natural methods defined in EU legislation. Growing organic cut orchids could offer opportunities in the future.

Tip:

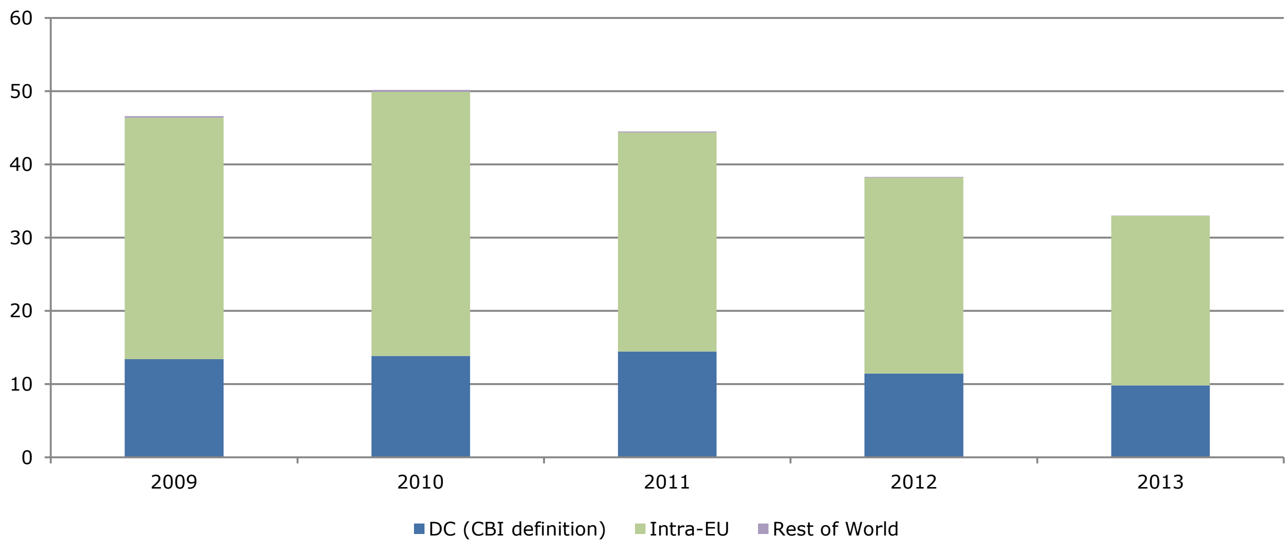
- Note that some flower traders perceive organic cut orchids as a lesser quality product due to a lower aesthetic quality and durability. As such, organic cut orchids are not much favoured in Europe yet.

Trade and Macroeconomic Statistics

General information and figures about production and trade developments in the European market are provided in CBI Market Intelligence Platform. This section provides you with more detailed statistics regarding trade, production and consumption in the Southern European market.

