

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 We advise readers to take particular note of the areas most likely to be out-of-date and so requiring further research: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- Financial information—costs and returns listed in this publication are out of date.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.

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Queensland Government

9. The Australian domestic market

General characteristics

Australia constitutes a small market in the context of the world flower trade, with a population of about 18.49 million (1997). Less than 10 per cent of rice flower is sold on the domestic market, either as fresh or dried product.

Australians do not have a culture of flower purchase. Buying tends to be confined to special occasions, with flower consumption per head estimated to be between \$31 and \$56 per annum. Personal consumption appears closely tied to economic conditions. The market is price sensitive, with a Sydney Market Authority survey indicating price barriers at \$5 and \$10 for flowers for personal use. For special occasion purchases \$20 to \$25 is the usual amount spent. Special occasion purchases compete with other gift lines such as alcohol, confectionery, artificial flowers and soft toys. Supermarket and roadside sales have contributed to increased impulse buying of flowers.

Growers distribute directly to local outlets, through metropolitan and regional flower markets (as grower marketers or through agents) or to independent wholesalers. Central markets in Brisbane, Sydney and Melbourne handle 34 per cent, 70 per cent and 18 per cent of all flowers from their respective states. In Brisbane, one wholesaler has established a Dutch auction system with a selling clock, based on a commission of 15 per cent.

Fifty eight per cent of all Australian flowers are sold through florists, 12 per cent through supermarkets and the remainder through a variety of outlets including fruit and vegetable shops, hawkers and roadside sellers, nurseries, service stations and hardware stores.

Rice flower in Australian markets

The New South Wales and Queensland public first became familiar with rice flower (or 'sago flower') as a plant seen growing on the sides of roads. Wild-harvested product was available only in spring, provided seasonal conditions were favourable. White or cream flowers were most common, with only 5 per cent of wild-harvested material available in pink.

Wild-harvested rice flower has lowered the perceived value of cultivated material in Sydney and Brisbane. In these markets, well-graded wild-harvested rice flower and cultivated rice flower sell for the same price per bunch. Consumers will tolerate fewer stems per bunch in cultivated product provided that the bunches look well filled out (normally 5–10 stems or approximately 500 grams). Cultivated product is generally acknowledged to be of higher quality than wild-harvested material. The average return to grower is between \$2.00 and \$3.50 for large (normally ten-stemmed) bunches. Prices are generally highest in the Sydney market, and lowest for Victorian flowers sold through Melbourne. Native flower wholesalers with a specialist clientele are often able to offer the best returns to growers, wholesaling cultivated product from \$4.00 to \$6.00 per bunch. Markets in all states have been now been exposed to (mostly locally) cultivated product and there has been a move away from novelty pricing.

Cultivated product needs to be clearly differentiated from wild-harvested material in order to capture a price premium. The clean white and solid pink colours of superior clonal selections are likely to be stronger selling points than long stems. Consistent grading and labelling will also play an important role in gaining repeat customers.

Rice flower is regarded as a low priced filler flower. This segment accounts for about 10 per cent of Australia's estimated \$280 million flower industry at the wholesale level (\$130 million at the farm gate). Growth in the domestic market for wildflowers has been estimated at around 5 per cent per annum. Given the relatively modest levels of market expansion, rice flower will have to displace existing filler to become a significant commodity in the Australian market. This task is made more difficult by the short spring harvest period of the crop, when it competes in a glutted market with abundant supplies of thryptomene, Geraldton wax, gypsophila, statice and other spring flowers. Indeed, the short flowering season is the greatest single barrier to the expansion of rice flower on the Australian market. The introduction of new varieties and growing regions has the potential to improve this situation in the future.

The Australian market will accept stem lengths of 40 to 60 cm for ordinary sales and 100 cm for special purpose use, such as for hotel foyer arrangements. Although wholesalers say pink rice flower is very appealing and sells well, this does not convert to a better price compared with white flowers. Longer stemmed product in general may attract an extra \$0.50 cents per bunch, with a premium for early season, long stemmed pinks (\$4.00 per bunch return to grower in Sydney).

Dried and preserved rice flower compares favourably with other dried flower products, presenting well in massed bunches in buckets on the selling floor. When paying growers, the processing sector tends to discount all but special-use product to 30–50 per cent of the value of flowers for fresh use. On the Australian market, value-added products may offer greater prospects than fresh rice flower for capturing market share, provided adequate returns for growers can be achieved.

Product qualities and availability

Wholesalers indicate that they would like to receive rice flower in advance of the current production period (peaking in September and October). Most wholesalers would like product from May to August. Additional demand exists in December prior to Christmas (but not in January) and in February prior to Valentine's Day. Native filler is in short supply in Sydney in May and June.

Buyers and wholesalers perceive rice flower to be a versatile, dual-purpose native filler, for use in wildflower and traditional arrangements. Products competing with rice flower on the Australian market include Geraldton wax, statice, thryptomene, gypsophila, tea tree and foliages. It has some advantages over its competitors as it is seen as less likely to drop flowers than wax, thryptomene and tea tree, has enhanced visual qualities compared with foliages, and is perceived as light and easy to use.

