

Rice flower information kit

Reprint – information current in 1997



REPRINT INFORMATION – PLEASE READ!

For updated information please call 13 25 23 or visit the website www.deedi.qld.gov.au

This publication has been reprinted as a digital book without any changes to the content published in 1997. We advise readers to take particular note of the areas most likely to be out-of-date and so requiring further research:

- Chemical recommendations—check with an agronomist or Infopest www.infopest.qld.gov.au
- Financial information—costs and returns listed in this publication are out of date. Please contact an adviser or industry body to assist with identifying more current figures.
- Varieties—new varieties are likely to be available and some older varieties may no longer be recommended. Check with an agronomist, call the Business Information Centre on 13 25 23, visit our website www.deedi.qld.gov.au or contact the industry body.
- Contacts—many of the contact details may have changed and there could be several new contacts available. The industry organisation may be able to assist you to find the information or services you require.
- Organisation names—most government agencies referred to in this publication have had name changes. Contact the Business Information Centre on 13 25 23 or the industry organisation to find out the current name and contact details for these agencies.
- Additional information—many other sources of information are now available for each crop. Contact an agronomist, Business Information Centre on 13 25 23 or the industry organisation for other suggested reading.

Even with these limitations we believe this information kit provides important and valuable information for intending and existing growers.

This publication was last revised in 1997. The information is not current and the accuracy of the information cannot be guaranteed by the State of Queensland.

This information has been made available to assist users to identify issues involved in marketing rice flower. This information is not to be used or relied upon by users for any purpose which may expose the user or any other person to loss or damage. Users should conduct their own inquiries and rely on their own independent professional advice.

While every care has been taken in preparing this publication, the State of Queensland accepts no responsibility for decisions or actions taken as a result of any data, information, statement or advice, expressed or implied, contained in this publication.



Queensland Government

5. The marketing chain in export markets

An understanding of the marketing chain in destination markets provides an insight into and an understanding of the different requirements for each market. Using different paths of the chain can have a dramatic effect on the way flowers are handled in a particular country and on the price received by the grower. The diagrams that follow indicate the main pathways for fresh cutflowers moving through the marketing chain in Japan and the United States. They show the paths for flowers supplied by both importers and domestic producers.

Distribution channels in Japan

Flowers sold to Japan are graded on-farm or in a packing house in Australia, then moved through an exporter to the freight forwarder. They are then air freighted to Osaka or Tokyo. Flowers are normally kept refrigerated until exit from Australia; in Japan they are subjected to ambient temperatures during customs clearance and periodically through the marketing chain. Excepting a minority of direct sales, Australian flowers are distributed to one of over 300 auctions. From the auctions, they move through the wholesaler and via the internal freight network to the retailer and final customer (see Figure 3).

