



# SUPPLIER EVENT



8.2.2017



## **PROGRAMME:**

### **9.30-10.30 SUPPLIER INFO**

- Sales in 2016 and Christmas Season
- Listing Instructions February 2017
- Current topics of Alko Online Shop
- Other current topics

### **10.45-12.30 WORKSHOPS**



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# Sales in year 2016

PRODUCT GROUP	SALES IN LITRES		
	Million litres	+-% pr.y.	Share, %
Vodka and spirits	13,9	-1,7	14,8
Other spirits	7,6	-0,5	8,1
Fortified wines	3,0	-4,0	3,2
Red wine	24,5	-1,6	26,2
White wine	21,2	0,2	22,6
Sparkling wine	5,4	3,5	5,7
Rosé wine	1,0	16,0	1,1
Other wines	1,9	1,4	2,0
Beer	8,5	-1,6	9,1
Long drink	5,6	-1,1	6,0
Cider	0,7	-2,5	0,7
Non-alcoholic beverages	0,5	26,9	0,5
<b>TOTAL</b>	<b>93,5</b>	<b>-0,6</b>	<b>100,0</b>

- Trends: less, milder and more quality
  - Total volume decreased 0.6 %, sales of strong beverages moved to milder products.
  - People's interest of drink and food has increased – quality before quantity: for example in wines price groups 10 € and over are increasing.
  - Increased:
    - Sparkling wines, rosé wines, whiskys and rums, gins and special beers
    - Non-alcoholic beverages, small bottles and organic products

# Sales in December 2016 and seasonal products

## Total sales in December

PRODUCT GROUP	SALES IN LITRES		
	Million litres	+-% pr.y.	Share, %
Vodka and spirits	1,4	-2,2	12,4
Other spirits	1,0	-3,3	9,0
Fortified wines	0,6	-7,5	5,7
Red wine	3,5	-3,4	30,6
White wine	2,0	-1,8	17,7
Sparkling wine	0,8	-1,3	6,6
Rosé wine	0,0	10,8	0,4
Other wines	0,4	7,3	3,9
Beer	1,0	-2,6	8,4
Long drink	0,5	0,5	4,3
Cider	0,1	-3,5	0,5
Non-alcoholic beverages	0,1	-7,0	0,6
<b>TOTAL</b>	<b>11,4</b>	<b>-2,4 %</b>	<b>100 %</b>

## Sales of seasonal products

Product group	SALES IN LITRES	
	Litres	Change %
Mulled wine (gloegg)	1 048 953	3,7 %
Brewery products	177 012	-4,3 %
Wines	203 225	35,9 %
<b>Total</b>	<b>1 429 190</b>	<b>6,2 %</b>

- Sales in litres of seasonal products increased 6 % from last year.
  - Colder winter affected positively to sales of mulled wines.
  - Sales of beer increased. Total volume of seasonal brewery products decreased because this season there were more new products in general selection than last year.
  - Demand of wines was positive.

# Sales in January 2017

PRODUCT GROUP	SALES IN LITRES		
	Million litres	+-% pr.y.	Share, %
Vodka and spirits	1,0	-4,2	17,4
Other spirits	0,5	-7,0	8,9
Fortified wines	0,2	-7,9	3,1
Red wine	1,5	-8,4	27,3
White wine	1,2	-0,0	22,0
Sparkling wine	0,2	1,6	4,2
Rosé wine	0,0	22,9	0,5
Other wines	0,1	-11,9	1,1
Beer	0,5	-6,0	9,2
Long drink	0,3	0,7	5,2
Cider	0,0	-5,3	0,6
Non-alcoholic beverages	0,0	-4,9	0,5
<b>TOTAL</b>	<b>5,6</b>	<b>-4,6 %</b>	<b>100 %</b>

Sales of last 4 weeks vs previous year

Product group	Litres (million)	Change pr.y. (%)
Brewery products	0,9	-1,5 %
Wines	3,3	-1,2 %
Spirits	1,5	-4,2 %
<b>Total</b>	<b>5,7</b>	<b>-2,0 %</b>

# Prices February 1st 2017

	Amount of products which changed price (1.2.2017)	Average price change
Red wine	562	0,8 %
Other spirits	421	0,2 %
White wine	353	1,4 %
Sparkling wine	264	0,5 %
Vodka and spirits	130	-0,1 %
Beer	115	0,4 %
Fortified wines	38	0,5 %
Rosé wine	30	0,6 %
Long drink	20	2,1 %
Non-alcoholic beverages	18	-1,4 %
Other wines	17	-1,4 %
Cider	17	0,2 %

## Red wines

- Price of 456 products increased and price of 106 products decreased (average +0.18 €)
- Price of 109 products increased more than 0.50 €

## White wines

- Price of 291 products increased and price of 62 products decreased (average +0.22 €)
- Price of 81 products increased more than 0.50 €

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# Changes that came into force in Listing Instructions Feb 1st 2017

## Assortment management and planning

- The maximum share of centrally allocated products is ca. 70 % the year 2017 onwards (before 75 %).
- Requirement for 400 individual purchases will be removed from the terms for service product transfer to the general selection and sale-to-order-selection product to the general selection.
- A seasonal product may transfer to a main product in the general selection or to sale-to-order selection after season, if the supplier wishes so.
  - This does not concern to mulled wines which still have discount and disposal procedure according to the contract.

