Organic Trade Association: First Step Market Tracker Service

A custom report compiled by Euromonitor International for OTA

Organic Trade Association
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SCANDANAVIAN COUNTRIES*

**Denmark, Sweden, Finland, Iceland and Norway.*

1. QUALITATIVE ANALYSIS

1.1 QUICK FACTS

- Organic packaged food and beverages in the Scandinavian countries recorded a CAGR of 5% from 2018-2021, reaching a total market size of US$3 billion.
- Denmark and Sweden make up the majority of the Scandinavian organic packaged food and beverages market, accounting for around two-thirds of regional sales.
- Organic packaged food grew from USD$2 billion in 2018 to USD$2.4 billion in 2021, showing a CAGR of 4.5% over that period.
- Organic beverages saw a CAGR growth of 7.4% over 2018-2021, increasing from US$442 million to USD$587 million. Finland saw the highest growth in the category during that period, with a very strong 14.5% CAGR.

1.2 MARKET TRENDS

- Price remains one of the key obstacles for more widespread adoption of organic packaged food among Scandinavian consumers. As such, grocery retailers continue to make efforts to bridge the gap between standard and organic options with their own value-for-money private label offerings. The leading retailers in Norway, Norgesgruppen, Coop and Rema 1000 all increased the amount of shelf space dedicated to organic packaged food over the review period, while expanding their own private label organic range.
- Organic baby food is one of the organic packaged food categories that continues to display strong year-on-year growth. Consumers are increasingly demanding high-quality and natural products, especially for their children. This trend was particularly valid during the pandemic, with health concerns regarding Covid-19 at the forefront of parents' minds. This trend is unlikely to change as Swedish parents are more concerned about the quality of the food for their children than for themselves and, even if under economic pressure, will not comprise of the quality of their children's food.

1.3 COMPETITIVE LANDSCAPE

- Private label is growing in significance within organic packaged food, with a widening range and affordable pricing resulting in strong share gains over recent years. Private label now has a presence in most areas of organic packaged food, benefiting from access to strong local organic production. Private label furthermore has a double-digit value share in many categories, being able to penetrate segments where branded players are more hesitant to invest. Private label notably dominates organic frozen meat, seafood, fruit and vegetables, organic rice organic nuts, seeds and trail mixes, and organic savoury snacks.
- Organic is becoming increasingly standard in Scandinavian baby food. Biodynamic and other claims beyond organic are furthermore emerging in this area. Since the launch of Arla's Baby & Me in the middle of the review period, which has emerged as one of the leading brands, an organic positioning has played a key role in most major new launches and product development. Other well-known players Semper

and Nestlé have increasingly started to expand their organic assortments, with Nestlé heavily focusing on its Nestlé NaturNes since it was introduced in 2018.
- In organic dairy, Rørosmeieriet AS's Røros brand was a notable player in 2021, as it continued to take share and challenged Tine SA's Tine brand. The Norwegian brand is establishing a growing reputation for the quality of its all-organic range of products which includes organic milk, cream, butter, yoghurt, among others. The company promotes that its products are all natural and are made with ingredients from the Røros region, which speaks to the developing localisation trend.

1.4 PROSPECTS AND GROWTH OPPORTUNITY

- Over the forecast period, manufacturers are likely to combine their organic certification with other characteristics, such as locally produced, ethically branded, and environmentally friendly, to appeal to increasingly demanding consumers. Whilst in the past companies tended to carry only the EU certification for organic products, it is possible that more companies will attempt to add other certifications as an additional selling point. For example, in Sweden the KRAV label has more stringent rules to achieve certification, specifically regarding animal welfare, climate, and social responsibility. Is also costs more to add the label and there are more administrative requirements. However, KRAV is well known and trusted in Sweden and, with it being increasingly difficult for manufacturers to get their brands to stand out, more may be willing to invest in it in future.
- In recent years, some consumers have started debating how "green" organic produce truly is, with some now believing that certain organic production actually has a bigger environmental footprint than conventional agriculture. Consumers are therefore beginning to choose their products based on environmental sustainability labels rather than whether they are organic or not. Selecting products with a smaller carbon footprint instead of choosing organic produce is believed to be a better option for the environment by these consumers. This could change the positive perception that consumers have of organic products and could limit growth in organic sales over the long term, with many preferring locally sourced options instead.
- Retail current value sales growth for organic packaged food is expected to be fuelled by more recent niche entrants in terms of product areas, such as organic sugar confectionery. Consumers discovered this product area only recently, with significant sales only seen from 2018 onwards. Mature product areas such as organic dairy will in contrast see more conservative sales increases, as these categories have been growing for a decade and already have a large customer base.

