Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 10/18/2001

GAIN Report #DA1020

Denmark

Exporter Guide

Annual

2001

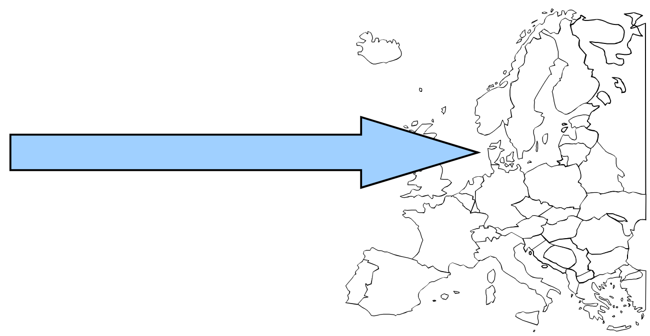
Approved by:
David Cottrell
U.S. Embassy, The Hague
Prepared by:
Hasse Kristensen

Report Highlights:
This Report provides information to U.S. companies interested in doing business in Denmark. It focuses on exports of consumer-oriented foods and beverages, edible fishery products and food ingredients.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
The Hague [NL1], DA

Section I. Market overview

Denmark



Key Population data

	1990	1994	1996	2000
Total population (in millions)	5.1	5.2	5.3	5.3
Annual growth rate (%)	0.09	0.33	0.52	0.0
% 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	2.4
Population density (persons/sq km)	120	121	122	123

- Denmark's supermarket industry reported sales of $10.7 billion in 2000.
- Sales growth in 2001 is expected to stay just above inflation level and reach 3.5 percent.
- The market is dominated by two store chains (FDB and Danish Supermarket) with1500 outlets and a total market share of 62%.
- Concentration tendencies are in the import/purchase groupings, more than 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 $3.0 million in consumer-ready food products in 2000. The U.S. market share was about 3%.
- U.S. exports of consumer ready foods to Denmark consist mainly of "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, neighbor 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 time.
- 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 him, he expects 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 he is a tough negotiator.

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.

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 essential. 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 79 percent of food sales take place in supermarkets, 5 percent in speciality stores and 15 percent at kiosks and gas stations. This illustrates the strong position of the supermarket organizations in the Danish market.

Retail food stores, 2000

Retail type	**Turnover , billion $**	**Market share, %**	**Number of outlets**
Supermarkets	9.5	81.7	5024
Kiosks	1.0	8.6	2817
Petrol stations	0.8	7.2	1412
Speciality shops	0.3	2.5	771
Total	**11.6**	**100**	**10024**

- The speciality stores are continuously losing market shares to the super markets because they do not have the economy of scale.

- Relative new food retailers in the Danish market are gas stations, food stores at railway stations and small convenience food stores. The large wholesale/retail food organizations are suppliers to these outlets.

- Within the supermarket groups, the two largest, FDB 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
FDB	NAF	Supermarket	1133	37.2
Danish Supermarket		Discounter	351	25.0
Edeka	EMD	Supermarket	294	4.0
Supergros	BIGS	Supermarkets	807	17.4
Aldi		Discounter	191	4.1
Samkob		Supermarket	41	3.1
Chr. Kjaergaard		Minimarket	326	2.0

Buying Procedures

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

Entry Strategy

The Danish market is extremely competitive and new to market exporters may 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 ready to negotiate prices, discounts, delivery periods, and ordering time.

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

New to market products in the U.S. would normally 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

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

- Frozen Salmon
- Grape fruit
- Beef
- Pork
- Cranberries
- Sweet potatoes
- Pecans
- American cheese

C. Products not Present Because They Face Significant Barriers

Frozen whole turkeys (phytosanitary)
Poultry meat (phytosanitary)

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/]	$4,279/4.9
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$2,721/2,5
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$1,160/0,7%
Total Population (Millions) / Annual Growth Rate (%)	5.3/0.3%
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)	30,642
Unemployment Rate (%)	5.2
Per Capita Food Expenditures (U.S. Dollars)	$7,138
Percent of Female Population Employed [4/]	62%
Exchange Rate (US$1 = X.X local currency), AVERAGE 1999/September 2000	8.08/8.15

