Tropical and Off-Season Fruit and Vegetables: an Overview

The Danish domestic market is of limited direct interest to exporters of exotic product due to the small population (5.1 million), the strong Danish farming industry and convenient access to the major fruit importing ports of Hamburg and Rotterdam and airports at Schipol (Amsterdam) and Frankfurt.

Imports of fresh fruit and vegetables declined from 526,000 tons in 1987 to 385,000 tons in 1990. The economic recession and substantial increases in sales of local fruit during the recent good summers have been responsible. Against this general tendency, there has been a significant increase in demand for a number of first generation exotics such as melons and avocados. In the Copenhagen urban area there is growing consumer interest in second generation exotics developed by shops stocking a wide range at modest prices designed to attract impulse purchasers. High overheads and wastage result in marginal profits from minor exotics. Nevertheless, there are good prospects for some second generation exotics to cross the threshold and become first generation products.

Produce Retailing

In comparison with other Nordic countries the distributive trades in Denmark are less concentrated and centralised. Although, as in Sweden, only three retail groups dominate the retail sector, at 60% their share of the food retail business is rather lower.

FDB Co-operative	35%
Dansk Supermarked	15%
Dagrofa	10%

The remaining 40% of the market is distributed between ten retail chains and independents, with no one group having more than a 5% market share. The business situation among these retail chains is highly volatile and further concentration, through partnerships and acquisitions, is expected over the next few years.

Market Channels

The marketing channels available to exporters of fresh produce to Denmark are influenced by Denmark's status as an EC member and its location on the north west coast of Europe. These combine to establish its role as the gateway to the Nordic group of countries. Copenhagen international airport functions as the Nordic air traffic centre. Direct motorway links from Jutland to the south provide convenient access to Hamburg and Rotterdam. Northwards there are excellent road, rail and sea freight links through

Helsingborg into Sweden or Norway. This has helped to keep alive a wide variety of importers and wholesalers distributed throughout the country, which not only service the smaller retail chains and independent retailers but are also used by the central buying organisation of the main co-operative and supermarket chains. For example, the importer/wholesalers Th. Olesen and Brdr. Lembeke A/S, a member of the Nordic Viking group, provide a competitive purchase and delivery service on contract to individual supermarket chains.

The structure and activities of the leading retail groups are as follows:

FDB Co-operative: The largest co-operative retailing group in Denmark with approximately 2,300 retail outlets. 50% - 60% of the outlets are owned by FDB; the rest operate on a franchise basis. A wide range of fresh produce, normally 160 - 170 items, carried in each store account for 8%-10% of turnover. Store types range from the supermarket chain Fakta, to the quality-oriented Irma chain of stores. The FDB central purchasing organisation is responsible for procurement and issues weekly price guidance to the retail outlets, quoting prices ex central warehouse and suggested retail prices including an average mark up of 33%-40%.

Dansk Supermarked: A large distribution group jointly owned by two shipping companies, A P Moller and F Salling. Dansk Supermarked undertakes importing, wholesaling and distribution for its retailing activities. These include the Fotrex chain of supermarkets, the Bilka chain of hypermarkets and the Netto chain of grocery stores.