

Promoting Global Horticultural Inc. Cut Flower Sleeves in Nepal

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AGR\*1110

Friday, 8:30 a.m.

November 24<sup>th</sup>, 2014

Nepal – a South Asian nation of about 30 million inhabitants - has a climate that could allow for a thriving agricultural sector (UNDP, 2013). Unfortunately, economic and developmental restrictions prevent it from reaching its full potential. Canada has the knowledge and export capabilities to aid this nation in the development of its agri-food sector. In helping Nepal, the Canadian economy can be benefited through trade. This paper will explore Global Horticultural Inc.'s cut flower sleeves. The cut flower industry in Nepal is relatively new and rapidly expanding. Product information will be described, as well as the potential benefits to both Nepalese cut flower producers and to the Canadian economy.

### The Product

Cut flower sleeves are used in dividing and distributing cut flowers in a bouquet format. They are typically plastic sheets of varying size, texture, colour and durability. Global Horticultural Inc.'s cut flower sleeves come in 3 materials: cast polypropylene, bi-orientated polypropylene and bio-based packaging (Global Horticultural Incorporated, 2014).

Cast polypropylene is a durable plastic sleeve which does not tear easily (Global Horticultural Incorporated, 2014). Bi-orientated polypropylene is stiffer than cast polypropylene, stands up more easily, but is less durable and tears more easily (Global Horticultural Incorporated, 2014). Global Horticultural Inc. can supply polypropylene sheets in either transparent or metalized versions (Global Horticultural Incorporated, 2014). Bio-based packaging is seeing greater and greater demand within the company, and is used in many of its products (Global Horticultural Incorporated, 2014). Bio-based sleeves are composed of 100% biodegradable and compostable raw materials, including starch from corn and fibres from sugarcane (Global Horticultural Incorporated, 2014). Increased manufacturing of bio-based

sleeves would require corn, which would benefit Canadian corn farmers. Sleeves can be cut in any shape and size to fit specific packaging and distribution needs (Global Horticultural Incorporated, 2014). As well, with additional cost, custom designs can be printed on the sleeves using flexoprint or copperplate technologies (Global Horticultural Incorporated, 2014). Depending on thickness, material and additional features, the price of each individual sleeve ranges from 0.01 to 0.35 dollars each (Global Horticultural Incorporated, 2014).

### The Company

Global Horticultural Inc. is based in Beamsville, Ontario and supplies a large variety of horticultural products to buyers across North America (Global Horticultural Incorporated, 2014). The company has been around for 20 years and currently employs 18 people (Global Horticultural Incorporated, 2014). They have over 6000 items in stock, including biologicals, plant tags, growing mediums, fertilisers, crop management, horticultural systems and greenhouse supplies (Global Horticultural Incorporated, 2014). Several competitors in the flower sleeve market exist in Canada, including Flamingo Holland Canada and Allmac Packaging. Global Horticultural Inc. offers lower prices on polypropylene sleeves, and has a well-developed bio-based packaging manufacturing system.

### Nepal

Nepal is a landlocked country in South Asia, which shares a border with China to the North and India to the South (UNDP, 2013). Its population in 2014 is 30 986 975, with a population density of 180 people per km<sup>2</sup> (UNDP, 2013). Over 100 languages are spoken by the many different ethnic groups of Nepal, which mainly practice Hinduism and Buddhism (UNDP, 2013). It is classified as a third world country, with one of the lowest human development

indexes in the world at 0.463 in 2012 (UNDP, 2013). This ranks Nepal at 157 out of the world's 187 countries on the human development index (UNDP, 2013). 44.2% of the population is living in multidimensional poverty, without access to adequate drinking water, health care and education (UNDP, 2013). 24.8% of the population is living below the income poverty line-earning below \$1.25 (US) (UNDP, 2013). This makes development of the agri-food sector – as well as all sectors – difficult, as most people lack the knowledge and resources to expand. Nepal has a relatively large population and a fertile climate that would allow for productive economy. With help in evening out distribution of wealth, standards of education will increase along with technological advancement. This will allow the average Nepalese citizen to enjoy a quality of life equal to or better than neighboring nations. Investing in Nepal's newly emerging cut flower industry is a great way to encourage economic growth and equalizing the distribution of wealth in the nation.



