FOOD FROM Finland

Food from Finland

Global water market

Esa Wrang
Business Finland

Food from Finland Program

- **Food from Finland program has operated since 2014, the upgraded program started in 2018**

- Food from Finland is the national export program for Finnish food and beverages sector managed by **Business Finland,** funded by the **Ministry of Economy and Employment** and **Ministry of Agriculture and Forest**. Close collaboration with the **Ministry of Foreign Affairs**, and **Embassies of Finland** in all key markets.

- close cooperation with **Finnish Food Authority** and the **Finnish Food and Drink Industries' Federation (ETL).**

- Targets
    - to increase the Finnish food and beverage export, open new markets, support the internationalisation skills of the companies, increase the number of SMEs operating internationally
    - to create and support the image of Finnish food in the global markets.

150 Finnish companies working with us

FOOD FROM Finland

Valio
Fazer
HKSCAN
HARTWALL
ALTIA FINLAND
RAISIO
K For shopping to be fun

Apetit
Myllyn Paras
OLVI
ATRIA PLC Good food - better mood.
Snellman
MOILAS
Orkla Confectionery & Snacks Finland

Bonne™
Halva
JUUSTOPORTTI
NORDQVIST 1979
FINN SPRING
Laitilan WIRVOITUSJUOMATEHDAS
Lignell & Piispanen ARCTIC LUXURY SINCE 1852
DISAS

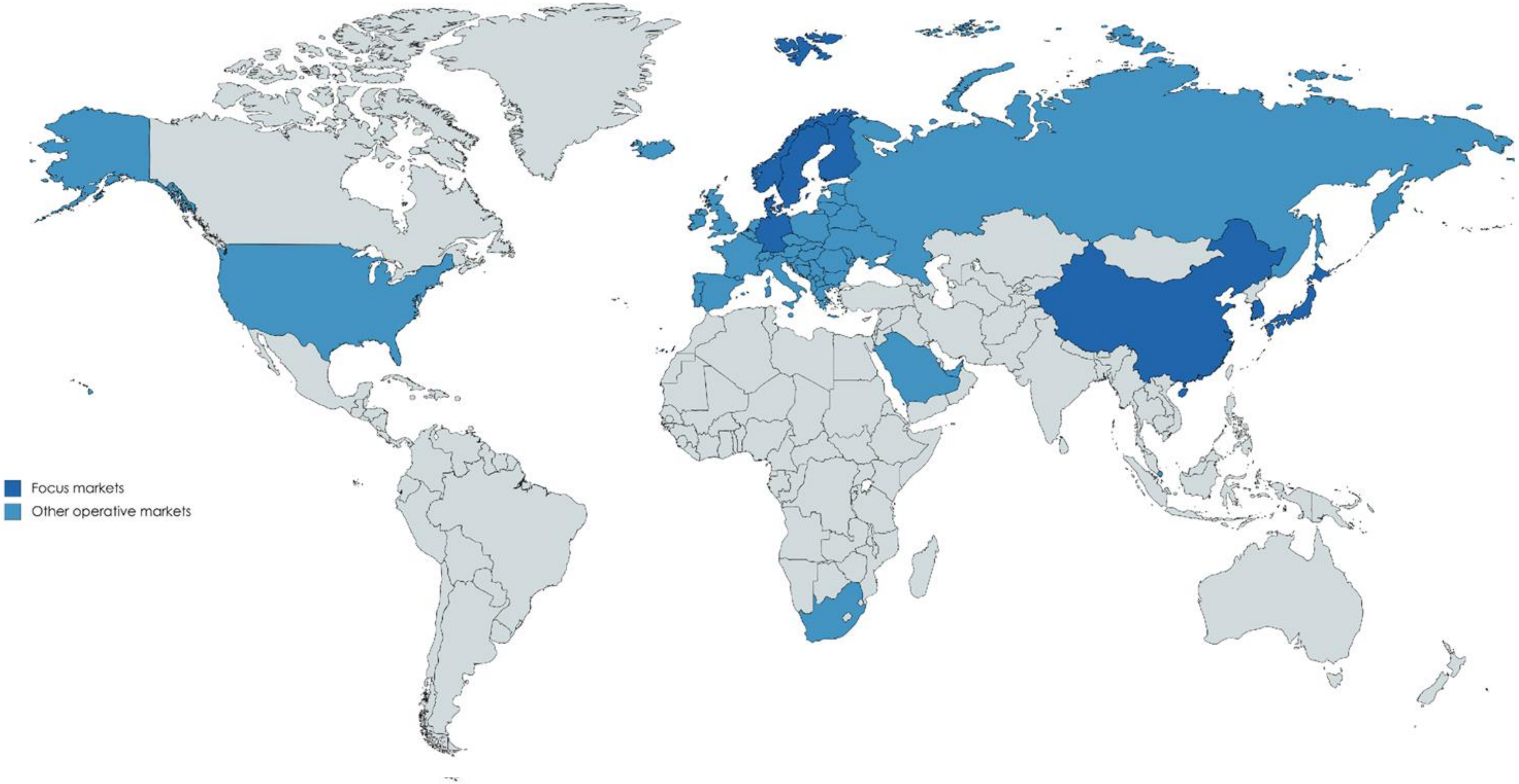
LINKOSUO
GOODIO IT'S ALL GOOD
PURE AND DELICIOUS EVERY DAY HELSINKI MILLS SINCE 1934
HÄTÄLÄ OY Fair northern fish
ISOKYRÖ KYRÖ DISTILLERY COMPANY FINLAND
Kalaneuvos®
Oy Suomisen Maito Ab PIENI JÄÄTELÖTEHDAS
bioferme
KOTI mustard

