# MARKETING OF FLOWERS IN DHAKA CITY

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## ABSTRACT

The study is based on primary data collected from randomly selected 30 flower shops (64 percent) out of 47 permanent shops in Dhaka city to examine the marketing system, cost, margin, existing traders' problems and suggestions for their development/improvement. The marketing system is not well organized. Various marketing functions are poorly done. The average marketing cost accounted for 18.67 percent followed by damage (14.68 percent) and shop rent (13.62 percent). Marketing margins constitute about 54 percent of consumers' price of which 27.04 percent is incurred as marketing cost and 36.96 percent retained as traders' profit. Problems faced by traders in Dhaka city are identified along with their suggested measures for solutions. Government assistance both at the production and marketing levels is felt for the proper development of this new enterprise.

## I. INTRODUCTION

Commercial floriculture has emerged as one of the most profitable, important and innovative ventures in Bangladesh. Agro-climatic conditions of the country are suitable for growing a variety of flowers all the year round. The country has gained experience in commercial flower production for about 15 years. Production pattern of flowers could be grouped into two : some are cultivated for sale as cut flowers while others are mainly for display purpose. Different varieties of cut flowers are sold in Dhaka city of which the most common are rose, tuberose, gladiolus, marigold and Beli. Success of commercial floriculture depends largely on well developed marketing system as flowers are perishable products which require careful handling and quick marketing. In the international flower market, the largest supplier (59 percent) of flowers is Netherlands whose supremacy in market depends on its sophisticated distribution system (Griffin, 1995).

But in Bangladesh both the production and marketing of flowers are developing by the private initiative without any planned way. A modest attempt has been made to study the marketing of flowers in Dhaka city. The specific objectives of the study are as follows :

To examine the flower marketing system.

To estimate the marketing cost and margin of the flower traders.

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To identify the problems of flowers marketing and suggest measures for improvement.

The paper consists of five sections. Methodology is explained in section II. Marketing system, cost and margins are analysed in section III. Section IV deals with problems of flower traders and their suggested measures. Policy implications are given in section V.

## II . METHODOLOGY

Dhaka city was selected as the study area because it is the largest and main flower marketplace in Bangladesh. About 78 flower shops were found in Dhaka city of which 47 were permanent and 31 were floating on pavement. Sixty four percent (30) of the total permanent flower shops were randomly selected for this study. On the basis of volume of flowers transaction the selected shops were categorized as large (12), medium (11) and Small (7) shops. The average number of flowers transacted per month by the large, medium and small shops were 104514, 47224 and 18283 respectively. Data were collected during the months of February and March, 1995.

## III. MARKETING SYSTEM, COST AND MARGIN

Marketing system is analysed by considering three important components of the system. The components are : marketing channels, market participants or middlemen and the marketing functions (Kohls and Uhl, 1980). Fig 1 shows the distribution channels of flowers with reference to Dhaka market. Apart from farmer-producers, a number of intermediaries are involved in the marketing of flowers. They are Beparis, Sarder (labour leader), retailer cum wholesaler and retailer. Labour Sarder plays an important role in the distribution system only for those flowers which come from Jessore area. So Sarder is not shown in the marketing channels.

**Market participants :** A brief description of the participants involved in flower marketing is presented below.
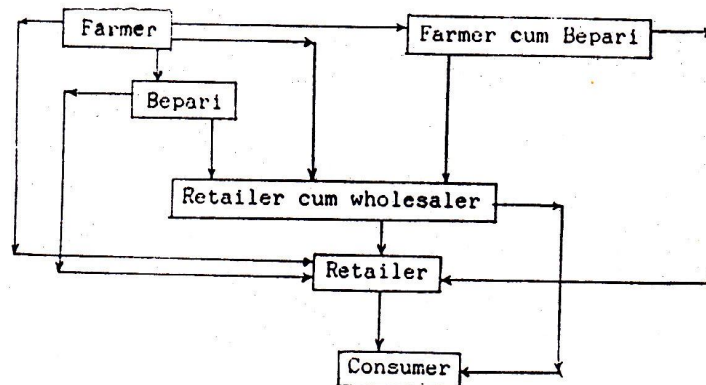


Fig. 1. Marketing channels of flowers

**Farmers :** Generally flower growers sell flowers to the Beparis at the field. Sometimes they sell to flower shops in Dhaka city. A small portion of total production is sold to local users.

**Beparis :** Beparis are professional traders who purchase flowers from farmers and use to sell to the flower traders in Dhaka city.

**Sarder :** Labour Sarder acts as distributor who receives the consignment of flowers at the college gate of Dhaka college which is sent by the farmers and farmer cum Bepari from Jessore area. Sarder s responsibility is to distribute the flower bundles according to direction of the senders.

