

Daily consumer goods trade 2005-2006



BIG PLAYERS SHOULD HAVE A LOUDER VOICE

The European Union's expansion to the Baltic states in 2004 affected the operating conditions of daily consumer goods trade to such an extent that trade representatives in Finland proposed to the Government measures to secure competitive conditions for the Finnish foodstuffs chain. In autumn 2005 the Government will provide Parliament with a report on the impact that opening hours and other restrictions, as well as indirect taxes, have on trade. The report is based on material produced by the working group appointed by the Ministry of Trade and Industry; the working group included representatives of trade and the main Ministries.

The Finnish Food Marketing Association (FFMA) is pleased to note that issues related to the industry are finally being handled at this level and that the industry is treated on par with others. The trade industry has finally received the status that it deserves because of its significance to the national economy. Nevertheless, the results of the Ministry-appointed working group merit a few critical comments.

Trade is not a homogeneous industry. Just like traditional industry, which encompasses fields from wood processing to electronics, trade covers a wide range of players. The operating conditions of wood processing and electronics – and sub-fields within them – must be approached from different angles. Similarly, trade encompasses daily consumer goods, speciality shops in various fields, big chain businesses, as well as small entrepreneur-led companies, all of which have different needs and opinions.

The final report submitted by the Ministry's working group appears to be a compromise created for a seemingly uniform entity; after all, trade was heard as an industry only once it had reached an internal consensus. One can only wonder what would have happened to Finland's competitiveness had the same been required of traditional industry.

If the situation were assessed, for example, in terms of the employment goals set for trade, more emphasis should be

given to the objectives of FFMA, since the volumes of the companies it represents are clearly bigger than those of any other field in the trade industry. One would expect the "euro per vote" principle to have an impact in the broader organisational context: the opinions of a big player should be heard more loudly in statements concerning the trade industry.

Discussion about the competitiveness of the Finnish daily consumer goods trade often involves the question of food prices. To ensure its competitiveness, trade has shown initiative and emphasised lighter cost structures. For example, our efficiency per working hour and inventory turnaround closely correspond to other European countries. We cooperate with food industry and focus on the management of long production chains in our search for more cost-effective ways to get food from the field to consumers.

The price level is not an issue that concerns just trade but Finnish society on the whole. The price level in a country with a high standard of living is influenced by the workforce, production and other background costs in both production and trade. Owing to regulation, certain elements of the trade processes feed inefficiency and affect consumer prices. Real-estate expenses, for example, have plenty of room for streamlining but current legislation prevents it.

Daily consumer goods trade expects state authorities to adopt measures to improve its operating conditions. By deregulating opening hours and easing other trade restrictions, as well as making decisions on indirect taxation, Parliament and the Government will play a crucial part in determining the possibilities for Finnish trade and the Finnish food industry to continue to operate in Finland, as well as in defining their role in the international division of work.

These decisions will also determine how trade can meet the needs of Finnish consumers.

Antti Remes, Chairman

FINNISH FOOD MARKETING ASSOCIATION



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DAILY CONSUMER GOODS TRADE AND DAILY CONSUMER GOODS

In the Nordic countries **daily consumer goods** refer to foodstuffs as well as to products that consumers use on a daily basis and normally purchase with food. In other words, daily consumer goods include food, beverages, tobacco products, techno-chemical products, household papers, newspapers and magazines, and cosmetics.

Daily consumer goods trade usually refers to supermarkets that mainly operate on the self-service principle and offer a full range of daily consumer goods. Foodstuffs account for some 80 % of the overall sales of daily consumer goods stores.

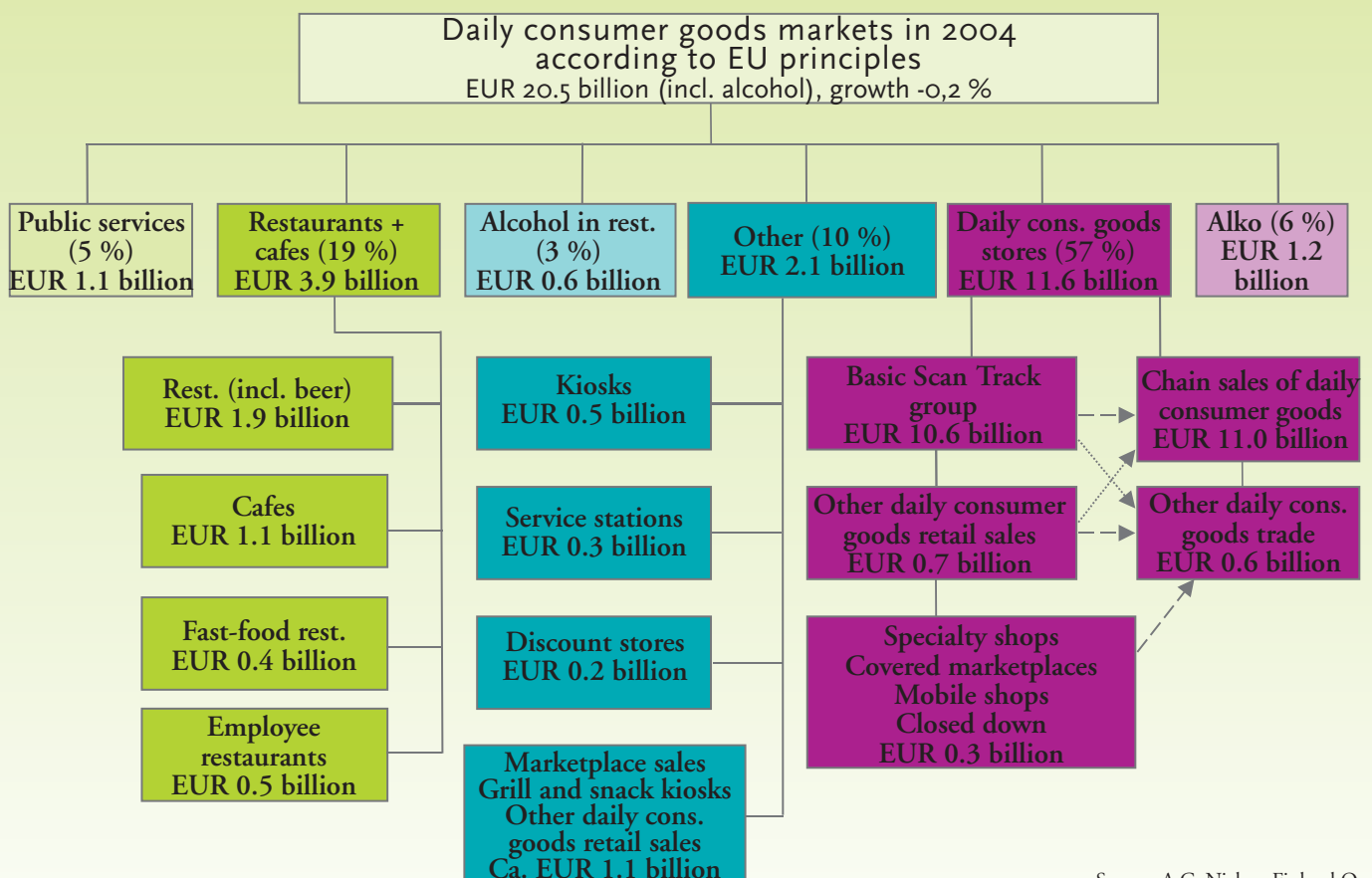
A further distinction is made in Sweden, where daily consumer goods trade is contrasted with "less frequently purchased goods", including clothing, furniture, electronics and sports items. Compared to the concepts of "utility goods" or "speciality goods", the notion of "consumer goods" more accurately describes the significance that the availability of shops offering these items has to the consumer. The differences in meaning should be kept in mind when discussing trade regulation, for example, opening hours and construction.

FINNISH MARKET FOR DAILY CONSUMER GOODS

In Finland the market for daily consumer goods has traditionally been described in terms of retail sales. However, supermarket sales are only one part of an extensive, constantly changing field engaged in internal competition.

In addition to full-range supermarkets, daily consumer goods retail encompasses speciality food shops, kiosks, service stations, discount stores and marketplaces. The market also includes the daily food service of HoReCa wholesale customers, such as public institutions, and sales to other customers, such as restaurants, cafeterias and employee restaurants in the private sector. EU statistics also consider the alcohol retail sales of Alko Inc. to be part of the daily consumer goods market.

Using this calculation method, the value of Finland's daily consumer goods trade in 2004 amounted to more than 20 billion euros.



