The Swedish Market
Fresh Fruit and Vegetables

Open Trade Gate Sweden
National Board of Trade

How well do you know your target market?

Overview of market structure and players

The Swedish market for fresh fruit and vegetables largely depends on imports. As consumers increasingly prefer fresh to processed, there are opportunities to be found. This market study provides an introduction to the Swedish market for fresh fruit and vegetables, giving an account of its structure and trends, this from the perspective of Sweden being a market within the EU and what that means in practice.

Fresh fruit and vegetables in Sweden and the EU: market size and development

Sweden imports fresh fruit and vegetables to a value of 10 billion SEK (Swedish krona)/926 million EUR. This share is much larger than the Swedish production, meaning Sweden relies heavily on imports of fresh fruit and vegetables. Overall, Swedish consumption of fruit and vegetables is increasing, as the sales figures in the tables below show.

Table 1: Sales of fruit (fresh, cold or frozen) in retail trade, SEK million (current prices)

Year	2000	2014	2015	2016	2017	2018
Turnover SEK million	7 300	13 120	14 834	15 647	16 586	17 647

Source: SCB

Table 2: Sales of vegetables (fresh, cold or frozen) in retail trade, SEK million (current prices)

Year	2000	2014	2015	2016	2017	2018
Turnover SEK million	8 852	14 820	15 863	16 762	17 417	18 550

Source: SCB

The European market for fresh fruit and vegetables is large and stable overall, with an interest in year-round supply of seasonal products and exotics. Europe is a major player in the fresh fruits and vegetables market, with traders operating globally, including in developing countries. As a matter of fact, the share of developing countries in European supply is growing, reaching 15 billion EUR of imports of fresh fruit and 3 billion EUR of fresh vegetables in 2018. Intra-European trade represented the largest share for both categories: 19 billion EUR fresh fruit and 17 billion fresh vegetables in 2018.

Did you know that…

…fruit and vegetables is the largest category of grocery sales in Sweden, representing 19 per cent, followed by meat (17 per cent) and dairy products (15 per cent).

…you can find out much more about the European market for fresh fruit and vegetables on the website of CBI, the Dutch Centre for Promotion of Imports from developing countries.

Seasonality and Swedish demand

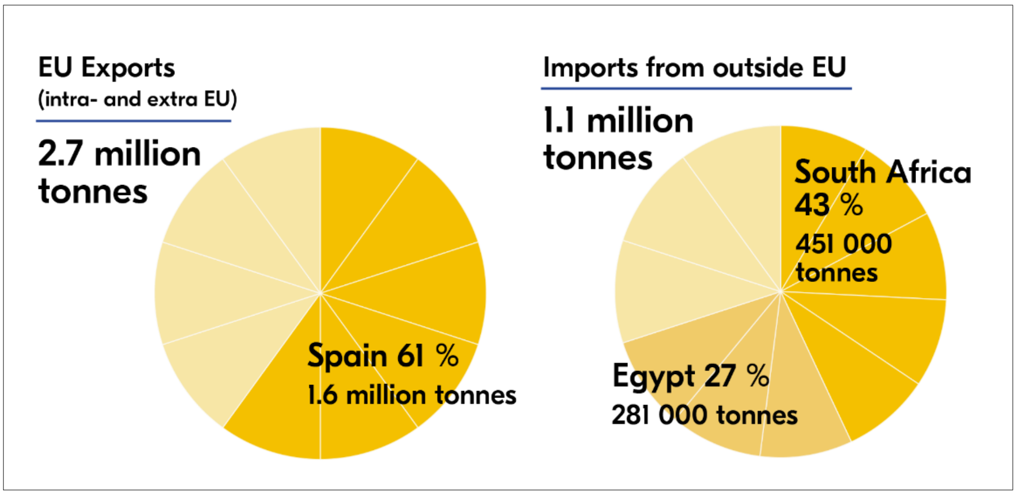
For some fruits and vegetables, imports represent 100 per cent of the Swedish market. These are products which cannot be produced in the Swedish climate, such as bananas, citrus and peppers for instance. For products which are produced in Sweden, the dependency of imports vary greatly. Tomatoes and apples, for instance, are produced in Sweden but also imported, mainly from other European countries. For certain products, however, Sweden is almost self-sufficient. This is the case for carrots for instance, for which 90 per cent of the demand is met by domestic production, which can be found in the stores throughout the year. For pears, however, the domestic production only covers 4 per cent of the Swedish demand.