**Figure 1:** Nepal (Red) in Asia. url: <http://wa1.www.unesco.org/uil/litbase/media/NepalMap.png>

## Nepal's cut flower industry

Floriculture is defined as the cultivation of ornamental plants. Although flowers have played an essential role in the religious practices of the Nepalese for millennia, commercial floriculture is relatively new compared to Western and other Asian nations (Gauchon et al., 2009). The industry is rapidly expanding due to Nepal's fertile climate and cheap labour (Paudel, 2014). Nepal has a massive floral biodiversity at 6500 flowering plant species (Gauchon et al., 2009). There are a total of 635 nurseries, 4 regular wholesalers and 60 regular retailers in Nepal (Gauchon et al., 2009). The industry is most prominent in the Kathmandu Valley, where the majority of the population can be found (Paudel, 2014). The physical geography of the Kathmandu Valley is also ideal for floriculture, as the elevation and latitude give rise to fertile soils (Paudel, 2014). The concentration of growers and buyers within Nepal is also notable in Pokhara, Narayangadh, Hetauda, Biratnagar, Dharan and Dhangadi (Gauchon et al., 2009). In these smaller towns, cut flowers are mainly bought for religious practices and home decoration for the wealthy (Gauchon et al., 2009). The Kathmandu Valley contains a large number of five star hotels, large businesses and international meeting spots which make great use of the cut flowers (Gauchon et al., 2009). The growing cut flower industry is a great way for wealth to be transferred from the upper classes to the lower classes (Paudel, 2014). As religion plays a crucial role in the lives of many Nepalese, upper class citizens are willing to pay for quality flowers. Expensive hotels and large businesses also put aside a sizeable portion of their budgets toward floral decorations.

Nepalese growers use newspaper to wrap their flowers (Paudel, 2014). Once harvested, cut flowers are typically brought immediately to market, as storage requires cold temperatures and adjusted humidity (Paudel, 2014). Although this storage condition can keep flowers bright

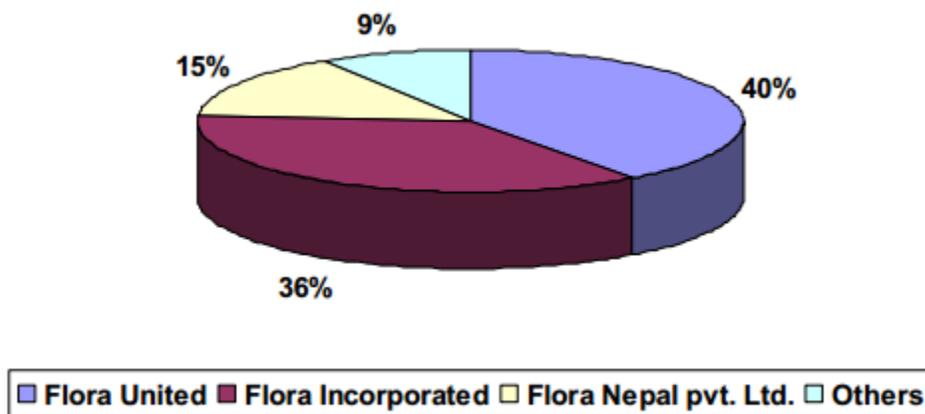
and alive for 15-20 days, the technology is often too expensive for growers, which must then sell the flowers as quickly as possible (Paudel, 2014). Compared to plastic flower sheets, cut flowers wrapped in newspaper do not survive long post-harvest (Paudel, 2014). Moisture is absorbed by the paper, contributing to wilting. Global Horticultural Inc.'s cut flower sleeves could therefore allow for a greater post-harvest shelf life. This means growers do not need to rely on local markets for business. They can sell to customers in other areas of Nepal, allowing for more wealth to be transferred to areas outside the Kathmandu Valley, which tend to be less developed. The major flower species grown and sold within Nepal are carnations, gladiolus, gerbera and roses (Gauchon et al., 2009). Other flower species grown and sold in Nepal include tulips, calendulas, statice, lisianthus, orchids, tuberose among others (Gauchon et al., 2009).

