Organic Market
Sweden & Denmark

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BORD BIA
IRISH FOOD BOARD

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Content

Preface

Denmark and Sweden are often called pioneering countries in organic food and drink. They are among the largest countries when it comes to the organic share of sales, of total sales of food and drink. Denmark has the largest share of around 13% and Sweden is no 5 with a share of around 9%. Both countries have set goals of 60% organic share of all public buying of food and drink by 2030. Customers in retail and foodservice have for years been driving this development.

Over the last year Sweden has lost momentum and the share of organics has decreased whereas Denmark has continued the development at a slightly lower pace.

Stakeholders in both countries are confident that the positive development of buying organic products will continue over the next decade despite this slowdown that is seen as temporary. Total sales of organic reached €2.46 billion in Denmark and €3.3 billion in Sweden in 2021.

To develop a new or existing business in Denmark and Sweden it is necessary to become acquainted with each local markets conditions and to understand developments of the organic market.

This report provides broad insight and knowledge for Irish exporters who are looking to develop their presence into the Nordics in the short to medium term. It can also be seen as a guideline to opportunities identified in each market. Above all preparation is the key to succeed.

Choices are to be made and strategies to be set-up before approaching buyers in Denmark and Sweden. In this context the report is an introduction to Market understanding of Organic in Sweden and Denmark.

Bord Bia commissioned Green Seed Nordic to do this study. Green Seed Nordic is part of the Green Seed Group network (10 international offices), an international sales and marketing consultancy that helps food & drink companies succeed in international markets by providing them with a range of consultancy and marketing services, industry contacts and local trade expertise. The Nordic office is the facilitator for suppliers to retail and foodservice in Sweden, Denmark. Finland and Norway. Green Seed Nordic acts as the locally outsourced key account manager being in direct contact with the leading customers on behalf of the supplier. More information on www.greenseedgroup.com/nordic

Methodology

The market data supplied in this study is based on public panels provided by the trade press and/or primary and secondary data. Apart from Green Seed Nordic's own knowledge, expertise and experience, the following sources were used to produce this study:

Trade magazines and newspapers:

- Aktuell Hållbarhet
- Berlingske
- Butikstrender
- Dagens Nyheter
- Dagligvarunytt
- Dagligvarehandelen
- Ekologiskt lantbruk
- EkoWeb
- FoodPro
- Food&Drink
- Fri Köpenskap
- Fødevaremagasinet
- Hotell & Restaurang
- Jyllandsposten
- Landbrugsavisen
- Politiken
- Svenska Dagbladet

Internet and online sources:

- Retailer and wholesaler websites
- Manufacturer websites
- Organic association websites
- Government and trade associations websites
- Logistics websites
- Other food and drink websites, online/trade/consumption/economy related websites

Primary and secondary sources:

- Butikstrender
- Dagens Handel

- Dagligvarehandelen
- Dagligvarunytt
- Danmarks Statistik
- Delfi
- DKI
- DSK (De Samvoirkende Købmænd)
- ECR Sweden
- Ekologiska Lantbrukarna/LRF (Organic Farmers)
- Eko Mat Centrum (Resource Center for Sustainable Consumption)
- Food & Friends
- Fødevarestyrelsen (Danish Veterinary and Food Administration)
- GfK

- Jordbruksverket (Swedish Board of Agriculture)
- KRAV
- Landbrug & Fødevarer (Danish Agriculture & Food Council)
- Livsmedelsverket (Swedish Food Agency)
- Macklean Insikter
- Nielsen
- Nordisk Råd og Nordisk Ministerråd (Nordic Co-operation)
- Organic Sweden
- Rambøll
- Retail Institute Scandinavia
- SCB (Statistikmyndigheten)
- SLF
- Stockmann (Retail Institute Scandinavia)
- Sveriges Konsumenter (Swedish Consumers)
- University of Copenhagen
- Own reports. Contacts to and Meetings with retail and foodservice.

1. Overview and structure of the organic market

The Nordic region represents overall very good opportunities for Irish exporters due to relatively high price levels compared to international levels as well as an increasing demand for food and drink.

Denmark and Sweden rank high internationally when it comes to household penetration of organic products and when it comes to buying organic, Danish and Swedish households are leaders. However, we notice that not many organic Irish products are present in the market despite this representing a significant opportunity that is also expected to keep growing.

The aim of this report is to give Irish exporters a glance of the markets and the existing opportunities, as well as some advice of how to best prepare for the opportunities.

1.1. Size and development opportunities

Organic is the norm in both countries, especially in Denmark when it comes to retail trade and in Sweden when it comes to food service.

1.1.1. Basic key facts per country

Both countries have a long history together. They were in union with another for several hundred years and have close relationships. Denmark and Sweden are both members of EU, the Nordic Council and soon to be NATO (Sweden). Thousands of Danes and Swedes are working or living in their sister country and both countries have their own currencies (Sweden – SEK and Denmark – DKK).

The two countries also share common traits in their political systems as well as with the Nordic model. This model is characterised by a high public welfare ensuring the universal provision of basic human rights and stabilising their economies. It has the same goals as other welfare states but often is described as having high emphasis on maximising labour force participation, promoting gender equality, egalitarian and extensive benefit levels as well as liberal use of expansionary fiscal policy. Tax rates are also amongst the highest in the world.

Both countries similarly have high living standards and both rank highly when it comes to importing products. The land surface area of the two countries is around 500.000 square metres (Sweden 450.000 sq. m and Denmark 47.000 sq. m) compared to Irelands' 70,000 square metres. In terms of population, Sweden has roughly 10.5 million and Denmark 5.9 million again in contrast to Ireland's 5.3 million inhabitants.

In general, there is a positive and open mindset to doing business with Irish companies in both countries and there are several examples of successful Irish exporters who entered the region.

Denmark/Sweden overview 2022

Key facts	Denmark	Sweden
Land area sq. km	43.094	385.199
Population	5920767	10483647
Capital /No.2	Copenhagen, Aarhus	Stockholm, Gothenburg
Intl. Status	EU-member since 1973	EU member since 1995
	NATO member	Independent till 2022
Age 0-14 years	0,164	17.7%
Age 15-64 years	63.3%	61.7%
Age 65+ years	20.3%	20.6%
Currency	DKK	SEK
One Euro/mid 2022	7,45 DKK	10.25 SEK
GDP per capita 2021	67.920€ (est.)	58.639€ (est.)
Unemployment 2022	2.5%	0,085
Inflation May 2012	0,074	0,074
Imports/top 5	GE21%, SW11%, NL8%, CHINA7%, NO 5% = 52%	GE18%, NL9%, DK7%, NO7%, CHINA6% = 47%
Exports top 5	GE14%, US11%, SW10%, UK7%, NO6% = 48&	GE10%, NO9%, US8%, DK7%, FIN6% = 50%
Agriculture Products	Milk, wheat, barley, potatoes, sugar beet, pork, rye, rapeseed, oats, poultry	Wheat, milk, sugar beet, barley, potatoes, oats, rapeseed, pork, rye, triticale
Source: National Statistics, CIA factbook 2022		

1.1.2. Market size

Denmark

The overall organic sales in Denmark reached DKK 18.3 billion, equivalent to €2.46 billion. Both 2020 and 2021 were in many ways different and demanding years due to the Covid-19 pandemic. The pandemic has of course also left its mark on organic sales. The most damaging in relation to the total closure of restaurants, cafes, hotels, conference venues, company canteens for example. The major setback for outdoor dining in 2020, created a breeding ground for a historically large growth in organic grocery trade with total turnover in organic sales (both conventional + organic), of DKK 1.9 billion. Many of the changes we have seen during the pandemic will be of a temporary nature, while others will be more permanent. The outdoor dining will soon be normalised again at a high level, and thus take some revenue back from the grocery trade.

The big boost in online shopping will likely be of a more permanent nature - as a kind of temporal compression of a development that had to come sooner or later. Similarly, it is expected that the strengthened interest in local goods and Danish raw materials will be a permanent trend also.

Sweden

Organic food sales totaled SEK 34.2 billion in 2021, equivalent to € 3.3 billion. This represents a marginal decline compared with 2020 of minus 0.5 percent or SEK minus 160 million. Behind the total figure are shifts between different market channels and between categories of organic foods. The sale of organic food from farm directly to consumer increases. Systembolaget's (state owned alcohol stores) organic sales reached new heights and the share of organic in the public sector remains at a very high level.

In the retail trade however, where over 60% of the sales value of organic food takes place, the proportion decreased. Consumer studies show that most Swedes want to shop sustainably, but that it is difficult to navigate the information concerning the sustainability of food versus organic sales. Two of the highest ranked criteria in the selection of sustainable foods are good animal welfare and that the food is grown without pesticides. These are some of the clearest added values with organic production.

Despite that and the high awareness of the organic labels, especially the Swedish Organic "Krav" label the sale of organic in retail trade declined. A possible explanation for the decline is that the range of organic products over time has decreased. Another explanation is that the trade especially the market leader ICA has had fewer campaigns and informed consumers less about organic in recent years. According to the Organic Farmers' Studies, which is based on GfK's consumer panel, among other things, there are many indications that consumers often lack organic alternatives to choose from. The report "The market for organic dairy products" published in the autumn of 2021 clarifies, for example, that there is a lack of organic products in growing and high-priced product segments such as cheese, ice cream and specialty products. Organic is rarely combined with other premium values, package sizes, flavors, and fat contents that consumers demand.

"We can also state that the campaigns for organic have decreased from the trade side. At the same time, we see how sales of organic increase when we activate organic products in stores. During the autumn, for example, we ran the campaign "Feel the Calm - Shop Organically" together with all the chains in the grocery trade. In the stores where the campaign was activated, sales of organic cheese increased by three-digit numbers, among other things", says Charlotte Bladh André, CEO of Organic Sweden in a comment.

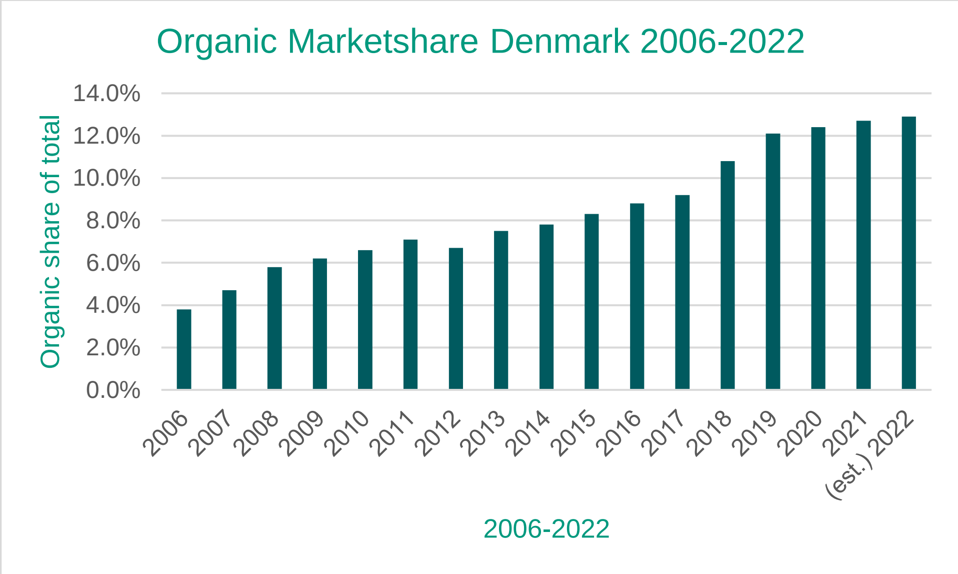
1.1.3. Development

Denmark

In 1987, Denmark became the first country in the world to have an organic law passed in parliament. In this connection, a state control system was established and in 1990, the "Ø" label was added. The label is a control mark that guarantees that organic goods are state controlled. The development of organic in Denmark has taken place in close interaction between public and private actors.

The development in Denmark is in fact a result of many years of private and public initiatives. Organic has developed from being a "specialty segment" only found in specialty stores, at local markets and in Irma supermarket chain who adopted an early focus on organic 35 years ago. Today organic is mainstream and found in all categories, from public canteens as well as private restaurants. Whereas, organic in early days was centered around basic products like milk and vegetables it has since developed into value added products and is found in almost any offering.

Since 2006 the organic share has grown almost every year (apart from 2021) to reach a market share of 12.8%, which is world record.



Source: Statistics Denmark 2021.

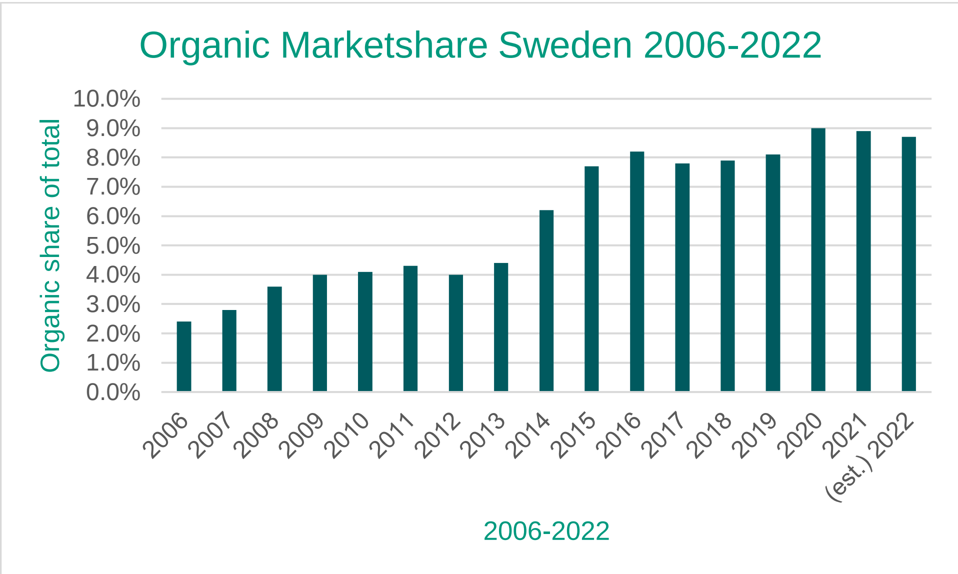
Sweden

1985 was a breakthrough year for organic products in Sweden. To begin with, an initiative “KRAV” (translates to “DEMAND”) was taken by some organic farmers. When Swedish Coop “KF” held a general meeting later that year, questions about organic and the environment were the focus of many discussions. A commitment to the environment was thus given a more public and concrete expression.

Collaborative projects arose between food producers and researchers that enabled the development and production of organic products.

In line with the 1985 General Meeting, several Coop “Green Konsum" stores were also opened on trial, where organic KRAV labeled goods were in the assortment. The result was a great success and very soon more stores were converted.

In 2021, the total market share in Sweden of organic sales in value was 8.9%.



Source: Eco index 2021

It is remarkable that the organic share has dropped over the last years. The total sales of food in the trade decreased during the second quarter of 2021 compared with the same period 2020. This was driven by less consumers working from home and hoarding. Due to fluctuations in food sales, organic food lost shares against conventional. Less promotional focus by Sweden's largest retailer has also influenced this development. Despite this, Sweden remains in the top five list of countries and we believe that in the long-term Sweden will catch up to the rest which will be highly influenced by an increase in the publics organic consumption and increased focus on sustainability among retailers that will positively influence demand for organic.

The development in Sweden according to retail contacts, has to a large degree been driven by a shift in focus from organic to other alternatives, such as locally or sustainably produced products and vegetarian or vegan goods. Large retail chains in Sweden put these on their store shelves, providing customers with many new alternatives. It is clearly our impression that the trend of slower growth in organic sales in Sweden, is not driven by a decreased consumer demand, but rather that consumers are uncertain of what constitutes a sustainable food product choice, as organic is not always the given this title anymore. Furthermore, Swedish retailers have been less focused on organic profiling than before, and recently there have only been a few purely organic marketing campaigns. Overall, we see a significant drop in campaigns of organic products in ICA´s promotional leaflets. Opposite we see an increasing number of organic products in Axfood's, Willy's promotional leaflets.

The Nordic countries occupy leading positions when looking at how much organic takes up in the total sales and production of food. Sweden and Denmark in particular stand out positively. Organic sales and production are here to stay and is expected to grow further in the next 10 years according to key buyers in retail and foodservice. In fact, "solid growth" is expected for organic food and beverages. In general, consumers have become more focused on a healthy lifestyle and aware of the value that organic foods and beverages can provide. Larger consumption has also led to lower prices which brings organic products closer to conventional products, leading to higher demand. To several consumers organic also represents a positive way forward in terms of increasing concern about climate and sustainability.

Together with support schemes and political agendas, it will contribute to a strong growth in organic turnover in coming years. On the other hand, there is presently a downturn in the economy that will have consumers focusing more on price and that will no doubt have an influence on organic demand.

1.2. Current supply sources

1.2.1. Local/International/Retailers Organic private labels

Some of the considerations you might have as an exporter is – Do we have a chance offering Irish organic products? Will the buyer prioritise local suppliers ahead of us? Do we have any chance?

The answers are the same as if it was an Irish buyer. The buyer will choose the supplier that offers the best deal. Apart from pricing other buyer considerations are – Is the supplier able to supply punctually and on an ongoing basis? Will the supplier prioritise our stock vs an Irish retailer? Will the buyer prefer the local Danish marking rather than the EU organic labelling?

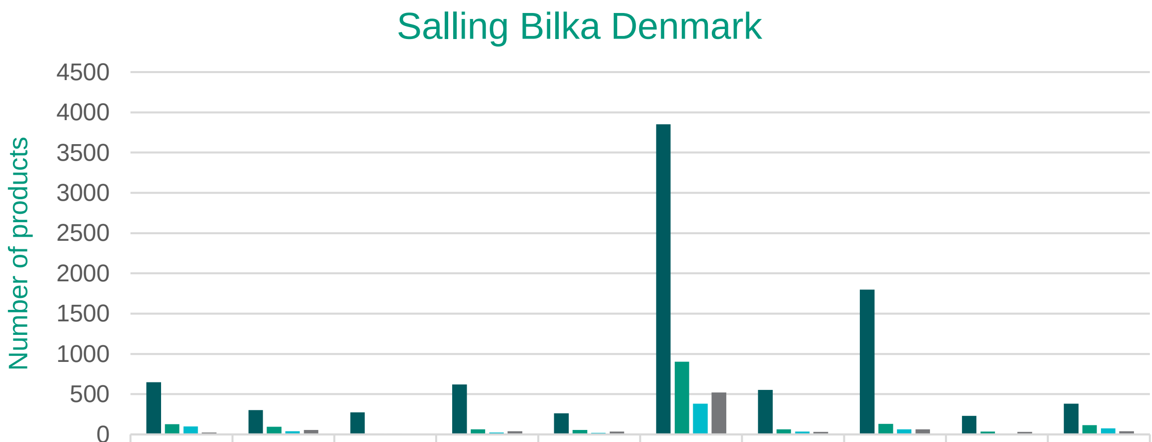
We have investigated this and come to that basically you have the same opportunities as a local supplier. There are and will always be set-ups whereby the opportunity can be limited for certain reasons but even in these circumstances there are always opportunities and often these opportunities must be presented by the supplier to the buyer. Buyer's time is limited and therefore it is now more than ever the job of the supplier to present opportunities.

To find out we have analyzed the assortments of the two largest Danish and the three largest Swedish retailers. We have listed the total number of products in assortment, then we have identified the number of organic products. Following this, we have seen if the organic products are of Danish or Swedish origin or have they been imported. Below, all key categories of the leading retail chains in Denmark and Sweden. Local suppliers are dominating but choice of suppliers is made on competitive basis. This means that there is no preference for a local supplier, they must be competitive. We see areas where buyers are informing us that there is lack of suppliers and in such cases buyers state "we choose the supplier round the corner".

Salling chain Bilka Denmark

Highest penetration of organic products is within the grocery sector. Almost 18% of grocery products are organic. Out of total 3,853 grocery products, 904 are organic. In the frozen category, 64 out of 552 products are organic. Out of 380 marmalade, jams, spreads and similar products 115 products are organic. Within meat, only 13 organic products out of 273 products are currently in the range.

In dairy, local Danish suppliers are dominating with 101 out of total 126 organic products, whereas 552 grocery products are from foreign suppliers versus 382 local suppliers. Out of 229 Asian products 34 are organic and out of total 552 frozen products, 54 products are organic. Bear in mind that some of the Danish suppliers do also have foreign suppliers of i.e., organic raw material so it can be an idea to also evaluate business potential here.



	Dairy	Fruit&vegetables	Meat	Bread&cookies	Plantbased	Grocery	Frozen	Beverages	Asian	Marmelade/JamsOthers
Total	648	301	273	622	262	3853	552	1797	229	380
Organic	126	97	13	64	56	904	64	130	34	115
Local	101	40	10	23	20	382	34	65	2	77
Foreign	25	57	3	41	36	522	30	65	32	38

Organic Penetration/Origin

Total Organic Local Foreign

Source: own research of online website of Bilka Hypermarket/Salling Group

Salling offers 2 organic Private labels: ØKO for its Bilka hypermarkets as well as for its Føtex supermarket banners and ØGO for its Netto discount chain.

ØKO is Salling´s Organic label for its Hyper and supermarket chains

Netto´s organic private label:

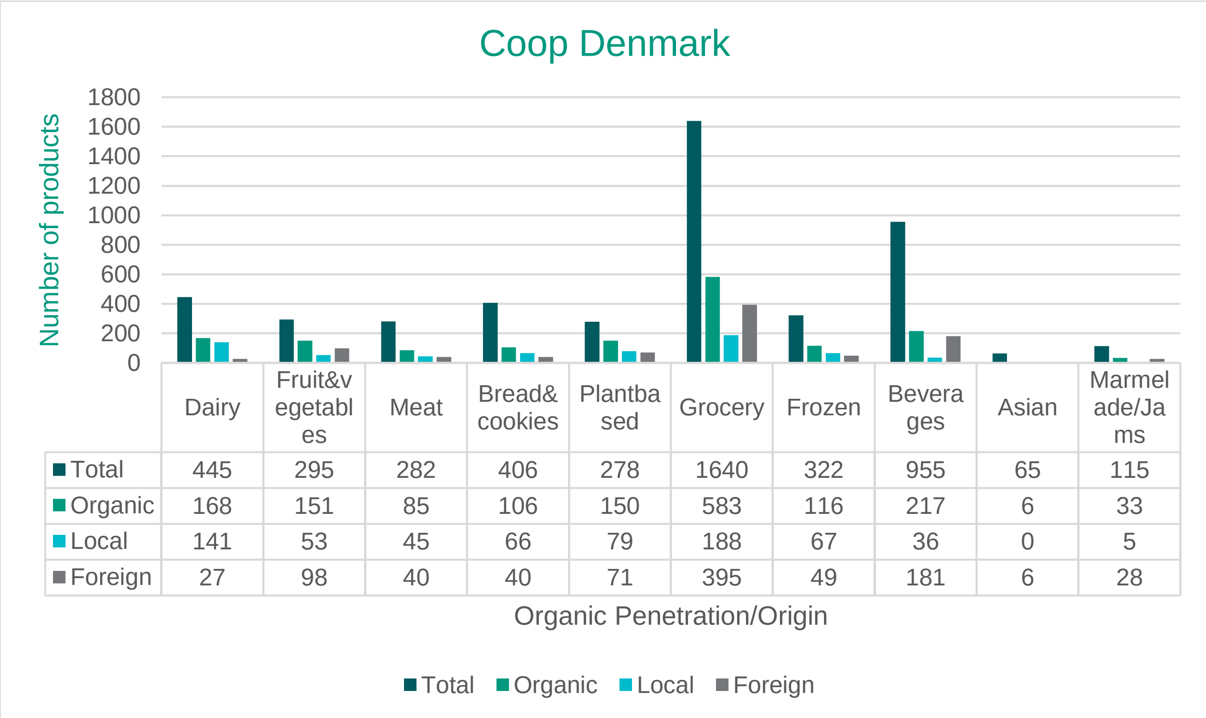
ØGO

Netto logo for Private label organic

Netto is the largest chain in Denmark when it comes to organic sales and overtrades it´s general market share of 1.8% with an organic share of sales of around 20-21% of total organic sales in Denmark.

