Industry Map
Kenya Floriculture

AsokoInsight
Africa Corporate Data. African Sources.

Country: **Kenya**

Sector: **Agriculture**

Sub-Sector: **Floriculture**

Year: **2018**

Asoko's Insights

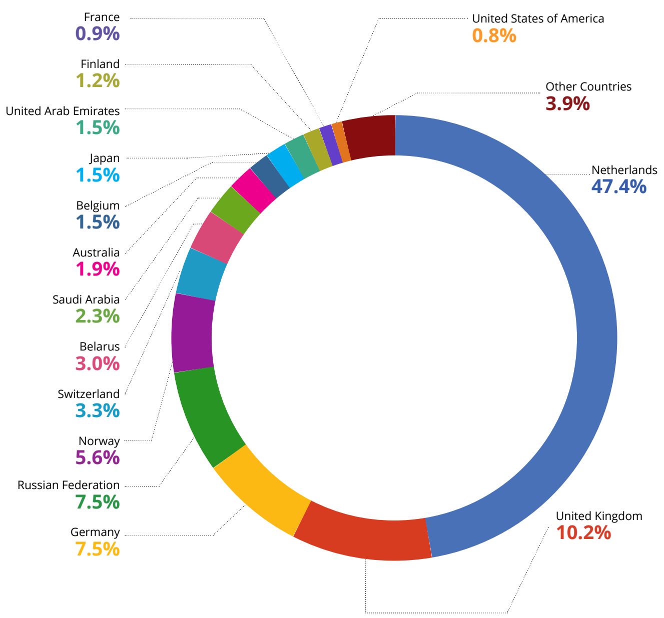
Kenyan producers are bypassing traditional trade routes, avoiding the Dutch Auction system

FloraHolland is the largest flower auction in the world and has historically dominated Kenya's horticultural trading, but this role is diminishing as flower trading becomes more efficient. Several large Kenyan companies are bypassing the Dutch auction system, directly supplying bouquets and loose flowers to large Western retailers such as Walmart and Tesco. This is in part a result of the fact that the Dutch auctions are based primarily on product price, whereas large retailers focus more on delivery, reliability and traceability – which in turn provides an edge to the established Kenyan market over potentially lower-cost peers.

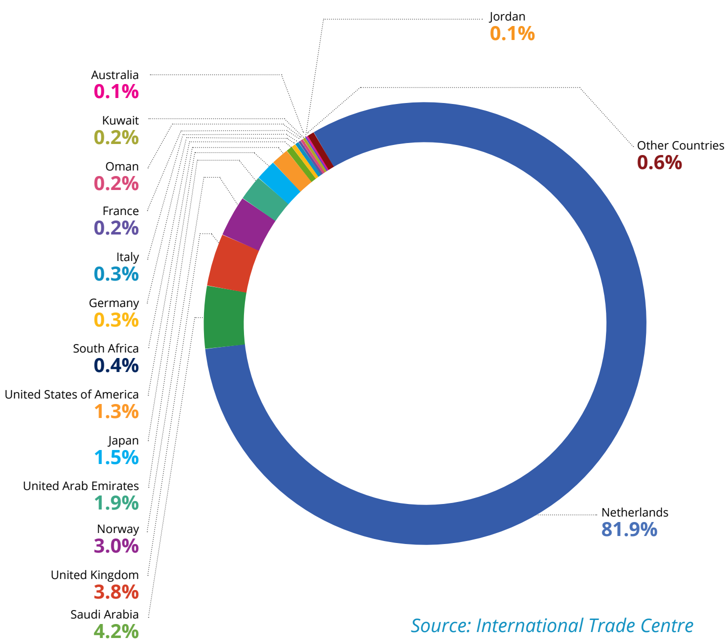
Kenya has maintained its foothold on the industry despite regional competition heating up

Although Kenya is the region's largest flower exporter, an increase in Ethiopian production poses a competitive threat, particularly for Holland-bound sales. In terms of the unit value of sales to the Netherlands – the largest trading partner by percentage of total goods sold – Ethiopia sells its flowers at $4,063 per ton, while Kenya sells at $2,452 per ton. Kenya sells 47% of its flowers to the Netherlands, while Ethiopia sells 81%. However, Kenya's export figures are markedly higher in absolute value and volume, and Kenyan flowers trade at a significantly higher unit value than Ethiopian goods on average for other markets (something Asoko's industry contacts attribute to the higher vase life of Kenyan products).

