

Topic One Case Study The Dutch Flower Cluster

1. Who are the main actors in the cluster? What are the key institutions for collaboration, and what role did they play in the development of the cluster?

The main actors of the Dutch Flower Cluster are the Association of Wholesale Trade in Horticulture Products (VGB) and the Aalsmeer Flower Auction (VBA). The VGB encompasses all aspects (grower, auction, consumer) of the cluster. Within the grower's realm, this organization ensures quality flowers through government intervened labor agreements and technological innovations. It improves marketing and logistics that contribute to the betterment of the auction process. The VGB also enhances the knowledge of the products in which the traders or consumers purchase. VBA is a huge actor within the cluster as well. It is also a key institution to the cluster. Although it is only the auction in which the products pass through, it brings everything together. Even before the merging with FloraHolland and claiming that name, it was considered the hub of the Dutch Flower Cluster. Growers do not have to go through the auction process, yet most do bringing predominately all flowers through. Not only flowers produced within the Dutch Cluster filter through the auction, foreign clusters send their products through and in turn these products are exported all over the world. The auction process played a significant role in the development of the cluster by expanding the cluster internationally.

2. How did the Netherlands build the most competitive flowers cluster in the world in a country with a cold and cloudy climate?

The Netherlands built the most competitive flower cluster in the world despite its less than perfect climate for flower cultivation by the use of greenhouses. They built these houses completely of glass and warmed them by means of natural gas, which allowed for cultivation throughout the entire year, no matter the season.

3. How has the Dutch cluster sustained its leadership position for so long?
What changes took place? What were the main innovations developed by the cluster? What role did government play in achieving this cluster leadership?

The leadership position the Dutch cluster holds has been sustained through their overall thoroughness within their products and expanding into their market. Through their continuous research and innovations, the cluster has been able to stay ahead of the curve by keeping up with the changes that are occurring as well as bringing new ideas and varieties that interest the market. All the while, keeping the quality of their products up to par. Leadership was also established through the connections the Dutch cluster made with foreign clusters. They would provide supplies, service and knowledge to the foreign cluster to help them advance. At the same time, they were boosting their cluster by means of expansion. Many changes occurred within the cluster like auction and grower merging. Changes within means of transportation altered throughout the years, from train and ship to air travel. Many organizations arose, each specifying on certain areas of interest but altogether contributing to the betterment and enhancement of the cluster as a whole. Changes specifically within production were continuously happening but with each change the cluster retaliated with innovations of their own. Innovations such as climate controlled greenhouses and artificial lighting that provided for cultivating and harvesting all year long. They also developed specialized systems to manage and help their logistics process. Changes within environment awareness and energy cost caused government intervention. Agreements were made to reduce the amount of environmental impact that would result from any part of the growing process. Applying to cost, due to natural gas prices rising, efforts were made to be more energy efficient within the greenhouses.

4. Why had flower production internationalized over the last few decades?
How are the flower clusters in various countries connected? How do they compete?

Flower production internationalized over the last few decades by transportation means. The ability to transport flowers by air increased the international spread of flowers produced at all locations. Also the Dutch clusters help in aiding other countries contributed to the flower productions expansion. The Dutch cluster, either by their aid and or their auction houses, connects the clusters located in all areas of the world. However, they are all competitive with one another, each with their own advantages and disadvantages, the main competitive factor being cost. For example Columbia has great climate for year-round flower production, without the need of greenhouses. Therefore Columbia's expense is mainly transportation, while the Netherlands main expense is climate-control by means of a greenhouse.

5. What are the challenges facing the Dutch cluster in 2011? In terms of cost, how does it compare with other clusters? Is the Chinese flower cluster an opportunity or a threat to the Dutch flower cluster?

The major challenges facing the Dutch cluster in 2011 are environmental, cost, and decline in auction interest. As society becomes more aware of the environment, the cluster is forced to comply and reduce their use of chemical fertilizers and agents as well as carbon-based energy. For growers this could be a struggle. In the cost spectrum, the price of natural gas has jumped tremendously, which is a blow to the Dutch cluster because of their dependence on greenhouses. Their ability to compete with foreign clusters that do not rely on greenhouses will decrease. Another challenge the Dutch cluster is facing is the decline in auction participation. Some aspects such as, logistics are still desired but the full process not so much. While other clusters face their own separate cost challenges, the Dutch clusters' are more expensive, hindering them in competition. China, while at first seemingly innocent in competition, as it was started by a Dutch company and funded by the Dutch government, is now growing at a high rate. Adopting the Dutch techniques and auction system has contributed greatly to their increasing cluster. Acting on this in time and appropriately could allow for the Chinese cluster to be an opportunity and maybe even a way to overcome their challenges. If not however, this growing Chinese cluster could pose as a great threat to the future of the Dutch cluster.

6. What recommendations would you make to FloraHolland? To the Dutch government? To a major grower?

My recommendations to FloraHolland would be to create some sort of incentive for using their auction process in hopes to raise their participation rates back to where they used to be. To the Dutch government I would suggest continuing the environmental actions they are enforcing to reduce the amount of negative impact flower production has on the environment. I would also recommend that the Dutch government enhance their control on the plant varieties they created to reduce the amount of piracy the China cluster or any other cluster can gain from. Lastly my recommendations to a major grower would be to continue creating new varieties and to always keep the quality of their products number one. The better the quality the less sales will decline.