Export from Finland to Sweden

Value of Finnish Food and Drink export to Sweden (millions of Euro)
Grocery Retail Market in Sweden

- Swedish grocery market is dominated by four chains; ICA, Coop, Axfood and Bergendahls
- In addition there is also discount chains like Lidl and Netto, as well as a voluntary chain Matrebellerna
- Around 4000 grocery stores
- Total sales volume of the grocery store chains in 2015 was around 248 billion SEK
- Grocery sales have grown steadily throughout the 2000s at a rate of about two percent per year
Market Shares – Grocery Retail

ICA: 51%
Coop: 20%
Axfood: 16%
Netto: 2%
LIDL: 4%
Bergendahls: 7%

Grocery Retail Market in Sweden

- The largest grocery chain in the Swedish market is ICA, which holds over half of the market.
- The second largest chain Coop holds 20% share of the market.
- Traditional grocery stores still dominate the industry, but the hypermarkets sales figures are growing.
- Discount chains such as Lidl and Netto are “new” entrants to the market, but increase their turnover by more than 10% annually.
Sweden

GROCERY STORE CHAINS
ICA AB

- ICA AB is Sweden's largest grocery store chain
  - Turnover: 72 624 MKR
  - Number of employees: 8 242
  - Stores: 1 306
- ICAs closest comparison in Finland is Kesko
- The stores are owned by retailers and are somewhat independent
- Merchants have the right to purchase products without the permission of the central management
- Owns ICA Banken AB
Coop Butiker & Stormarknader AB

- **Financial Facts (2014):**
  - Turnover: 23 504 MKR
  - Number of employees: 5 475
  - Stores: 1 306

- Coop is a cooperatively managed grocery chain (owned by Kooperativa Förbundet KF), which operates in both Sweden, Denmark and Norway.
- Closest comparison in Finland is S-ryhmä.
- Coop in Sweden consists of a federation of 31 consumer cooperatives across the country.
- Purchasing is usually done through the central organization (Coop Sverige AB) or the local cooperatives.
- Coop has gone through several organizational changes over the years, and the chain's profitability has been weak.
AXFOOD AB

• Financial Facts (2015):
  – Turnover: 41 619 MKR
  – Number of employees: 8 803
  – Stores: 263 owned and circa 820 franchise

• Axfood is the third largest grocery chain in Sweden
• The bulk of sales come from Willys and Hemköp chains
Axfood AB

Stores:

– Hemköp: 183 stores of which 67 are centrally owned
– Willys: 196 stores
– Tempo/Handlar´n/Direkten: 704 franchise-stores

• Purchasing is done through Dagab purchasing organization

• Seven distribution centers: Jordbro (Stockholm), Backa (Gothenburg), Jönköping, Borlänge, Örebro, Skellefteå and Sätra.
Bergendahls Group

• Financial Facts – City Gross Sverige AB (2015):
  – Turnover: 8 391 MKR
  – Number of employees: 2 603
  – Stores: 40

• The Bergendahls consortium has long focused solely on Southern Sweden
• However, in recent years, the chain has evolved into a significant competitor throughout the country
• All of this is done by Bergendahls chain store concept in City Gross
• City Gross consists of 40 supermarket stores and the number of stores have been growing fast
• During the last twenty years, the group has grown by an average of 10 percent per year.
Bergendahls - Matrebellerna

- Matrebellerna is a joint purchasing network of about 70 stores
- Most of the stores are involved in small chains that want to buy through a common organization to gain a competitive advantage
- Matrebellerna takes care of marketing and quality control of the products on behalf of the member companies
- Stores are mainly concentrated to Stockholm
- Matrebellerna is owned by Bergendahls
LIDL and Netto

- Foreign low-cost product chains Lidl (German) and Netto (Danish) both have plans to expand in the future within Sweden.

- Especially Netto have been increasing the number of its stores aggressively.

