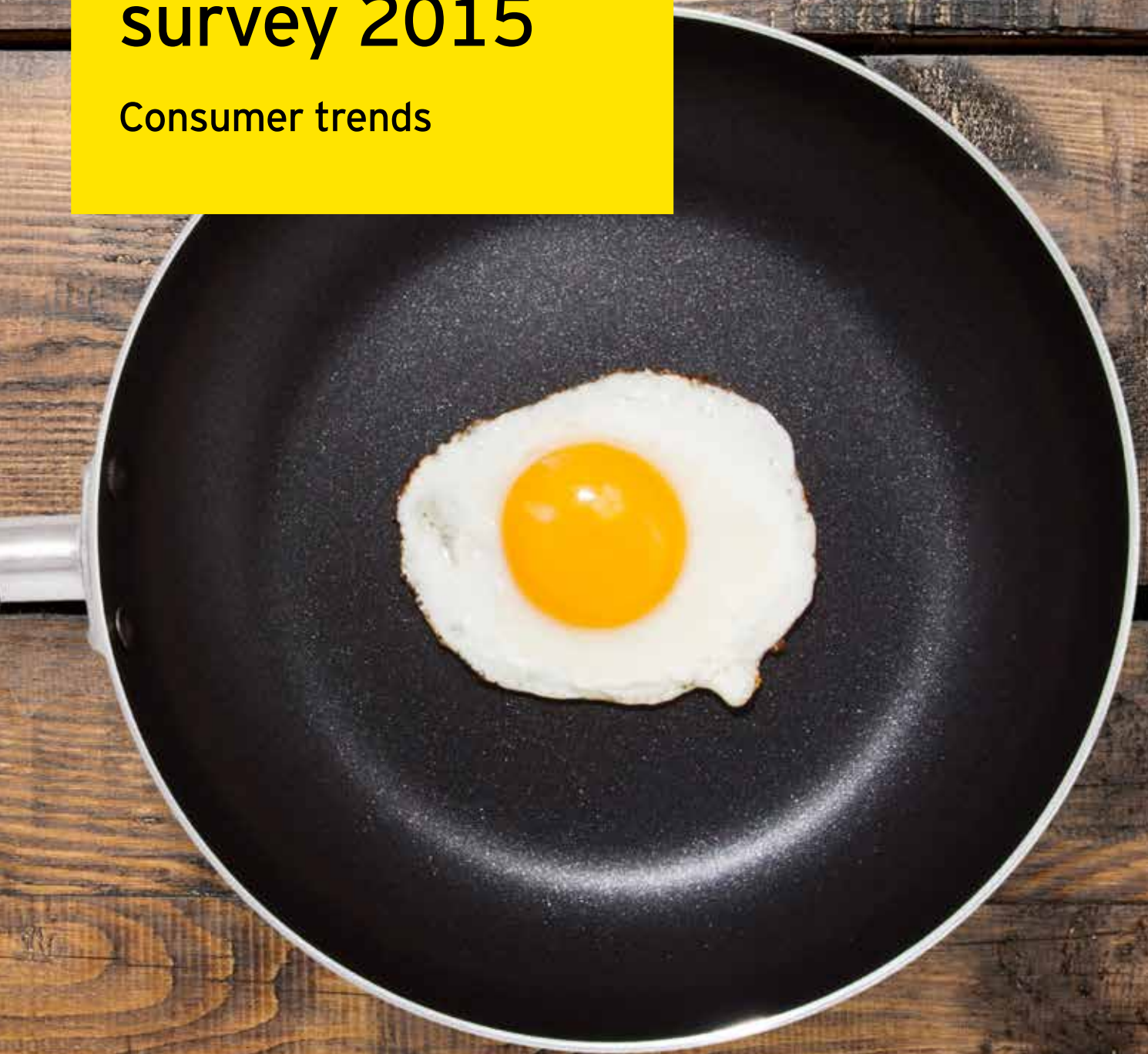


# Nordic food survey 2015

Consumer trends









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# Method

EY has initiated a study in order to identify the key trends in the food industry. Ipsos Sweden conducted the study on behalf of EY.