DAILY CONSUMER GOODS TRADE AND SOCIETY

Trade as a producer of basic services

Finland has a versatile store network that serves customers in different life situations and takes responsibility for national food service. Migration, as well as changes in the population's age structure and consumption habits, pose big challenges to trade. Chain stores keep developing their services in cities and other urban areas, as well as in rural areas.

Trade as an employer

Trade employed an average of 248,600 people in 2004, over 7,000 more than the previous year. Retail trade had an average of 127,400 employees, while wholesale accounted for an average of 82,600. The remaining 38,600 wage earners were employed in vehicle and gasoline sales, among others.

(Source: Finnish Trade)

Key role of daily consumer goods trade

In 2004, the retail sales of daily consumer goods employed some 52,000 and department stores some 20,000 people. Wholesale and logistics operations employed another 20,000 people.

Trade must be attentive to customers' changing needs for service. Opening hours have been extended and more working hours have been added to evenings and week-ends, which are the most popular shopping hours.

Big fluctuations in the need for workforce have increased the number of working hours of part-time employees, in particular.

In 2004, part-timers accounted for 50 % of the employees in daily consumer goods trade and 60 % of the employees in department stores. Overall, part-timers made up 40 % of the employees in retail trade. Nearly half of the part-time employees work 30–34 hours a week.

(Source: Finnish Trade/FFMA)

Development of trade-related training

With consumers' respect for service increasing, trade is in a good position to offer service-minded youth an increasing number of new and interesting full- and part-time positions. The development of e-commerce and more versatile services further expand the task range offered in trade.

The trade business has launched a project to develop vocational qualification in business and administration so that it better answers the changing needs of retail. Launched in four pilot schools in autumn 2002, retail training expanded to several new educational establishments in autumn 2004. The future goal is for nearly all of Finland's 70 business colleges to offer education for both youth and adults tailored to the needs of retail trade.



INDUSTRIAL POLICY SECURES SERVICES IN DAILY CONSUMER GOODS TRADE

Growing international competition on the Finnish market and the EU's enlargement, especially to the Baltic countries, puts new demands on the competitive strength and productivity of Finnish daily consumer goods trade. The field now needs an industrial policy to secure its competitive edge and step up its productivity in trade and the entire Finnish foodstuffs chain. Such a policy involves deregulating domestic trade and harmonising indirect taxation to correspond to other EU countries.

DEREGULATION

Trade regulation is meant for conditions completely different from those that we currently live in. The Government must quickly do away with unjustified regulation that slows down free development, competition and productivity on the domestic market.

Opening hours in retail trade

Shops must be allowed to keep their doors open according to customer needs. Current regulations on opening hours are confusing and difficult for consumers to keep track of. The option to keep shops open on Sundays should be expanded to improve customer service, secure domestic production and consumption, and to boost productivity.

Over-the-counter medication to shops

Self-medication drugs sold without a doctor's prescription are well suited to the services and product ranges of grocery stores. Allowing their sales will improve customer service, increase competition and decrease prices. As for other Nordic countries, Denmark and Norway already allow OTC drugs in stores and have not reported any risk to customer safety.

Light alcoholic beverages to shops

The sales of light wines in grocery stores will decrease prices, bring versatility to product ranges and improve service. It will also put the Finnish daily consumer goods trade in a better position to compete with foreign players and ensure the operating conditions for a service network of small neighbourhood stores. Elsewhere in Europe, wine, beer and food go naturally together – also in the product ranges of stores.

Regulation of construction prevents competition

The regulations in the Land Use and Building Act concerning construction in the trade industry hamper the competitive ability of the Finnish food industry and Finnish supermarkets with broad product ranges. Instead, regulation favours discount chains offering more restricted ranges, as has been the German experience. The limit for "large retail units" provided in the Act (2,000 square metres in gross floor area) must be raised to 2,500 square metres in

sales area, that is, over 3,000 square metres in gross floor area.

INDIRECT TAXES

Indirect taxes in Finland are higher than those in other EU countries, and they directly erode the competitiveness of Finnish trade and cut purchasing power, tax revenues and jobs on the domestic market.

VAT on foodstuffs first down to 12 per cent

At 17 per cent, the Finnish VAT on food is one of the highest in the EU, where the average is 5.0 per cent. The tax must be harmonised in line with the rest of the EU and, for starters, be lowered to 12 per cent, which was its calculatory value prior to Finland's EU membership. In relative terms, the parties that most benefit from a decrease in the VAT on foods are households of limited means; a decrease will bring about a direct improvement in their purchasing power. It will also help diversify the range of foodstuffs in Finland and improve competitiveness and employment throughout the foodstuffs chain.

Further decrease in the Finnish excise duty on beer

Theoretically the 32 % decrease in the excise duty on beer, realized in March 2004, should have resulted in a 15 % drop in retail prices. However, owing to tough competition in the daily consumer goods trade and pressure from passenger imports, beer prices fell even more steeply in the daily consumer goods trade

Finland has set the excise duty on beer at 97 cents per litre. In neighbouring Sweden, a proposal has been made to decrease the duty from the current 81 to 57 cents per litre. Finnish trade is mostly affected by the rate in Estonia, which currently charges as little as 18 cents per litre. To halt growth in passenger imports and the grey economy, as well as to ensure the competitive strength of the daily consumer goods trade and secure jobs in the field, the excise duty on beer must be further decreased so that the overall decrease amounts to 70 %. This would bring the Finnish excise duty down to the level planned in Sweden.



Osmo Laine, Managing Director

FINNISH FOOD MARKETING ASSOCIATION

STORE CATEGORIES AND DEFINITIONS

1. By size

Sales area

The amendment to the Opening Hours Act, which took effect in 2001, ratified the definition already in use, according to which "the sales area includes the facilities used for sales operations". Since the sales area is calculated along the shop walls, it includes service counters and the space behind them. On the other hand, the area is limited to the point-of-sales line. It does not include the area behind the POS line, nor areas that only the staff has access to, such as social, storage and warehouse facilities.

Department store

A department store is a retail store that sells a variety of goods and has a minimum sales area of 2,500 square metres. No goods category may occupy more than half of the overall sales area. The offering of a department store's different sections corresponds to the product ranges of specialty stores. Department stores have a high level of service with cash desks on all departments. A department store can be located in the city centre, in a neighbourhood centre or in a shopping mall elsewhere.



Hypermarket

A hypermarket is a retail store that sells a variety of goods, mainly operates on the self-service principle, and has a sales area of over 2,500 square metres. While foodstuffs account for less than half of the overall surface of a hypermarket, the focus of sales is on daily consumer goods. A hypermarket can be located in the city centre or its vicinity, in a shopping mall or any other easily accessible location.



Supermarket

A supermarket is a store for daily consumer goods that focuses on food sales, mainly operates on the self-service principle and has a minimum sales area of 400 square metres, over half of which is taken up by foodstuffs. For practical purposes, statistics categorise supermarkets into large ones, with a surface of more than 1,000 square metres, and small

ones, with a surface of 400–1,000 square metres, often called markets.



Self-service shop

Large self-service shops have a surface area of 200–399 square metres and focus on daily consumer goods, while small self-service shops have a surface area of 100–199 square metres. Self-service shops are allowed to be open on Sundays in zoned areas during the hours defined in legislation. Neighbourhood shops often mean self-service shops.



Small shops and kiosks

A small shop or kiosk sells daily consumer goods and has a sales area of less than 100 square metres. Kiosks selling food can operate through an open window or like a self-service or service shop. While the decree on kiosks sets certain restrictions on the product range, the opening hours are unrestricted in zoned areas.



Sources: The Kauppa 2005 (Trade 2005) publication and FFMA



2. By operating method or location

Neighbourhood shop

A neighbourhood shop is usually a small shop for daily consumer goods located in a residential area close to consumers and easily accessible by foot. Although there is no minimum limit for the sales area, the size of a neighbourhood shop is usually less than 400 square metres. Neighbourhood shops are usually self-service, village or discount shops and kiosks.

Village shop

Village shops are daily consumer goods stores located in rural areas or small urban areas, with a sales area of less than 400 square metres and annual sales of not more than 2 million euros. The opening hours of shops located outside zoned areas have been free from restrictions since 1990.

Discount shops

Discount shops operate exclusively on the self-service principle and have smaller product ranges than other self-service shops. Examples include Alepa, Lidl, Cassa, Ruokavarasto, Sale and Siwa.

Service station shops

The sales of daily consumer goods at service stations in built-up areas and along highways have shown considerable growth lately. This results largely from

the shops' unrestricted opening hours in urban areas and good location near big traffic flows.

Speciality shops

Product-specific speciality shops, covered and uncovered marketplaces, direct sales and mobile shops have seen a decrease in their share of overall sales in recent years.

