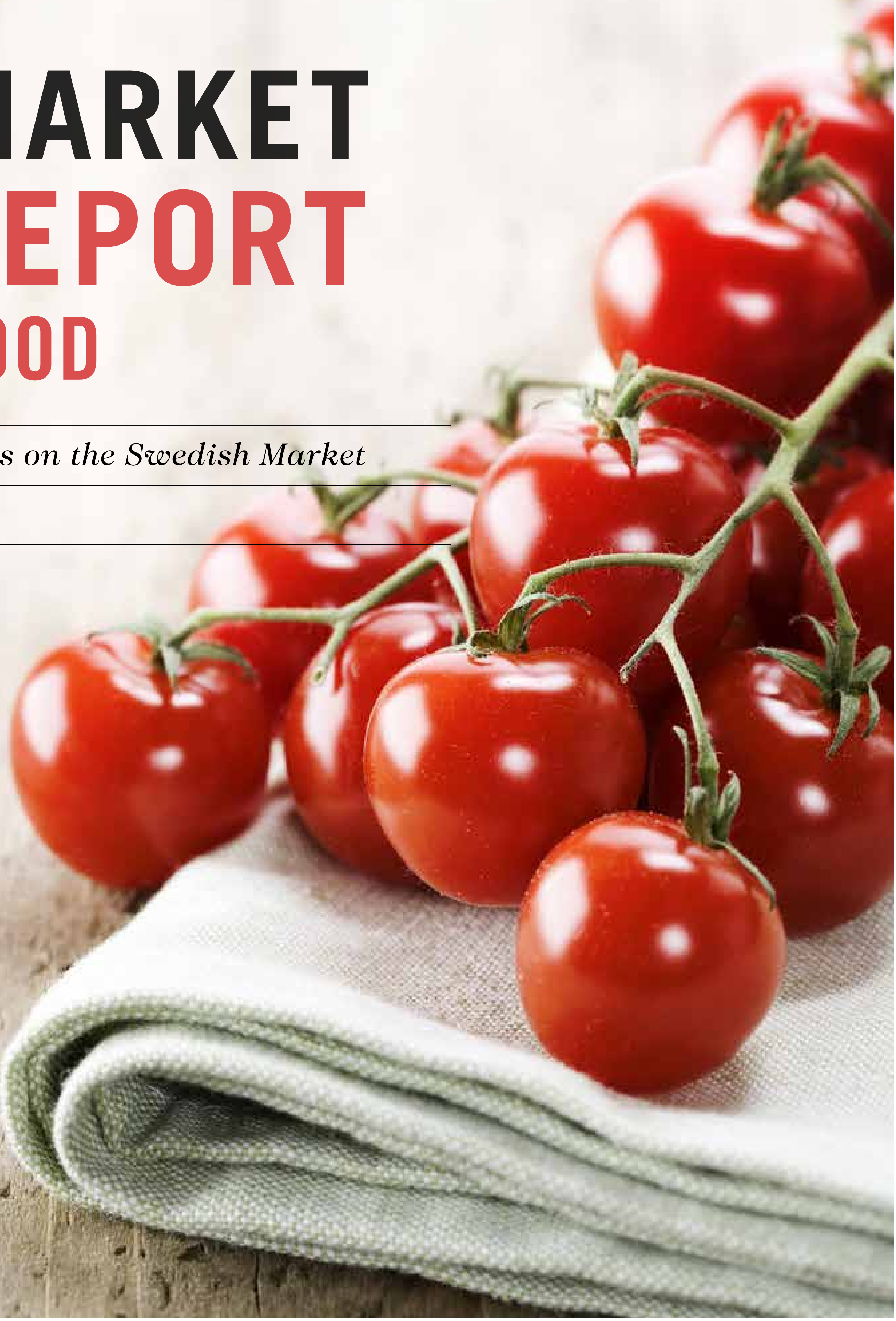
Chamber Trade Sweden

MARKET REPORT
FOOD

Focus on the Swedish Market

2015



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Introduction

Sweden, called Sverige in Swedish, is a country in Northern Europe, with a population close to 10 million people. Since year 2000, the population has grown with 0.8 million people (+9%), of which a substantial part through immigration.

Sweden has from 1995 been a full member of the European Union (EU), which from July 2013 has 28 member countries. The EU has abolished all trade barriers between the member countries and can therefore be described as a single, unified market. Another four countries cooperate with the EU in the European Economic Area (EEA) and therefore participate in the European single market without having joined the EU.

The population of the 30 EEA-countries is around 509 million people. Sweden's share of the total population is close to 2%, which means that it is one of the mid-sized national markets. However, the five Nordic countries (also known as Scandinavia) - Denmark, Norway, Sweden, Finland and Iceland - with about 26 million inhabitants, are more and more regarded as the "home market" for companies within the Swedish food trade and industry.

The total population of Europe is around 740 million, including non EU-countries such as Russia, Ukraine and several countries in the Balkans.

Sweden has experienced a rapid growth during the last 50 years and is among the wealthiest nations in the world. Also in comparison with other European countries, the Swedish GDP per capita normally is about 20-30% higher than the EU average.

SWEDEN AND THE EUROPEAN MARKET

AREA	POP. MILLION	SHARE %	SHARE %
Sweden	9.8	1.9	1.3
Nordic Countries*	27.0	5.3	3.5
European Union**	507.0	100.0	68
Europe	741.0	-	100.0

* Also known as Scandinavia
** EU/EEA area: 28 countries EU-countries and 3 EEA-countries
Source: Efta.int, Statistics Sweden

GDP PER CAPITA COMPARISON 2007-2014

Swedish volume index of Gross Domestic Product (GDP) per capita in Purchasing Power Standards (PPS) expressed in relation to the EU average, set to equal 100.

	2006	2010	2011	2012	2013
Sweden	125	126	127	126	127

Source: Eurostat

The Euro (€), the second most traded currency in the world, is the official currency of the European Union, and is currently in use in 18 of the 28 Member States. However, Sweden has for the moment decided not to participate in the Euro monetary system, and therefore still uses its national currency, the Swedish krona (code SEK), in English normally referred to as the "Swedish crown" (since krona means crown in English).

THE SWEDISH FOOD MARKET

MARKET SIZE

Swedish consumers spent about 12% of their household budget on food and beverages in 2014, about the same as the EU average. Other important areas of the private consumption were other consumer articles (11%), housing (27%), and transports (12%,) as well as services, leisure activities and health care (about 30%).

