Interview with Johan Nylund, Export Manager at Polarbröd AB

Bread-making generations ahead

Northern Sweden: The Northern Lights, wild and rugged yet beautiful terrain, and reindeer, are perhaps some of the first things that spring to mind. However, the area is also renowned for its culinary delights, in particular traditional Swedish stone-baked flatbread. Equally rich in tradition is one of the original bakers of the region, Polarbröd AB. The 140 year old company combines the baking methodology and principles of the past with modern values focused on preserving the environment for future generations.

The family-owned concern is now managed by the fifth generation of the Jonsson family, with sisters Karin and Anna firmly at the helm. “They have introduced a very new and dynamic business strategy,” explains Export Manager Johan Nylund. “We have a long heritage dating back to 1879, when traditional northern Swedish bread was hearth baked on heated stones. That in itself differentiates us from other bakers; we were the originals. When we reached our 120th anniversary, we realized that our focus on sustainability was the reason we had been in business for so long. The sisters decided to commit to this philosophy in a much bigger way, in four key areas: energy, transportation, packaging, and sustainable ingredients.”

Indeed, the company has implemented a number of very ambitious measures to ensure its activities align to the most up-to-date environmental principles. It has invested in four wind power plants which produce all the electricity required by its bakeries. All three bakeries are connected to the rail network, and 100% of incoming raw ingredients are delivered this way. 80% of domestic product distribution is also undertaken by rail, with the remaining 20% delivered, as far as possible, by trucks powered by fossil-free fuels. Even the plastic packaging around the bread is being replaced by sugar cane plastic, a bioplastic which uses 30% less petroleum in its production and has a much lower carbon footprint than standard plastics. Polarbröd also took a decision to use sustainable ingredients and, together with suppliers, has set up various projects relating to diversity farming. “The family’s aim is that the next five generations will continue to implement these sustainability policies, thus ensuring a long future for the company and the environment in which it operates,” underlines Mr. Nylund.

Despite the modern outlook in relation to the environment,
Polarbröd’s production is based on traditional hearth-baking methods. Its baking line is extremely modern and efficient, but operates on the hot stone baking principle so that the bread is heated very quickly. From the baking line, the products are placed directly into a freezer, and packaged and shipped while frozen, thawing en-route to the customer. “This is the unique Polar method,” explains Mr. Nylund. “Freezing the bread and transporting it to our customers in a frozen state enables us to bake the bread without using any preservatives. We are currently investigating ways of selling frozen bread to end customers so that they can keep it in their freezers at home until they need it.” Polarbröd’s product range is extensive and diverse, and includes between ten and 15 different big-selling items. The portfolio includes great-tasting white and brown bread rolls, bagels, thinbreads, and flatbreads which come in rye, wheat and oat varieties. All the bread is free from milk, and most common allergens (sesame seeds, nuts, and others) are not permitted in the bakeries. The company’s absolute best seller is Polarkaka – kaka is Swedish for cake. “Because we bake completely without preservatives, our bread has a unique freshness,” stresses the Export Manager. “The consistency and softness of our products is also very special.”

Polarbröd is headquartered in Älvsbyn, the small town near the east coast of northern Sweden in which the company was founded. It has further bakeries in Bredbyn and Omne. All of the bakeries hold numerous certifications relating to safety and hygiene, process and production management, quality systems and facilities; in addition the Bredbyn and Omne bakeries hold the KRAV certificate relating to sustainable agriculture. In total, the firm employs 342 staff and achieves an annual turnover in the order of 100 million EUR.

Polarbröd is a household name in Sweden. One of three big players in the Swedish market, the company currently boasts a 16 to 20% market share. It has two distinct customer groups. In Sweden and Norway, the company sells primarily to the retail sector. It has a full distribution service to Norway, and sales in the country are growing at an incredibly fast pace.
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“We are a niche player in Norway, which is our biggest export market. Nevertheless, we are close to achieving the position there that we have in Sweden,” Mr. Nylund points out. Further away from home – in Finland, the UK, Germany, France, Spain, Switzerland, Iceland, Baltic States, Belgium and Denmark – Polarbröd sells its products to the food service industry, in particular sandwich producers who sell ready-made sandwiches to stores and cafes. “There is a huge out-of-home trend and our bread is ideal for this market. We are seeing a lot of growth in this area,” says Mr. Nylund. Growth is very much part of Polarbröd’s business strategy. “We are in the process of launching our products in Germany,” the Export Manager continues. “We believe there is a huge amount of unlocked potential there, and Germany could even become our biggest market in the future. France is currently our second biggest export market. The French eat a lot of sandwiches, and we sell to the biggest sandwich producer in the country. We are also seeing tremendous growth in Finland.” In the UK, the company partners with Ocado.
the country’s biggest online retailer, which has a very effective distribution network covering the whole of the UK market. “It will be interesting to see what happens in the retail market as online sales increase,” notes Mr. Nylund.

So why is Polarbröd so successful, despite being tucked away in the northernmost region of Sweden? “I think our success is mainly due to the quality of our bread,” Mr. Nylund says. “We have a unique method of baking without preservatives, and I think, for that reason alone, the brand is popular in the retail sector. We have also been consistent in not getting into every new trend that hits the market. We focus on a classic type of bread. We simply have a good combination of a strong brand and top-quality products. On the business side, we have great partners who can distribute the brand efficiently and effectively. I believe our success is really down to a mix of all of these things.”

Polarbröd has certainly seen significant success in the form of growth since its humble beginnings as a small bakery in Älvsbyn, founded by Johan Nilsson. The firm was passed on from generation to generation, and in the 1950s, Mr. Nilsson’s grandson Gösta and his wife Greta recognized the strong export potential for the bakery’s products. They chose to use the classic northern Swedish method of freezing, and Greta experimented with frozen sandwiches. Her smoked reindeer sandwich was a particular hit, and is still in production today as the famous Renklämma. The Polar-kaka was created as a result of Greta’s invention, which ultimately led to the company being renamed Polarbröd.

Today, besides its activities in relation to sustainability, the company faces new challenges in terms of its market presence. “Our goal for 2018 is to defend our position in the Swedish market and grow our business,” reveals Mr. Nylund. “We want to expand, both from a geographical and a product portfolio perspective. We are seeking new markets and new ways of using our bread. As far as exports are concerned, our immediate focus is our retail launch in Germany; this is currently the most important issue for us.” Irrespective of the challenges facing the company in 2018, Polarbröd is also taking a longer term view. “In the coming five years, we want to grow our export turnover to 20 million EUR,” Mr. Nylund continues. “Instead of the current 80:20 split for domestic and export business, we are aiming for a 60:40 split. Markets such as Finland, Germany and the UK offer huge potential and are very important for us. Obviously, it remains to be seen what happens after Brexit.” Polarbröd prides itself on combining tradition and modern business practices in relation to the environment. With its heritage in classic, northern Swedish baking, its high-quality-products, and its commitment to sustainability, future generations of the Jansson family will be able to continue the family tradition in a secure, forward-looking organization.