

Insights by Key Market Players on the Development of Sea Freight of Flowers from Kenya



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Executive Summary

The cost of transport to Europe is the main expense faced by Kenyan exporters of horticulture products, such as flowers. The air freight industry is well-developed in Kenya and highly flexible to meet demands. The sea freight industry of fresh produce, however, is less developed and could become many times larger. The Netherlands embassy in Nairobi is very keen to further explore the potential of sea freight for exporting flowers from Kenya.

Talks with sector actors have indicated that a crucial factor for the success of sea freight is the acceptance of sea freight as an alternative by European market parties. Therefore, a survey among key market players was carried out to get a better understanding of their view on the potential bottlenecks and opportunities regarding the further development of sea transportation as a viable alternative for air freight.

Air freight challenges spark new wave of interest in sea freight

From conversations with interviewed importers, traders and retailers it seems that we have entered a new wave of interest in sea freight. Several companies have recently become active (again) in this area. As some of the respondents said, "Recent air freight capacity and cost issues are the main drivers for the current acceleration in ocean freight development." The situation in ocean freight logistics is not optimal, but the unpredictable situation in aviation in recent months is so difficult that it has caused major problems for companies on both the Kenyan and European side. Another driver for the upswing in sea freight interest are the expected sustainability legislation by national and European legislators.

In the interviews with respondents, it appears that in the past ten years a lot of knowledge has been gained and that there is now a general feeling that most of the practical requirements of sea freight have been mapped out and that people more or less know what is needed to properly prepare and execute a sea freight shipment. A few interviewees with experience in sea freight indicated that sea freight can theoretically be planned well and the result is a better quality than air freight because of less temperature fluctuations.

Still, a number of practical and commercial concerns remain. The biggest challenges of ocean freight, according to importers, relate to logistics such as the relatively low arrival frequency compared to air freight and irregular and unpredictable arrival times, amongst others due to risk of delays. Other concerns relate more to commercial considerations such as a strong 'day fresh' culture in the flower trade and demand for flexibility, to mention a few.

Expectations for the coming five years

Most traders indicated that they will always opt for a combination of sea freight and air freight. The continued problems due to delays will remain a major issue for the time being making it difficult to switch completely to sea freight.

Interviewees expect that the overall share of sea freight of flowers from Kenya reaches 25 to 50% in five years. Traders in the florist channel estimated a range from 0 to a maximum of 30%. Almost everyone indicated that it will mainly be the large "retail guys" where sea freight will develop strongly. Some of the companies who supply to retail chains believe that a shift to sea freight of at least 50% of the total volume will take place within 5 years.

Recommendations

Based on replies by interviewed market players, the report proposes a set of recommendations to further stimulate the use of sea freight in flower logistics:

I. Business environment facilitating sea freight development

The main role of Governments on Kenyan and European side is to ensure that the business environment is optimally equipped and facilitates the development of sea freight and floriculture in a broader sense. Legislation, Customs procedures and phytosanitary services must be optimally organised for the specific demands in the field of sea freight. If possible, when containers are loaded on farms, phytosanitary checks should be conducted at farms.

II. Logistics

The industry asks for more regular and reliable connections between Mombasa and Europe. The range of connections is not optimal and ideally should be expanded in the future. On the Kenyan side, it is advised to continue development of Mombasa Port's capabilities to handle horticultural products, and other investments in the local infrastructure. Additionally, a 'dedicated' handling port for fresh product in Europe is mentioned by many as an interesting option.

III. Establishing best practices

There is a need for integration of sea freight procedures in common business processes. This can be accomplished through an industry-recognised best practice document describing sea freight requirements, which can be used for training purposes and as the basis for company specific procedures.

IV. Industry readiness

Knowledge about the requirements and possibilities of sea freight should become more commonplace, particularly among those companies that have not yet gained practical experience. One idea to accomplish this is through a coaching programme for selected companies in combination with industry-wide training activities. Through this programme, participating companies should develop sustainable maritime transport shipments (not a trial).

Final considerations

Although sea freight interest is picking up again, it is still not mainstream. This seems partly a chicken and egg situation. The industry is hesitant because customers don't ask for it. On the other hand, retail customers and consumers don't ask for it because the sector is not yet ready.

One of the interesting lessons from this survey is the observation that the recently increased interest in sea freight has mainly arisen from the problems in air freight. With this in mind, you could conclude that one of the most effective ways to stimulate the development of sea freight is by discouraging air freight. As more and more governments are serious about reducing CO₂ emissions and making trade policies more sustainable, you can expect this to happen anyway.

It is simply a must for Kenya in the long run to offer products with a favourable carbon footprint. Otherwise, Kenya will increasingly lose out in the European market to regionally grown products and suppliers that have a lower carbon footprint.

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1 Introduction

Background

The cost of transport to Europe is the main expense faced by Kenyan exporters of horticulture products, such as flowers. The air freight industry is well-developed in Kenya and highly flexible to meet demands. The sea freight industry of fresh produce, however, is less developed and could become many times larger. Flying flowers to Europe is more costly than shipping those products by sea. If successfully developed, sea transport can make Kenyan growers more competitive and can improve profitability.

