



K Group Enters into Cooperation with Alibaba to Open a Food Online Store in China

Press conference 29 Sept 2017



President and CEO, Mikko Helander: K Group enters into cooperation with Alibaba to open a food online store in China

Commentary : Minister of Agriculture and Forestry, Jari Leppä

Vice President for Commerce, Grocery Trade division, Ari Akseli: Why is China's market attractive?





K Group Enters into Cooperation with Alibaba to Open a Food Online Store in China

Mikko Helander, President and CEO

K Group has Become the First Finnish Grocery Retail Operator to Enter into Food e-commerce in China

- The online store is implemented in cooperation with the world's largest online retailer: Alibaba
- K Group has strong international trade expertise in the Far East and Asian markets, thus exports are a natural next step
- An objective is to open a route to China's expanding market for Finnish food
- The online store will be built on agility and a start-up spirit – aware of the opportunities and risks

Why?



K Group is a significant wholesale company with strong international competences and skills. Hence, exporting to China offers interesting business opportunities

Developing digital services is at the core of K Group's strategy – the objective is to offer the best digital services in trading sector

A common concern is the future of the Finnish food chain – K Group wishes to promote the export of Finnish food products to international markets

Based on Strong International Trade Expertise

- K Group has imported food and non-food from China for decades
 - Solid experience of the market and an extensive cooperative network
 - Office in Shanghai
 - Example: procurement cooperation with ICA
- China facilitated the entry of foreign retailers into its e-commerce through a streamlined CBE (cross-border e-commerce) agreement, which entered into force in February 2014



K Group's objective is to build the best digital services in trading sector

We research China's rapid digitalisation and the opportunities of its growing market

We will learn from pioneers in e-commerce



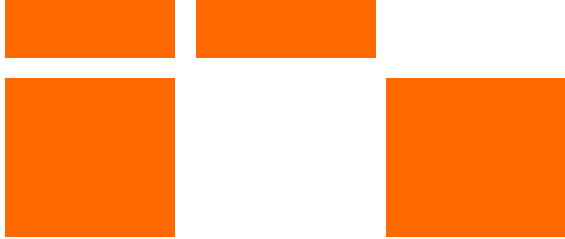
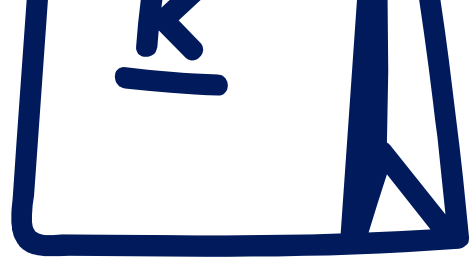
Pure, healthy and responsibly produced Finnish food is our competitive advantage now and in the future

The promotion of Finnish food for export is a key objective of Finland's food policy

K Group wishes to actively promote the export of Finnish food products to the world

Why is China's Market Attractive?

Ari Akseli, Vice President for Commerce, Grocery trade division, Kesko



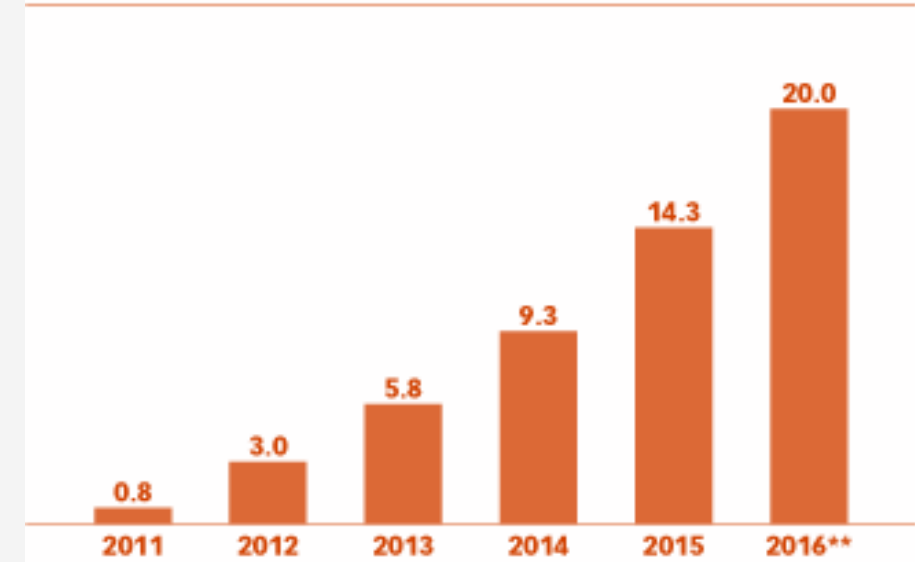
China: the World's Largest and Most Rapidly Growing e-commerce Market

