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Denmark

Exporter Guide

Annual

2003

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Report Highlights:

This report provides information to U.S. companies interested in doing business in Denmark. It focuses on export of consume-oriented food and beverages, edible fishery products and food ingredients.

Includes PSD changes: No

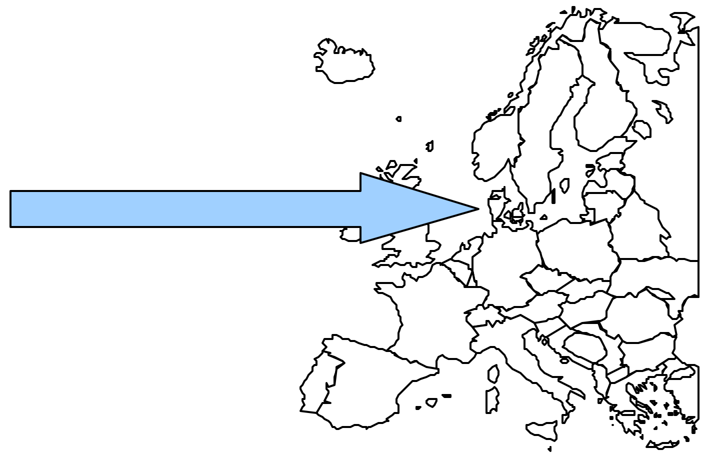
Includes Trade Matrix: No

Annual Report

The Hague [NL1], DA

Section 1. Market overview

Denmark



Key Population data

	1990	1994	1996	2003
Total population (in millions)	5.1	5.2	5.3	5.4
Annual growth rate (%)	0.09	0.33	0.52	0.2
% Youth (age < 15)	17	17	18	18
% Elderly (age >64)	16	15	15	15
Number of households (in million)	2.2	2.3	2.3	2.5
Population density (persons/sq km)	120	121	122	125

- Denmark's supermarket industry reported sales of $10.8 billion (excl. VAT and Taxes) in 2002.
- Sales growth in 2002 is expected to stay just above inflation level and reach 2.5 percent.
- The market is dominated by two store chains (COOP Denmark (formerly FDB) and Danish Supermarket) with1530 outlets and a total market share of 64%.
- Tendencies toward concentration are more apparent in the import/purchase grouping, than in retail sales.
- Denmark's competitive food manufacturers supply a wide range of pork, poultry, dairy products, seafood, beer, soft drinks and fruit and vegetables during the domestic growing season.
- About 25% of products sold in supermarkets are imported.
- Denmark imported about $2.7 million in consumer-ready food products in 2002. The U.S. market share was about 3%.
- U.S. exports of consumer ready foods to Denmark consist mainly of tree nuts, "shelf-stable" canned or dried food products as well as frozen vegetables and seafood.

- The Danish retail sector is covered by 8 wholesalers supplying hypermarkets, supermarkets, neighborhood stores, minimarkets, discount markets, gas marts, and kiosks. These wholesalers are also the biggest importers. In addition, a limited number (about 25) individual importers also supplies the retailers.
- Warehouse outlets and wholesale clubs have not yet made an appearance.

Advantages	Challenges
Well organized trading system, everyone speaks English	Great competition from Danish and EU producers
Favorable image of U.S. products	U.S. growing seasons for fruits and vegetables correspond to Europe’s
Growth potential for branded products	Low overall growth
Increased interest for organic and ethnic food	Label and ingredient requirements

Section II. Exporter Business Tips

These are some generalities often heard about Danish Businessmen and women:

- Practically all speak English, but not as fluent as you do. Therefore, they usually keep their sentences short and might forget to use polite formalities.
- The Danes are very direct in their verbal and written communication. They do not mean to be rude but don’t want to waste your time, nor their own.
- They seldom have time for business lunches or dinners.
- The Danes are rather direct. After a brief introduction, they expect you to come straight to the point. They give you their frank opinion and let you know if you offer them something they don’t want.
- Danish food buyers, the category managers, and/or product managers, are fully responsible for the buying process and profits the product will bring. They are only interested in speaking to decision makers.
- The Danes prefer a relationship, almost a partnership. Once you start doing business with them, they expect continued support from you.
- The Danes usually know their business and what your competitors are doing. The Danish businessman understands that you need to make a profit, but they area tough negotiators.

Socio-demographic trends:

- Less time for meal preparation
- Growth in "single" households
- Growth in "older" population

- More women in labor market
- Fewer family meals

General Consume Tastes and Preferences

As a result of changing demographics and increased wealth, Danish eating habits are changing with consumers demanding convenience, fresh foods, more variety, and more speciality food items. Organic, health and convenience foods are increasingly valued by the consumer and amount now to about five percent of total food retail sales. Healthy eating, whichhas become an issue across Europe, has thus far had little impact on food sales in Denmark. Some low fat products have been launched, but they have not been successful due to poor taste.

Danish consumers do not accept GMO products. Therefore no importers or retailers are selling food with ingredients with GMO content above one percent, as such food has to be labeled.