Seasonality plays an important role both in Swedish and European demand for imports of fresh fruit and vegetables. For instance cucumber and cauliflower are supplied by domestic production in the summer season, while there is no Swedish supply in the winter, hence demand is fully met by imports – largely from other European countries and countries close to Europe.

European seasonality also plays a role in Swedish imports. Spain is the most important producer of oranges in Europe, and the largest supplier to the Swedish market. In off-season, however, Sweden imports from Egypt, also a producer (and supplier not only to Sweden but also Spain), as well as the Netherlands and Germany, which are not producers but traders. The oranges traded through the Netherlands and Germany originate from South Africa and Egypt, the two largest non-European suppliers to the European Union.

The seasonal demand means that for products available in Sweden and Europe only during certain months of the year, there are opportunities for producers who can supply during the other months.

Figure 1: EU trade in oranges where seasonality plays a role



Source: Eurostat

Did you know that...

...Bananas represent the largest share of fruits traded globally, with Ecuador being the leading exporter followed by Guatemala, Costa Rica, Colombia and the Philippines. In Europe, Belgium is the most important trade hub, with the Netherlands catching up. Looking at Swedish imports, the leading exporter Ecuador is also the main supplier for the Swedish market.

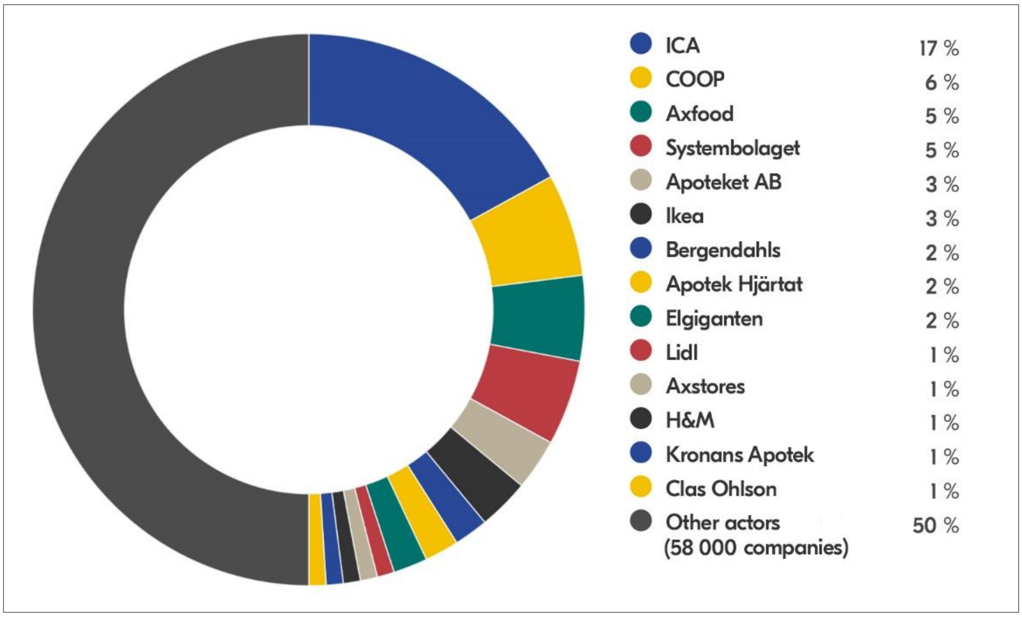
...the German Import Promotion Desk has published a Season Calendar for fruit and vegetables in Europe.

...the EU Trade Helpdesk and ITC's Trade Map offer user-friendly databases where you can find trade statistics for specific products. While this study focuses on the sector as a whole, traded fruit and vegetables at product level can be looked up in these databases. Identify your product code and look up trade from your country to Sweden/Europe/the world in the past few years. Is there and increase, or a decrease? Also look at which other countries supply the Swedish market. This will give you an indication of where your competitors are.

Market structure and players on the Swedish fresh fruit and vegetables market

Large supermarket chains dominate the Swedish grocery market. Their share in overall retail is also significant, where the two largest supermarket chains are also the two largest retailers in the overall market. Supermarkets offer more than groceries, they also offer clothing, home textiles, garden articles and much more. Concentration is a general feature in the Swedish retail landscape, where half of the overall retail market is represented by 14 companies.

