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FROM THE AMERICAN PEOPLE

DOING BUSINESS WITH GREENLAND CASE STUDY

Marketing Greenland for U.S. Buyers

CONTEXT

Greenland, the world's largest island, has a growing economy at 1.1 percent average growth over the last decade¹. With public financial support from Denmark, Greenland is a high-income country dependent upon the primary sector of fishing, although recently there has been significant investment and growth in the tourism and mining sectors. Historically, Greenland has had close economic ties to Denmark and Europe, but it is increasingly looking to expand its trading partners to support the growing and diversifying economy.

GREENLAND EXPORT DEMAND

As the country's main source of income, Greenland's exports have grown steadily over the last six years. In 2020, exports were 45 percent of gross domestic product (GDP)² and the country's top export partners were Denmark, China, and Japan, receiving 78 percent of its exports combined.³ The fisheries sector constitutes roughly 95 percent of Greenland's total exports, with the export value of fish products valued at DKK 4.4 billion in 2021.⁴ Greenland's fisheries sector is one of the main indicators of economic growth and is the second-largest employer. Despite the high contribution of the fisheries sector, Greenland aims to diversify its exports and trading partners for a dynamic economy, resilient against price shocks and market disruptions. The neighboring United States provides a prime opportunity for diversification in export trading partners.

The United States is Greenland's ninth-largest export trading partner and has steadily increased its imports from Greenland over the past six years⁵. In 2021, 99 percent of U.S. imports from Greenland were fish and seafood.⁶ With this existing foundation in fisheries trade, there is opportunity for other Greenlandic exports to flourish in the United States as Greenland continues investments in its tourism and mining sectors and as the Greenlandic brand gains traction in the U.S. market. Using the fishing sector as an example, Greenland exporters can use specific lessons learned to approach certain aspects of exportation to the United States.

Royal Greenland.

Government-owned Greenlandic company, delivering high-quality, wild-caught seafood from catch to consumer.

Polar Seafood

Greenland. The largest privately owned fishing company in Greenland and one of Scandinavia's key seafood suppliers.

Arctic Prime.

The largest Greenlandic seafood company in South and East Greenland fishing and processing premium quality fish products.

1 Trade Map database, www.trademap.org.

2 World Bank Development Indicators and Trade Map Database. <https://databank.worldbank.org/source/world-development-indicators>.

3 "Greenland." Observatory of Economic Complexity. October 27, 2022. <https://oec.world/en/profile/country/grl>.

4 "Export of fish products in 2021." Statistics Greenland. November 4, 2022. <https://stat.gl/dialog/main.asp?lang=da&version=202201&sc=IE&subthemecode=O1&colcode=O>.

5 Greenland." Observatory of Economic Complexity. October 27, 2022. <https://oec.world/en/profile/country/grl>.

6 Trade Map database, www.trademap.org.

COMPANIES EXPORTING TO THE UNITED STATES



Three of the largest commercial exporters in Greenland are seafood companies: Royal Greenland, Polar Seafood Greenland, and Arctic Prime Fisheries. While the United States represents a small but notable share of demand for Royal Greenland and Polar Seafood, all three companies' products have the potential to reach the U.S. market in varying ways.

Royal Greenland is the country's largest retailer and exporter of seafood and the world's largest retailer of coldwater shrimp. Approximately 15 percent of its products, mainly freshwater shrimp, turbot, and cod, have been sold directly to the U.S. market over the last three years.⁷ To increase U.S. sales and to establish a stronger foothold in the U.S. market, the company opened a national sales office in Boston. Royal Greenland pursues markets that most appreciate its products, and it is

aiming to decrease single-market dependency by selling more than one or two products in each of its target markets.⁸ One of its goals is to increase post-catch processing to increase the value and diversity of its exports.⁹

Polar Seafood has been selling its seafood products to the United States for the past 20 years through Canadian wholesaler Fisher King Seafood, which, in turn, exports the products to the United States under the Polar Seafood brand. Shrimp and snow crab are the Polar products being sold in the United States.

Arctic Prime specializes in groundfish and pelagic fish. The company sells 100 percent of its stock to Sirion Seafood distributors in Denmark. While most of its products are then sold to the U.K. and EU markets, undetermined quantities have potentially been exported to the United States through Sirion Seafood.

BARRIERS TO EXPORT

Some of Greenland's common trade challenges create specific issues for its fish exports to the United States.

