Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 11/17/2000

GAIN Report #NO0007

Norway

Retail Food Sector

2000

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Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
, NO

Section I. Market Summary

’ Total grocery retail market turnover in Norway 1999 reached Norwegian Kroner 115 billion (US$ 13.5 billion).

’ Sales growth in 1999 was 6.2 percent, the highest in the past 5 years.

’ About 81 percent of the grocery retail products are sold through grocery stores while 11 percent is sold to HoReCa and 8 percent through gas stations and kiosks.

’ Total imports of agricultural products by Norway in 1999 reached US$ 2.7 billion about 50 percent of which was consumer-oriented high value products.

’ US share of Norway’s agricultural imports in 1999 stood at US$ 155 million, about 6 percent of total imports.

’ In 1999, Norway had 4,673 grocery stores and 5,300 gas stations and kiosks serving Norwegian consumers.

’ 82% of the grocery retail food is sold by the grocery retail chains, 15% by gas stations and kiosks and 3% by speciality stores.

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

’ All four Norwegian retail chains are involved in grocery trade in other European countries.

Advantages	Challenges
U.S. has a special strength as a supplier to Norway for products like tree nuts and dried fruits, both as branded products and for private label.	A threat to U.S. exporters is the GMO issue, which can easily present problems for U.S. exporters to the Norwegian market. Norway limits entry of GMO products.
U.S. products are mainly known as high quality products.	Cooperators must be more active in marketing in Norway.
U.S. is associated with new to the market products.	U.S. should challenge the Norwegian import system through WTO.

Section II. Road map for market entry.

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

Entry Strategy.

The Norwegian retail market is today totally dominated by four retail chains (Norgesgruppen A/S, Hakon-Gruppen A/S, NKL and Reitan Gruppen A/S) which 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 can therefore be very difficult for smaller and medium size companies without Norwegian subsidiaries to deal with directly. All the above chains want imported products delivered to their stores in the same way as domestic products are delivered. This means that new to market exporters need to find an importer, wholesaler or agent to do products clearances. New to market exporters should:

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 on import duties, sanitary regulations, labeling requirements and market competition. A personal visit is advisable.
ÿ If you still see an opportunity in the market, discuss market strategy with the importer including participation in domestic fairs and 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 1999, Norway had 4,673 grocery stores with a turnover of NOK 97 billion (US$ 11.5 billion). Generally, grocery stores account for 82 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, candy stores, gas stations and state wine and liquor stores account for the remaining 18 percent. In 1999 about 53 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, during which smaller chains have changed partners several times, a pattern finally seems to have emerged. Except for the largest group, Norgesgruppen AS, the other three chains seem to control the flow of products from producers to consumers. Norgesgruppen AS is more of a buying group, and marketing is done more individually by the different smaller chains it supplies. We estimate total stores are comprised of about one third each of supermarkets, small supermarkets and discount stores. Listed below are chain market shares and number of stores in 1999.

Chain	Phone and fax	Number of stores	Market shares in %
Norgesgruppen AS Parkveien 61 P.O.Box 2775 Solli N-1007 Oslo	Phone: (47) 22 12 24 00 Fax: (47) 22 12 24 10	2,095	33.2%
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	1,131	27.7%
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	1,057	25.2%
Reitan-Gruppen A/S Lade Gaard N-7040 Trondheim	Phone: (47) 73 89 10 00 Fax : (47) 73 89 10 89	285	13.7%
Others		105	0.3%
Total		4,673	100.0%

B. GAS MARTS AND CONVENIENCE KIOSKS

Entry Strategy.

New to market exporters should bear in mind that although 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. Main players include the largest gas stations (Esso, Statoil, Shell and Hydro/Texaco) and kiosks (Mix, Narvesen and Gyda). Although these stores offer basic grocery products to consumers, these markets are not as price sensitive and more receptive to convenience food and impulse buying products.
Some advice to new to market exporters is:

ÿ Unless you have a unique product, you should consider targeting only one of the players at a time, as all are looking for 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 this market (check duties and logistics).