E-commerce

Some of the reasons why e-commerce has not developed as predicted in daily consumer goods include the logistical problems related to food distribution and the sales prohibition of medium-strength beer in e-commerce. Annual sales amount to a mere 10 million euros, or 0.1 % of overall retail sales of daily consumer goods.

3. Definitions according to the Land Use and Building Act

The Land Use and Building Act defines a large retail unit as a shop with more than 2,000 square metres in gross floor area. In practice, this corresponds to a shop with a sales area of approximately 1,300 square metres. The construction of a large unit, as defined in the Land Use and Building Act, calls for a special entry in the town plan, except in the case of a special goods shop that requires plenty of space, such as a furniture shop or car dealer.

KEY FIGURES 2004

Retail sales of daily consumer goods
EUR 11,639 million

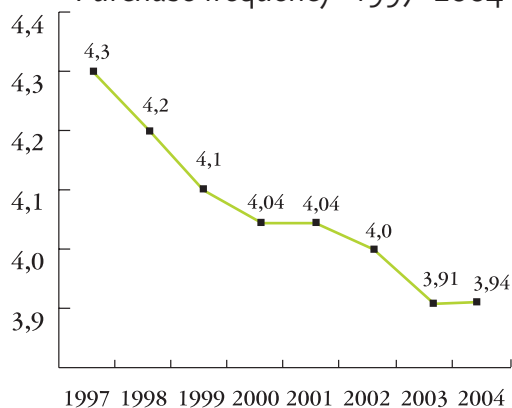
Development of value of sales	1.7 %
Development of sales volumes	3.3 %
Sales per inhabitant	EUR 2,200
Number of shops (markets) & small speciality shops for daily cons. goods	3,584 608
Sales area in daily consumer goods trade	2.0 million sq. metres
Average square metres in daily consumer goods sales	EUR 5,900 sq. metre
Inhabitants/consumer goods shop	1,250

Source: A.C. Nielsen Finland Oy

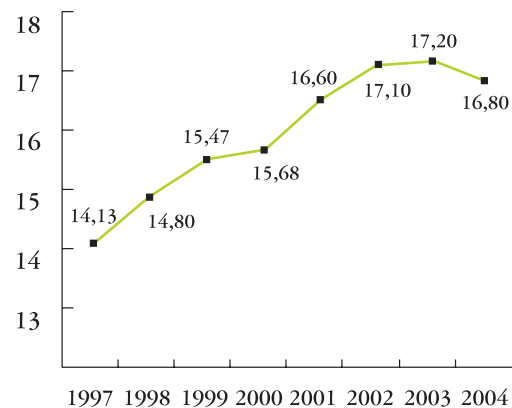
Main reasons for selecting the most
frequently used consumer goods shop
(2-3 most important reasons)

	% of households chose
Proximity	54
Product range	37
Preferred customer benefits	35
Price-quality ratio	34
Ease/speed of purchases	30
Price level	26
Product freshness	18
Opening hours	14
Service-minded staff	14
Parking facilities	11
Service counters	8

Source: A. C. Nielsen Finland Oy Talouspaneeli

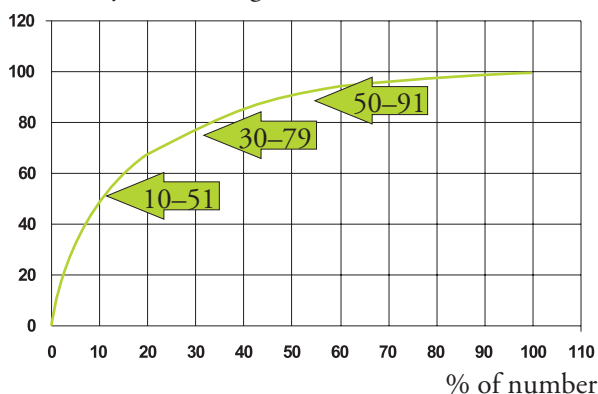
Daily consumer goods
purchases/household/week
"Purchase frequency" 1997-2004

Source: A. C. Nielsen Finland Oy Talouspaneeli

Average purchase (EUR/purchase)
1997-2004

"Efficiency curve" of daily consumer goods trade

% of daily consumer goods sales

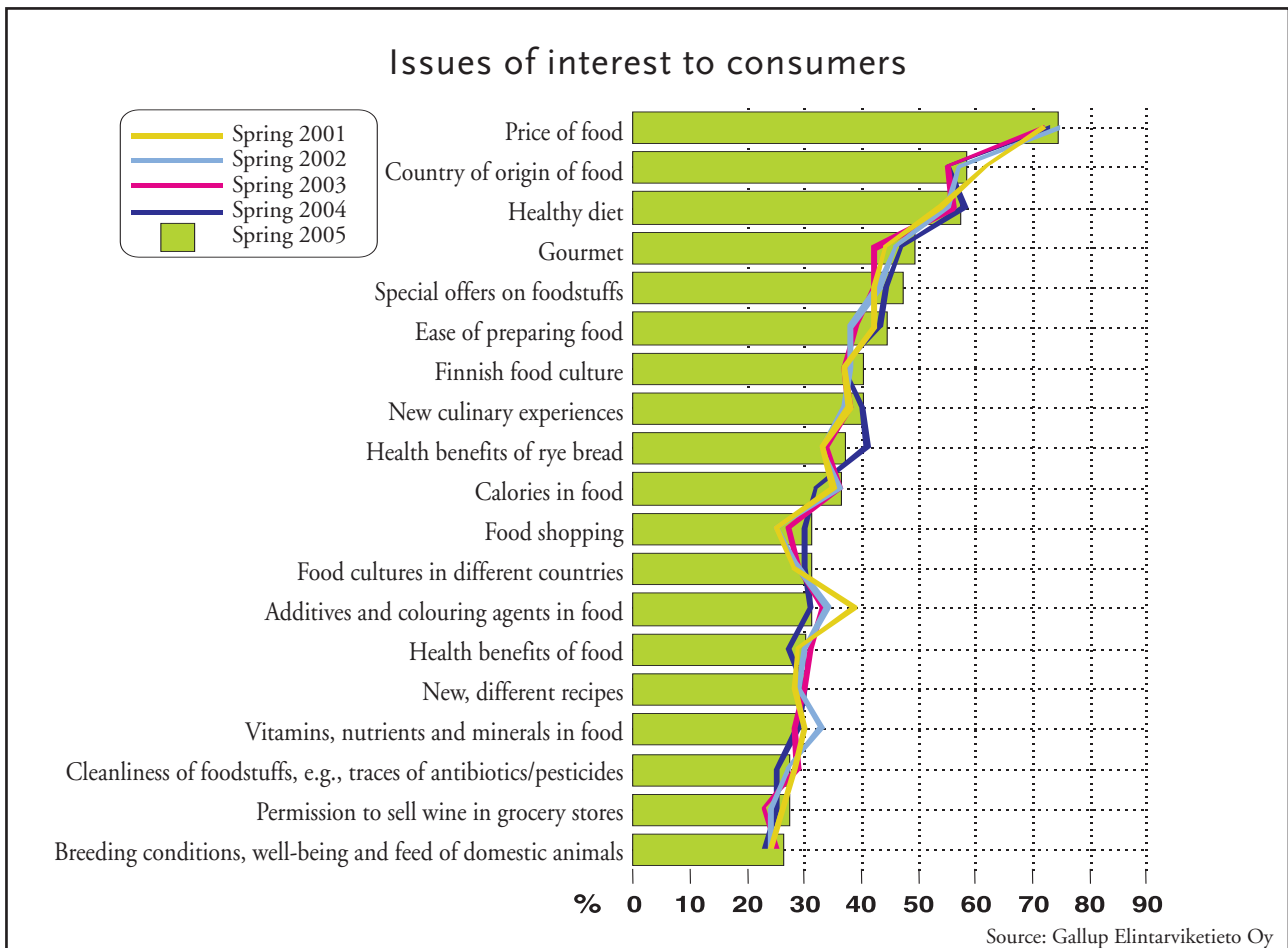


Source: A. C. Nielsen Finland Oy

Structural change in the retail trade
of daily consumer goods

The main basis for competition in daily consumer goods trade is efficiency. Enhanced efficiency of trade, heavy migration, a strong increase in the number of vehicles, increasing versatility of product ranges and IT development have maintained the structural change of daily consumer goods trade. The number of market-type shops has dropped from a total of 9,398 in 1978 to 3,584 in 2004.

The "efficiency curve" of the daily consumer goods trade shows the importance of large shops: 10 % of shops now account for more than half (51 %) of overall daily consumer goods sales.



