



CBI
Ministry of Foreign Affairs

CBI Tailored Market Intelligence:

Doing business in the European market for hortensia

Introduction

Doing business in the European hortensia market requires you to demonstrate professionalism and reliability. In Europe, integrity, punctuality and respect for legal agreements are important aspects of professionalism. Use the information below to convince European buyers that they can rely on you and you can do business in Europe.

This document is one of three modules about the European market for hortensia. In this module, you can find information on sector practices and cultural aspects of doing business in the Netherlands, the UK, France and Switzerland. The module discusses the purchasing process and business cultures in these countries.

What is the purchasing process?

European buyers of hortensia and particularly traditional wholesalers constantly look for interesting suppliers. Next to their pool of known suppliers they also want new suppliers if those can provide a better offer than known suppliers.

When a buyer has identified a potential supplier, the first step is to determine availability of the hortensia needed by the buyer. Suppliers need to provide information on volumes, lengths and qualities. Of course, the buyer also needs information on [FCA \(Free Carrier\)](#) prices and costs of transport to their site. He/she will use the information to determine if the offer made by the supplier is interesting.

When the buyer is interested in the offer, he/she will normally ask for samples (a few boxes). The buyer will use these samples to verify quality aspects and test vase life. He/she will also forward some samples to his/her customers and ask for feedback. After the tests, he/she will share the results with the supplier. The supplier may have to adjust his prices. When the buyer realises that the initial price cannot be sustainable for the supplier, he/she may sometimes agree with a higher price.

Buyers only audit suppliers on site when they purchase large volumes from the country of origin. They then visit suppliers in the respective country on an annual basis. Wholesalers supplying to supermarkets usually audit more often, as they always purchase large volumes.

After a buyer has invested in evaluation of a new supplier and has done successful business with the supplier, transaction costs for new orders are lower. This results in a higher chance of repeat purchases. However, loyalty to suppliers is strongly dependent on prices, which fluctuate more than in the USA, and consistent quality.

Become a consistent supplier:

Regardless of who your buyer is, you need to ensure reliability and consistency in your service levels, quality and quantity of your flowers. Margins in Europe are tight and shrinking, due to the bargaining power of mass market retailers and the consequent strong competition on the market. As a result, wholesalers want supplies with minimal risk. Therefore, consistent quality is especially important, as wholesalers want products that can be resold with a minimum of handling (e.g. sorting out low-quality flowers).

Auctions increasingly rely on distant buying (currently 60-70% of transactions). Distant buying is a form of auctioning on the basis of digital product images and information instead of actual products. Additionally, the Dutch auction FloraHolland offers a platform for online purchases ([FloraMondo](#)), where buyers can buy directly from growers. Wholesalers buying at the auction or through online platforms prefer to source from recognisable suppliers, with a strong reputation, clear brand and consistent performance. Therefore, reliability of suppliers and the consistency of your supplies are also key to lower risks for buyers at the auction.

Moreover, the accuracy of product data you provide is of growing importance, because buyers increasingly rely on this information. Accurate information is crucial: with all else being equal, buyers will select the supplier with the most accurate, up-to-date information system.

Tips:

- Do all you can to be a reliable, consistent supplier, both in terms of quality and quantity.
- Contact your top auction buyers to find out what they want and what will distinguish you from competitors (e.g. quality, a strong reputation, volumes).
- Provide product data your buyers can fully rely on. This also means that you need to be honest in your self-assessment and supply homogeneous lots. Do not compromise on stem lengths, bud sizes, opening stages, numbers of stems per bunch, etcetera.

Professional communication: Buyers expect professional communication from you: they always need to be able to reach you and expect prompt responses to questions and issues. They want to know you follow up on these and, where relevant, expect to receive progress reports.

Tips:

- Cultivate a strong orientation on customers throughout your organisation. Act upon feedback from customers, make required adaptations and inform your customers about the improvements. All management levels should understand the key requirements of your customers and work accordingly.
- For more information on communication, please refer to the section on business culture [below](#).
- For more information, please refer to the Top 10 Tips for Doing Business and Finding Buyers modules on the [CBI website](#).

What is the business culture?

Although there are many cultural differences between the UK, the Netherlands, France and Switzerland, the most critical cultural aspects of doing business in Europe are similar: integrity, punctuality and respect for legal agreements.

Integrity: Integrity is the most critical element of maintaining good trade relationships with European buyers. It implies that you are honest, transparent in your dealings and stick to agreements. Buyers want to know what they can expect in terms of quality, price, delivery time and potential supply problems. False promises do not only lead to disappointments, but they can actually harm the buyers' business and that of the sellers.

Quality inconsistencies and other non-compliance issues cause financial losses and also lead to less tangible costs. The reputation of many European companies is closely related to their brand value. Non-compliance harms their reputation and, subsequently, their brand value. Brand value can be one of the greatest assets of a company and is therefore protected with the utmost care.

