



The Swedish Market

Processed food



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



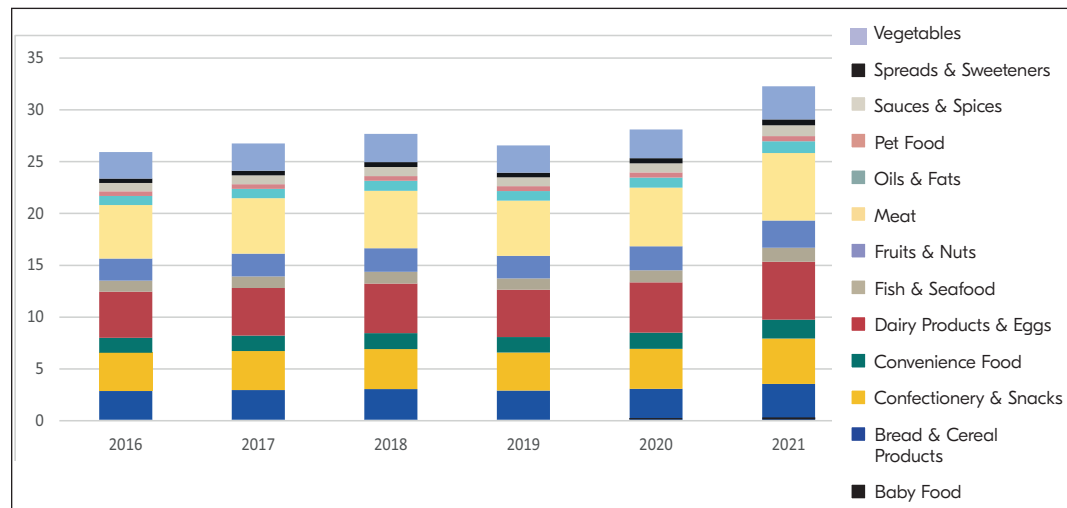
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Market overview

Sweden has the largest consumer market in the Nordic region. According to the World Bank, the Swedish population was about 10.4 million in 2021. The country has been part of the EU since 1995, which has heavily influenced its food production and export. Neighbouring Nordic countries, such as Denmark, Finland, Norway and Iceland are important export destinations for Swedish food and drink products.

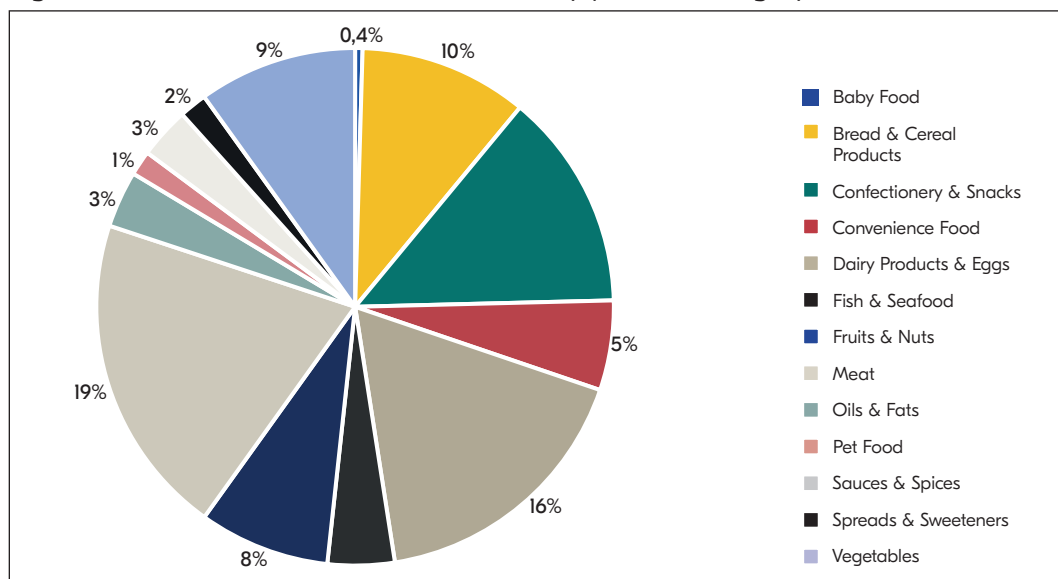
Figure 1. Swedish food market, 2016–2021