Coop Denmark

Almost 34% of products are organic. Especially within dairy, there is high local organic supply and this is due to Coop having its own in-house supplier, THISE dairy which is evidenced in the fact that out of 168 organic products, 141 are from local suppliers. Contrastingly, in beverages there is a clear dominance of foreign suppliers. It is worth noting, that compared to Salling, Coop have a high local supply of meat. Basically, that could be minced meat produced in Denmark but of Irish origin. In grocery, out of 1,640 products, 583 are organic and 18 are from local suppliers whereas, 305 are of foreign origin. Within beverages, there are 217 organic products of which 181 are foreign organic products. Within dairy, we see a clear dominance of local organic products. Within Asian products there are very few, just 6 organic products in Coop Denmark's assortment.



	Dairy	Fruit&vegetables	Meat	Bread&cookies	Plantbased	Grocery	Frozen	Beverages	Asian	Marmelade/Jams
Total	445	295	282	406	278	1640	322	955	65	115
Organic	168	151	85	106	150	583	116	217	6	33
Local	141	53	45	66	79	188	67	36	0	5
Foreign	27	98	40	40	71	395	49	181	6	28

Source: own research of online website of Coop Denmark

Coop´s own organic private label is called Änglamark. It dominates private label for organic in Denmark and Coop continuously develop the organic assortment. In Denmark, Coop was first and still has a high proportion of organic products.

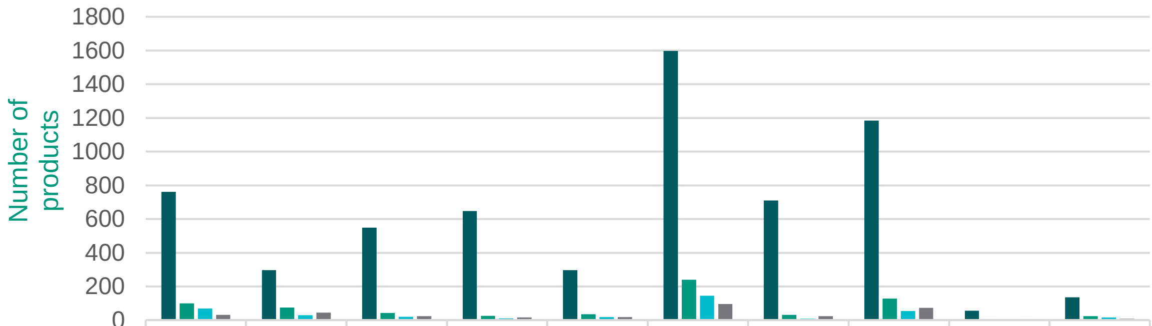
COOP logo for organic private label

Under the Coop banners, it is also worth mentioning the Irma chain with 70 stores in Copenhagen area. It is Irma´s ambition that by 2025 more than 50% of its sales are organic products. Many organic products started with only being listed in Irma and as sales have developed entered further distribution into other Coop chains. It shows that if suppliers are willing to be perseverant and prepared to start with low volumes, only supplying 70 Irma stores, over time the business could develop into other Coop store formats and become much bigger.

Coop Stora chain Sweden

Coop has been the pioneer in Sweden when it comes to offering organic products. It is significant how wide the organic offering has developed over the last 5 years. It is Coop´s intention to develop this further from the present level of 12% of the total assortment. Organic penetration is larger within basic categories like fruit and vegetables and dairy whereas it is smaller i.e., within Asian, bread and cookies. Local supply accounts for over 50% of organic products.

Coop Sweden



	Dairy	Fruit&vegetables	Meat	Bread&cookies	Plantbased	Grocery	Frozen	Beverages	Asian	Marmelade/Jams
Total	762	296	548	647	297	1598	711	1184	56	135
Organic	100	74	43	26	35	240	32	127	5	24
Local	69	30	19	10	17	145	8	54	0	16
Foreign	31	44	24	16	18	95	24	73	5	8

Organic Penetration/Origin

Total Organic Local Foreign

Source: own research of online website of Coop Sweden

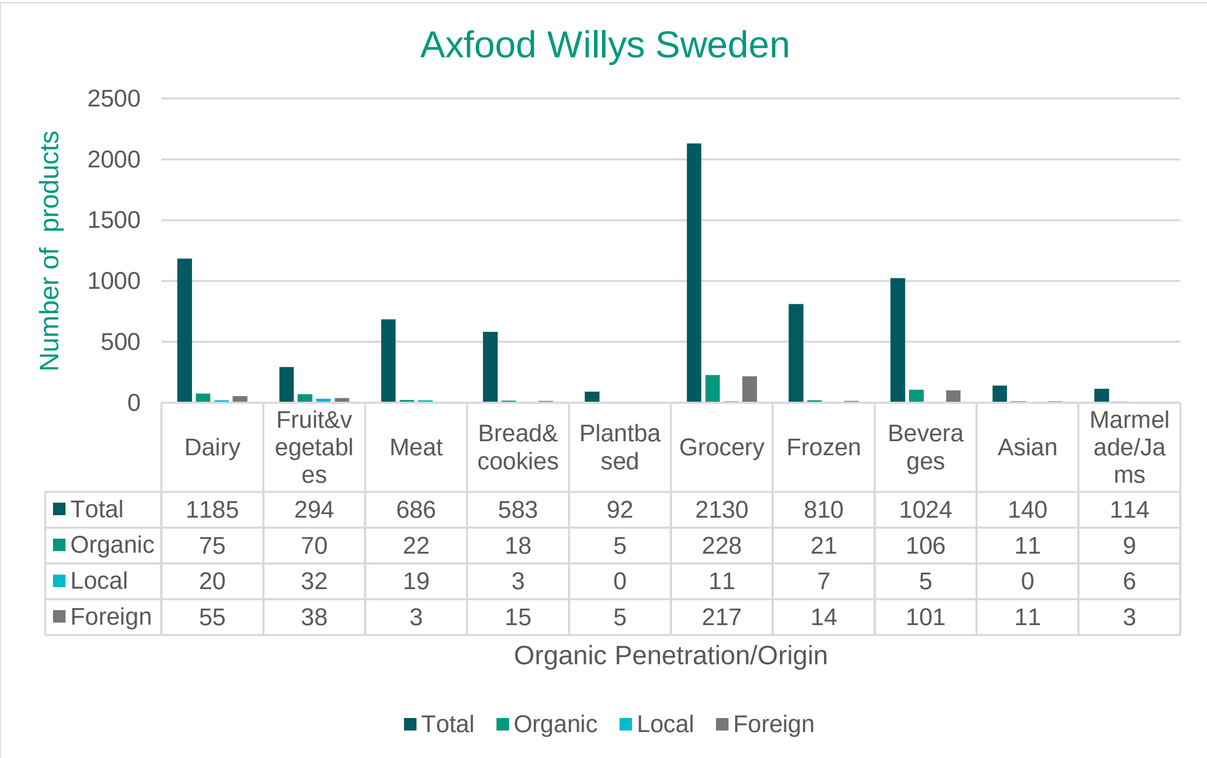
As in Denmark Coop Sweden’s own organic private label is called Änglamark: In 2005, Coop decided to combine all of Coop's national Nordic brands, with a responsible approach to the world, into one common Nordic brand: Änglamark covering Norway and Finland as well.

The first products came on the shelves in 2006. Today you can find various Änglamark products, everything from vegetables, cheese and milk to washing powder, soap, and dishwashing liquid and so on. More and more products are also emerging all the time.

Coop's Organic PL Änglamark is covering all categories incl non-food

Axfood Willys - Sweden

Organic penetration is very high at Axfood like anywhere else within grocery. If you go back just three years, the organic penetration was 50% of what it is today. Local suppliers are less dominating than with Coop. Also, less overall penetration below 10% but Axfood´s ambition is to grow further. There is a huge potential with the Willy's chain that is the fastest growing chain in Sweden and has announced that it will keep having focus on organic products.



	Dairy	Fruit&vegetables	Meat	Bread&cookies	Plantbased	Grocery	Frozen	Beverages	Asian	Marmelade/Jams
Total	1185	294	686	583	92	2130	810	1024	140	114
Organic	75	70	22	18	5	228	21	106	11	9
Local	20	32	19	3	0	11	7	5	0	6
Foreign	55	38	3	15	5	217	14	101	11	3

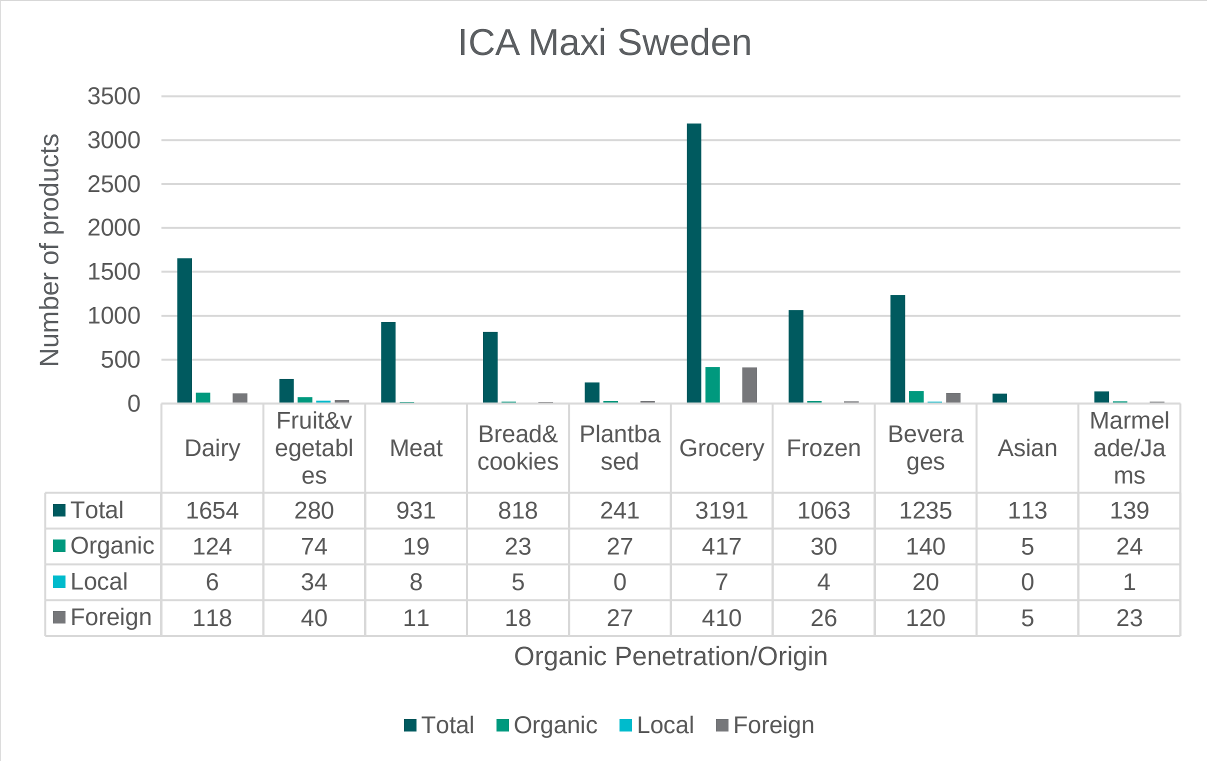
Source: own research of online website of Coop Sweden

As can be seen in the figure there is room for growth at Axfood. Across most categories you find quite low organic shares. Axfood´s own organic private label products are sold under its Garant organic label.

Axfood organic private label

ICA Maxi chain Sweden

At ICA Sweden, grocery is the largest category when it comes to number of products and grocery is also the category with most organic products. Local supply is less outspoken than with the other Swedish retailers. Less than 10% of assortment is organic.



	Dairy	Fruit&vegetables	Meat	Bread& cookies	Plantbased	Grocery	Frozen	Beverages	Asian	Marmelade/Jams
Total	1654	280	931	818	241	3191	1063	1235	113	139
Organic	124	74	19	23	27	417	30	140	5	24
Local	6	34	8	5	0	7	4	20	0	1
Foreign	118	40	11	18	27	410	26	120	5	23

Source: own research of online website of ICA Sweden

ICA´s private label products are sold under it´s “i love eco” label.

ICA organic private label

Most of the Swedish origin organic products are products like Swedish milk, Swedish apples. It is mostly foreign suppliers that supply ICAs organic products. We are aware of suppliers supplying organic products in both Denmark and Sweden and in general the organic volumes on comparable products are slightly higher in Sweden than in Denmark.

Overall, the above analysis show that the leading position of Denmark when it comes to organic choice, is also due to a much wider selection and penetration of organic products. In Denmark organic products are seen as “healthy products” whereas being healthy in Sweden is associated with a healthier lifestyle in general.

1.3. Opportunities by category

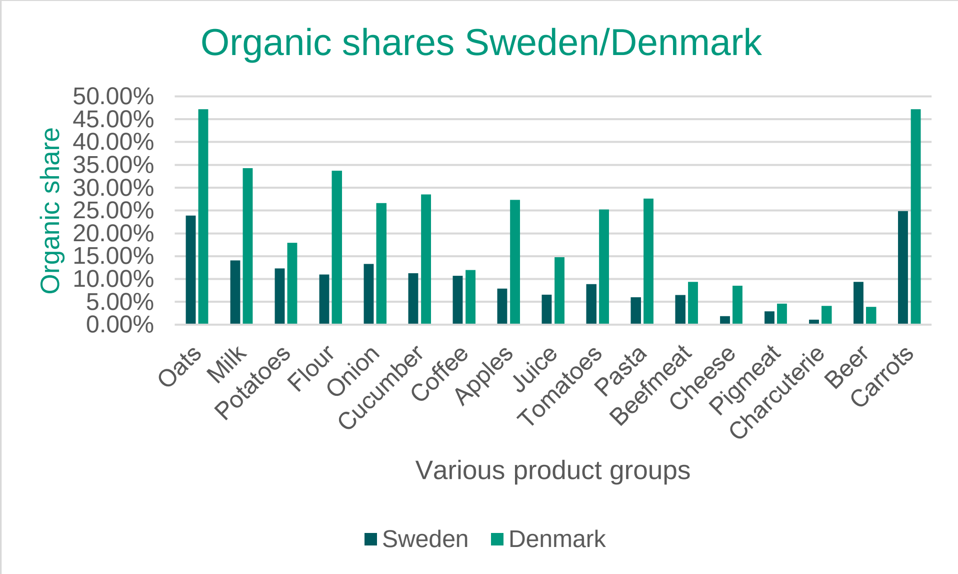
1.3.1. General assessment of opportunities

For almost all products the organic share is significant higher in Denmark than in Sweden. Of all the drinking milk sold by trade in Sweden, 14.1% was organic. In Denmark, it was the same figure as in 2020, of 34.3%. For carrots, the organic share in Denmark was on 47.2% and in Sweden on 24.9%. One of the few products where a larger proportion is organic is in Sweden is beer: where the Swedish share was at 9.4%. In Denmark it was only 3.9% organic share. One interesting product is cheese, in Sweden organic cheese accounts for 1.9% percent of all cheese sold. In Denmark the corresponding figure is 8.5%.

The background of why a larger share of the grocery trade food sales in Denmark is organic compared to Sweden is often discussed. Some differences that are emphasised are that in Denmark there is a great deal of political agreement about increasing production as well as consumption and export of organic food and drink. Another factor is that sometimes highlighted is historically that the Irma chain started up the organic trend and has used organic to build the Irma brand in return. To fight Irma (owned by Coop) in Copenhagen the discount chain Netto (Salling Group) used organic to convince the Copenhagen consumer that they could have a wide organic assortment but at much lower prices than Irma. Netto´s action influenced the other discounters in Denmark to focus on organic, so in fact organic became a competition parameter.

Organic product shares Sweden/Denmark

The figure below compares organic shares between Denmark and Sweden. Only in beer, does Sweden have a larger proportion of organic products than Denmark:



Source:Gfk Consumer Scan

Denmark observations

In surveys commissioned by the National Organic Association, 74% of Danish consumers answered that they will buy more organic products in the coming years. Focus for consumer interest seems to have shifted from basic goods such as milk, fruit, and vegetables to more processed products such as beverages, snacks, and confectionery. It should mean more opportunities as well for new and smaller businesses to grow in the organic market.

According to the National Organic Association, it is important to observe that consumers want more from organic products than the requirements of current regulations. Sustainability, lower climate impact, use of solar energy for production and so on, are becoming increasingly important.

Today it is largely possible to find an organic variant of all goods in retail trade, and in some categories, we even see that the organic variant has outperformed the conventional variant. For example, in Salling Group and Coop, both chains recently removed conventional bananas from shelves. That is also the case for example, for some plant-based dairy drinks and agave syrup.

In addition, staples such as milk, flour, and eggs also have high organic market shares. There are also several product groups where the organic share is in the intermediate level with an organic share at 10-20%. Many of these product groups are now starting in earnest to "fill something" in the stores' product range - product types such as potatoes, juice, and coffee. There are also several product groups where organic still lacks a real impact on consumption. This is evident with organic pork and poultry as well as on sweets, chocolate and chips, where the organic share is below 5%.

According to a Coop analysis 59% of Danes are predominantly positive about organics according to a survey in November 2021. The same study also showed that almost a third of all Danes (31%) have an expectation that in the future they will buy more organic, while 60% will buy to the same extent as they do today. Slightly more women than men expect to increase their organic purchases.

Sweden observations

The individual category where organic has developed the most are drinks, including alcohol and non-alcoholic. It makes up almost 30% percent of all sales of organic food and drink. The share of organic has increased between 2020 and 2021 where it rose from 11.8% organic to 12.2%. Systembolaget's successful sale of organic wine contributes largely to this high share.

Fruit and vegetables are next largest category. Fruit and vegetables with 17.3% share is one of the categories where organic best keep up with the conventional products. Sales of organic dairy products have decreased however, from 2021-2022 from 7.8% to 7.1%.

Fish is a product that sometimes is included in statistics of organic sales and sometimes not. On the one hand, there are no EU commonalities rules for organic fish. But Statistics Sweden compiles data on organic consumption of MSC-labeled fish: according to this the organic proportion was 6.9% in 2021.

Organic coffee is one relatively large product that had an organic share of 10.7%. Organic tea had an organic share of 25.2%. Frozen berries 9%, vegetables and potato products which both had a 10% share are other large product categories.

Swedish consumers have a strong commitment to food and sustainability. The added value that organic products contribute is highly valued. However, this is not always reflected in consumers' food choices. The explanations to this are many, for example, organic has received competition from other added value.

Younger people buy more organic than older people also. The age group of 30–44-year-olds buy the most organic dairy products. They stand for 22% of grocery purchases overall - but for 30% of organic cheese and 28% of organic milk and yoghurt. Consumers below 30 years are also overrepresented when this applies to the purchase of organic milk and yogurt but are underrepresented when it comes to organic cheese.

Looking ahead, the higher consumption among younger consumers could mean a general higher organic consumption in the future.

1.3.2. Key categories/Opportunities

We have taken the key categories as they are structured within Danish and Swedish retail and foodservice. We have then looked at important trends within each category, whilst also looking at the relative importance of organic within each category in a 3-year perspective and then listed potential opportunities.

This is not to be seen as being the conclusion. Each supplier will know best where it has its strengths. Each defined opportunity should be examined, and a plan and timeline should be prepared to identify the commercial potential. The overviews below are based on discussion with various contacts in the trade and our knowledge of launching new products into both markets in several categories.

The points below have summarised our findings and input for proceeding with various categories.

Columns:

1. The first column “Growth Category” is defining whether the category is in growth, decline, or staple. Customers are likely to list new products when the category is growing and is expected to grow. In fact, when launching new product suppliers are being asked by retailers whether the category is a growth category and whether the supplier expect the category to grow.
2. The second column “Trends”, is defining a key trend that exist within each category. For example, within cheese, a trend is non-dairy and within snacks, a trend in for example, Denmark is that buyers are looking for more healthy alternatives or another trend is a demand for natural products i.e., dried snacks without additives or simply natural ingredients. We are in close contact with snack buyers and the information is based on their assessments.
3. The third column “Trends” defines a further trend within the category for example, when cheese buyers state that they are looking for new types of cheeses, it can be a new soft cheese or another cheese that is not in their assortment today. This finding comes as a direct

statement from one of the buyers we are in direct contact with. Or when a snack category buyer is looking for more natural snacks it could be dried snacks made of natural ingredients as one example.

4. The fourth column “Organic Influence” outlines the importance of being organic in the specific category. For example, within pasta organic is important (=high), whereas within charcuterie organic is less important (low). In this case our finding is based on that we have helped an Italian manufacturer of charcuterie to launch a range of organic charcuterie. It showed however, that sales were very low, and one retailer had delisted an organic range. Opposite as we have launched a range of pasta one of the buyers requested more organic varieties.
5. The fifth column “Opportunities” lists the more specific opportunities coming from buyers, own assessment, trade data, or articles of local trade journals.

Assessment of Opportunities, Key categories Retail Denmark

- Opportunities: overall high and there are opportunities within all categories.
- Categories: opportunities within all categories. Obviously, some categories are already more “organic” than others. A low organic penetration does not mean it does not represent an opportunity for a supplier. It could be lack of organic products or it can be that they have not found the right supplier.
- Private label approach: high. There is already quite a high penetration of private label so the next step could be to contact the Danish or Swedish customers and become an accredited supplier. This takes the form of an initial questionnaire where the potential new supplier has to get prequalified to be able to participate in coming tenders. Alternatively, the supplier could present a new organic product to a category that has a low penetration of organic products.
- Branded approach: high opportunities especially if there is not already a private label offer in the category. If there is already a private label product available in the category the offer should differ from the private label to avoid me-too offering.