During 2012, consumer's food expenditure increased about 3% to SEK 323 billion (€37 billion). Of the total, the retail trade accounted for about 74% and the food service sector for the remaining 26%.

FOOD AND BEVERAGE MARKET 2014

SECTOR	NO. OF OUTLETS	SALES SEK BILLION	M-SHARE %
Retail trade*	6 000	238.1	68
Foodservice*	33 000	111	32
• Total	39 000	349,1	100

*Including alcoholic beverages
Sources: Statistics Sweden, Delfi, Fox Research

Consumption of food and beverages amounted to SEK 241 billion (€27 billion) in 2014 (including alcoholic beverages).

The main product groups were meat products (16%), dairy products and fats (18%), fruit and vegetable products (15%), and bread and cereal products (14%).
Due to high taxation, also consumption of alcoholic beverages (beer, wine, spirits) is notable when measured by value (16%).

Even though consumption of beverages, coffee, dairy products, bread, meat, and fish have increased considerably in recent years, the development of the per capita consumption is less distinct. In fact, only two product groups – bread and cereals, convenience foods, sauces and confectionery – can show a positive progress.

CONSUMPTION OF FOOD AND BEVERAGES, BY VALUE 2012-2013

	VALUE SEK MILLION				SHARE
PRODUCT	2012	2013	±	%	%
Dairy products, fats and eggs	37 568	39 008	+	4	18
Meat products	34 750	35 522	+	2	16
Fruit and vegetables	34 135	35 843	+	5	17
Bread and cereal products	28 599	29 302	+	2	14
Fish and seafood	11 135	11 473	+	3	5
Coffee, tea and cocoa	6 863	6 559	+	-5	3
Other food products	9 732	10 228	+	5	5
Non-alcoholic beverages*	13 242	14 131	+	6	7
Alcoholic beverages	33 966	34 707	+	2	16
• Total	209 990	216 773	+	3	100

Including juice, mineral water, and soft drinks
Source: Statistics Sweden

MARKET CHARACTERISTICS

Swedish food consumption consists of up to 90% of canned, frozen and highly processed foods. This is internationally a very high figure. The remaining part is composed of non-processed products, such as fresh fruit and vegetables, fresh fish, fresh meat and eggs.

Sweden counts as a mature market for groceries, which normally means that there should be a relatively slow market growth. However, during the last couple of years, the market value for foodstuffs and beverages has increased about 5 to 6 percent per year, of which price increases account for about half and real increase in volumes for the remainder. But for the last couple of years, the positive trend has been slowed down and the food trade therefore estimate that food sales will show a more modest development in the coming years.

The food market has for a number of years been influenced by consumer awareness of health, environmental, and social issues. A major development is the introduction of certified organic (also called ecological or biodynamic) foods, as well as Fair Trade labelled products, especially within ”natural” product groups such as fresh fruit and vegetables, cereals and coffee.

During 2014, organic foods were about 38% of the fresh produce, an increase of almost 100%.

At the same time increased interest in healthy foodstuffs has expanded sales of products that are regarded as nutritious, e.g. nuts, cereal grains, and health bars.

There is also a high interest for food products from other countries, especially for so called ethnic foods, such as Italian, Chinese, Indian, and Mexican style products. This has led to significant sale increases especially of ethnic products such as oils and vinegar, condiments, spicy sauces and dressings.

Taking into account the relatively large number of non-European immigrants (about 5% of the total population) also foodstuffs from countries in the Middle East, Africa and South America have increased in demand.

In fact, all major retail groups have during the last couple of years introduced an “ethnic” assortment consisting of several hundred different products in their supermarkets, which has been met with a relatively big success.

Several of the these trends can be seen in the following list, showing food items with the largest sales increases within the supermarket trade during the last couple of years:

- Exotic foods with well-defined flavours (pomegranates, goji berries, coconut beverages, coconut milk)
- Organic foods (especially organic chocolate and ready-to-eat dishes) + fresh produce
- Gluten-free food (popular with many consumers with allergies) + lactose free
- Sports and energy beverages and health bars
- Sliced ready-to-eat dishes and items (such as pizza slices and sliced fruit)
- Spicy snacks (containing e.g. chilli, garlic, ginger, onion)
- Hot sauces and spicy condiments

On the other hand, there are also several product groups that for a number of years have shown a more modest and even a negative sales development, for example foods with a high content of salt, fats (such as margarine), sugar, and spirits.

MARKET SEGMENTS

For food exporters, the Swedish market can be divided into two main market segments: the retail and food service sectors, and the food processing industry.

RETAIL SECTOR

The Swedish retail trade has experienced a very positive trend in recent years. In fact, sales of food and beverages have increased every year between 2000 and 2012.

During 2012, sales within the total food retailing market, which besides food and beverages also include an assortment of other daily commodities and non-food products, reached SEK 281,5 billion (€ 31.7 billion), about 4 percent higher than the preceding year.

It should be noted that these food retail figures do not include sales of alcoholic beverages, which is carried out by a state monopoly, Systembolaget, which has the sole rights of over-the-counter retail sales.

FOOD RETAIL MARKET 2012

Food retail market includes sales of both food and other daily commodities (such as chemico-technical and household paper products, flowers, tobacco and magazines), as well as a small assortment of non-food. Sales incl. 12% VAT (value added tax).

TYPE OF STORE	NUMBER OF STORES	SALES SEK MILLION	M-SHARE %	SALES PER STORE IN SEK MILLION
Hypermarkets	150	50 000	18	333
Supermarkets	2 300	132 000	48	57
Discount stores	450	33 000	12	73
Convenience stores	3 100	28 000	10	9
• Total	6 000	243 000	88	41
Other stores*	--	33 000	12	--
• Total	--	276 000	100	--

*Includes smaller kiosks, tobacconists, fruit and candy stores, health food stores, bakeries, meat and deli stores, fish stores, food halls, street markets, drugstores, pharmacies, etc.
Sources: Fox Research, Market Vem-är-Vem

In Sweden, most retail sales of food pass through supermarkets and other general grocery stores with a wide assortment of foodstuffs and household items such as paper products, chemical products, toiletries, flowers, newspapers and tobacco.

There are approx. 6,000 grocery stores with a full line of food and other household items, of which half are larger stores, such as hypermarkets, supermarkets and discount stores, and half are smaller convenience stores. Discount stores with a limited assortment have in recent years obtained a market share of approx. 6%.

There are also a large amount of bakeries, fruit stores, deli stores and other single-line stores as well as kiosks and street markets. In addition, there are state-run liquor stores, which are the only retailers that have the right to sell alcoholic beverages, such as wine, spirits and strong alcoholic beer.