Sales and change in the value and volumes of daily consumer goods shops 1981–2004

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Markets, number	8 587	8 364	8 201	7 965	7 557	7 117	6 832	6 514	6 267	5 945	5 701	5 348
Number, all	9 631	9 438	9 247	8 989	8 556	8 057	7 690	7 325	7 103	6 697	6 403	6 132
Sales, million euros *	3 906	4 430	4 922	5 378	5 790	6 117	6 511	6 921	7 441	7 886	8 264	8 354
Change in value %		13,4%	11,1%	9,3%	7,6%	5,7%	6,4%	6,3%	7,5%	6,0%	4,8%	1,1%
Change in volume %		1,5%	2,0%	1,5%	0,7%	1,2%	3,0%	3,6%	2,9%	1,2%	0,5%	0,2%

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Markets, number	5 195	4 818	4 597	4 351	4 184	4 026	3 858	3 697	3 555	3 533	3 529	3 584
Number, all	6 013	5 661	5 384	4 966	4 714	4 678	4 511	4 325	4 165	4 163	4 129	4 192
Sales, million euros *	8 372	8 520	8 388	8 599	8 904	9 277	9 466	9 681	10 364	10 948	11 265	11 529
Change in value %	0,2%	1,8%	-1,6%	2,5%	3,5%	4,2%	2,0%	2,3%	7,1%	5,1%	3,3%	1,7%
Change in volume %	-1,0%	1,5%	4,3%	2,6%	2,0%	2,0%	2,0%	1,2%	2,6%	2,4%	2,7%	3,3%

* excl. mobile shops and shops closed down

Source: A. C. Nielsen Finland Oy

Number of shops by shop type and alliance in 2004

Shop type	K Group	Spar Group	Other private	S Group	Tradeka	Total 1.1.2005
Hypermarkets	51		1	46	17	115
Department stores	32	1	71	21	2	127
Supermarkets, large	163	43	107	192	4	509
Supermarkets, small	175	77	32	168	39	491
Self-service shops, large	371	158	174	240	220	1163
Self-service shops, small	166	6	176	78	223	649
Small shops	127	2	311	23	67	530
Speciality shops			580			580
Covered marketplaces			28			28
Total 1.1.2005	1085	287	1480	768	572	4192
Mobile shops	0	27	18	8	3	56
Closed down (real)	39	2	80	6	40	167
Launched (real)	14	3	93	17	14	141

Source: A.C. Nielsen Finland Oy

Number and sales of daily consumer goods shops
in rural areas 2002–2004
(included in the overall figures of other tables on this page)

	2002		2003		2004	
	number	sales (EUR million)	number	sales (EUR) million	number	sales (EUR) million
Total	704	269,7	664	259,2	634	236,9

Source: A.C. Nielsen Finland Oy

Sales of daily consumer goods by shop type
1997–2004 (million euros)

Shop type	1997	1998	1999	2000	x) 2001	2002	2003	2004
Hypermarkets	1665	1813	1928	2049	2277	2469	2556	2713
Department stores	* 680	740	746	734	504	574	611	564
Supermarkets, large	2053	2259	2415	2661	3118	3275	3458	3718
Supermarkets, small	2130	2128	2121	2006	1944	1913	1838	1665
Self-service shops, large	1380	1388	1370	1410	1693	1879	1921	1986
Self-service shops, small	722	557	520	485	512	513	536	515
Small shops	120	234	210	191	172	173	194	212
Speciality shops and marketplaces	152	158	156	145	144	152	151	155
Total	8904	9277	9466	9681	10364	10948	11265	11529
Mobile shops	47	43	37	33	31	27	23	20
Closed down	98	100	102	141	119	72	120	90
Total	9048	9420	9605	9855	10515	11047	11407	11639

* Change of level: comparable figure 730

x) not comparable with previous years

Source: A.C. Nielsen Finland Oy



Sales of daily consumer goods by chain in 2004
Total sales: EUR 11,639 million; shops: 4,192 (incl. those closed down)

Alliance	Chain	Number of shops	Daily consumer goods sales, % share	Daily consumer goods sales, EUR, million	Average sales/shop, EUR million
K Group	K-citymarket	51	10,0 %	1164	23
	K-extra	347	2,7 %	314	1
	K-market	333	8,9 %	1036	3
	K-supermarket	154	11,7 %	1362	9
	Others	200	2,0 %	233	1
K Group, total		1 085	35,3 %	4 109	4
S Group	Prisma	46	10,9 %	1269	28
	S-market	375	18,8 %	2188	6
	Alepa + Sale	246	3,8 %	442	2
	Others	101	0,8 %	93	1
S Group, total		768	34,3 %	3 997	5
Tradeka	Euromarket	19	2,2 %	256	13
	Siwa	451	5,0 %	582	1
	Valintatalo	102	2,8 %	326	3
Tradeka, total		572	10,0 %	1 159	2
Spar Group	Eurospar	13	0,9 %	105	8
	Spar	274	5,9 %	687	3
Spar Group, total		287	6,8 %	788	3
Wihuri*	Etujätti	5	0,3 %	34	7
	Sesto	17	0,8 %	97	6
	Ruokavarasto	144	1,7 %	203	1
	Tarmo and Kymppi stores	353	1,8 %	211	1
Wihuri total		519	4,6 %	545	1
Stockmann*	Daily consumer goods sales of department stores	6	1,5 %	172	29
Lidl		86	2,8 %	326	4
Others not part of alliances*		869	4,7 %	543	1
All shops included in the shop register, total		4 192	100,0 %	11 639	3

Alliance	Chain	Number of shop	Daily consumer goods, EUR million	Average sales/shop, EUR million
Rautakirja*	R-kiosks	711	250	0,4

Sources: A.C. Nielsen Finland Oy

* Finnish Food Marketing Association

ALLIANCES IN CONSUMER GOODS TRADE

Chain stores and centralised sourcing and logistics are typical of the daily consumer goods trade. Chained daily consumer goods shops accounted for 92.5 % of overall trade in 2004. The three largest alliances held 79.6 % of the markets for retail consumer goods. This is a common trend in all the Nordic countries: to be profitable, trade needs large volumes to achieve sufficiently efficient operations in vast and sparsely populated countries. Weaker cost-efficiency leads to higher prices, limited product ranges and less service. Foreign competition and the EU's expansion to the Baltic countries will link Finland to the EU's internal markets also in the field of daily consumer goods.



Kesko Food Ltd

Kesko Food Ltd operates in the daily consumer goods market, offering versatile services to consumers and business customers in Finland and the Baltic countries. Its core business consists of the K-food store chains in Finland, Kespro Ltd's catering operations for business customers and daily consumer goods retail trade in the Baltic countries.

Kesko Food has five daily consumer goods store chains, with a total of some 1,100 K-food stores, in Finland. It has also been operating Cassa discount shops around the country since 2004.

Kesko Food and Neste Oil Corporation's subsidiary, Neste Markkinointi, each own half of Pikoil Oy, which operates in the retail market for fuel and daily consumer goods. Pikoil runs K-pikkolo neighbourhood and service station shops. In the Baltic countries, Kesko Food and ICA Baltic AB, part of the Swedish ICA Group, have equal ownership in Rimi Baltic AB, which operates in the field of daily consumer goods.