Share of Kenyan Flower Export Value by Destination (2016)

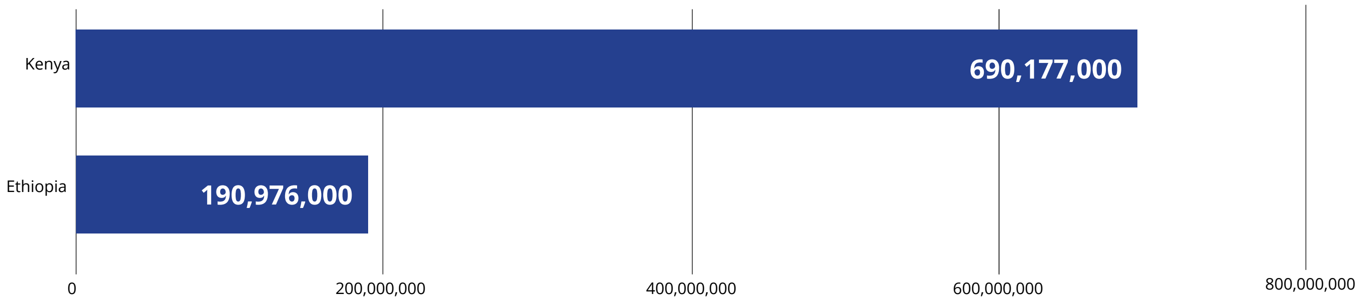


Share of Ethiopian Flower Export Value by Destination (2016)



Source: International Trade Centre

Kenyan and Ethiopian Total Flower Exports Values, USD (2016)



Source: International Trade Centre

Competition between the two has traditionally been limited by a focus on different export markets. Ethiopia has increased horticultural trade with Middle Eastern growth markets such as Qatar and Saudi Arabia, while Kenya has focused on European markets – to the concern of some industry executives who explained to Asoko that they anticipate slowing revenues due to their dependency on saturated European markets.

Wholesalers have increasingly turned to value addition and diversification to remain afloat

Wholesalers are facing a diminishing role in the supply chain as both operating costs and the number of growers increases. As a result, Asoko's conversations with operators suggest wholesalers are looking to diversify, providing technical advice, equipment and other forms of value addition to contracted farmers. Examples of firms that maintain a presence by adding value further down the chain include **Vermont Flowers** and **Waridi Creations** which offer cool chain services to maintain product quality until the end user.

Sub-Sector Sizing

Asoko has identified approximately 236 firms actively involved in the production of flowers as recognised by the Kenya Flower Council. Within this segment more than 75% of total domestic output is concentrated with 24 large players; **AAA Roses**, **Oserian Development Company**, **Finlays Flowers**, and **Flamingo Flowers** are among the largest in terms of production capacity, producing mostly carnations, roses, and fillers including premium varieties.

Within the top ten producers by volume, production numbers range from 30-40 million stems at **Mount Elgon Orchards** at the low end, to 150-200 million stems at **Oserian Development** at the high end, with areas of production of between 40-200 hectares. The majority of large and medium-sized flower farms also supplement their production and variety by using outgrower schemes.

Production Capacity Snapshot (2017)

Flower Farms	Annual Production (Million stems)
Oserian Development Limited	150-200
James Finlay Limited	120-150
Carzan Flowers Limited	120-150
Nini Limited	100-120
Timaflor Limited	80-100
Primarosa Flowers Limited	80-100
Flamingo Horticulture Kenya Limited	80-100
PJ Dave Group	80-100
Kariki Group Farm	60-80
Tambuzi Limited	60-80
Subati Flowers Limited	60-80
Vegpro Group	50-60
AAA Growers Limited	40-50
Mount Elgon Orchards Limited	30-40

Source: Asoko Executive Interviews, Kenya Flower Council

By far the most common product type is the rose, with some of the sub-sector's top producers focusing exclusively on rose production, such as **Primarosa Flowers** and **Timaflor**. Firms with larger areas of production are typically more diversified, as is the case with **Oserian Development** and **Flamingo Horticulture**.

Sector Snapshot: Grower Firms by Product Type (2018)

	Carnations	Fillers	Roses	Statice	Hypericum	Solidago	Agapanthu	Gypsophila	Other
Oserian Development Limited	■	■	■	■					
James Finlay Limited	■	■	■			■		■	■
Carzan Flowers Limited	■				■	■	■		■
Nini Limited			■						
Timaflor Limited			■						
Primarosa Flowers Limited			■						
Flamingo Horticulture Kenya Limited			■						
PJ Dave Group Limited	■	■	■		■	■		■	■
Kariki Group Farm Limited			■						
Tambuzi Limited			■						
Subati Flowers Limited			■						
Vegpro Group Limited			■						
AAA Growers Limited			■						
Mount Elgon Orchards Limited			■						

Industry Structure

The Kenyan flower value chain is roughly divided into companies producing seeds for premium varieties ('breeders'), farms involved in industrial production of cut flowers ('growers'), and entities which aggregate flowers for export ('wholesalers').