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 PRODUCT IMPORTS

Denmark Imports (In Millions of Dollars)	**Imports from the World**			**Imports from the U.S.**			**U.S Market Share**		
	1998	**1999**	**2000**	**1998**	**1999**	**2000**	**1998**	**1999**	**2000**
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2,881	3,061	2,721	97	89	67	3	3	2
Snack Foods (Excl. Nuts)	274	281	256	1	1	1	0	1	0
Breakfast Cereals & Pancake Mix	42	45	34	1	1	1	0	0	0
Red Meats, Fresh/Chilled/Frozen	327	353	352	2	1	1	0	0	0
Red Meats, Prepared/Preserved	76	84	92	1	1	1	1	0	0
Poultry Meat	58	50	48	1	0	0	0	0	0
Dairy Products (Excl. Cheese)	164	159	148	1	1	1	0	0	0
Cheese	99	113	112	1	1	1	0	0	0
Eggs & Products	32	28	26	1	1	1	2	3	3
Fresh Fruit	211	249	199	1	1	1	0	0	0
Fresh Vegetables	177	175	145	1	1	1	0	0	0
Processed Fruit & Vegetables	253	239	195	16	16	16	6	7	8
Fruit & Vegetable Juices	63	76	73	1	1	1	1	1	0
Tree Nuts	48	38	32	17	13	12	36	34	37
Wine & Beer	414	441	388	9	16	10	2	4	3
Nursery Products & Cut Flowers	151	174	167	1	1	1	1	0	0
Pet Foods (Dog & Cat Food)	59	68	61	6	5	2	9	7	3
Other Consumer-Oriented Products	433	487	394	44	33	23	10	7	6
FISH & SEAFOOD PRODUCTS	1,212	1,223	1,160	31	19	8	3	2	1
Salmon	212	212	230	3	4	5	1	2	2
Surimi	11	8	8	1	0	0	2	0	0
Crustaceans	387	429	401	1	1	1	0	0	0
Groundfish & Flatfish	333	340	318	25	12	2	8	4	1
Molluscs	29	24	20	1	1	1	0	1	0
Other Fishery Products	240	211	183	1	1	1	1	0	0
AGRICULTURAL PRODUCTS TOTAL	4,875	4,736	4,279	263	208	186	5	4	4
AGRICULTURAL, FISH & FORESTRY TOTAL	7,260	7,145	6,530	330	259	228	5	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 Product

Denmark - Top 15 suppliers

CONSUMER-ORIENTED AGRICULTURAL TOTAL

($1,000)	**1998**	**1999**	**2000**
Germany	620044	643966	586992
Netherlands	647560	695167	571687
France	353607	386744	327285
Italy	163739	224365	201317
Sweden	142707	165585	170149
Spain	177054	177817	165503
United Kingdom	160261	138943	128700
Belgium	0	127797	113121
Ireland	73025	76205	68401
United States	97099	88895	66862
Poland	28928	30951	33388
Finland	36063	38991	31499
Chile	21372	28400	29774
New Zealand	28583	22480	22587
Areas NES	16749	16210	18567
Other	313758	198760	185467
World	**2880582**	**3061251**	**2721283**

FISH & SEAFOOD PRODUCTS

	1998	**1999**	**2000**
Norway	298891	287581	284874
Greenland	236022	242098	225212
Faroe Islands	111160	129983	124785
Russian Federation	66029	67842	89392
Canada	66802	83876	80486
Sweden	102939	91922	79592
Germany	46373	48329	36140
Iceland	45467	48055	34647
United Kingdom	41338	28974	30847
Netherlands	25567	27582	29750
Poland	16388	18313	16397
China (Peoples Republic	9705	15806	14389
Thailand	14769	12617	10117
Chile	17598	10159	9046
United States	30652	18717	7844
Other	82392	91424	86421
World	**1212095**	**1223281**	**1159930**

Source: United Nations Statistics Division