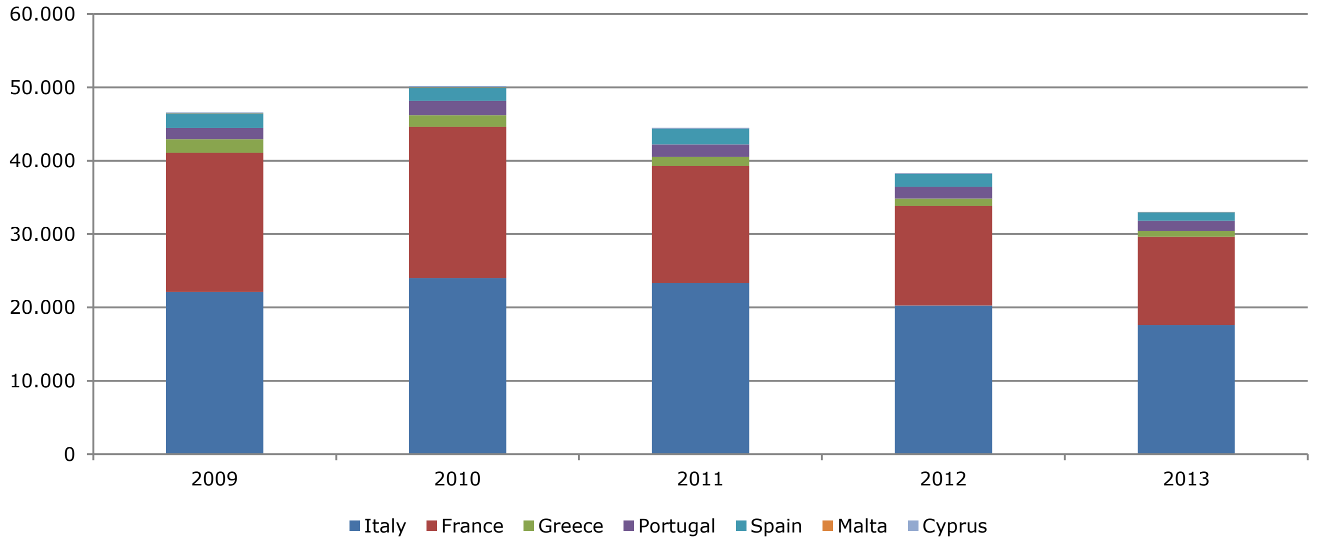
Import

Figure 1: Import of cut orchids in the Southern European market, 2009-2013, in million euro*



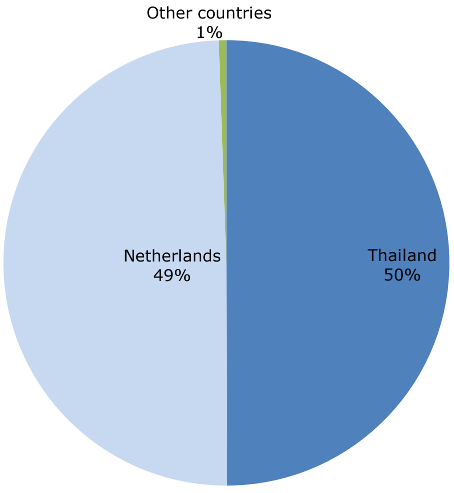
Source: Eurostat Comext, calculations LEI.
**Imports between countries within the Southern European area are included. So figures presented here are somewhat overestimated!*

Figure 2: Division of the total imported value per Southern European country (intra and extra-EU trade), 2009-2013, in 1,000 euro



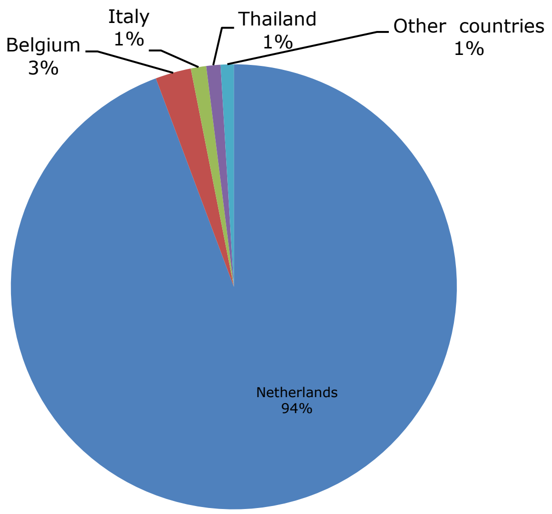
Source: Eurostat Comext, calculations LEI.

Figure 3: Division of the import value of cut orchids in Italy per supplying country (intra and extra-EU trade), in 2013, in %



Source: Eurostat Comext, calculations LEI.

Figure 4: Division of the import value of cut orchids in France per supplying country (intra and extra-EU trade), in 2013, in %



Source: Eurostat Comext, calculations LEI.

Analysis and interpretation

Imports of cut orchids in Southern European countries were valued at about €33 million in 2013. This is a decrease of around €14 million compared to 2009. A total value of €10 million is imported directly from DCs. The main share of the imports comes from the Netherlands. It is expected that Dutch exporters will remain dominant in this Southern European market with Italy as the exception.

Tip:

- The Netherlands is an important trade hub for cut orchids. If you want to supply the Southern European market, consider trading via the Dutch wholesale industry. They have experience in supplying countries in Southern Europe.

Within the Southern European market, Italy (53%) and France (37%) are the dominant importers (2013). The total import value of fresh cut orchids in Italy is around €18 million and in France around €12 million. Compared to other EU countries, Italian importers/wholesalers more often source cut orchids directly in producing developing countries, most notably Thailand.