FOODSERVICE SECTOR

At the wholesale level, the foodservice sector account for about 14% of the total purchases of food products. However, at the consumer level, the share is substantially higher.

During 2014, sales of food and beverages within the foodservice sector amounted to approx. SEK 111 billion (€12 billion).

Sweden actually ranks as one Europe's leading markets for out-of home meals.

According to a recent study, the average Swedish consumers had meals outside their homes 168 times. For other European countries like France, Italy and Spain, the corresponding figure was only slightly over 100 per year.

In total, the foodservice-sector comprises approx. 33,000 units, such as restaurants, coffee shops, fast food outlets and canteens.

The restaurant sector, which account for a little over 70 percent of the sales volume, comprises approx. 19,000 units, of which 12,000 are restaurants, coffee shops, and hotels, and 7,000 are fast-food outlets. Most of the units in the restaurant sector are family run businesses, but there are also a few large national chains, especially within the fast food and hotel segments. A trend is the fast growing number of ethnic restaurants and fast food outlets, as well as coffee shops.

The canteen sector (also called contract catering market) account for almost 30 percent of the sales volume and includes 12,000 units, of which a large share is located in schools, hospitals, day-care and old age centres. Local, regional or national authorities and agencies run the majority of these canteens. There are also a number of staff canteens in large office and industrial complexes, either run by the companies themselves or by national restaurant chains.

Online sales of food is growing. There are several outlets of grocery shopping online.

Foodtrucks selling ready made food are becoming a part of the market.

FOOD SERVICE MARKET 2014

TYPE OF OUTLET	NUMBER OF OUTLETS	SALES SEK BILLION	M-SHARE %
Restaurants		48,9	44
Hotels		15,8	14
Cafés		6,7	6
Fast food		14,3	13
Traffic		7,5	7
Amusement		12,2	11
Corporate restaurants		5,6	5
• Total	33 000	111	100

Sources: Statistics Sweden

FOOD PROCESSING INDUSTRY

The Swedish food processing industry counts as an important market segment for foreign suppliers of foodstuffs. Even though domestic producers and companies still supply the main part of the raw materials and food ingredients used, imports are on the increase.

The food processing industry consists of about 3,100 companies with 52,000 employees. In 2011, the estimated net turnover amounted to approx. SEK 170 billion (€19.0 billion), which means that food manufacturing accounted for about 10% of Sweden's total industrial output.

The most important sectors within the Swedish food industry are bakeries, meat plants, and dairies, with more than 50% of the value of output. However, domestic producers mainly supply these sectors, as well as the milling, sugar and spirits industries.

The branches, which depend mostly on imports, are the coffee, oils & fats, spice & condiments, chocolate & confectionary, and fish & seafood industries. Also manufacturers and canners of fruit juices, and fruit & vegetables, largely depend on imports. In recent years, also the meat industry has become a large importer.

For more details about Swedish food manufacturers, see table on page 20 "Large Swedish Food Manufacturers".

THE SWEDISH FOOD DISTRIBUTION

PRODUCTS TRADITIONALLY SUPPLIED DOMESTICALLY

- Dairy products
- Meat products (fresh meat recently imported)
- Cereals (mainly wheat, rye)

PRODUCTS NOT PRODUCED WITHIN SWEDEN

- Most fruit items (except temperate fruit)
- Green coffee, tea and cocoa
- Spices and herbs
- Wine

PRODUCTS PRODUCED ONLY PART OF THE YEAR

- Fresh vegetables
- Temperate fruit (apples, berries, etc.)

PRODUCTS IMPORTED IN LARGE QUANTITIES

- All kinds of fish & seafood products
- Fresh meat products
- Sauces, dressings, vinegar and oils
- Ready-to-eat and other convenience foods
- Frozen, canned and dried food products
- Animal feed

IMPORTS AND EXPORTS

Sweden has traditionally been more or less self-sufficient in basic foods like meat, dairy products and cereals. However, during the last two decades, especially since joining the EU in 1995, imports have shown a steady yearly increase, also regarding the basic "domestic" products.

The total degree of self-sufficiency is at present estimated to be about 45-50%, and thus 50-55% is imported. At the same time, exports have shown a large increase, which means that the domestic food industry is a growing importer of raw food materials and food ingredients.

Sweden imports almost twice as much food products as it exports. In 2012, imports amounted to SEK 107 billion (equivalent of €11.5 billion) and exports to SEK 62 billion (€6.5 billion).

The net trade gap between imports and exports amounted to 42% in 2013, compared to 45% in 2009, see also tables on the page 12.

IMPORTS

Imports of food and beverages have shown a steady increase during the last couple of years. Between 2006 and 2012, the import value has grown by 40%, when measured by local currency. During 2012, imports amounted to about SEK 100 billion (€11.5 billion), an increase of 3.3% compared to the preceding year, and 8% compared to 2010, when measured by local currency.

The primary food import consists of food, which is not at all produced within Sweden such as citrus fruit, nuts, green coffee, tea, cocoa, spices and wine, and also of products, which are only produced during a part of the year, for example fresh vegetables and most fresh fruit, such as apples.

Other notable import items are fish & seafood products (including re-exports of farmed fish), sauces and dressings, ready-to-eat meals, certain canned, frozen and dried foods, as well as animal feed. And as said earlier, also an increasing degree of meat, dairy and cereal products are imported.

Ranked by product groups, the two largest categories are fish and seafood products (27%) and fruit & vegetables (16%), whether fresh or processed.

Other important product groups are meat products and beverages, as well as cheese, chocolate and sugar confectionery, green coffee, oils & fats, and animal feed. Even though the market for meat products mainly is supplied by domestic production, it has in just a few years become the third largest import product group.

Food items showing the largest growth in imports during the last three years are cocoa paste, powder and butter (80%), fresh and frozen fish and seafood (35%), coffee (30%), charcuterie and delicatessen (30%), spices (25%), prepared and processed seafood (25%), fish fillets (20%), and dairy products (20%).

About 70% of all food imports are normally imported from the European continent, of which other EU-countries account for the dominant part. However, it should be noted that some imports from the EU in the statistics actually have their origin in countries outside of the EU. A typical example is fruit from Latin America that is delivered to Sweden via ports in Germany, Belgium or the Netherlands. This means that EU imports are somewhat overestimated in the data. In addition, Sweden imports a lot of farmed fish from Norway, which to a large extent is re-exported to other countries.