The Netherlands embassy in Nairobi is very keen to further explore the potential of sea freight for exporting flowers from Kenya. On the longer term, this is key to the future of sustainable growth of the flower sector in Kenya. The embassy aims to contribute to this sustainable growth.

For that reason, in 2021, the Embassy commissioned a study to gain insights into the challenges and opportunities of sea freight developments in Kenya. The study analysed the structure of sea freight logistics and identified bottlenecks and areas of inefficiencies that can be improved:

- ① Article and report "[A study on sea freight opportunities to accelerate Kenya's agricultural exports.](#)"

Also worth mentioning is the recent signing of a Letter of Intent between the Netherlands and Kenya on the shared ambition to improve the connection of ports through a 'Cool Logistics Corridor'. This enables short-life products, such as flowers and vegetables, to be transported by ship in special refrigerated containers to extend their shelf-life.

- ① Article "[Kenya and the Netherlands strengthen ties during visit of Minister Liesje Schreinemacher.](#)"

Talks with sector actors have indicated that a crucial factor for the success of sea freight is the acceptance of sea freight as an alternative by European market parties. Commercial considerations of importers, traders and retailers who handle flowers daily are critical to make the right decisions on the (to be developed) flower sea freight routes.

In order to obtain these insights, this survey among key European market players (importers, traders and retailers) that are active in the Kenyan-European flower supply chain was carried out. Additionally, the report is used to build networks and share earlier learnings and results.

Aim of the study

- ▶ To get an insight from the perspective of key European market players on the potential of sea freight of flowers from Kenya.
- ▶ To get a better understanding of potential bottlenecks and opportunities regarding the further development of sea transportation as a viable alternative for air freight in the Kenya-Dutch flower trade.

Methodology

We conducted a series of interviews with 16 key market players, which were carried out by phone/videocall and face-to-face. In the selection of the interviewees, we tried to cover various types of chain actors: importers, traders and retail companies. The interviewed companies are

active both in the retail channel and in the florist channel. Some companies had practical experience in sea freight, others not.

Please be aware that this is a relatively small sample. Although the respondents were carefully selected, it is important to realize that the answers in this report are not always representative of the entire sector.

The list of interviewees can be found in the Appendix.

Interview questions

1. What are your experiences with sea freight of flowers so far?
2. What are your concerns with respect to sea freight of flowers?
3. Which opportunities do you see?
4. What trends and developments do you see regarding the mix sea freight/air freight in the coming years?
5. How (and if) to communicate sea freight to the market?
6. How can Kenyan stakeholders optimally respond to these developments?
7. What is needed from the European side and is there commitment to do so?

About NEA

The Netherlands Enterprise Agency (NEA) contributes to sustainable economic development in developing countries through private sector development by offering different instruments and intervention types targeting SME's from developing countries and emerging markets.

2 Results from the interviews

2.1 What are your experiences with sea freight of flowers so far?

Initial sea freight experiments ten year ago

Almost all importers and trading companies have gained some experience with sea freight in recent years. Several interviewed companies started with sea freight projects as long as ten years ago. At that time, there were various pilot and test projects that were mainly aimed at gaining first experiences. An important reason for participating in those first projects was to gather technical knowledge about how sea freight should be organized in practice and how optimal product quality can be achieved. The promise of lower transport costs were the main driver for the general interest in sea freight.

The companies that were interviewed reported mixed results on these initial pilot projects. Some called the results encouraging, but quite a few respondents were rather critical of the insights from



Photo: Example early sea freight trials: CoCos (2008-2010)

these initial tests. Varying results with vase life of sea freight product were reported. In addition, the practical requirements turned out to be more difficult than hoped. In any case, at that time there was still little knowledge about properly setting up sea freight shipments. The high risks of delays were also a reason for a number of companies to put the development of sea freight on hold. Some noted that the early tests were not always carried out in an ideal manner (with the knowledge of today). For example, standard air freight boxes were often used and the quality of the flowers that went into the container was not always optimal.

Several companies interviewed have therefore stopped doing anything with sea freight after these initial tests. These companies indicate that they have continued to follow developments in sea freight with interest.

However, there are also a number of companies that have continued with sea freight in recent years. Some have even experience on different routes from, for instance, Ecuador, South Africa, Kenya, China. Together with growers and logistics partners, these trading companies have further developed their knowledge of optimising sea freight chains. In the interviews with respondents, it appears that a lot of knowledge has been gained and that there is now a general feeling that most of the practical requirements of sea freight have been mapped out and that people know what is needed to properly prepare and carry out a sea freight shipment.

Air freight challenges spark new wave of interest in sea freight

What also stands out from the conversations is that it seems that we have now entered a new wave of interest in sea freight. Several companies have recently become active (again) in this area. The main reason for this renewed interest in sea freight seems to be the problems in air freight. As some of the respondents said, "Recent air freight capacity and cost issues are the main drivers for the current acceleration in ocean freight development." The situation in ocean freight

logistics is not optimal, but the unpredictable situation in aviation in recent months is so difficult that it has caused major problems for companies on both the Kenyan and European side.