Source: Statista

Figure 1 shows the value of the Swedish food market. In 2021, the market was worth USD 32.3 billion. Meat is the largest product category with 20 per cent share, followed by dairy products and eggs (17.3 per cent) and confectionery and snacks (13.6 per cent). The market increased by 14.8 per cent in 2021 compared to 2020. Between 2016 and 2021, the fastest growing category was Oils and Fats with 31 per cent increase, followed by Spreads and Sweeteners with 30 per cent increase, and Sauces and Spices with 27 per cent increase.

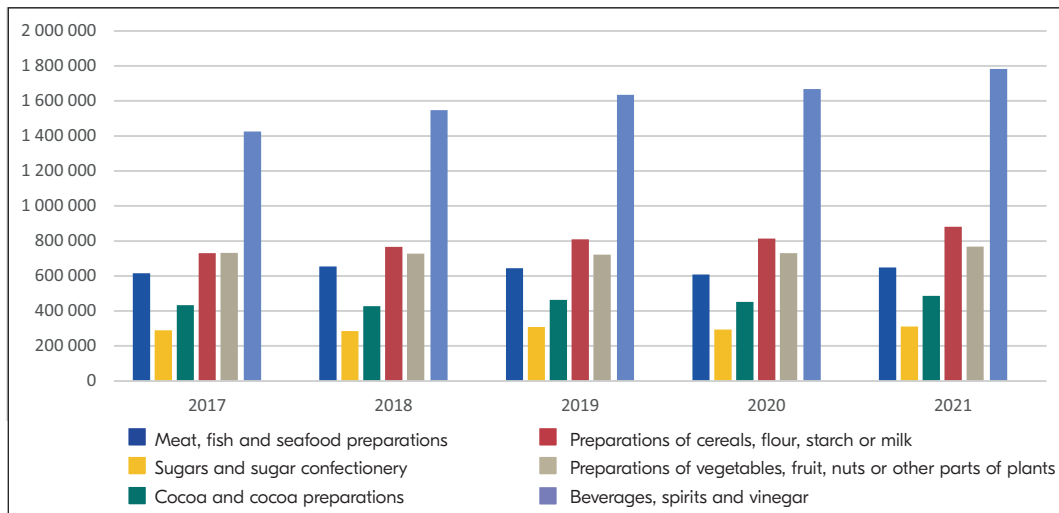
Figure 2. Swedish food market: Breakdown by product category 2021



Source: Statista

Because of its northern location, Sweden's growing season is relatively short. The country relies on imports of foods. In 2021, total Swedish imports of agricultural and related products were USD 22.848 billion according to USDA. Figure 3 shows imports of selected foodstuffs to Sweden between 2017 and 2021.