Tip:

- Visit your buyers or meet them at Trade Fairs to build trust and commitment. Monitor your buyers' satisfaction and always be honest and direct in case of supply problems or questions.

Italy imports about 50% from Thailand directly. The other half is almost exclusively sourced from the Netherlands. Dutch exports of orchids consist mainly of Cymbidium from the Netherlands and Dendrobium which is re-exported from Thailand.

Tip:

- A large share of the orchids for the Italian market is directly imported by companies like [Barile](), while other EU countries are supplied through the Netherlands. The presence of a number of importers makes this market more suitable for direct trade from DCs. However the importers are difficult to find online, use your network, or visit trade shows to establish contact.

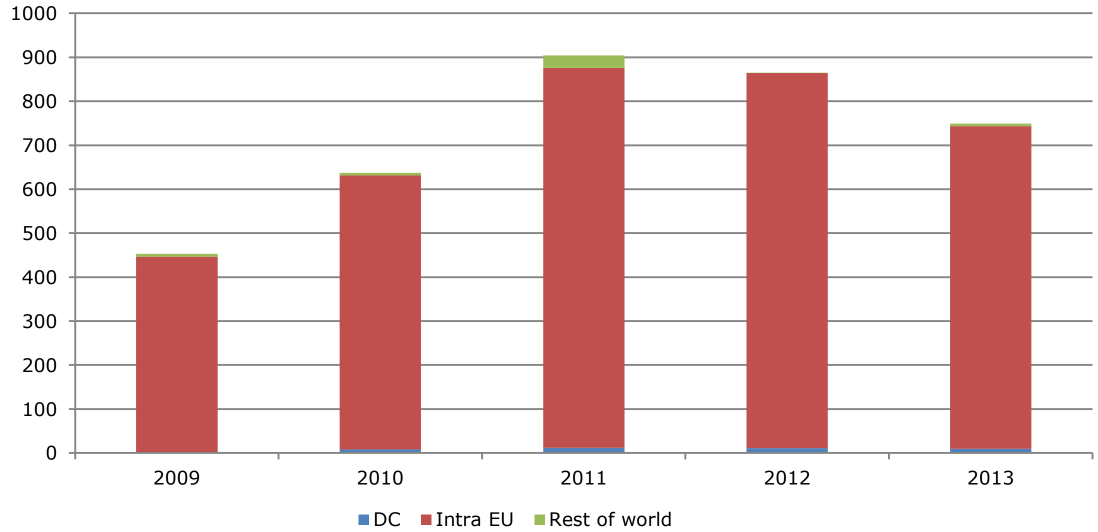
France imports 94% from the Netherlands. Dutch traders source the orchids from Dutch producers but also re-export these products, originating from countries such as Thailand. This means that the Netherlands is an important player in the distribution of cut orchids within Europe.

Tip:

- If you supply via the Netherlands you will often be unaware of your product's final destination. Therefore contact your buyer to inquire about the final customer and sales developments and if there are any specific requirements needed in order to be more successful on the market.

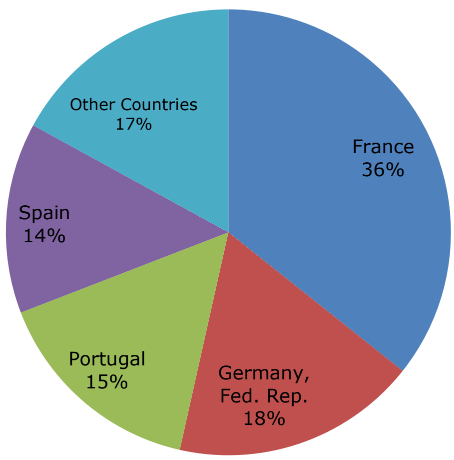
Export

Figure 5: Total export of orchids from Southern European countries, 2009-2013, in 1,000 euro



Source: Eurostat Comext, calculations LEI.

Figure 6: Division of export value cut of orchids from Italy, in 2013, in %



Source: Eurostat Comext, calculations LEI.

Analysis and interpretation

Exports from Southern European countries are limited, with a total annual value of €750 thousand (2013). After an initial increase between 2009 and 2011, exports from Southern Europe have decreased in the last two Exports levels were already low.