Market Player Snapshot by Value Chain Position (2017)

Breeders and Propagators	Agrochemicals and Fertilizers	Flower Growers and Exporters	Air Conditioning and refrigeration
Continental Breeding*	Agrichem Africa Limited	AAA Growers	Bitzer Limited*
United Selections*	Arysta lifesciences Kenya*	Vegpro Group	Bosman Engineering Kenya Limited*
Danzinger 'Dan' Flower Farms*	Amiran Kenya Limited	James Finlay *	Celtic Kenya Limited*
De ruiter East Africa Limited*	BASF East Africa Limited	Oserian Development Limited	Coldmax Europe*
Dummen Orange*	Bayer East Africa Limited*	Primarosa Flowers Limited*	Cool Plus Kenya Limited
Interplant Roses EA Limited*	Sineria Holland BV*	Carzan Flowers Limited	Freezone Refrigeration Limited*
Kordes Roses EA Limited*	Chrysal Africa Limited*	Timaflor Flowers	Geerlofs Kenya Limited*
Nirp East Africa Limited*	Dera Chemical Industries Limited	Mount Elgon Orchards	Global Coldstores Limited*
Olij Kenya Breeding Limited*	Syngenta East Africa Limited*	Flamingo Horticulture Kenya*	
Primarosa Flowers Limited*	Elgon Kenya limited	Kariki Group Farm	
Scheurs East Africa Limited*	Yara East Africa Limited	Suera Flowers	
Van Kleef Kenya Limited*	Greenlife Crop Protection Africa Limited	PJ Dave Farm	
WAC International*	Highchem Essentials Limited	Subati Flowers	
	Osho Chemicals Industries Limited	Nini Limited	
	Kapi Limited	Tambuzi Limited	
	Lachlan Kneya Liited	Karen Roses	
	Oasis Floralife Africa Limited*	Oasis Floralife Africa Limited*	
	Twiga Chemical Industries Limited	Twiga Chemical Industries Limited	

* Subsidiaries of multinationals

Source: Kenya Flower Council, Hortinews, Asoko Executive Interviews

The manner through which farms get their goods to market varies with the size of the company. Larger firms such as **Flamingo Horticulture** and **De Ruiters East Africa** benefit from vertical integration with their sister sales entities in Europe. Large farms might also market on behalf of the small farms, and provide pre-/post-harvest technical advice to ensure supply of high-quality flowers that meet market standards. Medium-sized farms typically sell through wholesalers or particular trade associations.

In addition to contractual arrangements with larger farms, small farms tend to rely on international wholesalers, which specialise in the exportation of flowers without participating in production. Wholesalers such as **Freshco Flowers** and Black Tulip Group contract farmers to grow certain varieties of flowers depending on prevailing market demand, offer agronomic advice, and help farmers secure seeds or other inputs. The aggregated products are then forwarded onto export markets.

