

Norway: A Changing Market With Potential for U.S. Sellers

By Asle Eek Johansen

Norwegians have long known a good thing when they see it: after all, Leif Ericson was the first European to journey to North America—in 1000, according to ancient Norwegian texts.

In 2000, Norway's agricultural imports totaled \$2.4 billion, compared with the roughly \$683 million it exported. That's due in part to a cold climate that limits agricultural production. About half of the products Norway imports are consumer-oriented, high-value products.

The U.S. share of the Norwegian agricultural market, however, totaled only \$130 million in 2000. On the other hand, mar-

keting efforts of U.S. suppliers have been limited. There are a few angles U.S. exporters may find worth looking into if they aspire to more shelf space in this country.

Norway's Challenges

Although Norway reduced its value-added tax (VAT) on food in 2001 from 23 to 12 percent, exporters should focus on foods Norwegians don't produce themselves. The foods that farmers do produce in this country, such as meats, dairy products, fruits and vegetables, are heavily protected with tariffs.

Instead, focus on foods that can't be grown in colder climates. Oranges, grapefruits and other citrus would be good candidates. Tomatoes, grapes, tropical products and nuts are also good bets. However, Norway will not buy products derived from biotechnology or growth stimulants.

Advantages for the United States

Fortunately, the United States produces many of the items with good potential.

There are other ways to make inroads with Norwegian consumers, too. One way is to think young: consumers in their 20s, 30s and 40s are curious about new foods. They are environment- and health-conscious. They also wield a lot of buying power.

Since these consumers are curious about foreign cultures and want to try their cuisines, ethnic and uniquely American foods can do well. These young consumers are also attracted by food that is organic, natural or vegetarian. Having organic or vegetarian processed products can also be an asset, since selections are limited.

They also want functional foods, products with vitamins or health-related benefits. Just be aware of and comply with labeling requirements.



Another way of thinking young is to look at what youthful consumers in the United States want. Anything trendy, or with eye-catching designs or a fun new convenience feature, could appeal to Norway's young consumer.

Telling Norway About U.S. Quality

With the right marketing strategy, the United States could improve its market position in Norway. A lack of awareness is part of the barrier to U.S. market share.

A more aggressive marketing campaign could improve matters. One way to promote U.S. foods in Norway is to attend trade shows, such as Gastro and GastroNord.

Exporters can also capitalize on U.S. foods' reputation for high quality. They are associated with new-to-market products that spark consumer interest and make sales.

Selling to the Four Giants

Important opportunities for U.S. exporters may exist in the supermarket and gas mart sectors. In anticipation that other European mega-marts would soon invade Norway's market, local Norwegian supermarkets decided to consolidate to survive. Four retail chains control the majority of retail stores in Norway: Norgesgruppen, Hakonruppen, Coop and Reitan Narvesen.

As these retailers grow, they will need more diverse products and will have to buy in greater volumes to achieve economies of scale.

U.S. suppliers that provide private label packaging could benefit, because these companies coordinate purchases for their own brands. Coop, for example, wants to extend its private label offerings to 30 percent.

These stores will also be looking for innovative products that make them stand out from the competition. A good strategy:



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think about U.S. supermarkets and the products they offer, and compare them with those of Norway. What's missing from Norwegian retail shelves that would catch consumers' attention?

About 81 percent of grocery retail products, including nonfood products, are sold through supermarkets; another 11 percent through hotels and restaurants; and 8 percent through gas marts and kiosks.

New-to-market exporters should also make a point of researching a product's potential before making business calls. They should then find reputable representatives in Norway and discuss their research with them, preferably in person, before making any commitments.

When making friends with giants, it pays to do your homework. Exporters should also be aware of how much product a customer will need. You must gain customers' confidence by proving your reliability. Companies usually do not get a second chance in this market.

Gas Marts May Fuel U.S. Sales

New-to-market exporters should bear in mind that although there is a close connection between the larger grocery wholesalers and retail chains and the gas marts and kiosks, they all have their own organizations for buying and marketing.

The main players are Esso, Statoil, Shell and Hydro/Texaco. There are also kiosks such as Mix, Reitan Narvesen and Gyda. Although these stores offer basic grocery products, their consumer base is not as price-sensitive and therefore more receptive to convenience foods and products bought on impulse.

However, sales in gas marts and kiosks have stagnated in the past two years as grocery stores have extended their hours. Grocery stores are becoming more convenient and have the attraction of much lower prices.

If you think gas marts and kiosks might be right for you, you should be sure you have an eye-catching product that offers something new to the consumer, whether it's an interesting container, a new taste or a different way of enjoying a familiar product. These stores, like most others in Norway, strive to have something that their competitors don't. ■

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