

Competitiveness of food supply chains

A comparison of Finland,
Sweden, Denmark and Germany

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Strategies for the agri-food sector
and rural areas - dilemmas of development

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Food supply chain competitiveness

The background of the slide features a silhouette of an ancient Egyptian architectural structure, specifically a pylon with two columns and a lintel, set against a warm, golden sunset sky. The sun is visible on the left side, creating a bright glow. The foreground is dark, suggesting a desert landscape.

Indicators

Economic and industry structures

Productivity

Foreign trade

Growth


Interviews

Companies





Stakeholders

Interviews of companies and stakeholders

A total of 60 interviews were conducted in the four countries



The map shows the geographical distribution of 60 interviews across four countries: Finland, Sweden, Denmark, and Germany. Red pins indicate company interviews, and orange pins indicate stakeholder interviews. Finland has the highest number of interviews (28 total), followed by Germany (13 total), Sweden (12 total), and Denmark (13 total).

	Companies	Stakeholders	Time
	23	5	May-September
	7	5	May-June
	7	6	May
	5	8	June and November
	39	20	

A photograph of a cheese factory. The room is filled with long metal racks holding hundreds of round, yellow cheese wheels. A worker in a white lab coat, hairnet, and blue gloves is in the foreground, reaching for a cheese wheel. The ceiling has large industrial pipes and fluorescent lights.

Competitiveness = Productivity

Productivity is a ratio of
outputs and inputs

Saving is the "easy and convenient way" of improving
productivity

But: productivity can also be improved by selling
more expensive products, i.e. by increasing the top
line of income statement

Competitiveness = Growth

Growth verifies competitiveness -
decline the lack of it

The growth of companies may sum up to the growth
of the industry

Finnish food markets are mature



How growth can be achieved?



