## Top Nordic retailers

<table>
<thead>
<tr>
<th>Company</th>
<th>Category</th>
<th>HQ</th>
<th>Turnover ('000 EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H &amp; M Hennes &amp; Mauritz AB</td>
<td>Clothing retail company</td>
<td>Sweden</td>
<td>20,342,064</td>
</tr>
<tr>
<td>Coop Danmark A/S</td>
<td>Food retail and wholesale</td>
<td>Denmark</td>
<td>4,759,424</td>
</tr>
<tr>
<td>Circle K Sverige AB</td>
<td>Convenience stores</td>
<td>Sweden</td>
<td>3,654,024</td>
</tr>
<tr>
<td>IKEA AB</td>
<td>Furniture retail</td>
<td>Sweden/Netherlands</td>
<td>2,757,049</td>
</tr>
<tr>
<td>Lidl Suomi Kommandiittiyhtiö</td>
<td>Grocery chain</td>
<td>Finland</td>
<td>1,449,327</td>
</tr>
<tr>
<td>Circle K Danmark A/S</td>
<td>Convenience stores</td>
<td>Denmark</td>
<td>1,253,885</td>
</tr>
<tr>
<td>Bergendahl &amp; Son AB</td>
<td>Wholesales and retail food, fashion</td>
<td>Sweden</td>
<td>1,220,986</td>
</tr>
<tr>
<td>Circle K Norge AS</td>
<td>Convenience stores</td>
<td>Norway</td>
<td>1,219,126</td>
</tr>
<tr>
<td>Fakta A/S</td>
<td>Supermarkets</td>
<td>Denmark</td>
<td>1,143,554</td>
</tr>
<tr>
<td>Stockmann Oyj Abp</td>
<td>Department store</td>
<td>Finland</td>
<td>1,055,900</td>
</tr>
<tr>
<td>Ikea AS</td>
<td>Furniture retail</td>
<td>Norway</td>
<td>811,058</td>
</tr>
<tr>
<td>Norsk Butikkdrift AS</td>
<td>Grocery chain</td>
<td>Denmark</td>
<td>798,071</td>
</tr>
<tr>
<td>Tokmanni Group Oyj</td>
<td>Retail chain</td>
<td>Finland</td>
<td>796,500</td>
</tr>
<tr>
<td>Coop Øst SA</td>
<td>Food retail and wholesale</td>
<td>Norway</td>
<td>707,791</td>
</tr>
<tr>
<td>Coop Midt-Norge SA</td>
<td>Food retail and wholesale</td>
<td>Norway</td>
<td>619,882</td>
</tr>
</tbody>
</table>

Source: Largest companies
Sweden
Sweden is a wealthy country with one of the highest levels of GDP per head in Europe, at estimated USD 55,371 in 2019. Economic growth has strengthened in recent years, and prospects compare favorably with most other west European countries.

- Most consumer goods industries are highly import oriented and dominated by multinational companies, although Swedish retail chains hold leading positions in the furniture and clothing sectors notably IKEA, the largest furniture retailer worldwide, and Hennes and Mauritz (H&M), the second largest clothing retailer in the world.
- Consumer spending will grow relatively firmly as incomes rise modestly owing to positive real wage growth and a general drop in unemployment.

The Swedish market is mature. Growth will be driven mainly by innovation and replacement needs for consumer electronics, especially as Swedes are generally early adopters and want the latest electronic goods. Growth will also be driven by food products owing to health concerns.

- Changing demographics and sociological trends, like more single-person households, will support long-term demand for housing, household goods, healthcare and leisure. Population ageing will shift spending patterns from clothing to pharma and health products, and to high-end leisure activities.
- Demand for food and drink will grow steadily in 2019-23, with organic, locally sourced and health food gaining market share. Because of lifestyle changes and rising income levels, consumption of packaged and easy-to-cook foods will continue to rise.
- Non-food product sales will grow in 2019-23, on the back of sustained economic growth and rising incomes.
• The retail market is well developed and consolidated. A few large chains account for over half of the retail market and dominate food retailing, clothing and furniture in particular.
• The retail food market is dominated by ICA and Axfood. Axfood is particularly strong in the hard-discount segment through its Willys brand.
• Discount stores (mainly Germany’s Lidl and Denmark's Netto) have been present in Sweden since the 2000s, but sales floundered for some time. Consumers tended to prefer large grocery chains such as ICA, Coop and Axfood (operating Hemkop, Willys and PrisXtra).
• However, Lidl is seeking to boost its market share by expanding its range of organic and locally sourced foods. In doing so, Lidl is hoping to tap into the preference of Swedish consumers for items that promote sustainability and healthy living.
• Netto, which has over a 2% share in the discount format, was acquired by Coop Butiker & Stormarknader (Coop), which operates 240 of the total 650 outlets owned by Coop in Sweden in May 2019. The acquisition will help Coop increase sales volumes.
• Almost all alcohol sales, except for beer, are through the state alcohol monopoly, Systembolaget. Although Systembolaget's stores may carry different varieties, there is no price competition among them. However, wine may be purchased through importers selling directly to consumers.