Four countries account for about half of the total import value: Denmark, the Netherlands, Norway, and Germany. OECD countries have during the last couple of years accounted for 90% of total imports, which means that non-OECD countries have had a share of just 10%.

Regarding countries in Asia, Africa and Latin America, the largest exporters to the Swedish market are Brazil and Colombia (mostly coffee), Costa Rica, Guatemala, Equador and Panama (bananas and coffee), as well as Kenya (coffee) and Thailand (mostly exotic fruits, both canned and frozen items). Other notable exporters are China, India, Vietnam, the Philippines, Indonesia, Malaysia, Chile, Egypt, Israel, Lebanon, Morocco, and South Africa.

DOMESTIC PRODUCTION AND EXPORTS

Traditionally, the Swedish food industry has been geared towards the domestic market and only 10-15% has been exported. But since joining the EU in 1995, exports have seen a steady increase year by year. During 2013, the export value amounted to SEK 62,2 billion, 9,3% more than the preceding year.

The main export item is fish and seafood products, which accounts for about 1/3 of all food exports (which as stated earlier, includes re-exports of farmed Norwegian fish). Other important export items are spirits, refined oils and fats, and basic cereal products (mostly rye and wheat).

About 2/3 of food exports are highly processed foodstuffs, which have seen a steady increase during the last few years. The largest Swedish export item is vodka, with the Absolut brand as the leading item, distributed to over 100 countries.

Other important export items are bakery products (mainly rye crisp bread, biscuits and other sweet bakery goods, frozen bread, and rusk), canned fish and seafood products, chocolate and confectionary, liquid fats and butter fat mixtures, filets of fish, high quality (100% arabica) roasted coffee, and milk powder.

FOOD IMPORTS BY PRODUCT GROUPS BY VALUE 2011-2013

	VALUE SEK MILLION		
PRODUCT	**2011**	**2012**	**2013**
Meat products	9 395	11 338	11 653
Dairy products and Eggs	6 886	7 406	8 187
Fish & Seafood products	23 282	24 258	28 997
Cereal & Bakery products	4 377	5 358	5 476
Fruit and Vegetables	16 182	16 792	17 316
Coffee, raw and roasted	3 972	4 738	3 640
Tea, cocoa, spices	1 367	1 283	1 200
Chocolate and Confectionery	4 402	4 479	4 934
Other food products	6 072	6 355	6 801
Beverages	8 164	8 524	9 001
Oil seeds & Oils and fats	4 560	5 506	5 016
Animal feed	2 985	3 478	3 665
Live Animals	199	156	135
Tobacco	1 252	1 067	1 295
• Total	96 772	100 738	107 316

Source: Statistics Sweden, Board of Agriculture Yearbook 2014

IMPORTS, EXPORTS, AND NET IMPORTS OF FOOD BY VALUE 2013

	VALUE SEK MILLION			NET IMPORT GAP %	
PRODUCT	**IMPORTS**	**EXPORTS**	**NET IMPORTS**	**2009**	**2013**
Meat products	11 653	1 745	- 9 908	- 80	- 85
Dairy products and Eggs	8 187	3 987	- 4 200	- 53	- 51
Fish & Seafood products	28 997	23 232	- 5 765	- 22	- 20
Cereal & Bakery products	5 476	6 576	+ 1 100	+ 32	+ 20
Fruit and vegetables	17 316	2 773	- 14 543	- 84	- 84
Coffee, raw and roasted	3 640	1 347	- 2 293	- 63	- 63
Tea, cocoa, spices	1 200	264	- 936	- 78	- 78
Chocolate & Confectionery	4 934	3 621	- 1 313	- 26	- 27
Other food products	6 801	7 057	256	- 9	- 4
Beverages	9 001	6 375	- 2 626	- 26	- 29
Oil seeds & Oils and fats	5 016	1 818	- 3 198	- 62	- 64
Animal feed	3 665	1 741	- 1 924	- 71	- 52
Live Animals	135	180	+ 45	- 56	+ 33
Tobacco	1 295	1 527	- 232	- 61	+ 18
• Total	107 316	62 243	- 45 073	- 45	- 42

Source: Statistics Sweden

It should be noted that several of the largest export items, especially roasted coffee, chocolate bars, processed fish and seafood products, and refined oils and fats, fully or to a large extent are made from imported raw materials.

The most important export markets for the domestic food industry are other EU-countries (especially Denmark, Finland, Germany and France), accounting for over 70% of the total export value. Other large markets are Norway and the USA (vodka, roasted coffee, and cereals). See also table appendix 1, Imports and Exports of Food.

CHANNELS OF DISTRIBUTION

Four trade groups, ICA, Coop, Axfood and Bergendahls, with both retail and wholesale activities, dominate the Swedish distribution of food and beverages to the retail sector. All four groups have also built up their own buying and import departments.

These trade groups import some of their general food supplies by themselves, especially items bought in high volumes, and some through independent wholesalers acting as importers or agents.

There are also wholesalers for different segments of the food sector. Thus, the convenience store segment is mainly supplied by specialised wholesalers, of which the leading ones are Axfood Närlivs, Menigo and Privab.

The foodservice sector (hotels, restaurants and catering establishments) is supplied by several wholesalers, of which three dominate the market, Martin & Servera (Axfood), Menigo and Svensk Cater.

Besides these groups, imports are also conducted by importing wholesalers specialised in certain food items such as fresh fruit & vegetables, cheese & egg, fish, meat products, health foods, confectionary or alcoholic beverages.

Specialised wholesalers may distribute their goods either via the large retail groups, catering or convenience store wholesalers, or directly to independent chains, large food stores, or catering chains and large units.

There are also some importers specialised in selling to the food industry, including bakeries. However, large food manufacturers often conduct their own buying.

FOOD IMPORTERS/WHOLESALERS

A selection of the largest importers and wholesalers within the Swedish food wholesale trade.

RETAIL GROUPS WITH INTEGRATED RETAILING AND WHOLESALING ACTIVITIES

- ICA Gruppen
- Coop Group
- Axfood (Axel Johnson)
- Bergendahls Food

CONVENIENCE STORE WHOLESALERS

- Axfood Närlivs (Axel Johnson)
- Menigo (Brakes Group)
- Privab

FOODSERVICE WHOLESALERS

- Martin & Servera (Axel Johnson)
- Menigo (Brakes Group)
- Svensk Cater (Euro Cater)

FRESH FRUIT & VEGETABLES WHOLESALERS

- Saba Trading (Dole)
- Everfresh (Total/Fyffes)
- ICA Frukt & Grönt (ICA)
- Ewerman

BAKERY INGREDIENTS WHOLESALERS

- KåKå (Orkla Group)
- Kobia

FOOD RETAILING STATISTICS 2014

Sales consist mainly of food and other daily commodities, including a small assortment of non-food articles.Sales figures incl. VAT (value added tax).