Tip:

- See the [Eurostat statistics on international trade here](#).

From the Southern European countries, Italy is the largest exporter. Almost all cut orchids are exported to neighbouring countries.

Production

No comprehensive data is available for the production of cut orchids per country. In Europe, Cymbidium is the main orchid cultivated for its cut orchids.

Analysis and interpretation

The greatest diversity of orchid species occurs in tropical areas, especially in mountainous areas, due to the effect of reproductive isolation of plant species caused by the mountains. Due to these factors, the main areas noted for having a large number of orchid species include the islands of Southeast Asia, the mountainous areas of Ecuador and Colombia and the Atlantic Jungle along the Brazilian coastal mountains.

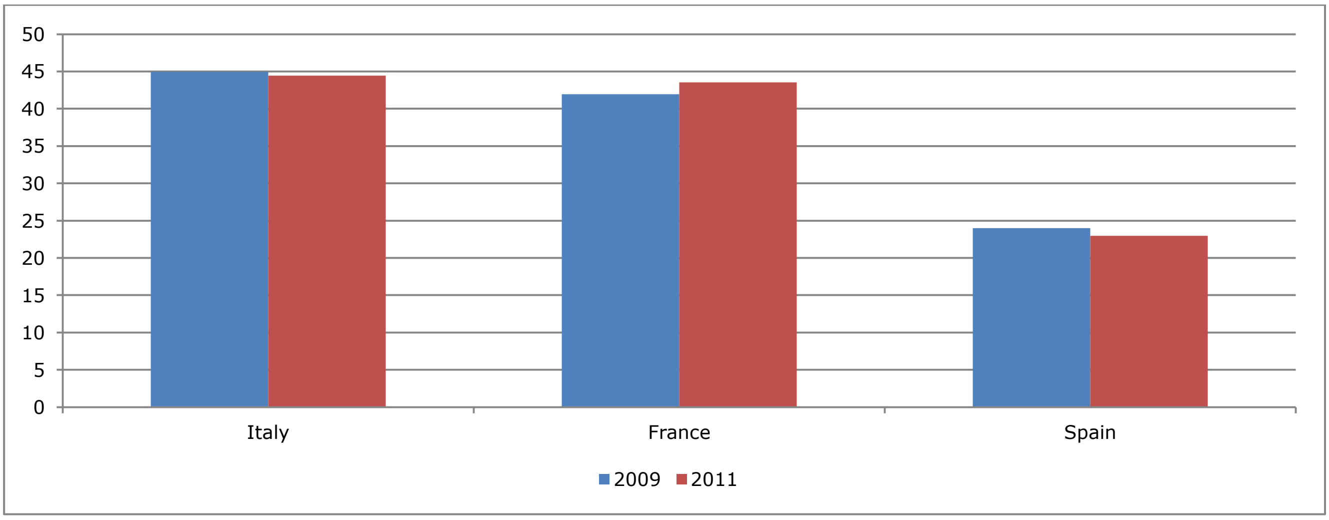
In the Netherlands growers produce hybrids for wholesale, particularly Cymbidium. In the Netherlands there are also various breeders that work on developing new varieties of cut orchids.

Tip:

- Value added products, like special varieties, market niches and sustainable partnerships with buyers offer opportunities to compete. Visit the website of orchid breeders such as [Anthura](#) and [Sion Young Plants](#).

