# Organic Trade Association Web-based Market Intelligence Tool

## SCANDINAVIA

### A custom report compiled by Euromonitor International for

### Organic Trade Association

February 2016

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# 1. QUALITATIVE ANALYSIS

## 1.1 QUICK FACTS

- Organic packaged food and beverage consumption in Scandinavia is expected to see a **4.2% CAGR** and **$224.4mn absolute value growth** over the forecast period (2015–2018).
- The marketing efforts of larger companies and increasing consumer demand for healthier food options will fuel sales growth in coming years.
- Domestic players are comparatively more important in Scandinavia's organic packaged food market than international brands, particularly in Norway and Sweden.

## 1.2 MARKET TRENDS

- Organic packaged food is completely mainstream in Scandinavia. Organic products can be found in most supermarkets and hypermarkets throughout the region, and Scandinavian countries record some of the highest per capita spending on organic food in the world.
- Sales value has grown in recent years, driven by intensified marketing campaigns, new product availability, and an improving regional economy.
- Discounters have begun carrying organic packaged food to target value-conscious shoppers, and some have released private-label organic products.
- As the ethical consumerism trend gains steam throughout the region, Scandinavian consumers are increasingly looking for products that are not just organic but that are also ethically sourced.

## 1.3 COMPETITIVE LANDSCAPE

- While the majority of organic packaged food and beverages are priced as premium products, private-label brands such as Coop's Änglamark and ICA's I Love Eco have emerged to capture price-sensitive consumers.
- Extensive marketing campaigns from leading retailers and more exposed shelf space for organic private-label options have given private-label alternatives a 10% value share.
- In Scandinavia's organic packaged food market, domestic brands are comparatively more important than international players, particularly in Norway and Sweden.
- Large multinationals such as Unilever and Mondelez are far behind national and regional players, which were first-movers in the market and understand local market preferences better than the international giants.

## 1.4 PROSPECTS AND GROWTH OPPORTUNITY

- The sales value of organic food and beverages is projected to grow in coming years, due in part to the marketing efforts of larger companies, coupled with increasing consumer demand for healthier food options.
- The large players that lead in terms of market share will likely grow their shares at the expense of smaller companies in coming years. Large multinational companies are expected to acquire Scandinavian-based companies to bolster their presence in the market.
- Urban Scandinavian consumers are increasingly buying food online, which will also help drive organic food and beverage sales growth, as companies that focus on selling mainly (or only) organic products move online.
- Across Scandinavia, government efforts to increase the amount of organic food and beverages served in the public sector, grow the region's organic farmland, and invest in consumer education campaigns encouraging consumers to switch to organic produce, will boost sales growth in coming years.

## 1.5 GENERAL HEALTH & WELLNESS TRENDS

- Health and wellness products are growing in popularity among parents, as they look for the healthiest products for their children.
- Increasing demand from Scandinavia's burgeoning elderly population is also driving health and wellness products sales growth.

## 1.6 GENERAL ECONOMIC & DEMOGRAPHIC LANDSCAPE

**Economy**:
- Compared with other European regions, Scandinavia's economy has been growing relatively strongly.
- The region started to recover fairly quickly after the recession, but was somewhat stifled by the sovereign debt crisis in Europe.
- Norway's economy is growing but has been struggling recently due to the fall in oil prices.
- Sweden and Iceland are performing the best in the region: Both economies grew at rates of over 3.0% in 2015.
- Finland will see anemic growth in the near future as Nokia, a major employer in the country, continues to struggle.

**Population demographics**:
- Fertility rates in Scandinavia have been consistently below the replacement rate of 2.1, though they are projected to rise in coming years.
- Despite having a fertility rate below replacement level, the populations of Scandinavian countries continue to grow, fueled largely by immigration.

- Due to increasing lifespans and women having fewer children, the population of Scandinavia will continue to age for the foreseeable future, which could put strains on the regional economy.

**Income & expenditure**:

- Across the region households are falling out of the middle class into lower income brackets.
- In Sweden and Norway, savings rates have increased as consumers look to protect themselves from future financial difficulties.
- In Denmark, however, savings rates have stayed fairly low due to tax cuts and low interest rates.
- Consumers have been shifting towards budget goods and reduced discretionary spending as a result of rising income inequality and poverty. This shift has led to the rise of private-label brands and budget goods in a wide range of sectors.
- Consumer expenditure across the region has been fairly stagnant in recent years but is projected to rise slowly over time.