Going international

Adding

value

Cooperation

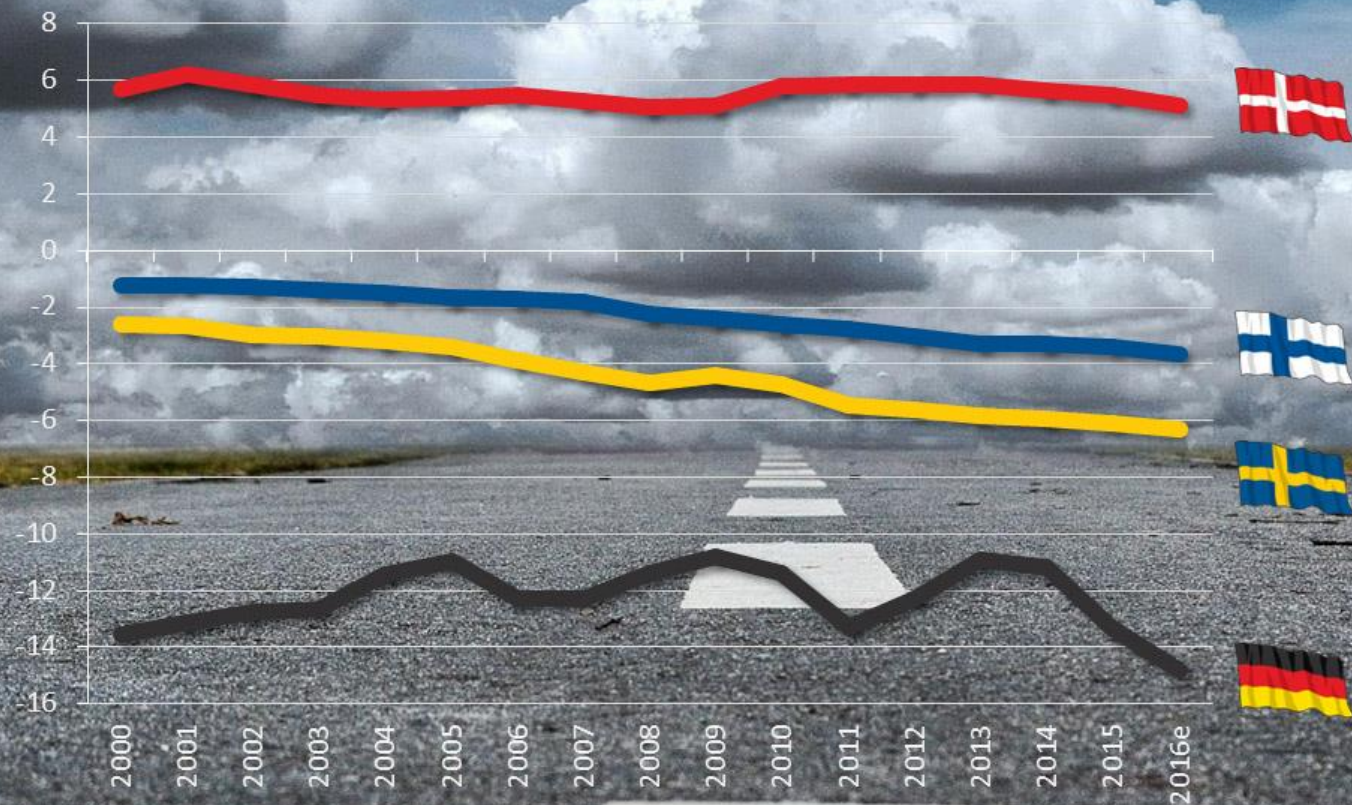
Going international



The starting points for exports are challenging

Both in Finland and in Sweden

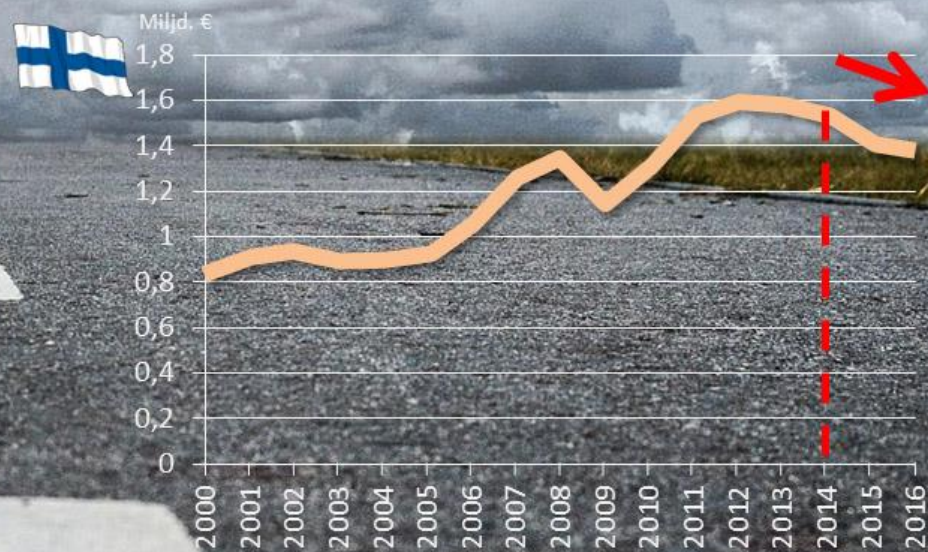
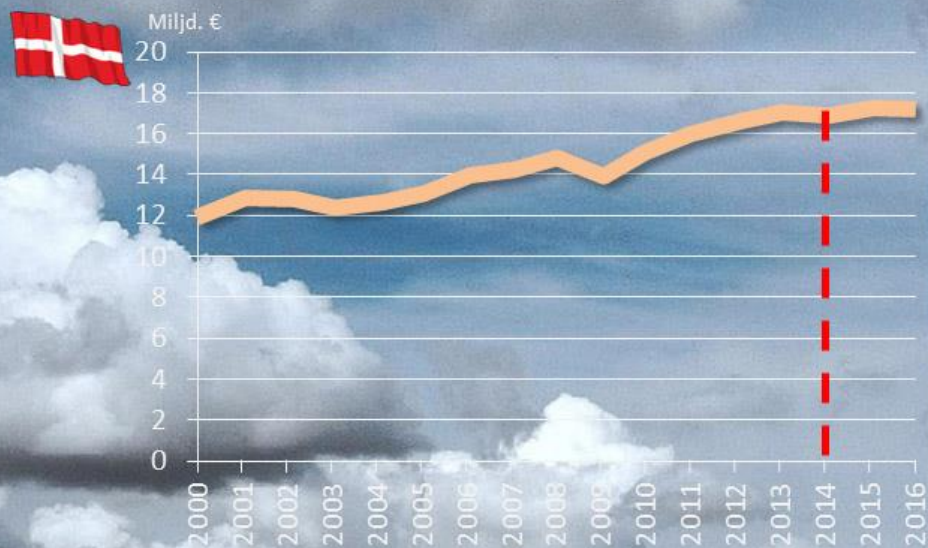
Miljd. EUR