PROHIBITIVE FREIGHT COSTS AND SCHEDULES. Priority shipping routes with Denmark and ocean vessel agreements with Iceland make freight to North America, particularly the United States, timely and more expensive for Greenlandic companies. For the fishing industry, this impacts the type and profitability of products sold in companies' target markets. Compounded by the effects of COVID-19 and a limited workforce, it can take two months for fully market-ready fish products to reach U.S. ports in Maine, since the products journey to Denmark first before reversing course to Iceland and on to Canada and the United States. Current shipping routes and prices make commercial expansion and direct shipping to the United States less financially viable. For instance, Greenlandic fish exporters saw as much as a 30 percent increase in freight costs to the United Kingdom over the last year.¹⁰ To make margins, Greenlandic seafood must be sold in a premium tier, but these companies don't have the brand awareness among Americans to garner that premium pricing within the U.S. market. Greenlandic fish products shipped to the United States are frozen and compete with the competitive *refresh* (frozen and then unfrozen to be cut and sold as "fresh") market. The current commodity-level pricing makes it unsustainable and unfeasible for companies to increase sales efforts in the United States.

DIFFERING MARKET PREFERENCES. For the fish industry, American taste preferences often garner less demand than other countries that Greenland trades with, such as Denmark, China, and other European countries. China, for instance, has high volume demand for many of Greenland's seafood products, like head-on shrimp and whole fish, which makes for easier sales. American consumers prefer headless shrimp and fish fillets. To target specific markets, sometimes additional processing is required to produce end products that meet demand. For some seafood companies, adjusting to American taste preferences is not a big hurdle, in theory, but it requires additional infrastructure—like more cold storage for processing—than what is present in Greenland. Denmark (and, to a lesser extent, Canada, because of legacy business relationships) has the processing facilities to produce the sector's end products, like fillets.

7 "Fishing industry puts the green in Greenland." Country Reports. October 24, 2022. <https://country-reports.net/fishing-industry-puts-the-green-in-greenland/>

8 Ibid.

9 Ibid.

10 Greenlandic fish exporter, interview by Andrew Morrisett, July 13, 2022.

MARKETING AS A KEY TO SUCCESS

These common export challenges that Greenlandic seafood companies face in the United States can be traced back to the lack of a Greenlandic brand identity that influences American preferences and garners premium prices. While not directly exporting to the United States, Greenlandic company InuaCare has taken steps to successfully approach and market to U.S. consumers.

1. **KNOW THE MARKET.** Doing market research on the target customer base will help inform the status of the industry and will provide insight into likely customers. Following its research on the U.S. market, InuaCare targeted its skin care and beauty products directly to consumers online. U.S. consumer preferences trend toward online shopping, and the online U.S. beauty market has experienced rapid growth in the last few years.
2. **TELL GREENLAND'S UNIQUE STORY.** A cohesive story that sells the assets and benefits of Greenland will create a distinctive Greenland brand that is marketable to consumers. Through niche marketing, Greenlandic companies can use this brand to target a particular consumer segment with specific tastes and preferences. Highlighting Greenland's pristine and natural qualities can create a brand for high-quality premium products. This strategy serves Greenland's relatively smaller supplier market.

InuaCare has implemented this strategy well. Selling a skin care and beauty brand made of local and handpicked ingredients, the company markets a line of products that are natural, sustainable, organic, and transparent. It has taken the image of Greenland as a pure, vast, and unspoiled country and transformed it into a high-quality, premium product to sell directly to consumers in the United States. Its inclusive storytelling focusing on women and indigenous voices enhances the appeal of its product to a niche market.

3. **BE CLOSE TO THE CONSUMER.** A U.S. presence—to make connections, close sales, and ensure end-market delivery—can be beneficial for businesses selling in the United States. InuaCare's products are manufactured in Denmark and shipped to its U.S. representative for end-market sale and shipping. Royal Greenland maintains a sales office in Boston to connect to the market. Additionally, presence at international and U.S. trade shows creates important opportunities to find buyers and gain brand visibility. Certain Greenlandic seafood companies attend Seafood Expo North America every year to stay updated on market trends and consumer preferences.
4. **CONSIDER ALTERNATE ENTRY.** Selling directly to the United States is not always the most feasible or immediately available option. Using preexisting value chains to indirectly enter the market is another method. Polar Seafood has an existing network in Canada allowing its products to reach the United States. EU distribution partners could have access to the U.S. market. Indirect sales to the United States allow for brand awareness among consumers that will be foundational for launching direct sales and exports to the United States when that business decision is made.

InuaCare. First Greenlandic skin care brand, featuring natural, handpicked arctic plants and combining efficiency with sustainability and transparency.



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