*2019

Source: Economist Intelligence Unit, Statista

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Norway
Norway (1/2)

- Although Norway’s consumer market is small by European standards (with a population of just 5.3m as at January 1st 2019), it is attractive to foreign suppliers, particularly in the non-food sector. With few local companies involved in manufacturing, most consumer goods are imported. The food sector is more sheltered from foreign competition.

- Retail sales are expected to continue growing after a sharp slowdown in 2015, especially in 2023.
  - Real sales growth to average just 2.3% per year in 2019-23.
  - Retail sales in real terms grew by 5.5% in 2018 in local-currency terms, but growth is expected to be slightly lower during the forecast period, despite an economic rebound and a subsequent strengthening of Norwegian consumer confidence.
  - Household finances remain in good shape, and low borrowing costs are underpinning demand for credit. Household credit growth grew by 5.7% year on year in January 2019.

Source: Economist Intelligence Unit

*Estimated numbers
Norway (2/2)

- **In 2018, Norgesgruppen was the leading grocery retailer in Norway, reaching a market share of roughly 43 percent, based on sales.**
  - It was ahead of Coop, Rema and Bunnpris.
  - The Norwegian grocery retail and wholesaling group Norgesgruppen operates the supermarkets Kiwi, Meny, Jacob’s, Spar, Eurospar, Joker and Nærbutikken, the kiosks Deli de Luca and MIX, the Dolly Dimple’s restaurants as well as the wholesaler ASKO.
  - The retail market for groceries is also characterised by a high degree of vertical integration, with wholesaling and retailing operations typically owned by the same company. When combined with the homogeneity of Norways grocery retail sector, and the preference for known products, this has made it extremely hard for foreign companies to enter the market without local representation.
  - The Norwegian Competition Authority has extended by two years its requirement that some companies in certain sectors, including the grocery industry, report to the authority on acquisitions and mergers, even if deals do not meet the authorities financial threshold for reporting. In the grocery industry the requirement applies to Norgesgruppen, Coop, Rema and Bunnpris. The requirement is now in place until 2020.
  - In November 2018, the Norwegian government delivered a report to the Storting (parliament) on the state of the grocery industry and proposed 39 measures intended to improve competition in the industry and lower prices. The governments plan is based in part on recommendations from the Competition Authority.
  - The government has also said that it is likely to earmark additional funds for the authority to help it to monitor the industry more closely.

![Grocery retail market share (%)](chart)

- Norway and Finland rely the most on foreign players, especially China, the UK and Sweden, with a preference for home delivery.
  - In the Nordic region Norway spends the most on electronic equipment ordered online. The average amount spent per consumer online monthly was USD 244, with 63% of consumers shopping online monthly, second only to Sweden.

Source: Economist Intelligence Unit, Statista

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Denmark
The Danish consumer market is small by European standards. Denmark has a population of about 5.75m (which is forecast to grow by about 0.4% per year during 2019-23 forecast period).

Over recent years, consumer fundamentals in Denmark have strengthened in response to steady employment gains, low borrowing costs, negligible inflation and wealth effects from rising property prices. The earlier slump in global oil prices also delivered a boost to real household disposable incomes, although this has faded.

Income distribution will remain more than in most other OECD countries.

Sales volumes growth will slow significantly in 2019-2020, with average growth of just 0.65%, before growth picks up again for the rest of the forecast period.

Diminishing pent-up demand, waning external stimulus, a moderately firmer trend in inflation and the burden of substantial consumer debt from Denmark’s 2005-07 housing bubble will weigh on consumer spending growth.