Food Standards and Regulations

The marking and labeling requirements for products sold in Denmark are numerous and vary from product to product. The requirements may stem from either Danish or EU laws and regulations. For the exporter to comply, the assistance of the Danish importer is extremely valuable As a general rule, consumer products must be labeled in Danish or in a language which differs from Danish only slightly in spelling. As a practical matter this means Norwegian and in some instances Swedish. Certain products must be marked clearly with the country of origin. In some cases, marking can be done by the importer after arrival of the goods in Denmark. Weights and measures must be stated in the metric system. Labels and marking must accurately describe the contents of packages. The responsibility for compliance with Denmark's marking and labeling regulations falls on the importer. Exporters, however, should carefully follow importer's instructions because failure to do so can cause customs delays and extra expenses which may harm future business.

A more detailed report which specifically address labeling and ingredient requirements in the Danish market entitled, Denmark: Food and Agricultural Import Regulations & Standards (FAIRS) report can be obtained from the FAS homepage: http:/www/fas.usda.gov. This report also include general import and inspection procedures.

Section III. Market Sector Structure and Trends

In Denmark, about 83 percent of food sales take place in supermarkets, 4 percent in speciality stores and 13 percent at kiosks and gas stations. This illustrates the strong position of the supermarket organizations in the Danish market. In addition to the $109 billion retail sales, the catering and restaurant sector turnover amounts to $28 billion.

Retail food stores, 2002

Retail type	Turnover , billion $	Market share, %	Number of outlets
Supermarkets	11.4	82.8	3216
Kiosks	1.0	7.2	22629
Petrol stations	0.9	6.3	1280
Speciality shops	0.5	3.7	650 (estimated)
Total	**13.8**	**100**	**7775**

- Speciality stores are continuously losing market shares to super markets because they do not have the economy of scale.
- Discount chains have increasing market shares. Every fourth supermarket is a discount store.
- Relative new to the Danish food retail sector are gas stations, food stores at railway stations and small convenience food stores. The large wholesale/retail food organizations supply these outlets.
- Within the supermarket groups, the two largest, COOP Denmark and (especially) Danish Supermarket are increasing their market share, while smaller, grocery owned supermarkets are declining or merging.

Company Profiles

In Denmark, because of concentration, most of the retail food buying is done by a few companies.
Top ranking wholesalers (2000):

Group Name	Int. buying ass.	Shop type	Number of outlets	Market share, percent
COOP Denmark	NAF	Supermarket Discount	1119	37.7
Danish Supermarket		Discounter Supermarket	412	26.7
Edeka	EMD	Supermarket	277	3.8
Supergros	BIGS DAGROFA	Supermarkets	723	19.3
Aldi		Discounter	200	3.9
Chr. Kjaergaard		Minimarket	259	1.9
Other Chains		Supermarkets	181	6.5

Buying Procedures

Danish supermarket organizations are organized in buying groups with the exception of COOP Denmark and Danish Supermarkets and Aldi as shown above.

Entry Strategy

The Danish market is extremely competitive and new to market exporters must offer a different product or a known product at a competitive price. Danish importers/buyers are every day visited by sellers. You therefore have to be well prepared including being ready to negotiate prices, discounts, delivery periods, and ordering time.

A product will be of interest to a buyer it they think that it is innovative and will bring them a profit. "Innovative", could either be the product itself, the packaging and/or pricing.

New to market products in the U.S. may also be attractive in Denmark.

The Danish supermarket chains often sell new products in campaigns planned at least 6 months ahead. You should be prepared to contribute to these.

Knowledge of specific Danish ingredient requirements is essential, as these still differ from other EU countries. Your product will have to adhere to these regulations.

The two large European trade shows, ANUGA in Cologne and SIAL in Paris are visited by all Danish importers/buyers and they normally show great interest in U.S. pavilions. The Office of Agricultural Affairs in Copenhagen may help you mail specific invitations to potential customers.

Section IV. Best High-Value Product Prospects

A. Products in the Market Which have a Good Sales Potential

- Organic products
- Pet food
- Wine
- Dried Fruits
- Tree nuts
- Seafood

B. Products not Present in Significant Quantities but Which have a Good Potential

- Frozen Salmon
- Grape fruit
- Cranberries
- Pecans

C. Products not Present Because They Face Significant Barriers

Frozen whole turkeys (phytosanitary)
Poultry meat (phytosanitary)
Beef (Hormone ban)

Section V. Key Contacts and Further Information

Office of Agricultural Affairs (OAA), American Embassy
Postal Address: American Embassy, FAS, APO AE 09716
Phone (direct): +45 3526 1081, Fax: +45 3543 0278, e-mail: agcopenhagen@fas.usda.gov
Visitor Address: Dag Hammerskjölds Alle 24, Copenhagen O, Denmark

Questions in regard to ingredient and labeling requirements may be addressed to the Danish Veterinary and Food Administration, Moerkhoej Bygade 19, DK-2860 Soeborg. Tel: +45 3395 6000, Fax: +45 3395 6696, Internet: www.vfd.dk, e-mail: vfd@vfd.dk. A more detailed report which specifically addresses labeling and ingredient requirements in the Danish market entitled, Denmark: Food and Agricultural Import Regulations & Standards (FAIRS) report can be obtained from the FAS homepage : http://www.fas.usda.gov.