Source: Eurostat, Comext dataset



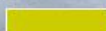
Export level and growth rate lag behind the competitors

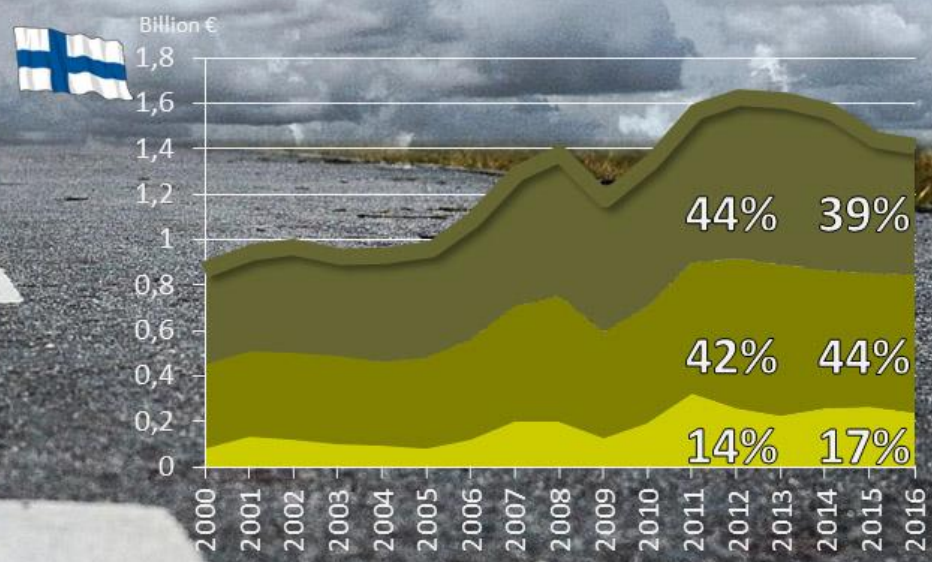