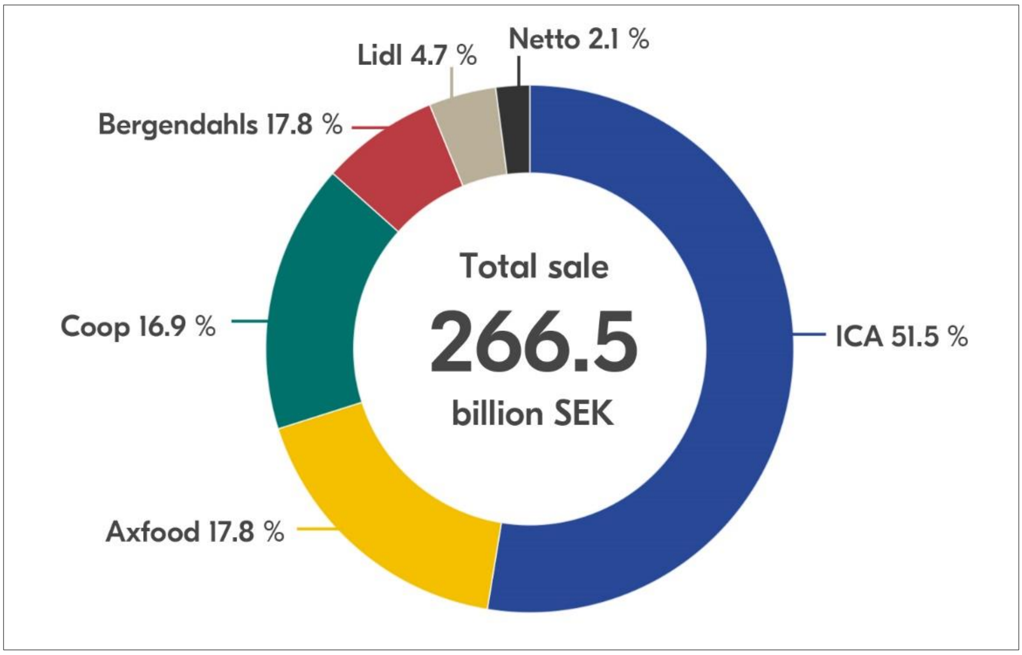
Figure 2: 14 companies make up half of the Swedish retail market



Source: Svensk handel 2018

Looking at the Swedish grocery market, where most fresh fruit and vegetables are sold, large retail chains dominate the market. Among these, ICA holds half of the market share, followed by Axfood (including supermarkets Willys and Hemköp), COOP and Bergendahls (with among other brands, supermarket City Gross). There are also smaller retailers on the market, but their market share is low compared to the large retailers. Different sources give different figures but their share is estimated at less than 15 per cent of the Swedish retail market.

Figure 3: The division of market shares between the largest retail brands



Source: Dagligvarukartan

The dominating retailers on the Swedish food market are the main players in the trend for increased private label market share. Private label, i.e. retailers' own brands, is increasing its share in general in Europe, including Sweden and the food market. The big retailers continue to develop assortments, which also cover fresh fruit and vegetables, see for example market leader ICA. Private label also includes organic, such as ICA's "I love eco" and COOP's "Änglamarken". The share of private label in fruit and vegetables (both fresh and processed) reached almost 44 % in 2018.

Apart from the large supermarkets, there are also wholesalers supplying the food services industry (hotels and restaurants) on the Swedish market. The main players here are Martin & Servera, Menigo och Svensk Cater.

Food processing is another destination market for fresh fruit and vegetables. Where the domestic supply accounts for the largest share of the Swedish food processing industry, including dairy and bakery products, some categories rely on imports, such as fruit juices made from fresh fruit and vegetables.

Trends

Fresh, healthy and local favoured: The growing interest from sustainably-aware consumers in locally produced products is relatively large when it comes to fresh fruit and vegetables – larger than for processed food. At the same time, consumers also prefer fresh to processed, and healthy foods such as fruit and vegetables (but not completely, sweets are also showing growth figures).