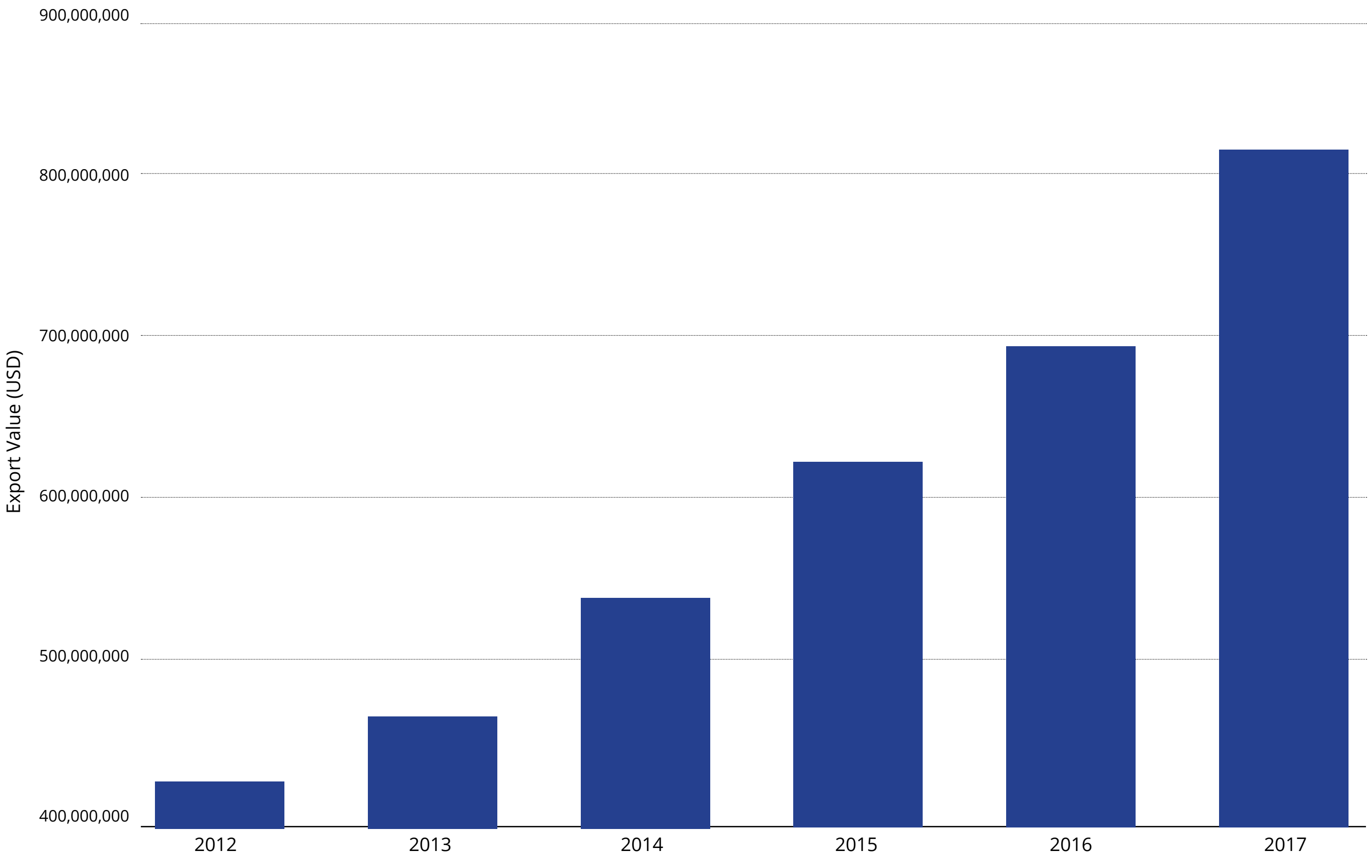
Many large and medium-sized producers pursue a Global Good Agricultural Practices or Fair Trade certifications in order to break into export markets and sell products at a premium.

Performance

The value of the industry is almost exclusively determined by the export market; domestic demand makes up only a fraction of market value, with local consumption concentrated on lower-grade products which are typically not exported.

Kenya is a strong export performer, with the value of flower exports steadily increasing since 2012, according to Kenyan Horticultural Crops Directorate (HCD) data. Export value grew by 16% from 2016 to 2017, reaching $813 million. The CAGR for the 2012-17 period reached 11.5%.

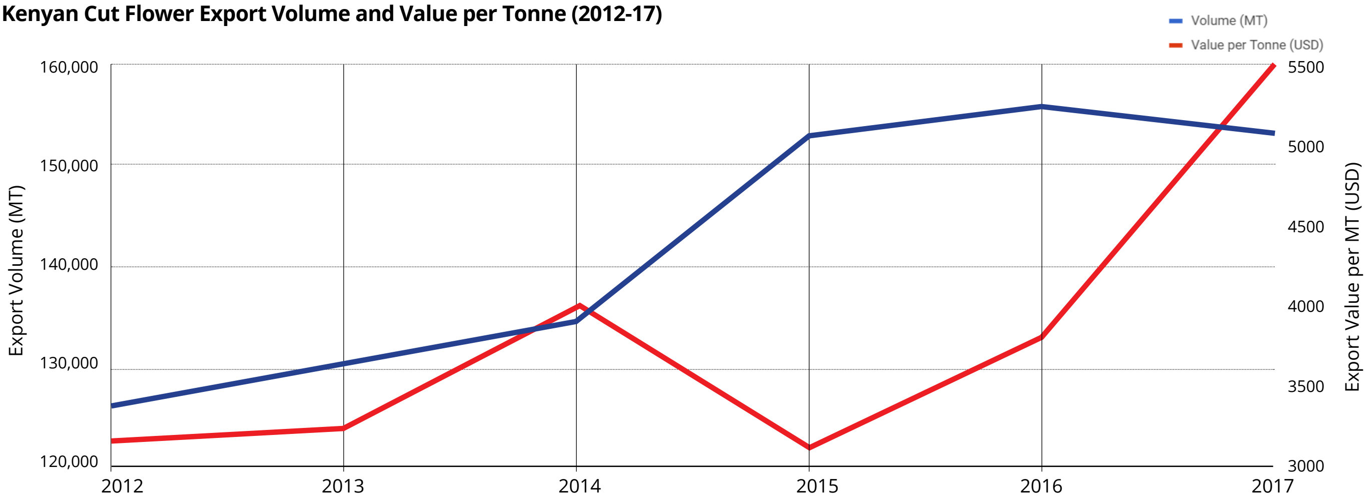
Kenyan Cut Flower Export Value Over Time (2012-17)