The purpose of this study is to create an understanding of how the Nordic food industry will evolve in the future. What are the driving forces and what are the barriers for the Nordic food industry in the future?

To provide insight into how the future industry may be developed, consumers have been asked about what trends they can see in the food industry by the year 2020. How will the consumers, consumption patterns and behavior likely change? What changes would the consumer like to see? What can the food industry do to facilitate their daily lives?

“What will be the most important trends for the food industry looking into the future?”



# Introduction



In 2014 we asked the leaders in the Nordic food industry “*what will be the most important trends for the food industry looking into the future?*” The results of the 2014 Nordic food survey revealed that both consumer product companies and the retailers agree that food quality, in terms of ingredients, materials, production methods, as well as convenience, in terms of simplicity and ease of use, will be the key trends for 2020.

Last year grocery shopping online was singled out as the biggest trend for the future, yet it was deemed to have limited impact on the food industry in the given time frame up until year 2020. The key challenge for e-commerce within the food industry was found to be distribution, however, it is equally important to consider what additional value the channel offers the consumers in order to succeed.

The key trends for the future were found to be mainly driven by consumer demand. There is no doubt that consumers are more interested, conscious and more demanding than ever before when it comes to food.

This time around in 2015 we therefore turned to the consumers in the Nordic countries and asked: *What do you want to eat, and how would you like to shop for food, looking five years from now?*

This study will explore the emerging food trends according to the consumer.

A handwritten signature in dark ink, appearing to read 'Arne Matre'.

**Arne Matre**  
Nordic Retail & Consumer Products Leader, EY



**Denmark**



**Finland**



**Norway**



**Sweden**



# Overall outlook on future trends in the nordic food industry

When speaking about future trends in the food industry two main focus areas can be identified: omni-channel on one hand and back-to-basics on the other.

Omni-channel relates to integrating new digital solutions to the grocery shopping experience and is driven by technological advances. Technology is an important driving force that reshapes the way we live, work and interact, which consequently means that consumers expect increased digitalization of the way we shop for food.

The back-to-basics trend concerns food quality: how the food is produced, origins of the ingredients, additives and environmental impact. Consumers want to eat healthy and the general perception is that wholesome, honestly produced raw ingredients are key for a healthy diet.

The back-to-basics food trend can be seen as a direct consequence to the omni-channel trend. With technology revolutionizing society as we know it, going back to the roots regarding food is a form of counter reaction to the digitalization that is taking place around us.

These two focus areas are in line with the findings from the 2014 Nordic food survey study conducted among leaders in the food industry, where food quality and convenient solutions for consumers to shop for groceries were pinpointed as key areas for success. Digitalization of retailing channels on the one hand and going back-to-basics concerning food quality on the other are therefore two strong driving forces that are likely to affect the food industry in the future.



# Spontaneous key trends

Food quality and ultimately healthier food options are singled out by consumers as an emerging trend for the future when talking about food trends spontaneously. Ecological raw ingredients, locally produced food, no additives and minimal impact on the environment are a priority in all Nordic countries, but perhaps most prominent in Sweden, where the consumers have high awareness and demands on the food supply chain. Compared to the other Nordic countries, Swedes are also to a higher extent concerned about allergens and would like to see more food alternatives that are free from lactose and gluten. When speaking about food trends spontaneously in Norway, the emphasis is mainly on healthy food, Norwegians want less sugar, less fat and more natural products. Ecologically grown products and no additives are main themes that can be found among the Danish consumer, while the Finnish

consumers emphasize locally produced food to a higher extent when speaking about future food trends.

Another emerging trend according to consumers in the Nordics is convenience in terms of facilitating the consumers' daily lives. This includes time saving solutions such as, for instance, home delivery, self-checkout and ready meals. Grocery shopping online is also identified as a growing area of importance in the future, primarily in Sweden. This is in line with the predicted increase in online shopping of groceries from the 2014 Nordic Food Survey, which is thought to make it more convenient for consumers to shop for their groceries.