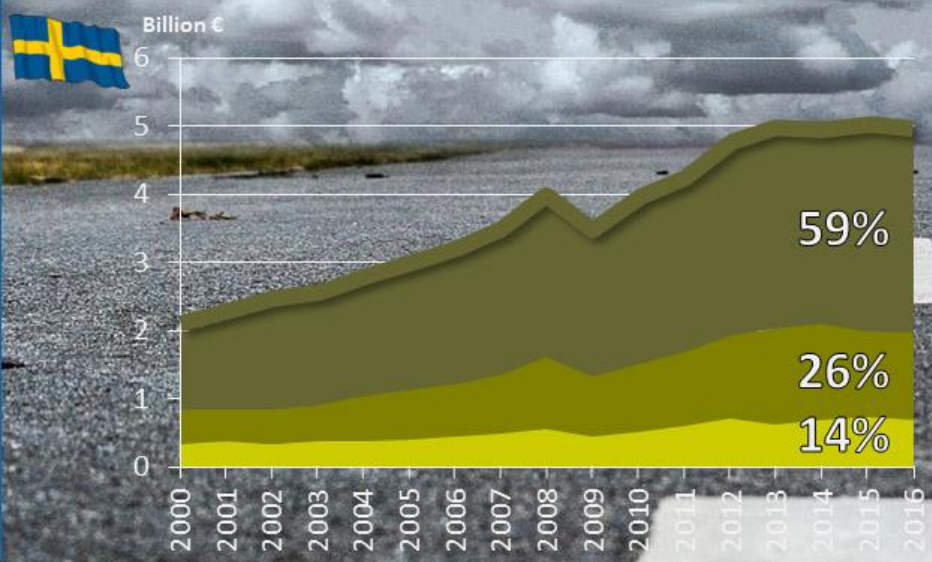
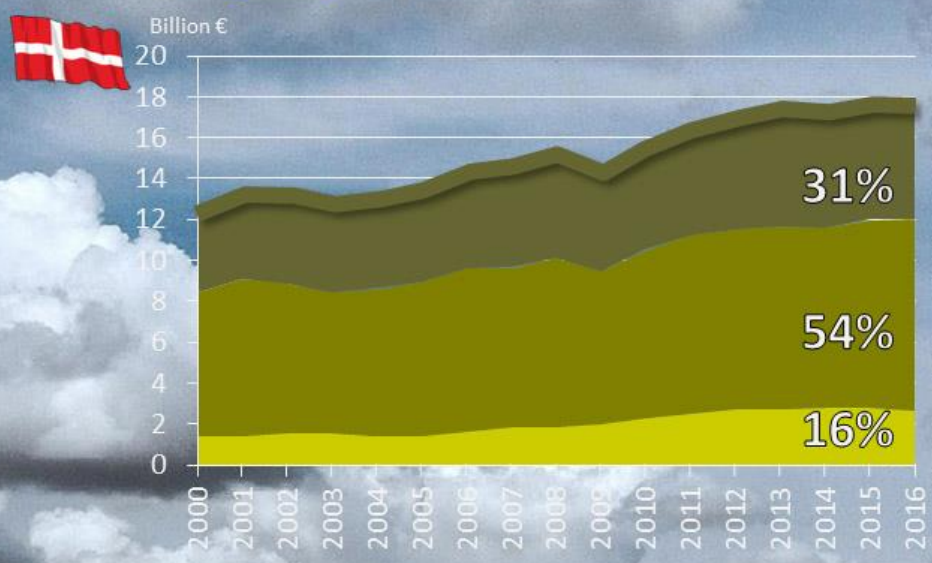
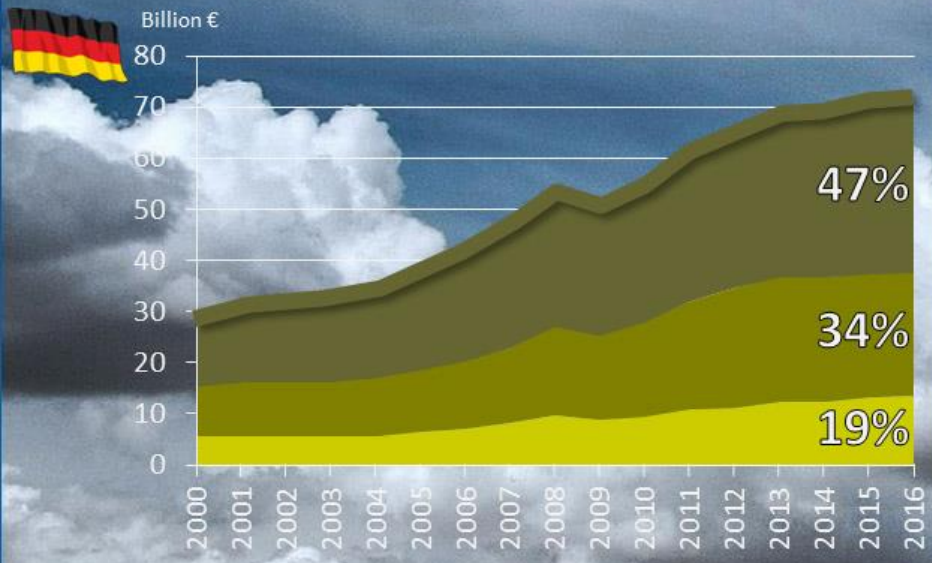
The Russian import ban hit the Finnish exports most