Online taking off in the food sector: Swedes are adapting to e-commerce quickly and the market is developing at a fast pace. Food long lagged behind compared to other sectors, but the large retailers have started giving it more focus and it is therefore expected to increase quickly. Considering the level of adaptation in other sectors, Swedes are likely to adapt to online food shopping quite quickly. Food ordered online is either delivered at home, or through a "click and collect" system where the customer picks up the order at the local supermarket.

Do your products fit the trends on the Swedish market?

To see if you products fit the trends on the Swedish market, look up the information in the trends section and consider to which extent you meet them. Sometimes this may be a matter of how you market your product. For instance, if it has health properties such as many vitamins or other superfood properties, mention them. Or perhaps they are produced in a natural way or even organic. For more input on trends, also check all the links mentioned in this study and in the Tips at the end of this study!

When considering certification, you can consult ITC's Sustainbility Map. It allows you to look up standards for a specific sector (agriculture) and products (various options) in a specific market (Europe/Sweden) and to compare these between themselves, as well as to your own performance.

Certification and sustainability

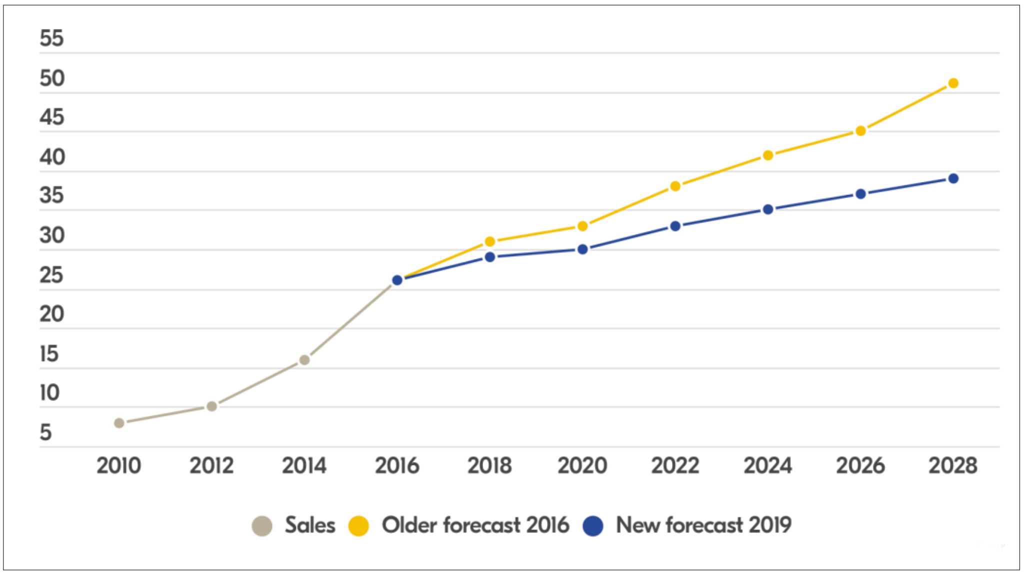
An importer is liable for the product he places on the Swedish market, and in order to have proof of compliance with EU legislation, he often looks to food safety certification.

GlobalGap has become such a common requirement that it can be seen as a prerequisite for exporting to Sweden/Europe rather than an added value. GlobalGap includes food safety and traceability, environmental and social welfare, as well as HACCP, which is also part of the European legislation.

Apart from GlobalGap, food safety certification is generally required by all European and Swedish importers and the majority will require certification according to a product safety standard approved by the Global Food Safety Initiative (GFSI), for example BRC and FSSC22000.

The demand for organic products continues to grow, be that at a slower pace than predicted, as a result of among other factors, more attention given to vegetarian and healthy options and environmentally-friendlier products without organic certification. Fruit has the highest share of organic products on the Swedish market, followed by fish, coffee and vegetables.

Figure 4: Organic sales in billion SEK (1 SEK = 0.09 EUR), with adjusted forecast in 2019



Source: Ekoweb

There are two organic labels on the Swedish market: the EU organic logo, and the Swedish KRAV certification. The EU certification is the basis for products marketed as organic in the EU, as it certifies the minimum requirements for organic established by the EU. KRAV is older and has a better consumer recognition in Sweden, although the requirement to include the EU organic logo on all organic production the EU, has led to increased recognition, at the expense of country logos such as KRAV. Nevertheless, KRAV still holds an added value in the view of Swedish consumers, while the EU logo is expected to continue to grow in recognition.