GROUP	SALES SEK BILLION	±	%	NUMBER OF FOOD STORES	MARKET SHARE %
ICA Gruppen	121.1	+	0.14	1 320	50.8
Coop	48.7	+	0.43	685	20.5
Axfood	37.6	+	0.11	806	15.8
Bergendahls Food	16.7	+	0.23	150	7
Lidl	8.6	+	0.27	172	3.6
Netto	5.4	+	0	158	2.3
• Sum	238.1	+	2.3	3 280	
Convenience	40.0	+	3.0	18 000	
• Total	278.1	+	4.0		100

Sources: Delfi, Svensk Servicehandel & Fast Food

RETAIL GROUPS

As mentioned above, the Swedish food-retailing sector is highly concentrated. Four trade groups, with both integrated retail and wholesale activities, dominate the market:

- ICA - Sweden's largest food retailer, has about 1300 stores and a market share of about 51%.
- Coop - has 665 stores and approx. 20,5% of the whole food market.
- Axfood - has about 368 general grocery stores and approx. 686 convenience stores. The market share is around 16%.
- Bergendahls Food - has 160 stores and a market share of 7%.

These four groups account for approx. 90% of the total retail market for foodstuffs and other everyday commodities. However, if only sales of ordinary grocery stores are counted (excluding small convenience stores and speciality food stores) their combined market share is even higher, about 94%.

All these groups are also cooperating with retailing groups in other Scandinavian or European countries, especially regarding imports.

In recent years, two foreign-based discount chains have been established in Sweden, Lidl of Germany and Netto of Denmark. Even though these chains have built up their own supply system in Sweden, all imports are coordinated with their headquarters in Germany and Denmark respectively. Their combined market share is still rather insignificant, about 6%, but it is expected to rise substantially within the next few years.

Another large food retailer is Reitan Servicehandel (with headquarters in Norway) which runs 7-Eleven and Pressbyrån. In addition there are several petrol store chains as well as smaller independent stores and so called ethnic food stores (usually run by immigrants). These stores are generally supplied by specialised convenience store wholesalers, see also page 17.

About 11% of the food retailing market consist of speciality food stores such as pastry shops and bakeries, meat and deli stores, fish stores, health food stores, fruit & candy stores, kiosks, street markets, and non-food retailers (such as drugstores, pharmacies, tobacconists, and florists). Depending on line of business, these stores are either customers of specialised wholesalers or buy their supplies from cash and carry-units.

ICA SWEDEN RETAIL STATISTICS 2014

Sales consist mainly of food and other daily commodities, including a small assortment of non-food articles. Sales figures incl. VAT (value added tax).

PROFILE	TYPE OF STORES	NUMBER OF STORES	TOTAL SALES SEK MILLION	SALES PER UNIT SEKM
ICA Maxi	hypermarkets	79	36 200	458,2
ICA Kvantum	large superstores	123	29 306	238,3
ICA Supermarket	supermarkets	431	37 420	86,8
ICA Nära	minimarkets	676	18 286	27,1
ICA to go	convenience	5		
• Total		1 314	121 212	810

Sources: Company informaton, Delfi

COOP RETAIL STATISTICS 2014

PROFILE	TYPE OF STORES	NUMBER OF STORES	TOTAL SALES SEK MILLION	SALES PER UNIT SEKM
Coop Forum	hypermarkets	67	15 978	
Coop Extra	supermarkets	88	9 521	
Coop Konsum	supermarkets	362	13 264	
Coop Nära	supermarkets	148	2 525	
Coop Online	online		124	
• Total		665	41 412	

Sources: Company informaton, Delfi

ICA GRUPPEN

ICA Gruppen (The ICA Group), with headquarters in Stockholm, has retail subsidiaries in Sweden (ICA Sverige), and in the Baltic countries (Rimi Baltic).

With 1551 stores and a combined turnover of SEK 130 billion (€15 billion), ICA and its affiliated stores form together the second largest retailer within the Scandinavian grocery sector. ICA Gruppen is the clear market leader in Sweden (51% market share), and one of the top three retailers in the Baltic countries.

All Swedish ICA stores are owned by independent retailers, who are members of the ICA Association.

The Swedish retail business is handled by the subsidiary ICA Sverige and consists of approx. 1,300 different types of ICA food stores, from small neighbourhood stores to large superstores and hypermarkets.

ICA Sverige coordinates questions of common interest to all Swedish ICA operations. It also function as the ICA retailers company for marketing, logistics, distribution, accounts, retail development, training and financing/administration.

The buying department, which is organised within the parent company ICA AB in Stockholm, has been established to coordinate all buying activities of both ICA in Sweden. A special unit located in Helsingborg in south Sweden, ICA Frukt & Grönt, handles imports of fruit and vegetables.

During the last couple years, ICA have also been coordinating buying and trademarks with Ahold in the Netherlands, which earlier was a part-owner of ICA. ICA is since many years also engaged in import and buying cooperation with the Kesko Group, Finland's second largest food retailer.

COOP GROUP

Coop, which is a part of KF and its affiliated regional cooperative societies is the second largest food retail group in Sweden, with approx. 21% of the market. The co-operatives are owned by approx. 3.2 million individual members, which mean that about 60% of all Swedish households are owners of the Coop Group.

KF and the affiliated regional co-operative societies operate about 686 retail stores nationwide, such as hypermarkets, supermarkets and minimarkets. The Coop stores have introduced Sweden's largest assortment of organic and environmental friendly products, as well as an assortment of ethnic foodstuffs.

AXFOOD RETAIL STATISTICS 2014

Sales consist mainly of food and other daily commodities, including a small assortment of non-food articles. Sales figures incl. VAT (value added tax).

PROFILE	TYPE OF STORES	NUMBER OF STORES	TOTAL SALES SEK MILLION
Willys	Discount stores	191	23 500
Hemköp	Supermarkets	177	13 000
Tempo/Handlar'n/Direkten	Convenience	686	3 500
• Total		1054	39 014

Source: Company informaton

Coop Sverige, a subsidiary of KF, handles wholesaling, importing and distribution for all the Coop stores.