www.kesko.fi

MANAGEMENT

TERHO KALLIOKOSKI, President

HARRI SIVULA, EXECUTIVE VICE PRESIDENT, Commerce

KARI KIVIKOSKI, VICE PRESIDENT, K-citymarket chain

ARI VIRNES, VICE PRESIDENT, K-supermarket chain

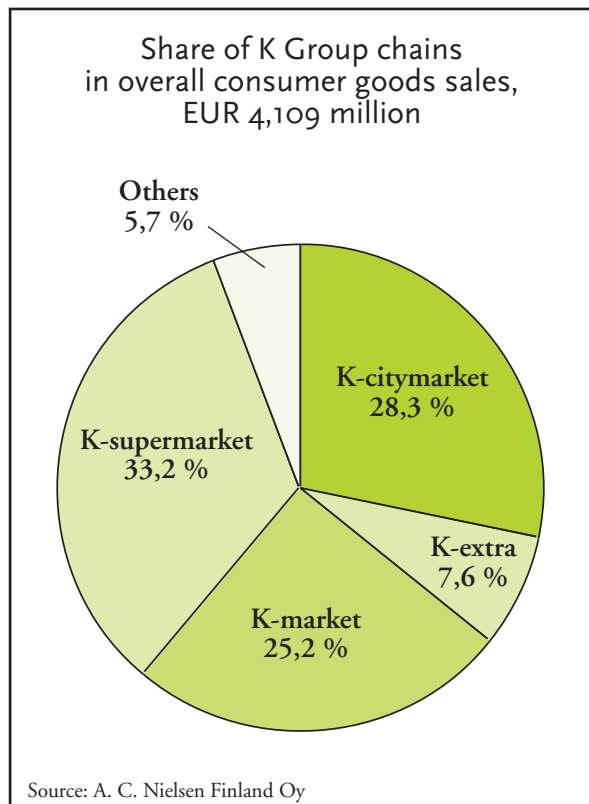
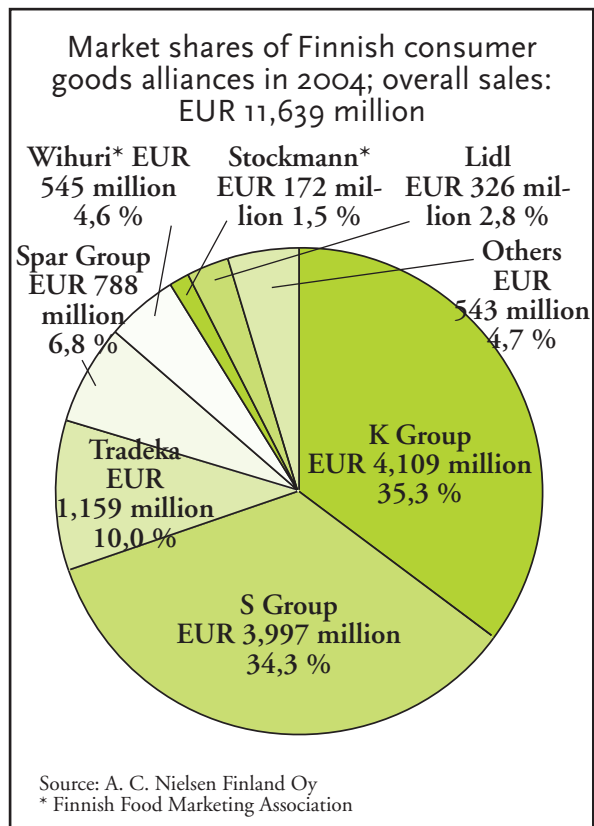
EIJA JANTUNEN, VICE PRESIDENT, K-market and K-extra chains

NIILA RAJALA, VICE PRESIDENT, Customer Relationships and Human Resources, as well as K-Plus Oy

JUKKA SIPILÄ, VICE PRESIDENT, Retail Services and Accounting

MINNA LAAKKONEN, MANAGING DIRECTOR, Kespro Ltd

MIKA RAUTIAINEN, MANAGING DIRECTOR, Cassa Oy





K-RETAILERS' ASSOCIATION

K-retailers Association is a co-operation and lobbying organisation whose main task is to develop and enhance entrepreneurial activities among K-shopkeepers. The ca. 1,300 K-shopkeepers are members of K-retailers' Association through their trade organisation. Each chain has its own board of directors composed of K-shopkeepers, through which shopkeepers can participate in the development of their chain.

www.k-kauppiaслиitto.fi

BOARD OF DIRECTORS

PENTTI KALLIALA, CHAIRMAN

TAPIO SÄRKILAHTEI, DEPUTY CHAIRMAN

HEIMO VÄLINEN, CHAIRMAN, K-ruokakauppiaслиyhdistys (Union of K-grocers)

KARI SALMINEN, DEPUTY CHAIRMAN, K-ruokakauppiaслиyhdistys (Union of K-grocers)

PEKKA LEHTINEN, DEPUTY CHAIRMAN, K-ruoka-kauppiaслиyhdistys (Union of K-grocers)

JUKKA SÄILÄ, CHAIRMAN, K-erikoiskauppiaслиyhdistys (Union of Speciality K-shopkeepers)

MAUNO HYTTINEN, DEPUTY CHAIRMAN, K-erikoiskauppiaслиyhdistys (Union of Speciality K-shopkeepers)

TOMI KORPISAARI, CHAIRMAN, K-maatalous- ja rautakauppiaслиyhdistys (Union of K-shopkeepers in Agriculture and Hardware and Builders' Supplies)

ANTTI HIILESNIEMI, DEPUTY CHAIRMAN, K-maatalous- ja rautakauppiaслиyhdistys (Union of K-Shopkeepers in Agriculture and Hardware and Builders' Supplies)

PAAVO MOILANEN, MANAGING DIRECTOR, K-retailers Association

HANNU RINNE, OMBUDSMAN, K-retailers Association



S Group

The S Group consists of the cooperative societies and their subsidiaries, as well as SOK. It provides services for the supermarket, service station and fuel trade, department stores and speciality shops, hotels and restaurants, as well as the automobile, hardware and agriculture business. The S Group has some 1,400 outlets in Finland. The Group is also involved in supermarket, hotel and automobile trade in the Baltic region.

Intrade Partners Oy is a SOK subsidiary that handles the procurement and logistics of utility goods for the S Group's chains. North European Oil Trade Oy is a fuel procurement company jointly owned by SOK and Greeni Oy. Inex Partners Oy, a 50/50 joint venture owned by SOK and Tradeka Corporation, handles procurement and logistics operations in the field of daily consumer goods.

National chain brands

Prisma, S-market, Sale and Alepa, ABC, Sokos and Emotion, Sokos Hotels and Radisson SAS Hotels, Rosso, Rosso Express, Fransmanni, Amarillo, Sevilla, Memphis, Night, Corner, Coffee House and Presso, Agrimarket.

www.s-kanava.net

SOK MANAGEMENT

KARI NEILIMO, CEO

ENSIO HYTÖNEN, MANAGING DIRECTOR, Hankkija Agriculture Ltd

REIJO KALTEA, DIRECTOR, Customer-ownership and Speciality Stores Division

SUSO KOLESNIK, CHIEF INFORMATION OFFICER, Communication and Publications

HARRI MIETTINEN, DIRECTOR, Development and HR Operations

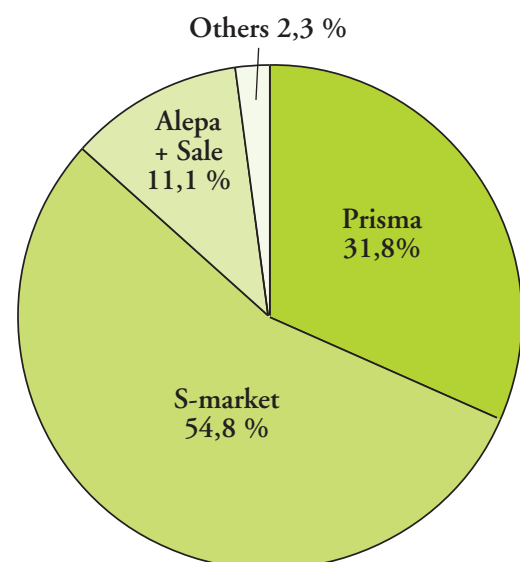
MATTI PULKKI, MANAGING DIRECTOR, Hotel and Restaurant Operations

JUKKA SALMINEN, DEPUTY CEO, DIRECTOR, Administration

ANTTI SIPPOLA, DIRECTOR, Market Chain Management

HEIKKI STRANDÉN, CHAIN MANAGER, ABC Chain Management

The shares of the S Group's chains of the Group's overall consumer goods sales, EUR 3,997 million



Source: A. C. Nielsen Finland Oy



Tradeka Ltd

Tradeka Ltd is a centrally managed national retail chain business. Its store brands include Siwa, Valintatalo and Euromarket. In addition to the 580 shops in Finland, Tradeka has three shops in St Petersburg. Goods procurement and logistics operations for imported and industrial foodstuffs are handled by Inex Partners Oy, a procurement and logistics company jointly owned by Tradeka and SOK.

www.tradeka.fi

CHAIRMAN OF THE BOARD

ANTTI REMES, PRESIDENT, Tradeka Corporation

MANAGEMENT

MARKKU UITTO, PRESIDENT

VEIJO HEINONEN, DIRECTOR, CUSTOMER RELATIONS

JUSSI TOLVANEN, DIRECTOR, PRODUCT PROCESS

KARI LUOTO, DIRECTOR, CUSTOMER PROCESS

JAANA LEHTO, DIRECTOR, SKILLS DEVELOPMENT

WIHURI OY

Wihuri Group

The Wihuri Group is a conglomerate involved in daily consumer goods retail through its own Sesto, Etujätti and Ruokavarasto store chains. It also provides central organisation services to its client entrepreneurs in the Tarmo Neighbourhood Grocers' chain and the Kymppi convenience store chain. Wihuri's purchases and logistics are handled by Tuko Logistics Oy.