It is very clear that trading companies supplying the retail segment have the most attention and interest in the development of sea freight. These companies are most active in shipping flowers over sea. It is striking that from the conversations with supermarket representatives it seems that, for supermarkets themselves, sea freight is not a priority theme when purchasing flowers. Although it receives some attention as part of the broader theme of sustainability, it is not indicated as purchasing criteria by the interviewees. In any case, it is not always clear to supermarkets if flowers arrive by air or sea. Sea freight is not part of the delivery specifications. We also see the same in other situations, such as clock sales via the auction. There is no requirement to reveal that products have been transported by air or sea.

A small minority of the interviewees indicated that they currently have no immediate plans to start with sea freight. Most of them say that they are following developments with interest. Some expect more questions from customers in the future, especially related to making transport more sustainable.

Other observations and responses:

- Most parties are aware that the success of sea freight depends to a large extent on the cooperation and coordination between chain partners (grower and importer/trader) and the practical logistics around the shipment, such as the correct treatment methods, packaging, quality of products that go into the container and the species used.
- Several respondents mentioned that Kuehne+Nagel (with Chrysal) is currently offering a consolidation/groupage service, where companies can participate in sea freight shipments with a minimum volume of only 3 pallets. This provides an opportunity for parties who would otherwise not have the opportunity to gain experience with sea freight. Two interviewees indicated that they ideally see that reefer containers are filled on the farm instead of at a central consolidation location: "Preferably not with hubs in Kenya (regional or Nairobi), since you can hardly guarantee the quality in this way. Ideally, the container is filled at the farm."
- In 2010, one of the interviewed parties had started regular shipments from Ecuador. Containers with Hypericum departed weekly. They also tried to add roses, but that was not successful and they stopped again after two times.

2.2 What are your concerns with respect to sea freight of flowers?

Discussing the concerns and challenges surrounding ocean freight often took the most time during the conversations. A number of topics were common:

Low arrival frequency

One of the biggest challenges of ocean freight, according to importers, is the relatively low arrival frequency of ocean freight shipments. One of the importers indicated that they receive flowers via sea freight once a week. In the case of air freight, for example, products arrive almost daily, so that volumes are more in line with purchasing behaviour of customers. As one of the importers stated: "The switch to sea freight requires a corporate strategic turnaround, necessary investments in cooling facilities and adaptation of processes."

Risk of delays

Quite a few examples were given of delays and problems with departure and arrival times. For example, during the interviews there was an incident with a ship that was delayed when mooring in Rotterdam, resulting in a large number of flowers arriving too late for Mother's Day. A few weeks earlier, there was another incident involving another ship carrying flowers that arrived three weeks late due to a circumnavigation. Some mentioned the increased risk of delays due to stopovers in the Middle East.

Required cold store facilities

Products arriving irregularly and at unpredictable times also presents a major challenge for importers who need to schedule the unpacking of the flowers. One of the respondents said: "Making it plannable is *the* challenge of sea freight". It is necessary to build in a safety margin. Sea freight also entails a great need to be able to store product. This means high costs and in many cases importers do not yet have the required cooling facilities.

In the retail channel, delays are a major commercial risk. In the event of delays, planned actions are missed. Supermarkets place this risk partly with the trader, but if there is a big commitment to sea freight, the supplying wholesaler will also no longer be so enthusiastic about it.

Culture of 'day fresh'

Several importers and traders note that in principle their customers are not really positive about a change to sea freight. Particularly in the florist channel, traders remain cautious about the possibilities of sea freight. The simple reason that is often mentioned is that change is not liked. In addition, there is a strong 'day fresh' culture in the flower trade. Many traders and florists swear by the freshest possible products, preferably harvested yesterday. "The routing of sea freight could be faster. The longer it takes, the less vase life is left."

Demand for flexibility

Customer's demands flexibility, especially in the florist channel. For example, when the weather gets hot, there is less demand for flowers. That is also why there is a general demand for smaller and last-minute orders. European wholesalers tend to move along with daily market sentiment. This is of course difficult if a container is just on its way. On the other hand, the UK retail sector is, according to a number of interviewees, easier to plan.

Assortment fit for sea freight

Everybody recognizes that there are differences between how well different products can handle transportation over sea. Sea freight requires adjustments in the range of flowers grown in East Africa. Everyone seems to be trying to figure this out for themselves. Traders with experience in sea freight explain that vase life is generally not the problem. However, softer (more exclusive) products often cause problems. Damage to softer petals is increased during longer transport, the pressure spots become larger. It is especially seen with certain colours. Red and orange varieties are trickier, as you can see any damage. It is the perception that longer lengths appear to have more difficulty with sea freight, according to interviewed traders.

If sea freight takes off, it would narrow the range of products. This is not in line with the wishes of the florist segment. Florists want a lot of choice and surprise, in contrast perhaps to the

supermarket segment. This also makes flowers different from vegetables and fruit, which are more bulk products.

There is an important role for breeders in selecting which species are suitable for sea freight and which are not. You can already see a pattern with certain types/colours which are and which are not suitable for sea freight in terms of vase life and flowering. Sometimes breeders communicate that new varieties also have properties that meet the requirements of sea freight transport ("ready for sea freight"). But, most interviewees do not immediately see that breeders are marketing new varieties specifically for their sea freight attributes. Nevertheless, it plays an increasingly important role in the choice of some growers. "If growers are interested in sea freight, the breeders will follow suit with the right varieties."

