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Norway

Market Development Reports

Retail Food Sector Report

1999

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Trade Report
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Section I. Market Summary

’ The total grocery retail market in Norway in 1998 reached a record NOK 100 billion (US$ 13.5 billion).

’ Sales growth in 1998 was placed at 4.3 percent, which is the highest in the last 5 years.

’ About 87 percent of the grocery retail products are sold through the grocery stores while 13 percent today is sold through gas stations and kiosks in Norway.

’ The total import of agricultural products to Norway in 1998 reached US$ 3.0 billion — up about 5 percent from the previous year. About 45 percent of this total was made up of consumer-oriented value-added products.

’ The U.S. share of Norway’s trade in agricultural products in 1998 stood at $180 million or a market share of about 6 percent.

’ In 1998 Norway had 4,807 grocery stores and 4,400 gas stations and kiosks serving Norwegian consumers.

’ 85% of the grocery retail food is sold by the grocery retail chains and 15% by gas stations and kiosks.

’ Four larger retail chains presently control 99 percent of retail stores and are also heavily involved in the gas and kiosk sales of grocery products.

’ All the four Norwegian retail chains are involved in grocery trade in other European countries and are present in some Baltic state markets.

Advantages	Challenges
US has a special strength as a supplier to Norway for products like tree nuts and dried fruits, both as branded products and private label.	A threat to US exporters is the GMO issue, which very easy can make difficulties for exporters to the Norwegian market, and make a limit as to what products can enter.
US products are mainly known as good quality products.	Cooperators must be more active in the Norwegian market as to marketing.
US products are often known as a supplier of new to the market products.	US must challenge the Norwegian administrative import system through WTO.

Section II. Road map for market entry.

A. Grocery Stores (Supermarket, small supermarkets and discount stores)

Entry Strategy.

The present Norwegian retail market is dominated by four retail chains (Norgesgruppen A/S, Hakon-Gruppen A/S, NKL and Reitan Gruppen A/S), which together control 99 percent of the market. All these chains are either owned by or own their own wholesaler both in grocery products as well as fruit and vegetables. They are therefore very difficult to deal with directly unless you are not a powerful exporter (like for example Coca-Cola and Kraft Food) with your own daughter company in Norway. For all the above chains the situation is that they want imported products delivered to their stores the same way as they receive their domestic products. This means that new to market exporters will have to find an importer, wholesaler or agent to do all the practical clearance of your products. However, there is not one answer how to do this for all products. It depends on quantity as well as what kind of products we are talking about. Some good advice to new to the market exporter would be:

ÿ Undertake some early market research as to the potential for your products in the market.
ÿ Find an agent, importer, wholesaler or a domestic industry partner and let them help you with information like: Import duty, sanitary regulations, labeling requirements and market competition. A personal visit is advice able.
ÿ If you see a potential in the market, discuss marketing strategies with the importer as to participation in domestic fairs or a strategy targetting the larger chains as to you delivery capacity. Remember that you will never last long as a supplier to a chain if you have delivery problems.

DISTRIBUTION SYSTEMS - CONSUMER-READY FOOD PRODUCTS:

In 1998, Norway had 4,807 grocery stores with a turnover of NOK 88 billion (US$11.7 billion). Generally, grocery stores account for 75 percent of retail food sales including fresh, frozen, and canned goods as well as non-alcoholic beverages and non-food items. Specialty stores such as bakeries, meat stores and candy stores, gas stations together with state wine and liquor stores' account for the remaining 25 percent. In 1998 about 51 percent of Norwegian food distribution to retailers was handled by four large wholesale enterprises.

Company	Address	Phone and Fax
Joh. Johannson	Nedre Kalbakkvei 22 P.O.Box 130 Sentrum N-0102 Oslo Norway	Phone: (47) 22 16 90 00 Fax: (47) 22 16 90 10
NKL	Østre Aker vei 264 N-0977 Oslo Norway	Phone: (47) 22 89 95 95 Fax: (47) 22 89 97 45

Hakon Distribusjon A/S	Solheimveien 3 P.O.Box 37 1471 Skårer Norway	Phone: (47) 67 97 35 00 Fax: (47) 67 90 67 97
Rema 1000 Sofiemyr	Sönsterudveien 32 1412 Oppegård Norway	Phone: (47) 66 80 02 28 Fax: (47) 66 80 02 17

Norwegian grocery retail chains and market shares.