Source: Eurostat, Comext dataset

Sweden is a specialist of branded foodstuffs

-  Highly processed, branded foodstuffs
-  Semi processed products
-  Agricultural commodities



Source: Eurostat, Comext dataset

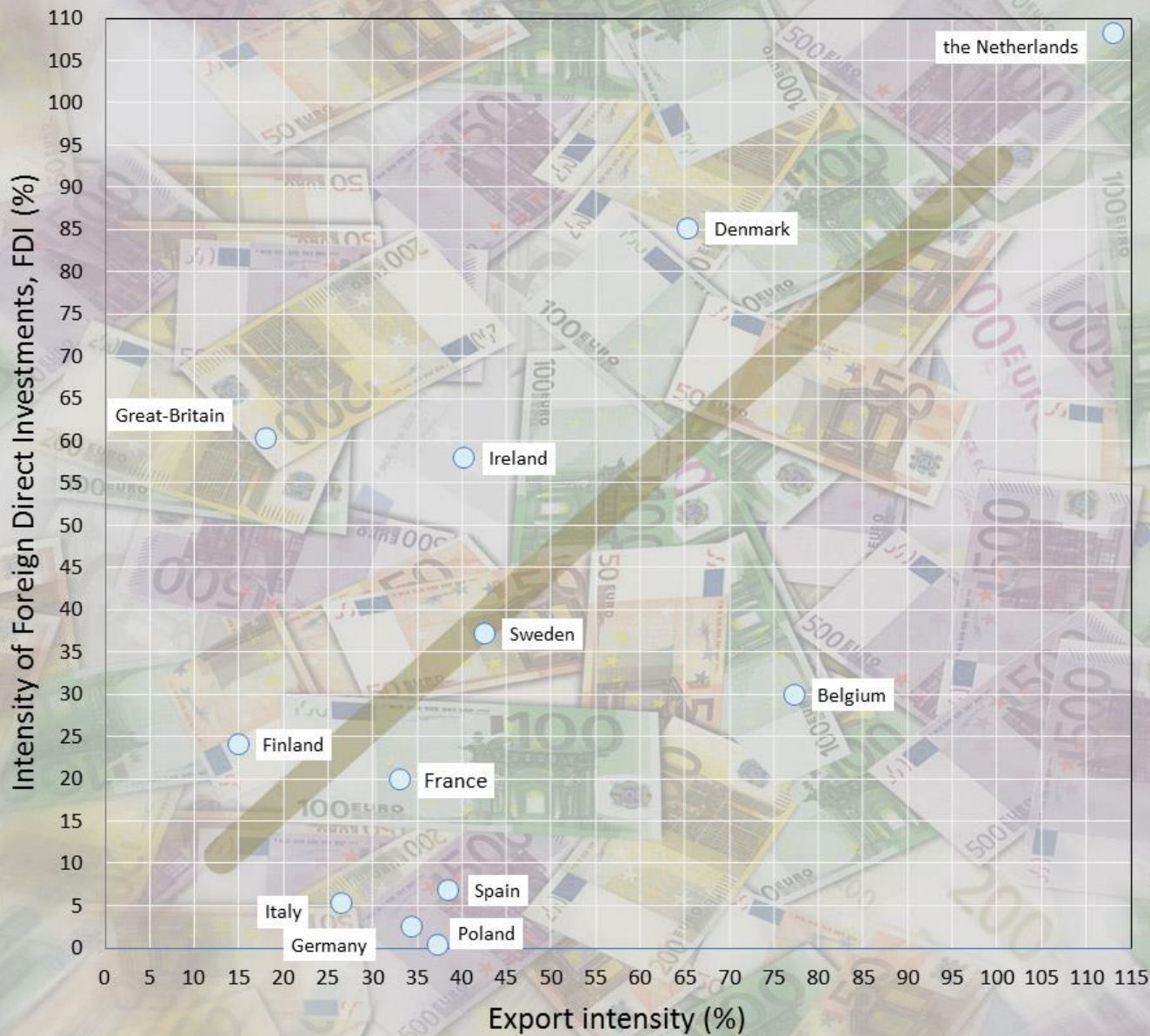
Exports or FDI?



