Market Dynamics

Ornamental Plants Market in Europe

August 30, 2013

The Netherlands

Netherlands Auctions

The July auction figures for house- and garden-plants are published as follows. The July turnover of houseplants has increased by 2.1%, compared to the same month of last year, realised with supply increase of 8.5%, resulting in a total average price for all plants of €1.41 per plant (last year €1.50).

The garden plants turnover has decreased by -2.1%, realised with a supply increase of 3%, resulting in a total average price for all plants together of €1.06 per plant (last year €1.28). Prices were lower for all plants in the top 5 list.

The Netherlands was hit twice by a heat wave (according to Dutch standards - 5 days in a row of more than 25°C, 3 days of which with more than 30°), one during the third week of July and one at the very end of July and the very beginning of August. In such cases production is always booming, while demand, sales, prices and results are always minimal.

The problem is always that those appearances cannot be planned and products have to be sold when they are mature. This is easier for green-plants, but very difficult for flowering plants. When a flowering plant is held back at the farm for too long, its quality deteriorates, and therefore immediately its price does as well. In cases where producers still bring plants for sale, it might happen – as it did this time - that a plant doesn't reach the minimum price. In such cases, when a minimum price is not reached, it automatically means a zero price.

The products with zero prices are immediately removed from the market to be destroyed. Normally this is done in order to quickly regulate the market again. However, it lasted much longer (some 6 weeks) than normally.

Last year it did not happen at all during the entire summer, when the weather was moderate, even dark, rainy and wet.

From mid-August the plant market gradually and slightly improved. Bigger quantities were supplied and prices went up, but only slightly. However, prices in general for nearly all products were lower when compared to the same month of last year. Meanwhile, the first plants of the autumn seasonal assortment arrived at the market.

Plants such as: erica, calluna, pot chrysanthemum and even poinsettia are at the market already. Whether the market will improve more during the coming weeks still needs to be seen.

Netherlands Importers

The July potted plants export figures were published by HBAG. The export turnover from the Netherlands has decreased by -4.3%, compared to the same month last year. Per country, however, quite some differences. Most percentages were negative, but it was remarkable that the two most important countries showed negative results - Germany with a decrease of -7.1% and France with a decrease of -14.2%. Also minus figures to other important countries such as: Belgium -8%, Italy -7% and Austria -36%. Still some positive results in countries such as: United Kingdom +8%, Sweden +19 and Russia +6%.

July 2013 was a moderate, even poor month for fully grown plants business. The weather was nice, sunny and warm, with two heat waves according to Dutch standards (5 days in a row with more than 25° and of which 3 days with more than 30°C). So demand and sales were absolutely poor and prices were lowest, meaning that final results turned out to be marginal if not zero. The market was also moderate for all flowering- green- and garden-plants, with no exception. Maybe the only exception was that prices for green-plants were relatively more positive, but only because total supplied quantities were so very limited. Growers/producers of fully-grown plants were very

careful to supply, and they were trying to keep plants in the greenhouses, waiting for better times. However, this is never a good solution, because things are just pushed ahead.
During the beginning of August the market was still calm and quiet. Only throughout the second half of the month the market gradually, slightly improved, as did the prices. However, prices were still not as good as they should be, which was the case throughout all the previous months this year.

In the tropical ornamental youngplants sector still sufficient products and quantities were imported and arrived at the market. However, domestic growers were not very enthusiastic to buy new plant material, certainly not in bigger quantities. local growers are being more careful nowadays when buying and planting, more or less, exact quantities per time. They are more caring in investing adequately and in taking risks. The general quality level of the imported products could be called good and positive.

Denmark

The fully-grown plants market in July has been very slow and clam, even slower than in previous years, all because of the very nice, sunny and warm weather. When compared to last year, which was a bad summer, demand, sales, prices and results were all much lower.

Many marketers nowadays say that the excuse of the weather is not a real excuse. They say that one should take care to create more demand. However, throughout this July it was clearly shown how important the weather was in the perishable floricultural market. There was no difference in the market between the flowering house-plants, the green-house-plants and the green indoors landscaping plants. For all those sectors the market was slowest and prices were lowest.

The problem is that when the prices are so low, producers keep their plants at home, waiting for better times. That is not so difficult with green-plants, but not easy at all with flowering plants. In most cases keeping plants for a longer time in the greenhouse means loss of quality, which is afterwards not good, neither for the product, nor for the prices.

As said, also for the green plants, the traditional house-plants as well as the indoor landscaping plants, times were not good at all, especially not for the smaller sized products and formats. During the month of August the fully-grown plants market improved, though it was still not too great. Prices went up, but still they remained lower when compared to the same month of last year, when sales and prices were much better.

In spite of it all, new supply of the so-called seasonal autumn plants has started already. Even the first poinsettias were already showing up in the market, most probably a bit too early, since until the end of the month the weather was very summer like and poinsettia is a real winter product.

In the tropical ornamental young-plant sector the market was more or less normal. Sufficient new young-plant material was available all the time, while the general quality level of the products was rather good, with only some exception of quality problems in shipments with yucca and beaucarnea, depending on the origin of the farm/producer/exporter.

Germany

Throughout the month of July the fully-grown plants market was moderate and not good at all. During the first two weeks all was still very reasonable, but throughout the last two weeks, when the weather was sunny and hot – it all collapsed. There was hardly any demand anymore, while on the other hand supplied quantities were still rather big. Therefore prices dropped down to an absolute bottom level, not to mention results and margins.

When prices are so low, there is anyway hardly any margin left. In many cases prices were so low that the minimum prices could not be reached in which case plants are removed from the market. There was hardly any difference in demand between green-plants and flowering plants, or even garden plants. There is always some demand also for phaleanopsis orchids, by far the most popular flowering plant, but prices were also some 25–30% lower than normally.

The season of the autumn plants, such as ericas and callunas, has started already. At the end of July there was a supply of one container, but one week later the supply was already 50–60 containers and soon more than 100 containers per day can be expected. Normally, prices at the beginning of the season are high, because it is still new, but this year prices were low from the start. Whether this is going to change positively needs to be seen in the weeks to come. As of the second week of August the fully grown plants market gradually, slightly improved. Demand, sales and prices were better, but still the situation and the general price level were not very special at all. The continuously nice and warm weather must have been owing to the current situation. The supply of the typical seasonal autumn plants has increased tremendously. Prices, however, remained lowest (far too low for making it economical enough). Hopefully, all will further improve soon.

In the tropical ornamental young-plants sector plenty of new youngplant material was offered all the time, in most cases for bargaining prices. Many producers prefer to leave the greenhouse empty during the hottest summer weeks. Some prices for the respective products: phalaenopsis orchids with two sparks for € 2.60, with three sparks for € 3.20 (normally respectively € 3.50 and € 4.00); phoenix roebellinii with a 45 cm cane, with a total height of 1.50 m in a pot size 27 for € 10.50 – 12.50; 4" dracaena marginata rooted canes for € 0.20, 12" rooted canes for € 0.32; zamioculcas in a pot size 12 for € 0.60–0.80, in a pot size 17 for € 1.30; lavendula in a pot size 19 for € 1.20–1.30; all perennial garden plants were slightly oversupplied already; the first pansies in many sizes and colours for prices from € 0.15–0.25.