Wolt
RESQ CLUB
sense n insight
ENTOCUBE
SOLAR FOODS
epic
FREDMAN
NORDIC INSECT ECONOMY

LEADER Best for you
Verso
Riitan Herkku
VEEN
L'Uomo
puhdistamo
Arctic SUPER FOODS
maustaja
KALEVALA
Pernod Ricard Finland

23.04.2019

Food from Finland Program Target Markets



Main focus markets

- Scandinavia
- Germany
- East-Asia: China, Hong Kong, Japan, South Korea

Other operative markets

- Other European markets, especially France
- Saudi-Arabia, United Arab Emirates
- South-Africa, Singapore
- USA
- Russia

Over 260 export promotion activities so far

- **Buyer Meetings and Trade fairs:**
  - Bringing food and beverages sector buyers to Finland
  - Buyer meeting events at target markets
  - Country pavilions at international BtoB and BtoC tradeshows
  - Active cooperation with Nordic countries

- **Campaigns, Sales Channel Development and Education:**
  - Increasing competences of Finnish companies, coaching workshops and trainings
  - BtoC retail & online campaigns together with Visit Finland
  - Media campaigns, media visits to Finland and PR events at target markets
  - eCommerce development in China and other markets

- **Direct Funding:**
  - Food sector ecosystem development and innovation funding. Last year Business Finland funded food sector companies with more than 17 million €.

Growing Export from Finland

FOOD FROM Finland

Finnish food export is on the growth path!

Export in 2018: 1,55 billion € → **Export in 2019: 1,75 billion €**

(+ 200 m€)

- China +82%
- Germany +30%
- South-Korea +28,8%
- Sweden +16%
- Japan +9,4%
- Denmark +7,2%
- Russia +4,2% .

Growth +12,8%
Growth outside EU: +20,6%

Facts supporting the Finnish food exports

- The purest ground water, soil and air
- Top level food safety :
  - High standards of food production
  - Animals well treated: Use of antibiotics among the lowest in the world, as well as the level of animal diseases and salmonella
- Innovative product development
  - Especially in healthy, functional foods

The safest and healthiest food comes from Finland!

https://www.luke.fi/ruokafakta/en/frontpage/
- If you need facts about the Finnish food!

Innovative Finnish Food

Our Cornerstones in Exports:

- Innovative **dairy** products
- Pure and safe Finnish **meat;** pork and poultry
- Leading nutritional expertise: **functional foods.**

Other important products:

Healthy, innovative grain products

- Oats & rye product
- Snacks, biscuits, bread, flakes
- Malt

Wild berry products

- Juices, smoothies
- Snacks, desserts
- Ingredients for food and cosmetics industry

Free From-products:

- Gluten free, Lactose f
- Vegetal based dairy products
- Vegetal proteins

Innovative beverages

- Spring waters
- Beer, craft beer
- Long drinks, ciders
- Gin, Berry liquors, vodkas
- Other alcohols

Our view of Finnish water sector export

- **Situation in Finland:**
  - Large amount of very small companies, with very limited resources
  - Two largest beverage companies not interested to do practically any export, neither water export
  - No real collaboration between water companies
  - Finnish water quality is extremely high, but this is hard to turn to commercial advantage
  - **Finnish public sector can't fund brand building, sales, marketing or listing fees. Who will invest?**
  - **Are the operating companies interested to create a larger body with higher investments?**
  - **Export promotions and supportive actions can be done by Food from Finland program.**

- **Market Situation and Opportunities:**
  - Several potential growing target regions and market areas, mainly in Asia and Middle East
  - European market is highly saturated and competition is fierce
  - Large global players (Nestle, Coca-Cola, Danone) dominating the market, Chinese investments growing fast
  - B to C water business is highly branded with huge market investments
  - There can be 50 – 60 brands available per market, large players are buying the shelf space
  - Novelties launched all the time, new type of products and more sustainable solutions introduced
  - **Niche segments still available, e-Commerce will open promising new opportunities**
  - **HoReCa business may be potential area for growth, maybe also premium private labels?**
  - **How to differentiate ourselves; concept, packaging, packaging materials, sales channels?**

Global and European Market Data

Global Data Ltd, Great Britain

Global Market 2013 – 2018

Global Highlights

The packaged water category remained at the forefront of consumer purchasing decisions in 2018, registering in impressive global growth of 5%. This boon was influenced by a large hike in tourism, particularly in Saudi Arabia, UAE, Indonesia, and Thailand, and was concurrently boosted by extremely warm weathers, not only in these warm climate countries, but in parts of Western Europe too.