Hence, retail volumes will expand at an annual average rate of about 1.3% in 2019-23.
• Supported by the relative affluence of Danish consumers and the country’s high-quality telecommunications infrastructure, e-commerce will remain a primary driver of turnover growth in the coming years as retailers continue to develop their online presence amid rising demand for greater value, personalisation and convenience. The trend towards multichannel retailing will deepen as internet-only retailers seek to expand their presence by opening physical outlets.

• Events, holidays, clothing and sporting goods were among the most popular items purchased online in 2018. Online grocery shopping has been slow to take off, but demand is rising quickly from a low base. Online purchase of prescription and non-prescription medicine is growing. However, more Danes purchase electronics and computer hardware in stores than online.

• Popular online retailers include Elgiganten (Denmark/Sweden), which focuses on electrical goods. Other popular Danish sites include Wupti (a broad range of goods), Saxo (books), Bestseller (apparel and footwear) Matas and NiceBeauty (both health and beauty).

• Amazon (US), H&M (Sweden) and Zalando (Germany) have a strong presence.

• Apopro is an online pharmacy which offers prescription and non-prescription medications as well as consumer advice from pharmacists through online chat and video calls. Other online pharmacies include Webapoteket and apotekeren.dk.

Source: Economist Intelligence Unit, Statista
Finland
An ageing demographic profile will continue to support demand for healthcare and leisure products. Meanwhile, an increase in the number of one- and two-person households will support demand for housing and household goods.

Income inequality in Finland is lower than the European average; however, the gap is widening. The percentage of households earning more than US$50,000 stood at 42% in 2018, up from 36% in 2017, and is expected to rise to 55% by 2023.

This may increase demand for luxury brands. However, market maturity limits the scope for further expansion.

Retail sales volume will grow by 1.5% on average in 2019–23 forecast period. Value growth in local currency will be 3.2% in the same period. Sales in local-currency terms will grow by 2.4% in 2019.

Retail sales will be supported by a pick-up in real GDP growth, lower unemployment and higher household income. Price will remain a focus as the hard-discount sector continues to develop.

Finnish consumers are environmentally conscious and concerned about pollution. Retailers such as K Group, which owns the Kesko chain, market themselves as environmentally responsible by phasing out the use of plastic bags and installing solar panels on store rooftops.

Source: Economist Intelligence Unit

*Estimated numbers
Although Finland ranks among the world leaders in internet connections per head, the use of the internet for food and other shopping is an area where there is still considerable room for growth. Store-based retailing continues to dominate the Finnish retailing environment, but many such retailers now use the internet as a sales channel as well. A leading player is Verkkokauppa.com.

- Shoes and clothing are the most popular online purchases. The total value of Finnish e-commerce in 2018 was about USD 3.1 bn, up from USD 3 bn in 2017. Both e-commerce and m-commerce (via mobile phones) are expected to increase over the 2019 – 2023.
- In March 2018, K Group relaunched its online grocery business, and it has expanded delivery service to include the larger cities of Turku, Tampere and Oulu with the help of its own fleet of delivery vehicles. Consumers can order via internet and a mobile-phone app.
- AliExpress, owned by Alibaba, has partnered with Klarna, a Swedish payments provider, a Dutch payments company, Adyen, and an Alibaba payment company, Alipay, to roll out Klarna’s pay-after-delivery technology in Finland, as well as in Austria, Germany and the Netherlands. This allows customers in the Nordics to have the option of paying for their products 14 days after delivery, thus giving them the chance to try their purchases before payment.
- Asos, has also partnered with Klarna to use its pay after-delivery technology in Scandinavia.

Domestic firms dominate the retail market, and price competition is high. S Group and K Group, both domestic retailers, lead the grocery retail market, with market shares of 46.4% and 36.1% respectively.

- Lidl is gaining market share with 9.6%.
- Large chains are expected to continue expanding at the expense of small, independent specialist outlets, especially in food, clothing and home improvement.
- Retailers cluster around the regional urban population centres. In the smaller communities that are scattered around the lakes that divide the Finnish countryside, neighbourhood stores and hypermarkets are common. Online shopping is making it increasingly easier for consumers in smaller areas to buy a wider variety of goods.
- However, logistics is a major issue in some areas of the countryside because of the significant distances, and cold weather conditions can also hamper distribution. K Group has been rolling out its own delivery system to help it to expand its online food retailing business. In March 2019 K Group began testing delivery by drones in co-operation with a logistics company, Matkahuolto, which uses K Group outlets as parcel drop-off points.