Most of the Coop's international purchases of private label products is handled by Coop Trading A/S, based in Copenhagen, Denmark. Coop Trading works as a buying agent for all consumer-cooperative organisations in Scandinavia - Coop Sweden, Coop Danmark, Coop Norway and the S-Group/SOK (Finland).

It should be noted, that imports of fresh fruit and vegetables are handled by Everfresh, an independent importer (see also page 18).

AXFOOD

Axfood is a trading, marketing and distribution company, with primary operations within the retail and wholesale trade in Sweden. The company, which is listed on the Stockholm stock exchange, is part owned by the Axel Johnson Group (50,1%).

Axfood, which has about 820 food stores around the country has a market share of about 16%.

The retail activities include supermarkets and discount stores, of which the majority are wholly owned, as well as convenience stores, which are run by independent retailers.

Both own and independent stores normally purchase all their goods through the central buying department of Axfood, called Axfood Assortment & Purchasing unit. They purchase about 20,000 food and other consumer goods items from more than 2,000 suppliers.

The unit handles all imports (except fresh fruit and vegetables, which is conducted by Saba Trading, see also page 18). They are also responsible for the development of private labels.

Axfood works closely with United Nordic, a part-owned company that import items together with wholesalers in Denmark (Dagrofa), Norway (NorgesGruppen) and Finland (Tuko Logistics). The retail groups behind United Nordic account for about 20% of the total Scandinavian food retail market. United Nordics buys almost all private label products for Axfood.

Wholesale activities include Dagab, a logistics company for the retail operations, and Axfood Närlivs wholesaler for the convenience store sector.

The Axel Johnson Group, which is Axfood's largest owner, also owns 70% of Martin & Servera, a wholesaler for the foodservice sector. In addition, Axel Johnson runs Åhléns, Sweden's only nationwide department store chain.

BERGENDAHLS FOOD

Bergendahls Food, a retailer and wholesaler based in south Sweden, has approx. 150 own and affiliated stores. The overall market share is 7%, but in south Sweden the share is substantially higher, over 20%.

The main retail activity comprises the CityGross chain, large discount superstores at present mostly situated in the south and middle part of the country.

Bergendahls Food has embarked on a massive expan-

BERGENDAHLS FOOD RETAIL STATISTICS 2014

Sales consist mainly of food and other daily commodities, including a small assortment of non-food articles. Sales figures incl. VAT (value added tax).

PROFILE	TYPE OF STORES	NUMBER OF STORES	TOTAL SALES SEK MILLION
CityGross	hypermarkets	34	13 790
Matrebellerna	supermarkets	70	2 900
• Total		165	16 690

Source: Company informaton

CONVENIENCE WHOLESALING GROUPS STATISTICS 2014

Sales consist mainly of food and other daily commodities, including a small assortment of non-food articles. Sales figures incl. VAT (value added tax).

GROUP	SALES SEK MILLON	NUMBER OF LOCAL BRANCHES	EMPLOYEES
Axfood Närlivs	6 597	5	858
Menigo Foodservice	5 000	7	900
Privab Grossisterna	1000	7	250

Source: Company informaton

sion for the CityGross chain, which has resulted in over 30 new superstores all over the country in just a few years. This has increased the group's market share substantially. Bergendahls Food is also the main supplier to several independent supermarkets.

During 2010, Bergendahls formed a new national retail group, Matrebellerna (the Food Rebels), consisting of both of its own CityGross stores and independent food stores around the country.

Bergendahls Food, which supplies own and affiliated stores as well as independent stores, handles import and wholesaling activities.

There is also units for cash & carry, Bergendahl Snabbgross, which caters to convenience stores and restaurants.

WHOLESALERS FOR THE CONVENIENCE STORE SECTOR

There are about 2,500 food stores with a full line of food and grocery items, which do not belong to one of leading retail groups. Most of these stores are convenience stores, small neighbourhood stores, or food departments in petrol stations. Their combined market share is about 10% of the total food retail market.

As a rule, convenience stores are supplied by specialised convenience wholesalers, of which the two largest are Axfood Närlivs (Axfood Group) and Menigo (Brakes Group). Another nationwide supplier is Privab, consisting of 7 independent wholesaling companies, cooperating under one umbrella.

Axfood Närlivs, Sweden's largest wholesaler for the convenience store sector, has about 600 convenience stores as customers, as well as numerous kiosks and single-line shops

WHOLESALERS FOR THE FOODSERVICE SECTOR

A few large and specialised catering wholesalers dominate the distribution of food products to hotels, restaurants and catering establishments.

FOOD SERVICE WHOLESALING GROUPS: MARKET SHARES 2012

COMPANY	MARKET SHARE %
Martin & Servera	38
Menigo	12
Svensk Cater	12
Other Wholesalers	38
• Total	100

Sources: Servera, Fox Research

The most important wholesalers are Martin & Servera (Axfood Group), Menigo Foodservice (Brakes Group, Europe's largest foodservice wholesaler), and Svensk Cater (part of EuroCater, with headquarters in Denmark). All of them have built up their own import departments.

There are also several locally strong wholesalers, especially in Stockholm and other large metropolitan areas. In addition, there are many small and medium-sized wholesalers, often specialised in certain product groups or market segments.

The most important of these companies are Dafgård (frozen foods), Arno Holm (Asian foods), and KåKå and Kobia (raw materials and ingredients for bakeries, coffee houses and pastry shops).

IMPORTERS OF FRESH FRUIT AND VEGETABLES

Three groups, Everfresh, ICA Frukt & Grönt, and Saba Trading, dominate imports and distribution of fresh fruit and vegetables. All three companies are based in Helsingborg, an important port city in the south of Sweden.

Everfresh, subsidiary of Total Produce (former Fyffes group), with headquarters in Ireland, has in recent years taken a large share of the Swedish market for fresh produce. It's customers include both Coop and Bergendahls Food.

ICA Frukt & Grönt, with an estimated 30% market share, is the buying division within the ICA Group for all their fresh fruit and vegetables. It also supplies independent stores and restaurants.

Saba Trading is one the leading Scandinavian importer and distributor of fruit, vegetables and houseplants. The group is the main supplier of fresh produce to all food stores within the Axfood group as well as to several leading convenience store chains and large restaurant chains. Saba Trading is a subsidiary of Dole, the world's largest producer and marketer of fresh produce, and also one of the largest import companies within the European market.

There are also a large amount of medium and small importers/wholesalers of fresh fruit and vegetables. However, usually importers only buy their products from other Scandinavian or European sources.

