



The Swedish Market

Processed Food



**Open Trade
Gate Sweden**
National Board of Trade



How well do you know your target market?

Overview of market structure and players

Processed food makes up a large share of the Swedish food market and there is an increasing demand for exotic processed food. The geographical position with cold winters make seasonality an important factor in demand for food, where domestic production is limited to the warmer months, and the share of processed food is traditionally large.

This market study provides an introduction to the Swedish market for processed food, giving an account of its structure and trends. This from the perspective of Sweden being a market within the European Union and what that means in practice.

Processed food in Sweden and the EU: market size and development

Processed food, defined as food that has undergone any form of processing to change their original character, makes up a large share of the Swedish food trade – both import and export. Both volume and value show an increase, although unprocessed food is growing faster and increasing its share compared to processed food.

The EU is a large importer of processed food and plays a major role in global trade. The EU is even the global importing leader for several categories, such as processed fruit and vegetables (40 per cent of global supply), cocoa (60 per cent of global cocoa beans trade) and fish and seafood (18 per cent of global trade). Coffee is also an important product in Europe, where one third of the global supply is consumed.

The growing trend continued in 2018, when Sweden exported processed food products to a value of 44 billion SEK/4.2 billion EUR and imported for 82.5 billion SEK/7.9 billion EUR. The growth of imports were almost 5 per cent compared to the previous year, or 3.9 billion SEK/almost 373 million EUR.

The most important imported product groups within the processed food sector are:

1. Fish and seafood (13.4 billion SEK/1.3 billion EUR)
2. Drinks (12.7 billion SEK/1.2 billion EUR)
3. Processed meat, poultry and game (11.8 billion SEK/1.1 billion EUR)
4. Dairy and egg products (9.1 billion SEK/870 million EUR)
5. Processed fruit and vegetables (9.0 billion SEK/860 million EUR)
6. Other processed food (7.2 billion SEK/690 million EUR)
7. Oils and fats (6.1 billion SEK/583 million EUR)
8. Coffee, tea and cocoa (6.1 billion SEK/583 million EUR)
9. Grains (4.9 billion SEK/470 million EUR)

As for overall imports, the main partners can be found in Europe with Denmark, Germany, the Netherlands, Norway and Italy being the main suppliers.

Looking at the categories with most Swedish imports with relevance to developing countries, the following categories are the most important ones:

1. Coffee, tea, cocoa
2. Fruit and vegetables
3. Fish and seafood
4. Oils and fats
5. Drinks

Did you know that...

...you can find out much more about [the European market for different processed food on the website of CBI](#), the Dutch Centre for Promotion of Imports from developing countries.

...the [EU Trade Helpdesk](#) and [ITC's Trade Map](#) offer user-friendly databases where you can find out trade statistics for specific products. While this study focuses on the sector as a whole, traded food 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 worlds in the past few years. Is there an 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.

Sweden in the EU

The European Union represents one single market in terms of customs, and many importers cover several European markets. Looking at Sweden, it is not uncommon that smaller-sized importers or wholesalers sources their products from European sources, who in turn may have suppliers outside Europe.

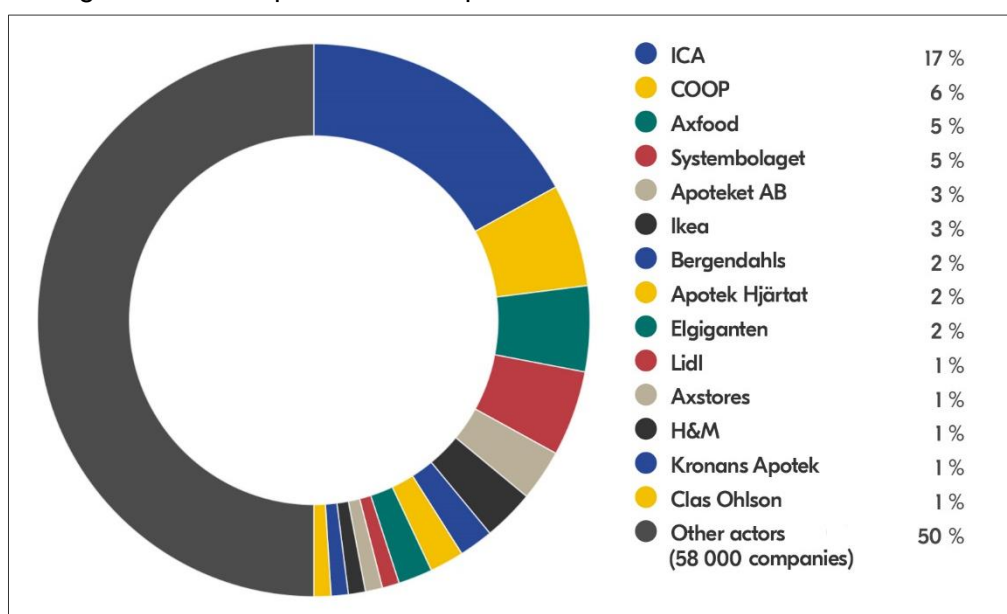
From a consumer perspective, the increase of food prices has slowed down since Sweden joined the European Union (in 1995), as this gave rise to increased intra-European imports which in turn has put pressure on food prices.