Opportunities, Key categories Retail Denmark

Trends Category Denmark	Growing category	Trends	Trends	Organic influence	Opportunities
Dairy Eggs & Fats	Growing	Convenience	Healthy	High	Meals, Free from
Juice	Stable	Convenience	Naturalness	High	Portion-packs, new fruits, Fresh
Cheese	Decreasing	Non-dairy	New cheeses	High	Non-dairy (incl grated), Soft cheeses
Charcuterie, Sausages	Stable	Convenience	NPD	Low	News Tapas, Non-meat

Chilled Convenience	Growing	Healthy	On-the-go	Low	Healthy alternatives, new ideas, Ready to eat, Vegan
From the sea	Stable	Sustainable	Naturalness	Low	Sea Food, Healthy protein, Starters
Deli	Growing	Selection	Convenience	Low	Pre-made, Easy to serve
Meat General	Stable	Origin/quality	Sustainable	Medium	Convenience, Ready to prepare
Meat Beef	Stable	Sustainable	Convenience	Medium	Convenience, Ready to prepare
Meat Pork	Stable	Sustainable	Convenience	Medium	Convenience, Ready to prepare
Meat Lamb	Stable	Sustainable	Convenience	Low	Convenience, Ready to prepare
Meat alternatives/Meat free	Growing	Sustainable	Convenience	High	Convenience, Ready to prepare
Bakery	Growing	Craftmanship	Quality	Medium	Free from, Quality of raw material and baking
Other categories/fresh food	Growing	Chilled is growing	New offerings	High	Replacing i.e., frozen, New OOH offerings in-store/on-line
Bread & Cookies	Decreasing	Free-from	Craftmanship	Low	Demand for quality products
Frozen Food incl. Ice cream	Stable	Quality	Healthy	Low	Upgrading Quality, Ready to serve,

					Healthy products
Hot drinks	Stable/decreasing	Quality	Origin	High	OOK brands, Fairtrade. Convenience
Cold drinks	Growing	Value added	Naturalness	Low	Protein, Collagen, Sport
Beer	Stable/decreasing	Alcohol free	Craftmanship	Low	Alcohol free
Spirits, Wine	Stable	Alcohol free	Craftmanship	Low	Alcohol free
Snacks	Stable/decreasing	Healthy	Natural	Medium	New raw materials, more healthy snacks, Mini packs
Confectionary	Stable	Healthy	Vegan	Low	More healthy products, Vegan alternatives
Fruit & Vegetables	Growing	Portion/individual	Value added	High	Pre-cut, Portion, Mixes
Cereals/Breakfast	Decreasing	Healthy	Free-from	Low	Healthy, Free-from, On-the-go
Canned Food	Decreasing	Quality	Convenience	Low	Mediterranean, On-the-go, Meals
International Food	Growing	Convenience	Vegetarian	Low	Authenticity
Flavourings	Growing	Quality	Naturalness	Medium	New flavours
Pasta Rice, mashed potatoes	Decreasing	Quality	Naturalness	High	Mediterranean, Asian
Baking, Sweeteners	Decreasing	Naturalness	Healthy	Low	Free from, Quality of raw material
Food hypersensitivity	Growing	Naturalness	Convenience	Medium	Value added, Quality

Baby/Child	Stable	Naturalness	Convenience	High	On-the-go, Snacking
Pet food	Growing	Quality	Free-from	Low	Vegetarian, free-from
Health	Growing	Convenience	Naturalness	Medium	On the go, Quick-fix, Quality
Other categories/dry food/groceries	Growing	Quality	New offerings	High	New proposals, Convenience

Assessment of Opportunities, Key categories Retail Sweden

- Opportunities: medium/high.
- Categories: opportunities within all categories. Thorough preparation necessary to identify potential and work out commercials.
- Private label approach: high. Suppliers to pre-qualify to get connected to tenders or propose new private label based preferably on own pre-research of the local category.
- Branded approach: medium/high. For the coming period we believe there are good opportunities. The offer must be relevant and with a pre-assessment of the category and with a plan of how to launch and build sales.

Opportunities, Key categories Retail Sweden

Trends Category Sweden	Growing category	Trends	Trends	Organic influence	Opportunities
Dairy Eggs & Fats	Growing	Convenience	Healthy	High	Meals, Soups, On the go, Free-from
Juice	Stable	Convenience	Naturalness	High	New fruits, Vegetables, Fresh
Cheese	Decreasing	Non-dairy	New cheeses	High	Non-dairy, Cheeses with a story, Hard cheeses

Charcuterie, Sausages	Stable	Convenience	New habits; health	Low	Plates, News Tapas, Non-meat
Chilled Convenience	Growing	Healthy	On-the-go	Low	Healthy alternatives, new ideas, Ready to eat, Vegan
From the sea	Stable	Sustainability	Naturalness	Low	Sea Food, Healthy protein, Ready to snack /convenience
Deli	Growing	Quality	Convenience	Low	New assortments, Easy to serve
Meat General	Stable	Origin/quality	Sustainable/Non-meat	Medium	Convenience, Ready to prepare
Meat Beef	Stable	Sustainability	Convenience	Medium	Ready to prepare/ Seasoned products
Meat Pork	Stable	Sustainability	Convenience	Low	Ready to prepare/Seasoned products
Meat Lamb	Stable	Sustainability	Convenience	Low	Ready to prepare/Season
M eat alternatives/ Meat free	Growing	Sustainability	Convenience	High	New raw materials//On the go products
Bakery	Growing	Craftmanship	Quality	Medium	Free from, Quality of raw material and baking
Other categories/ fresh food	Growing	Chilled is growing	New offerings	High	Replacing i.e., frozen, New OOH offerings in-store/on-line

Bread & Cookies	Decreasing	Free-from	Craftmanship	Low	Demand for quality products
Frozen Food incl. Ice cream	Stable	Quality	Healthy	Low	Upgrading Quality, Ready to serve, Healthy products, Vegetarian
Hot drinks	Stable/decreasing	Quality	Origin	High	Quality, Fairtrade. Convenience
Cold drinks	Growing	Value added	Naturalness	Low	Protein, Collagen, Sport
Beer	Stable/decreasing	Alcohol free	Craftmanship	Low	Alcohol free
Spirits, Wine	Stable	Alcohol free	Craftmanship	Low	Alcohol free
Snacks	Stable/decreasing	Healthy	Natural	Medium	New raw materials, Less fat, healthier
Confectionary	Stable	Healthy	Vegan	Low	Healthier products, Vegan alternatives
Fruit & Vegetables	Growing	Portion/individual	Value added	High	Pre-cut, Portion, Individual, Origin
Cereals/Breakfast	Decreasing	Healthy	Free-from	Low	Healthy, Free-from, On-the-go
Canned Food	Decreasing	Quality	Convenience	Low	Portion, On-the-go, Healthy
International Food	Growing	Convenience	Vegetarian	Low	Wider selection, Authenticity
Flavourings	Growing	Quality	Naturalness	Medium	New flavours, Quality
Pasta Rice, mashed potatoes	Decreasing	Quality	Naturalness	High	Origin, Quality, of raw material

Baking, Sweeteners	Decreasing	Naturalness	Healthy	Low	Free from, Quality of raw material
Food hypersensitivit y	Growing	Naturalness	Convenience	Medium	On-the-go, Value added, Quality
Baby/Child	Stable	Naturalness	Convenience	High	Origin, Quality, Snacking
Pet food	Growing	Quality	Free-from	Low	Vegetarian, free-from, Better raw materials
Health	Growing	Convenience	Naturalness	Medium	On the go, Quick-fix, Quality
Other categories/dry food/groceries	Growing	Quality	New offerings	High	New proposals, Convenience

Assessment of Opportunities, Key categories Foodservice Denmark

- Opportunities: high. Buyers are looking to develop organic further not least because the leading whole sellers are supplying the public sector that will increase their buy of organic products.
- Categories: opportunities within all categories.
- Private label approach: high demand. Volumes could be small.
- Branded approach: high demand.

Opportunities, Key categories Foodservice Denmark

Trends_Category_FS Denmark	Growing category	Trends	Trends	Organic influence	Opportunities
Dairy Eggs & Fats	Stable	Quality	Portion control	High	Portions and larger packs i.e., 5kg, Free-from
Juice	Stable	Quality	Naturalness	Low	Concentrate, Super fresh
Cheese	Decreasing	Non-dairy	Portion	Medium	Pack sizes, new usages
Charcuterie, Sausages	Stable	Quality	Portion packs	Low	Craftmanship, Portion packs, Shelf life,
Chilled Convenience	Growing	Healthy	Breakfast	Low	Portion control, Vegan
From the sea	Stable	Sustainability	Freshness	Low	Portion control, shelf life
Meat General	Stable	Origin	Sustainable/Non-meat	Medium	Meat-free, Ready to prepare
Meat Beef	Stable	Sustainable	Pre-seasoned	High	Convenience/Ready to prepare
Meat Pork	Stable	Sustainable	Portion control	High	Convenience/Ready to prepare
Meat Lamb	Stable	Sustainable	Portion control	Low	Ethnic
Meat Alternatives/Meat free	Growing	Sustainable	Portion control	High	Convenience/Ready to prepare
Bakery	Growing	Craftmanship	Quality	Medium	Quality, fresh
Other categories/fresh food	Growing	Quality	New offerings	High	Convenient

Bread & Cookies	Decreasing	Quality	Free-from	Low	Quality products
Frozen Food incl. Ice cream	Stable	Quality	Easy-to-serve	Low	Local, Ready to serve, Portion control
Hot drinks	Stable/decreasing	Quality	Origin	High	Quality, Fairtrade. Origin
Cold drinks	Growing	Quality	Naturalness	Low	Natural, Quality
Beer	Stable/decreasing	Alcohol free	Craftmanship	Low	Alcohol free
Spirits, Wine	Stable	Alcohol free	Craftmanship	Low	Alcohol free
Snacks	Stable/decreasing	Quality	Natural	Medium	Easy to use, individually packed
Confectionary	Stable	Quality	Vegan	Low	High quality, Vegan, portion control
Fruit & Vegetables	Growing	Quality	Value added	High	Pre-cut, Portion, Individual, Origin
Cereals/Breakfast	Decreasing	Quality	Freshness	Low	Portion control
Canned Food	Decreasing	Quality	Authentic	Low	Portion, Big packs
International Food	Stable	Quality	Vegetarian	Low	Authenticity
Flavourings	Growing	Quality	Naturalness	Medium	Authenticity
Pasta Rice, mashed potatoes	Decreasing	Quality	Naturalness	Low	Sustainability
Baking, Sweeteners	Growing	Naturalness	Healthy	Low	Quality of raw material, Easy to use
Other categories/dry food/groceries	Growing	Quality	New offerings	High	New proposals, Convenience

Assessment of Opportunities, Key categories Foodservice Sweden

Opportunities: high. Expected to grow year in year.

Categories: opportunities within all categories.

Private label approach: high. Volumes could be small.

Branded approach: high.

Opportunities, Key categories Foodservice Sweden

Trends_Category _FS Sweden	Growing category	Trends	Trends	Organic influence	Opportunities
Dairy Eggs & Fats	Stable	Quality	Portion control	High	Portions and larger packs i.e., 5kg, Free-from
Juice	Stable	Quality	Naturalness	Low	Concentrate, Super fresh, frozen
Cheese	Decreasing	Non-dairy	Portion	Medium	Pack sizes, New usages
Charcuterie, Sausages	Stable	Quality	Portion packs	Low	Craftmanship, Portion packs, Shelf life, Tapas, Non-meat
Chilled Convenience	Growing	Healthy	Breakfast	Low	Portion control, Vegan
From the sea	Stable	Sustainability	Freshness	Low	Fresh frozen, Portion control, shelf life
Meat General	Stable	Origin	Sustainable/Non-meat	Medium	Meat-free, Convenience, Ready to prepare

Meat Beef	Stable	Sustainability	Convenience	High	Portion control in larger packs
Meat Pork	Stable	Sustainability	Convenience	High	Portion control in larger packs
Meat Lamb	Stable	Sustainability	Convenience	Low	Portion control in larger packs
Meat alternatives/Meat-free	Growing	Sustainability	Convenience	High	Portion control in larger packs
Bakery	Growing	Craftmanship	Quality	Medium	Free from, Quality, frozen or fresh
Other categories/fresh food	Growing	Quality	New offerings	High	Enabling more efficient preparation and taste
Bread & Cookies	Decreasing	Quality	Free-from	Low	Demand for quality products, Portion control
Frozen Food incl. Ice cream	Stable	Quality	Easy-to-serve	Low	Upgrading Quality, Ready to serve, Portion control
Hot drinks	Stable/decreasing	Quality	Origin	High	Quality, Fairtrade. Origin
Cold drinks	Growing	Quality	Naturalness	Low	Natural, Quality
Beer	Stable/decreasing	Alcohol free	Craftmanship	Low	Alcohol free
Spirits, Wine	Stable	Alcohol free	Craftmanship	Low	Alcohol free

Snacks	Stable/decreasing	Quality	Natural	Medium	Easy to use, individually packed
Confectionary	Stable	Quality	Vegan	Low	High quality, Vegan , portion control
Fruit & Vegetables	Growing	Quality	Value added	High	Pre-cut, Portion, Individual, Origin
Cereals/Breakfast	Decreasing	Quality	Freshness	Low	Quality and easy to use, portion control
Canned Food	Decreasing	Quality		Low	Portion, Big packs
International Food	Stable	Quality	Vegetarian	Low	Authenticity
Flavourings	Growing	Quality	Naturalness	Medium	Authenticity
Pasta Rice, mashed potatoes	Decreasing	Quality	Naturalness	Low	Origin, Quality, of raw material
Baking, Sweeteners	Growing	Naturalness	Healthy	Low	Quality of raw material, Easy to use, Pre-made
Other categories/dry food/groceries	Growing	Quality	New offerings	High	New proposals, Convenience

1.4. Organic labelling requirements

In the EU, there are common organic rules in the form of regulations. These EU regulations, which are applicable law in all EU member states, contain for example, rules for the production, import and labeling of organic food.

EU organic regulations form the legal basis for the production and distribution of organic food in Denmark, Sweden and in the rest of the EU. The regulations lay down detailed rules for the production, processing, import, labeling and marketing of organic food.

From 1 January 2022, a new EU Ecology Regulation, with associated implementing regulations, and a new Danish and Swedish Organic Executive Order will apply for the local importers. In this report we will deal with the regulations associated with export into Denmark and Sweden.

1.4.1. Labelling and control

Denmark

There are two well-known organic labels in Denmark. Next to the well-known green EU organic label the red Ø label with the text “state-controlled organic”, which states that it is the Danish authorities who have carried out control of the farm or company that has last processed, packaged or labeled an organic product.

The Ø label can also be awarded to organic food from Ireland, if the affixing of the mark takes place in Denmark under the control of the Danish authorities, as the Danish authorities do not carry out control in other countries. The Ø label mark must be in red or black.

It was created in 1989 and indicates that the product is grown and processed according to the organic rules laid down by the EU and that the Danish authorities have ensured compliance with organic regulations throughout the entire food chain.

Goods from abroad can also have the red Ø-label if the last processing or repacking has taken place under the Danish organic control. The red Ø-label can also be applied to certain organic non-food products, such as grass seed or dog and cat food, when produced under organic control in Denmark.

It is voluntary to use the red Ø-label. Regardless, organic foods must, as a minimum, comply with the EU organic rules (represented by the EU organic green leaf).

Governmental control was a crucial success factor for convincing Danish consumers about organic. Almost all Danes (98%) are familiar with the red-Ø label and 81% have great confidence in it, which makes it the best-known label in the whole of Denmark

To achieve the red Ø-label, here are some requirements that must be met. These are criteria that focus on the environment, animal welfare, and quality.

- Only 49 additives may be used, where in conventional (ordinary) products approx. 370.

- No pesticides may have been used. This means that there are no harmful chemical residues in the product, such as pesticides.
- It is allowed to use up to 5% conventional ingredients in an organic product. This is because it can be difficult to obtain some necessary raw materials organically.
- The food must be packed in Denmark, but the raw material may come from abroad.
- There are stricter requirements for accounting in organic companies. This is done so that the food control can examine suppliers and ensure that the raw materials in the products are in fact organic.
- In addition, organic producers/importers using the Ø label are examined more often than conventionally grown foods.
- The animals must also have access to outdoor areas from 15 April to 1 November, where they must have daylight for a minimum of six hours and access to fresh grass.

Certification

Before a product can be certified for the Danish organic label, it must be approved for the EU regulation's organic label. From July 2012, it became mandatory for all organic food to bear the EU's organic label. It makes the definition of organic more harmonising in EU countries. But the rules for the European organic label are milder than for the Danish one, as it must cover a broader production. Therefore, there may be products that have the European organic label, but not the Danish organic label, which means that the product follows European standards, but does not meet the Danish ones (for those wishing to use the Ø label marking).

Denmark Requirements for importers of organic goods

To be able to start importing organic food and receiving it as the first recipient in the EU, it is a prerequisite that the Danish company is covered by the Danish Veterinary and Food Administration's organic control and has had special import procedures approved in their organic report. Rules are the same within EU.

Denmark Foodservice

In foodservice, there are three different labels for the marketing of organic food in large-scale kitchens, restaurants, cafés, hospitals, schools and larger businesses. It is called Organic Cuisine Label and shows how much organic raw materials are used in restaurant/kitchen's food production. The share of organic food and food products is given in percentage intervals: 30–60% (Bronze), 60–90% (Silver) or 90–100% (Gold).

90-100% økologi 60-90% økologi 30-60% økologi

Since the introduction of the Organic Cuisine Label in 2009, more than 3000 eating places such as cafés, restaurants and public kitchens have been awarded the Organic Cuisine Label and this number is expected to grow rapidly.

The Organic Cuisine Labels have a good premise for being well known in Denmark as the labels are visually related to the "Danish red Ø-label" used for organic products in the retail sector and recognized by 98% of the Danes.

Denmark has a long tradition of having a public food control system – from "farm to fork". This is important for the high confidence that consumers have in the organic control system and organic products.

Sweden

As in Denmark there are two organic labels, the normal EU green organic label and the local Swedish KRAV labelling. The KRAV mark is sharper ecologically in key areas such as animal welfare, climate, and social responsibility. It requires an annual in-depth assessment to suppliers using it. Until 2005 KRAV was dominating completely but today it is less than 50% coverage of organic products that are using the KRAV labelling.

Coop is the retail chain that has the highest KRAV-labeled share, almost 70% organic sales are KRAV-certified. The high proportion is largely due to that COOP has linked its own brand "Änglamark" to the KRAV brand. At Axfood, the KRAV share is less than 40%. There are no guaranteed figures for ICA, but the proportion of KRAV-certified is judged to be significantly lower than at Axfood.

At the largest food service wholesaler Martin & Servera, KRAV-labeled sales account for almost 30% of the total organic sales.

There are several reasons why the KRAV brand is losing ground, but it seems to be mainly that the market advantages of the well-known brand and its added value over EU-organic simply does not consider the costs that the KRAV mark entails in the form of license fees, segregation, more complicated supply, and direct costs for the tougher rules. When the market is internationalised, several processors also believe that they have no use of the KRAV brand outside Sweden.

KRAV is a Swedish sustainability label, but is not solely for Swedish produced goods. The standards for agriculture can be used throughout the Nordic countries, and the standards for fisheries can be applied to the Northeast Atlantic and the Baltic Sea, and in Nordic freshwater. The rest of the KRAV standards apply throughout the EU. Even imported products and raw materials can be KRAV-labelled. The idea behind this is to help increase the consumption and production of KRAV-labelled goods not only in Sweden, but in other countries as well. There are also standards for imported products that will be KRAV-labelled.

The KRAV standards for imported products are not however, as detailed as the standards for Swedish products but KRAV has selected some especially important standards that must be complied with. These standards are called extra requirements and are requirements that KRAV sets over and above the EU minimum requirements for organic products. The extra requirements are based on the added value of KRAV with regards to animal welfare, the environment and health, better working conditions, and climate impact.

To use the KRAV name and/or label to market a product/operation, the product or operation must be certified according to the KRAV standards. You pay a license fee for the right to use the label.

For food processors and importers the annual fee is for sales below - 1 Mio SEK (134.300 €) = is only €48. For sales between 1-20 Mio SEK (up to 1.9 Mio €) the cost is 0.5% of invoiced sales. It creases gradually to 0.2€ for sales above 320 Mio SEK (€609.524)

In 2022, KRAV has begun initiatives to regain its position. For Irish exporters we do not see the value of using KRAV if it is not a given demand from its Swedish customers. And the key customers outside Coop´s Änglamark private label supply do not place any demands on its suppliers to use the KRAV label.

Sweden Foodservice

Foodservice has its own KRAV label, with three stars for restaurants serving at least 90% organic food, two stars for restaurants serving at least 50% organic food, and one star for restaurants serving at least 25% organic food.

Sweden Requirements for importers of organic goods

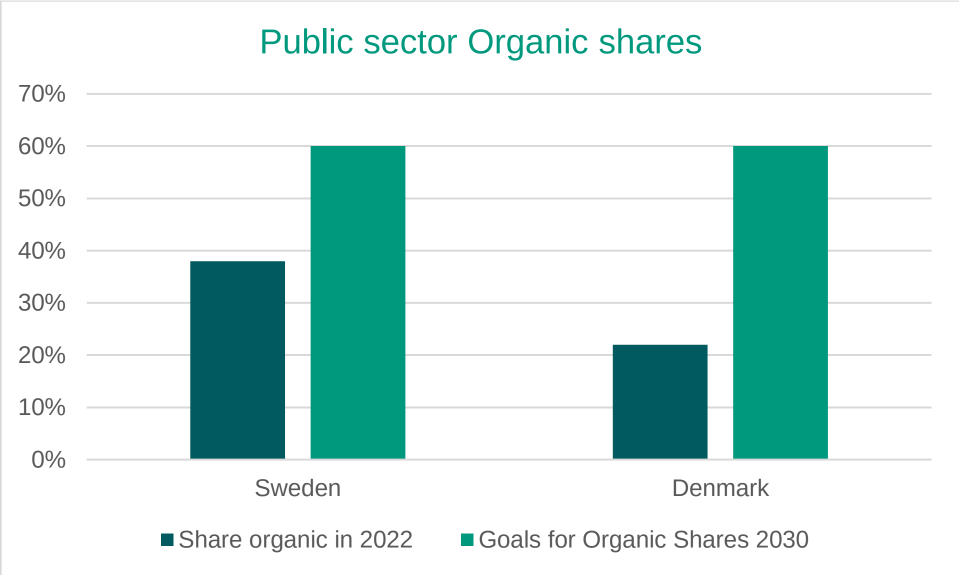
To be able to start importing organic food and receiving it as the first recipient in the EU, it is a prerequisite that the Swedish company is covered by the Swedish Veterinary and Food Administration's organic control and has had special import procedures approved in their organic report. The rules are the same within EU.

2. Retail/Foodservice

2.1. Structure/development of current organic sales

The retail channel is by far the largest channel in each country. For the time being the growth has dampened for organic products, but it is expected to grow to have a share of total Swedish consumption of 15.5% in 2030 and to more than 30% of all retail sales in Denmark by 2030 according to analysis by Organic Denmark/Ramboll. Over the coming years no doubt we will see a big increase in the organic share within foodservice. The share could almost double over the next 8 years. The reason behind this is that Danish and Swedish politicians have decided that by 2030 organic supply of food and drink in the public sector shall reach 60%. Public sector: schools, universities, hospitals and so on which will accelerate organic growth. Key suppliers to the public sector are the larger foodservice whole sellers.

Below figure show the present share and the set share by 2030.

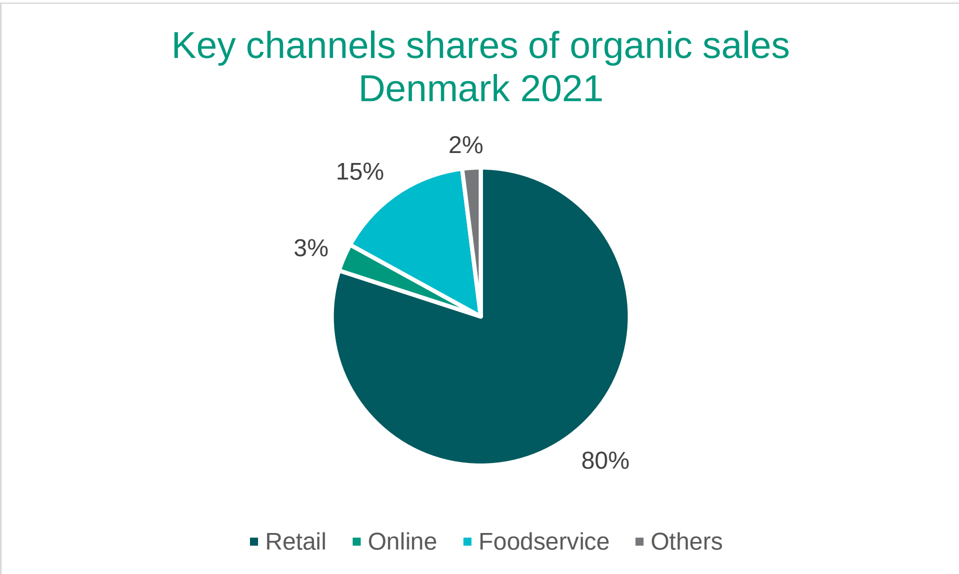


2.1.1. Split between channels

Denmark

Most organic sales (estimated 80%) takes place through the retail sector. Online has grown a lot especially during the pandemic and is estimated at 3% of total organic sales. An estimated 15% of organic food is sold via the foodservice sector: sales to restaurants, hotels, and public sector kitchens had increased before the pandemic and sales are catching up again after the pandemic. Sales from markets and farm shops account for only a small percentage of total organic sales.

