UK ornamentals – growing your market

Plant production for ornamental horticulture is a significant contributor to the UK economy, worth nearly £1 billion annually and providing around 15,000 full time equivalent jobs.

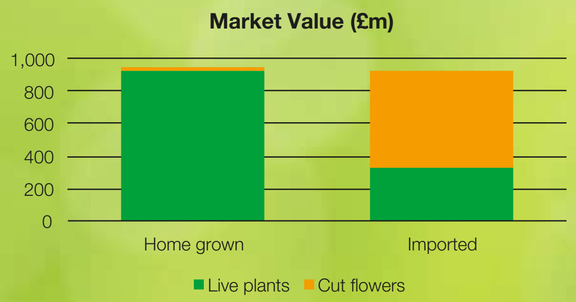
The Horticultural Development Company (HDC) recently commissioned the Horticultural Trades Association (HTA) to conduct research to develop a stronger understanding of this marketplace.

The objectives of the work were:

- To estimate the value of imported ornamental plants to the UK
- To estimate the value of these imports as a proportion of UK plant sales
- To provide a breakdown of the channels into which UK growers supply different crops
- To assess and rank the attractiveness of different export markets for UK ornamentals growers
- To identify UK ornamentals growers' perceived barriers to exploiting export markets

Market value of imports

In 2012-2013 we imported £324m worth of live ornamental plants and £598m worth of cut flowers, almost equalling the value of home-grown produce.



Sales channels in the home market

Around two thirds of sales of UK-grown produce go to retail customers, e.g. garden centres, retail nurseries, DIY chains and supermarkets. Garden centres account for the majority, although sales of bedding plants to DIY stores and supermarkets are also substantial. Amenity businesses (landscapers, builders, public sector, etc.) buy a further fifth of UK growers' produce, with the remainder going to other markets, including export. These figures fluctuate from year to year subject to variations in weather, house building, public sector construction, and so forth, but broadly speaking these proportions are likely to remain stable in the near future.

Estimated value of UK production by crop and sector (July 2012-July 2013) derived from the grower survey (80 respondents).

	Consumers direct	Specialist garden retailers	DIY stores	Other retailers	Amenity customers	Export†	Other	Total
Bedding plants	£4.3m	£74.4m	£94.9m	£52.4m	£9.4m	£3.9m	£3.2m	£242.4m
Hardy nursery stock	£56.4m	£185.5m	£36.5m	£27.5m	£158.5m	£63.3m	£20.8m	£548.4m
Herbaceous perennials	£3.2m	£62.9m	£2.2m	£2.6m	£23.9m	£1.3m	£1.0m	£97.1m
Edible ornamentals	£1.0m	£17.0m	£0.7m	£3.0m	£0.5m	£0.4m	£0.3m	£22.9m
House plants	£0.1m	£7.0m	£0.0m	£8.7m	£0.0m	£0.0m	£0.1m	£15.8m
Dry bulbs	£0.0m*	£0.2m*	£0.1m*	£0.8m*	£0.4m*	£1.1m*	£0.0m*	£2.6m*
Other garden plants	£0.2m	£1.8m	£0.0m	£0.4m	£0.0m	£0.3m	£0.0m	£2.7m
Cut flowers	£2.2m	£0.0m	£0.0m	£2.7m	£0.0m	£7.8m	£5.3m	£17.9m
Total	**£67.4m**	**£348.8m**	**£134.3m**	**£98.1m**	**£192.7m**	**£77.9m†**	**£30.7m**	**£949.8m**

*probable underestimate - turnovers of major UK bulb producers are known to be about £30m †probable overestimate – International trade Centre suggests £47m for 2012

Import substitution and export opportunities

Displacing a proportion of the £324m worth of live ornamental plants and £598m worth of cut flowers imported in 2012-2013 has substantial potential. Retailers were surveyed to assess ways in which UK growers could increase their appeal to home markets. Alongside price competitiveness, the major opportunity highlighted was around improving flexibility of ordering and delivery of orders of different sizes to different locations. Encouragingly, UK garden centres rated the quality of UK produced ornamentals as superior to imports, so a key opportunity for UK growers appears to be developing further collaboration with retailers to provide adaptable supply systems to meet demand.

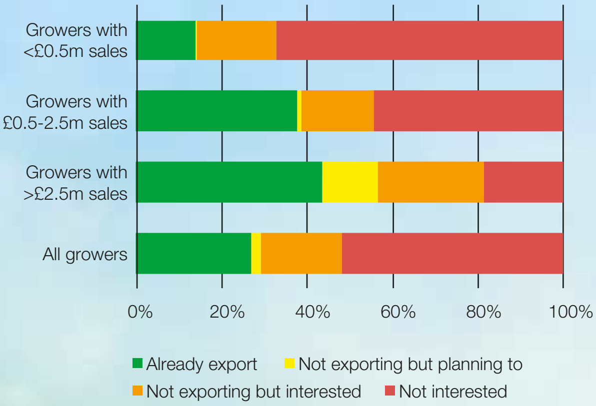
Specialist garden retailers' suggestions for improvements UK growers could make to win business currently going to overseas growers

Comment	The 15* respondents who import most plants	All respondents
Improve the delivery service	38%	42%
Improve the quality of plant information available when ordering	38%	15%
Be more competitive on price	31%	22%
Better plant labels, POS, and marketing materials or promotions	23%	13%
Have a wider range of forms and varieties available	23%	20%
Improve the quality of plants produced	8%	13%
Improve service (generally)	8%	5%
Stress the UK provenance of plants	0%	5%
Other	8%	24%

Base: 55 respondents (15 retailers accounting for around 80% of the value of imports across the sample show separately).
Percentages exceed 100% as some respondents list more than one barrier. *note small sample size

Exporting is also relatively under-developed as an opportunity by UK ornamentals growers, with around 5% of UK growers' sales, currently worth around £50m, being sold abroad.

Percentages of UK growers exporting, interested in or considering exporting.



The project focused on possible outlets in Europe and found four broad segments into which markets could be grouped:

The Emerging East former eastern bloc countries, some of which have joined the EU. Ornamentals spend is low but growing rapidly.

Northern and Alpine Affluence mainly Nordic and alpine countries with high living standards and high per capita spend on ornamentals. Detached housing (and probably large gardens) is high in this segment. Growth rates more modest than Emerging East, but still high and often fuelled by import growth. Climatic considerations in these countries will be a major factor in determining export potential and suitability of different crops.

Squeezed South potentially less attractive; characterised by low and falling per capita spend on ornamentals and gardens.

Mature Mainstay mature markets where domestic production is often substantial and competition for UK exporters is likely to be fierce.

European market sectors showing potential export markets' relative attractiveness

Next steps...

The Overseas Markets Tool Kit is available to download for UK growers. It provides statistics on the market potential of 30 European countries and contains a help section providing tips on how to use the data to identify possible markets for further research.

The full report of the study is also available and contains detailed analysis of the breakdown of UK growers' sales of different ornamentals crops to different customer types, based on survey data and analysis of published trade and market statistics. To download these documents visit: www.hdc.org.uk and search for CPM 001.

Note on Sources

This summary is based on a research study commissioned by the HDC and conducted by the HTA. It was run in late 2013 and early 2014 and consisted of a survey of UK ornamentals producers and a separate survey of UK garden centres and retail nurseries. Both surveys are based on samples of 80. Analysis of published trade and market data is also used in the preparation of these figures. A detailed overview of the method behind the research is provided as part of the full report, project CPM 001.

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HDC is a division of the Agriculture and Horticulture Development Board (AHDB).

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