Rice flower is seen as being suitable for bouquets, sheaths, baskets and grab-and-go bunches. Long stemmed product is suited to hotel foyer arrangements and public displays.

Packaging

For the domestic market most wholesalers require large, sturdy cartons that are not over-packed. Strapping is preferred to string or tape. In Brisbane and Melbourne, newly received product tends to be sold from the carton. Long boxes that are not too deep are likely to offer the best presentation. In the Sydney markets rice flower is sold in buckets.

The cartons used should be clean and unwaxed for ease of recycling. The minimum labelling requirement on the outside of the carton is the product name, stem length and bunch number. Some wholesalers want the grower's name on the carton, others require anonymity; growers should check

with individual wholesalers. In addition, handling instructions can be included on the carton (for example 'Handle with Care', 'Hold at Airport').

In markets where rice flower is sold from cartons, the arrangement of bunches within the carton can be an important selling feature. Bunches should be packed in such a way as to minimise movement in transit. This can be achieved by placing the heads in rows with stems towards the centre of the box. Rice flower should never be over-packed into cartons. Over-packing, poor cooling and the use of oversize cartons predispose the product to overheating, sweating and leaf blackening.

Naming

In Sydney rice flower is known as 'sago flower', and is associated with wild-picked material. Although the common names 'rice flower' and 'sago' are known to refer to ornamental species other than *Ozothamnus diosmifolius*, the name 'rice flower' is now in common use for cultivated product, and should be retained for marketing purposes. Botanists have recently suggested that 'rice flower everlasting' might be a more appropriate common name.

Business relationships

Small and new growers entering the flower industry with a short-seasoned product (such as rice flower) on an oversupplied market find themselves at an immediate disadvantage. With some notable exceptions, Australian domestic flower wholesalers do not actively seek new markets or promote product; they obtain customers by word of mouth, through reputation for quality and service, or by chance.

Wholesalers have a fairly passive approach to obtaining suppliers and will trade in any cutflower and foliage commodity that can be resold at a profit. Normally they are sought out by growers wishing to supply them with product. Only rarely do they chase suppliers; this occurs only during shortages in winter, or if a grower has particularly good quality, specific lines or new product required by the market.

New growers need to try to establish a business relationship with their wholesaler(s) well before harvest. Wholesalers choose suppliers on the basis of their ability to supply high quality, consistent, well-presented product on time, so new growers can be seen as a risk. A two-way flow of communication is important. This helps maintain wholesaler interest and ensures that wholesalers are aware before harvest of peaks and troughs in production. When suppliers are not in the market for the whole year, or are changing wholesalers routinely, communication breaks down. On the domestic scene, rice flower growers need to have product other than rice flower in order to maintain a market presence.

Some growers see wholesalers as their selling arm, leaving them time to specialise in growing. Others see wholesalers as competition and try to by-pass them in the marketing chain, or constantly swap from one to the other in search of the elusive better deal. It takes time to build trust.

Wholesalers value continuity in their relationship with growers and nurture long term relationships with people they find easy to deal with. Reliable communication between a new grower and a trustworthy wholesaler can be crucial to success on the domestic market.

Unfortunately some lapses of faith happen. Long delays can occur before growers are paid, and growers are advised to negotiate terms of payment with their wholesalers prior to sending flowers, particularly in the Sydney market. Some anecdotal reports of 'rorts' include under-quoting the price

received for goods on consignment, and claims that a premium product is second grade and therefore subject to a payment mark-down. Talking with other growers, and attending the market to observe trading, product quality and competition, are good ways to check on the marketing system, even if this involves occasional travel inter-state.

Most wholesalers will provide feedback to growers on the standard of their product. Some feel a little hesitant to provide negative feedback as they are trying to build trust, and may need to be pressed for details on how growers can improve their performance. Wholesalers value suppliers who respond positively to suggestions for improving their product quality, presentation and service. Some wholesalers will visit growers at the end of the season and advise on the supply and demand situation for flower types on an individual basis.

Promotion

Domestic wholesalers often provide assistance to their customers (such as florists) to develop new markets through leaflets, supply of product for promotion, and mailouts. Most wholesalers are willing to support the promotion of particular cutflower crops or other marketing initiatives provided their input is low. However, the drive for the marketing and promotion of rice flower would need to come from the grower level.

Some suggestions from wholesalers for the promotion of rice flower include:

- handing out free samples and leaflets at national flower shows;
- linking in with Teleflora and Interflora campaigns;
- supplying handling and care leaflets to florists and customers;
- promoting rice flower in fashion, bridal and 'house and garden' magazines;
- getting product exposure on television lifestyle programmes;
- targeting twenty top florists for product education;
- making rice flower available for floral art demonstrations;
- using dried rice flower to develop the market out of season.

Summary

A small domestic market exists for rice flower, but the greatest potential for volume sales and high profits is in the export arena.