#### Nepal's cut flower exports

Nepal has great potential in being a major player in the cut flower industry in its region. The acclaimed Indian hotels to the south are constantly in need of cut flowers in their decoration (Paudel, 2014). Countries such as Japan and the Gulf countries (Saudi Arabia, United Arab Emirates, etc.) do not have climates that can support the mass production of ornamental plants (Gauchon et al., 2009). These are great opportunities for Nepal to expand their cut flower industry. One company in Nepal – Everest Floriculture – exports a significant amount of roses to Japan every year (Gauchon et al., 2009). The general lack of infrastructure contributes to inefficient post-harvest practices. This is the main obstacle in transporting the cut flowers over long distances. Global Horticultural Inc.'s cut flower sleeves would allow for extended shelf life. In turn, this would allow for increased export opportunities, as cut flowers could travel longer distances. The company's ability to print custom designs could also be utilized by retailers, as the aesthetics of the sleeves may be attractive to upper class buyers in decorating.

## Marketing

Advertisement is not as prominent in Nepal as it is in developed countries. Word of mouth remains the major method of information sharing among the Nepalese. In order to make Global Horticultural Inc.'s flower sleeves known to growers, it is essential to inform the major wholesalers of the potential benefits of plastic flower sleeves. These 4 wholesalers are, in order of supply in total market: Flora United, Flora Incorporated, Flora Nepal Pvt. Ltd. and Standard Nursery (Gauchon et al., 2009). The majority of the 635 nurseries in Nepal sell to these central wholesalers (Gauchon et al., 2009). The wholesalers would therefore be the focus of marketing efforts, as they could inform their growers of the product and act as central distributors for the sleeves.



**Figure 2:** Breakdown of major cut flower wholesalers in Nepal. url: [http://www.ku.edu.np/kuset/VOL5\\_No1/9\\_Gauchan\\_Current%20status%20of%20cut%20flower%20%20%20%20%20%20%20%20%20%20paper\\_edited\\_original.pdf](http://www.ku.edu.np/kuset/VOL5_No1/9_Gauchan_Current%20status%20of%20cut%20flower%20%20%20%20%20%20%20%20%20%20paper_edited_original.pdf)

## Shipment

The product will be shipped to Nepal through the service A1 Freight Forwarding (A1 Freight Forwarding, 2014). The total daily demand for the top 4 flowers produced in Nepal is

12500 sticks/day. At around 15-20 sticks per bouquet, an approximate total of 625 sleeves are required per day among the Nepalese wholesalers (Gauchon et al., 2009). At approximately 1000 sheets per kilogram, a year's supply of sheets can be shipped from Toronto to Kathmandu for \$713 CAN (\$3.1/kg) (A1 Freight Forwarding, 2014). As all the wholesalers are in the Kathmandu Valley, collection in Kathmandu would be quick and simple.

### Benefits to the Canadian Economy

Although neighboring China and India each have hundreds of companies that produce flower sleeves, the Nepalese are still using newspapers to wrap their cut flowers (Alibaba.com, 2014). This is most likely due to lack of communication between nations. Whether it is due to a lack of awareness of Nepal's newly emerging cut flower industry, or a seemingly insufficient market in Nepal, flower sleeves are not a product being traded among these nations. This gives Canada a great opportunity to invest in this growing industry, which would strengthen trade bonds between nations. This will become increasingly rewarding as wealth distribution equalizes and infrastructure develops.

On a local scale, Global Horticultural Inc. will benefit immensely from the sales. As well, all employees are Canadian, and almost all materials are Canadian-made (bio-based packaging raw materials are an exception). Sleeves are cut and packaged on site. If Nepal were to buy sleeves from this company, production would increase. This would create employment opportunities and provide more sales to suppliers. As mentioned earlier, corn farmers would have more sales opportunities as well in supplying the corn meal in the bio-based packaging. Increased production would also result in more development into biodegradable packaging.



**Figure 3:** Sleeve cutting machine. url: <https://www.youtube.com/watch?v=kbQ-Q8TCvS0>

### Conclusion

Promoting Global Horticultural Inc.'s cut flower sleeves in Nepal is an effective way to boost their cut flower industry. This will subsequently aid in transferring wealth from upper classes to commercial growers, which will ultimately allow for increased infrastructure and raised quality of living. The Canadian economy will benefit in trade relations, general sales and developing green technologies. Although demand for sleeves is not very high yet, investing in Nepal's cut flower industry will reap greater sales in the future, due to increased exporting potential.

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