



IFOAM 2000 - THE WORLD GROWS ORGANIC

Name : MINNA NASTOLIN

Title : Buyer

Started 1994 in Kesko's Fruit and Vegetables department as banana-buyer, went over to other fruits (melons, plums, kiwis, avocados) autumn 97 and began to buy imported organic fruits and vegetables October 1998.

SEMINAR "BIO IM SUPERMARKT"

1 *Short presentation of our company, Kesko Ltd.*

Kesko is a marketing and logistics company that develops retail concepts and operating models.

Operations are divided in different divisions : Foodstuffs, Home and Speciality Goods, Builders' and Agricultural Suppliers.

Kesko is the fifth biggest company in Finland, the number one is Nokia with their mobile-business.

2 *The net sales 1999*

The total net sales of Kesko in 1999 was EUR 6,1 billion.

Half of the sales goes to K-retailers (1800 shops altogether)

35 % is sold to business to business customers and

15 % is retail sales to customers.

Kesko Fruit and Vegetables net sales in 1999 was EUR 160 million.

3 *Market share foodstuff*

Of the total foodstuff market in Finland our share is 38 %, followed by S-group with 28 %.

4 *Presentation of the organic production in Finland*

5 *Organic production of total production area is 6 %*

6 *Mostly produced organic products in Finland*

7 ***Kesko´s Fruit and Vegetable departement - organic business***

Was started in october 1998.

I went around to different shops to learn more about organic products as I was going to start buying these product and became quite astonished to notice that the quality was very poor. You could almost consider the organic and rotten or defected to be same!

Strategy in the beginning : continuity (a year-around sortiment)
pre-packing
sortiment of 16 basic products

Target was to reach 0,5 % of sales.

We´ve been very successful with our own brand "RICO" in conventional products and launched the same idea for organic products under name "LUOMU" that actually means organic in finnish.

8 It was clear for us that almost everything should be pre-packed because that was the request from the shop-keepers. The pre-packers obtained the right from authorities to use this label.

Pre-packing is very convenient and easy way for the shops with bar-codes and even with a retail-price if they do so request and the quality is checked once again.

9 ***In the beginning***

It all started quite modestly. One mixed palet (consisting of all the different products) was bought from Holland, that was the easiest solution at that time.

Slowly as we found direct contacts (BIO-FACH was very useful) we went over

to buy directly from organic-suppliers and started to buy paletwise.

Experiments were made to increase the organic sales by selling the product "loose" (not pre-packed) because that way the retail-price is much lower.

Especially successful was the sales of loose avocados and apples.

A quite peculiar distinction was made in avocados. Traditionally small sized conventional avocados have been bought to the Finnish market. Now we introduced TWICE AS BIG ORGANIC avocados into the market and suddenly more organic avocados were sold than conventional!

In apples, varieties that are not used in our conventional apple assortment, were chosen to differ the conventional and organic lines. It made the competition easier and both I and the organic supplier were happy about the sales. He had even to come to Finland to visit us because we made a bet in the beginning of our cooperation, if I succeeded to buy xx palets of apples, he would come to our country and he was forced to visit us quite quickly!

10 ***Marketing-activities***

Internal / external magazines with articles and information

Weekly / monthly campaigns are arranged

■ the "gap in production" is causing troubles

much easier to sell the domestic production - a challenge to persuade the customers to trust even in the imported organic assortment!!

11 ***Environmental diploma***

In Kesko an environmental-diploma program has been launched.

It includes many different parts that the shops have to fulfill to receive this certificate.

One good thing is that the shops need to have quite large assortment of

different organic products and this pressures us to wider our fruit & vegetable organic sortiment and even the other departements to do the same in their products.