Company profiles

Of the a total turnover of grocery products of US$ 2 billion at these two types of outlets in Norway, 55 percent is through gas stations and 45 percent through kiosks. However, turnover in these two types of outlets has stagnated in the past two years as grocery stores have extended the hours they are open with some in urban areas now open late in the evening and on holidays. Grocery stores are becoming more convenient and have the attraction of much lower prices.

GAS MARTS:

Gas chains	Phone and fax	Number of outlets	Market shares
Statoil Detaljhandel AS Sörkedalsveien 8 P.O.Box 1176 Sentrum N-0107 Oslo	Phone:(47) 22 96 20 00 Fax: (47) 22 69 32 00	420	28.6%
Norske Shell P.O.Box 1154 Sentrum N-0107 Oslo	Phone:(47) 22 66 50 00 Fax :(47) 22 66 51 97	630	29.6%
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	370	21.6%
Hydro Texaco AS Drammensveien 134 N-0212 Oslo	Phone:(47) 22 12 40 00 Fax :(47) 22 12 40 60	330	19.4%

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	1,013	43.8%
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	440	30.1%
Gyda Butikkene BA P.O.Box 153 Kjelsås N-0411 Oslo	Phone:(47) 22 02 64 60 Fax :(47) 22 02 64 70	400	12.1%
Butikkringen Östlandet P.O.Box 126 Ökern N-0519 Oslo	Phone:(47) 22 64 68 98 Fax :(47) 22 65 37 51	289	7.2%
Small Shops Norge Vitaminveien 11A P.O.Box 11 Grefsen N-0409 Oslo	Phone:(47) 22 71 11 22 Fax :(47) 22 71 19 70	51	6.8%
Strax (NKL) P.O.Box 21 Haugenstua N-0915 Oslo	Phone:(47) 22 89 95 95 Fax :(47) 22 89 97 60	11	0.4%

Section III. Competition

Market trends.

When fish is excluded, Norway is a net importer of agricultural products, with imports totaling $2.67 billion in 1999 and export amounting roughly $818 million. About half of Norway's imports of agricultural products consist of consumer- oriented high value products. Most of these come from the horticultural and tropical products group and consist 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 1999 stood at 5.8 percent of Norway’s imports (US$ 155 million) and 5.8 percent of its exports (US$ 47.4 million). The bulk of U.S. exports to Norway consists of wheat, leaf tobacco, cotton, grains, fruits and nuts. U.S. imports from Norway include cheeses, fats and oils.

Section IV. Best product Prospects.

The best prospects in the retail food sector are products unlike those produced in the country or containing ingredients not produced in the country. High tariffs and significant documentation and control prevent obstacles to competition with domestic products.

A. The best market prospects in Norway include 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.

US share is largest in the dried fruit and nut sector, where the U.S. has captured about 70 percent of imports. Raisins and prunes dominate dried fruit imports from the U.S. and almonds, peanuts and walnuts dominate the nut imports. Rice from the U.S. has also been a strong with a market share of about 25 percent. Dog and cat food have a market share of about 14 percent. Of processed vegetables, canned corn is the most popular with a market share of more than 60 percent.

B. Fresh fruit and vegetables has had too little attention the last few years. US has lost market share in these products primarily due to insufficient marketing and lack of presence in the market. Shipping conditions, and lack of personal contact are principal reasons given by the trade as to why U.S. export business in this category is lacking.

C. A number of products face high tariff barriers in the Norwegian market. This is particularly true of products containing meat, fruits and vegetables produced domestically and dairy products. In addition to this Norway has a ban on hormone meat and presents difficulties in the import of GMO products. The GMO concern may affect addition ofl retail food product imports in Norway in the near future. So far, Norway has not been open to GMO products, and the largest retail chains have declared that they do not wish to purchase them. Should the market open, Norway will require 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. for imported and domestic products. It primarily serves Norwegian importers rather than foreign exporters.

Statens Landbruksforvaltning (Norwegian Agricultural Authority)
Dep. Trade and Industry
P.O.Box 8140 Dep.
N-0033 Oslo
Norway

Phone: (47) 24 13 10 00
Fax : (47) 24 13 10 05

The above State-owned company handles custom duties for industrially processed agricultural products, based on product ingredients reported by importer (exporter). It also handles the administrative functions related to import/supply needs of the country. 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