





Group 6

The Dutch Flower Cluster, Spanish Version

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Case Summary

NETHERLANDS

- > Major Player in cut flowers
- > Started cultivation with tulips
- > 60% of world export
- > Sales 25 billion

2009

- > Two flower auctions
- > 20000 varieties
- > 3770 growers
- > 693 exporting countries
- > 20 + associations
- > 44.8 billion million flowers were sold

Competition

- > Kenya
- > Columbia
- > Ecuador

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Growers

Research

CLUSTER

Suppliers

Logistics

Auctions





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- > Dominant player
- > Government Support
- > Fully developed logistics
- > Numerous innovations & developed technologies

Weakness

- > Increase in environmental standards
- > Low workers productivity
- > Increase in production costs
- > Less service offerings with regard to changes in the market demand

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Opportunities

- > Attain further innovations to optimize the value chain
- > Improvise the quality standards
- > For refining the growing processes considering environmental norms
- > Develop alternative sources of efficient cultivation methods to overcome environmental cues
- > Adopt cluster basis method in countries
- > With better costs and environmental challenges

Threats

- > Competition from upcoming countries such as China
- > Incalculable environmental challenges
- > Raising production and transportation costs
- > Reduction of interest rates in auction

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Rivalry among Competition

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SUPPLIERS
→ Higher bargaining power for transportation
→ Low bargaining power of other suppliers
→ High taxes
→ Green houses: Due to government funding

Bargaining power of Buyers

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BUYERS
→ Buyers have strong bargaining power
→ Volume of trade through auction has increased rapidly
→ Auction process

Bargaining power of Suppliers

COMPETITORS
Major competitors:
Kenya,
Ecuador,
Colombia,
China

Entrance

- China is the new entrant in this flower market
- Importing for auction largest after Netherlands
- Importing via unstable lanes for flowers
- Similar climatic conditions to that of Netherlands
- Many Dutch companies are forming joint ventures
- Providing them with seeds, storage, etc.

Substitutes

- Moderate threat of substitutes
- Since demand for flowers during occasions is persistent
- They are less expensive
- Easy to carry gifts when compared to greeting cards etc. but their lifespan is short
- Therefore there are still chances for exors to switch to something less expensive and long lasting

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SUPPLIERS

- > Higher bargaining power for transportation
- > Low bargaining power of other suppliers:
Fertilizers
- > Green houses- Due to government funding



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Buyers:

Buyers have strong bargaining power

Volume of trade through auctions has increased rapidly

Auction process