The figure shows the dominant position of retail when it comes to organic share of total sales.



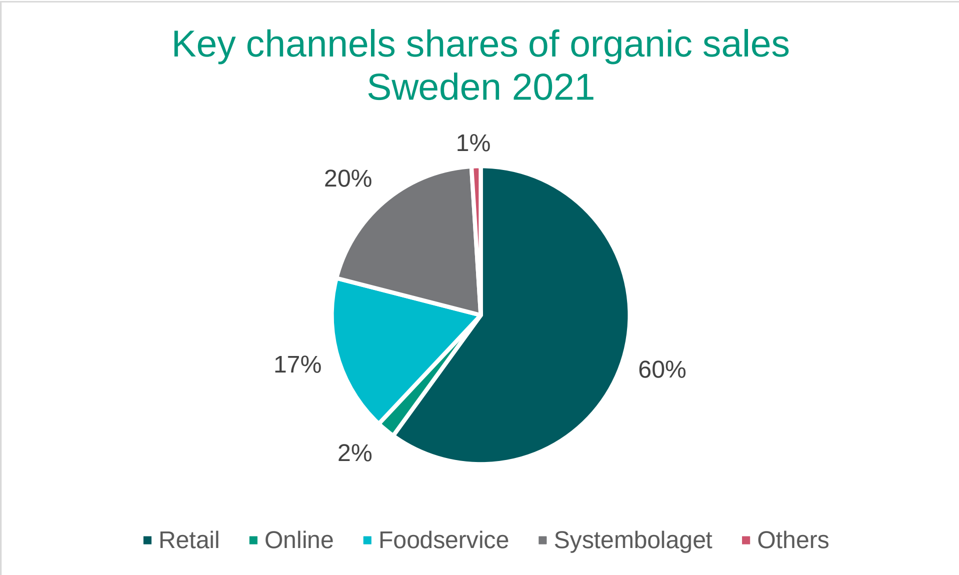
Source: Public Statistics and Trade information

Sweden

Around 60% of the organic food is sold via the retail channel. Although the retail sector accounts for the largest share of the organic food sales in Sweden this is still lower than the retail channel's share of the total food market, by which 80% of all food is sold via the retail channel.

Other significant channels for organic food include the foodservice sector which is an estimated 18% and Systembolaget, the state monopoly retailer for alcoholic beverages which holds a 20% share. Online sales are estimated at around 2%

The figure shows that retail is dominating when it comes to channel share of organic sales. However, this is less than in Denmark. Foodservice in Sweden has a higher penetration than Denmark, as Sweden has been better in implementing organic in the public sector.



Source: Public Statistics and Trade information

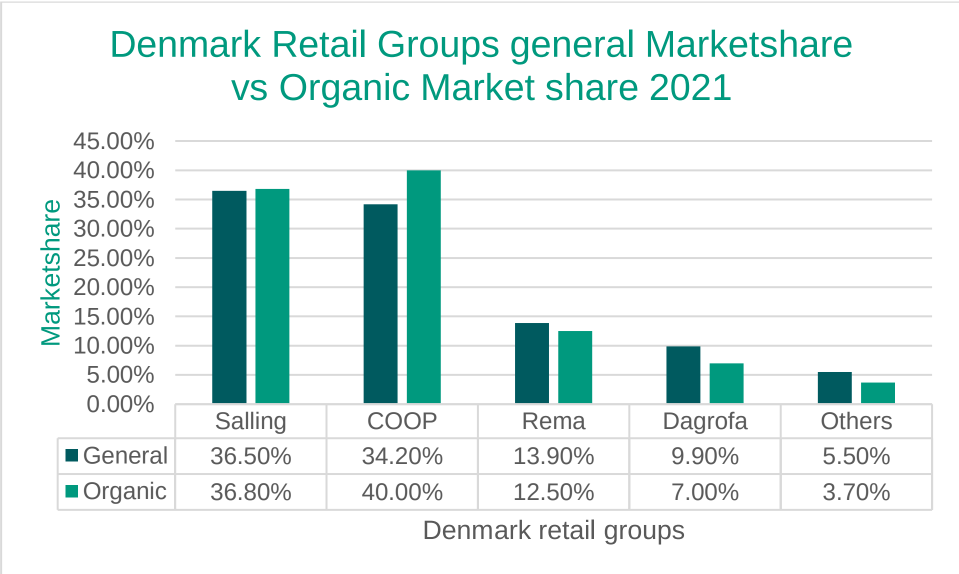
Sales of organic food in Sweden is divided into several different channels where regular grocery stores are the biggest. More than half of all organic sales takes place in physical grocery stores and adding to the growing e-commerce corresponds to the total grocery trade for almost 60% of the organic market. The second largest channel is Systembolaget with a 20% share, followed by public sector, private restaurants, and direct sales from farm to consumer. Summarising for 2021, all these channels' sales add up to a total sum SEK 34.2 billion. The total sales of organic foods in Sweden during 2021 has almost remained the same. However, there have been shifts between the different sales channels. The development for organic food in 2021 needs also interpreted in two dimensions. First, the pandemic effects between the years and the second is trends in development for organic food for other reasons.

2.1.2. Current organic sales

Denmark retail

Clearly Coop is the market leader in Denmark when it comes to organic sales. It overtrades significantly with a 40% organic share when comparing with its general market share of 34.2%. Within Coop, the Irma chain with a general market share of 2.4% has a significant share of 7.9% when it comes to organic.

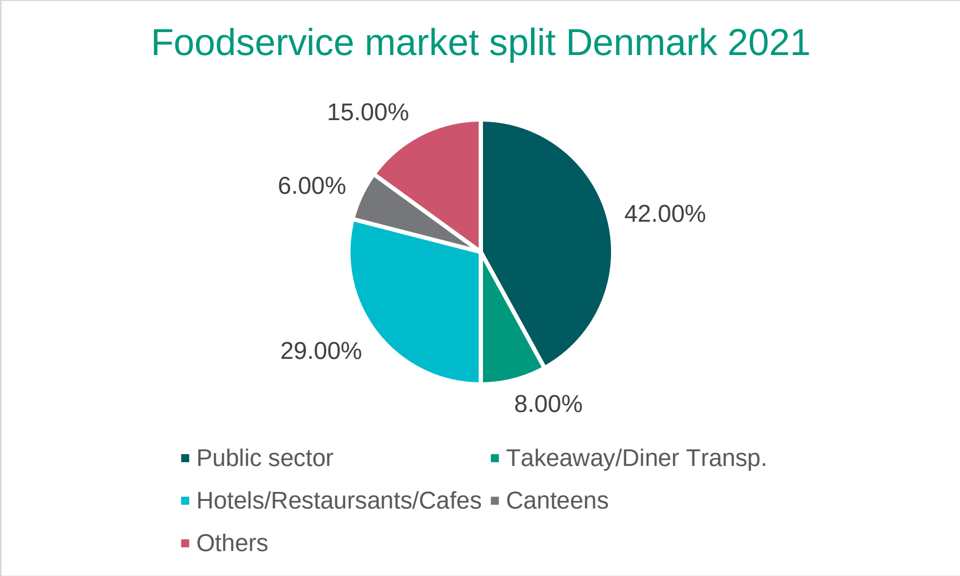
Dagrofa and others such as, Lidl and Aldi are below their general market shares when it comes to organic. Rema1000 has quite a high market share in organic of 12.5%, which is significant being a soft discounter. It’s worth noting also, that Salling owned discounter chain Netto, has a general market share of 17.9% but when it comes to organic the share is above 20% making it Denmark’s single largest seller of organic products. The figure shows that Coop clearly has the highest organic share of its total sales.



Source: Public Statistics and Trade information

Denmark foodservice

Even though the food service industry has had some difficult years in the shadow of Covid-19, organic has managed to win foothold in the professional kitchens and has continued growth from 2020-2021 and is expected to do the same from 2021-2022, sales increased 10% (from a low level due to Covid-19) from DKK 2.0 to DKK 2.2 billion.



Source: Public Statistics and Trade information

The figure shows that the public sector is the largest buyer of organic products, followed by the private hotels, restaurants, and cafes. The foodservice sector is mainly being supplied by the largest foodservice whole sellers.

Denmark online sales

In general online grocery sales is estimated to be around 3% of total food sales. It is stated that the on-line consumer is “over trading” when it comes to organic. However, when we compare assortments of online retailers to the assortments of for example, Coop we do not find a larger organic assortment. Leading online retailer in Denmark is www.nemlig.com that is supplied by the Dagrofa retail group. Nemlig´s general market share is estimated to be 1.5-2% and we estimate their total share of total organic sales could be between 2-2.5%. Almost all retailers do offer on-line sales as well. So far on-line sales have not really taken-off. No doubt they will but so far, the physical stores keep their shares.

Denmark other channels/direct to consumer

Sales of organic food directly from farm to consumer has increased. It is a relatively small share of the total market estimated to be around 1% of total organic sales. There are some food basket companies with subscription to food supply that have a significantly high share of organic sales. Most prominent and clear leader is Aarstiderne – www.aarstiderne.com, that has built its concept around supplying organic fruit and vegetables.

Sweden retail

ICA overall has more than 50% of all retail sales but within organic the share decreased from 46.4% to 44.6% between 2020 and 2021 according to Organic Sweden.

The picture is clear: Coop has a significantly high organic market share compared to its general market share whereas ICA and Lidl have a significant lower organic market share which can be seen in the figure below.

	ICA	COOP	Axfood	Lidl
General	52.50%	18.10%	24.10%	5.30%
Organic	44.60%	29.50%	23.90%	2.00%

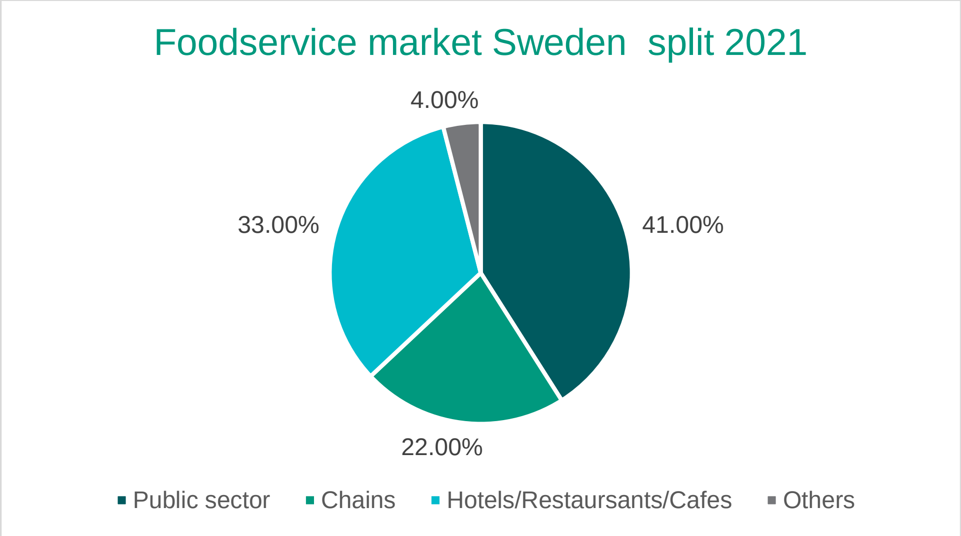
Source: Statistics and Trade information

The picture is the same within most categories, Coop is slightly decreasing its share, whereas Axfood is increasing its share. ICA has downgraded its organic ambitions and is doing fewer promotions on organic products in their promotional leaflets.

Sweden foodservice

Public sector increased the consumption of organic by SEK 330 million from 2020-2021. The private restaurant sector increased by SEK 200 million and Systembolaget by SEK 400 million in the same period.

Below shows estimated general split of the leading foodservice whole seller to its food service customers. Of the purchases made for commercial kitchens in the public sector, the organic share was 38% in 2021 and from contacts we have it is estimated during 2022 to pass 40% of all buying. The share of organic in the private restaurants is 7.4%,



Source: Statistics and Trade information

The organic share of the private the restaurants' food purchases has remained unchanged between 2020 and 2021. But as the total market has grown between over the years, so have the purchases of organic raw materials significantly increased. The larger wholesalers say that the customers who have chosen to buy organic will continue with it. Largest suppliers to the foodservice sector are also the largest foodservice whole sellers.

Sweden online sales

In general grocery online sales it is estimated to be around 2% of total food sales. The on-line consumer is spending more on organic than the physical store consumer When checking the assortment of online retail to the assortments of “normal” retailers’ organic assortment we do not see a larger assortment. We estimate that the online share of total organic sales is 2%.

Sweden Systembolaget

In 2021, Systembolaget sold organic beverages for SEK 7.48 billion. That is an increase of SEK 400 million or 6% compared to 2020.Thus, Systembolaget accounted for 22% of all sales of organic food and drink in Sweden 2021. 2021 is the eighth year in a row that the sale of organic drinks on Systembolaget has increased significantly. This applies to the entire Systembolaget range, that is, both alcoholic and non-alcoholic products

With a share of 25%, wine was the product group with the highest organic share of the sales volume. Cider and mixed non-alcoholic drinks increased considerably in 2021 due to the launch of many new organic products.

Sweden other channels/direct to consumer

Sales of organic food directly from farm to consumer has increased slightly. Direct sales are an important source of income for the organic farms. However, except for certain products it so far a very small part of all sales of organic food in Sweden. Of the entire market for organic, food farm sales are estimated to be between 1% and 2% according to Organic Sweden.

Price Comparison between Conventional and Organics

Denmark

Price difference in general tends to be 10-15% between organic and conventional meaning that organic is 10-15% more expensive in general. Price differences differ per category and product type which can be seen from this price check:

Denmark			
Price comparison conventional v's Organic/DKK			
Product	Concentional	Organic	Difference
Arla Milk 1L*	11,95	13,25	10,9%
Kærgaarden Spreadable 200g**	33,87	34,93	3,1%
Minced Beet meat 8-12% 1kg**	105,90	124,88	17,9%
Nescafé 1kg**	414,75	474,00	14,3%
Feta Cheesxe 150g**	27,50	30,50	10,9%
Castello Soft Blue Cheese 150g*	25,95	30,95	19,3%
Tuborg Beer 4,6%, 33CL - Literprice**	17,68	22,98	30,0%
Pink Lady Apples 1KG*	25,00	28,00	12,0%
Source. Bilka Hypermarket*/COOP Kcickly**			

On several basic commodities like milk, butter, fruits and vegetables the price difference is often lower or in several cases there is no difference. On more value-added products and in categories where there is a low consumption the price difference between conventional and organic tends to be higher. It appears that the price differences after war broke out in Ukraine in February 2022 has increased the span lately, which can be seen in the prices below taken in July 2022 in the Rema discount chain:

Organic Origin Denmark	Rema organic	Rema conventional
Skimmed milk 1 L	13,25	11,75
A38/cult. milk 0,4% 1 L	21,50	21,50
Cream 0,25CL	26,95	24,95
Orangejuice 1 L	7,95	7,30
Wheat flour 1KG	14,95	12,95
Oatmeal 1KG	11,95	9,95
Müsli 700G	27,95	26,95
Carrots 1KG	11,00	8,00
Potatoes 1KG	15,00	12,00
Cucumber	9,00	8,50
Apples 1KG	18,00	15,00
Minced Beef 8-12% KG	157,00	124,88
Liver pâté 200g	13,95	12,95
Ryebread sliced 800g	18,25	17,70
Total	366,70	314,38
Difference July 2022	16,64%	

This is a significant price difference for one of the leading chains in Denmark.

In general pricing of Danish Organic products is, more expensive than foreign organic products according to Danish Newspaper, Politiken who conducts regular price surveys of organic products. They expect that during the crisis it could happen that some of the Danish organic products would be substituted by foreign suppliers' cheaper alternatives. Price increases for basic foods are happening constantly for the time being. 'A food crisis with more expensive foods may mean that some consumers will demand the cheapest foods. They will maybe buy less organic and more conventional, more cheaply imported and less Danish" according to a consumer economist at Nordea Bankers." It could hit for example Danish tomato and vegetable gardeners", however, it hardly will permanently disrupt the consumption pattern - it will probably fall back again when the market and prices are back to normal."

During the food crisis in 2007-08, we saw that people to a greater extent bought discount goods. It can happen again if food prices continue to rise. In the Organic National Association “Økologisk Landsforening” the marketing manager is afraid the higher prices will get the consumers to opt out of the slightly more expensive ones that are organic; the experience of the financial crisis in 2008 shows that the organic core consumers continue with the organic habits, even in a time of crisis.

The concern is about whether the consumers who occasionally choose organic goods, come to drop the slightly more expensive products, when the private economy is under pressure. According to Coop Denmark, price increases have not made consumers reject organic (June 2022), while prices are skyrocketing, Coop's sales of organic products have not dipped against expectations.

In May, Coop's organic percentage was slightly higher than it was when the war in Ukraine broke out. "For many, organic is something that is implemented in your everyday consumption. Secondly, many basic goods are organic, which we sell a lot of, and on basic goods the price difference is not so big between organic and conventional variants,” says Lars Aarup, Communications and Analysis manager at Coop Denmark, to trade magazine Dagligvarehandlen.

Sweden

The price differences in Sweden between organic and conventional have almost reached the Danish price differences mostly due to the recent general price increases after the war in Ukraine broke out. Competitive price setting on base products at Willy’s particularly hold down the prices of ICA and Coop for similar products. On more values added products, often not found at Willy’s the price differences are higher. This follows a pattern we have seen taking place for years, which the price differences in general between organic and conventional have decreased. It has been noted that the general span has increased over the last two years especially because ICA in particular, lowered the number of campaigns for organic products. In addition, prices in Sweden differ from category to category and from product to product:

Sweden			
Price comparison conventional v’s Organic/SEK			
Product	Concentional	Organic	Difference
Arla Milk Mellanmjölk 1,5% 1 L*	13,73	15,20	10,7%
Bregott Spreadable 300g*	37,95	40,95	7,9%
Minced Beet meat 12% 1kg**	113,80	129,8	14,1%
Löfberg Coffee Mellanrost 500g**	53,95	59,95	11,1%
Feta Cheese 150g**	26,95	33,95	26,0%
Arla Hard Cheese 28% 1KG***	119,00	146,00	22,7%

Carlsberg 3,5%, 33CL*** - Liter price	21,65	24,22	11,9%
ICA Royal Gala Apples 1kg*	37,95	38,95	2,6%
Source. ICA*/Willys**/COOP***			

In general, the difference between conventional products and organic products has decreased over the last 8 years from 34% to 15%. A survey by Swedish consumers on the same 12 products shows this development. The survey goes back to 2019 but we have taken the same 12 products and compared prices differences in 2022 and have the following development:

Price difference between conventional and organic prices in Sweden.

2014: 34 %
2015: 30 %
2016: 27 %
2017: 25 %
2018: 21 %
2019: 18 %
2022: 15 %

Source: Svenska Konsumenter

The below table compares the price difference on 12 products where we have compared similar products, brand to brand if possible. If a brand was not available, then we have taken the private label version closest to the brand. It shows a difference of 15% between conventional products and organic products.

Kg/L price	**Organic vs Conventional Pricing - Sweden**		
Product:	Brand	Organic brand	Comparison
Oatmeal	26,60	26,19	Branded/Branded
Cream	61,67	63,00	Branded/Branded
Milk	13,50	15,00	Branded/Branded
Fresh Pasta	24,23	32,38	Branded/Branded
Raisins	63,80	67,80	Branded/PL
Basmati rice	38,90	41,95	Private Label
Potato	12,99	19,98	Private Label
Cabbage	29,95	39,95	Private Label
Jam	57,38	62,38	Private Label

Maize	50,40	71,31	Private Label
Banana	24,95	24,95	Branded/Branded
Coffee	108,78	124,33	Branded/PL
Total	513,15	589,22	**Difference 14,82%**

The same organisation Svenska Konsumenter "Swedish Consumers" have come to the conclusion that it is possible today to find cheaper organic versions to match branded organic versions so that there are actually even small differences in prices which can be seen in the below table. However, we would like to point out that the conclusions made on a limited number of organic products. However, no doubt the introduction of private label organic products has pressed organic prices downwards.

Kg/L price	Private Label/Organic	Brand
Oatmeal	25,27	25,27
Cream	56,33	56,33
Milk	12,50	12,50
Fresh Pasta	71,80	75,80
Raisins	69,8	83,8
Basmati rice	31,95	54,95
Potato	29,45	14,95
Cabbage	29,95	13,95
Jam	62,38	82,2
Maize	87,5	87,5
Banana	28,95	23,68
Coffee	128,8	133,2
Total	634,68	664,13
Difference	**4,64%**	

In Sweden like in Denmark imported organic products are normally priced lower than local products. For example, Swedish branded butter is more expensive than imported butter.

Origin of Organic Products

Denmark

When comparing 14 daily goods we found that across all types of stores the origin was almost the same with a few exceptions. Most products in this survey were of Danish origin.

Organic Origin Denmark	Rema	Coop	Salling	Aldi	Netto	Lidl
Skimmed milk 1 L	Danish	Danish	Danish	Danish	Danish	Danish
A38/cult. milk 0,4% 1 L	Danish	Danish	Danish	Danish	Danish	Danish
Cream 0,25CL	Danish	Danish	Danish	Danish	Danish	Danish
Orangejuice 1 L	Outside EU	Outside EU	Outside EU	Outside EU	Outside EU	Outside EU
Wheat flour 1KG	Danish	EU	EU	EU	Outside EU	Outside EU
Oatmeal 2KG	Danish	EU	EU	Danish	EU	Danish
Müsli 700G	EU	EU	EU	Danish	Outside EU	EU
Carrots 1KG	Danish	Danish	Danish	Danish	EU	Danish
Potatoes 1KG	Danish	Danish	Danish	Danish	EU	Danish
Cucumber	EU	EU	EU	EU	Danish	EU
Apples 1KG	EU	EU	EU	EU	Danish	Danish
Minced Beef 8-12%	Danish	Danish	EU	Danish	Danish	Danish
Liver pâté 200g	Danish	Danish	Danish	Danish	Outside EU	EU
Ryebread sliced 800g	Danish	Danish	Danish	Danish	Outside EU	Danish

The products selected are base products = products that are highly consumed. We would expect to find most of the Danish origin. When it comes to more value-added products and less consumed products, we have seen earlier that there is a higher share of foreign suppliers.

Sweden

We did the same in Sweden and compared the same 14 products, finding that the Swedish origin was dominating. Typical Swedish and/or most popular products tend to be organic copies of already well-known conventional products.