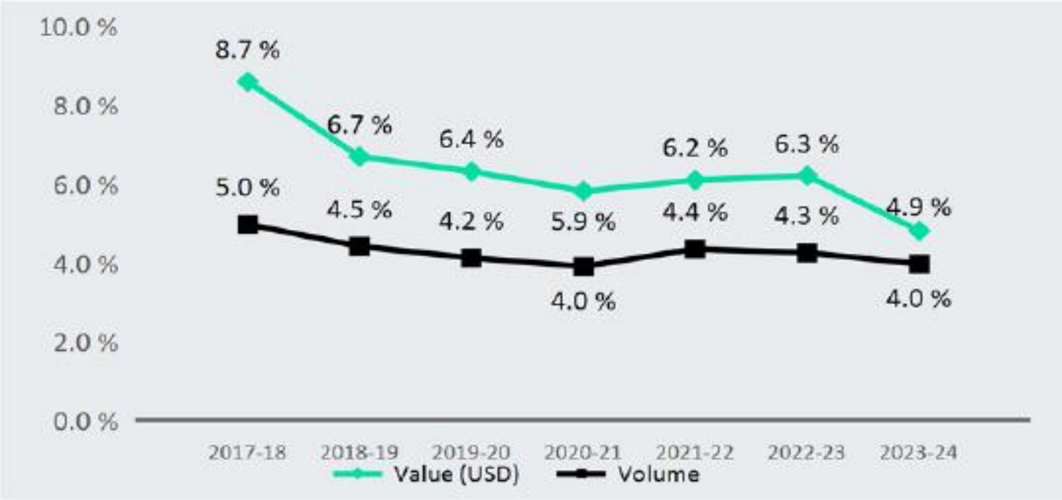
Packaged water is a good substitute for sugar-laden categories, where the implementation of a number of sugar taxes across the globe has prompted consumers to look for beverages that offer similar hydration, and convenience trends, with lower sugar and additive content. The forecast to 2024 indicates that the category will still be in growth, however at a lower rate. This may be due to competition with other categories, such as flavored and enhanced waters, giving consumers fresh, new tastes and flavor variants.

Non carbonated dominated the market again in 2018, with carbonated water remaining on a positive trajectory in the United States of America and Morocco, through San Pellegrino, Perrier, and Ciel being the most popular brands.

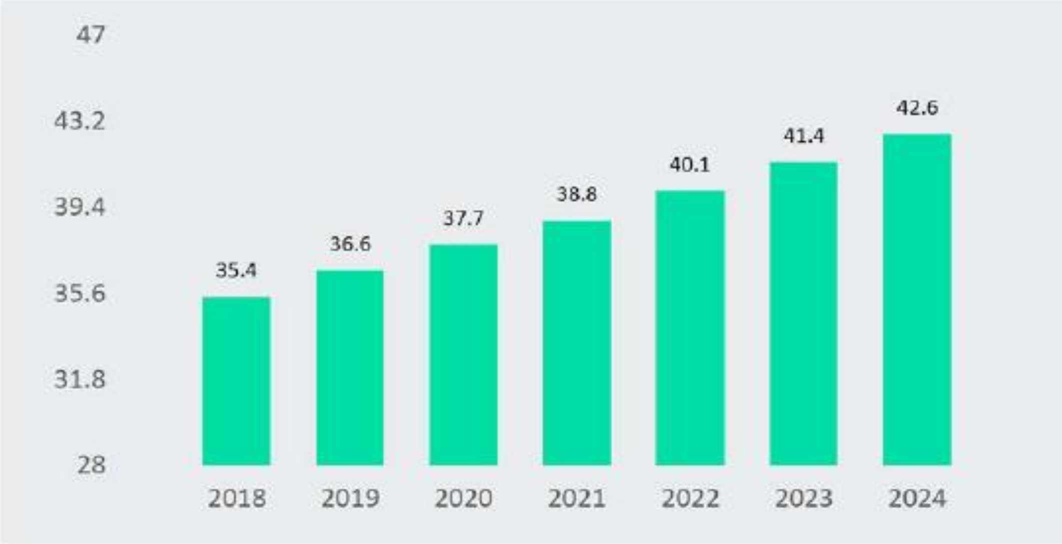
Environmental concerns will influence category success in the long term. Brands such as Danone and Coca-Cola have already set sustainability goals and Highland Spring in United Kingdom currently boasts fully recyclable packaging on its products. Consumers need to see brands taking steps in the right sustainable direction, as long-term media attention towards the damage plastic causes has increased global concern.

In late 2019, Nestlé announced its divide away from Nestlé Waters, where the brand will sit under Nestlé's regional units. The company have set a 2025 goal to use 35% recycled PET in its water bottles.