Cash flow and financing

As flowers are under way for several weeks, cash flow tends to be locked up for a considerable time when using sea freight. "With sea freight you are effectively prefinancing for almost three months." Still, importers and traders generally regarded this of little concern. This was the case in both FOB and CIF-based trading companies. Several traders also noted that, at this moment, financing is (still) relatively inexpensive for European market parties.

Adjusting business processes

A further concern is how do you, develop and integrate sea freight procedures in common business processes. As a grower, importer and trader, you will have to move from pilot phase to a standard process. In that case, it is necessary to secure two different flows, i.e. air freight and sea freight, with various companies involved.

Need for support to growers

As several interviewees mentioned: "For a good end result, there is a great dependence on the efforts of the grower." One of the importers also stated that there is a need for a dedicated person in Kenya who supervises and coaches farms full time that are starting with sea freight. "If sea freight becomes structural, then loggers must be sent along and close cooperation with the supplying party is necessary." In general, importers and traders mentioned the need for coordination, support and monitoring, particularly in case of growers that are new to sea freight logistics.

Other observations and responses:

- Supermarkets do have a lot of experience with sea freight in the fruit and vegetable sector. "We also notice a lot of delays there. In the case of flowers, this is an even greater concern."
- One of the interviewees argues that it would actually be much better for shelf life if maritime transport were to take a week shorter. His question is therefore whether East Africa actually is the right region for floriculture in combination with sea freight in the long term. "In the long run, are Kenya and Ethiopia the right countries for rose cultivation?"
- One of the interviewees indicated that insurance can be a challenge, because who bears the risk if something goes wrong?
- "The problem is that flowers is only a minor player in sea freight. As a result, as a sector we have relatively little influence on the departure times."

- A number of respondents indicates that more research is needed (into practical sea freight requirements). This is now mainly done by commercial parties themselves. According to some, this poses a risk to smaller parties because they potentially are left behind (knowledge gap). On the other hand, most of the interviewees think it is logical that larger parties try to gain a commercial advantage. When asked whether the government should play a role in this, most respondents indicated that this is not necessary. Openness by the commercial parties is not really expected either. It is argued that competition drives progress in this area.

2.3 Which opportunities do you see?

Lower costs are less interesting

In the past, the promised lower costs for transport by sea was always mentioned as the main reason in previous studies about five to ten years ago. What struck during the round of talks is that this is no longer the case. On the one hand, the cost advantage is less evident and on the other hand, there are more important reasons for the interest in sea freight, such as the logistical challenges in aviation and periodic lack of air freight capacity.

Interviewees recognise the following opportunities from sea freight:

Spreading of logistics risks

All importers and traders indicated that the available air freight is becoming more of a limitation an increasing challenge for international floriculture. Sea freight can offer an important solution for this. Sea freight also has its problems (see previous section), but it is an interesting addition to spread the risks.

Product quality

A few interviewees with experience in sea freight indicated that sea freight can theoretically be planned well and the result is a better quality than air freight because of less temperature fluctuations. If properly executed, sea freight provides fewer degree hours and fewer moments of stress to the product. According to them, flowers that are correctly transported by sea are ultimately of better quality and have a longer shelf life throughout the entire chain.

Upcoming sustainability and carbon footprint requirements

All respondents are well aware of the broad societal discussion about sustainability and the environment. Most expect that in the coming years there will be increasing pressure from national and European regulations that will require a more sustainable floriculture trade. Many cite the European Green Deal as an example of where regulation will go in the coming years. "It is clear that there will be increasingly strict requirements in the field of sustainability. As a flower sector, we must prepare for this and go along with the wishes and requirements of the wider society. Standing still means, in the long run, that we no longer have a license for production." What is also striking is that several companies during the interviews indicated themselves that they are members of FSI and endorse the FSI objectives.



On the retail side, you see that a number of companies cite sustainability and more specifically the CO₂ discussion as one of the important reasons for their interest in sea freight. The use of sea freight as an alternative to air freight is part of the CSR theme in a broad sense (reducing CO₂), but it is not a prime focus for the interviewed retailers. We do see sea freight as a subject in projects aimed at chain optimization.

Most traders in the florist channel note that their customers sometimes ask about sustainability, but that this is still very little. According to some, it also seems to be less important than it was a few years ago. Sustainability aspects are therefore less relevant if they opt for sea freight.

According to one of the interviewees, it is simply a must for Kenya in the long run to offer products with a favourable carbon footprint. Otherwise, Kenya will increasingly lose out to regionally grown products or other products that have a lower carbon footprint.

PEFCR 'Cut Flowers and Pot Plants' and reliable insight into the environmental footprint

There is a European project aimed at developing a reliable method of calculating CO₂ footprint: Product Environmental Footprint Category Rules (PEFCR). The EU is working on a set of approved rules to be made mandatory at a later date.

To prepare the industry for this, the floriculture sector is developing harmonized rules for calculating the environmental footprint of pot plants and cut flowers. This is expected to yield an officially approved PEFCR 'Cut Flowers and Potted Plants' (FloriPEFCR) before the end of 2022.

