

UK Prices

Wholesale Prices

The table on page 45 shows UK wholesale prices for cut flowers for the six month period between November 1989 and May 1990. The price range, in pence, is for average to top prices for Class 1 quality blooms.

The table gives the average wholesale prices obtained between November and May and also prices obtained in the periods of peak demand for cut flowers, i.e. Christmas, Valentine's Day, Mothers Day and Easter.

In many cases, the figures indicate price increases during periods of peak demand. (For example, wholesale prices obtained for roses in the week before Christmas 1989 were considerably higher than the average prices obtained between November 1989 and May 1990.) However, because periods of peak demand for flowers are pre-determined, importers cater for this by ordering extra supplies. Consequently, where increased demand for particular flowers is matched by adequate supplies, prices do not show any significant increase.

Wholesale prices can also be held down in the winter period as a result of mild temperatures, giving rise to the availability of increased supplies of domestically grown flowers.

Flower exporters in developing countries seeking information on prices in a number of European countries may seek assistance from the Market News Service of the International Trade Centre in Geneva. Contact details are given in Appendix 4. A regular service is provided, which reports on prices of a range of cut flowers in ten European markets.

Retail Prices

Retail margins vary widely - a prestigious city centre florist may operate with a 300% mark up, although between 100% and 200% is more usual. Street traders normally make a mark up of approximately 100%. For supermarkets and retail multiples the mark up is between 60% and 100%. Compared to their European counterparts, UK consumers tend to be unwilling to pay high prices for cut flowers, even for top quality blooms.

At What Price?

Cut Flowers: Wholesale Prices, November 1989 - May 1990 (Pence)

PEAK PRICES

	Week Before Christmas (Dec 25)	Week Before Valentine's Day (Feb 14)	Week Before Mothers Day (March 25)	Week Before Easter (April 15)	Average Prices Nov - May
Roses (red - bunch of 10, 60 - 80 cm stems)	400 - 500	250 - 400	250 - 400	200 - 300	220 - 354
Carnations • Colombian - each • Imported spray, bunch of 5	15 - 16 55 - 70	13 - 16 70 - 80	10 - 15 60 - 70	10 - 15 60 - 80	10 - 14 43 - 61
Gerbera (Imported - each)	40 - 50	40 - 50	10 - 15	15 - 20	20 - 26
Chrysanthemum • Doubles all year round bunches of 5 • Blooms, box	100 - 175 700 - 1,000	150 600	100 - 150 700	100 - 175 N/A	98 - 148 506 - 731
Gypsophila (Imported - bundle)	800 - 1,000	500 - 1,000	400 - 800	600 - 1,000	433 - 706
Statice (Imported - bunch)	100	80 - 100	N/A	60 - 100	75 - 92
Stock (Single, bunch of 5)	N/A	N/A	60 - 70	80	43 - 55 *
Gladiolus (Imported - bunch)	160 - 190	150 - 180	250 - 300	N/A	204 - 238
Iris (Blue, bunch of 5)	40 - 50	30 - 50	40 - 50	25 - 40	31 - 44
Lily (Imported, Enchantment, bunch of 10)	300 - 400	300 - 500	350 - 400	450	276 - 405
Orchid (Singapore - each)	30 - 60	50 - 60	50 - 60	60 - 70	50 - 60

* March - May
Source: The Grower.

Selling Methods and Marketing Costs

Cut flowers are normally sold on a consignment basis, the usual commission rate being 12.5% - 15%. Exporters receive remittances after subtraction of commission and other costs (see below). Much of the import trade with the Netherlands is beginning to be conducted on the basis of either 'firm price' or profit sharing with the Dutch auction based exporters. Fixed price buying is also becoming more popular with the specialist importer/packers, supplying the supermarket and multiples sector.

Payment terms are negotiable, typically by telegraphic transfer on account - three to four weeks from sale - or by draft. Fixed price contracts are occasionally paid by letter of credit.

Additional costs include:

- **Airport handling charges.** Currently (October 1990) charged at 5p/kg.
- **Airport clearing charges.** Costs of clearing through customs are in the region of £40 per consignment. Additional services offered by clearers include:-
 - collection from the airport (35p - 45p per box)
 - cool storage (10p - 25p per box per day)
 - handling: including breaking bulk (around 45p per box)
 - redistribution. Dependent on distance. For example, Heathrow airport to London markets charged at 75p - 90p per box.
- **Import duty**, if applicable.

Air Freight Costs

It is virtually certain that any Commonwealth developing country supplying the UK market will utilise air freight services. Actual air freight costs vary greatly from country to country and airline to airline, but it is important to note that the cost per kg is nearly always higher than for other horticultural products such as fruits and vegetables. This is because of the higher value of flowers and the high volume to weight ratio.

At What Price?

As examples of air freight costs, the rates to the UK (London, Heathrow) in May 1990 were:

Origin	Rate Per kg (£)
Kenya	1.03
Barbados	0.90
Zambia	0.95

Production and Investment Costs

It is important that Commonwealth developing countries are aware of the very high costs involved in producing cut flowers for export. Commercial cut flower production is one of the most intensive forms of horticultural cultivation, incurring substantial investment costs. In order to compete on the market and to meet the very high standards required, considerable capital investment in production, packing, grading, cooling, pre-conditioning, storage and cool-chain distribution facilities is essential. The major production costs are for irrigation and protection of the maturing flowers. Further information is given in the following section.

Production costs (labour, inputs, etc.) will depend upon the circumstances in individual countries. A high level of expertise, in production, post-harvest technology and management, is vital and this may involve employing expatriate staff at additional cost.