

CHANGES IN OPERATIONAL ENVIRONMENT BECAUSE OF ALCOHOL ACT



3.3.2017

Programme

- Alko's strategy 2017 - 2019
- Legislative proposal's estimated effects for Alko
- Discussion in small working groups: How Alko and suppliers can together react to strategic demands of new operational environment?

Mission and strategic goals 2017–2019

BEST CUSTOMER EXPERIENCE

The best expert and personal service



BEST WORK

Skills and flexibility are the keys to the best performance



Alko –
responsible
retail sales
of alcoholic
beverages

AN ACTIVE PLAYER IN THE COMMUNITY

Trendsetter of responsibility



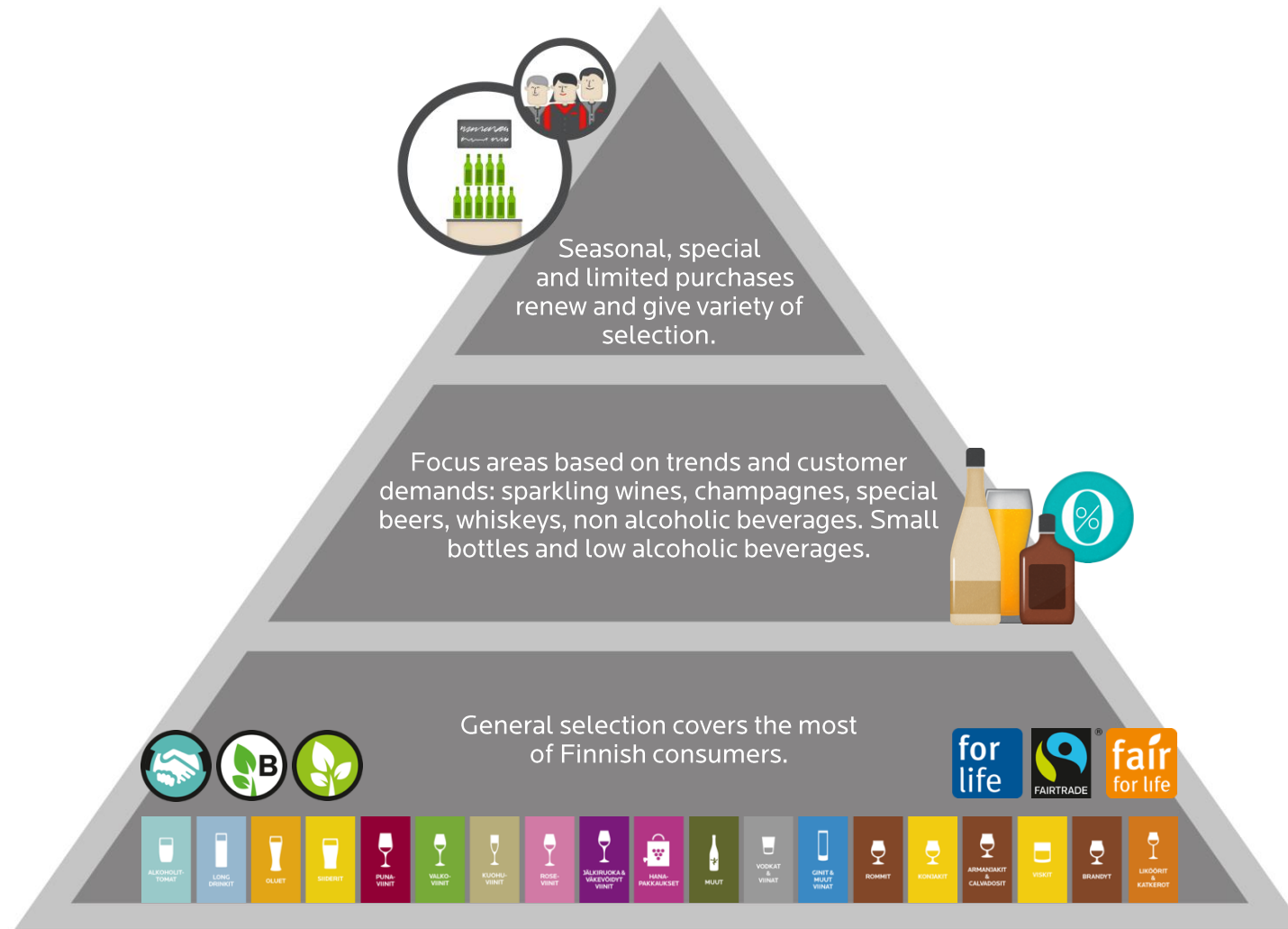
EFFICIENT COMPANY

Efficient chain management and processes that support customer service



The whole world in your glass!

Our 10 000 products will inspire, surprise and fill all of your needs regardless of the channel.



Legislative proposal's estimated affects for Alko

- In the legislative proposal it is estimated, among other things, that Alko will lose approx. 70 per cent of sales in brewery products when the maximum alcohol volume of beverages sold in grocery stores is risen. This has been estimated to decrease sales at least 100 million euros which is approx. 7 per cent of total turnover of Alko.
- When actualized the decreased turnover would lead to a smaller shop network (now 354 shops) and also would decrease significantly Alko's personnel from current 2 500 FTEs.

Discussion in working groups

1. Alko's assortment

- What should be done to the assortment when operational environment is changing (assortment planning and shop's assortment)?
- A change of the category from long drinks to "Ready to Drink". What is the content and name of this new category?

2. Service

- How the customer experience in multichannel should be revised? How Alko's and suppliers' collaboration can make this stronger?
- Which and what kind of service is valuable in the future?

3. Shop network

- How should we react from the shop network point of view?
- What is Alko Online shop's role and what requirements it has?

Strategy workshop summary March 3rd 2017

Aspect of possible changed alcohol act and operational development

1. Alko's assortment is good and wide

- Demand of business and specialization
 - Clear focus to products over 5,5 % alcohol by volume.
 - Also product searches with business focus and interesting price points for customers were requested to the Purchase Plan
- An idea of Ready to drink's concept got cautious opinions. How much Alko should invest to the product group? Working groups recommended to focus only to Alko's strengths.
 - The name 'ready to drink' got the most support from working groups because it's international and recognized to some extent.
- Strong connecting with food were recommended further on.
- The assortment should be innovative, high quality and versatile.
 - Alko's vision of 10 000 products raised some concern of fragmented demand.

2. Alko is recognized for its service. Alko Online shop has got better all the time.

- Alko Online shop's development should continue.
 - Clear availability information of products from Alko to suppliers were hoped for to ensure products' availability (approx. half of the suppliers have readiness for this).
 - Home delivery possibility was hoped for.
- Thoughts of seasonal and theme products' stronger displays in shops, mini fair for personnel, self-service cashier, specialized product experts and online training for customers.

3. Shop network is wide

- It is important that the sale time for alcohol beverages should be equal and similar in upcoming alcohol act. Alko should have the same rights than other stores.
- Because of developed customer needs also the size and profile of the shops needs to develop.
- More pick up points to Alko's shop network.