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# 2. DATA

## 2.1 ORGANIC PACKAGED FOOD & BEVERAGE DATA

| Data type | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | CAGR (12-15) | CAGR (15-18) |
|---|---|---|---|---|---|---|---|---|---|
| Health & wellness products consumption | 15,039.6 | 15,800.1 | 16,511.1 | 16,999.5 | 17,450.6 | 17,874.8 | 18,281.4 | 4.2% | 2.5% |
| Organic packaged food and beverages consumption | 1,372.5 | 1,464.4 | 1,612.1 | 1,721.6 | 1,809.9 | 1,881.1 | 1,946.0 | 7.8% | 4.2% |
| Organic packaged food consumption | 1,205.0 | 1,293.7 | 1,421.1 | 1,515.7 | 1,594.5 | 1,659.4 | 1,719.8 | 7.9% | 4.3% |
| Organic beverages consumption | 167.6 | 170.7 | 191.0 | 205.9 | 215.3 | 221.8 | 226.1 | 7.1% | 3.2% |
| Organic packaged food and beverages consumption as a % of total health & wellness products consumption | 9.1% | 9.3% | 9.8% | 10.1% | 10.4% | 10.5% | 10.6% | - | - |

## 2.2 ECONOMIC & DEMOGRAPHIC DATA

| Data type | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| Total population | 25.5 | 25.6 | 25.8 | 26.0 | 26.2 | 26.4 | 26.6 |
| % Middle and upper class of total population | 39.8% | 39.6% | 39.5% | 39.4% | 39.3% | 39.2% | 39.2% |
| % Population aged 65+ | 17.7% | 18.1% | 18.5% | 18.8% | 19.1% | 19.3% | 19.6% |
| % Population aged 0-14 | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% | 17.2% |
| % Population with higher education degrees | 97.9% | 99.7% | 101.4% | 103.0% | 104.6% | 106.3% | 107.7% |
| Average number of children per household | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| GDP per capita | 210,999.4 | 214,116.2 | 217,791.0 | 220,301.7 | 222,717.5 | 225,096.0 | 227,549.3 |
| Consumer expenditure per capita (US$) | 92,237.7 | 93,759.7 | 95,455.6 | 97,723.0 | 99,476.1 | 100,883.9 | 102,396.4 |
| Consumer expenditure per capita on food and non-alcoholic beverages (US$) | 11,223.5 | 11,450.7 | 11,637.3 | 11,869.7 | 12,034.1 | 12,134.4 | 12,222.5 |

## 2.3 RETAILER & CITY DATA

| Data category | Rank | City/retailer | Population (mns) |
|---|---|---|---|
| | | | |
| Top cities by population (2015) | 1 | Stockholm (Swe.) | 2.2 |
| Top cities by population (2015) | 2 | Copenhagen (Den.) | 1.8 |
| Top cities by population (2015) | 3 | Helsinki (Fin.) | 1.6 |
| Top cities by population (2015) | 4 | Oslo (Nor.) | 1.2 |
| Top cities by population (2015) | 5 | Gothenburg (Swe.) | 1.0 |
| Top grocery retailers by sales (2015) | 1 | ICA Supermarket | - |
| Top grocery retailers by sales (2015) | 2 | Rema 1000 | - |
| Top grocery retailers by sales (2015) | 3 | Kiwi | - |
| Top grocery retailers by sales (2015) | 4 | ICA Maxi | - |
| Top grocery retailers by sales (2015) | 5 | S-Market | - |

## 2.4 USDA GATS DATA

# 3. STATIC IMAGES

## 3.1 ORGANICS DASHBOARD FROM PASSPORT

# 4. DEFINITIONS

| Term | Definition |
|---|---|
| | |
| Organic packaged foods | Health and wellness is the aggregation of organic packaged food and beverages, fortified/functional packaged food and beverages, naturally healthy packaged food and beverages, better for you packaged food and beverages and food intolerance products. |
| Organic packaged foods and beverages | This category includes packaged food & beverages that are certified organic by an approved certification body. Organic production is based on:<br><br>• A system of farming that maintains and replenishes soil fertility without the use of toxic and persistent pesticides and fertilizers.<br>• Organic food & beverages are minimally processed without artificial ingredients, preservatives or irradiation.<br>• The use of GMOs (Genetically Modified Organism) is prohibited. “Certified Organic” means the item has been grown according to strict uniform standards that are verified by independent state or private organizations.<br>• Depending on the country, such products are called ‘organic’, ‘biological’ or ‘ecological’: For organic products to be included under Euromonitor definitions, the organic aspect needs to form part of positioning/marketing of the product. This is an aggregation of organic baby food, bakery, confectionery, dairy, ice cream, oils and fats, ready meals, rice, sauces, dressings and condiments, snack bars, soups, spreads, sweet and savory snacks and other organic food.<br><br>Note that fresh food products or individual ingredients are not included in this definition. |
| Compound annual growth rate (CAGR) | The compound annual growth rate (CAGR) is the average annual growth rate over a specified period of time. For instance, the CAGR consumption of from 2015 – 2018 will be the average growth rates across these four years. |
| USDA GATS data clarification | |