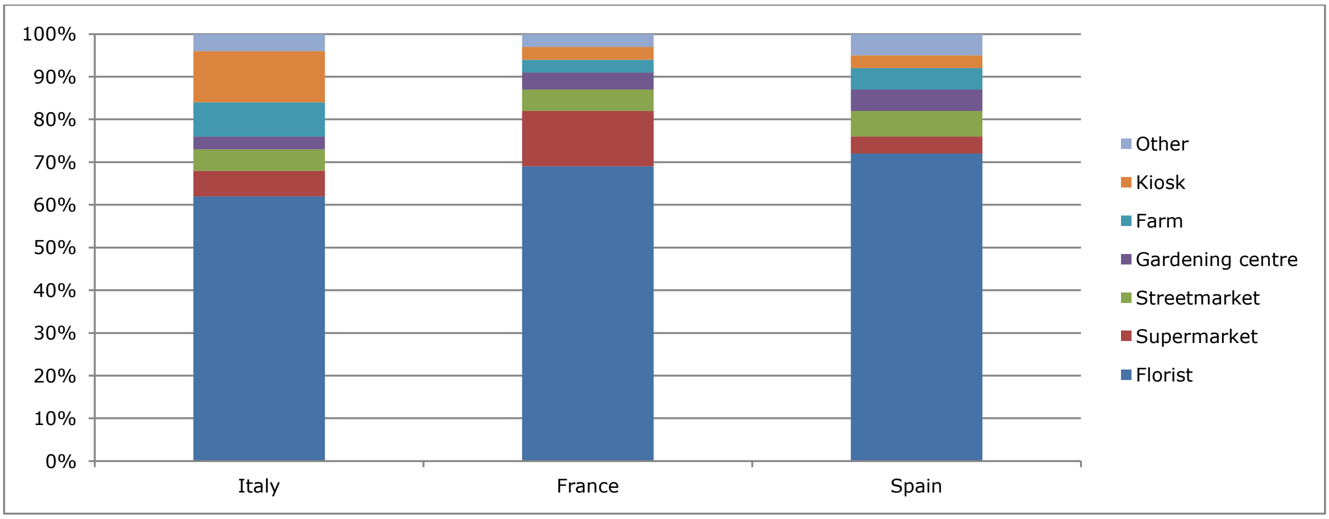
Consumption

Figure 7: Consumption of cut orchids in Italy, France and Spain, in euro per capita (2009-2011)



Source: Productschap Tuinbouw, 2012..

Figure 8: Market share for cut orchids per sales channel, in % (Q3, 2012)



Source: Productschap Tuinbouw, 2012.

Analysis and interpretation

The consumption of cut orchids in Southern Europe varies between €20 and €40 per capita. Italy and France have a relatively high consumption level per capita. Spain has a lower consumption level of €22 per capita in 2011. For the other Southern European countries there is no data available.

In Southern Europe most consumers buy their cut orchids in the traditional flower shops. The supermarkets still have a very low share of the market. Between 40-50% of all consumers buy their cut orchids as bouquets.

Tip:

- The fact that traditional florist shops have a high market share in Southern Europe means there is a very fragmented distribution network, with low volumes delivered to numerous shops. Consider using the market knowledge and network of the Dutch exporting wholesalers who are specialised in supplying the Southern European market. Find them through the wholesalers association VGB, the Flower Auction FloraHolland or Trade Fairs.

Cut orchids are mostly purchased as a gift. For cut orchids as a whole, about 42% is bought as a gift in Italy, 47% in Spain and 54% in France. Orchids have been one of the more popular cut orchids in France in recent years, representing approximately 5% of the country's flower market. Orchids are typically sold as single cut orchids. Cut orchids are, however, gradually losing market share to other cut orchids and Rosa in particular.

Peak days are important in Southern European countries. Cymbidium is popular around Catholic holidays (e.g. All Saints or All Souls Day). Also Mother's Day and Valentine's Day boost flower sales.

Tip:

- If you want to focus on a specific peak day, take these dates into account when drawing up your annual production schedule.

Market Trends

CBI Trend mapping provides you with general trends in the European market for cut orchids. This section provides more details about specific trends in the market for cut orchids.

Analysis and interpretation

Social

Southern Europe continues to be a traditional market, with the florist shops as dominant sales channels.

Tip:

- When supplying directly to wholesale traders in Southern Europe or the Netherlands, be aware of possible payment delays. Supplying via the auction offers more security regarding outstanding payments.

In Southern Europe, for the moment, traders and consumers are not particularly concerned about social standards. This means that the market demand for social certified cut orchids like Fairtrade and FFP is limited.

Economic

Since 2008 most of Europe has been hit by a financial crisis and economic recession. The Southern European countries, in particular, are in serious economic crisis, facing high unemployment and reduced incomes.

Due to the above factors, consumers have a limited budget for cut orchids.

Retailers face problems obtaining sufficient cash flows to pay their bills. This is a high risk for wholesale traders and suppliers which focus on this market.