Figure 5: The Swedish KRAV logo and the EU organic logo

Source: KRAV and the EU organic logo

Did you know that…

…you can find several good sources online, where you can follow trends and developments, for example FreshPlaza, FreshFruitPortal.com and FruiTrop.

…the EU provides a good overview summarising the legislation for organic, which establishes the minimum requirements for a product to be marketed as "organic" in the EU.

Where can you find more information on the Swedish/European market for fresh fruit and vegetables?

The information provided in this study is partly based on information from the various actors on the Swedish market. Many of them provide good and regularly updated information online. In addition, Open Trade Gate Sweden's partners offer European market information for several?

Check out for instance:

- The Swedish Board of Agriculture, the Government's expert authority in matters of agri-food policy, and is responsible for the agricultural and horticultural sectors
- CBI's market information on Exporting fresh fruit and vegetables to Europe
- ITC's market tools on various export-related topics
- ITC's SME Trade Academy offering e-learning courses on several export-related topics
- IPD's market information on certain sectors and export-related topics

How can you find (and keep) a business partner?

Distribution channels

Many fresh fruit and vegetables enter the Swedish market through Helsingborg on the south coast. This is where you find the largest importers, including the Nordic market leader Total Produce Nordic, which is also the owner of another large player, Saba Fruit, and also ICA Frukt & Grönt has its sourcing activities based in Helsingborg. The players act as importers, distributors and sourcing companies. In the case of Total Produce Nordic, activities are not limited to the Nordics but cover several European countries.

From producer to retailer, fresh fruit and vegetables spend time in transit where they are first sorted, washed and packaged in order to be shipped. Upon entry in Europe, the importer may in some cases re-pack the products before reaching retailers and the food service market.

The Netherlands with the Port of Rotterdam is the most important gateway to Europe for fresh fruit and vegetables. Other important European importers are the United Kingdom and Belgium.

Trade fairs

Trade fair continue to be of great importance when it comes to finding and meeting buyers in Europe and Sweden. For fresh fruit and vegetables, the most important one is Fruit Logistica (February) in Berlin, Germany. For organic food, the largest trade fair in Europe is Biofach (February), Nuremberg, Germany.

You can naturally also find buyers outside trade fairs. You can contact the larger retailers directly of course, they have information on their websites such as Axfood's private label purchasing process or in the case of ICA, through AMS.

Another way to find buyers is online, with platforms like Freshplaza where you find, not only, information on markets, but also players plus the chance to promote your company. Social media also offer good possibilities to find new contacts as well as showing who you are. Many actors on the Swedish market will have their profile on LinkedIn.

Did you know that...

...trade fairs are not only excellent places to meet buyers, but also a great place to learn about new trends in the sector.

...if you cannot visit or exhibit at a trade fair, you can always find useful information on on the trade fair website.

Where can you find Swedish buyers?

The trade fairs mentioned in this study offer a good starting point (also for keeping up with trends). Check out:

- Fruit Logistica, Berlin, Germany
- Biofach, Nuremberg, Germany

Remember to research potential buyers before you approach them. What is their role in the supply chain (see Trade channels in this study)? And how do you approach them? Get a good understanding of the Swedish business culture and of course the Swedish market in order to offer potential buyers the right products at the right time, in the right way. Kwintessential offers a guide to Swedish business culture which you can use in your preparations.

Building a business relationship

Business culture

Swedes are proud of their **Swedish traditions** yet open for **new innovations**, which sets the basis for market trends where traditional local fruit and vegetables are appreciated next to appetite for new experiences and flavours.

Work-life balance is highly valued, meetings are scheduled during office hours and **punctuality** is important. In Sweden gender **equality** is key, men and women are equal in all aspects of life.

Hierarchy is flat and everyone is invited to share his or her opinion. This openness also translates into honesty, where Swedes are **transparent** and expect the same from their business partner: if there’s a problem or changes occur, be open about it and proactively share this information.

Did you know that...

...the Swedes have a special word for quality-time coffee breaks: “fika”. You can enjoy a “fika” with colleagues at work, or with friends in your spare time.

...when a child is born, the law encourages fathers to take paternity leave. It is common that men take three to six months of paternity leave.