## Deep-dive on the six focus areas emphasized by EY

After spontaneously checking for emerging trends, the consumers were asked about each of the focus areas selected by EY in detail. In line with the spontaneous trends, health and well-being as well as food supply chain are identified as the areas that will impact the way consumers shop in the future the most, in Sweden in particular. In line with the 2014 Nordic food survey, while grocery shopping online comes out as a strong trend spontaneously, the predicted

impact on consumers daily lives is not believed to be substantial within the given timeframe, through 2020.



24%

## 1 Health and well-being

24% of Nordic consumers predict that they will eat less meat in the coming five years, primarily due to health and environmental reasons. Fish and vegetarian options have a good potential to grow in the future, as 31% of Nordic consumers state that they will eat more fish and 34% state that they will eat more vegetarian food. Chicken is also likely to grow, but to a lesser extent, with 23% of consumers predicting an increase in consumption. The growth of fish, vegetarian and chicken will likely be a consequence of reduced consumption of red meat. Swedes are the most pessimistic about meat consumption among the Nordic consumers. The Danish consumers, on the other hand, are the least interested in vegetarian options in the future among the Nordic countries, and as many as 38% state that they do not eat vegetarian food today.

Concerning nutrients, protein has the biggest growth potential in the Nordic region. 23% of the consumers predict that they will eat more proteins, while 27% of the consumer will eat less carbohydrates and fat.

Consumers across the Nordic region believe that they will eat more fruit and vegetables, as well as products without additives, in the future. In line with their high awareness of clean food, Swedish consumers are the ones who care the most about products without

additives, while additives are a less important issue for Danish consumers. Unsurprisingly, most consumers state that they will reduce their consumption of sugar. Superfoods and alternative grains have potential to grow in the Nordics, however, the trend is still quite moderate among the consumers. Interest for alternative grains such as quinoa, bulgur and buckwheat is the lowest in Finland, where consumption is predicted to be significantly less compared to the other countries.

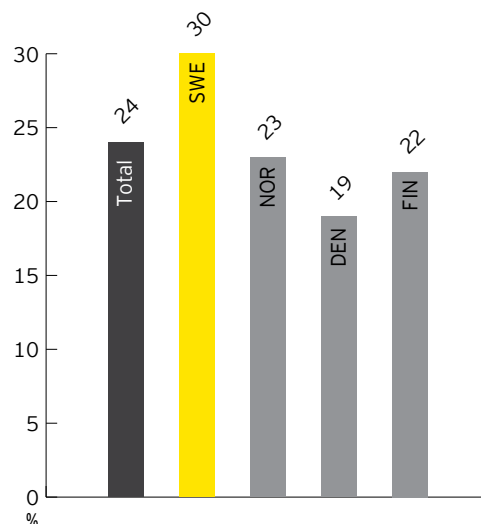
Swedes are more open to increasing their consumption of alternative grains, superfoods and products without additives compared to the other Nordic countries. In Norway and Denmark, women seem more interested in eating more alternative grains, fruit and vegetables, as well as products without additives, compared to men.

The trend for eating healthy food is thus more universal in Sweden compared to the other Nordic countries, with no difference in predicted consumption patterns among subgroups.

*Amount of the population that believe they will eat less meat in the future.*

Thinking about meat, fish, chicken and vegetarian food. Looking five years ahead in time, do you think you will eat these products more, less or to the same extent as you do today? (The chart is showing those that answered eat less on a scale with the alternatives: eat less, about the same, eat more, do not eat today.)

Health







As many as 93% of Swedes state that they are willing to pay more for an ecological option.

93%

## 2 Food supply chain

Interest and awareness of the food supply chain is overall more important in Sweden. The Swedish consumers have an interest in buying ecological and locally produced food to a much greater extent than other Nordic countries. Environmentally friendly production methods, certification and labeling are also important to consumers in Sweden. There is a great interest to know where the products come from and what the products contain. The demand for gluten-free and lactose-free options is stronger in Sweden, where consumers also want fresh produce significantly more compared to other countries.

