

Marketing Flowers in Queensland

Marketing Queensland cut flowers

The first steps to successful marketing

Most importantly: do not leave investigating marketing issues until you have planted your crop. Investigate the marketing situation thoroughly during your initial planning stages prior to planting new crops. This will increase the chances of being able to finally sell your cut flowers and avoid wasting valuable time, effort and money. This includes:

- Establishing possible markets and investigate potential customers/on-sellers
- Identify optimum times to market particular species: (1) avoid growing plants which will produce flowers during market “glut” times when prices obtained may not cover costs, and (2) determine whether strategies can be implemented to adjust flowering time (eg specialised pruning techniques, altering lighting conditions etc)
- Determining your chosen method of marketing (eg direct sales, through agent etc.)
- Identifying probable future demand and price to expect.

Finally, when your crop is established -

1. **Accurately calculate your production costs.** Be sure that negotiations on price between you and your customers/on-sellers do not undercut these costs. Establish a reasonable profit margin that will improve chances of continuing business survival. Note that calculations should also take into account costs represented by your own labour – working for free is not sustainable in the long-term.
2. **Establish good communications between your customers or on-seller.** Discuss what all parties expect from the business arrangement when establishing marketing agreements. Investigate using written agreements (FAQI can provide an example document to its members). Inform on-sellers of your expected harvest details (eg varieties and quantities) prior to sending them. This will help them plan their marketing strategies better and possibly provide you with better prices. Keep your customers informed of developments and encourage them to do the same.
3. **Avoid marketing inferior products.** A reduction in consumer confidence in product performance that results from inferior quality products being marketed damages medium- and long-term customer demand. Therefore, this practice will detrimentally affect your future sales and those of other producers in the industry and may reduce the price you receive for your next consignment.

Common markets for Queensland cut flowers

Domestic marketing

There are a wide range of retailing options for cut flowers in Queensland including florists (there are more florists in Queensland than post offices, large retail chain stores (eg Coles, Woolworths etc), petrol stations, grocery outlets and road-side stalls. Major markets include the metropolitan capitals. Sydney, Melbourne and Brisbane also have central flower markets where Queensland flowers are marketed.

Export marketing

Major overseas market designations include the following (tonnage indicates ABS information on amount received in 1996/7): Japan (11,801 tonnes), USA (4,219 tonnes), Netherlands (3,101 tonnes) and Germany (2,805 tonnes). Taiwan, Hong Kong, Canada, Italy and other destinations received a further 5,240 tonnes collectively.

What products are sold to which markets?

Cut flowers and foliage (including filler and focus flowers) are produced for both the domestic market and export markets and marketing activities vary between crops. For example, in a 1999 Queensland grower survey it was found that about 95% of growers with their major crop being traditional flowers sold 100% of their crops on the domestic market. About 26% of growers of mostly native major crop did so. Conversely, 31% of native major crop growers sold 100% of their crop overseas but none of the traditional major crop growers did so.

For more detailed knowledge on marketing of particular cut flower varieties, conduct your own research using resources such as the **DPI GrowSearch** and contact on-sellers and customers directly.

Markets are chosen and/or developed that balance several factors including:

- Costs and availability of transport to the on-sellers and/or final market destination
- The presence of market competition and their production/transport costs compared to your own
- Prices obtained
- Demand for product
- Potential to generate future demand.

Some examples of how this applies to Queensland producers (although these do not apply in all cases) include:

1. **Traditional** flower varieties are not generally sold to export markets because competitors on the most favourable markets are frequently able to produce and transport product for less than

Australian producers and thus, to remain competitive, the exercise is seen by many as not highly profitable.

2. A large percentage of **Australian native** cut flower varieties and **foliage** are sold to the export markets as the prices obtained are frequently higher than would be obtained if sold on the domestic market. However, some initiatives are being investigated to determine whether more domestic marketing can be successfully undertaken.
3. Many growers of all cut flower varieties take the opportunity to sell to florists local to their area (especially in rural Queensland) to satisfy the local demand and avoid the additional transportation costs.
4. Marketing of heavy cut flowers such as some **Proteas**, Waratahs and **tropical** varieties varies between producers. Some produce for local customers (eg florists and hotels) due to demand opportunities and the excessive transport costs represented by exporting, others sell on the domestic market due to good demand levels, while still others export.
5. Many have identified possibilities to expand domestic marketing opportunities by increasing demand for all cut flowers on the domestic market by initiatives such as consumer education programs and advertising. Consumer purchases in Australia are generally lower than, for example, in Europe.
6. Many innovative producers, wholesalers, export agents, marketing authorities and industry Associations are actively seeking to expand existing markets and develop new markets through direct communication with potential customers and education programs.

How are products marketed?

When deciding how to market your product you should take into account your resources and expertise available. You should also thoroughly investigate comparative prices that can be obtained through using different marketing alternatives. These can vary substantially.

Domestic marketing

Marketing of cut flowers on local, Queensland and Australian markets is primarily done through one or more combinations of the following:

- Wholesale agents located both at central markets (eg Brisbane, Sydney and Melbourne markets as well as smaller regional markets etc) and remote sites
- Directly from grower to customers (eg individual florists, hotels, resorts etc)
- Supply agreements between individual growers or a collection of growers and specialised establishments such as retail chains,
- Marketing cooperatives
- Direct sales to central markets for sale or auction to wholesale customers
- Internet sales (frequently through on-sellers)
- Small-scale selling direct to the public (eg road-side stalls, "flea markets").

Export marketing

The majority of cut flowers sold to overseas markets is primarily done through

- Export agents
- Marketing cooperatives, and/or
- International auction houses
- Internet sales (frequently through on-sellers)
- When the operation is sufficiently large enough, direct dealings with overseas importers.

New marketing initiatives

FAQI has identified marketing as one of the top industry priorities and, thus, will give high importance to undertaking activities that address marketing issues now and in the future. FAQI is supporting and assisting investigations within the research and development (R&D) project entitled the *Best Bets* project. This aims to identify previously unfulfilled niches for export marketing opportunities of cut flowers. While it will necessarily investigate Australian natives (which presently make up most of the exported cut flower market), opportunities for exporting traditional cut flower varieties will also be investigated.

FAQI intends to undertake a series of marketing workshops during 2002 which will investigate whether opportunities exist to facilitate the industry implementing marketing initiatives to address identified concerns. It will also include education and training components that aim to address a range of issues from basic (eg production costs calculator) to advanced (identifying new marketing opportunities) marketing aspects.

For more information on these and future initiatives, contact FAQI and join the Association.

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Produced by:-

Flower Association of Queensland Inc.

PO Box 327, Cleveland Qld 4163

Phone 07 3824 9537 Fax 07 3286 3094

Email – faq@flowersqueensland.asn.au