

Commercial Production of Orchids: Future Prospect

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THE BACKGROUND

I entered the orchid growing business when the Japanese economy was very prosperous. Until the downturn came at the end of the economic peak their market value increased because the demand for orchids as gifts was high. Prior to the downturn it was hoped that orchid production would become a large horticultural industry bringing in as much as a trillion dollars per year. During this rapid growth in demand for orchids many nonhorticulturists, such as people working in electric companies, began producing orchids.

Interest was further stimulated during this period when the world's largest orchid conference, World Orchid Conference, was successfully held in Tokyo. In addition, many books on orchids covering topics from picture books of orchids to specifics about raising them were published. So, it seemed that even the book publishing companies would make a lot of money from orchids not just those who raised, marketed, or traded them.

However, the economy took a downturn taking the orchid market with it. The market price for orchids fell because of oversupply from tissue-culture propagation, as well as from large volume retailers being unable to sell orchids. Rectifying the economic problem caused by the oversupply will not be an easy task.

THE FUTURE

There are three primary reasons for the decrease in the purchase of orchids:

- 1) The prices are higher for orchids than they are for regular pot plants.
- 2) The aftercare of orchids by customers is not easy.
- 3) The range of plant forms and flower colors is limited when compared to most other plants.

The current "gardening boom" is supposedly a reaction to these things. Or, in other words, the "orchid boom" has ended.

For commercial growers to survive in the future I believe that they will have to meet the following five necessary criteria:

- 1) Must have a large amount of property.
- 2) Must have advanced growing technology to produce a high quality orchid; this is evident to those who deal in this market. Of course, a growing environment conducive to producing this quality is necessary.
- 3) Must have the ability to produce orchids from the propagation stage through to the finished product internally within your company.
- 4) Must have marketing avenues other than selling plants directly to the market.
- 5) Must have a young successor.

It is expected that in the future there will be a demand for orchids as gifts, however, the demand may be lower. I also expected that *Cymbidium*, *Phalaenopsis*, and

Dendrobium taxa will be the three biggest in demand. The biggest change will be a shift in the market towards limited types of orchids. So, fewer orchids will be needed.

Before the downturn there was a market for growers to sell lower quality orchids to large-volume retailers at a low price as an additional source of income. Growers should not expect this to continue in the future.

There is also a view that growing orchids is not cost efficient in Japan because of environmental constraints and the economic costs required to produce them. Currently, some taxa of orchids are imported from Thailand, Singapore, and various other Asian countries. We in Japan should strive to learn which orchids grow best in which environment or country.

In Japan we need to re-evaluate the market. Growers need to view themselves as a company not just as individual growers. Then, each of these companies need to create a profit-making environment independent of these other companies. As a result, some companies will dissolve while others will merge. Finally, there will be a change in the marketing system.