As many as 93% of Swedes state that they are willing to pay more for an ecological option, while 40% of the Swedish consumers would pay more than 10% extra for a product that is ecological. Willingness to pay a premium price is lower among Finnish consumer, where 68% state that they would pay less than 10% more for an ecological product, while 15% of the Norwegians are unlikely to pay a premium price at all.

There are differences found between countries regarding what information is considered to be most important on the packaging. Swedes always look at the origin of the product. In Norway, consumers look mainly for what additives the product contains and if it is ecological. The Danes mainly check if the product is ecological, and the Finns look to see if the product contains

additives. Overall, Swedes look at all information on the label to a greater extent than consumers in the other countries.

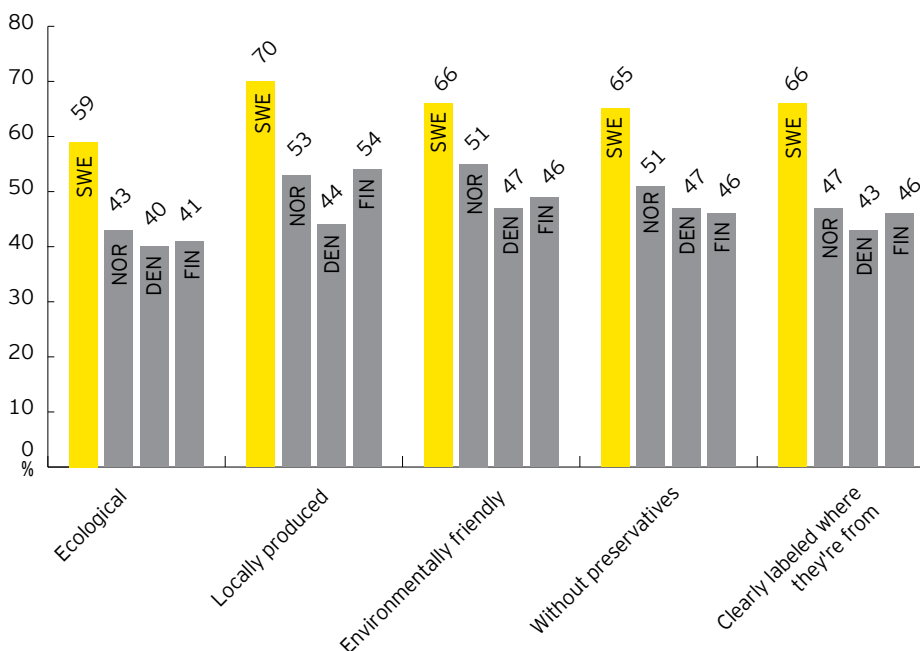
Broken down into subgroups, consumers with children in Sweden prioritize products without additives somewhat higher than other subgroups in Sweden. A similar pattern is found in Denmark, where the consumers without children do not prioritize additives and labeling in general as especially important.

The interest for ecological, locally produced and environmentally friendly food is the highest among women in all countries, except for Denmark where no difference is found between genders. In line with this, it is also women that check the package for origin markings, whether the product is ecologically produced, if it contains additives, nutritional value and ingredients to a significantly greater extent. In Finland, women are also more open to paying extra for an ecologically grown product.

The results thus indicate that women are faster to adapt to new food trends, which suggests that it is more important to influence them initially.

In Denmark, older consumer groups are found to perceive most aspects of the food supply chain, such as ecological, locally produced, environmentally friendly, without additives and labeling, as more important compared to the younger (18-35) consumer groups.

Food preferences



*In the future I would like to buy products that are ...*

(The answers are given in percentage showing those that have answered somewhat higher extent and definitely higher extent on a scale with five alternatives: Definitely lower extent, somewhat lower extent, neither higher nor lower extent, somewhat higher extent and definitely higher extent.)