## Product searches and offering procedure

- A product can be offered to the general and sale-to-order selection at the same time.
- The process from the ending of the search period to the listing of the product has been shorten to approximately 5 – 7 months.

## Sale-to-order selection

- In self-service listing to sale-to-order selection supplier has to sent also an image of the product's back label.
- There has made an easement to transferring product from a selection to another. When the product is transferred from a selection to another the stock of Alko shops can be transferred to the new product number.
- The following choice will be removed from the sale-to-order selection's offer form: "Sale-to-order product sold by the case".

# Changes that came into force in Listing Instructions Feb 1st 2017

## Retail prices

- Alko's central warehouse and shop delivery services for new limited availability products of the general selection, the cost of volume class "under 2,000 sales units" or the cost of volume class "2,000 – 29,999 sales units".

## Terms of purchase and delivery

- Industrial rights / rights to use a product image has been verified to Alko.
- The time for bringing the samples to Alko's central warehouse is between 7.00 in the morning and 17.00 in the evening on working days.

## Trading conditions

- Price list periods have been updated.
- The conditions for the approval of the product change has been eased: after 2 years also the changes to product's attributes that are mentioned in the product's original search criteria and respectively in the offer are possible. In this case the product's central allocation will be reset.
  - Essential characters that cannot be changed during a product's life cycle are the product's segment (excluding wine taste style and price) and maturing definitions (for example age statement in whiskies, "VSOP" in cognacs and "Crianza" in wines).
- Product changes that are not notified before the changed product reaches distribution, a fee of 300 euros (+VAT) will be issued.

# Easement to the product changes procedure: Clarifications to the instructions

*"The condition for the approval is that the change:*

- Is in accordance with the Consumer Protection Act, the Alcohol Act, and the guidelines issued by Valvira.*
- Complies with the original search and offer according to the search criteria for two years starting from the listing date. Price changes, product changes affecting product's appearance and vintage changes (wines) are still possible according to the normal product change instructions.*
- After two years also the changes to product's attributes that are mentioned in the product's search criteria and respectively in the offer are possible.*
  - In this case the product's central allocation will be reset and it becomes a non-allocated product starting from the date of the change.*
  - When the central allocation is reset a product will again be taken into assortment allocation monitoring from the next price list period after the change. Therefore a product may be allocated approx. 8-12 months after the product change.*
- Essential characters that cannot be changed during a product's life cycle are the product's segment (excluding wine taste style and price) and maturing definitions (for example age statement in whiskies, "VSOP" in cognacs and "Crianza" in wines).*
- Functions effectively in Alko's logistics system, and is in accordance with both Alko's space management concept and also its principles for chain management and chain operability."*

## Principles:

- Guidelines apply to product changes – it's not possible to change the product to another one.
- It's not allowed to change the product's maturing definitions or the segment (excluding wine taste style and price).
- Other characters that are mentioned in search criteria can be changed after two years but then the product's central allocation will be reset.
- When needed, additional guidelines will be made by managers in products and purchase department.

# Clarifications to the information concerning supplier's advertising



## Alko in supplier's advertising

- It has to be obvious from the advertisement that it is not promotion made by Alko.
- It is not allowed to use Alko's logo without permission.
- Desirable way is that supplier recommends customers to check the availability of a product from alko.fi –pages. The supplier should also ensure that the product availability is sufficient for the duration of their advertising campaign.
- Instructions for creating links to Alko Online Shop in supplier's online advertising are still valid.
  - Alkon 'siirry tästä verkkokauppaan' click to reach the online shop' icon is allowed to be used.
  - This icon has to be used only as such and any own added illustrations, text or other elements are not allowed.
  - Obs. The size of the icon has to be on reasonable ratio to the advertisement (the link to Alko Online Shop is not the main thing of promotion).

## Sales packages

- Alko reminds that it is not allowed to use any loose elements in the sales packages (for example neck hangers).