IMPORTERS OF ALCOHOLIC BEVERAGES

The selling of alcoholic beverages (wine, spirits and strong alcoholic beer) is subjected to special rules in Sweden. A state monopoly, Systembolaget, has the sole rights of over-the-counter retail sales. However, alcoholic beverages are also sold through licensed restaurants.

Since a few years, import, production and wholesaling of alcoholic beverages is open to all companies that have acquired a special alcoholic license. Imports are now handled by some 700 licensed manufacturers, agents, importers, wholesalers and breweries.

The largest distributor to both the liquor stores and the restaurant sector is Lagena Distribution, a subsidiary to the French global logistics group JF Hillebrand. However, there are also many smaller licensed distributors.

IMPORTERS OF RAW MATERIALS AND FOOD INGREDIENTS

Imports of raw materials and food ingredients to food manufacturers is conducted either by importers and agents specialised in selling to this sector, or in the case of large manufacturers, by the companies themselves.

Considering the many different kind of food materials and ingredients involved, there are a large number of importers and agents involved in this field. Some of the largest specialised importers of food ingredients are Caldic Sweden, Boden & Lindeberg, B. Engelhardt, and Tore Smith Food. Regarding bakery ingredients, also KåKå and Kobia are important.

Several of the large manufacturers are also among the largest importers of raw materials. This is especially the case for manufacturers of oils and fats (Aarhus Karlshamn), animal feed (Lantmännen, Svenska Foder), spirits (Absolut), juices (Arla Foods, Skånemejerier, Norrmejerier), fish and seafood (Abba Seafood, Findus), frozen vegetables (Findus, Procordia Food), coffee (Mondelez, Nestlé, Löfbergs, Arvid Nordquist), chocolate (Mondelez, Cloetta), and herbs, spices and ethnic foods (Santa Maria).

LICENSED IMPORTERS OF ALCOHOLIC BEVERAGES

Selected list of some large licensed importers of alcoholic beverages

COMPANY

Food Service Wholesalers
Martin & Servera
Menigo
Svensk Cater
Axfood Närlivs

Breweries
Carlsberg
Spendrups
Åbro
Coca-Cola

Beverage Importers
Systembolaget
Altia Sweden (Altia Group, Finland)
Fondberg Group
Chris Wine & Spirits (Viva Group)
Stellan Kramer
Nigab (Hans Just Group, Denmark)
Philipson Söderberg (Altia, Finland)
Edrington Sweden
PrimeWine Group

Sources: Servera, Fox Research

The manufacturing sector is characterized by a high degree of concentration to a few large companies. Farmer cooperatives, whether Swedish or co-owned with farmers in other Scandinavian countries, account for a large part of the Swedish food processing industry. Farmer cooperative owned or controlled companies are thus dominant within the meat, dairy, cereal, starch and animal feed sectors.

About 30% of the total food production in Sweden is carried out by foreign owned companies. The Norwegian group Orkla is the owner of three leading Swedish food companies: Procordia Food (canned, dried and frozen foods), Abba Seafood and Kåkå (bakery ingredients importer and wholesaler).

There are also several multinational food companies with production units in Sweden: Unilever (convenience foods), Mondelez (formely Kraft Foods; chocolate and coffee), Barilla (Wasa crispbread), Carlsberg (beer, soft drinks and water), Pernod Ricard (Absolut vodka), Hilton Food, Nordzucker (Nordic Sugar) and Findus (canned and frozen foods).

LARGE SWEDISH FOOD MANUFACTURERS

Data is for 2012 or latest available figures.

RANK	COMPANY	SECTOR	TURNOVER SEK MILLION	EMPLOYEES NUMBER
1	Arla Foods Sweden	Dairy products and fruit juices	17 000	3 363
2	HKScan Sweden	Meat, ready-to-eat products	8 158	1 998
3	Absolut Company	Vodka, spirits	4 929	526
4	Svenska Foder	Animal feed	4 710	329
5	Carlsberg Sweden	Beer, soft drinks, mineral water	4 499	304
6	Skånemejerier	Dairy products and Fruit juices	4 056	588
7	Coca Cola Sweden	Soft drinks, mineral water	3 363	832
8	Spendrups	Beer, soft drinks, mineral water, wine	3 264	857
9	Nordic Sugar	Sugar and melasses	3 094	439
10	Atria Sverige	Meat products	2 885	952
11	Findus Sweden	Frozen & canned products	2 700	785
12	Gunnar Dafgård AB	Frozen meat & ready-to-eat products	2 066	915
13	Lantmännen Cerealia	Cereal, feed and poultry	1 763	473

Source: Alla bolag

MULTINATIONAL FOOD COMPANIES

Incl. sales of both manufactured and imported products

1	Unilever Sweden	Margarine, oils, sauces, ice-cream	3 982	373
2	Mondelez Foods Sweden	Coffee, chocolate, snacks	3 722	181
3	Nestlé Sweden	Convenience foods	2 175	328

Sources: Annual reports, Fox Research

Other large food manufacturers include the Scandinavian groups Aarhus Karlshamn (refined oils and fats), Fazer (chocolate and bread) and Paulig (Santa Maria spices and condiments).

MARKET ACCESS

As a full member of the European Union (EU), Sweden is also a part of the EU customs union. This means that there are no trade barriers between Sweden and other EU-countries.

All imports from countries outside the EU are subject to import tariffs, which vary from 0 to 25%. Furthermore, some of these imports have to be delivered to the EU on a quota basis.

However, developing countries enjoy preferential treatment under the Generalized System of Preferences (GSP), which grants tariff reductions. Furthermore, countries that are beneficiaries of the special incentive arrangement for sustainable development and good governance (GSP+) enjoy duty free access for all products.

In addition, imports from the Least Developed Countries (LDCs) enjoy duty and quota free access for most agricultural products, under the Everything But Arms (EBA) arrangement.

EU regulations regarding food labelling, nutritional information, additives and food control are in effect in Sweden.

More information about the EU customs duties, regulations and other market requirements can be obtained from the EU Export Helpdesk for Developing Countries as well as from other EU sites, see box below. See also Appendix 6, for more links to other national and European agencies.

Imports of food products have increased considerably since Sweden joined the EU and imports now account for over one third of total food consumption.

A substantial part of imports, about 30-40%, consists of products that are not (or cannot be) produced within the country, such as juice, coffee, wine, tea, cocoa, and certain vegetables and fruits, as well as fresh fish and seafood products. But an increasing part of imports constitute products that are competing with domestically produced items.