Volume & Value Growth, 2018–2024F

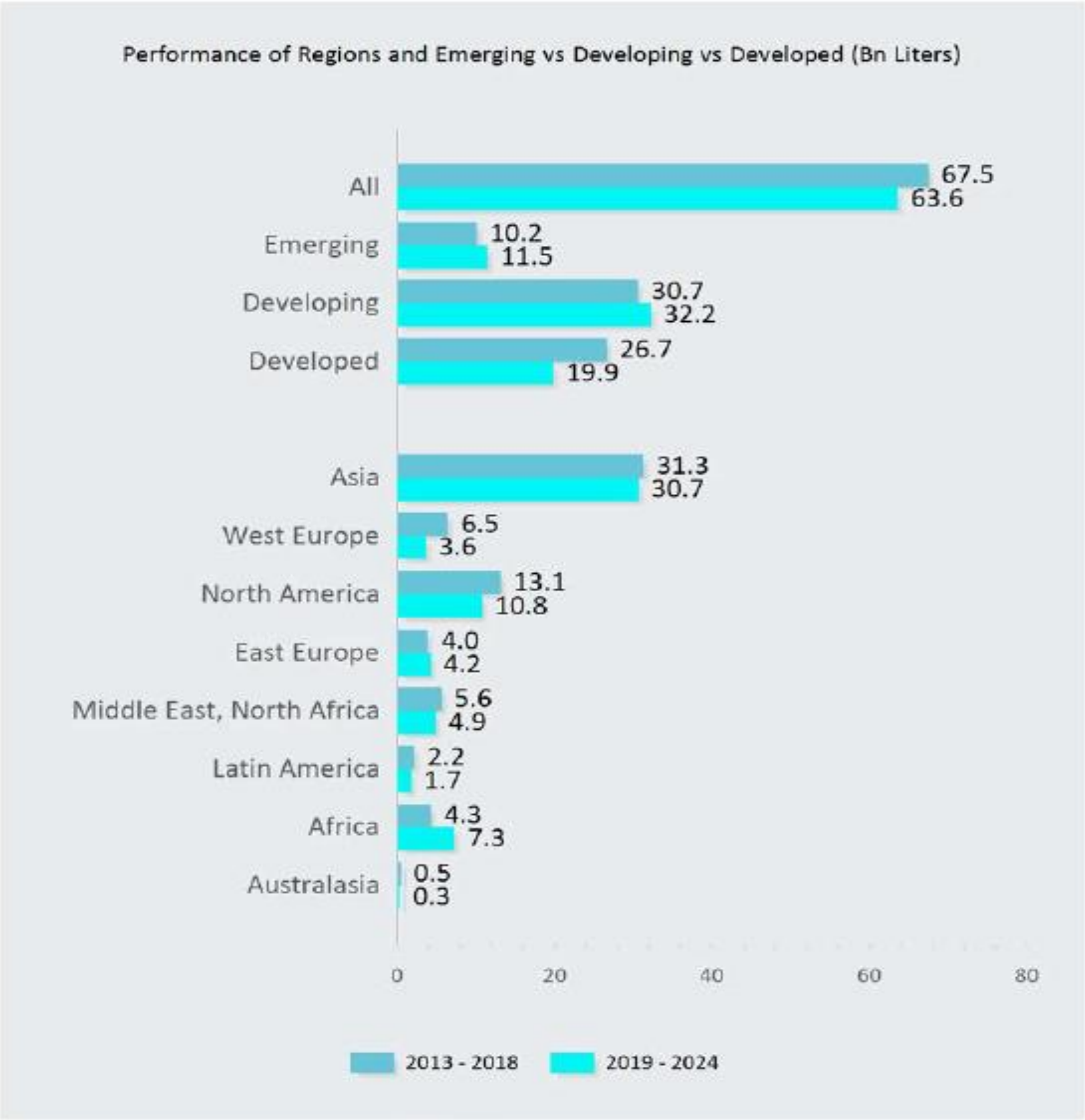


Liters Per Capita, 2018–2024F



Global Market 2013 – 2018, Forecast 2019 - 2024

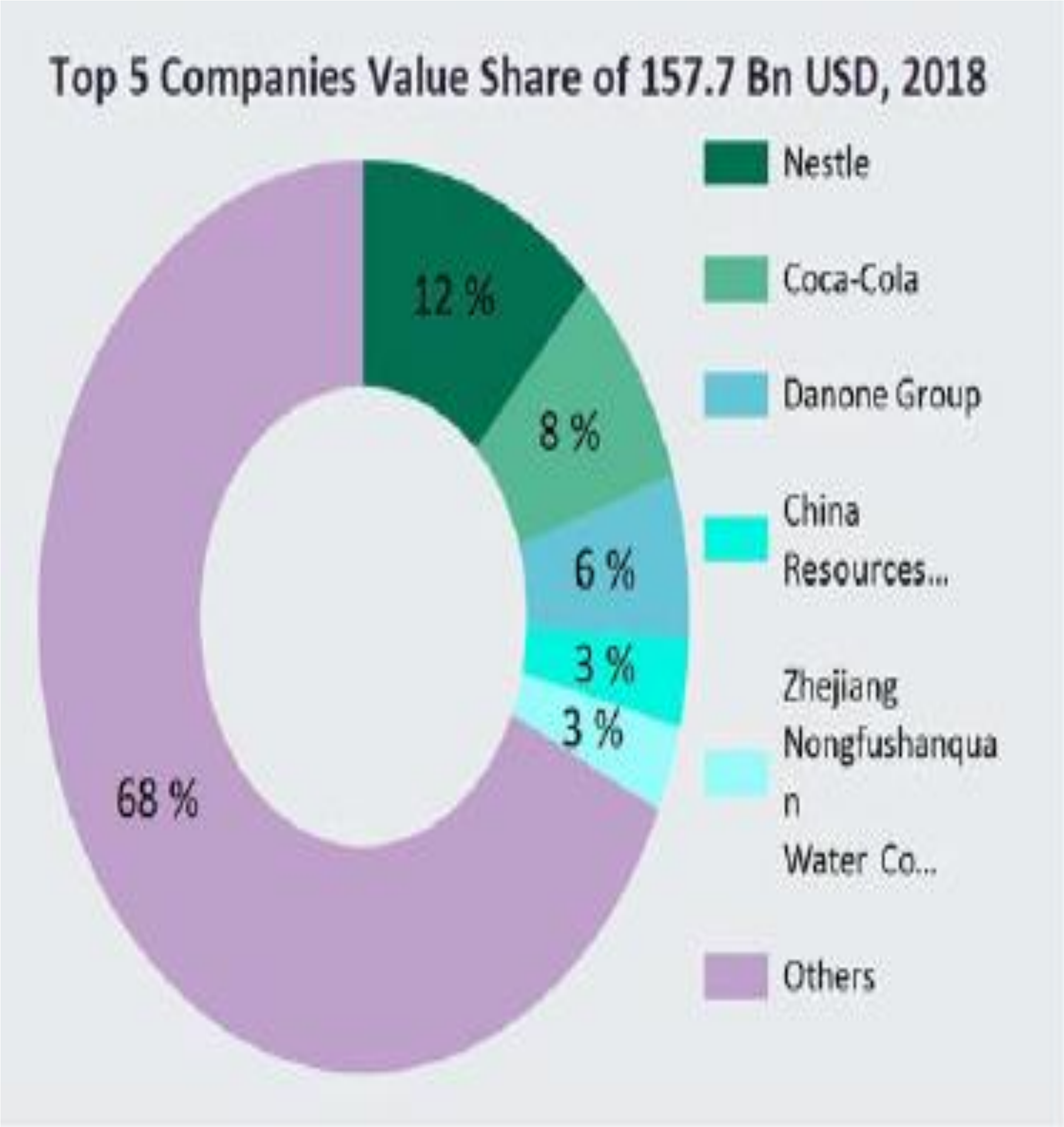
Incremental Volume, 2013–2018 vs. 2019–2024F



Water Source (% Share), 2013–2018

Carbonation (% Share), 2013–2018

Global Market 2013 – 2018



Global Emerging Trends

Value grew largely ahead of volume in all regions, boosted by brands premiumizing product lines

Brands & Private Label

Private label plays an important role

Private label has a bulk presence in the packaged water market, and is popular among regions that have financial restraints, like parts of Latin America. For some countries, like Germany, private label is preferred due to extraordinary supply from Lidl. In 2018, retailer Woolworths in Australia launched a spring water called S.T.A.N.D. Together (Support Through Australian Natural Disasters), partnering with the Salvation Army, where a small donation went towards disaster relief.

Packaging Trends

Drive toward innovative packaging shapes and colors

In 2018, there was a rise in new launches that promoted alternate shapes and sizes. Many of these were aimed at children, to encourage consumption of healthier beverages. Ultimately, Russia, the US, and the UK innovated plastic and paperboard varieties to include different shapes, and color schemes.

In the US, Nestlé Waters also introduced a Perrier sparkling can, in a limited edition geometric design.

Channel & Pricing Trends

On-the-go lifestyles are a strong influence

Increasingly busy lifestyles are dominating the soft drinks categories on a global scale, with packaged water a popular choice among consumers. Although on-premise trends grew due to increased tourism and a rise in fitness centers, off-premise including e-commerce grew significantly, especially in Asia, where growing employment meant individuals have less time in the day to purchase in stores.