1.5 GENERAL HEALTH AND WELLNESS TRENDS

- Scandinavian countries make up 4 of the top 6 markets globally in terms of per capita spend on health and wellness food. Health, sustainability, and environmental concerns tend to be in focus in these countries, and consumers are willing to pay a premium for attributes that align with their values. This is also reflected in the wide availability and variety of health and wellness products that align with such trends.

- The key driver of the Scandinavian health and wellness market is naturally healthy products, which account for more than a third of the average consumer's expenditure on health and wellness food across all Nordic countries. Domestic origin is a strong trend driving naturally healthy, which is expected to continue over the forecast period. Products are becoming more advanced to meet consumers' increasingly sophisticated preferences.

1.6 GENERAL ECONOMIC AND DEMOGRAPHIC LANDSCAPE

Economy:

- All Scandinavian economies rebounded strongly in 2021, as Sweden and Denmark led the way with real GDP growth of 4.8% and 4.1% respectively.
- Stable growth dynamics are projected through 2025, with Denmark, Sweden, Norway, and Finland averaging 1.5-2% GDP growth, while the Icelandic economy is set to expand at a stronger pace of 2.5-3%.
- The current inflationary spike across Europe is proving to be more significant and longer lasting than anticipated. Energy prices account for a relatively low proportion of the inflation basket in Nordic economies (6.8% average versus 9.5% in the eurozone), but the scale of the surges in electricity and gas prices has sent headline inflation to decade highs.

Population demographics:

- The population of Scandinavia totalled 27.4 million in 2021, and is projected to reach 27.9 million by 2025.
- Like the rest of Europe, the Nordic countries are witnessing an aging population. The median age was the highest in Finland, recorded at 43.3 years in 2021, followed by Denmark at 42.2 years. The lowest median age was recorded in Iceland, at 37.8.

Income & expenditure:

- Per capita gross income in Denmark is forecast to increase by 33.5% in real terms over 2021-2040. Overall, average consumer expenditure in Denmark is forecast to increase by 34.2% in real terms over 2021-2040. Danish consumers are increasingly seeking high-quality discretionary products, while fast fashion and mass consumption-related goods are losing popularity due to environmental concern.
- In Sweden over 2021-2030, the rising wealthy and affluent population will help sustain a strong position in the Wealth Index, with the country ranking in 25th position in 2030, the same as in 2020. By 2030, the wealthiest part of the Swedish population is estimated to account for 6.4% of the total adult population, up from 3.4% in 2020, and possess 61.6% of the total wealth in the country, up from 49.1%.
- In 2020, Norway ranked second out of 17 Western Europe countries in terms of average gross income. Average gross consumer incomes in Norway are forecast to further rise steadily over 2021-2040, thanks to favourable economic development, a

focus on innovation and an effective economic structure. Furthermore, strong financial backing from the national wealth fund ensures the country's resilience against crises such as the Covid-19 pandemic, helping to sustain even income growth across different population groups. All age groups, therefore, are forecast to register similar growth in their average income over 2021-2040.

2. DATA

2.1 ORGANIC PACKAGED FOOD AND BEVERAGE DATA

Data type	Unit	2018	2019	2020	2021	2022	2023	2024	2025	CAGR (18-21)	CAGR (22-25)
Health & wellness products consumption[1]	USD million	17,028.0	17,942.0	19,507.1	20,200.4	20,952.0	21,898.4	22,970.1	24,073.9	4.4%	3.5%
Organic packaged food and beverages consumption	USD million	2,476.6	2,625.8	2,901.3	3,010.9	3,162.2	3,331.4	3,521.6	3,718.0	5.0%	4.1%
Organic packaged food consumption	USD million	2,034.2	2,124.8	2,346.4	2,423.6	2,538.7	2,668.8	2,818.1	2,971.4	4.5%	4.0%
Organic beverages consumption	USD million	442.1	501.1	554.9	587.2	623.5	662.6	703.4	746.7	7.4%	4.6%
Organic packaged food and beverages consumption as a % of total health & wellness products consumption	%	14.5%	14.6%	14.9%	14.9%	15.1%	15.2%	15.3%	15.4%	-	-

2.2 ECONOMIC AND DEMOGRAPHIC DATA

Data type	Unit	2018	2019	2020	2021	2022	2023	2024	2025
Total population	million	27.0	27.2	27.3	27.5	27.6	27.7	27.8	27.9
% Middle and upper class of total population	%	-	-	-	-	-	-	-	
% Population aged 65+	%	19.4%	19.6%	19.9%	20.2%	20.5%	20.7%	21.0%	21.3%

[1] Health and Wellness Definition: 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.
The above definition and more can be referenced from the definitions table at the end of the report.