INTERNET SITES ABOUT EU CUSTOMS DUTIES AND REGULATIONS

EU EXPORT HELPDESK FOR DEVELOPING COUNTRIES
http://exporthelp.europa.eu

EU TRADE RELATIONS
http://ec.europa.eu/trade/

EU FREE TRADE AGREEMENTS
http://ec.europa.eu/trade/policy/countries-and-regions

EU and other neighbouring countries supply the largest part of imports. The main imported items from developing countries consist of fresh produce (e.g. citrus fruit, bananas and other tropical fruit, as well as vegetables), bulk items that are mixed and repacked in consumer packages by domestic packers (e.g. juice, nuts and spices), and raw materials for domestic manufacturers, such as green coffee, oils and fats, and animal feed ingredients.

In recent years, imports from developing countries have also constituted a reasonably large amount of processed food and beverage products, such as canned fruit, canned seafood, frozen vegetables, sauces, and wine.

A market characteristic is that health, environmental and social issues have started to play a significant role in the food trade. Organic and Fair Trade labelled products have therefore achieved a relatively large share in a short period. At the same time products that are seen as healthy and nutritious have shown significant sales increases in recent years.

Another trend is the interest for ethnic food with an authentic exotic taste. Several ethnic food items have therefore been among the fastest growing product categories within the retail trade.

MARKET PROSPECTS

The prospects for exporters in developing countries wishing to enter the Swedish market depend on the type of product in question. Obviously, there will be a continued demand for products, which either are not at all produced within the EU, or only produced within the EU during part of the year.

On the other hand, exporters that have to compete with suppliers within the EU can only expect a successful entry into the Swedish market if superior quality and/or favourable prices can be offered.

In conclusion, interesting prospects exist for exporters in developing countries who can supply quality products at competitive prices.

ENTERING A NEW MARKET

When entering a new market, it's always important to find out as much as you can about that specific market – what are the demands, which chains operate on the market, the chains market shares respectively and, not the least and how can my products meet customer demand?

Sweden, is a part of the Nordics, which consists of Denmark, Norway, Finland and Sweden and if you are going into one of these markets it is worth looking into the other countries as well. Worth noticing is however, that you also need to consider each separate countries markets. Each market is always local and have their own characteristics, but shares many similarities too.

Sweden is beginning to get less and less self-sufficient when it comes to food production. Imports have just recently exceeded 50 % so the degree of self-sufficiency is now for the first time lower than 50 %. The main part of imports consists of foodstuffs that cannot be produced in Sweden such as most fresh produce – fruit and vegetables, nuts, coffee, tea, spices, fruits – processed, dried and frozen. More and more imports are however products that used to be domestic production such as meat and meat products, fish and seafood and dairy products.

The Swedish market is considered as a mature market. Niche products are being considered more and more as the new "normal" products. For instance organic products. When talking about organic products, the forecast for 2014 were a 10 % increase. It ended up in a whopping 38 % increase. Fresh produce had the largest increase of this part, with almost 100 % increase in sales on organically certified.

You need to find your way into the so-called niche segments to be able to stand out. It might not be enough, just to be able to supply good quality products, if the products aren't very high quality. A comparative advantage is if you can both deliver on good quality, a good quantity and have an organic certification. This would put you in a good position to deliver. Other ways of standing out is offering new products not known to the market.

The share of processed food that is consumed are increasing and you'll find that approximately 90 % consists of processed food. This is a very high number compared to other countries and the reason can be found in the life style of Swedish people. Most of the processing is done nationally but the buyers are also looking for semi-processed items like pulp.

FACTS ABOUT RETAIL GROUPS

ICA GRUPPEN

Parent Company	ICA Gruppen AB (Ica Group Plc)
Ownership	ICA Gruppen AB is a listed public company which is majority owned (51%) by the Association of Ica Retailers, which in turn is wholly owned by the 1314 ICA-retailers in Sweden.
Turnover	SEK 87,184 million (2014),
Headquarters	Stockholm
Retailing Sweden	
Parent company	ICA Sverige AB
Turnover	SEK 71 billion (2014)
Headquarters	Stockholm, Sweden
Internet site	www.ica.se

KF GROUP (COOP SVERIGE)

Parent Company	Kooperativa Förbundet (KF), the Swedish Co-operative Union
Turnover	SEK 37.8 billion (2014)
Headquarters	Stockholm, Sweden
Food Retailing	
Division	Coop Sverige AB
Turnover	SEK 34.0 billion (2014)
Headquarters	Stockholm, Sweden
Internet site	www.coop.se

AXFOOD

Parent Company	Axfood AB
Ownership	Axel Johnson AB (46%), Other investors (54%)
Turnover	SEK 38.5 billion (2014)
Internet	www.axfood.se
Axel Johnson Group	
Parent Company	Axel Johnson AB
Headquarters	Stockholm, Sweden
Internet site	www.axeljohnson.se

BERGENDAHLS

Parent Company	Bergendahl & Son AB
Group Turnover	SEK 10,570 million (2012)
Bergendahls Food	
Turnover	SEK 8.1 billion (2014)
Headquarters	Hässleholm, Sweden (South Sweden)
Internet site	www.bergendahls.se

USEFUL INTERNET LINKS

INFORMATION ABOUT THE EU MARKET

EU Export Helpdesk *Information about duty rates, EU tariffs import regulations and trade data quotas*	http://exporthelp.europa.eu
EU Trade Relations	http://ec.europa.eu/trade
EU official website	http://europa.eu/index_en.htm
EU Statistics – Eurostat	http://eurostat.europa.eu
EU Food Safety	http://ec.europa.eu/food
CBI Centre for Promotions of Imports	www.cbi.eu

INFORMATION ABOUT THE SWEDISH MARKET

Sweden's official website	www.sweden.se
Open Trade Gate Sweden *Trade rules and requirements*	www.opentradegate.se
National Food Administration *Food safety and regulations*	www.livsmedelsverket.se/eu
Board of Agriculture (see English)	www.jordbruksverket.se
Statistics Sweden	www.scb.se/en
Swedish Trade Federation (see English)	www.svenskhandel.se
Chamber Trade Sweden *Chambers of Commerce in Sweden*	http://chambertradesweden.se
Stockholm Chamber of Commerce	www.english.chamber.se
National Board of Trade	www.kommers.se/in-english
Swedish Associations of Agents *Network for agents and brokers*	www.agenturforetagen.se/en
Swedish Food Federation	www.livsmedelsforetagen.se/in-english

OTHER USEFUL LINKS

Emarket Services Online business directory	www.emarketservices.com
FAO - Food and Agriculture Org.	www.fao.org