Certain brands are not just established in Sweden but in the Nordic countries. One example is Nordic spices market leader Santa Maria, part of the Paulig group with the main markets in northern Europe but active in thirteen countries.

Market structure and players on the Swedish processed food 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.

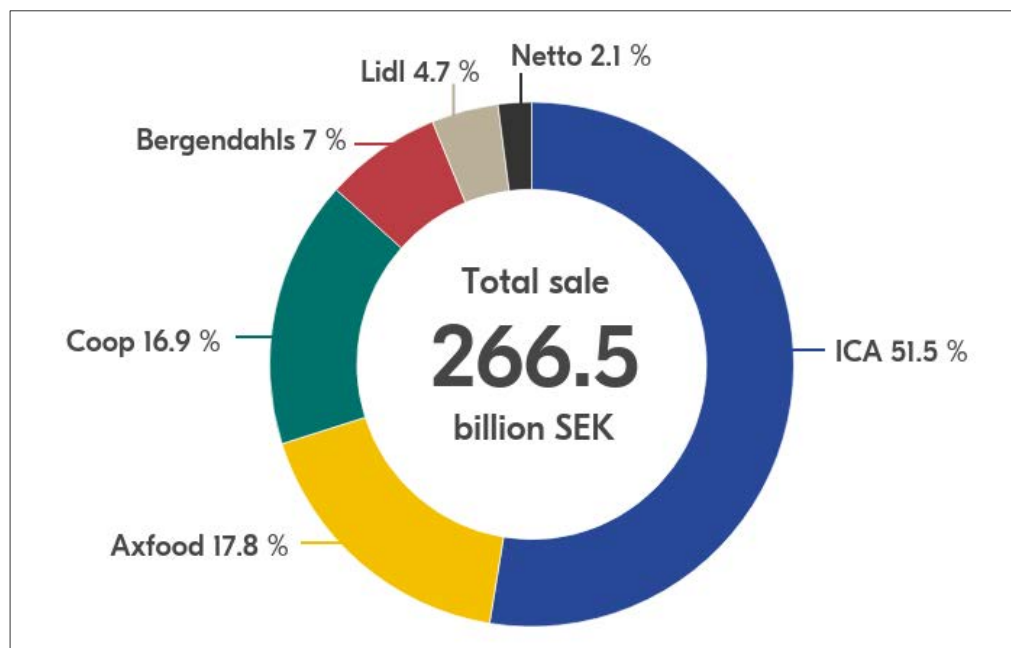
Figure 1: 14 companies make up half of the Swedish retail market



Source: Svensk handel 2018

Looking at the Swedish grocery market, where most processed food is 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).

Figure 2: 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 (retailers' own brand) market share. This is a general trend signalled in Europe, where the share is reaching as high as [50 per cent in Spain, the United Kingdom and Switzerland](#). In Sweden, the overall market share collected in [2019 was 33 per cent](#). Private label can be found in almost any products sold by supermarkets. For certain categories, such as frozen fruit, vegetables and potatoes, private label dominate, led by the largest retailer ICA and its brand. The organic trend is also visible in private label, which are also available as organic alternatives, for instance ICA's "I love eco" and COOP's "Änglamark".

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.

The processing industry is another destination market for food. 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 [coffee, oils & fats, spices, chocolate & confectionary, and fish & seafood industries](#).

Did you know that...

...Swedes eat two warm meals per day, and warm school lunches are offered to all school children, free of charge.