www.wihuri.com

MANAGEMENT

MIKA SALOKANGAS, SENIOR VICE PRESIDENT

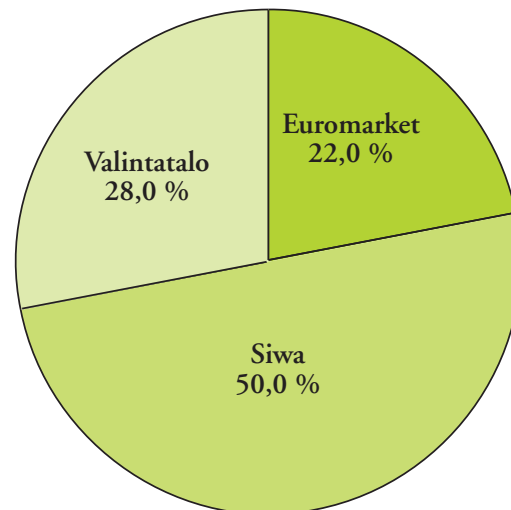
LEENA SYRJÄLÄ, WHOLESALE DIRECTOR, METRO GROUP

JARI VANHANEN, CFO

JORMA HAAPANEN, DIRECTOR, Sesto, Etujätti

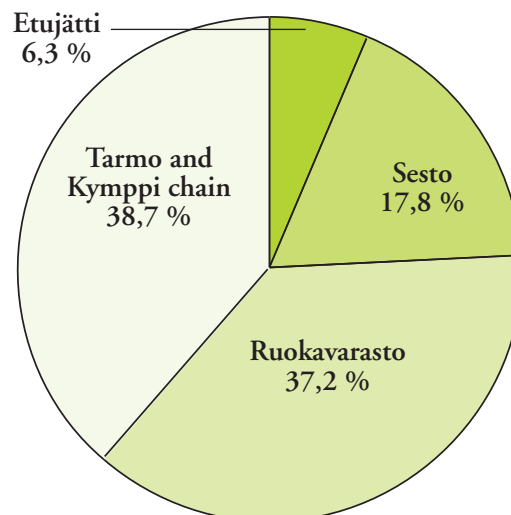
NICLAS AHLBOM, DIRECTOR, Ruokavarasto

The shares of Tradeka's chains in the Group's overall consumer goods sales, EUR 1,159 million



Source: A. C. Nielsen Finland Oy

The shares of the Wihuri Group's chains of the Group's consumer goods sales, EUR 545 million



Source: FFMA



In May 2005, Tradeka and Wihuri published their plans to merge the retail operations of both companies. The merger will target Tradeka's Siwa, Valintatalo and Euromarket chains and Wihuri's Ruokavarasto, Sesto and Etujätti chains. The resulting company will be called Tradeka Ltd. The reorganisation needs to be approved by the Finnish Competition Authority, which was still handling the case at the time this brochure went into print.



Stockmann Group

Stockmann is a Finnish listed company that operates in several retail fields and engages in daily consumer goods retail through its department stores located in Finland, Russia, Estonia and Latvia. Stockmann's food departments are known as Stockmann Herkku (Stockmann Delicatessen). In addition to its own foodstuff procurement operations, the Group uses Tuko Logistics Oy and Finnfrost Oy as procurement channels.

www.stockmann.fi

HANNU PENTTILÄ, CEO

MANAGEMENT COMMITTEE OF THE DEPARTMENT STORE DIVISION

HEIKKI VÄÄNÄNEN, EXECUTIVE VICE PRESIDENT WITH RESPONSIBILITY FOR THE DEPARTMENT STORE DIVISION
KARL STOCKMANN, DIRECTOR OF STOCKMANN'S DEPARTMENT STORES IN FINLAND AND THE HELSINKI DEPARTMENT STORE

JUSSI KUUTSA, INTERNATIONAL OPERATIONS DIRECTOR
MAARET KUISMA, MARKETING DIRECTOR
LEENA LASSILA, PURCHASING DIRECTOR
LARS EKLUNDH, PURCHASING DIRECTOR
RISTO PENTTILÄ, DIRECTOR OF ADMINISTRATION



Spar Finland plc

Spar Finland plc, a subsidiary of the Swedish Axfood Ab, is a nationwide retailer in daily consumer goods. Spar Finland serves Spar retailers by offering daily consumer goods wholesale, leasing facilities and fixtures, as well as providing marketing, real estate and other support services. The company's material operations are handled by its affiliate Tuko Logistics Oy. The retail stores of Spar Finland operate in two nationwide chains: Spar and Eurospar. Two thirds of the Spar shops are owned by independent shopkeepers, while the remaining one third are owned by Spar Finland. The Eurospar chain is a daily consumer goods chain fully owned by Spar Finland.

www.spar.fi

MANAGEMENT

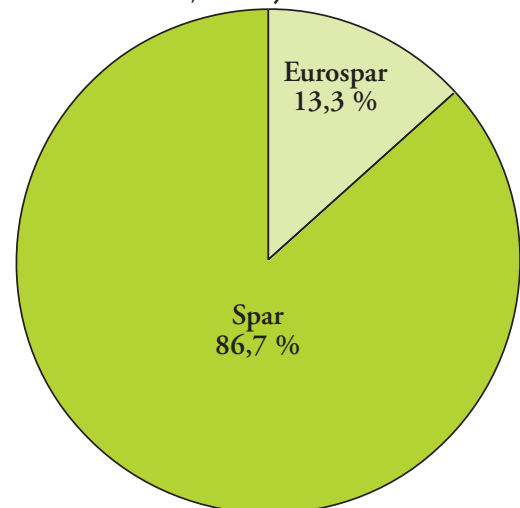
PEKKA KOSONEN, PRESIDENT AND CEO
TIMO SÄILÄKIVI, CFO, FINANCE AND ADMINISTRATION
HANNU HARJU, SENIOR VICE PRESIDENT, DEVELOPMENT
EIJJA TAHVANAINEN, DIRECTOR, EUROSPAR CHAIN
HEIKKI KALLIO, DIRECTOR, SHOP NETWORK
TIMO AHVENAINEN, MARKETING DIRECTOR, CUSTOMER RELATIONS
MARKKU KETTINEN, BUSINESS MANAGER, PRODUCT MANAGEMENT
PETER KLENBERG, Director, IT and Logistics

The overall sales of Stockmann Group's Department Store Division totalled EUR 928 million



Source: FFMA

The shares of Spar's chains in the Group's overall consumer goods sales, EUR 788 million



Source: A. C. Nielsen Finland Oy

Spar and Local Retailers' association

Spar and Local Retailers' Association is an independent professional lobbying organisation for the Spar and Tarmo shopkeepers. The union was established in 1950 (as Valtakunnan Kauppiaaliitto ry). It watches out for the shopkeepers' professional and social benefits jointly with other trade organisations. The wholesaler of Spar shopkeepers is Spar Finland plc, and that of Tarmo shopkeepers is Wihuri.

BOARD OF DIRECTORS

TIMO OITTINEN, CHAIRMAN
MATTI MARTTILA, DEPUTY CHAIRMAN
MATTI KONTIO, DEPUTY CHAIRMAN

Other Board Members:

HARRI NURMINEN, MARTTI KUITUNEN, AKI LUOMANEN, AILA ERONEN, LEO VÄISÄNEN, PER-OLOF BÄCKSTRÖM, TOMI HUUHO, MARKKU KONTTURI, YRJÖ AHONEN



Rautakirja Oy

Rautakirja Oy carries on daily consumer goods retail in R kiosks. These kiosks make up a nationwide chain providing customers with entertainment, suspense and pleasure, as well as daily staple products and services, rapidly and easily from early morning to late evening.

There are roughly 700 R kiosks in Finland, one third of which are based on the franchising concept while the remaining two thirds are operated by Rautakirja. Rautakirja also has a subsidiary in Estonia (200 R kiosks), as well as joint ventures in Latvia (over 400 kiosks) and the Czech Republic (150 kiosks).

R kiosk purchases its products directly from industry.

In addition to the R kiosks, Rautakirja's major brands in Finland include Lehtipiste, Suomalainen Kirjakauppa and Finnkinno.

www.rautakirja.fi, www.r-kioski.fi

MANAGEMENT

ERKKI JÄRVINEN, PRESIDENT AND CEO

MARKKU PELKONEN, SENIOR VICE PRESIDENT,
Kiosk Operations

RAIMO KURRI, SENIOR VICE PRESIDENT, Press Distribution

JARMO OKSAHARJU, SENIOR VICE PRESIDENT, Bookstores

TIMO MÄNTY, SENIOR VICE PRESIDENT,

Special Trade Division

HELLEVI KEKÄLÄINEN, SENIOR VICE PRESIDENT, CFO

JUKKA NIKKINEN, SENIOR VICE PRESIDENT, Development

KIOSK OPERATIONS

R kiosks form a leading Finnish kiosk chain that is a pioneer in kiosk-like convenience store operations. The chain's competitive advantage comes from the versatility of its product and service range, which it uses to stand out from competition. In its own size category, the chain is Finland's most frequented shop chain.