Figure 3. Imports of selected foodstuffs to Sweden between 2017 and 2021

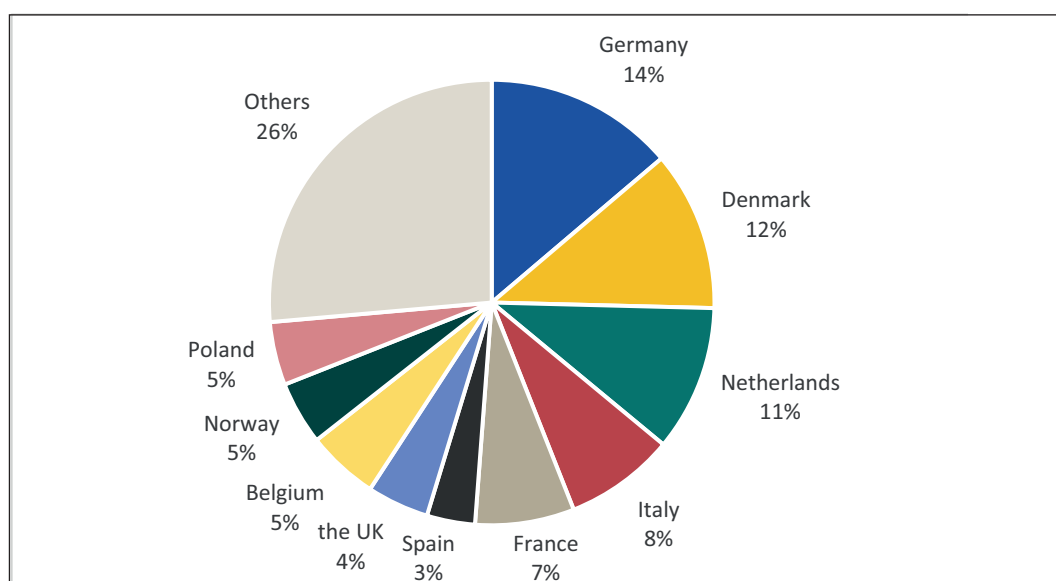


Source: Eurostat

The main food imports are products which are not produced in Sweden such as citrus fruit, nuts, coffee, tea, cocoa, spices and condiments, wine, oils and fats, chocolate and confectionery, cheese, and beverages, and also products that are only available during a part of the year. Producers and bottlers of fruit juices, and fruit and vegetables, also largely depend on imports.

Sweden trades for the most part with other European countries. According to World Integrated Trade Solutions, the top partner countries from which Sweden imports food products were Germany, Denmark, Netherlands, Italy and France in 2020. It is because countries, such as the Netherlands are main entry points for raw materials into Europe.

Figure 4. Leading exporters of food products to Sweden, 2020



Source: World Integrated Trade Solution

Food processing industry

The food processing industry in Sweden is an important market segment for outside EU suppliers to the food industry. Local producers and domestic companies supply raw materials and food ingredients to food manufacturers and the foodservice sector. However, the import of food stuffs is growing in Sweden. The key sectors in the Swedish food industry are meat processing, bakeries, dairy industry, and wine.

According to Food and Drink Europe Data Trends 2021 Report, the food and drink industry is the third biggest employer in Sweden, with about 4.779 companies and 50 800 employees. Leading food companies in Sweden include Arla Foods, Scandi Standard and HKScan Sweden.

Arla Foods is a Swedish-Danish dairy company based in Viby, Denmark. It is one of the largest dairy companies in Europe. Arla has over 130 years of experience in dairy production. The company is a co-operative, jointly owned by 13 500 dairy farmers in Denmark, Sweden, Germany, Luxembourg, Belgium and the United Kingdom.

Stockholm-based Scandi Standard is the leading producer of chicken products in the Scandinavian region and in the Republic of Ireland. The company supplies ready to eat, chilled and frozen products under brands, such as Kronfågel, Danpo, Den Stolte Hane, Naapurin Maalaiskana and Manor Farm. Its products can be found in more than 40 countries.

HKScan Sweden is a subsidiary of the Finnish meat processor. In Sweden, the company specialises in production of pork, beef and lamb products and meals as well as plant based products. Its production units are based in Kristianstad, Skara, Linköping and Halmstad whilst its headquarters are in Stockholm. In 2021, HKScan Sweden revenues were about EUR 700 million.

KLS Ugglarps is one of the leading Swedish slaughterhouses in the country. The company is part of Danish Crown. It cooperates with about 6,000 Swedish farmers. It operates four slaughterhouses and four meat and processing factories in Sweden.

Norwegian Orkla is one of the leading food processors on the Swedish market. Orkla Foods Sweden has processing facilities in various locations that include Eslöv, Tollarp, Fågelmara, Frödinge, Kungshamn, Kumla, Örebro, Vansbro, Vadensjö and Simrishamn. Its head office is in Malmo. The company owns many food producers, such as Procordia Food, Abba Seafood and Kååkå. Some of the leading food brands that belong to Orkla include OLW, Felix, Anamma, Goteborgs. OLW is one of the leading snacks producers in Sweden. Felix is a Swedish food products supplier that produces condiments, fries, ready-made meals, as well as porridge. The company offers plant-based products under Flix Veggie and Frankful brand names.