### 3 Convenience

While convenient solutions are mentioned as a spontaneous trend for the future, consumers seem to maintain a traditional view on convenience when asked about what they perceive as most important. Having a grocery store close to one's home is still considered to be most convenient.

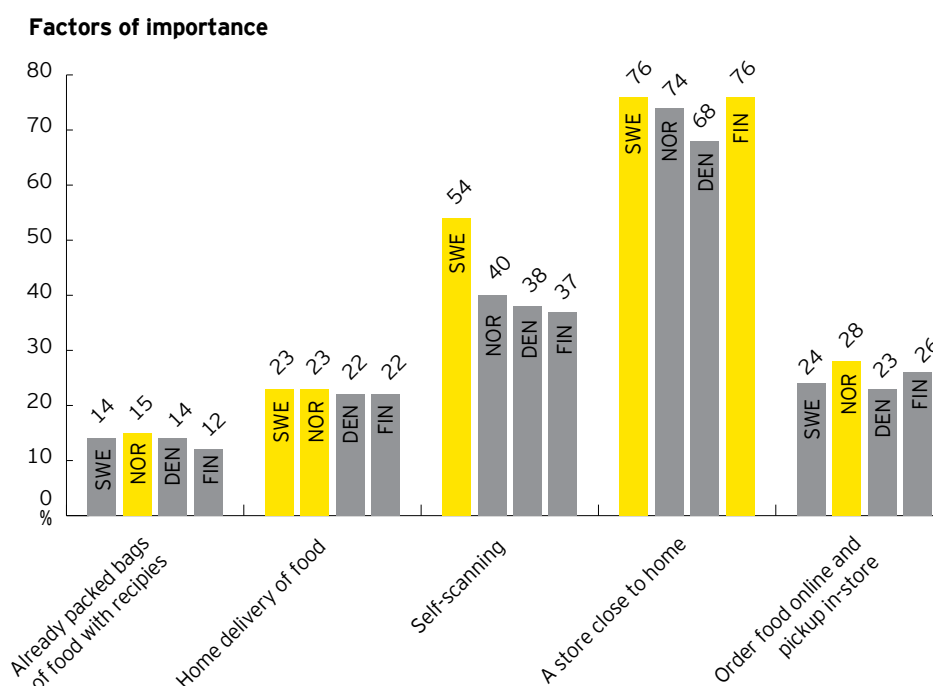
In Sweden, consumers perceive self-checkout counters in grocery stores as significantly more important, compared to the rest of the Nordic countries. This indicates that the benefits and convenience of this service has been communicated to the Swedish consumers in a successful way. In Denmark, younger consumers have more interest in self-checkout, compared to the older Danish consumers, suggesting that self-checkout could be an up and coming trend in Denmark.

In Finland, grocery stores close to big traffic hubs seem to be a main priority in terms of convenience. This is, however, not found to be a priority for the other Nordic countries, suggesting that purchasing behavior is different in Finland.

The interest for purchasing groceries online, home delivery of groceries and click and collect (when you make your purchase online and pick up the groceries in the store) is still relatively low among the Nordic consumers. In terms of convenience, click and collect is slightly more interesting than home delivery in all

countries. The interest for shopping groceries online is generally higher among younger consumers in all Nordic countries, while older consumers maintain a more conservative shopping behavior and are skeptical towards shopping for groceries online and home delivery.

In terms of convenience, women in all countries, except for Finland where no difference in gender is found, perceive to a higher extent that a grocery store close to home is more important. Men seem to be overall more open to new convenient solutions compared to women. In Sweden, men are more interested in purchasing groceries online. In Norway, men have a higher preference for ready hot meals in store. This pattern is similar in Denmark, where men perceive both hot and frozen ready meals to be interesting.



Thinking about the purchasing process as it is today, how interesting are the below statements for you when buying food? For me ...

(The percentage that are answering 4 or 5 on a scale from 1-5. 1 = Not at all interesting and 5 = very interesting.)