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# Customers have found Alko Online Shop

**Daily**  
in alko.fi  
approx.  
**30 000**  
**visits**

**2/3**  
is connected  
via **mobile**  
or **tablet**

Registered  
**customers**  
over  
**15 000**

**Hundreds of**  
**customer**  
contacts to  
Alko's  
customer  
service's  
**chat** weekly



# Orders are made and delivered daily

Over **10 000**  
orders

**Wines** are majority in shopping bags  
– **"Our largest shop"** in December

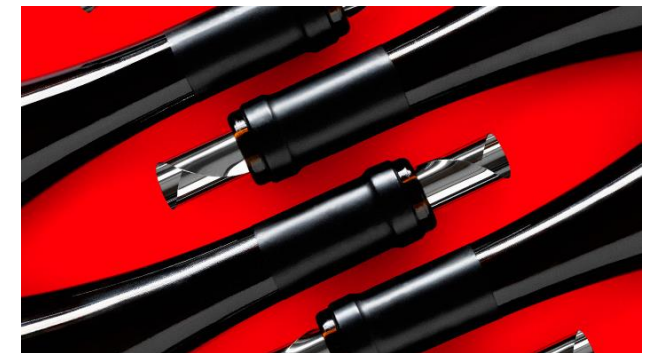
**2/3**  
of orders contain  
**products that  
exist only in  
Online Shop's  
warehouse**



Over **90 %**  
**of orders are picked up  
from shops** around  
Finland – delivery points  
complete Alko's shop  
network



Promise of  
service has kept  
over **96 %**  
of orders



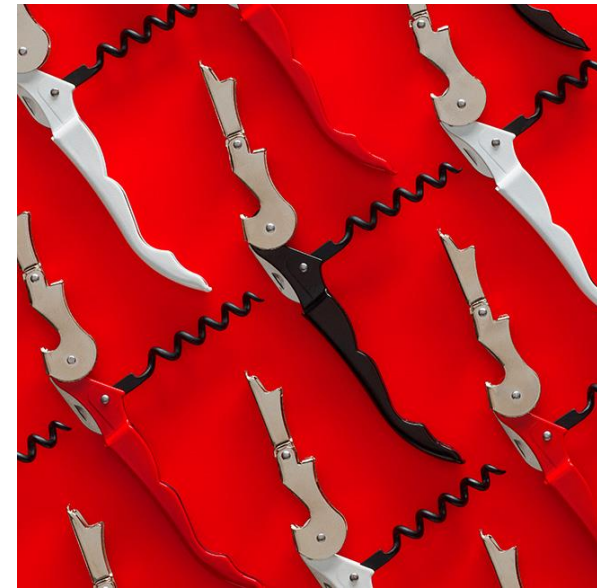


# Alko Online Shop is developed based on consumer feedback – feedback is mostly positive

**Alko Online Shop was opened to consumers in November and in January it was updated first time.** Now available for customers e.g.:

- Availability information on mini card
- Developed product information
- Feedback possibility on every page
- My taste –function to registered customers

**The product's correct availability information and keeping the high delivery realibility** are still the main focus for all of us.





