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Denmark

Exporter Guide

Annual

2002

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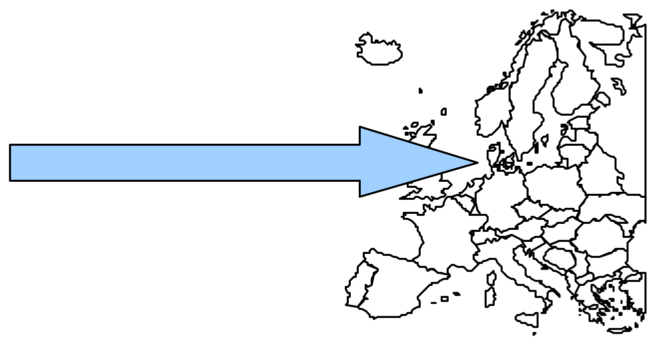
Report Highlights:
This report provides information to U.S. companies interested in doing business in Denmark. It focuses on export of consumer-oriented food and beverages, edible fishery products and food ingredients.

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	2002
Total population (in millions)	5.1	5.2	5.3	5.3
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	2.4
Population density (persons/sq km)	120	121	122	123

- Denmark's supermarket industry reported sales of $10.8 billion (excl. VAT and Taxes) in 2001.
- Sales growth in 2001 is expected to stay just above inflation level and reach 3.2 percent.
- The market is dominated by two store chains (COOP Denmark (formerly FDB) and Danish Supermarket) with1500 outlets and a total market share of 64%.
- 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 $2.7 million in consumer-ready food products in 2001. 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, 2001

Retail type	Turnover , billion $	Market share, %	Number of outlets
Supermarkets	9.7	82.8	3248
Kiosks	0.9	7.9	2704
Petrol stations	0.8	6.8	1342
Speciality shops	0.3	2.5	694
Total	**12.5**	**100**	**7988**

- The speciality stores are continuously losing market shares to the 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 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, 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	1137	37.4
Danish Supermarket		Discounter Supermarket	391	26.8
Edeka	EMD	Supermarket	292	4.1
Supergros	BIGS DAGROFA	Supermarkets	748	19.8
Aldi		Discounter	192	4.0
Chr. Kjaergaard		Minimarket	279	2.0
Other Chains		Supermarkets	153	5.7

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 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)
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/	$4,418/4.7
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	$2,747/3.0
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	$1,217/1.4%
Total Population (Millions) / Annual Growth Rate (%)	5.3/0.2%
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)	30,463
Unemployment Rate (%)	4.3
Per Capita Food Expenditures (U.S. Dollars)	$4,458
Percent of Female Population Employed 4/	62%
Exchange Rate (US$1 = X.X local currency), AVERAGE 1999/September 2000	8.32/7.57

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 Wor			Imports from the			U.S Market Share		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,061	2,721	2,747	89	67	80	3	2	3
Snack Foods (Excl. Nuts)	281	256	242	1	1	1	1	0	0
Breakfast Cereals & Pancake Mix	45	34	38	1	1	1	0	0	0
Red Meats, Fresh/Chilled/Frozen	353	352	266	1	1	1	0	0	0
Red Meats, Prepared/Preserved	84	92	91	1	1	1	0	0	0
Poultry Meat	50	48	65	0	0	1	0	0	0
Dairy Products (Excl. Cheese)	159	148	162	1	1	1	0	0	0
Cheese	113	112	122	1	1	1	0	0	0
Eggs & Products	28	26	26	1	1	1	3	3	4
Fresh Fruit	249	199	217	1	1	1	0	0	0
Fresh Vegetables	175	145	161	1	1	1	0	0	0
Processed Fruit & Vegetables	239	195	215	16	16	14	7	8	7
Fruit & Vegetable Juices	76	73	62	1	1	1	1	0	0
Tree Nuts	38	32	37	13	12	14	34	37	37
Wine & Beer	441	388	393	16	10	9	4	3	2
Nursery Products & Cut Flowers	174	167	182	1	1	1	0	0	0
Pet Foods (Dog & Cat Food)	68	61	59	5	2	2	7	3	3
Other Consumer-Oriented Products	487	394	408	33	23	38	7	6	9
FISH & SEAFOOD PRODUCTS	1,223	1,160	1,217	19	8	16	2	1	1
Salmon	212	230	218	4	5	5	2	2	2
Surimi	8	8	8	0	0	1	0	0	1
Crustaceans	429	401	370	1	1	1	0	0	0
Groundfish & Flatfish	340	318	354	12	2	11	4	1	3
Molluscs	24	20	21	1	1	1	1	0	0
Other Fishery Products	211	183	245	1	1	1	0	0	0
AGRICULTURAL PRODUCTS TOTAL	4,736	4,279	4,418	208	186	206	4	4	5
AGRICULTURAL, FISH & FORESTRY TOTAL	7,145	6,530	6,666	259	228	251	4	3	4

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

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

Denmark - Top 15 supplier

CONSUMER-ORIENTED AGRICULTURAL TOTAL	1999	2000	2001	FISH & SEAFOOD PRODUCTS	1999	2000	2001
Germany	643966	586992	593086	Norway	287581	284874	253584
Netherlands	695167	571687	568678	Greenland	242098	225212	207301
France	386744	327285	333493	Faroe Islands	129983	124785	160732
Italy	224365	201317	209190	Russian Federation	67842	89392	100186
Sweden	165585	170149	178413	Sweden	91922	79592	87662
Spain	177817	165503	170265	Canada	83876	80486	72328
Belgium	127797	113121	126127	Germany	48329	36140	49998
United Kingdom	138943	128700	107537	United Kingdom	28974	30847	38729
United States	**88895**	**66862**	**80303**	Iceland	48055	34647	30856
Ireland	76205	68401	60385	Netherlands	27582	29750	29400
Poland	30951	33388	38846	Chile	10159	9046	23710
Chile	28400	29774	31152	China (Peoples Republic	15806	14389	19892
New Zealand	22480	22587	26593	Poland	18313	16397	17819
Austria	11227	9644	17968	**United States**	**18717**	**7844**	**16476**
Finland	38991	31499	17326	France	7901	5384	10955
Other	203743	194390	187508	Other	96140	91154	97691
World	**3061251**	**2721283**	**2746861**	**World**	**1223281**	**1159930**	**1217338**

Source: United Nations Statistics Division