Organic Origin Sweden	ICA	Coop	Axfood	Lidl
Skimmed milk 1 L	Swedish	Swedish	Swedish	Swedish
A fil/cult. milk 0,4% 1 L	Swedish	EU	Swedish	Swedish
Cream 0,25CL	Swedish	Swedish	Swedish	Swedish
Orangejuice 1 L	Outside EU	Outside EU	Outside EU	Outside EU
Wheat flour 1KG	Swedish	EU	Swedish	Swedish
Oatmeal 2KG	EU	EU	Swedish	EU
Müsli 700G	EU	EU	EU	EU
Carrots 1KG	Swedish	Swedish	EU	EU
Potatoes 1KG	EU	EU	Swedish	EU
Cucumber	EU	EU	EU	EU
Apples 1KG	EU	EU	EU	EU
Minced Beef 8-12%	Swedish	Swedish	Swedish	Swedish
Liver pâté 200g	Swedish	Swedish	Swedish	Swedish
Rye bread	EU	EU	EU	EU

The organic stairway

More than 10 years ago Coop Analyse (Analyze) Denmark developed the Organic Stairway to show how the organic consumer and the organic market evolves. The idea is that you start with basic products. If you start with buying one product, it is usually milk, if you buy two products, it is milk and bananas, and if you buy three products it is milk, bananas and eggs, and so on.

The stairs were first prepared in 2011, and ten years later it turns out according to Coop that the journey into organics is the same in 2022 as then: consumers start with basic goods such as milk, eggs, and fruit and vegetables. Moving then into starch products like pasta and flour, into the more processed cold cuts, further into sweet products like chocolate, ice cream, and cocoa until the consumer reaches alcohol products.

It illustrates the development of the organic consumer in Denmark and most likely in Sweden as well, initially the basic products are in demand but over time the consumer and the market develop.

STEP 1
Milk Bananas Egg

Potatoes
Oatmeal

STEP 2

Pasta
Meat
Flour
Butter
Juice

STEP 3

Rice
Cold cuts
Rye bread
Cheese
White bread

STEP 4

Chocolate
Ice Cream
Coffee
Tea
Cocoa

STEP 5

Cookies
Soda
Wine
Beer
Cornflakes

In the initial steps focus is on cheaper base products, traffic creators and goods are often promoted in Coop´s promotional leaflets. Further on focus is on everyday low priced organic assortments, like new products are presented in-store to consumers. In the last two phases, focus is on value added and on enjoyment. Organic must guarantee better taste according to Coop.

Meat category

Organic Meat in retail Denmark

In Denmark 9% of all beef sold is organic. Especially minced beef, which is popular with a share of 13.6%. Of all pork meat sold, 8.5% is organic whereas the organic share of charcuterie is 5.2% When it comes to lamb the share of organic out of total lamb sales is estimated to be 1-2%. Here are some examples of products that are among the bestselling organic meat products.

Minced Beef Organic (Origin: Denmark)

Pork Chops organic (Origin: Denmark)

Minced Beef Organic 4-7% (Origin: Germany)

Beef Fillets Organic (Origin: Denmark)

Ribeye Organic (Origin: Denmark)

Minced Beef (Origin: Denmark)

Organic Meat in foodservice Denmark

According to Denmark Statistic, the share of organic meat out of the total sales of meat in 2020 was only 2.5%. The previous years it was 3% higher but has due to an incorrect information base at Denmark Statistics, since been corrected to 2.5% for the previous years - until possibly correct figures are available. There are no new official figures for 2021 as not all companies know their exact organic share according to Denmark Statistics. Since 2021 was a negative year for foodservice due to the Covid-19 pandemic situation, we would expect that total sales of organic in 2021 would be closer to 5%. This is influenced by the public sector where 2021 was a more normal year with shorter lockdown periods. We have talked to a buyer in a major foodservice whole seller. Overall total organic meat sales share according to the buyer is 5-10%. He expects the sales share of organic beef to be closer to 10% whereas pork meat organic share is closer to 5% and lamb organic share is a maximum 2%. Especially when supplying the public sector, they see an increase in demand for organic meat when tendering to the public sector. Bestselling organic meat product is minced beef.

Organic Meat in retail Sweden

The share of organic meat is generally very low in retail. This is despite a lot of organic meat in being produced in Sweden, mainly organic beef meat. The trend in recent years has in addition been that sales value of organic beef has developed worse than the conventional one. Between 2019 and in 2021, sales of organic beef increased in trade by 6%. During the same period, sales of conventional beef increased by 19%. Of all the fresh organic beef sold in trade 5.9% (Nielsen) of the sales value is organic.

Organic lamb has in five years almost completely disappeared from trade, with sale of conventional lamb meat has remained at the same level. For pork, 1.9% is organic and for poultry fresh and frozen, the organic share is 1.8%. In the charcuterie range the share is below 1%, as a total only 2% of all meat sold in retail trade is organic

When it comes to marking of the organic meat sold in the trade as whole meat, most organic is KRAV labelled which indicates that it is mainly of Swedish origin. For whole beef, the proportion KRAV labelled, is 69% of all organic. The more processed products are the non-KRAV labelled products. For example, minced beef has a KRAV share is 28%. Minced beef is the most sold individual organic meat product.

Five years ago, you would find organic meat or at least minced meat in almost every supermarket. Today you really have to look for a store that has a minor assortment of organic meat.

Organic Sweden and organic farmers Sweden think that a lot of sales of organic meat is taking place directly from farm to consumer. Data from the analysis company GfK, show that of all organic meat purchased for private use consumption in Sweden, so have direct to consumer sales grown continuously to a share of 7% of all organic meat sold in 2021. If specialised meat and charcuterie shops are included the combined share of all organic sold was 14%.

A large survey of over 600 organic farmers in the beginning of 2022 suggests that organic farms may have an even larger share than 7% according to Organic Sweden and Swedish farmers.

Examples of products launched into retail –

Garant PL Organic Hamburgers (Origin: Sweden)

Garant PL Organic Bacon (Origin:

Branded Organic Salami (Origin: Italy)

Garant PL Entrecote (Origin: Sweden)

Garant PL Minced Beef (Origin: Sweden)

Branded Organic Bacon (Origin: Denmark)

Branded organic Salami (Origin: Finland)

PL Organic Wiener (Origin: Sweden)

Sweden Foodservice

The overall organic share of all meat sold in foodservice is 12%. Beef meats share is above this figure whereas lamb is very low. A big part of this is related to the public sector and it´s use of beef meat in public kitchens and especially minced beef. This means that then total share is six times as high compared with the retail trade.

Considering the above, there are reasons to believe that the interest in organic meat is larger than today's market shares in the retail trade shows. Historically, organic beef also sold better than today. An issue that has been analysed in previous market reports within the project “The Swedish Eco-Index” is in which order things happened when the sale of organic beef began to decline 5 years ago. For several years, Ekomatcentrum, a non-profit association that works with food and sustainability issues, implemented counting of inventories of the supply of organic food selected stores.

When the result of that inventory was set against national sales figures, it turned out that the number of products tended to decrease first and then afterwards sales dropped. This was particularly clear for organic beef. It suggests that the decline in sales was an effect of a reduced supply, rather than active consumer choice.

Some examples from Foodservice in Sweden –

Beef Knuckle Organic (Origin: Germany)

Beef Chuck Organic (Origin: Germany)

Pork Loin Organic (Origin: Sweden)

Pork Schnitzel (Origin: Sweden)

Denmark: Meatfree Organic products

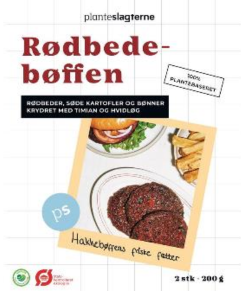
PL Meatfree balls organic (Origin: Denmark)

PL Soya drink Organic (Origin: Austria)

PL Meatfree Chorizo Organic (Origin: Germany)

Fresh Pasta Organic (Origin: Italy)

PL Vegan Ice Cream Organic (Origin: Denmark Denmark)



PL Meatfree Beetroot beef Organic (Origin:

Denmark Other Products

PL Hummus Organic (Origin: Belgium)

PL French fries Frozen Organic (Origin: Denmark)

PL Cookies Organic (origin: UK)

PL Greek Yoghurt Organic (Origin: Denmark)

PL Cereals Organic (Origin: Germany)

PL Root Crisps Organic (Origin: Netherlands)

PL Cheddar Organic (Origin: Denmark)

PL Chocolate bar Organic (Origin: Sweden)

Sweden Non-dairy/Meat free organic products

Soya Dairy Organic (Origin: EU)

Soya Dairy organic (Origin: EU)

Vegan Butter Organic (Origin: EU)

Vegan Organic dairy (Origin: Sweden)

Tofu Organic (Origin: Sweden)

Vegan Yogurt Organic (Origin: EU)

PL Organic Soya drink (Origin: Austria)

PL Organic Almond drink (Origin: Germany)

PL Coco Mango Yoghurt Organic (Origin: Netherlands) PL Coco Yoghurt Organic (Origin: Netherlands)

Pea Protein Frozen Organic (Origin: Sweden) Pea Mince Frozen Organic (Origin: Sweden)

Pea Falafel Frozen Organic (Origin: Sweden) Beetroot Beef Frozen Organic (Origin: EU)

Rice Drink Organic (Origin: EU) PL Tofu Organic (Origin: Sweden)

Sweden other products

Sweden Hard Cheese Organic (Origin: Sweden)

Organic Baby food (Imported)

Branded Chocolate Organic (Origin: Non-EU)

Nutbutter mix Organic (Origin:EU)

Peanutbutter Liquorice Organic (Origin:EU)

Organic Tea (Origin: UK)

Organic Caffeine free Tea (Origin: Non-EU)

PL Candy Organic (Origin: EU)

Baby food organic (Origin: EU)

2.2. Market trends

We are living in a time of change, and it is difficult to judge which trends will be dominating short term. Where the pandemic sped up trends like, on-line retail, the war situation has led to discounters' shares growing back even more than before the pandemic. Looking at the Danish and Swedish food culture, there are some outspoken trends.

Still, it is worthwhile mentioning that it is still the classic meals that are dominating (most popular meal: is minced Bolognese sauce with pasta) therefore we believe it is relevant to list some of the characteristics of the Nordic food culture:

- The days when Nordic food was viewed as nothing, but heavy, meat-based stews (though still dominant) **are long gone**. New Nordic eating habits are developing as well as international influences.
- **Nordic cuisine varies** from the north (e.g., reindeer) to the south (e.g., pork, ham). Dairy products are popular as are fish and shellfish.
- **Breakfast is very comprehensive** and often consists of cereals, bread, cheese or jam and coffee or tea. Every Nordic is taught from a young age that breakfast is the most important meal of the day.
- **Lunch** varies across the Nordic nations. In Denmark it is still very much rye bread with a sliced meat, liver pâté that is dominating whereas in Sweden the most typical is to enjoy a warm meal at lunch.
- Approximately **5.5 million meals are served daily** from more than **55,000 public kitchens** in the Nordic countries.
- **In Sweden, all schools** serve free school meals. Every Swede has a warm meal at lunch every day - in many cases it is paid for or offered at reduced prices.
- **In Denmark** you have to bring with your own lunch from home in most cases
- In **Sweden**, since 2011 it has been written into the Education Act that all school meals should be nutritious.
- In **Copenhagen**, 90% of the ingredients in all public meals are organic. This not the cases outside Copenhagen.
- Both Swedish and Danish cities also have ambitious goals with respect to organic public meals.
- **Evening dinner in both countries** consists of a warm meal: minced meat, meatballs/frikadellen, pork or veal for example.
- The Nordic habits are specific to the culture – **the same applies to other regions in the world**

2.2.1. Trends in Retail & Foodservice

We are trying below to identify trends that are operational and have a short term (1-2 years' time horizon) and trends that are above the dramatic scenario happening after the Russian war against Ukraine. We see right now that increased inflation has in both Denmark and Sweden lead to consumers changing their shopping patterns from supermarkets into discount stores. Consumers are shifting from buying more expensive products into buying cheaper alternatives. From brands into private labels.

Denmark

Year after year, the importance of the different labeling schemes for consumers has increased, but in recent years the importance of local and organic labeling has declined. In a new consumer survey conducted by AIM Create, that has asked consumers what criteria they emphasise when choosing food, price has over time been the most important selection criterion, and the price remains in a strong first place - above sustainability criteria and labeling schemes. In recent times, sharply rising inflation has affected the focus of consumers, while the issues of the environment and sustainability is getting a little less of a spotlight.

This means, among other things, that fewer consumers think that parameters such as organic labeling and the fact that a product is produced locally are the most important factor. In the survey, 69% answer that price is the most important thing when choosing food. Slightly fewer, 53% say organic is important to them. Other parameters in the survey were such that the product is locally produced or organic is most important for half of the respondents, while fair trade is most important for 49% of respondents. However, it is worth noting that what you as a consumer say in a survey is not directly related to what you actually are buying,

Sweden:

The most outspoken trend is the health trend. This is displayed in a market report made by Sweden's largest retailer, ICA. In answering to what changes would make "the biggest positive difference in your everyday life" the most common answers relate to "healthier food, exercise/training", "sleep more". "nature", "peace and quietness".

Retail trends valid for Denmark and Sweden

Below find some outspoken trends found in both Denmark and Sweden in retail and foodservice

- Chilled is growing
  - Meals
  - Soups
- LowCarbHighFat – Protein focus
  - Diet based
  - Sport nutrition
- Local
  - Local produce
  - Local suppliers
- Health

  - Organic
  - Free from
  - Vegetarian/Vegan
- Private label
  - Growing across all categories
- Discount is growing
  - Inflation drives increase
- Sustainability focus
- Reducing packaging
- Trading up
  - Premium products

Foodservice trends valid for Denmark and Sweden

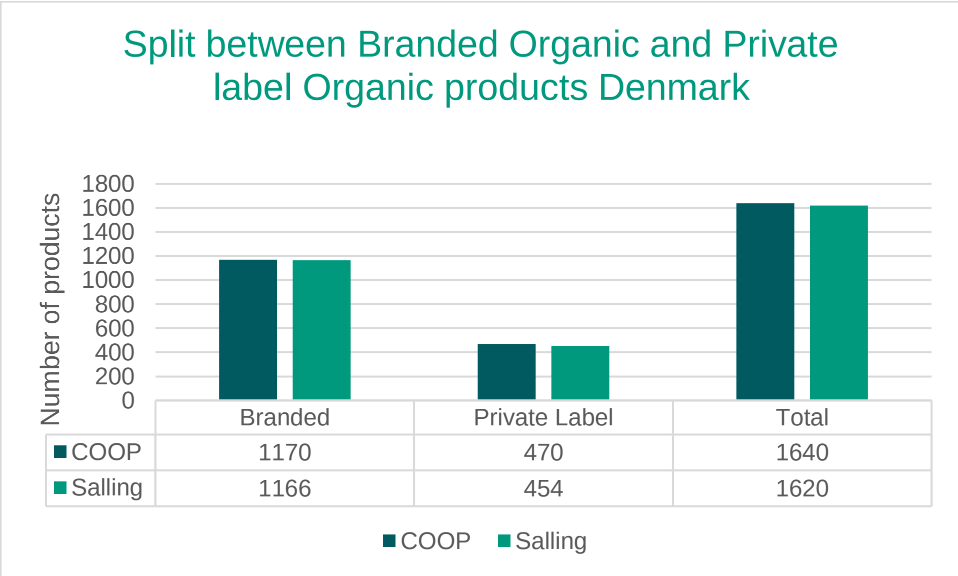
- Dining out as a natural part of lifestyle
  - Dining out again more often
- Free from
  - Free-from alternatives
  - Vegetarian/Vegan
- Strong growth in private label
  - Across all product lines
  - From low-price to premium
- Health
  - Organic
- Private label is growing
- Sustainability
- Reducing packaging
- Low price offer
  - Inflation drives demand for cheaper options
- Interest for premium products
  - Interest for quality raw material
  - Quality focus

2.2.2. Private labels / Brands

Within the main categories like dairy and fresh fruit and vegetables the retailer's organic private labels dominate the shelves. The more value-added products are mainly suppliers' brands. If one were to look at it cynically, the retailers are often using the suppliers' brands first to test the opportunity. Then once the market is developed, they introduce their own private labels. You can see it as if the retailer let, the supplier invest and run the initial risk and then enters the market if sales develop. In the meantime, it is essential that the supplier manages to build a brand value so that the brand stays in assortment when a me-too private label is launched.

Denmark Split between branded and organic private label

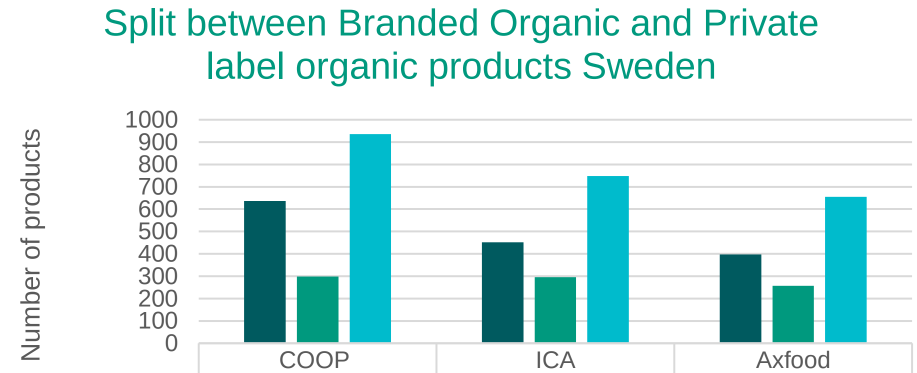
As seen below, it is clearly the branded organic products that dominate the assortments at least by number of actual products. Out of 1640 selected products at Coop, 1170 are branded organic and 470 are private labels. A similar picture to that at Salling Group.



Source: Selected products from chains assortments

Sweden Split between branded and organic private label

In Sweden we see a clear dominance of branded organic products. Out of 748 selected products at ICA, 452 products are branded and 296 products are private label.



	COOP	ICA	Axfood
Branded	637	452	398
Private Label	298	296	257
Total	935	748	655

Source: Selected products from chains assortments

Considerations behind split of branded organic and private labels

Today private labels consist of products within different segments competing on price and/or quality to offer the customer alternatives to the manufacturer's brands, and possibly a better value for money ratio.

Organic products being sold under private label has in the Nordics, become an important strategic approach for all leading retailers and foodservice whole sellers.

In Denmark organic pioneering brands like "Kung Markatta" (Sweden) and "Urtekram" (Denmark) have paved the way for retailers developing their own private labels and today the retailers labels have a strong position in the organic assortments lead by Coop's pan-Nordic "Änglamark" brand followed by Swedish chains ICA´s "I love ECO" and Axfood´s "Garant Organic" as well as Danish Salling groups "ØGO" (Netto chain) and finally "ØKO" (Bilka/Føtex chain).

When organic started, it was brands like "Kung Markatta" and "Urtekram" that was leading the development. They are still very important, but the organic private labels are threatening the position of brands especially when it comes to "commodities" like rice, pasta and so on. Brands are still very relevant but probably more than ever, when launching value added products. When you as a supplier shall judge which way to start-up in a new market, it is important to consider where your focus is and how big are the chances. If you are a supplier of i.e., organic potato chips then the fastest way is to see what is already available and identify if and which retailers already have private labels. Either you can participate in annual tenders, or you could present new organic varieties that could complement and develop the category.

As an example, we believe a me-too approach of offering a branded organic potato crisp would prove to be very difficult in Denmark as the retailers already have private label potato crisps.

2.2.3. Public sector

Sweden is leading, when it comes to how much organic food is served in public canteens, schools, universities, kindergartens, and other parts of the public sector.

According to a report from Copenhagen University, the driving force behind the development in Sweden is that politicians have been setting specific goals for how much organic food should be made in the public kitchens, which the municipalities would then have to live up to. The governments of Denmark and Sweden all want to increase the amount of organic food served in hospitals kitchens, kindergartens, and canteens in the public sector because it's according to the report "benefits the environment, biodiversity and animal welfare and is more in demand by the consumer".

The report shows that Sweden is the country that does best with a share of 39% organic food used in the public sector, while Denmark is at 22%. The Swedish experience shows that a high level of organic food can be reached at national level in the public sector, and that there is still plenty to do to reach the overall goal of a 60% organic share by 2030.The 60% by 2030 goal is the same goal set by Danish politicians.

The Swedes have spoken out about organic in a broader context and linked it with general health. This explain the Swedes' success in getting organic into the public kitchens, but probably also that in Sweden there is a greater degree of sense of authority among the municipalities towards the goals that come from Stockholm.

In Denmark, a great effort has been made to spread organic in public kitchens and has also succeeded in creating a link between organic food and, for example, sustainability. The Danish public kitchen lack behind Sweden in reaching the 2030 goal. It is our judgement that this is caused by tight public budgets.

Denmark Public Sector

The public sector accounted for almost 50% of organic sales in foodservice. Public tenders' suppliers can plan their supply often for 12 months ahead. Most of the public sector's organic procurement goes to public institutions (hospitals, kindergartens, educational institutions etc.). A smaller part goes to canteens in public workplaces.

Public kitchens and private run canteens within the public sector have been drivers for the organics' growth in the private sector. As an example, a public canteen run by a private company influences the private company to introduce organic to its private customers. They can obtain better buying conditions if they can combine buying volumes for both sectors.

Unlike in Sweden the Danes must pay for their own lunch in the public sector which makes the foodservice market in Denmark smaller.

The top 5 categories supplied to the public sector by the leading whole sellers in Denmark are:

- Grocery products
- Dairy
- Fruit and Vegetables
- Frozen food
- Other dry food

The supply of the public foodservice market is dominated by three main whole sellers, Dansk Cater, Dagrofa Foodservice, and Hørkram.

Sweden Public Sector

In Sweden, there is a concept for healthy organic food in the public sector, called SMART, which links organic food to public health. And the municipalities use this concept in their food schemes. The public market has also been affected by the pandemic, but not to the same extent as hotels, restaurants, and catering. The market in the public sector is significantly more stable and easier to plan supply to when tenders are signed for a fixed period.

Although the private sector accounts for the largest share of the total foodservice market, it is clearly the public sector driving the organic sales within the foodservice in Sweden. Schools are among the institutions with the highest organic rates within the food purchases: 53% in preschools, 61% in primary schools and 33% in secondary and upper secondary schools. The elderly care sector also has a high rate of organic purchases, corresponding to 33%.

Driven by the increasing shares of organic food purchases within the public sector, organic food sales within foodservice are estimated to increase towards 2030. The sector has experienced a continuous increase in the organic share during the past 10–15 years. The efforts by the individual municipalities to increase their organic shares are expected to drive the development going forward.

The Government’s target of 60% organic within the public sector in 2030 is within reach.

Top 5 categories supplied to the public sector in Sweden are:

- Grocery products
- Dairy
- Meat/protein
- Fruit and Vegetables
- Frozen food

Supply to the public foodservice market is dominated by three main players, Martin and Servera, Menigo, and Svensk Cater.

2.3. Identification of key players

Key buying Private label organizations across the Nordic region

Coop Trading - buying private label for Denmark/Sweden/Norway/Finland

Coop Trading is the sourcing company for the biggest cooperative retail companies in Denmark, Finland, Norway, and Sweden. Responsible for centrally buying private label for COOP Denmark, Coop Sweden, Coop Norway, SOK Finland which is based in Copenhagen

The organic Ânglamark brand is sold through 4.500 stores in the Nordic countries.

http://www.cooptrading.com/contact/

AMS - buying private label for Denmark/Sweden/ Finland and Ireland

AMS is an Amsterdam-based, non-profit, strategic-buying alliance that currently works on behalf of 9 top European food retailers. Among these are Salling Group Denmark, ICA Sweden, Kesko Finland and Musgrave Ireland.

https://www.ams-sourcing.com/

UNITED NORDIC - buying private label for Denmark/Sweden/Norway/Finland

The United Nordic partners today form one of the largest wholesale and retail organisations in northern Europe, with an annual total sales of approximately €20 billion. The United Nordic owners – Dagrofa (Denmark), Axfood (Sweden) and NorgesGruppen (Norway) own the company by equal shares. Sweden's largest foodservice whole seller, Martin & Servera is also associated member of United Nordic.