Specialised in exports: Italy, Germany, Poland

Specialised in FDI: Great-Britain

Exports or FDI?



Source: own calculations, OECD FDI database, Eurostat, Comext dataset

Exports or FDI?

Export sales benefit
the domestic food
chain



FDI benefits the
host country's food
chain

Export intensity of the Finnish food industry is the lowest

100 %
90 %
80 %
70 %
60 %
50 %
40 %
30 %
20 %
10 %
0 %



Success factors of food export

Denmark



High volumes of
production

Economies
of scales

Farm structure

Consolidated
industries

Long traditions
and experience

efficiency

the role of
diplomats

L&F

International
sales network

Demand driven

Huge companies

Food safety



Success factors of food export

Germany



Availability of
raw material

Big volumes

Scattered
industries

Cost-
efficiency

Swift and agile SMEs

Flexible
labour markets

Good country
image

The most competed retail
markets in Europe

Food safety

reliability

Internationalised
retailers

Company driven
export promotion

Success factors of food export

Ruotsi



SWEDISH
FOOD MARKET
MERCADO DE COMIDA SUECA

Diverse foodstuffs

Confectionery, branding
cereal products,
beverages

Strong grain
cluster

Bring a taste
of Sweden home!



12⁰⁰



14⁰⁰

KEAFOOD

Worldwide
distribution

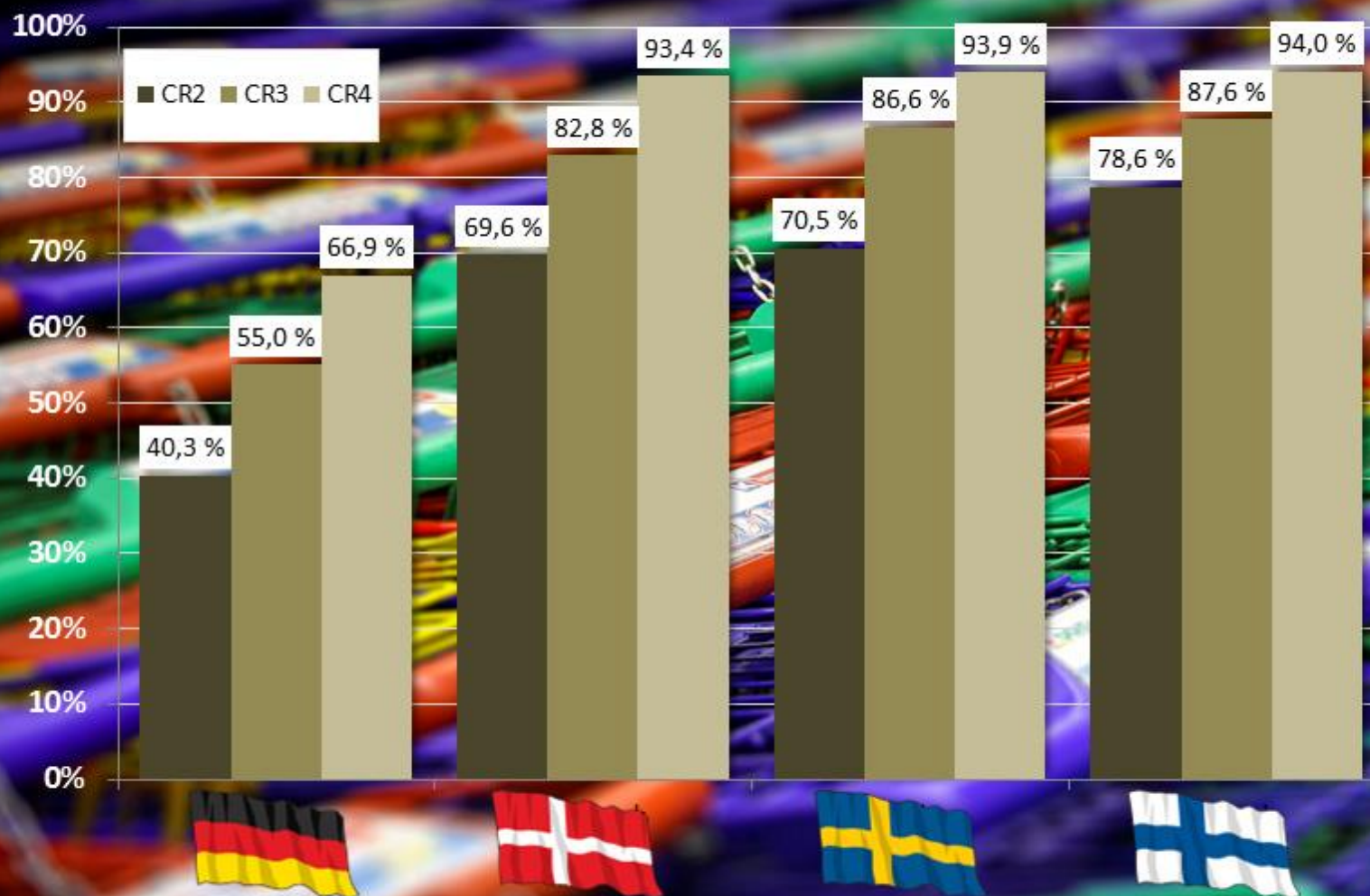
Bring a taste
of Sweden home!



