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## The Finnish Market

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### **Tropical and Off-Season Fruit and Vegetables: an Overview**

Finland, although having a small population of 5 million, 0.8 million of whom are concentrated in the Helsinki region, is a wealthy country heavily dependent on imports for its fruit and vegetables, making it a fairly attractive market for exporters. The demand for fresh fruit, except apples, is almost entirely met through imports. Steady growth in consumption has increased annual imports from 220,000 tons in the early 1980's to 255,00 tons by 1990. For the popular fruits like apples, bananas and oranges, market saturation has now occurred, consumption patterns are relatively static and are likely to respond only to changes in price.

Total domestic production levels for vegetables averaged 180,000 tons during the 1980's, supplemented with 55,000 tons of imports (excluding potatoes), mainly during the off-season. There is no tradition of serving a choice of vegetables with a meal and, as in Sweden, consumers rely heavily on canned and frozen produce. Although the range of imported fresh vegetables has been increasing, imports of cabbage, tomatoes, cucumbers and carrots account for 70% of the total.

The exotics sector accounts for only about 6% of the import trade, for sale primarily in the Helsinki region. For its size, therefore, Finland is a relatively small market for tropical fruit and especially for off-season vegetables. There is strong resistance on the part of wholesalers to purchase exotic fruit on the turn of ripeness. Hard unripe fruit is the trade preference but, except for bananas, ripening facilities are not available. The eating quality of fruit is not, therefore, high.

A few years ago there was optimism over future growth prospects for exotic produce, but as a result of the serious recession in Finland since mid-1990 this has yet to materialise. Reduced consumer spending has resulted in greater emphasis on quality standards and discount pricing. Second generation exotics at luxury prices are slow sellers in this environment; import quantities for some lines are generally very small. However, as the country pulls out of recession there are prospects for growth, initially for tropical fruits, but as interest in fresh vegetables increases, there should be opportunities for asparagus, beans and mangetout.

### **Produce Retailing**

Distributive trades in Finland are the most concentrated among Nordic countries, with over 90% of the retail trade, including fresh produce, controlled by three major trading groups. Each has vertically integrated purchasing, wholesaling and retailing with a unified national distribution system. The leading companies and their market shares are:

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<b>K Group (K stores)</b>	40%
<b>T Group (T stores)</b>	24%
<b>Inex (S Group/Eka Group)</b>	28%
<b>Independent chains and stores</b>	8%

### Market Channels

Most importing of fresh produce is carried out by the central buying organisations of the three groups. A few independent importers/wholesalers service the independent chains and stores. Most mainstream fruit is sourced ex-Rotterdam before transfer by sea from either Lubeck in Germany, or Stockholm, to Helsinki. The majority of the secondary exotics are purchased from major specialist importers in Holland or Germany. In order to reduce freight costs they are usually transferred from Stockholm.

The structure and activities of the three main groups are as follows:

**K Group:** A central purchase and wholesale company, Kesko, with affiliated K retailers. The 3,300 K retailers comprise a wide range of family enterprise varying from village shop through neighbourhood store to supermarket.

**T Group:** A private wholesaling company, Tuko, similar to Kesto, with affiliated T Stores. The 2,200 T retailers include 60 cash and carry stores, department stores and 400 speciality stores.

**Inex Group:** A central purchasing organisation recently formed for Finland's two consumer co-operative societies, SOK (S Group) and Eka (Tradeka). Inex is a member of the Nordic NAF Group which operates 1,600 outlets, including 60 department stores, 300 supermarkets and 600 neighbourhood shops. Eka operates 50 department stores and hypermarkets and 800 grocery and speciality stores.