The Swedish company Cloetta is one of the leading confectionery companies in the Nordic region. It supplies confectionery products in Sweden, Finland, Norway, Denmark, the Netherlands, Germany and the UK. The company owns several brands, such as Läkerol, Cloetta, Candyking, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band.

Skane-based cooperative Skånemejerier is one of the leading dairy producers in the country. Founded in 1964, it is now part of the Lactalis Group. The company offers dairy product under brands, such as Skånemejerier, BARA, Åsens, Hjordnära Eko and Pannoumi.

Svenska Foder is a producer and wholesaler of agricultural products. It supplies a wide range of products that include seeds, grains, fertilizers, and products for plant protection and other agricultural inputs.

Nestlé Sverige is a subsidiary of the Swiss multinational company Nestlé. The company supplies baby foods, bottled water, cereals, chocolate, confectionery, coffee, dairy, drinks, food service, ice cream, and frozen food. Nestle Sverige supplies its products worldwide.

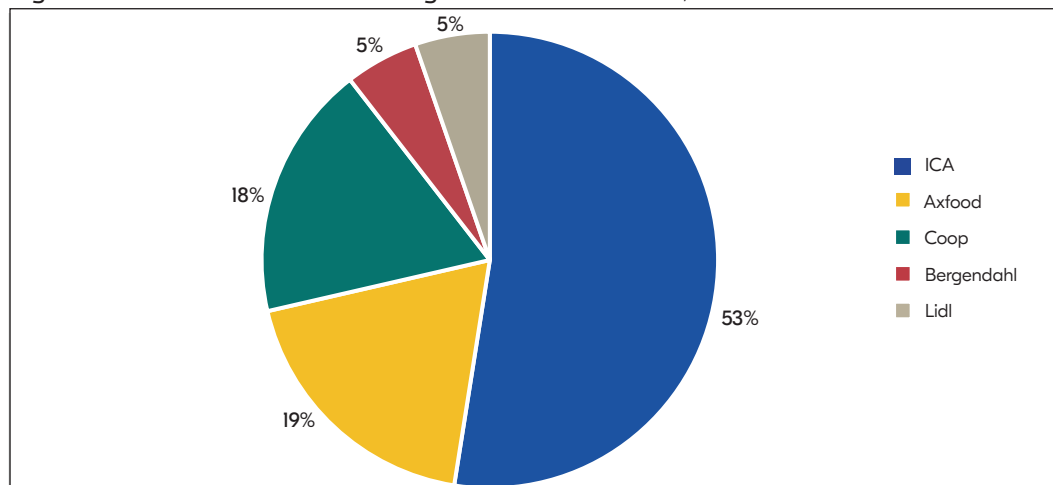
Other important Swedish food companies include Pagengruppen, Atria Sverige, Santa Maria, Gunnar Dafgård, HFG Sverige, Nordic Sugar, Blentagruppen and Findus Sverige.

The Swedish foodservice sector is highly fragmented. Hotels, restaurants and catering services are supplied by various wholesalers and distributors. Important suppliers to foodservice outlets include Martin and Servera (Axel Johnson) Menigo (Sysco Corporation) and Svensk Cater (EuroCater).

Retail sector

Supermarkets and grocery stores in Sweden are the second largest industry in 2022. According to Axfood, the Swedish food retail market was worth EUR 23.2 billion in 2020. It is estimated that the Swedish food retail market grew by 1.3 per cent in 2021. The Swedish retail sector is very structured and concentrated. Three retail groups account for about 90 per cent of the retail market.

Figure 5. Market shares of leading retailers in Sweden, 2020



Source: Statista

The ICA Group is the largest retailer in Sweden, operating about 1 267 outlets. In 2021, ICA reported SEK 127.9 billion (EUR 11.7 billion) revenues. It has around 626 ICA Nära convenience stores, 422 ICA supermarkets, 130 ICA Kvantum local superstores and 88 MAXI ICA Stormarknad hypermarkets. The retail group employs about 8 662 staff and is also involved in distribution, financial services, real estate and groceries.