<https://www.wur.nl/nl/Onderzoek-Resultaten/Onderzoeksprojecten-LNV/Expertisegebieden/kennisonline/Floripef-cr-1.htm>



The HortiFootprint Calculator

Horticulture growers worldwide will soon be able to get valuable insights into their environmental footprint thanks to the HortiFootprint Calculator, an innovative new software tool from MPS and LetsGrow.com.



**HortiFootprint
Calculator**

The tool measures the carbon footprint of horticulture production based on inputs including energy use, fertilizers, and packaging. A scenario analysis function makes it quick and easy to calculate the impact of changes made to these inputs in the future.

<http://www.hortifootprintcalculator.com>

Market demand growth and new markets

It seems that especially in recent months there has been more interest in developing sea freight. Nevertheless, most of the interviewees indicated that they do not receive direct demand for sea freight from their customers. They also do not really expect to attract new customers through sea freight. The most frequently heard statement about customers, especially in the florist channel, is that customers are mainly interested in vase life and not so much asking about sustainability aspects.

- "The market demands high-quality and affordable flowers. The way in which this is achieved logistically is currently of minor importance."
- A supermarket: "On the customer side, I don't know whether there are immediate opportunities for sea freight. Consumers simply want good product for a good price."
- "The logistical requirements after a container comes off the ship should not be underestimated. It is important to first gain practical experience in Europe, before entering new markets with sea freight."

Mixed about sea freight during peak days

"Being able to respond to higher demand during holidays by increasing capacity is a must to make sea freight attractive. That way you can efficiently respond to the extra demand."

By means of sea freight, product can be destined earlier for peak days. "If the product can be harvested a month earlier, that offers an opportunity." This buffering for peak days by means of sea freight is seen by several as an chance, although the risks of delays currently outweigh the risks.

According to one of the interviewees, the advantages around the peak days related to higher prices will disappear as the share of sea freight grows.

In the end, it was noted by many that being present on the market in time is much more important than costs. Even with extremely high air freight costs, most parties prefer to fly during Valentine's Day than run the risk of being left with a container of flowers that arrives too late.

Value addition (bouquets) in country of origin

According to some respondents, one has to be realistic about the opportunity of making bouquets in Kenya in combination with sea freight. Many respondents doubt whether this is a promising option. In practice, bouquet parts are often replaced at the last minute (in connection with market prices and availability). This flexibility is therefore often necessary to be competitive. Sea freight may be possible for simple things, but often not all ingredients for bouquets are locally available. "Value addition in the country of origin is possible, but that development is already happening outside of sea freight."



2.4 What trends and developments do you see regarding the mix sea freight/air freight in the coming years?

We asked importers, traders and retailers what their expectations are about the situation in five years. What do they think is the share of sea freight compared to air freight?

Most traders indicated that they will always opt for a combination of sea freight and air freight. Depending fully on only one of the two will fail. It is too risky and not profitable enough (in case of air freight only) and the logistics are not reliable enough (especially in case of sea freight only). The continued problems due to delays will remain a major issue for the time being in order to be able to switch completely to sea freight.

Still, most respondents indicated that they expect that the share of sea freight will continue to increase in the coming years. The extent to which differs greatly per respondent, but most indicate that they expect a share of 25 to 50% sea freight for flowers from East Africa.

Traders who are mainly active in the florist channel expect that in their segment (which largely takes place via the auction clock) air freight will continue to dominate for the time being. Their estimates range from 0% to a maximum of 30% of the flower imports that will be via sea freight in five years.

Almost everyone indicated that it will mainly be with the large "retail guys" where sea freight will develop strongly. Some of these companies who supply to retail chains believe that a shift towards sea freight of at least 50% of the total volume will take place within 5 years.

It was also often stated that the level of expected development strongly depends on external factors. Macro-economic factors such as fuel prices and government regulations such as flight tax can further increase the share of sea freight in the future. On the other hand, if there is a recession, sea freight is expected to grow more slowly, as there will likely be more space in air freight and less demand.

Other observations and responses:

- One of the importers indicated that he expected that, if sea freight becomes mainstream in the future, some parts of the flower trade will operate a bit like the potato market, i.e. more like a futures market.
- "Sea freight also calls for changes in the assortment. Breeders will need a lot of time for that."



2.5 How (and if) to communicate sea freight to the market?

One of the questions asked was whether and how it should be communicated that a product has been transported by sea freight. This concerns B2B communication from supplier to trader and communication from trader to the customer. There is also the question of whether and how retailers should communicate sea freight to consumers.

Be open and transparent

In general, we got two kinds of answers. Some indicated that there should always be transparent communication about sea freight. "People want to know how a product has been transported and what they can expect. It is important to build trust in products that have been transported by sea freight. Be open and transparent about this, for example by mentioning it on the clock front." The information is also needed for any CO2 calculations that will become increasingly important.

An example of a recent test was the shipment organized by Fresco Flowers in collaboration with Kuehne+Nagel and Chrysal. Three containers with roses from Kenya from about 5 growers were shipped via the Nairobi-Mombasa-Salalah-Rotterdam route. The results of the shipment appear to have been very encouraging, especially as it was a first test case for Fresco.