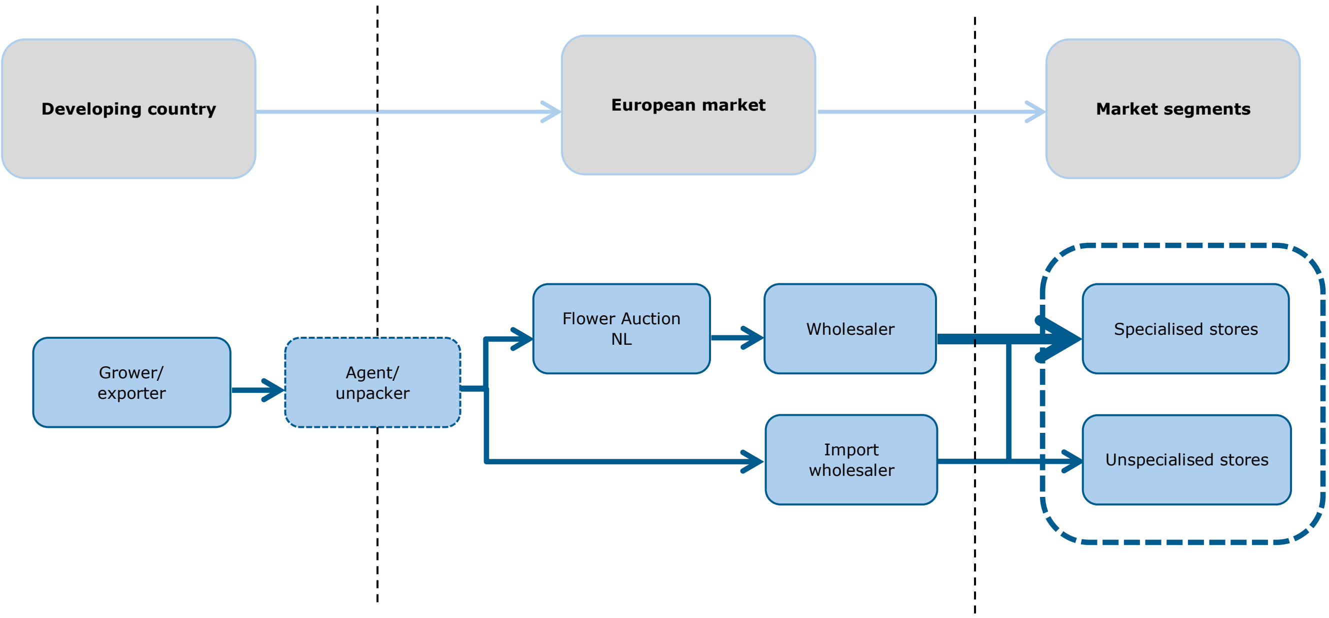
Environmental

In Southern Europe, for the moment, clients are not particularly concerned about additional environmental standards. This means that the market demand for environmentally certified cut orchids is limited.

Market Channels and Segments

For more general information about market channels and segments you can have a look at the Market Channels and Segments section available on the CBI market intelligence platform. This section provides some information about the various marketing channels through which cut orchids are marketed in Europe.
The cut flower market can be divided into two market segments: specialised and unspecialised. The first encompasses all the specialised florists in which cut orchids are the primary product and the latter includes the unspecialised shops that sell cut orchids as an addition to the regular assortment.

Figure 9: Market channels cut orchids and foliage in Southern Europe



Analysis and interpretation

The local production of cut orchids represents only a small share of the market, especially in the summer from May to August. The import from the Netherlands is dominant. Importers in Italy also import directly from Thailand.

Tip:

- Direct imports from DCs are limited. Only the most professional and experienced DC exporters are advised to export directly to sectors such as the French and Italian markets. Examples of large importers in Italy are Barile and Cut orchids Express. In France, importing wholesalers can be found on the important Rungis wholesale market near Paris.

The flower auction is often used for the distribution of cut orchids. Cut orchids are also traded via the auction. Dutch and foreign buyers assemble here to buy their products. However cut orchids are not only traded via the auction. There is also direct trade between Dutch traders and DC producers. After arrival in the Netherlands the orchids are distributed all over Europe.

Tip:

- Use the extensive network of the Dutch flower industry and auction as major importers in Southern Europe mostly source from the Netherlands.