Axfood has about 19 per cent of the Swedish retail market. It is the second largest food retailer in Sweden. It was formed by the merger between Hemköp and D&D Dagligvaror AB (D&D), Spar Sverige, and Spar Inn Snabbgross in 2000. The retailer is owned by Axel Johnson AB with 50.1 per cent of shares.

Axfood operates 197 Hemköp stores, 226 Willys stores, 50 Willys Hemma stores, 130 Tempo stores, 8 Eurocash stores, as well as Handlar'n stores; it is also involved in wholesale. Axfood has about 12 000 employees. In 2021, the retail group reported SEK 57.9 billion (EUR 5.3 billion) revenues.

With 18 per cent, The Kooperativa Förbundet (KF) Group is the third largest retailer in Sweden. It operates about 800 stores. The retailer is also known as the Swedish Cooperative Union. KF is a federation of 28 consumer association with 3.7 million members. KF owns Coop Group, which operates Coop Forum, Coop Extra, Coop Konsum, Coop Nära and Coop Bygg retailers.

Bergendahls is a family-owned retailer group that has 5 per cent share. The retailer is active in grocery, supermarkets, home furnishings and fashion. Its stores include City Gross, EKO Stormarknader, Glitter, GRANIT and the e-commerce company KitchenTime. It also has real estate investments.

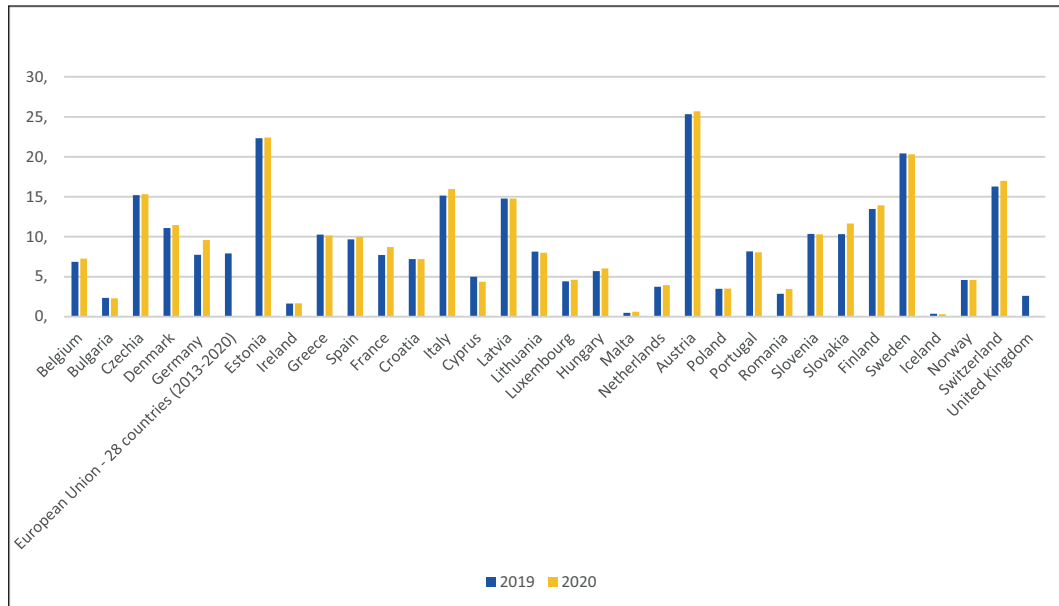
Lidl Sweden discount store had 5 per cent market share in 2020. The retailer operates more than 200 stores and employs 5 600 staff in Sweden. It is owned by the Schwarz Group, which has about USD 140 billion revenues.

Trends

Organic production on rise

In Sweden, organic farmland has about 20 per cent share of agriculture land. Sweden has the third largest proportion of organic land used for farming in the world. The Swedish government has set a target of organic farmland to reach 30 per cent of the cultivated land by 2030. Important organic products grown in Sweden are eggs, milk, beef and grains.