Buyers were closely involved in these recent Fresco tests. They were invited to come, have a look at the unpacking, and vase life tests were carried out. The products were auctioned separately and were recognizable as sea freight products. Traders have generally responded positively to this transparency.

In principle, the method of transport is now not indicated on the auction clock. Most of the interviewees who are active in the auction indicated that clock information about sea freight/air freight should be provided in due course.

Don't communicate

Another group of traders indicated that, above all, the final product quality and the vase life are of real concern. So it shouldn't matter how flowers are transported.

Several importers indicate that their wholesale customers have serious doubts about the quality of products that are transported by sea freight, especially in the traditional wholesale trade that services the florist segment. People are very sceptical and doubt if it really is possible. "Let's not wake up sleeping dogs. There are still many market parties driven by sentiment and ignorance."

One of the traders about their purchase from an importer: "Communication about sea freight is not that important to us. What counts for us is quality. The importer is responsible for this and we trust him in this." From another we heard that "Various parties are not communicating to customers at this time that it is a sea freight product, but they know it and have no problem with it."

Communication to the consumer

It is mainly the retailers who wonder whether the consumer is really interested in the transport method. Actually, it is not so much about transport, but more about the impact. Sea freight is the instrument and a CO2 reduction is the goal and that will be communicated.

The supermarket representatives indicated that communication to the consumer mainly has commercial value in terms of CSR and CO2 emissions. This would involve so-called theme communication (in magazines and on the internet). Not so much about printing on consumer packaging for the time being, because then you have air freight and sea freight next to each other on the shelves. One of the supermarket representatives even states that 100% of the product by sea freight is first needed before the supermarket can use this for storytelling.

2.6 How can Kenyan stakeholders optimally respond to these developments?

When asked what stakeholders on the Kenyan side can contribute to the development of sea freight, the answers in most cases remained fairly general and brief.

Forwarders

Most importers and trading companies work with regular logistics partners in Kenya. Some indicated that the choice of sea freight providers is still very limited. In general, it is felt that a number of forwarders are seriously working on sea freight and that there are good developments. Some of the interviewed traders, however, indicated that they feel that fees charged by forwarders are on the high side.

Some thought it was especially important that sea freight becomes more financially attractive (compared to air freight). "If it makes no difference, why go from sky to sea?"

Breeders

"Breeders can make a big difference. They will have to develop species that are suitable for sea freight." As noted earlier, many traders do not immediately see that breeders are marketing varieties specifically for sea freight. One would like to see more targeted development here.

Shipping companies and connections

There is a need for more regular connections between Mombasa and Europe. It was mentioned several times by both importers and traders that the range of connections is not optimal and should be expanded in the future.

The interviewees did not immediately have an idea how this could be achieved. It seems to be somewhat outside the influence of the sector itself, as flowers only account for a small share of sea freight volume.

Knowledge exchange

The level of knowledge among growers and traders about sea freight is an area that has to improve. Knowledge about the requirements and possibilities of sea freight should become more commonplace. Sea freight knowledge is now slowly spreading outside the few leading companies, partly due to groupage options. It is important that protocols and procedures are developed for the entire sector. Perhaps there is a role for the government here.

Others took a fairly clear position that governments should not interfere in the exchange of knowledge. "It's great that there is competition, and in-house knowledge development is how companies compete with each other and take the sector further."

"A lot of knowledge and experience is now being gained in-house by larger parties in order to gain a competitive advantage. That's also OK. If you didn't have those big players, it wouldn't have happened."

Governments

It was mainly indicated that the Kenyan government must ensure that the business environment is optimally equipped and facilitates the development of sea freight and floriculture in a broader sense. Legislation, Customs procedures (including customs documentation) and phytosanitary services must be optimally organised for the specific requirements in the field of sea freight. Phytosanitary checks, for instance, could be moved to farms, when containers are loaded on farms.

The investments in the development of Mombasa Port and other investments in the local infrastructure are recognized as positive.



Photo: Mombasa port (source FlowerWatch)

Some respondents would like to see active support to businesses setting up ocean freight initiatives, for example through grants and assistance with pre-financing.

There is also a role for the government in sharing best practices in the field of sea freight processes. Sea freight development is currently slowing due to companies not sharing best practices in order to maintain commercial advantage.

One of the participants mentioned the need for a certificate for expertise in sea freight. This certificate should demonstrate that a company is ready for sea freight, carries the correct assortment, has correct refrigeration conditions, follows the correct procedures, etc.

NGOs

Little was said about the role of NGOs. One of the interviewees stated that NGOs should emphasize CO2 footprint with their campaigns. "They have a watchdog role."

2.7 What is needed from the European side and is there commitment to do so?

Also to the question was raised what stakeholders on the European side can contribute to the development of sea freight. The answers again were in most cases rather limited.

It was often explained that many flower traders are not aware of the possibilities of sea freight and that they tend to be very sceptical about the quality of flowers after sea transport. It takes more trust and actually a completely different way of thinking and planning. The respondents did not give specific examples of how, but it was often stated that the government could play a role in disseminating knowledge about sea freight and its acceptance.

Many answers focused on the fact that they consider it important that Custom's clearance and other handling procedures on the European side runs smoothly.