Trends

Plant-based alternatives instead of meat: Environmental and animal rights concerns drive the desire for alternatives to meat for protein. Alternative sources is seeing a growth in plant-based, free from meat and other substitute products. This trend is expected to continue, as an increasing number of people choose a flexitarian (primarily vegetarian but some fish and meat), vegetarian or vegan diet. This is especially seen among the younger generations, where 32 per cent of 15-20 year olds look to consume less meat, as do 23 per cent of people between 21 and 34 years of age.

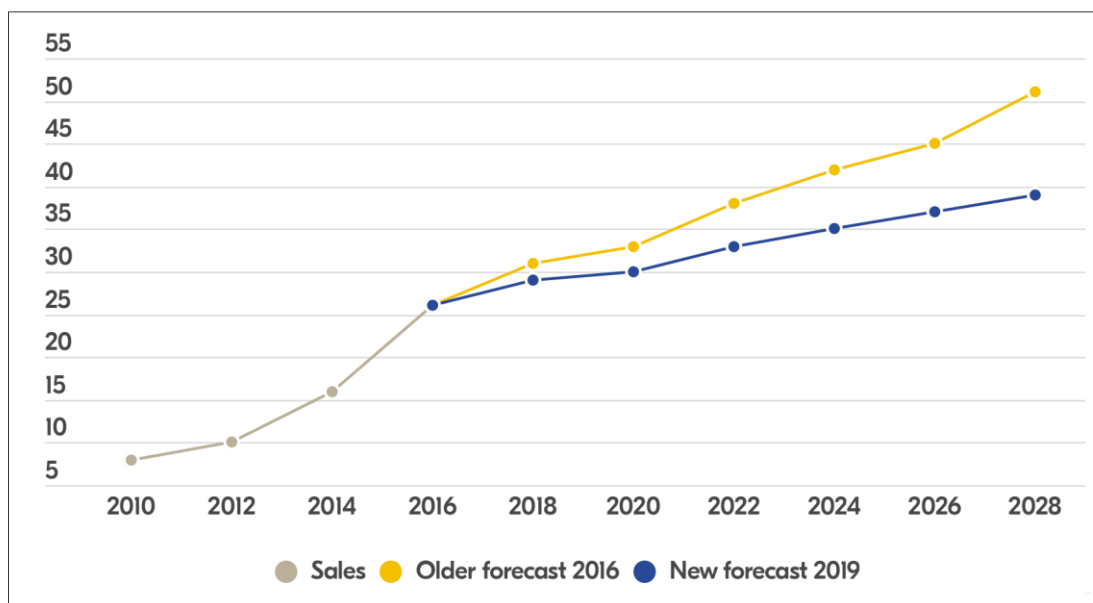
Health trend drives demand for functional food: The increased attention to health has opened up a growing market for functional foods with health benefits. These include for instance lactose-free, wholegrain, gluten-free or rich in vegetable protein. Other examples are low in sugar, high in fiber and low glycemic index. Consumers are prepared to pay a premium for these kinds of quality products. While it is difficult to quantify the impact of the health trend on consumption, Statistics Sweden (SCB) estimates the overall growth of health products between 2000 and 2018 at 224 per cent. The last three years also confirm a continuous growth pattern.

The desire to eat healthy is combined with a lack of time to cook. Healthy ready-to-eat or easy-to-cook alternatives are growing in demand.

Organic continues to grow: The share of organic processed food, just like organic consumption in general, has seen an enormous growth in recent years. This trend is expected to continue, also for processed food,

but perhaps at a slightly lower rate than up till now, as a lot of attention is given to plant-based diets which to a certain extent takes away the focus on organic. Nonetheless, organic is a trend which is here to stay!

Figure 3: Organic sales in billion SEK (1 SEK = 0.09 EUR), with adjusted forecast in 2019



Source: [Ekoweb](#)

Online gaining share in processed food: 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.

Fresh and local growing but exotics hit the shelves: While consumers increasingly choose fresh alternatives to processed and locally grown is gaining in importance, processed food also shows the opposite trend where demand for exotics and premium products is growing. Examples are artichoke and new types of beans. Also the trend for locally produced is more strongly seen in fresh production than processed.

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 certification against food safety standards.

GlobalGap has become such a common requirement that it can be seen as a prerequisite to export 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.

Sustainability is a broad concept which reflects on consumer choices in different ways, as can be seen in the previous section where for instance plant-based alternatives show an increase as a result of both concerns for the environment and animal rights. Another way is to choose organically-certified products.