After years of restructuring the Norwegian retail grocery market, where smaller chains have changed partners several times, a pattern finally seems to have emerged. Except for the largest group, Norges-Gruppen, the other three chains control the flow of products from producer to consumer. Norges-Gruppen operates more as a buying group, where the marketing is done more individually by the different smaller chains. Within all the groups it is difficult to characterize the different outlets, but they generally breakdown into about one third each of supermarkets, small supermarkets and discount stores. Below are listed the chains market shares and number of stores in 1998.

Chain	Phone and fax	Number of stores	Market shares in %
Norges-Gruppen A/S Parkveien 61 P.O.Box 2775 Solli N-1007 Oslo	Phone: (47) 22 12 24 00 Fax: (47) 22 12 24 10	2,102	32.7%
Hakon-Gruppen A/S Sinsenveien 47C P.O.Box 6500 Rodelökka N-0501 Oslo	Phone: (47) 22 15 90 50 Fax: (47) 22 15 17 51	1,155	28.2%
NKL Østre Aker vei 264 P.O.Box 21 Haugenstua N-0915 Oslo	Phone: (47) 22 89 95 95 Fax : (47) 22 89 97 45	1,070	24.9%
Reitan-Gruppen A/S Lade Gaard N-7040 Trondheim	Phone: (47) 73 89 10 00 Fax : (47) 73 89 10 89	278	13.2%
Others		202	1.0%
Total		4,807	100.0%

B. GAS MARTS AND CONVENIENCE KIOSKS

Entry Strategy.

New to the market should bear in mind that there is a close connection between the larger grocery wholesalers and retail chains, and the gas marts and kiosks. They all have their own organization as to buying and marketing. The main players in these markets are also the largest gas stations (Esso, Statoil, Fina and Hydro/Texaco) and kiosks (Mix, Narvesen and Gyda). Although these stores are offering the main grocery products to the consumers, these markets are not price sensitive and more open for convenience food and impulse buying products.
Some advice to new to market exporters would be:

ÿ Unless you have a unique world product you should consider to target only one of the players at a time as all are looking for having products which their competitors do not have.

ÿ Get an overview of your competitors in the market and have a clear opinion of what your price would be in the market (check duties and the logistical pattern).

Company profiles

The total turnover for the gas stations and kiosks of grocery products in Norway is about US$ 2 billion divided 55/45 percent respectively. The last to years the turnover is said to be on a stand still and the reason might be that some of the grocery stores have extended their opening hours and some in the urban areas have even open on holidays and late evenings, and by this can offer grocery products at much lower prices than the convenience stores.

GAS MARTS:

Gas chains	Phone and fax	Number of outlets	Market shares
Statoil Detaljhandel Sörkedalsveien 8 P.O.Box 1176 Sentrum N-0107 Oslo	Phone:(47) 22 96 20 00 Fax: (47) 22 69 32 00	550	26.8%
Norske Shell P.O.Box 1154 Sentrum N-0107 Oslo	Phone:(47) 22 66 50 00 Fax :(47) 22 66 51 97	390	24.4%
Esso Norge AS Drammensveien 149 P.O.Box 350 Sköyen N-0212 Oslo	Phone:(47) 22 66 30 30 Fax :(47) 22 66 34 55	120	22.6%

Hydro Texaco AS Drammensveien 134 N-0212 Oslo	Phone:(47) 22 12 40 00 Fax :(47) 22 12 40 60	340	18.7%
Norske Fina AS P.O.Box 108 1371 Asker	Phone:(47) 66 98 70 00 Fax :(47) 66 98 72 31	120	7.5%

Convenience kiosks

Kiosk chains	Phone and fax	Number of stores	Market share
Mix Butikkene BA Haavard Martinsens vei 34 N-0978 Oslo	Phone:(47) 22 79 08 00 Fax :(47) 22 79 08 01	1,024	46.4%
Narvesen ASA Bertrand Narvesensvei 2 P.O.Box 6125 Etterstad N-0978 Oslo	Phone:(47) 22 57 30 10 Fax :(47) 22 68 05 22	486	30.6%
Gyda Butikkene BA P.O.Box 153 Kjelsås N-0411 Oslo	Phone:(47) 22 02 64 60 Fax :(47) 22 02 64 70	500	9.2%
Other			13.7%

Section III. Competition

Market trends.

