International
Horticulture in Perspective

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Three alternative scenario's for ornamental horticulture

Three alternative scenario's

- Scenario A: Ornamental Horticulture in Recession

- Scenario B: EU as Centre of Ornamental Universe
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- Scenario C: Multiples in Command

Scenario A
Ornamental Horticulture in Recession

- The economy
  - global economy in recession
  - stagnating growth East and Central Europe
  - energy supplies decline
  - energy prices remain at high levels
  - global politics on social and security issues

Scenario A

- Consumer:
  - large income differences between rich and poor:
  - general anticipation (wait and see attitude)
  - the Poor can’t afford new products
  - the Rich eat and spend more and more ‘out of home’
  - buying patterns remain unchanged

Scenario A

- Marketing
  - global market diversified
  - position of the Netherlands weakened
  - concentration of wholesalers and exporters
  - multi channel supply
  - retail flowers and plants limited scope
  - in Europe fine mazed distribution system flowers and plants

Scenario A

- Product development
  - breeders concentrate on demand from Latin America and Asia
  - shelf life has been lengthened by 5 days
  - many breeders/producers own their own varieties and trade them exclusively

Scenario A

- Production
  - non-European regions produce flowers and plants cheaper
  - non-European assortment increased
  - fully controlled production
  - quality of product strongly improved

Scenario A

- Logistics and distribution
  - competition for handling and transportation increased
  - lead time shorter, transport duration longer
  - spot market less important
  - sales volume through mediation increased
  - more value added at point of production
  - more direct sales through regionalized and spread out production

Scenario B
EU as Center of Ornamental Universe

- Economy
  - strong economic growth in Europe: > 5%
  - China’s economic growth levelled off
  - EU knowledge based economy
  - sustainable technologies for longer lasting energy supplies

Scenario B

- Consumer
  - honest and biological products
  - distinguishes her/him-self through use of flowers and plants
  - willing to spend the money
  - wide assortment of ornamental products
  - flowers and plants appeal to all age categories
  - business market of increasing interest for flowers and plants

Scenario B

- Marketing
  - European exporters explore and penetrate new markets
  - specialization in supplying florist channel through logistical services and sale concepts
  - growth markets share supermarkets stagnates
  - multicultural society brings back papa/mama stores

Scenario B

- Product development
  - consumer wants new and more varieties
  - multitude of new introductions
  - to keep pace more investments needed
  - new varieties developed in conjunction with consumer groups
  - Europe often used as a test market

Scenario B

- Production
  - mass flower production outside Europe
  - Netherlands specialized in ‘niche’ products
  - wide and deep assortment for Europe
  - rate of growth levelled off in other than European continent
  - cause: political instability; environmental constraints; increased labour costs

Scenario B

- Logistics and distribution
  - traffic congestion in major consuming regions
  - 24/24 hours transport and delivery
  - multimodal transport
  - increased air cargo capacity
  - road freight capacity increased

Scenario C
Multiples in Command

- Economy
  - stable global economic growth
  - Africa, the America's, Asia and Europe all fulfil their growth expectations
  - Eastern Europe's economy taking off
  - retail has definitely given flowers and plants a firm position on its shelf's

Scenario C

- Consumer
  - demand for F & P has kept pace with increased purchasing power
  - ratio between ‘own use’ versus ‘gift’ same
  - consumer taste differences within Europe become blurred
  - convenience is the key word
  - and willing to pay for it

Scenario C

- Marketing
  - rapid development retail as key player
  - purchasing power concentrated among few major players
  - market share retail has taken quantum leap: > 50% of the market
  - southern Europe 35%, elsewhere in Europe 40 %

Scenario C

- Product development
  - retail determines development new varieties
  - turnover per sq.m. as driver
  - time to recover investment minimized
  - breeders concentrated on bulk products
  - in collaboration with growers and traders

Scenario C

- Production
  - number of growers in Europe more than halved
  - production area maintained
  - Africa, South America, Asia main export producing areas
  - plant production also reallocated

Scenario C

- Logistics and distribution
  - global large-scale processors leading
  - collaborate with service providers and transporters
  - nr of wholesalers/exporters more than halved
  - large-scale processors involved in florist business and internet sales

Consequences

- Mexico
  - rapid development horticulture
  - adequate infrastructure
  - climatic conditions – environment
  - low cost competitor
  - proximity US market
  - limited knowledge base and expertise
  - investment opportunities

Consequences

- US market
  - increased consumption flowers and plants
  - market share retail increasing
  - search for low costs producers
  - diversification countries and producers
  - sustainable production / CO_2
  - sea transport (EU – Africa)
  - high quality – low price

Consequences

- Colombia
  - cost of production
  - increased consumer awareness (Al Gore)
  - investment opportunities elsewhere
  - conditioned flower transport by sea
  - increased competition (Brazil,Mexico)