The purchasing process follows a structured purchasing model and ends in contracts between suppliers and an individual United Nordic member company. Each country has its own organic label.

http://www.unitednordic.com/contact/united-nordic/

EMD - buying private label for Denmark/Sweden/Norway

European Marketing Distribution sources private label products on behalf of their members.

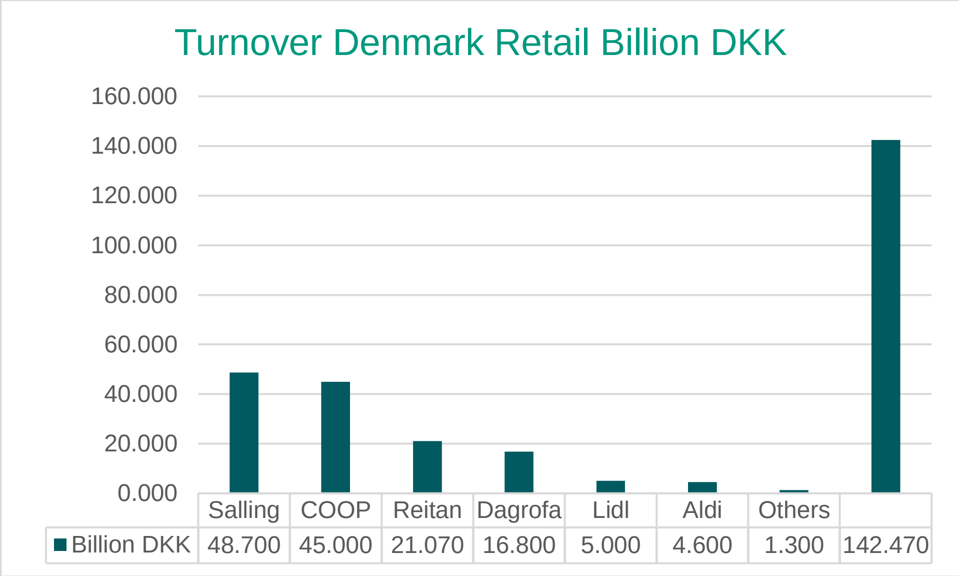
Nordic members are Axfood (Dagab) Sweden, Norgesgruppen (UNIL) Norway and Dagrofa Denmark.

https://www.emd-ag.com/

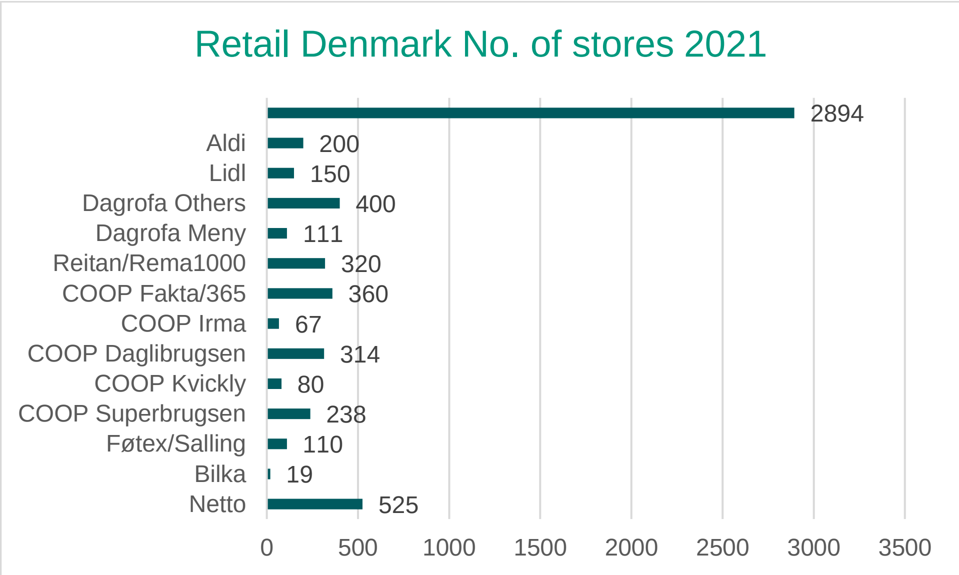
2.3.1. Key retailers Facts & figures (market share, structure, store portfolio)

Denmark

The Danish daily food retail market was worth 142.47 billion DKK. (€19 billion) in 2021.

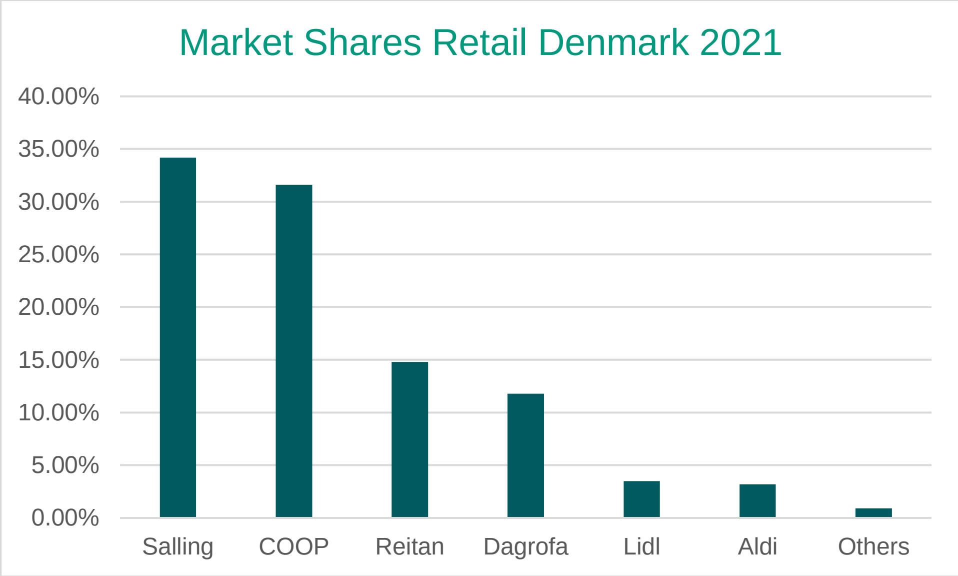


A total of around 2.544 stores for a population of 5.6 million inhabitants



Source: Trademagazines data

The Danish market is dominated by 2 major buying groups of which the largest Salling Group has 34.2% of the market and Coop has 31.6%.



Source: Trademagazines data

About each Danish retail group

Coop centrally coordinates the central functions and concepts for purchasing, communication, marketing, business development, etc. on the Group's purchases, estimated 20% is negotiated on a pan Nordic basis under the umbrella of Coop Trading that coordinates buying of private label for the Nordic countries.

At the same time that it uses its scale to coordinate and take advantage of synergies, Coop has different store formats ranging from discount format into premium format.

Coop Denmark			
Store concepts	**Description**	**Assortment**	**Pricing**
Dagli' Brugsen (LokalBrugsen included)	Small convenience Food stores	Narrow product range. Fresh food	Higher prices

Super Brugsen	Supermarkets	Wide range of food products and fresh Foods. High organic penetration	Medium prices
Kvickly	Large super-/hypermarkets	Wide range Fresh food Family High organic penetration	Medium prices
fakta Det ta'r kun 5 minutter / coop 365 discount	Discounter	Everyday food items Organic discounter profile	Low prices
Irma	Premium Supermarkets	Leading retailer conc. Organic products Variety of premium foods	Moderate to high prices

Coop Denmark	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralised: One point of delivery/Over time max 3, but quite close to another
Currency	EURO or DKK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	COOP is using it´s Loyalty card to reach consumers/promotional leaflets
Expectations	Willingness to support loyalty card/promotional leaflets
Expectations	Expect suppliers to be prepared and know about the market
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via COOP trading
Organic focus	High

Web	www.coop.dk

salling group

Salling Group centrally coordinates central functions and concepts for purchasing, communication, business development, marketing etc.10% of its turnover is negotiated on a Pan-European basis together with AMS.

SALLING GROUP

Store concepts	Description	Assortment	Pricing
BILKA	Hyper Markets	Widest range of FMCG High number of organic products	Low prices
føtex	Supermarkets with Non-food	Wide range of products Organic focus	Moderate prices
NETTO	Discounter	Narrow range of products/In/out products High Organic focus	Low prices

SALLING Denmark	Procedures and Execution
Buying procedure	Centralized
Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralized: One point of delivery initially
Currency	EURO or DKK
Execution into stores	Centralized/centrally agreed conditions are executed into all stores
Ways of marketing	Promotional leaflets/In-store activities
Expectations	Willingness to support products with campaigns
Expectations	Expect suppliers to be prepared and know about the market
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via AMS

Organic focus	High
Web	www.sallinggroup.com

Dagrofa is as much a wholesaler as a retailer as it does not own all the stores unlike all other Danish retail groups. Still Dagrofa centrally coordinates central functions and concepts for purchasing, communication, business development, marketing etc. for all the chains that are serviced.

On the Group's purchases, an estimated 15% is negotiated on a Nordic basis and together with United Nordic, Dagrofa supplies the following chains: Meny, SPAR, ABC Lavpris, Løvbjerg Magasin and other minor chains. Dagrofa also has a foodservice division.

DAGROFA			
Store concepts	**Description**	**Assortment**	**Pricing**
MENY	Supermarkets	Wide range of products.	Average prices
SPAR	Supermarkets/ Neighbourhood stores	Moderate range of products	Moderate prices
LET·KØB, Magasin, min KØBMAND	Small Supermarkets Private ownership Department chain Grocers	Neighbourhood stores Food hall Convenience	Higher prices
nemlig·com	Online	Large product range	Moderate prices

DAGROFA Denmark	**Procedures and Execution**
Buying procedure	Centralised

Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralized: 1 point of delivery/Over time 2
Currency	EURO or DKK
Execution into stores	Centralised/centrally agreed conditions are executed into the chains
Ways of marketing	Promotional leaflets/In-store activities
Expectations	Willingness to support products through campaigns
Expectations	Expect suppliers to be prepared and know about the market
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via United Nordic
Organic focus	High
Web	www.dagrofa.dk

REMA 1000

Rema1000 centrally coordinates central functions and concepts for purchasing, communication, business development, marketing etc. Rema1000 is owned by Norwegian Reitan group and has 320 stores and a market share of 14.8%.

Rema1000			
Store concepts	**Description**	**Assortment**	**Pricing**
REMA 1000	Discounter franchise concept.	Limited range of FMCG. But still more than a hard discounter. Quite high penetration of organic products	Low prices

REMA/REITAN Denmark	Procedures and Execution
Buying procedure	Centralized
Buying contact Network	1 head buyer
Distribution	Centralised: One point of delivery
Currency	EURO or DKK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	Promotional leaflets/Every Day Low Price
Expectations	Low prices/100% supply
Expectations	Expect suppliers to come with relevant products
Private Label	Decided by Category Manager
Organic focus	High
Web	www.rema1000.dk

Lidl holds 3.5% of the Danish market with 150 stores.

LIDL Denmark	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 head buyer
Distribution	Centralised: One point of delivery
Currency	EURO or DKK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	Promotional leaflets/Every Day Low Price
Expectations	Low prices/100% supply

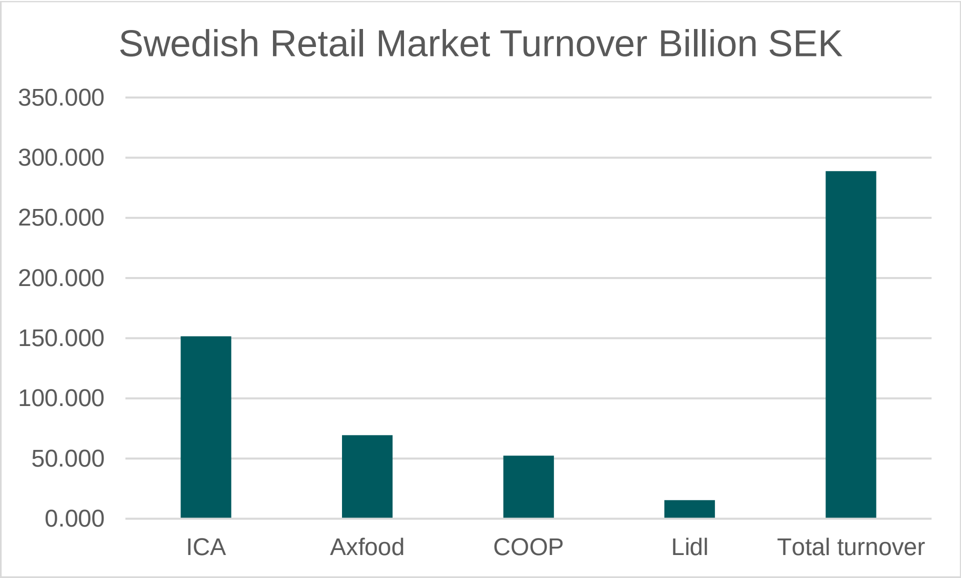
Expectations	Expect suppliers to come with relevant products
Private Label	Decided by buyer
Organic focus	Medium
Web	www.lidl.dk

Aldi holds 3.2% of the Danish market share with 200 stores and positions itself as a hard discounter.

ALDI Denmark	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 head buyer
Distribution	Centralised: One point of delivery
Currency	EURO or DKK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	Promotional leaflets/Every Day Low Price
Expectations	Low prices/100% supply
Expecations	Expect suppliers to come with relevant products
Private Label	Decided by buyer
Organic focus	Low
Web	www.aldi.dk

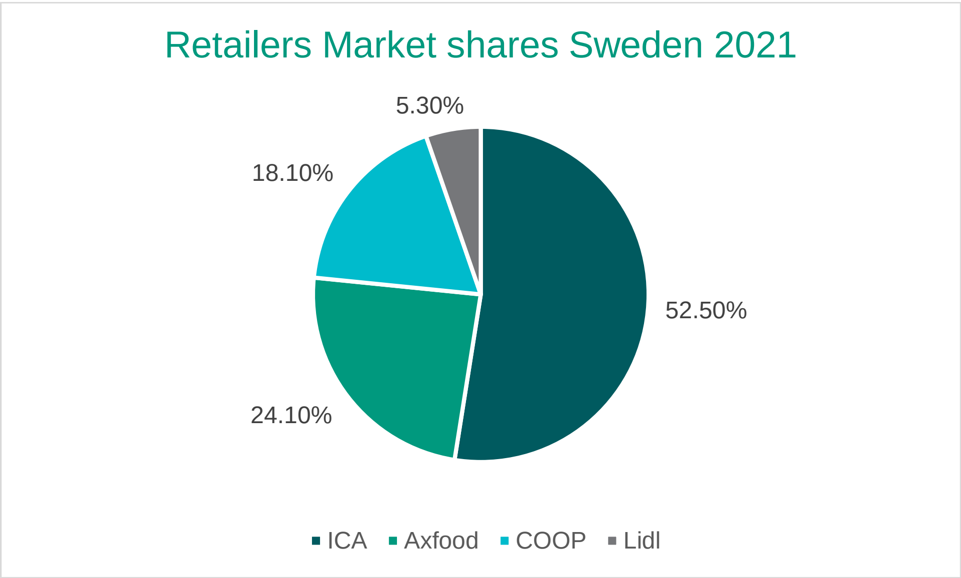
Sweden

The Swedish daily food retail market is worth SEK 288.8 billion. (€28 billion).



Source: Trademagazines data

The Swedish market is dominated by 3 buying groups of which the largest, ICA has 52.5% of the market.

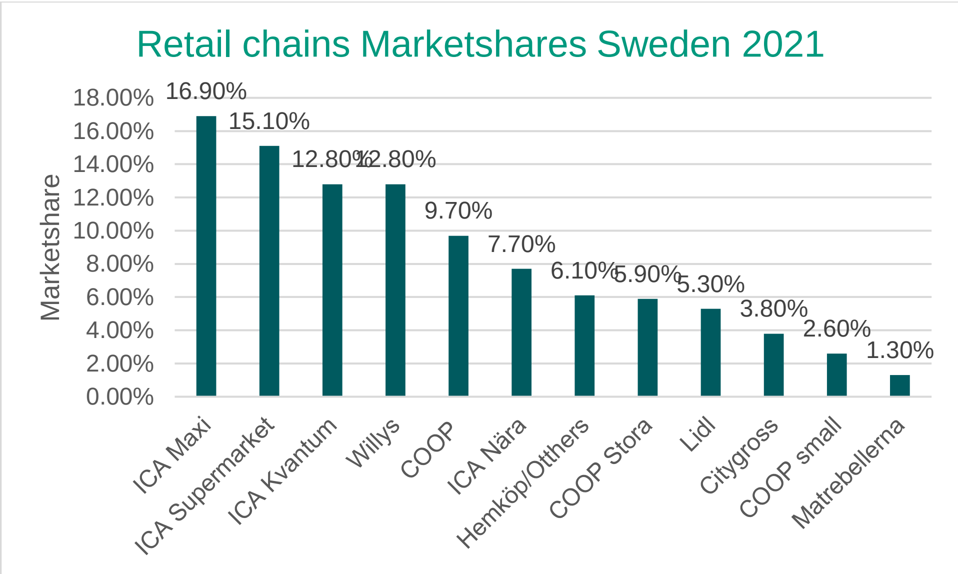


Source: Trademagazines data

A total of around 2,544 stores for a population of 10.6 million Inhabitants

Source: Trademagazines data

The ICA chains are the largest chains by turnover. The fastest growing chain is Axfoods Willys chain.



Source: Trademagazines data

About each Swedish retail group

ICA centrally coordinates central functions and concepts for purchasing, communication, business development, etc.

On the Group's purchases, an estimated 15% is negotiated on a European basis together with AMS (Associated Marketing Service).

The central buying organisation looks after the assortment whereas the below 4 individual formats negotiates their joint supplier marketing on an ongoing basis.

ICA Sverige			
Store concepts	**Description**	**Assortment**	**Pricing**
ICA nära	Small convenience Food stores	Narrow product range. Fresh food. Limited organic assortment	Higher prices
ICA Supermarket	Supermarkets	Wide range of fresh foods, deli counter., medium organic assortment	Moderate prices
ICA KVANTUM	Large supermarkets	Everyday food items Medium to high number of organic products	Moderate prices
MAXI ICA STORMARKNAD	Hypermarkets Extended open hours	Wide variety of foods High number of organic products Also non-food	Lower prices

ICA Sweden	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralised: One point of delivery/Over time two
Currency	EURO or SEK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	ICA is using it´s Loyalty card to reach consumers/Promotional leaflets
Expectations	Willingness to support products through campaigns
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force to visit and activate stores
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via AMS
Organic focus	Medium
Web	www.ica.se

Coop centrally coordinates central functions and concepts for purchasing, communication, business development, marketing etc.

On the Group’s purchases, an estimated 20% is negotiated on a Nordic basis together with Coop Trading.

Coop Sverige			
Store concepts	**Description**	**Assortment**	**Pricing**

Stora coop	Hyper markets	Widest range of FMCG. High number of organic products.	Low prices
coop	Supermarkets	High number of organic products	Moderate to higher prices
coop small	Neighbourhood stores	Limited product range Medium number of organic products	High prices

Coop Sweden	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralized: One point of delivery/Over time two
Currency	EURO or SEK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	Coop is using it´s Loyalty card to reach consumers/Promotional leaflets
Expectations	Willingness to support products with campaigns
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force to visit and activate stores
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via Coop Trading
Organic focus	High
Web	www.coop.se

axfood

Axfood centrally coordinates central functions and concepts for purchasing, communication, business development, marketing etc.

On the Group's purchases, an estimated 15% is negotiated on a Nordic basis together with United Nordic, a pan Nordic buying association buying pan Nordic private label products. On an International level Axfood is member of the EMD buying group.

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Axfood Sverige			
Store concepts	**Description**	**Assortment**	**Pricing**
WiLLY:S	Soft discount concept	Wide range of FMCG. High focus in organic	Low prices
Hemköp	Supermarkets	Wide range of products and organic products. Medium focus on organic.	Moderate to higher prices
CITY GROSS	Hypermarkets	Wide range of FMCG... Medium focus in organic	Low prices
tempo	Neighbourhood stores	Limited product range. Few organic products	High prices

AXFOOD Sweden	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category manager, 1 buying assistant
Distribution	Centralised: One point of delivery/Over time two
Currency	EURO or SEK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores

Ways of marketing	Promotional leaflets
Expectations	Willingness to support products with campaigns
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force to visit and activate stores
Private Label	Can be initiated by Category Manager
Private Label	Negotiation and set-up via United Nordic
Organic focus	High
Web	www.axfood.se

Lidl holds 5.3% of the Swedish market share with around 180 stores.

LIDL Sweden	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 buyer
Distribution	Centralised: One point of delivery/Over time two
Currency	EURO or SEK
Execution into stores	Centralised/centrally agreed conditions are executed into all stores
Ways of marketing	Promotional leaflets
Expectations	Relevant products/Low prices
Private Label	Can be initiated by Category Manager
Organic focus	Low
Web	www.lidl.se

2.3.2. Top 2 foodservice whole sellers Facts & figures (market share, structure)

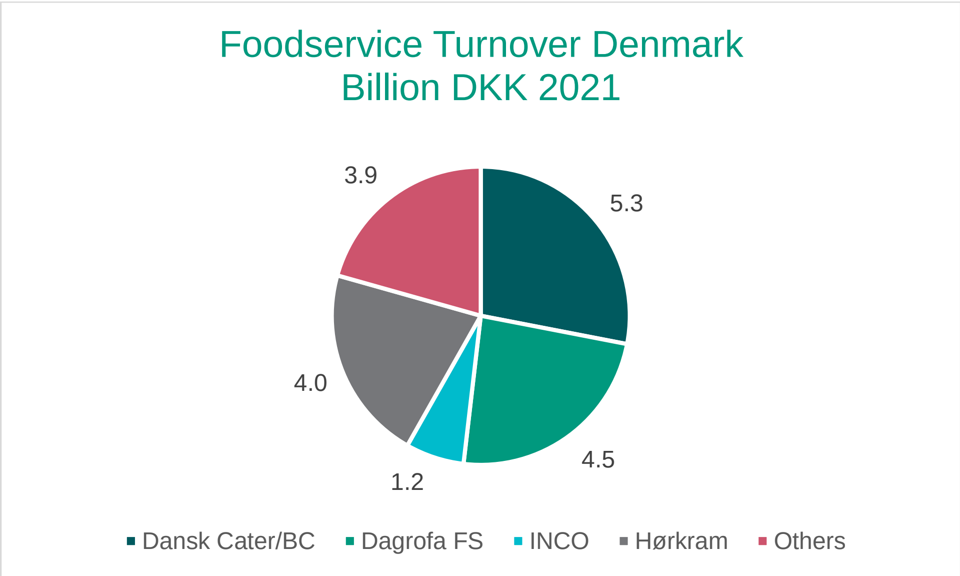
Denmark foodservice

The foodservice sector in Denmark is dominated by a few larger wholesalers who are the largest buyers of organic products and the leading suppliers to the public sector, restaurants and to chains within foodservice. Outside the large whole sellers, there are several smaller set-ups whereby you can reach food service customers.

Foodservice DK	Turnover Billion DKK
Dansk Cater/BC	5,3
Dagrofa FS	4,5
INCO	1,2
Hørkram	4,0
Others	3,9
Total	18,9

In addition to these, several manufacturers that directly supply foodservice customers.

The Top-4 players in Danish Foodservice accounts for 80% of the total turnover.