NPD

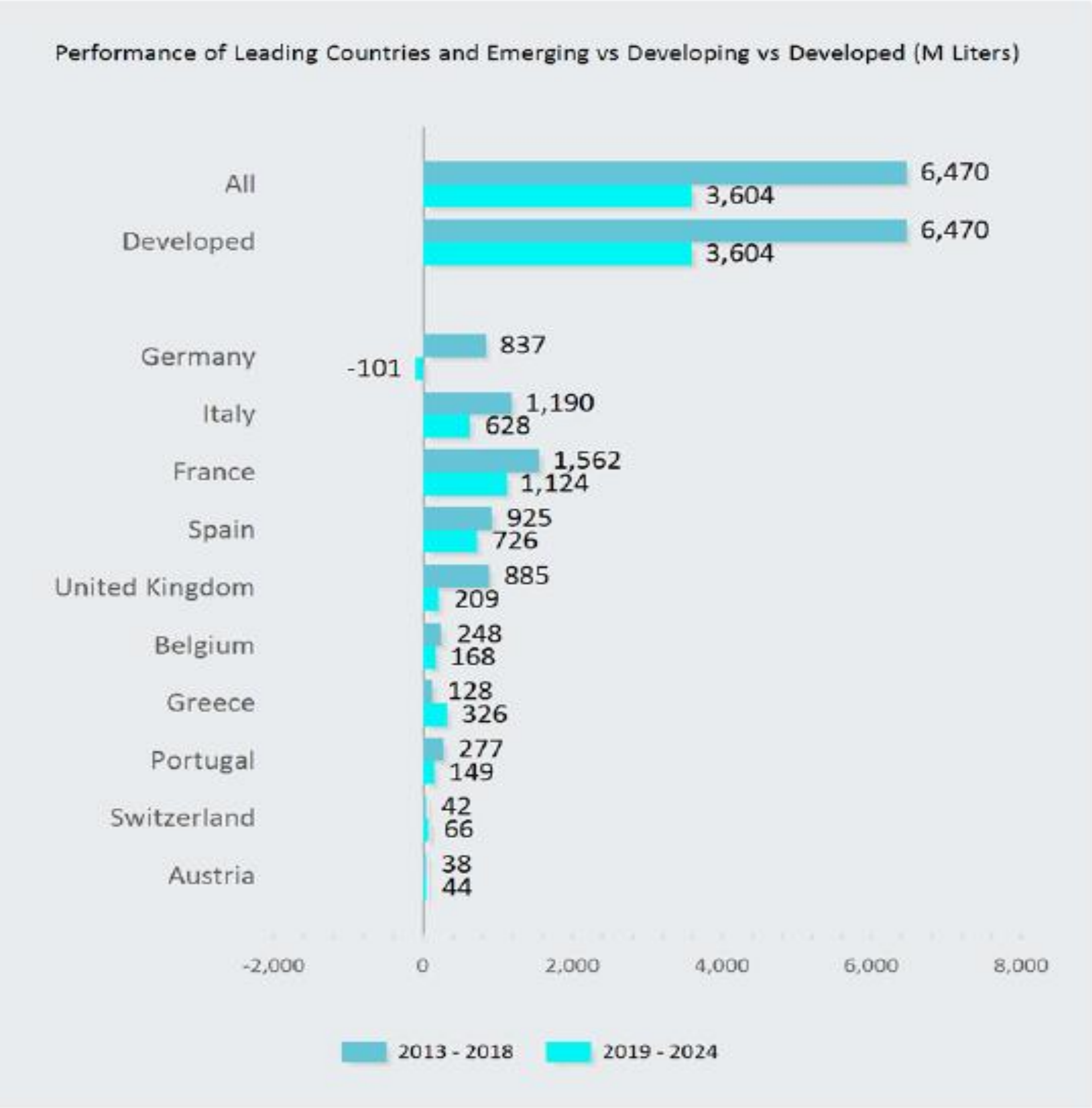
The introduction of glass bottles suggests premiumization

Innovations for this category are tougher than others, as the market includes a plethora of brands. In 2018, Salacious Drinks launched the CANADAwater brand in the United States, in a glass bottle that promoted elegant simplicity. In New Zealand, Pure Artesian Water followed this trend, with its 75cl glass spring water.

Table water still continues to dominate globally, however, mineral water is gaining in popularity. Like in Turkey, Sirmagrup Icecek San. ve Tic. A.S. introduced a glass mineral water, completed with a drawing of Istanbul, tapping into personalization.

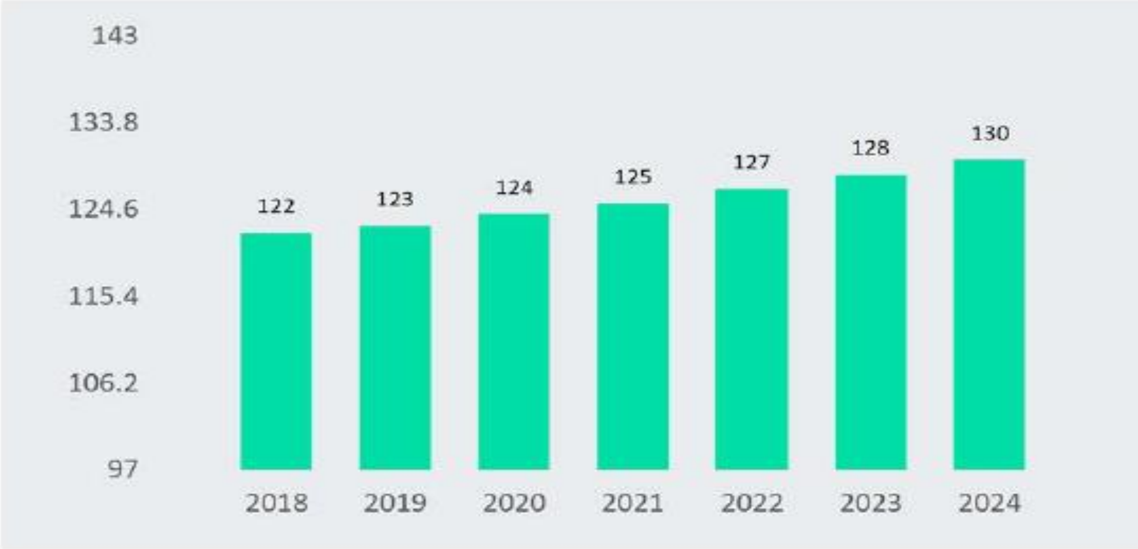
Western European Market 2013 – 2018, Forecast 2019 - 2024