In France, at the Rungis market there are a number of importers specialising in tropical and exotic cut orchids, including orchids. Besides the specialised traders, there are also more generalist cut flower importers and wholesalers.

Tip:

- A list of importers and their respective product ranges can be found on the website of the Rungis wholesale market: http://www.rungismarket.com/en/accueil/recherche/index.asp

In the Southern European market the traditional flower shop is dominant. Cut orchids shops assemble the bouquets themselves. They buy this from wholesale traders that buy orchids from local producers or Dutch wholesale traders. It is also possible that flower shops buy their materials directly from the Dutch traders, often in cooperative structures.

Tip:

- Focus has become the key word in EU flower trading. More and more wholesale traders are specialising in one of the two main market segments. Flower wholesale is dominated by a few major players, each with their own export markets and specialisations.

Market Competitiveness

For general information about market competitiveness for cut orchids you can have a look at the Market Competitiveness information available on the CBI market intelligence platform. This section provides some information about market competitiveness with respect to the Southern European market of cut orchids.

Analysis and interpretation

Buyer power

The number of supermarket buying organisations is limited and as a result they are concentrated, with increasing buyer power vis a vis producers and traders.

Tip:

- The European market may be entered by supplying the Dutch flower auction. At a later stage, if requirements regarding quantity and quality are met, cut orchids can be sold in the unspecialised market channel by supplying supermarket retailers directly.

Degree of rivalry

Your product will be competing with imports from other sources, including high quality cut orchids from the Netherlands. Trade is dominated by Dutch export traders. Supplying through the Dutch Flower Auction will give access to the whole European trading network but will not guarantee access to the Southern European market. Finding the right partner with an excellent track record in exporting to Southern Europe is key.

Tips:

- Try not to compete on price alone, but build partnerships with buyers and strive for excellent product quality.
- Build sustainable partnerships with your buyers.

Threat of new entrants

To supply the European market, producers require, among other things, a considerable investment and access to advanced knowledge about growing quality cut orchids. Therefore for inexperienced producers of cut orchids it is difficult to enter the European market. This lowers the threat of new entrants.

Tip:

- Again, being part of a stable partnership and being a trustworthy supplier can help you establish and maintain your position on the market. Establish a credible track record including transparent information on your company and product quality.

Substitute products

Cut orchids are mostly sold as gifts, per stem in individual packaging. They are at the higher end of the cut orchids product range, and compete with other high end (and more expensive) cut orchids and home decoration products. Like many more luxury high end products, cut orchids are prone to fashion trends and need constant marketing and attention from retail shops.

Tip:

- Try not to compete on price alone, but build partnerships with buyers and strive for excellent product quality.
- Orchids are high-end cut orchids; a compelling story and knowledgeable and attentive shop personnel are needed to fully exploit sales potential. Consider, for example, the added value of care instructions for both shopkeepers and end-customers, or the appeal of an attractive presentation.

Useful Sources

Export and market entry support:

- CBI - http://www.cbi.eu
- CBI Information about EU Buyer Requirements - http://www.cbi.eu/marketintel_platform/cut-flowers-and-foliage-/177508/buyerrequirements
- EFSA - http://www.efsa.europa.eu/en/
- EU Market Access Export Helpdesk - http://exporthelp.europa.eu/thdapp/index_en.html

Certification schemes:

- Ethical Trading Initiative - http://www.ethicaltrade.org
- Fair Flowers Fair Plants - http://www.fairflowersfairplants.com/home-en.aspx
- Fairtrade - http://www.fairtrade.net
- A.P. - http://www.globalgap.org/uk_en/
- ISEAL Alliance - http://www.isealalliance.org
- ITC Standards Map - http://www.standardsmap.org
- MPS - http://www.my-mps.com/en/

Marketing and trade standards:

- EU legislation on Organic Production - http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en
- UNECE Standards for Cut flowers - http://www.unece.org/trade/agr/standard/flowers/flower_e.html
- VBN Dutch Flower Auctions Association - http://www.vbn.nl

Statistics and sector information:

- AIPH - http://www.aiph.org
- Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/
- ITC Trade Map - http://www.trademap.org
- UN Comtrade - http://comtrade.un.org

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