Source: Trade magazines data

Dansk Cater A/S

Dansk Cater is today the parent company of a group of autonomous companies that distribute frozen and chilled food as well as groceries and canned goods to Danish professional kitchens in the private and public sectors. Dansk Cater is linked to The Euro Cater Group and consists of Dansk Cater and Svensk Cater. For further details see: www.cater.dk

DANSK CATER/BC DK	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 buyer, 1 buying assistant
Distribution	Several points of delivery to each depot
Currency	EURO or DKK
Ways of marketing	Central price/products offer
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field sales force is a big advantage
Private Label	Can be initiated by buyer
Private Label	Negotiation and set-up via buyer
Organic focus	Low
Web	www.cater.dk

Dagrofa Foodservice Denmark

Dagrofa Foodservice a daughter company of Dagrofa that also is active in retail.

Foodservice Danmark has two ways of supplying its customers. Directly to door-deliveries or via 29 Cash & Carry outlets

For further details see: www.dgfs.dk

DAGROFA FS DK	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 buyer, 1 buying assistant
Distribution	One main point
Currency	EURO or DKK
Ways of marketing	Central price/products offer
Execution	Centrally into Cash & Carry outlets
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force is a big advantage
Private Label	Can be initiated by buyer
Private Label	Negotiation and set-up via buyer
Organic focus	Low
Web	www.dgfs.dk

Inco Danmark

Inco has 3 Cash & Carry outlets. For further details see: www.inco.dk

INCO DK	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 buyer
Distribution	Several points of delivery to each depot
Currency	DKK
Ways of marketing	Central Price/products offers
Expectations	Willingness to work with customers
Expecations	Expect suppliers to be prepared and know about the market
Private Label	Can be initiated by buyer
Organic focus	Low
Web	www.inco.dk

Hørkram Foodservice A/S

Hørkram is a major whole seller supplying foodservice customers nationally.

For further details see: www.hoka.dk

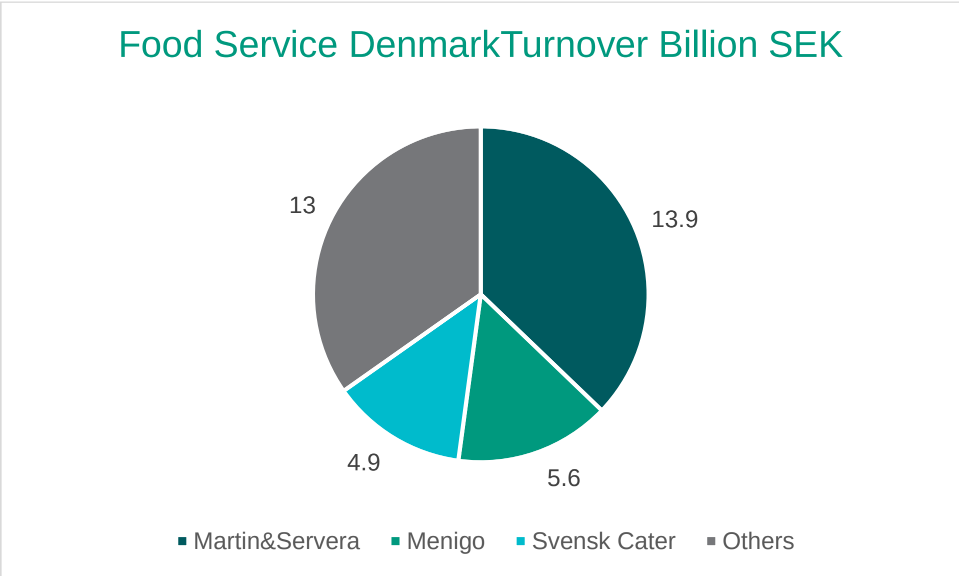
HØRKRAM DK	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category buyer, 1 buying assistant
Distribution	2 delivery points
Currency	EURO or DKK
Ways of marketing	Central price/products offer
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force is a big advantage
Private Label	Can be initiated by buyer
Organic focus	Medium
Web	www.cater.dk

Sweden

Sweden is the largest Food Service market in the Nordic region with a turnover of 37.4 billion SEK (€3.64 billion).

Foodservice S	Turnover Billion SEK
Martin&Servera	13,9
Menigo	5,6
Svensk Cater	4,9
Others	13
Total	37,4

The Swedish food service sector is dominated by three large wholesalers who are the largest buyer of organic products and the leading suppliers to public sector, restaurants, and to chains within foodservice. The largest is Martin & Servera with a market share of 36.3%.



Source: Trade magazines data

Martin & Servera is owned by Axel Johnson AB who is the major shareholder of the retail group Axfood.

Martin & Servera S	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 category buyer
Distribution	1 point of delivery initially
Currency	EURO or SEK
Ways of marketing	Price/products offers
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force is a big advantage
Private Label	Can be initiated by buyer
Organic focus	Medium
Web	www.martinservera.se

Menigo customers include the public sector, restaurants, chains as well as the service trade. Menigo is owned by UK Foodservice operator Brakes and hold the clear no two position in the Swedish foodservice market. Turnover is around 5 billion SEK, Part of Sysco.

MENIGO SWEDEN	Procedures and Execution
Buying procedure	Centralised

Buying contact Network	1 buyer, 1 buying assistant
Distribution	1 point of delivery initially
Currency	EURO or SEK
Ways of marketing	Price/products offers
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market
Expectations	Field Sales force is a big advantage
Private Label	Can be initiated by buyer
Organic focus	Medium
Web	www.menigo.se

Svensk Cater is owned by Euro Cater A/S and linked to Danish Dansk Cater. The customer base is mainly out-of-home market including restaurants and chains as well as smaller local grill bars. Product portfolio includes dry grocery, meat, dairy, fish and seafood, fruit, and vegetables. Annual turnover is 2.8 billion SEK.

Svensk Cater buys via importers and traders as well as direct.

SVENSK CATER SWEDEN	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 buyer, 1 buying assistant
Distribution	Several points of delivery to each depot
Currency	EURO or SEK
Ways of marketing	Price/products offers
Expectations	Willingness to work with customers
Expectations	Expect suppliers to be prepared and know about the market

Expectations	Field Sales force is a big advantage
Private Label	Can be initiated by buyer
Organic focus	Low
Web	www.svenskcater.se

Systembolaget is a government-owned chain of liquor stores in Sweden. It is the only retail store allowed to sell alcoholic beverages that contain more than 3.5% alcohol by volume.

Systembolaget also sells non-alcoholic beverages, although this product segment represents less than half a percent of the company's total sales of beverages.

SYSTEMBOLAGET S	Procedures and Execution
Buying procedure	Centralised
Buying contact Network	1 contact initially
Distribution	1 point of distribution
Currency	EURO or SEK
Ways of marketing	None
Expectations	Aware of procedure
Expectations	Have read procedures
Private Label	None
Organic focus	Moderate
Web	www.systembolaget.se

3. Route to Market

3.1. Logistics of trading

Before presenting your company and products to a customer in Sweden and/or Denmark, it is necessary to prepare yourself as much as possible. Although it may seem time consuming and cost money e.g., to book a flight over to take a closer look at the market(s) it is not just wise, but it increases the chance to succeed and get your products on the shelves. Common sense is often a good guideline for deciding which way to go and how to do it.

In this section we have summarised some of the key questions and decisions that should be made prior to entering the markets. In our experience it is often a good idea to focus, and if you are a new exporter make decisions about the approach. If you are already in one of the markets and want to build up your business into a new country or even want to expand in the market where you are already present, the questions can be used as a checklist.

General considerations ahead of entering the markets

3.1.1. Things to take into account

Basically, before entering the market, it can be of value to consider:

- **Is there a market for your product?**

  Perhaps there are already competitive offerings or private labels, and this can help you in judging whether there is an opportunity. Likewise, if there are no similar products in the market perhaps your offering can add value to the category where it belongs.

- **Are you price competitive?**

  You can find out by visiting the market or find the prices on-line and make a backward calculation to see if your products are competitive. Price is obviously not the only value. It might also be that there are no organic offerings available, and you must see if your pricing is close to or high above the conventional offering. Normally the organic products will cost at least 10% more.

- **How much resource can you commit?**

  Is export a priority, do you have the necessary back-up financially and are your company also backing you. Export is a long-term business, and it takes time to build a solid export base in each new country.

  Do you have funds to invest in market development?

  - Travel
  - Samples
  - Research
  - Product and packaging adaptations
  - Marketing printed materials
  - Website
  - So-me
  - Do you and your team have time to invest?
  - Is it a business priority?

- **What is your route to market?**

  This is a key decision, and you must think long term. Can you handle a business from home, or do you need local support and follow up? If you plan to focus on organic private label, you could build a business ex-factory on this basis. Often if you want to get in depth and build a solid organic branded business it is necessary to have a local partner.

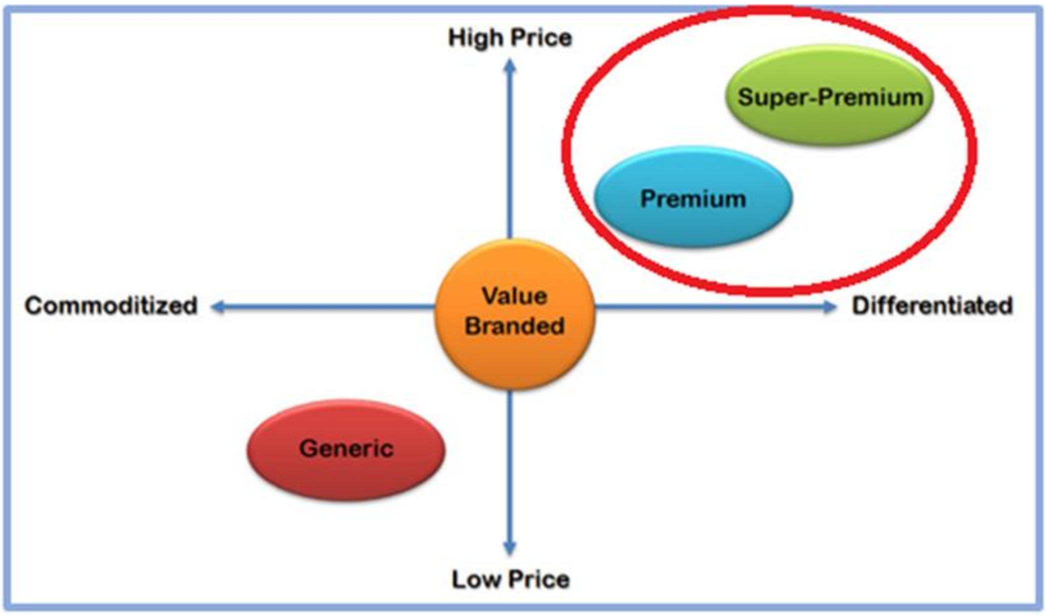
- **Is there a market for your product?**

  Try to look at your product(s) from outside and be critical. It will help you not at least when you must present and argument towards your future new customers.

  - Who is your intended consumer?
  - What is your product's point of difference?
  - Why will it appeal to consumers in other countries?
  - Are the trends in your favour?
  - What might you need to adapt to meet tastes?

- **How to position your offer?**

  - Make a competitive analysis
  - Decide on your "mode of entry"
  - How much of a premium can you command?



The figure can help decide where your offer fit into the assortment. Salling Group Denmark divides their assortment into Good-Better-Best. If you have already before approaching them assessed where you belong it will help the buyer to understand your offer better.

- **What is your route to market?**

This is a key decision that will clarify and make your approach easier:

- Brand >< Private label
- Retail >< Foodservice
- Direct >< Indirect
- Niche >< Mainstream

Objective = profitable & sustainable business

Method of market entry is depending on several factors, the key one being the selected market and its structure. This includes as well, but is not limited to financial resources, sales volumes, marketing strategy, short-term goals, long-term goals, type of product and the target segment.

- **Make a market entry plan with a P&L**

Try at an early stage to define costs and potential revenues. At the end of the day, it has to be profitable. However, in our experience profitability is not something you just get it is something you earn and it is a long-term investment that to our experience is necessary.

- Develop realistic market entry assumptions:
- RSP, Rate of Sale, Number of Stores, Time Frame for roll out
- Retailer margin
- Distributor margin (if a distributor is used)
- Temporary Price Discounts
- Early pay discount
- Trade Marketing Support (demos, adv. allowance, POS)
- Consumer Marketing Support (website, brochure, events, coupons, samples)
- On-line
- Personnel
- Others

- **Other things to consider**

- Research (Is there a need?)
- VAT rates
- Labelling and legal aspects
- Local language is a must (develop Pan Nordic packaging?)
- Other Marking than organic (i.e., Keyhole marking)
- Logistics and Customer requirements
- Pallet standards (EUR) Pallet height differs (Sweden: 125cm/Denmark 180cm)
- Accreditations (BRC or similar)
- Shelf-life expectations (upon delivery:75% rest shelf life)
- Detailed Product information (Inside and Outside)
- Incoterms

3.1.2. Private label or branded approach

The answer to decide whether you should choose a branded approach, or a private approach is often found in what you are doing in your home market or where your base business is. If you are anchored already in doing private labels, then often that way is also the right approach in export. However, if you have a string brand it could make sense to develop that abroad. One decision does not exclude the other but if you want to build a brand in Denmark and Sweden you should not start proposing that same product as private label. At least you should differ the offer so that you are not placed in one box by the buyer.

Below we have summarised some of advantages/disadvantages of choosing

- A Branded approach
- A Dual approach
- A Private label approach

A branded approach

BRAND ONLY EXPORT STRATEGY DENMARK/SWEDEN		
Advantages	**Disadvantages**	**Strategy**
• Total focus of own brands.	• Loss of market shares when retailer launch their PL	• Identify a specific target group.
• Able to focus on the branded buyer and raise quality level, innovation level and price	• Competitors grow stronger, including the private labels	• Innovate and launch new NPD.
• Can assure the customer of not producing cheaper similar goods.		• Develop new ways to market products, in order to support the brand and value

A Dual approach

DUAL EXPORT STRATEGY DENMARK/SWEDEN		
Advantages	**Disadvantages**	**Strategy**
• Growing new market shares	• Losing focus of own brands.	• Innovate own brands to maintain brand value and differentiate from the private labels

	• Losing brand value if the brand is not strong enough	• Innovate private labels in order to be seen as specialists:
• Utilization of spare capacity as a strategic possibility	• Cannibalization of own brands' market shares	• Estimate the mutual competition of the private label and own brand, in order to make them complement each other instead of
	• Retailer's bargain power might grow.	• Keep or strengthen the brand value
	• Risk of becoming a dedicated PL supplier	Aspire to become "Category Captain"

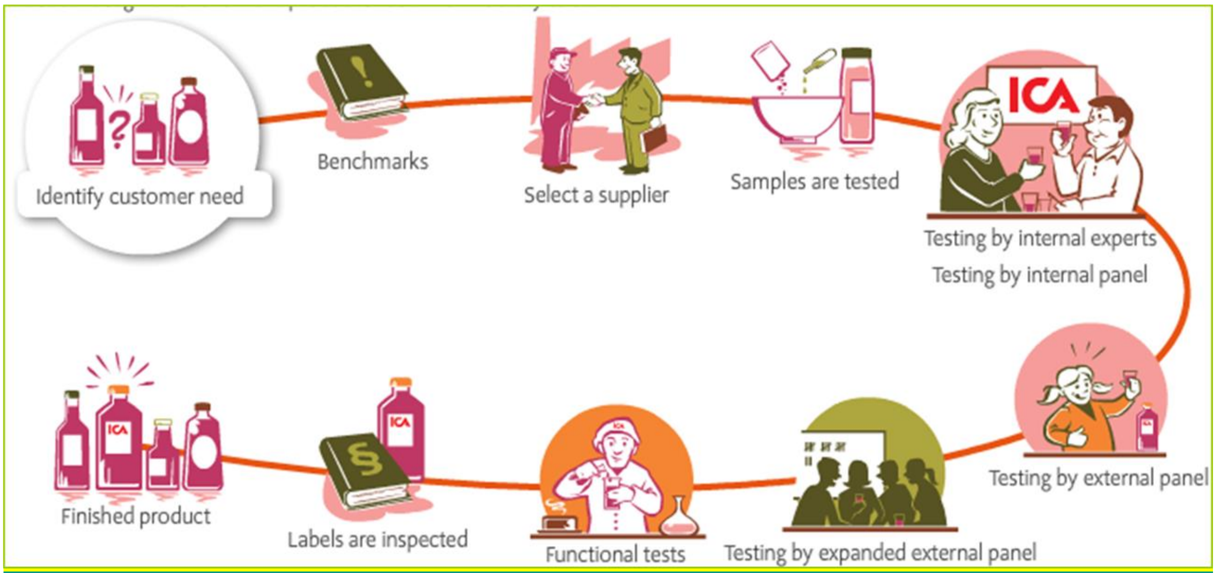
A Private Label Approach

DEDICATED PRIVATE LABEL MANUFACTURER		
Advantages	**Disadvantages**	**Strategy**
• Private labels allow smaller companies to challenge the manufacturer giants.	• Dependent on retailer and renewal of contract	• Optimizing manufacturing methods and processes to lower the variable cost.
		• Use different materials.
		• Innovate the private label.
		• Use different materials.
		• Become the preferred supplier of PL

Ahead of participating in a tender you will in most cases be invited to participate in a prequalification to become approved as potential supplier. Apart from various certifications there might be specific demands that will be announced by the buying organisation.

The private label approach is very structured and clear, and you will know the volumes, as well as delivery frequency. You will get the product specifications and be able to calculate the best possible prices and then make a tender offer. If your pricing is good, then you will be selected either as the future supplier to compete against another supplier matching your pricing.

Private Label process from ICA Sweden)



Choices to be made

The advantage of choosing a branded approach is that you build up a long-term value for your company and is "independent" from a customer that is only looking for the lowest price and where you can lose the business every year when renegotiating the private label business terms. The branded approach requires more investments in the market with staff or supporting a local partner. It might be that you choose a private label strategy in Sweden and a branded strategy in Denmark – what works in one market might not work in the other and oppositely. The preparation you do and your answers to relevant questions will help you make the right decision.

The advantage of choosing a private label approach is that you know what business you can get. The research you must complete ahead of entering a prequalification is not only about the products available in a category, but even to analyse the strengths of your competitors. In most cases it is possible to find out who is producing the private labels today by looking at the products and you can start by evaluating each step of the value chains starting with logistics and compare you own strengths versus your competitors. In private label everything is clear except the price.

3.1.3. Go through each step of the value chain

Before entering a new market, the value chain is key to control. For a private label product, it is obviously key to reach a low price that is satisfactory to the supplier as well as to the customer. A key question is the logistics costs i.e., either Incoterms FCA or DDP/DDU. The question is which one to choose is a function of the supplier's ability to get good logistics prices and the ability to deliver a 100% service level to the customer. If you already have a branded business and potentially keep stock in Denmark and Sweden that can also be an interesting factor when negotiating the final private label offer. If you are not used to and do not have good rates with your logistics supplier then we would recommend proposing Incoterms FCA.

If you on the other hand have regular deliveries into the areas that can be combined in many cases, we would recommend proposing Incoterms DDU. It is also important here in the value chain that it is clear who pays for local marking of i.e., organic KRAV and for local recycling (if any). It should be the responsibility of the customer, but do make sure this is also the case.

Denmark calculations

For a branded calculation the following calculation is a typical one for Denmark

RETAIL DENMARK		
Consumer RSP incl. VAT Denmark		15,00
VAT	25%	12,00
Retailer Margin(estimated)	38%	4,56
Net buying price Retailer DDP/DDU		7,44
Marketing support	8%	0,60
Logistics	Example	0,50
Net net Price		6,34

VAT is 25%. Retailer margin is anywhere between 35-45% but can be lower if it is a very competitive category. Do always include a sum to be able to invest in primarily price promotions. Denmark is a promotional driven market and in many categories, the promotional share of total shares could be high (60%).

Logistics is key: we can only recommend that you get clear and realistic information about the weekly volumes and adjust your pricing accordingly. Never be too optimistic here but be realistic. In the start phase orders will be pallets but the period after the launch until products get momentum is where you should adjust your logistics cost to when you go through.

For foodservice, the calculation is different:

FOODSERVICE DENMARK		
Customer RSP excl. VAT Denmark		10,50
Whole seller Margin(estimated)	25%	2,63
Net buying price Wholesaler DDP/DDU		7,88
Marketing support	2%	0,16
Logistics	Example	0,50
Net net Price		7,22

In general, foodservice does not have the same need to support products as there often is an already estabilshed ongoing use of the product.The customers of the foodservice whole sellers are often demanding the whole sellers to supply certain products that they have seen. Here it can be an idea to get in contact with these customers to awake their interest and go back to the whole seller and inform them that you are bringing them a new customer or that you ask that the customer to ask the whole seller to supply the product.

Sweden Calculations

In Sweden the value chain for supplying private label is the same as when supplying a Danish private label customer - low price and negotiate the right incoterms. Sweden is a large country so if you can get Incoterms FCA it would normally be an advantage when offering private label products.

For a branded approach into Swedish retail the following calculation show that there are additional costs compared to Denmark primarily because there is a need for working on the ground with field sales people to influence the stores to buy from the central depot and make sure they continue to buy: this makes the set-up expensive. Finding a local partner who already has field sales personell could be the solution. The investment in field sales personell is more important than the marketing support at least in the start-up period (min 12 months).

RETAIL SWEDEN		
Consumer RSP incl. VAT Sweden		15,00
VAT	12%	13,39
Retailer Margin (estimated)	38%	5,09
Net buying price Retailer DDP/DDU		8,30
Marketing support	8%	0,66
Field sales force	12%	1,00
Logistics	Example	0,65
Net net Price		6,99

For entering the foodservice in Sweden the below calculation can serve as a guideline.

FOODSERVICE SWEDEN		
Customer RSP excl. VAT Sweden		11,00
Whole seller Margin(estimated)	25%	2,75
Net buying price Wholesaler DDP/DDU		8,25
Marketing support	2%	0,17
Field sales force	12%	1,32
Logistics	Example	0,65
Net net Price		7,44

The need for an ongoing sales force in foodservice is not so necessary in Swedish foodservice as it it in retail but however, when launching the products there is a need. Often the whole seller has their own sales people who can do the job if you are able to convince the buyer. If there is a need for an organic version of an existing item then the buyer will be open to potentially use their own sales force. However, if it is about launching a completely new product then it will be more difficult to convince the wholesale buyer and you will most likely have to find a solution yourself regarding how to introduce the new product to the customers of the whole seller. It can be an idea to buy space in the several weekly or monthly leaflets that are sent to the customers but it is not enough to build a solid business.

Key decission criteria related to he value chain

As there are many similarities about the decission criteria of professional buyers in Sweden and Denmark, this will be dealt with together below:

At buyer level at retailer or food service level the decission Criteria depend on:

- Pricing
    1. Competitive pricing when products are look-a-like/me-too
    2. Reasonable right pricing when products are new and customers are to try and start using the products
    3. Argumentative pricing: i.e. when it is about launching a more expensive product you will also be able to charge more so that your total profit will be higher
- Gap
    1. Is there a true gap for the product/concept in the assortment
    2. Is the taste in line with Swedish/Danish taste (often a small interemistic survey can help)
    3. Where is the product being used in Ireland and could the usage be in the same place in Denmark and Sweden
    4. Is the size of the packaging right? Often with a new product it should be as small a size as possible for retail.
    5. What is the expected sales on an annual basis for the product
- Flexibility
    1. What is the minium quantity (often here the start should be 1/1 pallet not more)
    2. It will help if you as a supplier show commitment in that you will be helpfull in the beginning: samples, launch discounts, and willingness to build up sales
    3. Be prepared to meet the frequency of deliveries demanded (The buyer prefers the frequency ahead of a high quantity benefit)
    4. Look at the project as a necessecary long-term investment
- Others
    1. Be prepared to sell in local currency if demanded, but allways deal with this at the end of a negotiation

2. Europallets are a demand. In Sweden there are special demands to palletheights of 125cm versus Denmark where the normal Euro pallet height of 180cm is common. The 125cm height can be used for both countrties.
3. Do try to get the buyers to collect products in Ireland or at a hub in i.e. The Netherlands. However normally they are reluctant to do so in the beginning.
4. Do visit and investigate the local market ahead of any meetings.The buyers expect you to know everything and that you are prepared and committed.