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 obligation to include the EU organic logo on all organic products sold in the EU has led to a quickly building up the recognition for it, at the expense of country logos such as KRAV. Nevertheless, KRAV still holds and added value in the view of Swedish consumers, while the EU logo is expected to continue to grow in recognition.

Figure 4: The Swedish KRAV logo and the EU organic logo



Source: [KRAV](#) and the [EU organic logo](#)

Did you know that...

...the EU provides a good overview [summarizing the legislation for organic](#), which establishes the minimum requirements for a product to be marketed as “organic” in the EU.

Do your products fit the trends on the Swedish market?

To see if your 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, 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 Sustainability 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.

Where can you find more information on the Swedish/European market for processed food?

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. 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.
- Different branch organisations, including:
 - [the European Fruit Juice Association](#)
 - [the European Spice Association](#)
 - [the EU vegetable oil and proteinmeal industry association](#)
 - [the European Coffee Federation](#)
 - [the European Cocoa Association](#)

In addition, Open Trade Gate Sweden's partners offer European market information for several sectors, including:

- CBI's market information on
 - [Exporting processed fruit and vegetables and edible nuts to Europe](#)
 - [Exporting Spices and Herbs to Europe](#)
 - [Exporting Coffee to Europe](#)
 - [Exporting Cocoa and Cocoa Products to Europe](#)
 - [Exporting Honey and Sweeteners to Europe](#)
 - [Exporting Fish and Seafood to Europe](#)
 - [Exporting Wine to Europe](#)
 - [Exporting Grains and Pulses to Europe](#)
 - [Exporting Vegetable Oils to Europe](#)
 - [Exporting Tea to Europe](#)
 - [Exporting Oilseeds 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

There are many importers and agents in the diverse processed food sector. Examples include Caldic Nordic, an importer of food ingredients; Bodén & Lindeberg, a leading importer of products such as nuts, cocoa, chocolate, seeds, dried fruit and sugar; and Tore Smith Food, an importer of food and raw materials for the food industry in the Nordic markets. Mini Ellada is an example of a company specializing in imports of exotic foods.

While the large retailers are also large importers, distributors are also used. One example is the non-profit buying alliance AMS, based in the Netherlands, pooling private label sourcing for ten large European food retailers, including the Swedish ICA but also Kesko from Finland and Ahold from the Netherlands.

An interesting niche can be seen in imported exotic processed foods as a result of discoveries during travels for instance. These low-volume exotics are often imported by an agent or distributor, looking to serve restaurants and the catering market.

Trade fairs

Trade fairs still play an important role in international trade, and the largest European trade fairs are also the main trade fairs for the Swedish market for processed food. [SIAL](#) in Paris, France and [Anuga](#) in Cologne, Germany, are the most important ones. For private label, [PLMA](#) in Amsterdam, the Netherlands is the main event. In Sweden, the [Nordic Food Industry Exhibition](#) focusses on innovation and technology.

For organic food, the largest trade fair in Europe is [Biofach](#), Nuremberg, Germany. In the Nordic countries, the [Nordic Organic Food Fair](#) in Malmö, Sweden, is the largest event.

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 during smaller, more specific events, organized for instance by branch organisations. One example is the [Juice Summit](#) organized by, among others, the [European Fruit Juice Association](#).

Online sources, such as social media, also offer good possibilities for getting in touch with potential importers. Many actors on the Swedish market will have their profile on LinkedIn.

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:

- [SIAL](#), Paris, France
- [Anuga](#), Cologne, Germany
- [PLMA](#), Amsterdam, the Netherlands
- [Nordic Food Industry Exhibition](#), Göteborg, Sweden
- [Biofach](#), Nuremberg, Germany
- [Nordic Organic Food Fair](#), Malmö, Sweden

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

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

Work-life balance is highly valued, and meetings are scheduled during office hours and **punctuality** is important. If you have an appointment with a Swedish buyer, be on time or call to say you are late. Gender **equality** is important and women have an active role in the Swedish society. While not completely gender-equal yet, the gender gap is closing.

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 pro-actively share this information.

Did you know that...

...the Swedes have a special word for quality-time coffee breaks: "fika". To enjoy with colleagues at work, or friends in the free time.

...when a child is born in Sweden, it is not only the mother who is entitled to leave, fathers also stay at home to take care of their children.