Introduction

Background
- Phalaenopsis orchid is one of the flagship products in the quality agricultural development program in Taiwan.
- Among various floral species cultivated commercially, phalaenopsis occupies a central role because its export accounts for 50 percent of total floral export value.
- The value of exports in 2010 was nearly US$ 82.6 million.
- Export grew 5% in spite of the financial storm in 2008.
- The growth rate reached 32% in 2010.

Threats and Weaknesses
- The market prospect is getting dimmer and riskier due to the fiercer competition from the Netherlands and China and the outbreak of the global financial crisis in 2008.
- Consumer demands in the major export are weakened by lower demand, 2011 earthquake.
- The increase in the cost of production and transportation.

Key Factors for Sustainable Growth
- Better quality control, long-lasting flowers, stable year-round supply, more choices in varieties, and healthy plants.

Export Share in 2010

The US and Japan accounts for 1/3 and 1/4 export share, respectively.

Strategies of Major Competitors

Netherlands
- 1. Open and free competition
- 2. Global sourcing
- 3. Core breeding stayed home
- 4. Complete supply chain
- 5. Understand the demand of customers
- 6. High quality standard
- 7. Medium-small growers cooperate w/ each other
- 8. Joint branding (e.g. Decorum)

Taiwan Growers’ Strategies in Different Markets

US Market
- Contact with large commercial pot flower growers
- Improve national image
- Joint venture in B2B & B2C
- Ensure intellectual property right

European Market
- Differentiation and joint-branding for niche market
- Technology
- Auction and Partnership

Conclusions

Government
- Improve national image through floral fairs/expo
- Ensure intellectual property right

Growers
- Leading in breeding technology
- Joint venture in B2B & B2C

B2B Branding
- Most large growers have B2B
- Keys for B2B: Quality (low defect rate), Long shelf-life, Stable supply Choice on variety

B2C Branding
- Most large growers do not adopt B2C
- Small/Medium growers keen on B2C to differentiate product as promotion strategy
- Major problem: Quality control is difficult due to long supply chain.

New variety creates new market, but squeezes business life

The Growing Export Market, 2005-2010

Japan and US market Trends

Japan
- Auction price of phal. cut flowers and pot plants decrease 7.3% and 8.5% in 2007-2009.
- Supply side: Aging producers, high fuel cost
- Demand side: Lower demand, 2011 earthquake

US
- Asian growers enter with low-price strategy
- Dual Market:
  - Wholesalers/Outlets → for Large growers
  - Flower Shops → for Smaller growers


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A Study on the International Marketing and Branding Strategies of Taiwan’s Phalaenopsis Orchid Industry

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