In Denmark, in general the retailer/whole seller like to do their business directly with a supplier, unlike Sweden where they see a local partner as a major advantage.To live up to the demands that they place in terms of service, in most cases preferred to deal with a local importer anyway who can take care of these needs and can visit the customers of the wholesellers or the stores or chains offices of a retail group.This decission depends on the product supplied: is it a private label or a commodity type of products as few layers between the Irish exporter and the local customers are preferred. If it is something new or a speciality then the usage of local partners is necessecary, in most cases in both countries.

3.2. Requirements

3.2.1. Organic requirements

Imports of organic food from other EU countries is not considered an import according to the organic rules. Organic products from EU and EEA countries can be freely traded within the common market if the organic requirements regarding documentation and control are complied with.

Sweden and Denmark, like Ireland are full members of EU. It means that there is free movement of products like it would be when selling to a local Irish customer. Therefore, the local conditions to become an organic supplier are the same and if these are met they are also valid into Denmark and Sweden. The green organic label is the same all over EU and accepted locally. Local organic marking implies for Denmark using the red or black organic label “Statskontrolleret økologisk” and for Sweden the green or black “KRAV” label.

Denmark

The red Ø label with the text “State-controlled organic” states that it is the Danish authorities who have carried out control of the farm or company that has last processed, packaged or labeled an organic product.

The red label with the text “State-controlled organic”, which is shown above, can be voluntarily applied to organic foods and certain organic non-food products (i.e., organic dog and cat food) when prepared under organic control in Denmark:

The label can also be used for imported products, if the affixing of the label takes place in Denmark under the control of the Danish authorities, as the Danish authorities do not carry out control in other countries. The mark must be in red or black.

Denmark importers

To be able to start importing organic food and receiving it as the first recipient in the EU, it is a prerequisite that the company is covered by the Danish Veterinary and Food.

Administration's organic control and has had special import procedures approved in their organic report. These are the same rules that are in Ireland when selling organic products.

If you as an Irish Exporter start selling into Denmark, the Danish receiver will have to live up to the same rules as you do at home in Ireland for being able to sell organic products.

Which label to use

We would recommend starting up with the EU green label unless it is a specific demand by customers that the Danish label is used. With some customers it is an advantage to use the Ø label and with others it has little importance.

Sweden

The Swedish KRAV label can be added for imported products as well. It requires that the Irish exporter or the Swedish importing company must be inspected by one of the Swedish KRAV-certified certification bodies, report the products into “My KRAV” and pay the license cost. The KRAV rules have to be followed.

The specific KRAV rules

KRAV has extra requirements in the standards that are stricter than the EU-regulation.

KRAV's rules comply with the EU regulation for organic production - all production and sales of organic goods within the EU must do so. EU rules apply to an ecological minimum level. In addition,

- KRAV has tougher rules regarding
- Animal welfare
- Environment and health, climate and better working conditions.
- There are extra requirements on social responsibility
- KRAV's rules also cover more areas, such as slaughter, restaurant and fishing

The KRAV label has lost importance over the last 5 years but it still is the only Swedish organic label. Whether to use it or not depends in our opinion on the customer demand. If the customer is demanding this yes, then of course or if you start supplying Coop with private label who is using KRAV on their organic private labels.

We would recommend starting up in Sweden and using the EU green label and then see if there is a specific demand that makes it necessary to go to the next step. In any case it could be a good idea to live up to the specific extra KRAV demands.

For further details on KRAV: www.krav.se

3.2.2. Other requirements

There are some basic requirements which seems obvious, but they are necessary to prepare before approaching customers. In most cases you need to have this in order before first: this is the case for the major retailers and foodservice whole sellers. You will not be able to propose a new item before you have a basic set-up that enables you to propose electronically a new item. For example, in Sweden, ICA insist that you have a complete GS1 set-up and that your products and markings are checked by Validoo data quality control, and you must have a plan and a set-up that ICA believe in.

Among the requirements are the following:

- Basic set-up vs the retailers
- You or a local partner
- GS1 set-up, GS1 control, Product pictures for customers, EDI, Packaging recycling
- Labelling verification/translation
- EAN-codes
- Product specs. /Details including Food & Beverage Extension
- Outer case/pallet information and pallet height
- Prices based on layers / pallets (double stacking)
- Logistics set-up to fit demand
- Lead-time delivery schedule in line with expectations
- Set-up that guarantees delivery on time
- Incoterms: DDP or FCA or others
- Launch plan

- Field sales force if needed (especially for Sweden there is a need)
- Marketing set-up.
- Trade promotions.
- Others: Product selection, timing etc.

3.3. Next step

3.3.1. Timings preparation for launch

Especially in Swedish retail but also in Swedish foodservice, trade is very structured when it comes to introducing new items to the market. Years ago, the Swedish retailers decided to make one common approach with a set timeline for launching new items. This has also been introduced recently into Denmark so that Danish retail trade is also working with the same timings for introducing new items. The largest foodservice whole seller currently also works in line with these timings. For a large part of foodservice whole sellers, the timings are almost the same and they have the same demands as within retail.

The below description of timings is almost the same for both countries and in both retail and foodservice channels. Smaller food service whole sellers can list outside the agreed timings.

The basic timetable applies for a trade item launch. This includes administrative procedures and rules. New items must be notified no later than v.1 (-15 weeks) before the launch. A red box indicates the absolute final date to complete each activity.

At first it can seem bureaucratic but when you work in line with it, it is actually very useful and all involved parties know when and what they will have to do. Obviously, this timeline is only works when the “homework” has been done. We would recommend you to be ready with your assessment months before this process is started.

The following text describes the steps, in accordance with above, in more detail. Reference is also made to some links that it is important to comply with for the launch to be effective.

Step 1: Week 1

The supplier notifies/registers with customer and sends in trade item information according to the implementation guide*.

Step 2: Weeks 3 – 4

Supplier presents trade item with product sample, and product information to chain/concept.

Step 3: Weeks 5 – 8

Product range listing decision to suppliers shall be based on the information the provider presented in the item notification, provided it is approved in accordance with step 5 (see below).

Step 4: Weeks 1 – 9

Complete trade item information including food information and product image (marketing and planogram image) shall be sent for quality assurance*. In this step, suppliers must order quality assurance in accordance with GS1 standards.

Step 5: Weeks 1 – 10

Product information, measurements and product images must be quality assured and approved in accordance with the GS1 standard.

Step 6: Weeks 9 – 11

Detailed listing message including item number to suppliers, as well as a dialogue between the chain and supplier about forecasts.

Step 7: Weeks 1 – 13

Bar code must be quality assured and approved in accordance with the GS1 standard. This should be done as soon as possible in the revision process to minimise the risk of detecting problems with the barcode late on in the process and not having time to take action before launch.

	Weeks before in-store launch:	-15	-14	-13	-12	-11	-10	-9	-8	-7	-6	-5	-4	-3	-2	-1	0
No.	Activity week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Suppliers must notify customers and submit item information according to the implementation guide* for item notification (may exclude food information). (See link under Step 1 below)																
2	Supplier presentation for chain/concept																
3	Product range listing decision																
4	Complete trade item information including food information and the product image (marketing and planogram image) shall be sent for quality assurance*. See note. In this step, suppliers must order quality assurance in accordance with the GS1 standard (See link under Step 4 below)																
5	Trade item information & product images must be quality assured and approved in accordance with the GS1 standard																
6	Detailed product range listing decision to supplier as well as a dialogue between the chain and supplier about forecasts																
7	Quality assurance of bar code must be approved according to GS1 standard																
8	Preparation for launch/phase out																
9	Start of implementation onto store shelves																

Step 8: Weeks 9 – 15

Preparation for launch or phase out of trade item and implementation of activities e.g. planogram, product acquisition, sell-in at stores, etc.

Step 9: Week 16

Start of implementation of product range change on store shelves – items in or out.

For 2023 the timings are already in place and you can identify your own category and start planning. There are in general three launch windows per year, per category. The biggest launch window is the start of the year – January/February and then again before summer in May as well as September October ahead of the Autumn/Winter period.

The official scheme below outlines when you could launch your product. Obviously, you have to be well in time before you start proposing new items for launch.

Step in process	Jan	Feb	Mar	Apr	May	Aug	Sept	Sept	Oct
Revision week:	3	7	11	16	19	33	36	40	43
1. Suppliers must notify customers and submit item information according to the implementation guide* for item notification (may exclude food information).	23-Sep	21-Oct	18-Nov	06-jan	20-Jan	31-Mar	28-Apr	26-May	16-June
	38	42	46	1	3	13	17	21	24
2. Supplier presentation for chain/concept	14-Oct	11-Nov	9-Dec	27-Jan	10-Feb	28-Apr	19-May	16-June	4-Aug
	41	45	49	4	6	17	20	24	31
3. Product range listing decision	11-Nov	09-Dec	20-Jan	24-Feb	10-Mar	26-May	16-June	11-Aug	01-Sep
	45	49	3	8	10	21	24	32	35
4. Complete trade item information including food information and the product image (marketing and planogram image) shall be sent for quality assurance*. See note. In this step, suppliers must order quality assurance in accordance with the GS1 standard	18-Nov	16-Dec	27-Jan	03-mar	17-Mar	2-June	30-June	18-Aug	08-Sep
	46	50	4	9	11	22	26	33	36
5. Trade item information & product images must be quality assured and approved in accordance with the GS1 standard	25-Nov	06-Jan	03-Feb	10-mar	24-Mar	09-June	07-July	25-Aug	15-Sep
	47	1	5	10	12	23	27	34	37
6. Detailed product range listing decision to supplier as well as a dialogue between the chain and supplier about forecasts	02-Dec	13-Jan	10-Feb	17-mar	31-Mar	16-June	04-Aug	01-Sep	22-Sep
	48	2	6	11	13	24	31	35	38
7. Bar Code must be quality assured and approved in accordance with the GS1 standard.	16-Dec	27-Jan	24-Feb	31-Mar	21-Apr	07-July	18-Aug	15-Sep	06-Oct
	50	4	8	13	16	27	33	37	40
8. Preparation for launch/phase out	09-Jan	06-Feb	06-Mar	10-Apr	01-May	07-Aug	28-Aug	25-Sep	16-Oct
	2	6	10	15	18	32	35	39	42
Revision area	Jan	Feb	Mar	Apr	May	Aug	Sept	Sept	Oct
Revision week, 2023	3	7	11	16	19	33	36	40	43
Revision date, 2023	16-Jan	13-Feb	13-Mar	17-Apr	08-May	14-Aug	04-Sep	02-Oct	23-Oct
1. Dairy		X			X		X		
2. Juice/Nectar		X					X		
3. Cheese		X			X		X		
4. Charcuterie, meat, bird and deli			X				X		
5. Chilled Vegetarian Products			X				X		
6. Chilled ready meals, meal supplements			X				X		
7. From the sea			X				X		
8. Fresh bread		X					X		
9. Dry biscuits, crackers, hard bread, soft buns		X					X		
10. Frozen food & Ice Cream			X					X	
11. Hot drinks and related items		X				X			
12. Cold drinks	X			X			X		
13. Snacks	X					X			
14. Confectionery		X			X		X		
15. Fruit & Berries, Desserts	X					X			
16. Cereals, muesli, porridge	X					X			
17. Canned food, soups			X					X	
18. International food	X					X			
19. Flavourings		X				X			
20. Pasta, rice, mashed potato				X					X
21. Baking & sweetening products			X					X	
22. Food hypersensitivity				X					X
23. Child care				X					X
24. Animal				X				X	
25. Laundry, cleaning, dishwashing			X				X		
26. Paper				X				X	
27. Disposable items			X			X			
28. Candles, napkins and disposable items	X					X			
29. Hair care	X					X			
30. Body care, facial care, shaving products, toiletries			X				X		
31. Oral care	X					X			
32. Intimate care		X						X	
33. Make up	X				X	X			X
34. Health	X						X		
35. Non-prescription drugs			X			X			
36. Tobacco	X				X			X	

https://www.ecr.se/ecr-trade-windows/

We would recommend having started with the preparation at least 6 months before you can notify a new item in line with the above launch timings.

3.4. Summary

3.4.1. Summary of preparation

One of the fundamental decisions to make before entering the Nordics is how to approach the market: do we go directly to the customer and are we able to handle this ourselves directly or do we seek local assistance but will deal directly. There can be several set-ups.

Below is a comparison of advantages and disadvantages in connection with going direct to i.e., a retailer or to a foodservice whole seller or if you prefer to be working with an in-market distributor when entering the Danish and Swedish markets or perhaps a combination of both.

- Direct Delivery versus Distributor
    1. Choose a Distributor/Importer
    2. Choose direct approach
    3. Choose direct approach and a local set-up to support

1. Choose a Distributor/Importer

Advantages:

- Marketing and selling function (sales force/merchandisers)
- Warehouse. Stocks on hand. Can supply even small quantities at short notice.

Some disadvantages:

- The distributor has several principles. Therefore, your products may not get fully attention all the time.
- You lose identity. (Customers are dealing with local X company)
- You may not receive appropriate information. (Who buys what/when – who does not buy? and why not etc.?)
- Adds around 30% to cost price.
- Your main competitors – those with local production – have the direct approach.

2. Choose direct approach

Advantages:

- You will be dealing directly with the customers.
- You will make direct deliveries to the customers. “Save” 30%.
- You will have full control of the Trade Marketing expenditure.

Some disadvantages:

- You are away from the marketplace.
- The Buyers have no local contact.

- No sales force/merchandisers where needed.
- No local stock of products

3. Choose direct approach but act locally

(To possibly eliminate the above mentioned disadvantages with direct approach)

- A local partner function can act as the buyer's required local contact.
- National sales force can be hired ad hoc for a period, for example in a four month introduction period or when a line-extension is being introduced.
- Merchandising force can be hired to a specific job at specific chains for an agreed period.
- Use local third-party logistic operation (warehousing/transport)

Market entry Checklist

Below is an overview of some key elements that are important when preparing the launch into Denmark and Sweden.

Market opportunity	Assess opportunity for your brand and category dynamics for the target market(s)
Mode of entry	Identify best mode of entry (direct export, indirect export (importer/distributor), venture, licensing, local subsidiary) based on business goals, financial resources, product type, projected volumes, etc.
Product proposition	Ensure optimal product proposition and consumer acceptance for your product in the local market (product, pack, price, concept, range, etc.)
Brand proposition	Branded approach or private label contracts? Brand name & credentials acceptable to the market?
Regulatory compliance	Confirm that product claims, label and ingredient statements meet EU regulatory criteria and their equivalents in an overseas market
Channel strategy	Determine optimal channel for launch (mainstream, specialty, foodservice, on-line)
Geographic Focus	Determine market by market approach; rank markets for market entry over time
Distribution & Logistics	Identify optimal distribution strategy and the need for an Importer/Distributor, Broker, Sales & Marketing, Logistics Management

Marketing support / Cost of entry	Determine the important support requirements: ➢ Consumer and trade marketing programs ➢ Listing fees if any ➢ Retail contracts ➢ Flyer advertising – distributor catalogues, retail flyers ➢ Promotional Discounts (Off-invoice/ Bill-back allowances) ➢ In-store demos, displays ➢ Sales samples for brokers and distributors sales force ➢ Importer/Broker/Distributor margins/commissions ➢ Trade shows – industry shows and distributor specific shows ➢ Market visits by sales force ➢ Advertising, PR and other consumer support ➢ On-line ➢ Returns/waste/credits/terms

Once the above has been reviewed and it has been decided which strategy to follow and you have convinced yourself and others that it is the right strategy, it will also be the case that you have greater breakthrough power when faced with having to convince your new customer that it is worth to start a new collaboration.

4.0 Summary

SWOT analysis for Irish organic suppliers looking at exporting to Denmark could be summarised as follows:

STRENGTHS Denmark	WEAKNESSES Denmark
- Denmark has world's largest share of organic food & drink sales - Denmark has world's 7th largest GDP per capita - High awareness about organic among consumers - Set goal of 60% organic share of all public buying by 2030 - Positive vs organic among all buyers - Stable economic conditions - DKK linked to EURO with fixed rate span - Positive from buyer's vs Irish suppliers - Centrally "forced" retail distribution of products into each store	- Distribution costs are high due to small volumes (especially in the start-up phase) - It requires perseverance to establish a new brand - Takes time to establish a close relationship with buyers
OPPORTUNITIES Denmark	**THREATS Denmark**
- Positive vs Irish products among consumers - Stable economic conditions - DKK linked to EURO with fixed rate span - Private Label tenders within Retail and Foodservice - Branded value-added new propositions Retail and Foodservice - Organic propositions are seen at positively	- Distribution costs are high due to small volumes - Competition from local suppliers - High discounter share

SWOT analysis for Irish organic suppliers looking at exporting to Sweden could be summarised as follows:

STRENGTHS Sweden	WEAKNESSES Sweden
- Sweden has world's 5th largest share of organic food & drink sales - Sweden has world's 11th largest GDP per capita - High awareness about organic among consumers - Set goal of 60% organic share of all public buying by 2030 - Stable economic conditions - Positive from buyer's vs Irish suppliers	- Logistics set-up is expensive due to size of country - Distribution costs are high due to small volumes (especially in the start-up phase) - It requires perseverance to establish a new brand - Takes time to establish a close relationship with buyers - Less focus presently on organic from ICA - Lack of centrally "forced" distribution into stores - Expensive set-up with local field sales force
OPPORTUNITIES Sweden	**THREATS Sweden**
- Positive vs Irish products among consumers - Stable economic conditions - Private Label tenders within Retail and Foodservice - Branded value-added new propositions Retail and Foodservice	- Competition from local suppliers - Focus on i.e., sustainability rather than organic - SEK is not linked to EURO

Sweden and Denmark represent major opportunities for Irish exporters when it comes to export of organic product. Particularly Denmark has a high penetration of organic products (13% = world's highest) and Sweden around 8.5% (5th largest in the world).

Consumption of organic food and drink is expected to grow rapidly in the coming years, not at least because the public sector in both countries has set goals that 60% of all buying must be organic by 2030: this will increase the sales of organic in the foodservice sector.

Retail is clearly the largest channel for organic food sales across all Nordic countries. In the retail sector, Denmark's organic penetration is still growing whereas in Sweden the positive trend has stopped, at least for now. When talking to buyers and other stakeholders in the retail trade everybody expects a further growth of organic products. This has so far been driven by Coop in both Denmark and Sweden. Today we see that Salling group and Axfood Sweden have increased their organic buying over the last years. The largest retailer, ICA has especially increased organic buying after the Covid-19 pandemic caused a loss in momentum in organic trends. If you talk to buyers at ICA and see ICA´s future market expectations up to 2030, many of the values associated with organic i.e. products being sustainable, are ranked high. Therefore, we expect the present trend for ICA when it comes to organic will also become positive over the next many years.

Danish and Swedish consumers are health oriented and have high incomes compared to the EU average. This is also important to remember when deciding which export countries should be focused on. The overall customer demand, driven by increasing focus on healthy lifestyle and consciousness, is expected to be the main drivers behind the organic sales increase going forward.

There are local labels for organic that can be added to your products. Unless it is a demand from your customer, we recommend you use the green EU organic label, which is enough.

There are local Danish and Swedish organic products being locally produced and they are important but not more important than if you have a competitive product or an interesting new product where there is a role to play, whether it is as a private label supplier or whether it is as a supplier with focus on your own brand. In fact, most organic products today come from abroad.

In this report we have investigated all the categories that are in food and drink, retail and foodservice. In some categories there is a high percentage of organic products already whereas within other categories there is low penetration. In general, there are very good opportunities for Irish organic manufacturers in the Danish and Swedish markets of retail and foodservice. Obviously, Denmark is a given choice when you look at the world's highest organic share of 13% of all products sold. But Sweden is expected to grow and it still fifth highest in the world today.

To take advantage of these opportunities it is important to become familiar with the local market conditions in order to be able to evaluate the potential and not least to be able to convince Danish and Swedish retail and foodservice buyers.

5.0 Key customers

Retailers Denmark

Aldi K/S
Rørgangen 1
2690 Karslunde
Phone: +45 7070 7417
www.aldi.dk

Coop Danmark A/S
Roskildevej 65
2620 Albertslund
Phone. +45 4386 4386
www.coop.dk

Dagrofa Aps
Kærup Industrivej 12
4100 Ringsted
Phone: +45 7020 0268
www.dagrofa.dk

LIDL Danmark K/S
Profilvej 9
6000 Kolding
Phone: +45 7635 0000
www.lidl.dk

Rema 1000/Reitan
Mars Allé 32
8700 Horsens
Phone: +45 8881 6000
www.rema1000.dk

Salling Group A/S
Rosbjergvej 33
8220 Brabrand
Phone. +45 8778 5000

www.sallinggroup.dk

Foodservice Whole Sellers Denmark

Dansk Cater A/S
Vidalsvej 6
9230 Svenstrup J
Phone: +45 9637 2020
www.cater.dk

Dagrofa Foodservice
Vejleåvej 13
2635 Ishøj
Phone: +45 7080 8080
www.dgfs.dk

Inco Danmark
Flæsketorvet 84A
1711 København V
Phone: +45 3321 1421
www.inco.dk

Hørkram Foodservice A/S
Centervej 1
4180 Sorø
Phone: +45 5787 0400
www.hoka.com

Retailers Sweden

AXFOOD Sverige AB
Solnavägen 4
113 65 Stickholm
Tel: + 46 8 553 99000
www.axfood.se

COOP Sverige
Englundavägen 4
171 88 Solna
Tel: + 46 8 10742 0000
www.coop.se

ICA Sverige AB
Kolonnvägen 20
169 71 Solna
Tel: +46 8 561 500 00
www.ica.se

Lidl Sverige
Anderstorpvägen 22
171 54 Solna
Tel: +46 8 5555 7000
www.lidl.se

Foodservice Whole Sellers Sweden

Martin & Servera AB
Grosshandlarvägen 7
120 44 Årsta
Tel: +46 8 722 25 00
www.martinservera.se

Menigo AB
Partihandlarvägen 47
SE- 120 44 Årsta
Tel: +46 8 722 14 00
www.menigo.se

Svensk Cater
Marknadsvägen1
262 42 Löddeköpinge
Tel. +46 19 17 2600
www.svenskcater.se

Beverage Monopoly retail

Systembolaget
Kungsträdgårdsgatan 14
111 47 Stockholm
Tel: + 46 77 183 8300
www.systembolaget.se

Pan-Nordic Private label buying organisations

AMS Sourcing
WTC Schiphol airport D-5
Schipholboulevard 245
1118 BH Schiphol Airport
The Netherlands
Phone: +31 20 406 70 47
www.ams-sourcing.com

COOP Trading
www.cooptrading.com
Helgeshøj Allé 57
2630 Høje Tåstrup
Denmark

EMD European Marketing Distribution
Huobstrasse 3
CH 8808 Pfaffikon
Switzerland
Phone: +41 58 450 2222
www.emd-ag.com

United Nordic
Solnavägen 4
113 65 Stockholm
Sweden
Phone: +46 8 553 99 000
www.unitednordic.com