- China's e-commerce market has a value of approximately \$750 billion USD (2016)*
- 415 million 16 to 35-year-old Chinese millennials (born in the 80s and 90s) are active online shoppers – a larger number than the entire working-age population of Western Europe and the United States
- In recent years the share of online shopping in China has increased significantly and the share of traditional shopping has decreased
 - According to the estimates of various studies, e-commerce grew by 24.4% and traditional shopping by only about 1% in 2016
- Food sales in online stores have risen steadily and growth is estimated to be around 30% in 2018

Example: on 11 November, Singles' Day Sales in China in 2016 Were Higher than Finland's Entire Grocery Trade Sales Were for That Year



Alibaba's Ecommerce Sales During the 11/11 Online Shopping Festival* in China, 2011-2016
billions



Note: *a digital shopping promotional event that occurs on Nov 11 of every year, also known as Singles' Day; **forecast
Source: Fung Business Intelligence Centre (FBIC), "2016 Singles' Day Preview: Aiming High As Alibaba Pairs Shopping With Entertainment and Social Media," Nov 2, 2016

219270

www.eMarketer.com





Health and Safety Rising

Health is a strong, growing trend in China – the appreciation of organic food and awareness of food healthiness is growing and foreign foods have a strong quality image

Recent food scandals have shaken consumer confidence in Chinese brands – the desire for food safety has led to a growth in demand for imported food

Rising Demand for Finnish Products

- Chinese people appreciate the purity, high quality and safety of Finnish products – product quality and service are valued more than low price*
- Cooperating with K Group on the project will be well-known actors in the Finnish food sector, who will join the venture in phases: Valio, Paulig, Fazer, Raisio, Finn Spring, Roberts and Kiantama
- Pirkka – K Group's own brand – will be part of the range
- The first products exported to China were muesli, porridge, berry products and coffee
- The online store's range will expand in the future, the aim is to develop an incisively targeted and precisely thought out Scandinavian range

Goods on Sale from 29 Sept. 2017

Goods in the initial phase: cereals, muesli, berry products, coffee and biscuits

The range will expand to include chocolate, and beverages



eCommerce Realised in Cooperation with Alibaba

KESKO海外旗舰店
From Finland

盛大开业
躺在家逛欧洲超市
KESKO WAS FORMED IN OCTOBER 1981. WE INVITE YOU TO STEP INTO THE WORLD OF NORDIC FLAVORS.

KESKO海外旗舰店
北欧风味就在家门口

KESKO是北欧商超连锁品牌，拥有一系列受欢迎的品牌和产品类别。KESKO的核心价值在于为客户提供优质和有趣的购物体验，高品质和安全是KESKO的首要任务。KESKO提供的所有品牌都是芬兰本土品牌，旗下的大多数产品也都是芬兰制造。

领券更优惠
COUPONS ARE BETTER

超值优惠券 满100减200 有效期至10/31	10 满100可用 有效期至10/31	20 满200可用 有效期至10/31	50 满500可用 有效期至10/31
--------------------------------	---------------------------	---------------------------	---------------------------

阳光燕麦
咖啡
巧克力糖果
饼干曲奇

1分钟健康美味
即冲即食 独立小袋
Pirikka 苹果覆盆子口味燕麦粥210g
rmb. 139

美好一天，从美味的高麦粥开始
A WONDERFUL DAY BEGINS WITH DELICIOUS OATMEAL

什锦燕麦片 方便即食，营养快捷
草莓树莓燕麦粥 即冲即食，便携小袋
蓝莓苹果燕麦粥 即冲即食，便携小袋

精选阿拉比卡咖啡豆
醇香浓郁 顺滑口感
无需研磨 冲泡即享
Pirikka 大粒综合咖啡 500g
rmb. 139

香醇顺滑的风味，来自精心挑选的咖啡豆
MELLOW AND SMOOTH FLAVOR

Pirikka 大粒综合咖啡
香醇浓郁，品质原味
颗粒风味不流失
rmb. 139

Pirikka 速溶咖啡
方便快捷，即冲即享
牛奶咖啡一冲
rmb. 139



Finnish Food Available to Hundreds of Millions of Chinese People



“Finnish food stands for first-class quality, purity and safety, attributes that are key to making purchase decisions by Chinese consumers. Products from Finland are getting more and more popular in China and we are pleased that Kesko’s Tmall Global store enables the 466m annual active consumers on our e-marketplaces to access and experience amazing Finnish food.”

- David Lloyd, Managing Director, UK, Ireland and Nordics at Alibaba Group



As the world's most responsible trading sector company, K Group follows responsibility principles and its own K Code of Conduct in all its operations.

We require corresponding levels of responsibility in the business models of our Chinese partners



For shopping
to be fun