In addition to R kiosks the company also operates the Veikkausrasti gaming outlet chain, which included 19 shops at year-end. The majority (15) of the outlets were run by Rautakirja, and the rest were franchised. The number of outlets dropped by 16 in one year as a result of some units being merged with nearby R kiosks. The chain's strategy in the past few years has been to focus operations in shopping centres and the hallways of big supermarkets. The Veikkausrasti outlets are part of the R kiosk organisation.

Competition in Finnish trade grew considerably tougher in 2004 with new players entering the market and shop chains focusing on the traditional product groups of kiosks. Many small shops with a surface of less than 100 square metres were also set up. Big changes took place in the sales of beer and calling cards, both of them significant product groups for kiosks. The excise duty on beer decreased and led to

R kiosks and Veikkausrasti
Overall sales EUR 961 million



Source: FFMA

Other shops not part of alliances

In 2004, the number of daily consumer goods shops that did not belong to the alliances listed above amounted to 955, or 47 more than the year before. With overall sales of EUR 869 million, these shops accounted for 7.5 per cent of the overall retail market for daily consumer goods. Except for the Lidl chain, the non-alliance shops use the HoReCa wholesale or cash-and-carry wholesalers as their main sourcing channels.

price competition, which affected market shares, and competition among teleoperators cut prices. R kiosks are the main sales channel for calling cards.



DEPARTMENT STORE SALES

Department stores play a significant role in the overall market for utility goods, especially clothes and household and leisure applications. Department stores will be facing ever tougher competition with foreign clothing chains. Especially in city centres, stores need to continuously review their business

idea to adjust to the quickly changing competitive environment for utility goods. Finnish department stores have, however, held up well and steadily increased their sales. All department store chains saw their sales improve in 2004.

Overall sales (EUR, million), number and sales development of the department stores of FFMA's member companies in 2003 and 2004 (VAT 0 %)

	Number 2003	Number 2004	Sales 2003	Sales 2004	Change in sales %
Kesko					
Anttila	33	33	391	424	8,2
Citymarket	50	51	1300	1354	4,1
S Group					
Sokos	19	20	357	403	12,9
Prisma	41	46	1457	1617	11,0
Tradeka					
Maxi	4		134		
Euromarket	19	19	301	290	-3,8
Stockmann	6	6	578	609	5,5
Total	172	175	4518	4697	3,9

Source: FFMA

Sales segmentation of the department stores of FFMA's member companies (EUR, million) in 2003 and 2004 (VAT 0 %)

	Clothing			Home, leisure time			Food			Overall sales		
	2003	2004	Change, %	2003	2004	Change, %	2003	2004	Change, %	2003	2004	Change, %
Kesko												
Anttila	102	108	5,3	289	316	9,3				391	424	8,2
Citymarket	141	132	-6,1	329	338	2,5	830	884	6,5	1300	1354	4,1
S Group												
Sokos	159	181	14,3	54	60	11,7	144	162	11,8	357	403	12,9
Prisma	99	113	14,0	386	435	12,6	972	1069	10,0	1457	1617	11,0
Tradeka												
Maxi	19			24			91			134		
Euromarket	29	29	2,1	43	41	-6,1	229	220	-4,1	301	290	-3,8
Stockmann	238	268	12,6	213	212	-0,4	127	129	2,1	578	609	5,5
Total	787	831	5,7	1338	1402	4,7	2393	2464	3,0	4518	4697	3,9

Source: FFMA

IMPORTANT PROJECTS FOR THE BENEFIT OF TRADE

FFMA's retail trade division deals with issues from every shop type's point of view. Finding a solution that satisfies neighbourhood shops and kiosks as well as big department stores and hypermarkets can be very challenging.

Although it is too early to draw conclusions, surveys show signs of changes taking place in the daily consumer goods trade. According to A.C. Nielsen Finland Oy, the average purchase amount dropped for the first time in many years in 2004, while the number of weekly visits to the store increased. The drop in the number of shops has also come to a halt. The number of self-service shops with an area of less than 400 square metres has grown, while that of small supermarkets (400–1,000 square metres) is decreasing and that of supermarkets with more than 1,000 square metres is on the increase.

Polarisation is now a topical issue when talking about the structural change in trade. The significance of price, at least in the short term, has become more important for all shop types, and growth in the sales value has been very modest. However, since the rise in cost levels is inevitable, all measures that enhance efficiency and productivity and decrease costs are highly valued by shops. The agenda of the retail trade division includes issues that have an impact on the cost development and efficiency of the whole field.

Own-control guidelines and material for the whole daily consumer goods sector were published in early 2005. One of the main goals of the project is to create best practises for own-control in trade and standardise the operating methods used in different cities and towns. Until now, the rules and criteria have differed from one region to another. The new own-control guidelines have quickly spread to all the different shop types. The persuasiveness and reliability of own-control are important criteria for Parliament's discussion about a possible charge to be levied on the public control of own-control.

It is important to keep the public food control fees as low and fair as possible. The goal must be to ensure that everything is in order so that public control does not have to be paid for. As another new project concerning own-control, the retail trade division has introduced a programme that aims at all parties adopting common trade security guidelines.

The division's most significant projects aiming to improve the conditions and competitiveness of trade and the whole foodstuff chain include the ECR project of trade and industry, the provincial food project and a project focusing on more efficient circulation of half pallets. In all of these, trade is actively cooperating with the Finnish Food and Drink Industries' Federation.



Jorma Haapanen, Director of the Sesto and Etujätti chains, is chairman of FFMA's retail trade division

The continuation of investment support for village shops must be secured so that shop services can continue to be offered in rural areas. The creation of urban image recommendations for all of Finland aims at harmonised operating methods, similar to own-control. Since the rules and regulations on facades and outdoor advertisements vary widely in different locations, finding common policies would be of great benefit to retail planning and operations. Developing education in the field of trade in cooperation with Suomen Kaupan Liitto (Association for Finnish Trade) is also on the retail trade division's agenda, in view of the obvious drop in the number of skilled personnel in the future. Another goal is to make trade more attractive and emphasise future job opportunities in the field.



PURCHASE AND LOGISTICS OF DAILY CONSUMER GOODS

Enhanced logistics operations

The daily consumer goods trade is seeing rapid changes in its operating environment. Players in the field have grown international, and "home market" now cover the Baltic Sea region, Europe or global markets. A national approach is no longer sufficient when aiming to boost the competitiveness of Finnish daily consumer goods trade. Rapid development and a broader market area for both purchasing and logistics have been important considerations for FFMA's purchase and logistics division ever since its foundation.

The agenda prepared by the division aims to enhance the efficiency and competitiveness of the whole daily consumer goods sector, from primary production to the consumer.

The division is together with the public food control authorities involved in developing the traceability of products marketed by the sector, contributing to efficient logistics and food safety. Important issues on the division's agenda for 2005 include logistics for beverage packaging and improved environmental logistics in the trade sector.

A recycling system for reusable PET and glass bottles will be introduced in compliance with the beverage industry's common goals. The division will draw up a plan for beverage packaging logistics with Palpa Oy, the Ekopullo Association and FFMA's retail trade division. Daily consumer goods trade will promote cooperation with producers in the packaging field and devise a cost correlating and fair model for cost distribution.

The division wants to do away with the banana import quota system on the EU-level to lower the price of bananas.

FFMA's ECR and product database development projects aim to improve the operating conditions of companies in the trade sector by revising common procedures.

Unrestricted purchasing and efficient logistics will boost the competitiveness of Finnish daily consumer goods trade also in the years to come.



Risto Pyykönen, CEO of Inex Partners Oy, is chairman of FFMA's purchasing and logistics division

Kesko Food Ltd

The sourcing, logistics and chain management of K-food stores is managed by Kesko Food Ltd, whose warehouse sales in 2004 achieved a turnover of EUR 1,600 million. The central warehouse is located in Hakkila, Vantaa. Regional warehouses are located in Tampere and Turku.

Inex Partners Oy

The turnover of the warehouse sales of Inex Partners Oy, a sourcing and logistics company of the S Group's and Tradeka's retail shop chains, amounted to EUR 1,505 million in 2004. The supply network consists of the Kilo logistics centre in Espoo, distribution centres in Lempäälä and Oulu and terminals in Kouvola and Kuopio. A logistics centre for speciality goods is located in Hakkila, Vantaa.