**Retailer cum Wholesaler :** The}ʼ are also professional traders who own permanent establishment in Dhaka city. A few of these traders do the job of wholesaling along with retailing.

**Farmer cum Bepari :** Some of the flower growers purchase flowers from the other farmers as Bepari and use to sell all the flowers directly to the flower shops at Dhaka.

**Retailer :** Retailers are relatively small but have also permanent shops in the city. They purchase flowers both from the retailer cum wholesaler and farmers. They are the last link with the flower users.

## Marketing functions

The functions performed by the traders are discussed below.

**Buying and selling :** The traders in Dhaka city are found passive in buying flower but very active in selling it. They purchase flowers at their shops which are either supplied or brought to the shops by the Beparis or flowers growers.

**Pricing :** Pricing of flowers in Dhaka city is done independently by individual flower traders. Flower traders dominate the market. Factors like demand, supply and also quality of the flowers are duly considered by them to set price. About 80 percent of the sellers reported that they did not follow any fixed price policy (Husain and Rahman 1994).

**Processing :** The traders sort the flowers and arrange them in various forms such as flower basket, garlands, bouquet and also in according to buyer's order.

**Grading :** There is no evidence of scientific grading of flowers. But traders use to grade flowers on the basis of own business experience and according to buyer's preference.

**Storage :** Flowers need specialized storage facilities which are not available in Dhaka market. Usually the flowers with long stem are kept in a bucket of water. The water is changed after every twenty four hours. Water is also sprinkled upon some flowers such as rose, Beli, marigold etc. Flowers ate kept in cool place and never exposed to the sun.

**Transportation :** The selected traders do not use transport in buying flowers as the suppliers deliver flowers at the shop premises. But rickshaw van is used to bring flowers from college gate which come from Jessore. However, transport is used in time of home delivery of flowers and to furnish orders. The common modes of transportation are rental car, baby taxi and rickshaw.

**Market information :** There is no system of dissemination of market information either among the flower traders in Dhaka market or between traders and flower growers in the country. More details on marketing functions can be seen in Sultana's (1995) study.

## Marketing cost and marketing margin

Marketing cost refers to those costs which are incurred to perform various marketing activities involved in the shipment of goods from producers to consumers. But here, marketing cost denotes only that part of total marketing costs which are incurred by the sample flower traders in Dhaka market. Table 1 shows marketing cost of flowers for different groups of traders.

Total marketing cost for 100 flowers was highest (TK. 88.48) for small traders followed by large traders (Tk. 49.68) and medium traders (Tk. 48.81). Although there were variations in cost items among the different groups of traders, the cost of labour accounted for the highest amount (about 19 per cent) of total marketing costs followed by damage (14.68 percent), shop rent (13.62 percent), managerial cost (9.70 percent) and basket (8.11 percent).

Marketing margin here denotes the difference between sales price and purchase price per unit of flowers. It includes both cost and profit. The average margin for 100 flowers is Tk. 107.05 (Table 2) which is higher than that of large traders (Tk. 104.88) and medium traders (Tk. 105.71) but less than that of the small traders (Tk.122.88). The average marketing cost and profit are almost same but the cost component of large and medium traders is lower than the corresponding profit component but small trader's marketing cost (Tk.88.48) is more than 2.5 times higher than the profit (Tk. 34.40). Diseconomies of size for the small traders might be responsible for higher cost of marketing.

## IV. MARKETING PROBLEMS AND SUGGESTIONS

The marketing problems have been changing over the years with the expansion of flower trading. In 1991 the problems faced by the flower traders in Dhaka city were uncertainty about demand for and supply of flowers, political unrest, demand for unauthorised subscription and lack of government policy (Husain 1993). However, the current marketing problems faced by traders are presented in Table 3. All the flower traders mentioned non-availability of sufficient

**Table 1. Marketing cost of flowers incurred by traders**

(Cost for 100 flowers; in Taka)

