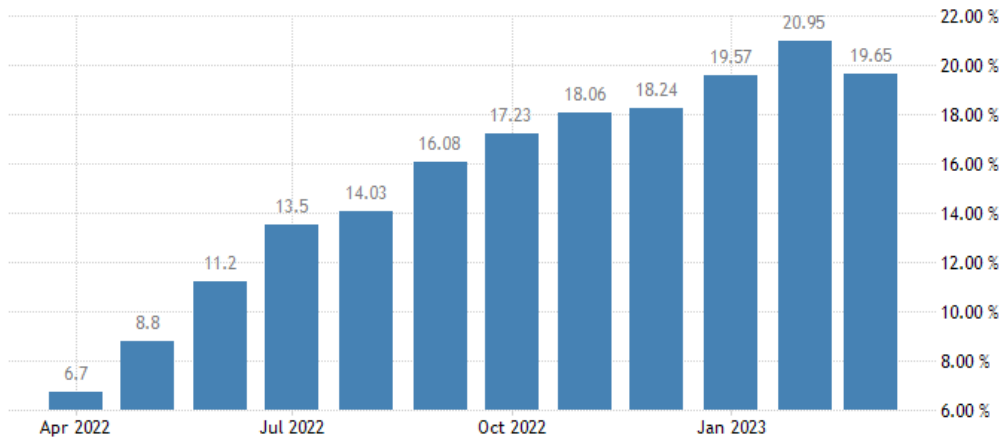


Trend break in food prices in Sweden

Source: SVT News (<https://www.svt.se/nyheter/ekonomi/sa-har-matpriserna-forandrats-sedan-svantessons-mote-med-matjattarna>)

After months of rapid rising prices, food prices are slightly starting to decline. The comparison company Matpriskollen, Sweden's largest independent food price application, has studied the price development of the dominant food retailers during the period 20 March to 17 April and have concluded that prices have decreased by 0.1 percent. Although this is a small trend break, the positive development is that prices have not increased.



Annual percentage change in food costs- Source: Statistics Sweden

Food price has according to Statistics Sweden risen by 19.65 percent since last year which has put Sweden in the lead where prices have risen fastest compared to its neighbouring countries which has put a strong focus on food prices in the media.

German retailer chain, Lidl, took the lead in lowering prices of 100 product items. Ica and other retailers then followed suit. According to Ulf Mazur, founder of Matpriskollen, Lidl may have been the contributing factor to the price drops.

According to Matpriskollen's statistics products that have driven the price down are seasonal products as fruits, vegetables and dairy products. Eggplant and zucchini are some of the products where prices have dropped the most, with just over 22 percent.

Product categories that had highest price drops between 20.3-17.4.2023		
Source: matpriskollen.se		
1	Fruits & Berries	-1.6%
2	Vegetables	-1.5%
3	Cheese	-0.8%
4	Dairy Products	-0.7%

Analysis

Sweden's supermarket sector is less competitive than in many other European countries dominated by ICA, Axfood and Coop with 51%, 20% and 18% of market shares respectively. Germany's Lidl is the only foreign competitor to have broken into the market, and this lack of competition may have made it easier for Sweden's supermarkets to pass rising costs on to consumers. With the break trend in food prices, although slightly, following focus and pressure on the retail giants, this could be a proven point that it is not entirely untrue when looking at the positive effect which is that food prices have not increased. Should Swedish consumers continue their bargain hunting this could stabilize and drive prices down, considering that food prices in Sweden have reached its peak.

Opportunities for Thai Exporters

Consumers in Sweden have shifted to a more responsible spending behaviour since disruptions in the supply chain from increased costs by choosing to spend less on non-essential goods and more on promotional goods. This creates significant opportunities for private label goods as consumers are open to shift away from their usual product or brand when price is of more importance. Another important factor to consider is that a healthy and sustainable lifestyle remains a priority in Sweden and although sales of organic products has slowed down, consumers still prioritize natural food over processed and food with heavy artificial ingredients.