% Population aged 0-14	%	17.2%	17.1%	17.0%	16.9%	16.7%	16.5%	16.3%	16.1%
% Population with higher education degrees	%	-	-	-	-	-	-	-	
Average number of children per household	children	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
GDP per capita	USD per capita	60,517.3	61,777.8	60,588.1	66,557.7	72,384.6	75,530.4	78,499.4	81,555.8
Consumer expenditure per capita (US$)	USD per capita	26,770.1	27,328.5	26,411.9	27,935.7	30,135.4	31,460.1	32,483.7	33,489.1
Consumer expenditure per capita on food and non-alcoholic beverages (US$)	USD per capita	3,164.9	3,206.2	3,332.2	3,360.1	3,586.3	3,741.2	3,859.2	3,973.1

2.3 RETAILER AND CITY DATA

2.3.1 TOP 5 CITIES BY POPULATION

Data category	Rank	City/retailer	Population (millions)
Top cities by population (2021)	1	Stockholm (Swe.)	2.4
Top cities by population (2021)	2	Copenhagen (Den.)	2.1
Top cities by population (2021)	3	Helsinki (Fin.)	1.5
Top cities by population (2021)	4	Oslo (Nor.)	1.4
Top cities by population (2021)	5	Gothenburg (Swe.)	1.1

2.3.2 TOP 5 GROCERY RETAILERS BY SALES

Data category	Rank	City/retailer
Top grocery retailers by sales (2021)	1	ICA Gruppen AB
Top grocery retailers by sales (2021)	2	S Group
Top grocery retailers by sales (2021)	3	Reitangruppen AS
Top grocery retailers by sales (2021)	4	Norgesgruppen ASA
Top grocery retailers by sales (2021)	5	Kesko Oyj

2.4 UNITED STATES DEPARTMENT OF AGRICULTURE GLOBAL AGRICULTURAL TRADE SYSTEM DATA

2.4.1 TOP 5 EXPORT COMMODITIES TO SCANDANAVIAN COUNTRIES

Year	Country	Rank of Product/Commodity	Product/Commodity	Export Value (US$)
2021	Scandinavia	1	Organic Vinegar and Substitutes	267,555
2021	Scandinavia	2	Organic Berries Fresh	56,069
2021	Scandinavia	3	Organic Peas Fr/Ch	46,728
2021	Scandinavia	4	Organic Asparagus Fr/Ch	44,820
2021	Scandinavia	5	Organic Coffee Roast Not Decaf	35,000
2021	**Scandinavia**	**Total**	**Total Organics***	**499,165**
2020	Scandinavia	1	Organic Vinegar and Substitutes	150,217
2020	Scandinavia	2	Organic Peas Fr/Ch	68,992
2020	Scandinavia	3	Organic Grapes Fresh	38,592
2020	Scandinavia	4	Organic Berries Fresh	37,810
2020	Scandinavia	5	Organic Coffee Roast Not Decaf	33,468
2020	**Scandinavia**	**Total**	**Total Organics***	**392,842**
2019	Scandinavia	1	Organic Berries Fresh	89,142
2019	Scandinavia	2	Organic Peas Fr/Ch	70,499
2019	Scandinavia	3	Organic Coffee Roast Not Decaf	42,682
2019	Scandinavia	4	Organic Vinegar and Substitutes	35,959
2019	Scandinavia	5	Organic Grapes Fresh	16,590
2019	**Scandinavia**	**Total**	**Total Organics***	**265,507**
2018	Scandinavia	1	Organic Berries Fresh	470,341
2018	Scandinavia	2	Organic Tomato Sauce Ex Ketchp	100,754

2018	Scandinavia	3	Organic Peas Fr/Ch	63,510
2018	Scandinavia	4	Organic Carrots Fr/Ch	27,930
2018	Scandinavia	5	Organic Apples Fresh	24,000
2018	**Scandinavia**	**Total**	**Total Organics***	**704,643**

Note : Total organics is the sum of all exports to a country within a year

3. DEFINITIONS

Term	Definition
Health and Wellness	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: • A system of farming that maintains and replenishes soil fertility without the use of toxic and persistent pesticides and fertilizers. • Organic food & beverages are minimally processed without artificial ingredients, preservatives or irradiation. • 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. • 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. 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 2019 – 2021 will be the average growth rates across these three years.
USDA GATS data clarification	The data presented in table 2.4 represents the dollar values of the top 5 organic commodities as well as of the total organic exports of the trade partner for the period 2019-2021 as per the United States Department of Agriculture's Global Agricultural Trade System, a database consisting of international agricultural, fish, forest and textile products trade statistics dating from the inception of the Harmonized coding system in 1989 to present.