Tuko Logistics Oy

The consumer goods sourcing of the Wihuri Group, Spar Finland plc, the Stockmann Group and Heinon Tukku Ltd is handled by Tuko Logistics Oy, jointly owned by the four. The company's warehouse sales in 2004 amounted to EUR 648 million. Its facilities are located in Kerava and Sompasaari, Helsinki.



HORECA WHOLESALERS

HoReCa comes from the words Hotels, Restaurants and Catering. The internationally used acronym gives a better description of this developing line of business and its customers than the previously used concept of "institutional kitchens". HoReCa wholesale is an important part of the overall consumer goods service, handling non-retail goods deliveries to some 19,000 customers. The versatile service offering helps customers focus on their own operations.

Kespro Oy

is a subsidiary of Kesko Food Ltd. The company has distribution and warehousing outlets in Vantaa, Turku, Tampere, Lahti, Kuopio and Oulu, as well as 17 cash-and-carry outlets around Finland. Turnover in 2004 amounted to EUR 742 million.

Wihuri Oy Aarnio, Metro chain

belongs to the Wihuri Group's consumer goods section. The distribution and warehousing outlet in Helsinki serves customers all around Finland. The company also has 31 cash-and-carry outlets in different parts of the country.

Meira Nova Oy

is a subsidiary of Inex Partners Oy, owned by SOK and Tradeka Ltd. The supply network consists of the Vantaa logistics centre and five sales offices along with their terminals in Vantaa, Turku, Lempäälä, Jyväskylä and Oulu. Turnover in 2004 amounted to EUR 197 million.

Heinon Tukku Ltd

is a family company that operates three wholesale delivery outlets, two cash-and-carry outlets and two office supply units. The wholesale delivery outlets are located in Espoo, Tampere and Turku, while the cash-and-carry outlets are in Helsinki and Vantaa. Heinon Tukku Ltd had a turnover of some EUR 151 million in 2004.



Minna Laakkonen, Managing Director of Kespro Oy, is chairperson of FFMA's HoReCa wholesale division

Growth from meal sales

The sales of HoReCa wholesalers dropped by 2.3 per cent to EUR 1,485 million in 2004. This resulted largely from new tobacco legislation and the decrease in the excise duty on alcohol. An increasingly larger share of alcohol is consumed at home instead of restaurants.

Serving volumes in the HoReCa business increased by 2 per cent, most of the increase coming from facilities with permission to serve nothing stronger than medium-strength beer. At 12 per cent, service station cafés and restaurants showed the biggest increase in serving volumes. Having endured one slow year, hamburger, kebab and pizza restaurants also saw an increase of 3.4 per cent in serving volumes.

Customers' choices keep changing as do the roles of individuals as situations change. Customers no longer belong to a single category. The food choices of restaurant-goers, for example, may be guided by health concerns one day, delight and deliciousness the next. Both are good choices. This is why the HoReCa business must ensure that its offering meets constantly changing demands. Restaurant services have to compete seriously for the consumer's net income and the way in which it is channelled.

The product and service life-cycles keep growing shorter in the rapidly changing HoReCa sector. Competition for customers will become even tougher, and the companies with the best and most customer-oriented service concepts will emerge as winners.

INTERNATIONAL PURCHASING ORGANISATIONS FOR CONSUMER GOODS SOURCING

Finnish companies participate in several joint purchasing organisations operating around Europe. FFMA member companies are involved in the following organisations.

AMS Marketing Service BV

AMS Marketing Service BV is a consortium of leading European retailers that aims to create synergies through efficient co-operation, such as joint purchases. Established in 1988, AMS has its domicile in the Netherlands. Finnish trade is represented by Kesko Food Ltd. Co-operation has resulted in, for example, Euro Shopper products. Internet: www.ams-marketing.com

Buying International Group SPAR (BIGS)

BIGS, the purchasing organisation of International SPAR, was founded in 1991. A subsidiary of International SPAR, BIGS has 15 European SPAR companies as its members. The main task of BIGS is to produce Spar private label products for the European markets. It operates in conjunction with International SPAR in Amsterdam, Holland.

Coop Norden

Inex Partners Oy cooperates with Coop Norden. Internet: www.coopnorden.org

PRIVATE LABELS

According to surveys, private trade labels aim to:

- increase customer loyalty
- boost and differentiate a chain brand
- stand out from competition
- strengthen market positions
- improve the margin in retail trade
- improve product quality
- ensure supply chain control.

In Europe, private labels account for 20–40 % of daily consumer goods. They are quickly increasing their market share in Finland as well.

Development of private labels in Finland

	2001	2002	2003	2004
Share of value	6,6 %	6,7 %	7,6 %	8,9 %

Source: A. C. Nielsen Scan Track

Growth in sales value in 2003–2004

	2003	2004
Overall growth	1,9 %	2,2 %
Private labels	15,9 %	18,5 %

Source: A. C. Nielsen Scan Track

Private labels in FFMA member companies

Kesko Food Ltd

PÍRKKA



ON ENEMMÄN



SOK and Tradeka Ltd



Spar Finland plc



Wihuri Group,
Heinon Tukku Ltd and
Stockmann Group



SALES DEVELOPMENT OF DIFFERENT PRODUCT GROUPS

Variance in the sales development of different product groups is an indication of variation in consumption habits, product development and changes in trade policies.

The 20 largest product groups in daily consumer goods trade in 2004 (overall sales: EUR 11.6 billion)

	Sales 2004 EUR 1,000	Share of overall sales	Change from 2003
Baked products	685 869	5,9 %	1,2 %
Meat products	629 327	5,4 %	0,7 %
Medium-strength beer (max. 4.7 %)	628 264	5,4 %	-9,9 %
Industrially packaged cheese	532 923	4,6 %	2,1 %
Cigarettes	437 056	3,8 %	1,1 %
Milk	419 589	3,6 %	1,0 %
Sweets, total	386 395	3,3 %	2,3 %
Pre-processed food	373 663	3,2 %	5,3 %
Industrially packaged meat	254 965	2,2 %	16,4 %
Soft drinks	222 356	1,9 %	-3,7 %
Yellow fats	184 638	1,6 %	-0,9 %
Wine, cider and mixed alcoholic beverages (max alcohol content: 4.7 %)	172 910	1,5 %	-12,5 %
Yogurt	167 878	1,4 %	2,8 %
Coffee	157 008	1,3 %	2,8 %
Poultry	153 758	1,3 %	5,5 %
Juice and juice drinks	144 478	1,2 %	-2,1 %
Ice cream	136 151	1,2 %	-3,1 %
Crackers	111 914	1,0 %	-0,1 %
Cream (including vegetable fat)	86 756	0,7 %	3,2 %
Snacks	79 061	0,7 %	0,4 %

Source: AC Nielsen Market Trends 2005



Biggest growth, in euros, in 2004

	Growth in euros, EUR 1,000	Sales develop- ment
Industrially packaged meat	35 915	16,4 %
Pre-processed food	18 723	5,3 %
Industrially packaged cheese	10 882	2,1 %
Coffee bread	9 522	7,4 %
Sweets	8 700	2,3 %
Industrially packaged poultry	8 033	5,5 %
Cigarettes	4 924	1,1 %
Yogurt	4 621	2,8 %
Meat products	4 620	0,7 %
Make-up, semi-selective	4 586	11,0 %

Source: AC Nielsen Market Trends 2005

Winners and trends in 2004

- Private labels
- Industrially packaged meat and poultry
- Pre-processed foods, especially traditional casseroles, microwave meals and meat pies.
- Meat products
- Soft dried fruit
- Low-fat, health, natural and speciality products (lactose- and gluten-free)
- Energy, sports and health beverages
- Ethnic products
- Fish preserves improved their position in canned foods
- Sour creams, especially creme fraiche

- Winners in frozen products: frozen berries, as well as woks, pre-processed meals and pizzas in frozen foods
- Quality, healthiness and speed

Most significant drop in 2004

- Medium-strength beer dropped from number one to the third biggest product group (in value) of daily consumer goods trade. As prices decreased, consumption increased.

Source: AC Nielsen Scan Track and Market Trends 2005

FFMA organisation in 2005



TASK DISTRIBUTION IN THE OFFICE

Osmo Laine, Managing Director
 Ilkka Nieminen, Manager, organisational affairs
 Nora Juvonen, Advisor
 Niko Pulli, Advisor
 Anna Savisalo, Advisor
 Marjut Vartiainen, Executive Assistant
 Sari Hokkanen, Assistant

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 Purchasing, logistics and projects
 HoReCa, purchasing and legislation
 HoReCa, purchasing and legislation
 Foodstuffs, product safety and projects
 Finance
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