Source: Kenyan Horticultural Crops Directorate

The same dataset reveals that while the volume of exports has had some significant decreases in recent years, the value per tonne of flower exports has generally been on the rise over the last five (despite flattening out between 2016/7).

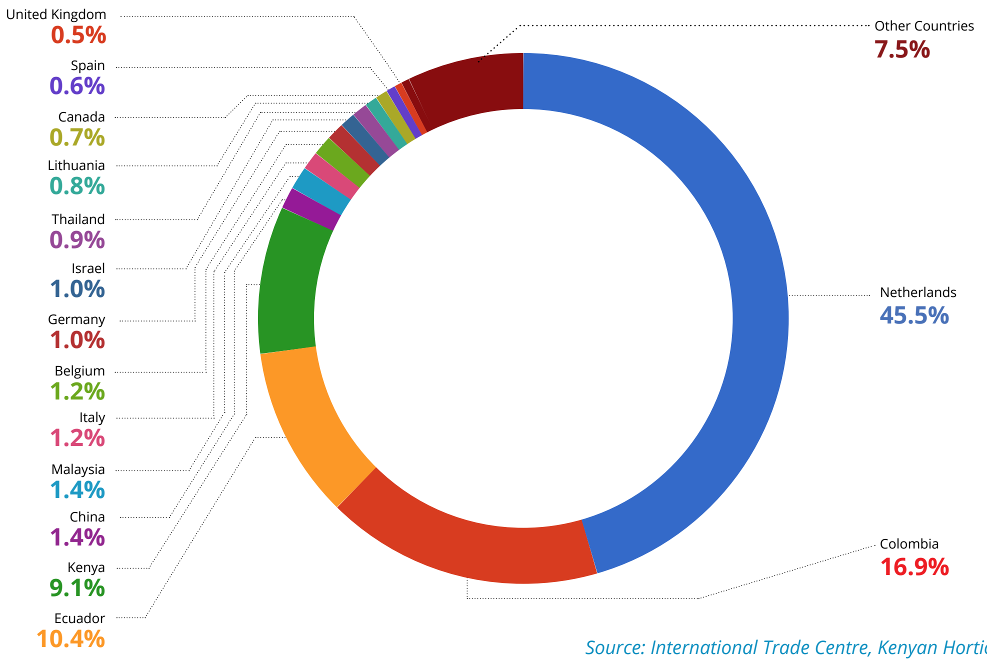
Kenyan Cut Flower Export Volume and Value per Tonne (2012-17)



Source: Kenyan Horticultural Crops Directorate

Based on 2016 data, Kenyan products account for 9.1% of the international market, and position Kenya as the only African country among the top ten global producers. The closest African competitors are South Africa and Uganda, which rank 19th and 20th respectively. The Netherlands remains the world's largest producer, but has seen a decline in export value of almost 12% between 2012-16, while Kenya's has risen by 65%.

Proportion Global Flower Export Value by Country (2016)



Source: International Trade Centre, Kenyan Horticultural Crops Directorate

A majority of export revenue earned through Kenya's flower exports comes from trade with the Netherlands, which represents just under half of the total value. Trade is concentrated within Europe overall, with North America and other African states notably absent from the top ten.

Learn more about the full agriculture and floriculture landscape with access to Asoko Insight's company data platform.

Contact **sales@asokoinsight.com** for a demo.

Alexandria Akena is a Research Analyst at Asoko Insight. She covers the Agro-processing, Pharmaceutical and Energy sectors in the Kenyan Market.

Should your company be covered in this map? Please contact **alexandria.akena@asokoinsight.com**