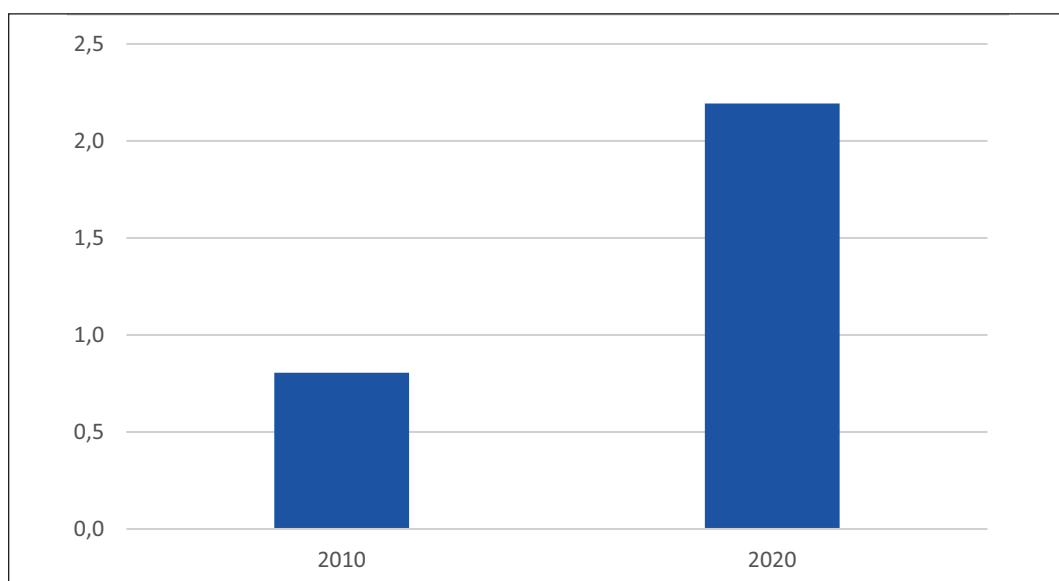
Figure 6. Share of organic of total farmland, 2019 and 2020



Source: Eurostat

Over the last decade, the European organic food and drink market has grown by almost 180 per cent. The growth has been driven by rising consumer awareness and increasing demand for sustainable food products.

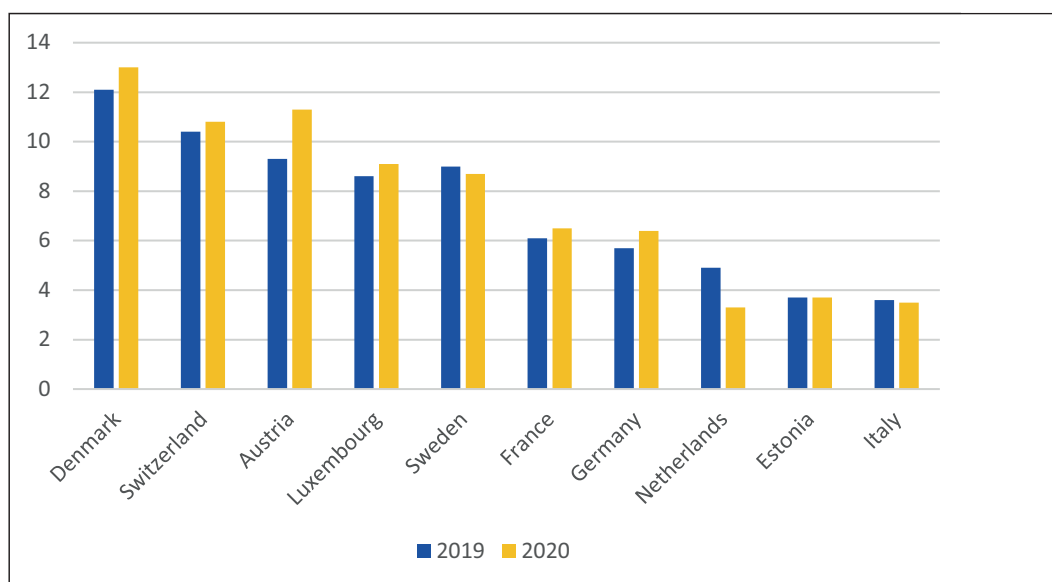
Figure 7. Organic food and drink market in the EU, 2010 and 2020



Source: FIBL and IFOAM, 2022. The World of Organic Agriculture 2022

The Swedish organic food and drink market follows a similar trend. The Swedish market increased from EUR 0.8 billion in 2010 in EUR 2.2 billion in 2020. Sweden has the seventh largest organic products market in Europe in 2020, as shown in figure 8.