- **LIDL Facts (2015):**
  - Turnover: 7 900 MKR
  - Number of employees: 2 800
  - Stores: 160

- **Netto Marknad Sverige AB**
  - Turnover: 4 771 MKR
  - Number of employees: 1 311
  - Stores: 157
Wholesalers in Sweden

HORECA
Wholesalers – Market Structure

• The wholesale market in Sweden is divided between two groups of companies:
  – Large wholesalers who provide a wide variety of goods to Hotels, Restaurants and also to the food industry
  – Small wholesalers who have specialized either within a specific region or a product/customer group

• Some wholesalers also have their own retail grocery chains (Axfood, Bergendahls)
Axfood Snabbgross AB

  - Turnover: 2 735 MKR
  - Number of employees: 335
  - Stores: 22

- Is represented through 22 stores around Sweden
- Also offer nationwide distribution through e-commerce
- Purchasing through Dagab
- Dagab: 2 full-range warehouses, two cold storage warehouses and 3 distribution centers
- Wide variety of goods (13,000 products listed)
Menigo Foodservice AB

• Financial Facts (2015):
  – Turnover: 5 881 MKR
  – Number of employees: 798
  – Stores: -

• Large conventional wholesaler
• Deliveries are done through 7 regional warehouses plus central warehouse in Strängnäs
• 31,000 different products listed
• 15,000 clients in Sweden
Martin & Servera AB

• Financial Facts (2015):
  – Turnover: 13 149 MKR
  – Number of employees: 2 894

• Warehouses are located in Halmstad, Norrköping, Västerås, Årsta and Umeå
• Restaurant stores are located in Årsta, Bromma and Gothenburg
• 50.000 different products
• Around 20.000 customers
Svensk Cater AB

• Financial Facts (2015):
  – Turnover: 3 619 MKR
  – Number of employees: 611

• Warehouses in 20 different cities
• 14,000 customers
• 52,000 products (of which 6,000 on average in local warehouses)
• Owned by Danish Euro Cater A/S
Organic Products:
• The sales of organic products have continued to grow year after year in Sweden
• Coffee, tea and cocoa are the best-selling eco-friendly products

Health products:
• Increasing consumer health focus
• Vegetarian Food is on the rise (risen by 50% during the last five years)

Sale of meat and meat products:
• Throughout the course of the 2000s, the meat products sales increased the most of all product categories
• But: Growing prices have hindered the growth during the last years

Food sales through restaurants/cafes etc.
• The share of food sales through restaurants has grown to 29%, when you take into account all the food expenditures of households in Sweden
Private label

- Private label products have increased basically in all product groups
- In 2004, the share of private label food sales corresponded to over eight per cent of total sales
- In 2010, the own-brand share of sales had risen to 15% - and in 2015 to 23%
- At the end of the decade, the share of sales is believed to be around a third of total food sales
- The most important reason for the increase of private label products are the higher margins for grocery chains

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Sales</th>
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<tbody>
<tr>
<td>2004</td>
<td>8.4%</td>
</tr>
<tr>
<td>2015</td>
<td>23%</td>
</tr>
<tr>
<td>2020</td>
<td>30%</td>
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Nordic Export Partners
Share of private label-different categories (%)
Internet as a sales channel

- Food sales through the Internet have been growing at a fast pace (40% last year)

- The turnover of food sales through the Internet was around 3 billion SEK in 2014 and the prognosis for 2016 is 5.7 billion SEK
Sweden

HOW TO SELL IN THE MARKET
Compared to Finland

- Different taste preferences and consumption habits
- A lot of competition (the market already has everything)
- Focus on money and sales figures – instead of the product
- Focus on packaging, marketing and the whole sales/product concept instead of single products
- **Being from Finland is not a selling point**
Planning the market entry

• To whom the product is intended / who is the consumer?
• The situation on the market and competition?
• Expected sales figures for the product?
• What added-value does your product give to the buyers portfolio – compared to products already on the market?
• Which factors support the demand for the product on the market?
• Advertising and product launch (What sales support does the product require)?
• **Your product will replace some other product on the shelf**
Starting sales in Sweden

• Usually through single stores – almost never through the central organization in the beginning (need for an agent)
• Trial sales period before portfolio entry
• Deliveries directly to each individual store (instead of central warehouse)
• Getting into the central portfolio doesn’t mean you can stop selling to individual stores
• Who will manage the store shelves?
• Tastings and discount coupons?
• Marketing plan?
• Store owner/buyer doesn’t want to do anything – and is only interested in a complete concept
Examples of the Finnish companies in Sweden

• Maalahden limppu (Malax limpan)

• Valio (first in the market with lactose free products)