Specialised so-called "horti ports" on the European side

According to the trading companies, it is not necessary for the products to arrive in Rotterdam. In many cases it is suggested to develop specialised so-called "horti ports" on the European side (eg Rotterdam/Antwerp/London). Some particularly mention the south of Europe (for instance in Marseille) being a good location for such facility. A 'dedicated' handling port for fresh product is mentioned by many as an interesting improvement in which the government could play an important role.

According to one respondent, there is sufficient commitment on the European side, but governments should follow programs to somewhat offset the risks of sea freight (for example by pre-financing facilities or insurance). The step from air to sea freight is a major one and at the moment the financial risks are an obstacle to taking action quickly.

It is expected that governments (national and European), by means of a targeted policy on CO2 reduction, will increasingly encourage moving towards sea freight as an alternative to the current approach.

One of the companies mentioned that they are currently conducting internal research into the carbon footprint of their products. As part of this research, they also compare air freighted flowers from East Africa to the carbon footprint of growing those flowers locally (in Europe). They would like to see more thorough and applied scientific research into the CO2 impact for floricultural products.

3 Analysis

From the point of view of the interviewed importers, traders and retailers, there appear to be three main reasons for the current upswing in interest in sea freight (in descending order of importance):

1. Recent air freight capacity and cost issues.
2. Expected sustainability legislation by national and European legislators.
3. Sustainability principle of companies themselves.

As some of the respondents said, "Recent air freight capacity and cost issues are the main drivers for the current acceleration in ocean freight development." The situation in ocean freight logistics is not optimal, but the unpredictable situation in aviation in recent months is so difficult that it has caused major problems for several companies on both the Kenyan and European side.

Nevertheless, the interest in sea freight is not shared across the entire floriculture sector. Clear differences exist for those active in the retail channel and traders supplying the florist segment. Trading companies supplying the retail segment show more interest in sea freight.

It is, however, striking that from the conversations with supermarket representatives it seems that, for supermarkets themselves, sea freight is not a priority theme when purchasing flowers. Although it receives some attention as part of the broader theme of sustainability, it is not indicated as a purchasing criteria.

In the interviews with respondents, it appears that in the past ten years a lot of knowledge has been gained and that there is now a general feeling that most of the practical requirements of sea freight have been mapped out and that people more or less know what is needed to properly prepare and execute a sea freight shipment.

Still, a number of concerns remain:

Main concerns raised	
Low arrival frequency	One of the biggest challenges of ocean freight, according to importers, is the relatively low arrival frequency of ocean freight shipments.
Risk of delays	Products arriving irregularly and at unpredictable times presents a major challenge. Some mentioned the increased risk of delays due to stopovers in the Middle East.
Required cold store facilities	Sea freight entails a great need to be able to store product. This means high costs and in many cases importers do not yet have the required cooling facilities.
Culture of 'day fresh'	Particularly in the florist channel, traders remain cautious about the possibilities of sea freight. There is a strong 'day fresh' culture in the flower trade.
Demand for flexibility	Customers demand flexibility, especially in the florist channel. There is a generally demand for smaller and last-minute orders and European wholesalers tend to move along with daily market sentiment.

Assortment fit for sea freight	Sea freight requires adjustments in the range of flowers grown in East Africa. Most interviewees do not see that breeders are marketing new varieties specifically for their sea freight attributes. Also, if sea freight takes off, it would narrow the range of products. This is not in line with the wishes of the florist segment.
Adjusting business processes	A further concern is how to develop and integrate sea freight procedures in common business processes.
Need for support to growers	There is a great dependence on the efforts of the grower for sea freight to work. Several importers and traders stated the need for coordination, support and monitoring, particularly in case of growers that are new to sea freight logistics.

The promised lower costs for transport by sea was always mentioned as the main driver for sea freight in previous studies about five to ten years ago. This appears no longer the case. On the one hand, the cost advantage is less evident and on the other hand, there are more important reasons for the interest in sea freight, such as the logistical challenges in aviation.

So, the key opportunities mentioned were:

Key opportunities mentioned	
Spreading of logistics risks	Sea freight also has its problems, but it is an interesting option to spread logistical risks.
Better product quality	A few interviewees with experience in sea freight indicated that sea freight can theoretically be planned well and the result is a better quality than air freight because of less temperature fluctuations.
Being ready for upcoming sustainability and carbon footprint requirements	Most expect that in the coming years there will be increasing pressure from national and European regulations that will require a more sustainable floriculture trade. Sea freight seems to offer an alternative to respond to this trend.

Sea freight also seems to offer some opportunities during peak days, but being present on the market in time is much more important than costs. Even with extremely high air freight costs, most parties prefer to fly during Valentine's Day than run the risk of being left with a container of flowers that arrives too late.

Expectations for the coming five years

Most traders indicated that they will always opt for a combination of sea freight and air freight. The continued problems due to delays will remain a major issue for the time being in order to be able to switch completely to sea freight.

Most interviewees expect a share of 25 to 50% sea freight for flowers from East Africa. Traders in the florist channel estimated a range from 0% to a maximum of 30% of the flower imports that will be via sea freight in five years. Almost everyone indicated that it will mainly be the large "retail guys" where sea freight will develop strongly. Some of the companies who supply retail chains believe that a shift towards sea freight of at least 50% of the total volume will take place within 5 years. These figures are remarkably higher than what we heard a couple of years ago.