Figure 8. Leading country markets with highest organic share



Source: FIBL and IFOAM. 2022. The World of Organic Agriculture 2022

There are two organic labels in the Swedish market: the EU organic logo, and the Swedish KRAV certification. The EU organic certificate is the basis for products marketed as organic in the EU; it is the minimum requirement for organic foods produced in Europe. Whereas, KRAV has higher consumer recognition in Sweden since the organic standard was launched in 1985. The KRAV organic standard is considered to be stricter than the EU organic standard.

Illustration 1. KRAV and EU organic symbols



Source: EU Organic and KRAV

Plant-based foods becoming popular

Plant-based foods are gaining popularity in Sweden. Swedish consumers have relatively high awareness of environmental and ethical issues compared to other countries in Europe. As more innovative plant-based products come into the market, Swedes are willing to try them. This trend applies to food, as well as personal care products.

Dairy alternatives and meat substitutes are the most popular. They include plant-based drinks, cheese, and meat analogues. The coronavirus pandemic has also encouraged consumers to adjust their diets to eat more nutritious foods to boost their immune systems.

Growing demand for healthy foods

An ageing population, lifestyle changes and the COVID-19 pandemic are making consumers switch to a healthy lifestyle. Swedish consumers are seeking products with healthier ingredients to help strengthen the immune system and body functions. Such foods include free-from, low glycemic index, fibre rich options, wholegrains and products that are low on sugar. In the last two decades, many new product launches have involved gluten- and lactose-free products because of increasing food sensitivity and intolerance in the population. These trends are generating demand for health foods.

Sustainability becoming integral

Sustainability has become an integral part of the food industry in the Nordic region. Companies now integrate sustainability into raw material sourcing, product formulations, production processes, packaging, distribution and marketing, as well as product end-of-life considerations. Growing consumer demand for ethical products in Sweden and in the Nordic region is a major driver for this. Companies are also under pressure from NGOs and the government to become better corporate citizens.

Food companies are responding by implementing sustainability programmes. For example, Arla Foods has introduced various sustainability initiatives related to packaging, food waste, nature conservation and sustainable farming practices. The dairy company introduced a new bucket for its skyr products. It is made of 40 per cent less plastic, reduces CO₂ emissions by 30 per cent, and is 100 per cent recyclable.

Supporting local growing

There is greater importance of buying local food in Sweden, a trend that has become more pronounced during the coronavirus pandemic. Buy local Swedish food has been a trend for many years. According to the 2019 Sifo survey, 72 per cent of respondents deliberately choose Swedish products in the grocery store, a 4 per cent increase from 2014. The survey also showed that 42 per cent of consumers are generally prepared to pay more for Swedish products. Only one per cent of Swedish respondents said they would not want to pay more for Swedish products.

Growing innovation on the Swedish food market

There is increased R&D activity in the Swedish food industry. This is because of increasing investments, tech culture and customers who are open to innovation. In 2017, the Swedish government introduced a strategy to encourage innovation in the agriculture and food sector. Swedish Universities, such as the University of Lund are also active in food innovations. At present, there is a lot of R&D taking place in the plant-based sector, as well as reducing environmental impacts of food production.

In 2016, Sweden Foodtech was founded. The organisation aims to boost and accelerate food innovation in the country. It offers various innovation and advisory services for start-ups. In December 2020, RISE Research Institutes of Sweden introduced four-year programme FINEST that aims to contribute to the development and innovation of the Swedish food system.

Business relationship building

There are several tips that you should follow in order to improve your chances of building better relationships with buyers in Sweden.

