

How the Market Works

Denmark is an important EC banana market for Commonwealth producers because it provides access to the Scandinavian market which, including Denmark, is the fastest growing banana market in Europe. Through Denmark, producers can access the Swedish, Norwegian and Finnish markets which have the highest per capita consumption of bananas in Western Europe, significantly higher than in Southern Europe and higher than in Germany. The significant increase in consumption of bananas in these countries, including Denmark, is mainly because of a major shift towards foods which are perceived to be healthy.

Bananas are competitively priced compared with other major fruit imports such as oranges and apples. Denmark, as a member of the EC, operates the same council regulation for bananas as the other states. Sweden and Norway are both free markets but Finland charges a 22% VAT levy on bananas.

Supermarkets in Denmark account for about 50% of banana retail sales but this proportion is increasing quickly at the expense of small shops and open air markets.

Most fruit is imported via the German ports of Hamburg or Bremerhaven where palletised handling systems are the norm. The Swedish port of Gothenburg is also becoming increasingly important for Scandinavian imports because of its proximity to Oslo, Copenhagen and Stockholm.

A group of Scandinavian banana importers have formed a consortium called Viking Fruits which supplies supermarkets in Denmark and other Scandinavian countries through the port of Gothenburg. This group imports palletised cartons of bananas from several sources including the Caribbean.

Market Requirements

- Danish banana importers and consumers place high priority on fruit quality and are prepared to pay a premium to producers who consistently supply high quality bananas.
- Most importers insist on top quality fruit packed in clusters of 4 to 5 bananas.
- Minimum finger length of 20 cm and most bananas sold are in the 23-26 cm finger length range.
- The trade prefers cluster packed and brand labelled fruit. The market is brand conscious and a positive brand image is an important component of a market entry strategy for the Danish and other Scandinavian markets.

Growers should develop a relationship with a strong importer and marketer by proving that reliable supplies of consistently high quality fruit can be provided at competitive prices. In return, growers must demand effective brand promotion and strong support to retailers selling their product in the market. The cheaper alternative is to sell fruit to a major importer for inclusion in an existing brand. Although this provides access to the market, it is not a secure strategy and will be very dependent on maintaining a price advantage over competing fruit of the same quality. Working with an established importer/marketeer makes it much easier for growers to deal with large retailers who are more likely to support a new source of bananas if it is backed by a respected importer/marketeer.

In the Danish and other Scandinavian markets, it would be feasible to launch a new brand provided that there is sufficient produce to back it up and that the brand was aimed at a small niche in the market rather than trying to compete directly with the major banana producers which would be futile.

Target market niches should be selected with the importer and a strategy jointly developed for entering the market. Tasks for implementing the plan should be assigned to producers, importers/marketeers and retailers with clear terms of reference, deadlines and budgets. In this way, growers can meet their commitments to a new marketing programme and demonstrate their reliability.

Packaging for the Market

- The Danish trade stated that the standard 18 kilogram telescopic, corrugated cardboard banana carton was the preferred package although they will conform with German proposals for standard carton and pallet dimensions once they have been formally adopted in Germany. This standardisation will increase fruit handling efficiency in Germany and Denmark but may mean that some exporters will have to use different cartons for different markets which reduces flexibility of supply.
- English labelling statements are acceptable, and EC labelling standards apply.

Major ripeners and importers are introducing forced air ("pressurised") ripening methods which require modifications to the design of ventilation holes at the ends of each carton. By dealing with importers who utilise this technique, significant cost savings can be passed on to growers.

Promotion in the Market

The brand leader in the Danish banana market has used merchandising and strong promotional activity in the wholesale and retail markets to increase market share and secure a price premium over competing brands and unbranded fruit.

Bananas are commonly displayed in open air markets and supermarkets in conventional fashion in the fresh produce section but there is increasing use of pyramid displays constructed from banana cartons. Thus graphic design and other presentation characteristics of banana cartons is important if premium prices

are to be achieved but these promotional aids must always be accompanied by quality fruit to sustain importers' interest.

Key Market Contacts

The enterprises included in this list, which is not exhaustive, are key traders in the Danish and Scandinavian banana markets. However, it should be noted that all exporters should carefully assess the capability of any company with whom they hope to trade, since the Commonwealth Secretariat takes no responsibility for the financial standing of these enterprises.

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DENMARK
BANANA IMPORTS FROM NON-EC SOURCES
'000 TONNES

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
COLOMBIA	1	2	1	3	3	3	5	4	8	10
COSTA RICA	11	13	11	12	14	15	16	20	23	16
ECUADOR	1	0.5	2	5	3	4	3	2	10	11
HONDURAS	2	4	3	2	5	5	7	6	4	5
NICARAGUA	0	0	5	5	4	3	4	2	6	2
PANAMA	8	7	9	10	10	13	14	12	5	6
TOTAL	23	26.5	31	37	39	43	49	46	56	50

SOURCE: EC NIMEX

DENMARK
VALUE OF BANANA IMPORTS FROM NON-EC SOURCES
'000 ECU

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
COLOMBIA	658	892	771	1,307	1,446	1,438	1,597	1,549	1,413	3,216
COSTA RICA	5,089	6,588	5,671	5,215	6,688	6,138	5,505	8,089	9,637	5,510
ECUADOR	425	267	1,202	2,032	1,255	1,452		694	4,038	3,905
HONDURAS	1,066	1,782	1,487	970	2,311	2,400	2,695	2,684	1,914	2,059
NICARAGUA	0	0	1,312	1,685	1,593	1,087	1,294	754	1,943	538
PANAMA	3,615	3,594	4,558	4,699	4,771	5,748	5,215	4,814	4,038	2,265
TOTAL	10,853	13,123	15,001	15,908	18,064	18,263	16,306	18,584	22,983	17,493

SOURCE: EC NIMEX

DENMARK
PRICES OF BANANAS IMPORTED FROM NON-EC SOURCES
ECU/TONNE

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
COLOMBIA	658	446	771	436	482	479	319	387	177	322
COSTA RICA	463	507	516	435	478	409	344	404	419	344
ECUADOR	425	534	601	406	418	363	na	347	404	355
HONDURAS	533	446	496	485	462	480	385	447	479	412
NICARAGUA	na	na	262	337	398	362	324	377	324	269
PANAMA	452	513	506	470	477	442	373	401	808	378

Source: EC NIMEX