4 Recommendations

When asked how stakeholders on the Kenyan and European side can contribute to the development of sea freight, the answers in most cases remained fairly general and brief. Nonetheless, some recommendations stood out and follow from mentioned opportunities and concerns.

I. Business environment facilitating sea freight development

The main role of Governments on Kenyan and European side is to ensure that the business environment is optimally equipped and facilitates the development of sea freight and floriculture in a broader sense.

- Legislation, Customs procedures and phytosanitary services must be optimally organised for the specific demands in the field of sea freight.
- If possible, when containers are loaded on farms, phytosanitary checks should be conducted at farms.
- Active support to businesses setting up ocean freight initiatives, for example through grants and assistance with pre-financing.
- It is expected that governments (national and European), by means of a targeted policy on CO2 reduction, will increasingly encourage the industry to move towards sea freight as an alternative to the current approach.

II. Logistics

- The industry asks for more regular and reliable connections between Mombasa and Europe. It was mentioned several times that the range of connections is not optimal and should be expanded in the future.
- Continued investments in the development of Mombasa Port, its capabilities to handle horticultural products, and other investments in the local infrastructure.
- Dedicated 'horti' arrival port in Europe: a 'dedicated' handling port for fresh product in Europe is mentioned by many as an interesting option in which governments could play an important role.

III. Establishing best practices

There is a need for development and integration of sea freight procedures in common business processes. There is a role for government or sector organization in formulating and sharing best practices:

- An industry-recognised best practice document describing sea freight requirements, which can be translated into company specific procedures.
- Training on best practices for sea freight.
- One of the participants mentions the need for a certificate for expertise in sea freight. This certificate should demonstrate that a company is ready for sea freight, follows best practices such as carrying the right assortment, has correct refrigeration conditions, follows the correct procedures, etc.

IV. Industry readiness

The level of knowledge about sea freight and readiness among growers and traders should improve. Knowledge about the requirements and possibilities of sea freight should become more commonplace, particularly among those companies that have not yet gained practical experience.

There are several ways this could be accomplished. One idea would be to setup a coaching or training programme for selected companies in combination with industry-wide training activities.

In the end, the goal of the coaching programme should be that participating companies develop sustainable maritime transport shipments (not a trial):

- To encourage involvement of smaller and medium-sized companies in sea freight (both in Kenya and Europe): a target group of 5 to 10 participating Kenyan farms and a few importers.
- Training on sea freight matters.
- Translate best-practices into company-specific procedures and assist with implementation.
- Carbon footprint calculations.
- Shipments closely monitored on Kenyan and European side.
- Share experiences with rest of the industry.

Final considerations

Although sea freight interest is picking up again, it is still not mainstream. This seems partly a chicken and egg situation. The industry is hesitant because customers don't ask for it. On the other hand, retail customers and consumers don't ask for it because the sector is not yet ready.

One of the interesting lessons from this survey is the observation that the recently increased interest in sea freight has mainly arisen from the problems in air freight. With this in mind, it can be concluded that one of the most effective ways to stimulate the development of sea freight is by discouraging air freight. As more and more governments are serious about reducing CO2 emissions and making trade policies more sustainable, we can expect this to happen anyway.

It is simply a must for Kenya in the long run to offer products with a favourable carbon footprint. Otherwise, Kenya will increasingly lose out in the European market to regionally grown products or other suppliers that have a lower carbon footprint.

Appendix List of Interviewees

Importers

1. BSI - Martijn Bouwman
2. Fresco - Gerjan Telleman (Owner) and Aart Buijzer (Commercial Activities) - www.frescoflowers.nl
3. Kneppers Rozen - Richard Kneppers (Owner) - www.kneppersrozen.nl
4. Rosalink - Erik Bruine de Bruin (Director) - www.rosalink.com

Wholesale traders

5. Bouquetnet - Yves Zurel (Head of Imports) - www.bouquetnet.nl
6. Coloriginz - Don van der Meer (Commercial Manager) - www.coloriginz.com
7. FleuraMetz - Danny van Berg Henegouwen (Director Purchasing) - www.fleurametz.com
8. Greeneyard (Univeg) - Chiel van de Kooij (Quality Manager) - www.greeneyardfresh.nl
9. Hilverda de Boer - Arwin Haasnoot (Import Manager Roses Kenya) - www.hilverdadeboer.nl
10. Hukra - Marcel de Best (Head Purchasing) - www.hukra.com
11. Verdel Bloemenexport - Dave Granneman (Import Manager) - www.verdel.eu
12. Rose Portal (Zandbergen Group) - Colin van Egmond (Sales Accountmanager) - www.zbgroup.nl/roseportal

Retailers

13. ALDI SÜD - Thomas Duijndam (Buying Manager Global Sourcing at ALDI SÜD)- www.aldi.com
14. Bama Blomster - Nick Kalkdijk (Unit Manager Flowers & Plants) - www.bama.no
15. Jumbo - Edwin Schijvens (Head Quality Control) - www.jumbo.com

Other

16. FSI - Jeroen van Oudheusden (Executive Officer) - www.fsi2025.com