Norway is a net importer of agricultural products, having imported approximately $2,756 million in 1998 while exporting roughly $908 million. About half of Norway's imports of agricultural products consist of "consumer- oriented high value products." Most of the latter come from the horticultural and tropical products "group" and are made up of fresh fruits (oranges, bananas, apples and grapes), dry edible nuts, fruit and vegetable juices, fresh vegetables, snacks, chocolate and chocolate products, wines, pet food, live plants, cut flowers and foliage. The top ten suppliers of this group of products are the Netherlands, Denmark, Sweden, Spain, Germany, United States, Italy, France, Israel and Switzerland.

The U.S. share of Norway's agricultural trade in CY 1998 stood at US$ 179 million (6.5 percent (imports)) and US$ 44 million (4.8 percent (exports)). The bulk of U.S. exports to Norway consists of wheat, leaf tobacco, cotton, grains, fruit and nuts, while U.S. imports from Norway include cheeses, fats and oils.

Section IV. Best product Prospects.

As is the case in many other markets, the best prospects in the retail food sector are generally those products classified as complementary or not containing ingredients produced in the country. The reason for this is that such items will often not face high tariffs or have to go through significant documentation and control that can characterize competitive products.

A. The best market prospects in Norway appear to be rice, tropical products, fresh vegetables and a full range of consumer-oriented high value products such as snack foods, processed fruit and vegetables, fruit and vegetable juice, tree nuts, pet foods, wine and beer.

The largest US market shares you will find in dried fruit and nut sector, where the market share is about 70 percent. Of the dried fruit it is particular raisins and prunes, and in nuts almonds, peanuts and walnuts. Rice has also been a good product with a market share of about 25 percent, while dog and cat food have a market share of about 14 percent. Of processed vegetable canned corn is the most popular with a market share of more than 60 percent.

B. A product group which has had little attention the last years is fresh fruit and vegetables. US has last market shares in these product lines mostly due to insufficient marketing and lack of presence in the market. We have also heard from the trade that US exporters are not easy to deal with as to shipping conditions, and lack of personal contact.

C. A number of products face high tariff barriers to enter the Norwegian market. This is particular products containing meat, fruits and vegetable produced domestically, dairy products. In addition to this Norway has a ban on hormone meat and faces difficulties importing GMO products. The GMO issue is perhaps the most difficult one as to restrictions of possible retail food products into Norway in the near future. So fare Norway has not open for GMO products and the largest retail chains have declared that they are not wanted. Should the market open, Norway requires import approval and labeling of such products.

Section V. Further information and post contact.

Exporters to the Norwegian market should be aware of the following addresses:

Norwegian Food Control Authority (SNT)
Ullevålsveien 76
P.O.Box 8187 Dep.
N-0034 Oslo
Norway
Phone: (47) 22 24 66 50
Fax : (47) 22 24 66 99

The above state company is in charge of product approval, labeling, additives etc. as to imported and domestic products. Normally they serve Norwegian importers rather than foreign exporters.

Statens Kornforretning
Dep. Trade
P.O.Box 1367 Vika
N-0114 Oslo
Norway
Phone: (47) 22 93 72 00
Fax : (47) 22 93 72 05

The above state owned company handles custom duties for industrially processed agricultural products, based on products ingredients given by importer (exporter). They also handle the administrative duties as to the country need for supply. Contact with this company is best through your agent or importer.

For general questions about import contact:

American Embassy Oslo, Foreign Agricultural Service
Drammensveien 18
N-0244 Oslo
Phone: 21308621
Fax: 22 44 94 25
Email:us-agric@online.no