## 4 Purchasing process



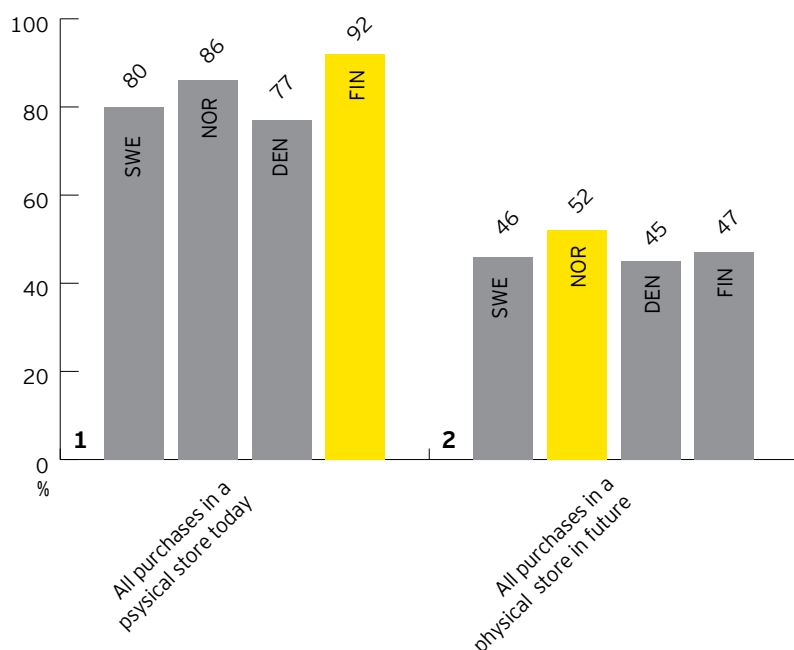
A clear majority in the Nordic region still does most of their shopping in physical stores. This is significantly higher for Finland, whereas online shopping is more popular in Sweden and to some extent also Denmark. In Sweden it is much more common to buy pre-packed grocery bags, containing fresh ingredients as well as recipes, which are delivered to consumers' homes when purchasing groceries online. In Denmark, however, consumers prefer to choose the ingredients themselves when ordering online. Looking ahead, consumers in all countries believe that it is much more interesting to have the possibility to choose ingredients themselves rather than ordering a pre-packed grocery bag.

To increase the frequency of grocery shopping online, it is primarily the quality of the ingredients and a wide variety of products to choose from that rank the highest. The simplicity of ordering products, i.e., a user-friendly platform, as well as the opportunity to choose home delivery, are also considered as important for ordering groceries online more often. Opening hours, i.e., ability to order groceries 24/7 are not considered to be among the most important factors for online groceries. Overall, few consumers in the Nordic region believe that online grocery shopping will dramatically change the way they currently buy and consume food. This is in line with the findings from the 2014 Nordic food survey with industry leaders, which concluded that while online shopping

is predicted to be the biggest trend of the future, it is unlikely to dramatically change the industry within the given timeframe through to 2020.

Looking at online grocery shopping behavior per country, men in Sweden are more interested in shopping online, compared to women, who prefer the physical store. Younger consumers are also more open to grocery shopping online, compared to the older consumers. In the future, 64% of the younger consumers believe that they will do at least 1 of 10 purchases online. Younger consumers also express greater interest for pre-packed grocery bags delivered to their homes, than to choose their own products. The pattern is similar in Denmark, where younger consumers express greater interest for online grocery shopping. 65% of younger consumers in Denmark predict that they will do 1 out of 10 purchases online in the future. For Danish women, home delivery would be a driving force to shop more online. Younger consumers express greater interest for shopping groceries online also in Norway, where 59% of the younger consumers believe that they will make 1 out of 10 purchases online. In Norway, women are more interested in the possibility of shopping online, compared to men, where simplicity, availability, choice and quality of the products are high priorities for women.

Shopping habits



1. Generally speaking, when you're buying food, how many of your last 10 purchases would you say that you did online and how many did you do in a physical store? The chart is showing the amount that is doing all their purchases in a physical store today.