Incremental Volume, 2013–2018 vs. 2019–2024F

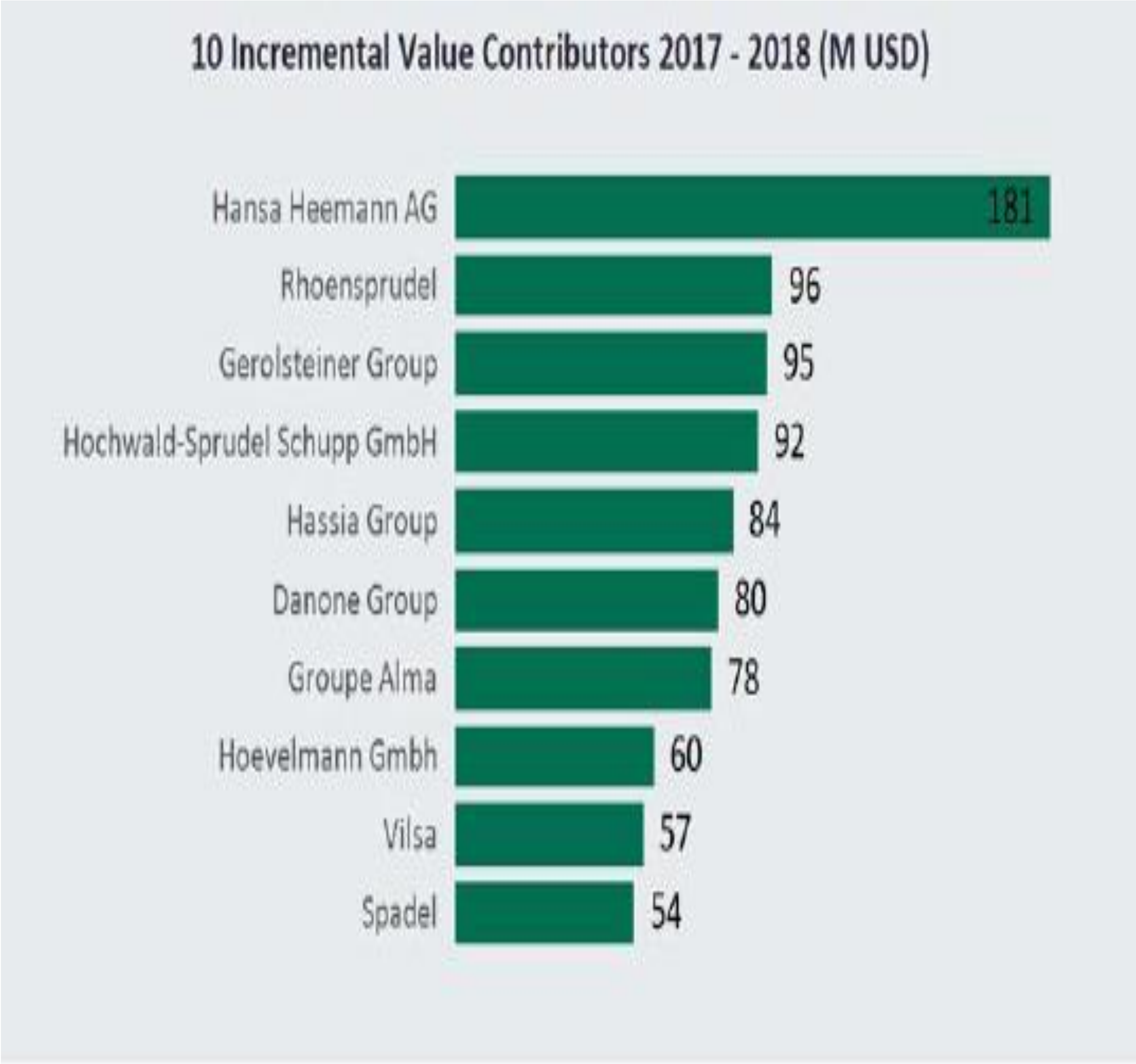


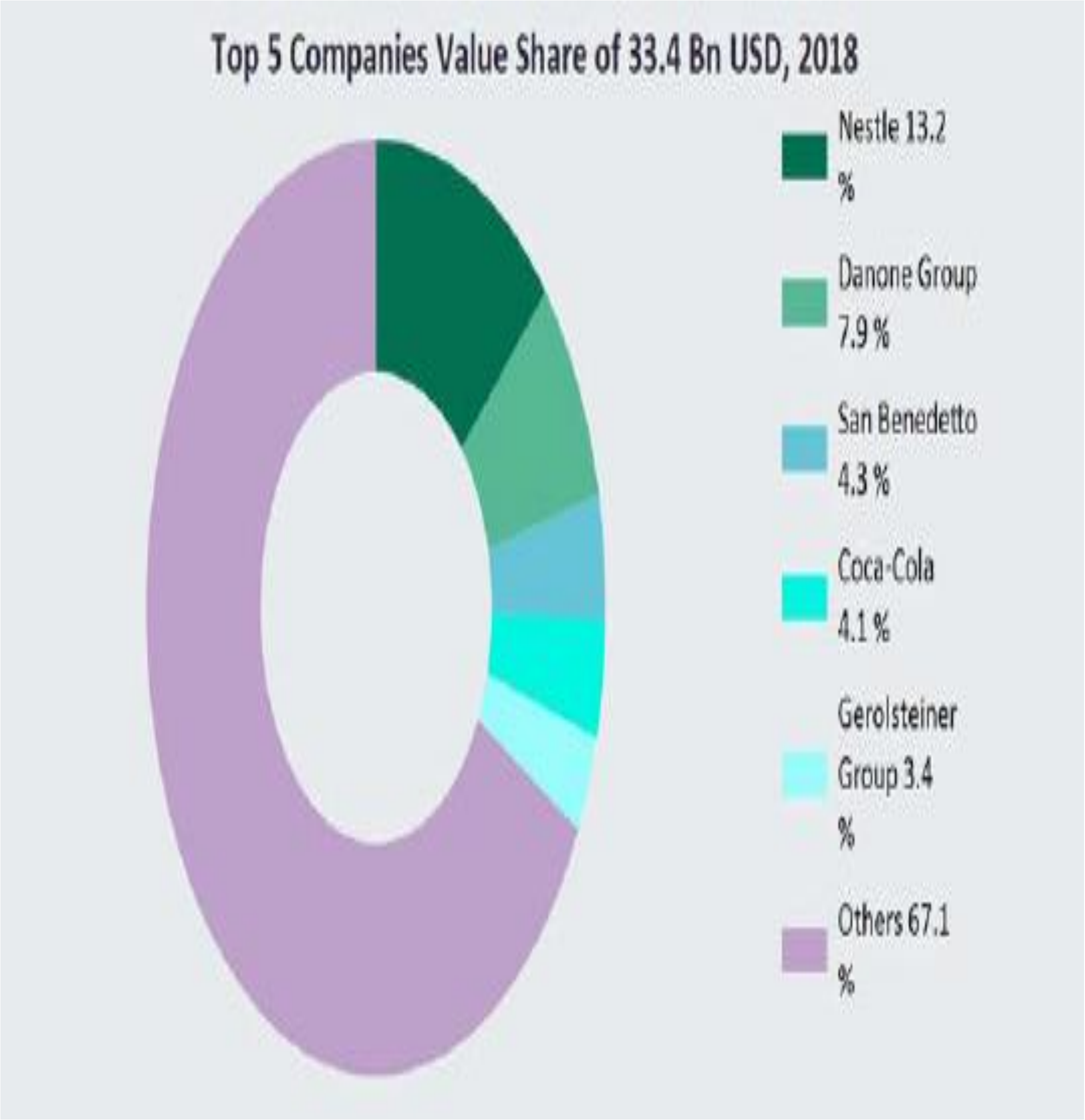
Volume & Value Growth, 2018–2024

Liters Per Capita, 2018–2024F



Western European Market 2013 – 2018





Western Europe Emerging Trends

Larger, multiple serving pack sizes are the most popular in the region

Brands & Companies

Germany's private label offering dominates Western Europe

Across the region, private label brands are the most popular, with Germany driving trends. Volumes, however, shrunk in 2018, with preferences in the country moving towards tap water. Germany's tap water has always had a good reputation, however, German consumers have always chosen packaged water. Now, sustainability goals are encouraging consumers to evaluate their consumption habits.

The top three brands (Cristaline, San Benedetto, and Volvic) all recorded positive results.

Packaging Trends

Innovative designs appeal to variation of target consumers

PET saw minor incline in 2018, despite recent innovations being centred around alternate pack types, including cartons.

This rise is interesting considering heightened trends in Western Europe for plastic consumption. In 2018, it was decided that the UK 2022 plastic tax for content that contained less than 30% recycled material would be adopted. This followed widespread media coverage on plastic sustainability, especially in France.

Channel & Pricing Trends

France drove large modern trends, while Germany drove discount

Packaged water value grew by 7% in 2018, aided by growth of the category in more niche regions, such as Finland and Sweden. France saw good gains in EDA and vending channels, owing to the categories moving away from sugar-laden beverage categories amid the second sugar tax.

Both channels recorded growth, although off-premise continues to fare better with on-the-go consumers, especially as a soaring heatwave occurred throughout a large part of Western Europe.

NPD

The UK is engaging in the most amount of product developments

Buoyed by warm weather, and elements of category switching from the recent sugar tax, the UK attempted to maintain category strength through product launches from the likes of Nestlé Waters and JUST Goods Inc. The former capitalized on a smaller pack size children's drink, promoting the category to children through parents, while the latter considered trends in veganism and sustainability.

FOOD FROM Finland

THANK YOU!

www.foodfromfinland.fi