

HEARING

Sales channels and selection categories

The Alko selection categories have been categorized in a new way

- Alko's selection categories are now: general selection (main and service products), seasonal selection, limited editions, sale-to-order selection and special order products.

Assortment management

Selection profiles and shop categories (prev. Shop categories)

- Products in the general selection are allocated to shops by product groups using selection profiles (prev. called shop categories).
- Alko has three shop categories (store concept) which are used in customer communication: premium store, specialist store and local store. From assortment management point of view these shop categories are separated by wideness of assortment. The limited edition products are allocated to the premium and specialist stores. The premium and specialist stores have less centrally allocated products than average and the local stores have more centrally allocated products than average.

Planning of selection (prev. Planning for the general selection)

- The planned selection consist of the following product types: general selection's main and service products, limited edition products and seasonal selection's products. The planning of selection is based on the customer-oriented category tree, according to which the demand and the existing selection is assessed in relation to the needs of different customer segments.

Purchase plan

- Alko publishes a Purchase plan twice a year for the general selection and three times per year for the limited editions.
- The timetable for publishing the Purchase plans of the limited editions in year 2018:

Tenders	Listing of products
September 2017	Mars- April 2018
December 2017	May- August 2018
April 2018	September- December 2018

Seasonal selection products (prev. Seasonal products)

- If a seasonal product has inventory in the Alko's warehouse when the season ends Alko can sell the remaining inventory via sale-to-order selection. This change still needs a technical solution.

Limited editions

- The monthly listed limited edition products consist of larger and smaller limited editions. The larger limited editions have a wider demand and availability. The smaller limited editions are top class products especially for the enthusiasts. The tenders for the limited



editions are published on Alko's webpage three times per year or with separate tenders.

- The larger limited editions are in the selection and ordered by Alko shops for four months period from the date of listing (limited edition period). The products are centrally allocated to the premium and specialist stores. For other Alko shops the products are optional. The smaller limited editions are purchased in small batches and are sold in the premium stores and Alko Online shop.
- A limited edition product can transfer to a non-allocated main product of the general selection after the limited edition period if sales of a limited edition product:
 - exceed 1000 sales units during a rolling 12-month period and come through a minimum of 20 shops
- or**
- exceed a turnover of 10,000 euros without tax during a rolling 12-month period and come through a minimum of 20 shops.
- A limited edition product may also transfer to the sale-to-order selection after the period, if the supplier so wishes.
- The request of the limited edition product to be transferred from one selection to another should be issued before the limited edition period is over.
- If a limited edition product has inventory in the Alko's warehouse when the period ends Alko can sell the remaining inventory via sale-to-order selection. This change still needs a technical solution.

Limited availability products

- Limited editions are replacing limited availability products.

Product searches and offering procedure (prev. Product searches and offering procedure for the general selection)

Participation in product searches

- A limited edition product's offer forms have analysis values that need to be measured according to the Annex 6 methods and the analysis certificate needs to be attached to the offer form. If the analysis certificate is not available, the analysis of the product is made in Alko with offeror's expense.
- In limited editions and seasonal products Alko can choose not to buy a product if the announced availability is smaller than estimated demand in the tender.
- If more than one company offers the same limited edition product, Alko buys the product of the lowest price considering the product's estimated demand and availability.
- A mock-up needs to be clearly marked as a sample for assessing only the external appearance. It also needs to contain all the required package markings that are in line with search criteria (an easement for requires package markings. A mock-up doesn't need to contain package markings required by regulations).
- Separately delivered photo is not an acceptable packaging mock-up.

Selecting and listing the products

- The purchase of the limited edition product takes place 1 – 2 months after the end of the search period. The limited edition products are generally listed once per month.

Cancelling the listing (new headline)

- If the seller is unable, in spite of the offer, to deliver the product offered within the given timeline, Alko will cancel the listing and charge the seller for the costs caused by the listing. The costs are charged according to the list of supplier charges published at alko.fi/forsuppliers.
- The listing is cancelled if the product is not available for deliveries to Alko shops within a month from the listing date.
- If a larger limited edition product is delayed from the delivery starting date, the charged cost is 1,250.00 euro (+VAT) from the seller.

Sale-to-order selection

Offering products to the sale-to-order selection

- A sale-to-order selection product's offer forms have analysis values that need to be measured according to the Annex 6 methods and the analysis certificate needs to be attached to the offer form. If the analysis certificate is not available, the analysis of the product is made in Alko with offeror's expense.

Listing of products to the sale-to-order selection

- If a product offered to the sale-to-order selection has a limited availability, the seller needs to announce the availability in sales units in the offer.

Trading conditions

Changes to the listed products

- Updated price list periods:

Price list period	Change to be notified
6 February 2018 to 4 June 2018	1 December 2017
5 June 2018 to 1 October 2018	1 April 2018
2 October 2018 to 4 February 2019	1 August 2018

- The purchase price of a product cannot be changed for the first two price list periods after the product's listing date. However a change in the mode of delivery makes an exception to the rule. If the delivery mode is being changed during the first two price list periods after the listing date, the purchase price has to be altered in a way that the retail price remains the same.
- The change is valid for products that are listed to the selection after 3 October 2017. The purchase price of these products can be changed for the price list period of 2 October 2018.
- When the delivery mode or distributor is being changed the purchase price of the new product cannot also change for the first two price list periods after the listing date.
- Changes in retail prices of limited edition products and seasonal products cannot be made.

Retail prices

Calculating the retail price

- Alko's central warehouse and shop delivery costs:
 - The following cost classes are applied for new products:
 - for limited edition products with the estimated demand in the tender the cost of volume class "under 2,000 sales units" (if the total purchase quantity is under 2,000 sales units) or the cost of volume class "2,000 – 29,999 sales units"
 - for bag-in-boxes and liquid cardboard packages, the cost of their own volume class
 - for mulled wine (gloegg), the cost of a volume class corresponding to the total purchase volume agreed with the supplier
 - for other general, sale-to-order and seasonal selection products, the cost of volume class "2,000 – 29,999 sales units".

Update to Direct distribution to Alko shops (Annex 2 C)

Terms of payment

- The terms of payment are 30 days from the date of invoice. The invoice must be sent latest on the day following the dispatch day. When the goods are delivered directly to Alko shops, Seller must send Alko a day specific joint invoice with the prices of the ordering date. The joint invoice must include specifications by shops.

Update to instructions for sending samples and certificates (Annex 6)

Delivery of samples and certificates requested by Alko

- The time for bringing the samples to Alko's central warehouse is between 9.00 in the morning and 15.00 in the evening on working days (before between 7.00 and 17.00).

General and seasonal selection and limited editions samples (new headline)

- Delivery starting samples are not required for products that transfer from seasonal and sale-to-order selection and limited editions to general selection nor for limited edition products.

Analysis methods used

- When offering limited editions and sale-to-order selection products the supplier needs to announce the analysis values of the product which are based on measured results. The analysis methods used must comply with the EU regulations (EC) No. 2870/2000 and 2091/2002 and OIV's instructions (wines, spirits and distilled drinks, ciders and long drinks).