2. Thinking about the future (5-years ahead), how many of your future 10 purchases do you think you will do online and how many do you think you will do in a physical store? The chart is showing the amount that think they will do all their purchases in a physical store in the future.



## 5 The grocery store

A large majority of consumers in the Nordics are loyal to the stores they usually shop in. Swedes, in particular, are the most loyal, which is partly explained by the high presence of loyalty cards, but also because Swedish consumers value having a wide assortment to a greater extent than consumers in the other countries. This is in line with the Swedes' overall greater awareness of food quality. Swedes prefer to shop at stores that they know offer good quality products. The possibility for self-checkout is also found to be important to create loyalty among Swedish consumers. In Norway, the location of the store has by far the greatest significance for loyalty, while the

assortment and offerings in store is of minor importance. Similarly, in Denmark, location is the most significant for loyalty, however, good price offerings are also important. Finnish consumers prioritize loyalty cards to a greater extent, compared to the other Nordic countries.

In terms of communication, both Finnish and Danish consumers prefer to receive standardized promotional material, rather than personalized offers based on what they have previously purchased, as personalized offers are seen as intrusive. Receiving the promotional offers is perceived as equally interesting whether



they are sent via smartphones as via traditional mail. In all Nordic countries, younger consumers are more interested in receiving offers via their smartphones, as well as communication through social media channels, compared to the older consumers. Overall, there are relatively few who do not wish to receive any offers at all.

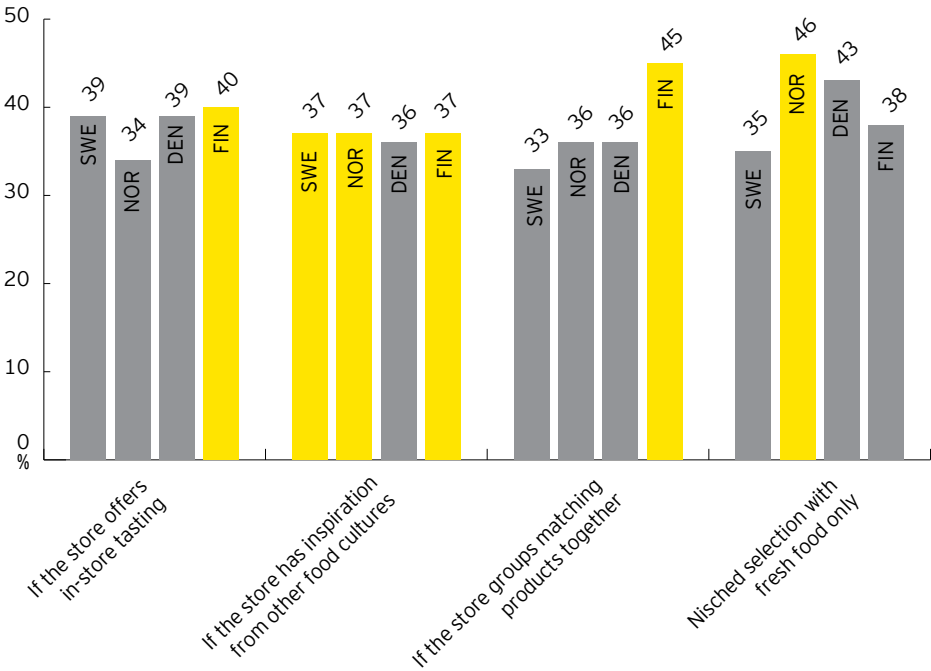
Inspiration is a difficult topic in the Nordics. Tastings at the store, along with a niche product range with only fresh ingredients, is considered to provide the most inspiration. Grouping items that go great together in the same display is also perceived as interesting, as well as getting culinary inspiration from other countries. There is very limited interest found among Nordic consumers for grocery stores that offers additional services such as a restaurant inside, cooking classes or health advisors, etc.

