

HEARING

Update to the Alko's terms of purchase and delivery

Terms for direct distribution to Alko Shops

- There is no more requirement for that the distributor has to have a product in Alko's general selection when building an electric message flow system for to be a new direct distributor. Thus also a new distributor can make an offer with delivery terms TOP Alko shops. The system will be built in a schedule approved by Alko. If the system cannot be approvably tested at latest one (1) month before the product's listing date or beginning of the price list period, product's distribution takes place via Alko's central warehouse during the next price list period. In that case supplier has to make a new offer with delivery terms TOP Alko's central warehouse and product's retail price must remain the same.
- There is no longer need for paper freight list if supplier delivers that electronically when requested.

Terms for deliveries from Finland to Alko Central warehouse

- Deliveries must take place from a tax free warehouse

Terms for Alko's import service

- For container deliveries the delivery clause is "DAP Vuosaari harbour" (previously "DAP Helsinki")
- Deliveries must take place from a tax free warehouse

Assortment management

Developing shop-specific selections

A shop-specific demand will be taken into account in more detailed level at the assortment allocation in the future. Assortment allocation is still going to be made at the shop category level, so that the product's allocation includes always all of the shops within the allocated shop categories. However the goal is to ease shop level assortment management by releasing from the shop-specific allocation such allocated products that have only minor sales in that shop.



Shop-specific sales monitoring

Shop-specific sales monitoring is made with the cyclic monitoring (three times per year) and the possible release from the allocation will come into effect immediately for the commencing period. On the basis of the monitoring a single product is released from a single shop's allocation if the product's shop-specific sales are not reaching a certain limit during the price list period (approx. 4 months). Period-specific limit is always set so that at maximum 1% of the allocated product rows can be released from the allocation on the chain level. Then sales limit for a product in a shop is most likely to be set between 15-20 euros (sales excluding tax) during the whole price list period.

Shops are informed about the allocation status change for a product in their shop reporting. Product that is released from the allocation is still optional for the shop and they can choose if they keep the product in their selection. Product's shop-specific release from the allocation is in force approximately two years (6 price list periods). After this period product can be allocated again to this specific shop.

Reporting

Information about the number of shops that are released from the allocation will be added to the supplier's sales reports. The weekly reporting will also show information about the trend in number of shops released from the allocation during the ongoing period.

Estimated effects due to this development

The shop-specific allocation releases are estimated to affect to approximately 0,5-1% of the allocated product rows. This means that approximately 8 products per shop will be released from the allocation. After the launch period start this figure is believed to decrease. In the simulation the allocation change seems to be larger in 'Basic' and 'Normal' shop categories, especially in the smaller size classes.

Implementation of the new model

The goal is to implement the new model at the beginning of February 2017. Then the first monitoring will be based on the price list period that commence on October 2016.

Sale-to-order selection category T3***Possibility to activate Sale-to-order selection category T3 products to Alko Online Store (B2C stage)***

- Producer may choose also Alko Online Store's eShop as one of their delivery shops. In this case the product will be available for customer orders to every Alko Online Store's pickup points. The products sold through the Alko Online Store will be delivered to the Alko Online Store's warehouse.

A product may still be locally available through selected delivery shops (1 - 10 shops).

Changes to listed products

Temporary additional markings on bottles/packages for sales promotional purposes

- The product image with temporary additional markings will not be updated for customer communication.

Delivering samples

- In the case of a change in general selection product's appearance, bottle closure and EAN-code one (1) sample must be delivered.

Delivering gift box image

- If product has a permanent gift box, a separate gift box image must also be delivered.
- If an image of a permanent gift box is not included to the product change request, or alternatively it has not been sent with the product sample, the gift box can not be considered in the process by Alko.

Pricing

Rules for rounding retail prices 1st February 2017

- In future also the prices that exceed 20 euros are rounded to the nearest 1 cent.

Price list periods 2017

Price list period	Change to be notified by
1 February 2017 to 5 June 2017	1 December 2017
6 June 2017 – 2 October 2017	1 April 2017
3 October 2017 – 5 February 2017	1 August 2017

Alko's central warehouse and shop delivery costs 1st February 2017

Volume class (=sales volume per unit during a 12 month period)	Cost in euro per litre	Cost in euro per litre 1st February 2017
over 75 000 units	0,39	0,39
30 000 - 75 000 units	0,46	0,49
2000 - 29 999 units	0,60	0,62
under 2000 units	1,29	1,29
liquid cardboard packagings	0,25	0,26