| Cost items | Traders | | | |
|---|---|---|---|---|
| | Large | Medium | Small | All |
| Basket | 3.83 (7.71) | 3.97 (8.13) | 8.30 (9.38) | 4.35 (8.11) |
| Refine & cello-phane | 2.80 (5.64) | 1.77 (3.63) | 5.54 (6.26) | 2.81 (5.24) |
| Thread | 0.36 (0.72) | 0.62 (1.27) | 1.26 (1.42) | 0.53 (0.99) |
| Scotch tape | 1.12 (2.25) | 1.46 (2.99) | 2.34 (2.65) | 1.35 (2.52) |
| Miscellaneous | 4.84 (9.74) | 2.77 (5.68) | 4.06 (4.59) | 4.18 (7.80) |
| Managerial | 4.78 (9.62) | 4.97 (10.18) | 8.20 (9.27) | 5.20 (9.70) |
| Labour | 7.77 (15.64) | 11.32 (23.19) | 19.39 (21.91) | 10.01 (18.67) |
| Shop rent | 4.63 (9.32) | 9.43 (19.32) | 17.04 (19.26) | 7.30 (13.62) |
| Advertisement | 0.24 (0.48) | 0.24 (0.49) | 0.45 (0.51) | 0.26 (0.48) |
| Electricity charge | 4.39 (8.84) | 1.57 (3.22) | 7.61 (8.60) | 3.95 (7.37) |
| Water charge | 3.55 (7.15) | 1.53 (3.13) | 0.88 (0.99) | 2.70 (5.04) |
| Damage | 7.42 (14.94) | 7.99 (16.37) | 10.21 (11.54) | 7.87 (14.67) |
| Entertainment | 3.95 (7.95) | 1.17 (2.40) | 3.20 (3.62) | 3.10 (5.78) |
| Total | 49.68 (100.00) | 48.81 (100.00) | 88.48 (100.00) | 53.61 (100.00) |

Source : Field survey, 1995.
Figures in parentheses indicate percentages

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**Table 2. Cost and margin for flower traders**

(Taka for 100 flowers)

| Particulars | Traders | | | |
|---|---|---|---|---|
| | Large | Medium | Small | All |
| Purchase price | 85.83 | 92.50 | 118.17 | 91.16 |
| Sales price | 190.71 | 198.21 | 241.06 | 198.21 |
| Gross margin | 104.88 | 105.71 | 122.88 | 107.05 |
| Marketing cost | 49.68 | 48.81 | 88.48 | 53.61 |
| Profit | 55.20 | 56.90 | 34.40 | 53.44 |

**Table 3. Marketing problems faced by the traders**

| Problem | Number of respondents | Percent |
|---|---|---|
| Non-availability of flowers on demand | 30 | 100.00 |
| Damage due to lack of storage facility | 28 | 93.33 |
| Lack of appropriate transportation facility | 27 | 90.00 |
| Non-availability of preservatives | 20 | 66.67 |
| Lack of trained salesman | 15 | 50.00 |
| Shortage of new varieties of flowers | 12 | 40.00 |
| Farmers' unawareness about demand | 10 | 33.33 |
| Existence of footpath shops | 6 | 20.33 |

Source : Field survey, 1995

flowers at right time to meet the current demand as the most important problem. Lack of storage facility and lack of adequate and suitable transportation facilities were noted as problems by about 93 percent and 90 percent of the traders respectively. About 67 percent of the traders faced non-availability of preservatives for flowers as problem while lack of trained salesman was mentioned by 50 percent of the respondents. Shortage of different new varieties of flowers, farmers' unawareness about market demand and an existence of unauthorized flower shops were problems as reported by 40 percent, 30.33 percent and 20.33 percent of the respondents respectively. The intensity of the problems as felt by the traders were ranked from their point of view.

**Table 4. Traders suggestions for solution of marketing problems**

| Suggestion | No. of respondents | Percent |
|---|---|---|
| Development of storage facility | 30 | 100.00 |
| Cultivation of varieties of flowers around the year | 23 | 83.33 |
| Contractual agreement between growers and traders | 23 | 83.33 |
| Improvement of suitable transportation system | 20 | 66.67 |
| Training facilities for salesmanship | 12 | 40.00 |
| Maintenance of quality | 6 | 20.00 |
| Provision for appropriate technology for growers | 5 | 16.67 |

Source: Field Survey, 1995

The measures suggested by the traders were development of modern storage facilities (100 percent), cultivation of various flowers around the year (83.33 percent), contractual agreement between producers and traders (83. 33 percent), provision for adequate and suitable transportation system (67 percent), development of training facility for salesman (40 percent), maintenance of quality (20 percent) and availability of appropriate technology for the growers (17 percent; Table 4). Urgency of government initiative both for the improvement in production and marketing was felt by the flower traders (Hasan 1991)

## V.   POLICY IMPLICATIONS

The government should take measures to provide appropriate production technology of flowers to the established farmers and also to disseminate this new enterprise development among the potential flower growers in the country through directorate of agricultural extension. Flowers can be a good foreign exchange earner for Bangladesh.

Flower growers should be organized into farmers' association which would   enable them to perform the various flower marketing activities more efficiently. It will not only improve the condition of the growers but also facilitate the regular supply of flowers at reasonable price to consumers. Government support in the form of providing necessary training, storage and other facilities would encourage the flower traders to improve the domestic market as well as to explore the potentiality in international flower market.

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