- **Know the business culture:** To enter the EU/Sweden market you should familiarise yourself with all the technical specifications, regulations and sector specific requirements as a new supplier. So before setting up a meeting with buyer you should ensure that all technical documents are updated and also proof read to check errors. Also, punctuality is very important in the Nordic region where meetings are scheduled during office hours.
- **Make sure your technical dossier is well prepared and up-to-date before approaching the buyers in Sweden.** The file must have three major piece of information, which includes Technical data sheets, Safety data sheets and Certificate of analysis. The documentation should contain the latest available information about your food items. This includes information about your effectiveness, traceability, sustainability, methods of production, claims, patents and health and safety.
- **European buyers usually ask for samples to check the suitability as a business partner.** Make sure the samples must meet the requirements a buyers has set i.e. type of sample, quantity, and packaging. Always send the exact quantity and highest quality product to avoid any failure.
- **In order to enter the Nordic market and increase business chances, you must meet the most common requirements of European buyers.** In this context, the food products must be of highest quality maintaining the consistency with proper certifications. Buyers always look for certifications to assess the quality, safety and credibility of food items. The most common certificates required are International Organization for Standardization (ISO) 22000 food safety management system certification and ISO 9001:2015 quality management systems certification. The other one is Food Safety System Certification (FSSC 22000) which is based on ISO 2200 and is specifically for food manufacturers. Along with this, for an organic food item, please ensure you meet EU Organic and / or KRAV standards; and buyers may look for Fairtrade certification, Fair for Life standards and a few others. Therefore, speak to buyers to find out any specific requirements/certifications they have and help increase your chance of entering the European market.
- **Setting prices and quotations:** Make sure your prices are realistic and in line with other competing suppliers. You should not over-price or under-price the food items. This

may impact the business negatively due to perception of lack of quality or your products being too expensive. Moreover, familiarise yourself with terms commonly used terms in international trade related to pricing.

- **Highlight uniqueness:** The Nordic food market is very competitive. In order to stand out, you must prepare a professional sales pitch. Do your research beforehand on your potential client. Look for the company websites, their history, mission and other information. Every buyer is different, so prepare an outline that covers most of the points, which includes the benefits of choosing you (quality certifications); your unique points (certifications with CSR) and proof of success (awards/review/feedbacks). Include logos of certifications that your food ingredients have and present marketing stories about sustainable production.
- Professional behaviour is an essential while dealing with the European buyers. Dressing in appropriate business attire, punctuality, transparency, honest, and meeting the agreements. Thus, because of very high competition in the Nordic market it is good to go beyond to win the business and give good impressions.

Visit trade fairs

Visit industry trade fairs as they offer opportunities to meet Swedish buyers. Important food trade shows in Sweden include:

- **Nordic Organic Food Fair** (Malmo) – focusing on the natural and organic products industry in the Nordic region. However, many exhibitors from outside the region also come here. The trade fair focuses on finished products.
- **Fastfood, Cafe and Restaurant Expo** (Stockholm) – Trade show focuses on the food-service sector in Sweden and the Nordic region.
- **Gastro Nord** (Stockholm) – Trade show focuses on the food sector in Sweden and Nordic region.
- **Nordic Food Industry Fair** (Gothenburg) – Trade fair covers the food sector in the Nordic region. The trade show focuses on finished products, as well as ingredients.

The most important European trade fairs include:

- **ANUGA** – One of the world's largest trade fairs for food and beverages. This is an important trade show for ingredients for the European food sector. This trade show is worth visiting to network with conventional and natural food companies and buyers.
- **Fi Europe and Ni** – Leading trade show for food ingredients in Europe worth visiting to meet buyers of conventional and organic food ingredients.
- **Sial Paris** – A leading food trade show in Europe worth visiting to meet buyers of food ingredients, including herbs and spices.
- **Biofach** – The biggest trade show for organic products in the world. You should visit this trade show if you supply organic ingredients. You can network with buyers and finished product companies making organic food and drink products.
- **Natural and Organic Products Europe (NOPE)** – Trade show focusing on natural and organic finished products in Europe. You will be able to network with some of the leading natural and organic food companies and buyers here.
- **NatExpo** – French trade show for the natural and organic sector. Consider attending this trade show if you want to target the French market.