Buyers also appreciate transparency with regards to anticipated price developments. For example, disruptions in the growing season may result in decreased availability of hortensia that particular season. Decreased availability generally leads to higher prices. By informing your buyers about such developments, they can take their own measures and secure supplies.

Punctuality: Especially in markets for perishables, where speed of delivery is critical to success, punctuality is required. European producers have optimised their business processes to make the most out of their resources. Moreover, business culture is heavily influenced by the increasingly hectic lifestyles of the people involved. They aim to use their time efficiently and plan their activities in narrow timeframes. They have a particularly systematic work approach and strict adherence to plans. A delay in product or service delivery will disrupt their schedule, including planned follow-up activities. Therefore, punctuality is an essential aspect of good business practices.

Respect for legal agreements: In Europe, the rule of law is strong. Buyers respect legal agreements and expect the same of their suppliers. They will always refer to earlier communication if a delivery does not comply with agreed specifications. Contract defaults can cause great harm to a buyer, since it disrupts the commitments they have established with their own customers. It will also have serious implications to the reputation of the supplier and might impede future business relationships with other buyers.

If you do not comply with buyer requirements as agreed before you send off the delivery, you are dependent on the goodwill of your buyer. If the buyer has a lot of goodwill, your buyer will make an effort to make the best out of the delivery and losses will be minimal. However, if your buyer has little goodwill, your losses will be considerable. You can increase the goodwill of your buyer by minimising the frequency of non-compliance and by providing good services.

If a buyer is not satisfied with your delivery, please verify the reason for their dissatisfaction and what can be done as compensation. Buyers will usually require you to replace the non-compliant delivery with products corresponding to contract specifications. Alternatively, buyers might attempt to negotiate an allowance to compensate for the losses resulting from the non-compliance. In a dispute, you can also make use of the European judicial system. For example, disputes can go to arbitration in Europe, where an allowance may also be agreed upon between you and your buyer.

Tips:

- Improve punctuality in your company by implementing planning and time management tools. These tools can help to ensure that employees have a sufficient margin to finish their work on time and can also remind them of deadlines.
- Follow the agreements you make with your buyer. Do not default on your contract and contact your buyer in case of problems, e.g. delays in delivery.
- In relationships with your clients, make sure to:
 - Be available by phone and have an English speaking person available, or French when exporting to France.
 - Respond promptly to e-mails and questions (within 24 hours).
 - Be punctual for meetings, this is of vital importance.
 - Follow-up at all times if you have promised to do so.
 - Keep your buyer informed once your hortensia flowers are on their way to Europe, over phone or e-mail. Importers appreciate being informed on their departure.
 - Contact your buyer after delivery to make sure they are satisfied.
- Read up on the business culture and etiquette in [the UK](#), [the Netherlands](#), [France](#) and [Switzerland](#). These websites include information on cultural taboos, business communication, punctuality, business dress code, gift giving and business meeting etiquette.

Box: Services of sector organisations Asocolflores and ProColombia

[Asocolflores](#) has the objective to represent interests of Colombian flower exporters before government, legislative and judicial bodies in Colombia and to foreign governments and entities. Moreover, the association supports initiatives in logistics and transportation and moves social welfare programmes forward.

More specifically, the [services Asocolflores offers](#) its members cover:

- Sponsor plan (*Plan Padrinos*): all members of Asocolflores have a sponsor in the association
- Representation of members (*Defensa y representación gremial*): active lobbying in the USA and supporting negotiations on free trade treaties.
- Economics and logistics (*Economía y logística*): Asocolflores regularly prepares statistical studies of global flower exports and shares these studies in support of strategic value chain development.
- Sustainability approach (*Enfoque de sostenibilidad*): Asocolflores centres this approach around two aspects:
 - Florverde: certification scheme for sustainable flowers
 - Programa Finca Florverde: programme to support growers with implementation of Florverde through analysis and action planning
- Environmental management (*Gestión ambiental*): Asocolflores helps their members with consulting, trainings, union representation and implementation of the union's environmental policy.
- Social responsibility (*Responsabilidad Social*): Asocolflores supports interventions in companies regarding competitiveness and wellbeing of workers and communities. The association also strengthens relationships with interested parties to improve the image and reputation of the sector.
- Innovation Centre for Colombian Floriculture (*Ceniflores*): innovation management, research projects, training and dissemination, management and union representation and organising technical assistance of ornamental species.
- Promotion (*Promoción*): promotion services include participating in exhibitions, media advocacy, international campaigns, consumer promotion and the magazine *FloriCultura Colombiana*.
- Information services (*Servicios informativos*): weekly updates
- [Proflora](#): During this trade fair, sponsored by Asocolflores, the association organises farm visits for international buyers and several competitions.
- Value added programmes (*Programas de Valor Agregado*): Programme to exchange customer information and international accounting standards.

Tips:

- For more information on the services provided by Asocolflores, please [refer to their website](#).
- ProColombia also offers services to Colombian exporters, [have a look at their website](#) for more information.



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