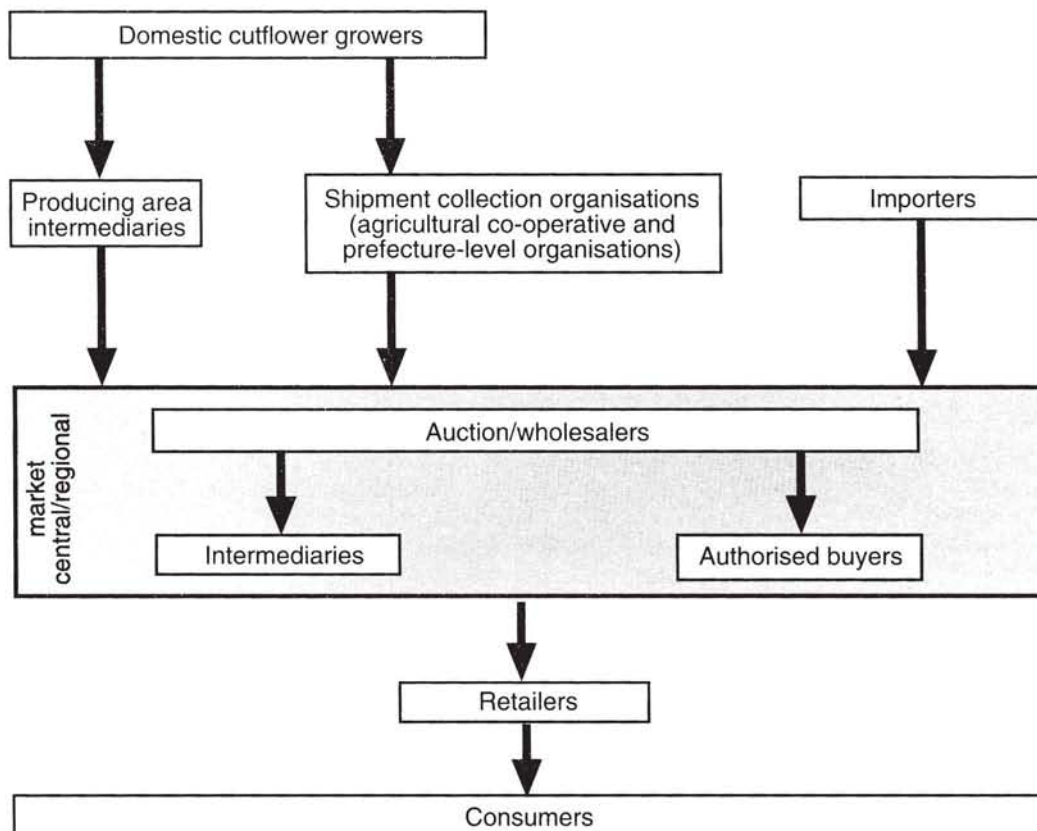


Figure 3: Distribution channels for fresh cutflowers in Japan

Source: Japan External Trade Organisation (JETRO), 1995

The marketing chain in export markets

Most imported flowers are currently sold through the auction system. Although this can lead to high prices, there is also a risk that the price received will not cover costs after the deduction of importer's and auction commissions and transport costs to and within Japan. Supplying high quality, well-timed product in reasonable volumes and on a consistent basis helps to offset this risk, evening out the highs and lows and helping ensure a reasonable return. Spot market sales at high prices can give misleading and dangerous information about likely returns, and must be considered in context.

There is a very gradual trend in Japan toward direct, fixed-price sales; however these sales are linked with the auction system and often do not gain the grower any advantage. Over the season, the average price tends to be similar for both selling methods. The auction system is currently the best way to move larger quantities of flowers in the Japanese market.

Transport costs within Japan are high. Boxing units should weigh less than 20 kg. Bound units of half or quarter boxes favour sales to smaller florists, who have very restricted selling space.

Distribution channels in the United States

The distribution systems and infrastructure in the United States are similar to those in Australia and are very well established. Australian fresh cutflowers most frequently land on the west coast—in San Francisco or Los Angeles. Some importers have large cool rooms and all flowers they receive are placed there to ensure that they are held under optimum conditions. Flowers are generally maintained in a cool state, often through to the retail level. The increasing prominence of catalogue and computer-aided sales in the United States presents both a challenge and an opportunity in the marketing of new product lines.

In addition to the network illustrated in Figure 4, some Columbian entrepreneurs have large independent grower networks within the United States for the exclusive distribution of their own product.

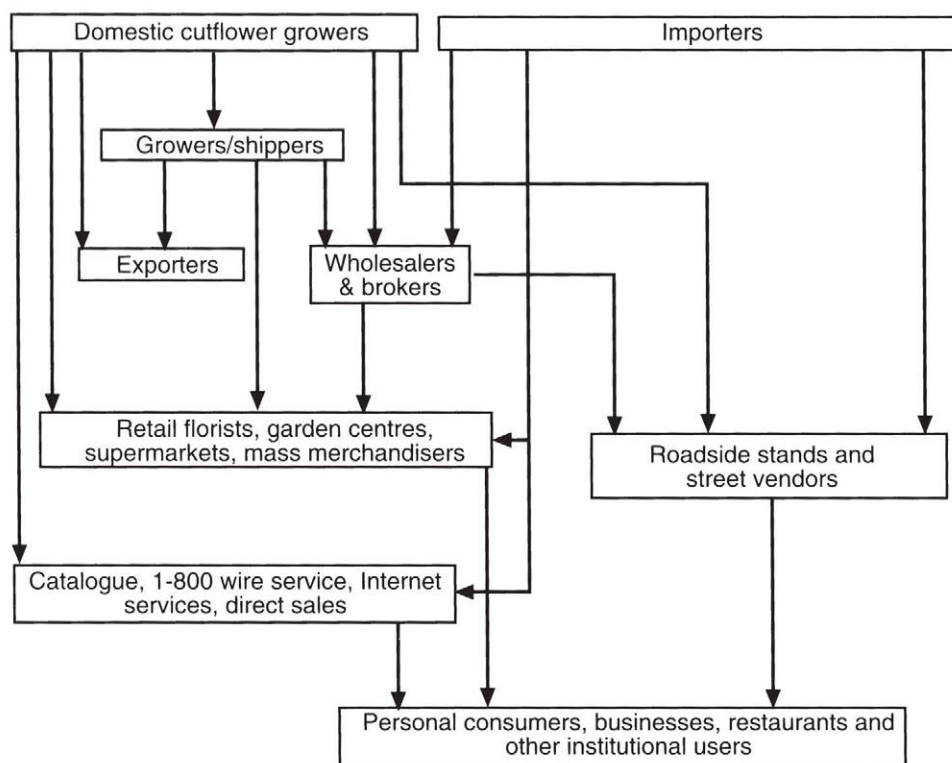


Figure 4: Distribution channels for fresh cutflowers in the United States

Source: Adapted from United States International Trade Commission (USITC), 1994

In 1995, 92 per cent of all imported flowers in the United States came from just five sources: Columbia (63 per cent), the Netherlands, Ecuador, Mexico and Costa Rica. Traditional flowers such as carnations, roses and chrysanthemums make up the bulk of imported product. Strong competition exists amongst importers and grower distributors, who are seeking novelty lines, such as rice flower, to distinguish their businesses from their competitors'.

The United States importers are well networked with each other and expect foreign traders to follow the established distribution links. Bypassing the system through direct trading is likely to cause problems with future business in this market.