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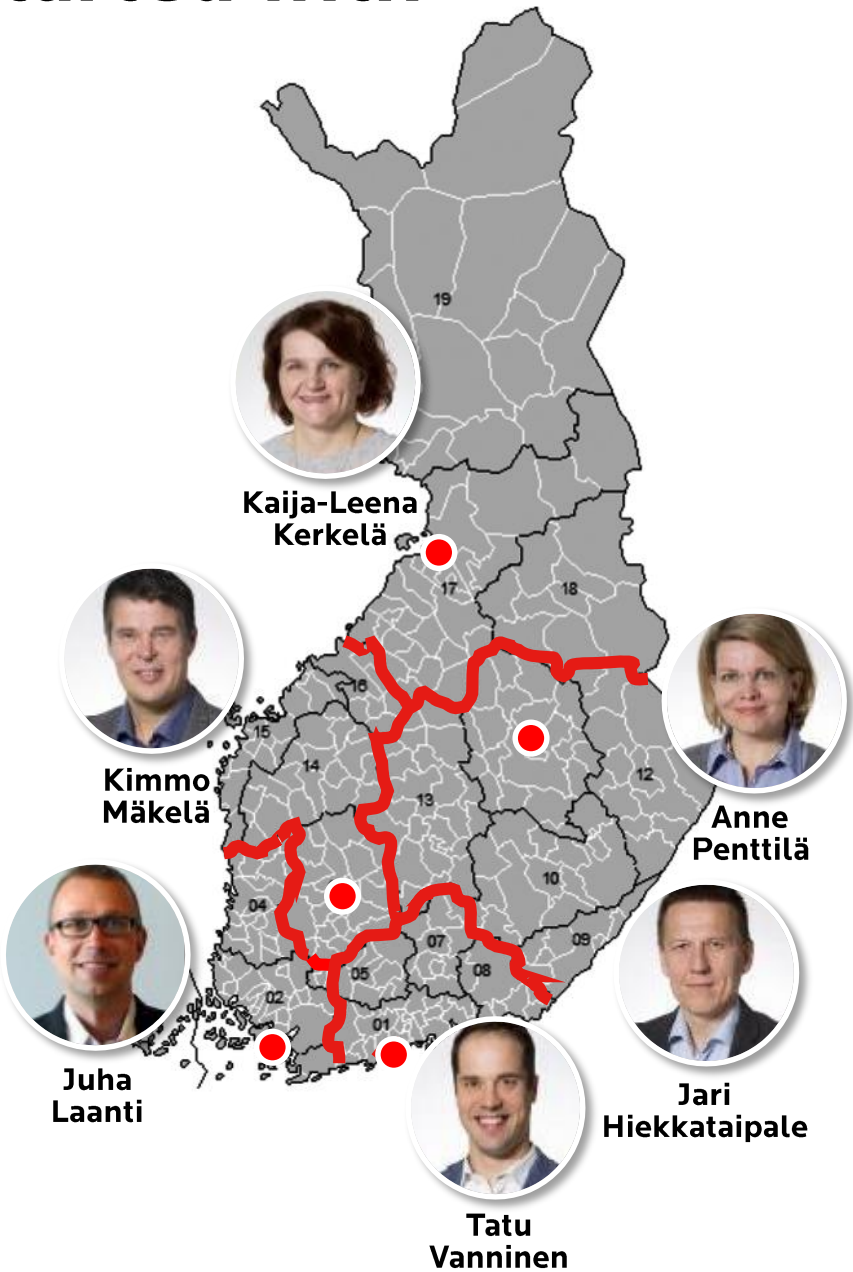
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# Re-organizing the shop network started with organizing the regions

Region	Area Manager	Shops in region
PK-seutu / Metropolitan area	Tatu Vanninen	55
Etelä-Suomi / Southern Finland	Jari Hiekkataipale	57
Lounais-Suomi / Southwest Finland	Juha Laanti	54
Itä-Suomi / Eastern Finland	Anne Penttilä	72
Länsi-Suomi / Western Finland	Kimmo Mäkelä	57
Pohjois-Suomi / Northern Finland	Kaija-Leena Kerkelä	59
		354

Chain Manager	Erkki Pakola
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● Training spaces are located in Oulu, Kuopio, Tampere, Turku and Helsinki



# Current news of responsible purchasing

- E-learning course on Ethical Principles with registration is again available.
  - <https://www.alko.fi/en/alko-inc/for-suppliers/responsibility-and-impartiality/responsibility/e-learning-of-ethical-principles>
  - It must be completed by the end of June 2017.
- Audit dates for Spring 2017 have not been confirmed yet.
  - 25 places all together.
  - It has been exceptionally difficult to get confirmations to audits.
  - We ask patience from all suppliers who are a part of audit process.
  - Questions and contact: Marja Aho ([marja.aho@alko.fi](mailto:marja.aho@alko.fi) tai 040-7091200).
- Sustainability Manager Marja Aho has come back to work from parental leave.
  - Laura Varpasuo continues in sustainability team as Manager for Sustainable development, and she is responsible of environmental issues in Alko.

# Review to sale-to-order selection

**Offers to sale-to-order selection:**

year 2015	year 2016	change pr.y.
503 offers	950 offers	+49 %

The self-service listing of sale-to-order products in Alko’s Partner network has been available since September 23rd 2016.

**10-12/2016 total 391 products:**

- 309 products from the self-service listing and 82 products used listing service.
- 189 product came to selection in two weeks (61 % products which used the self-service listing).
- 96 offers which were filled incomplete. The listing of those products took over 2 weeks (31 % products which used the self-service listing).
- The listing of 24 products took over 2 weeks because of delays in Alko’s process (8 % products which used the self-service listing).
- When Alko has evaluated the product and it’s information has been updated if needed, the supplier will get the automatic message of the changes in product evaluation.

**Common faults:**

- The authorization is missing from the offer
- The product analysis is missing or it’s not complete in the offer (bitterness or colour of beer has not been analyzed)
- The product’s characterization and taste style don’t match
- The clarification of small producer or the certification of organically certificated product is missing from the offer

**Limited availability point of view**

- Limited availability product, information in the offer!
- Information when product’s depleted as soon as possible

**Sale-to-order selection workshop**

- Feedback and development ideas to the self-service listing
- Future of sale-to-order selection





**THANK YOU**



8.2.2017