Sweden is the only country in the Nordics where the consumers prefer to pay for their groceries through self-checkout, rather than in a staffed cash register. Consumers in the other countries are more interested in paying for their groceries in the traditional manner. Younger consumers, however, express more interest in

self-checkout compared to the older consumers. The interest for mobile payment solutions is currently quite low in all of the Nordic countries.

Concerning the store format, the majority of consumers do not predict any major changes in the way they do grocery shopping today for the future. Consumers in the Nordic region predict that they will shop at convenience stores, supermarkets, discount stores and hypermarkets at about the same extent that they do today. This contradicts the findings of the 2014 Nordic food survey where industry leaders predicted that the structure of shopping outlets will change (some predicted a significant increase in smaller stores, while others believed in the continued viability of the hypermarket format) during the given timeframe, up until year 2020, and that this will have a significant impact on the food industry as a whole.

The grocery store



Think about when you are in a grocery store. How interesting would the following be for you in order to give you more inspiration? The following in the store would give me more inspiration: (The percentage that are answering 4-5 on a five-grad scale. 1= not at all interesting, 5 = very interesting.)

Think about how you in the future would like to pay for the products when you're checking out. Which of the following ways would you prefer to pay? Percentage that have answered the preferred way.

	Total	Sweden	Norway	Denmark	Finland
Manual cashier	40	31	40	39	→ 48
Self-service/self-scanning	26	→ 42	22	19	21
Doesn't matter	34	27	38	→ 42	31

## 6 The assortment

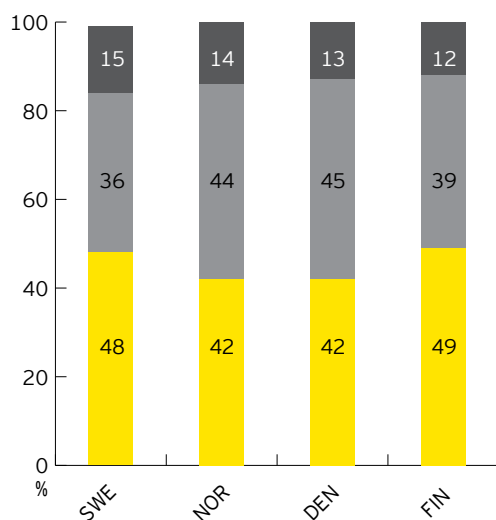
Concerning the assortment in the store, the majority of Nordic consumers would generally prefer to have a wider range of products to choose from instead of niche shops. Consumers would also like to see more new products in the assortment and are generally open to changes. In line with the locally produced trend, consumers are mainly interested in more domestic products rather than international, however this does not have significant impact.

Concerning private labels, most consumers in the Nordic region believe that private label goods will take greater or equal space in grocery stores today. Slightly more consumers believe that they will increase their consumption of private label goods compared to those who believe that they will reduce their consumption of private label goods, however, the difference is not very large. Men in both Sweden and Norway believe that they will increase their consumption of private label goods in the future, compared to women. Younger consumers in Sweden are also more positive towards private label goods. No significant differences in attitude are found in Finland or Denmark.

There is no clear prediction among consumers regarding how private label goods will develop in terms of price. About as many consumers believe that the focus will be on discount products, as those who believe that the structure will be the same as today, while some believe that the focus will be more on premium products in the future.

Compared to the findings in the 2014 Nordic food survey, consumers are less optimistic about the growth of private label compared to the industry leaders, who predict a modest to large growth of the private label segment.

### Private label



Thinking about private label, how dominant do you think they will be in the future?  
Only possible to give one answer.

- Private label will in the future be less dominant in-store than they are today
- Private label will be as common in-store as it is today
- Private label will in the future be more dominant in-store than they are today





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Thanks to all

EY would like to thank all respondents in this study for their participation and also our collaborator, Ipsos, who conducted the research for us.



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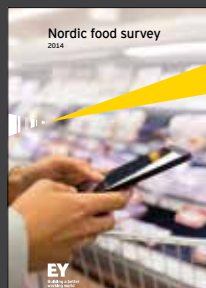
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