= \$11.99

KEAFOOD

Concentration in food retail



Market power is consolidating into
2-5 major chains

Adding value



Sales arguments in the domestic markets



Domestic origin

Organic food

Local food

Product differentiation

Ways of differentiation

"Responsibility is important on the domestic market and in the neighbouring countries, but it is not a sales argument on the global markets, where customers are not ready to pay any extra for it."

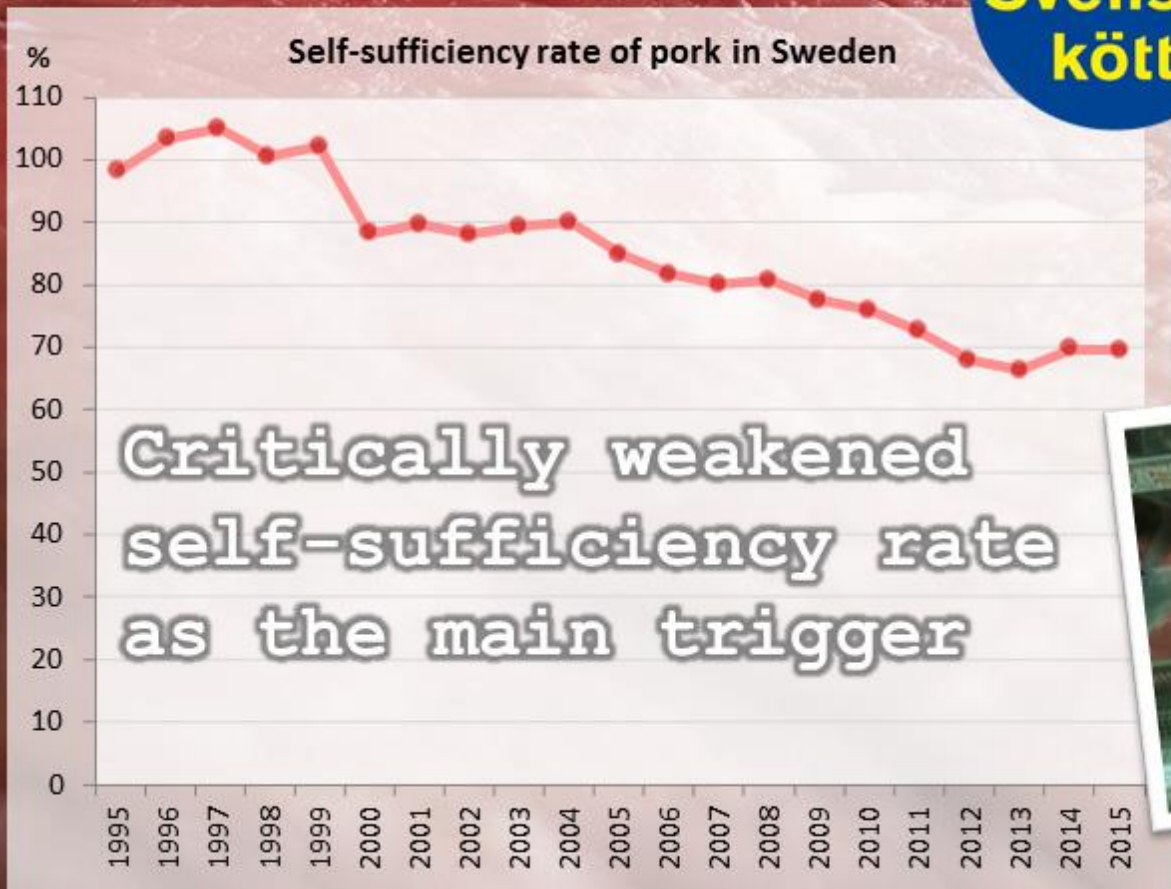
(Denmark – industry)