Table A. Key Trade & Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	$7348/3.0
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	$3,227/2.0
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	$1,220/2.0%
Total Population (Millions) / Annual Growth Rate (%)	5.4/0.29%
Urban Population (Millions) / Annual Growth Rate (%)	4.5/0.3%
Number of Major Metropolitan Areas 2/	1
Size of the Middle Class (Millions) / Growth Rate (%) 3/	2.9/0%
Per Capita Gross Domestic Product (U.S. Dollars)	31,688
Unemployment Rate (%)	5.5
Per Capita Food Expenditures (U.S. Dollars)	$3,220
Percent of Female Population Employed 4/	62%
Exchange Rate (US$1 = X.X local currency), AVERAGE 1999/September 2000	6.82/7.46

Footnotes

1/ Use FAS' web-enabled UNTrade database (HS 6-digit option; Import Market Share BICO 3-Yr format)
2/ Population in excess of 1,000,000
3/ Defined as eccluding the not economically active population
4/ Percent against total number of women (15 years old or above).

Table B. Consumer Food & Edible Fishery Products Imports

Denmark Imports (In Millions of Dollars)	Imports from the World 2000	2001	2002	Imports from the U.S. 2000	2001	2002	U.S Market Share 2000	2001	2002
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2,721	2,747	3,220	67	80	69	2	3	2
Snack Foods (Excl. Nuts)	256	242	263	1	1	1	0	0	0
Breakfast Cereals & Pancake Mix	34	38	41	1	1	1	0	0	0
Red Meats, Fresh/Chilled/Frozen	352	266	322	1	1	1	0	0	0
Red Meats, Prepared/Preserved	92	91	124	1	1	1	0	0	0
Poultry Meat	48	65	73	0	1	0	0	0	0
Dairy Products (Excl. Cheese)	148	162	183	1	1	1	0	0	0
Cheese	112	122	214	1	1	1	0	0	0
Eggs & Products	26	26	28	1	1	2	3	4	6
Fresh Fruit	199	217	247	1	1	1	0	0	0
Fresh Vegetables	145	161	162	1	1	0	0	0	0
Processed Fruit & Vegetables	195	215	241	16	14	12	8	7	5
Fruit & Vegetable Juices	73	62	114	1	1	1	0	0	0
Tree Nuts	32	37	35	12	14	13	37	37	36
Wine & Beer	388	393	425	10	9	8	3	2	2
Nursery Products & Cut Flowers	167	182	199	1	1	1	0	0	0
Pet Foods (Dog & Cat Food)	61	59	81	2	2	2	3	3	2
Other Consumer-Oriented Products	394	408	469	23	38	29	6	9	6
FISH & SEAFOOD PRODUCTS	1,160	1,217	1,220	8	16	22	1	1	2
Salmon	230	218	234	5	5	3	2	2	1
Surimi	8	8	12	0	1	0	0	1	0
Crustaceans	401	370	375	1	1	1	0	0	0
Groundfish & Flatfish	318	354	344	2	11	17	1	3	5
Molluscs	20	21	22	1	1	1	0	0	2
Other Fishery Products	183	245	232	1	1	1	0	0	0
AGRICULTURAL PRODUCTS TOTAL	4,279	4,418	4,998	186	206	194	4	5	4
AGRICULTURAL, FISH & FORESTRY TOTAL	6,530	6,666	7,324	228	251	242	3	4	3

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Food & Edible Fishery Products.

CONSUMER-ORIENTED AGRICULTURAL TOTAL

	2000	2001	2002
	Value 1000$	Value 1000$	Value 1000$
Germany	586992	593086	715272
Netherlands	571687	568678	660631
France	327285	333493	379346
Italy	201317	209190	243723
Sweden	170149	178413	209523
Spain	165503	170265	191390
Belgium	113121	126127	183086
United Kingdom	128700	107537	135462
Ireland	68401	60385	78432
United States	**66862**	**80303**	**68590**
Poland	33388	38846	39411
Chile	29774	31152	35672
Australia	12300	16596	28464
New Zealand	22587	26593	22242
South Africa	11647	12789	20615
Other	211586	193417	207917
World	**2721283**	**2746861**	**3219810**

FISH & SEAFOOD PRODUCTS

	2000	2001	2002
	Value 1000$	Value 1000$	Value 1000$
Norway	284874	253584	259565
Greenland	225212	207301	254297
Faroe Islands	124785	160732	144687
Russian Federation	89392	100186	110954
Sweden	79592	87662	86552
Canada	80486	72328	52621
Germany	36140	49998	52165
United Kingdom	30847	38729	46029
Iceland	34647	30856	30399
Netherlands	29750	29400	27254
United States	**7844**	**16476**	**21590**
Chile	9046	23710	10677
Thailand	10117	9917	10513
Spain	7254	6828	10506
Poland	16397	17819	10057
Other	93556	111793	91855
World	**1159930**	**1217338**	**1219760**

Source: United Nations Statistics Division