Organic, GM-free, lactose-free, gluten-free, vegan, protein rich, local, Private Label, ways of production, various dimension of responsibility, ethical production, animal welfare, environmental production, footprints, traceability etc.

A group of soldiers in camouflage uniforms are shown from the chest up, supporting a large, heavy, cylindrical object with their hands. The object is a large, brown, textured cylinder, possibly a piece of equipment or a large container. The soldiers are wearing green and brown camouflage jackets. The text "Cooperation within the chain" is overlaid on the image in a white, outlined font.

Cooperation within
the chain

Case - Swedish meat chain: adding value with cooperation



Critically weakened
self-sufficiency rate
as the main trigger



This is why Swedish ham is a few crowns more expensive

The quality factors of Swedish meat

1. Swedish animal welfare is the best in the world
2. No salmonella in Swedish meat
3. Swedish pigs get the least antibiotics in the EU
4. Swedish pigs can keep their tails
5. Swedish pigs help maintain the traditional countryside
6. Swedish pigs create jobs to Sweden

Internet version

ICA



Meat has become one of the most important sales arguments of Swedish retail

MÅN-SÖN

8-22

FÄRSK FISK
SVENSKT KÖTT
EGET BAGERI

CITYGROSS



MEDLEM AV DEN SVENSKA MATREBELLEN



SVENSKA SPEL



The lion share of raising the valuation and value of meat was taken by retail

SVENSKT NYSTYCKAT KÖTT

UPP TILL 200 STYCKDETALJER. ALLTID FÄRSKT, SVENSKT OCH BUTIKSSTYCKAT

 **KALV**  **FLÄSK** 



The example of Germany Initiative Tierwohl



KAISER'S
TENGMANN

Netto
Marken-Discount
EINFACH BESSER

REWE



85% of the retail sector is committed
A fund of 255 million € in three years
Over 3000 farms participate

And the consumers' attitude?

The share of food and non-alcoholic beverages in disposable income



Source: OECD

Conclusions

Agri-food sector is consolidating in each segment

Growth strategies for food processors:

- 1) Volume based, cost-effective
- 2) Value based, differentiation

Growth for food processors and retailers: domestic market or FDI

Challenges for the agrifood sector:

public perception

NGOs: environment, animal welfare

Attracting young people to the sector