Press Release
Grocery Shop Directory 2015

CONTACTS:
Sanna Kotakorpi, Market Leader
E-mail: sanna.kotakorpi@nielsen.com
Tel. +358 9 4300 3239, +358 50 363 1068

INTENSE PRICE COMPETITION IN FINNISH GROCERY TRADE IN 2015

Year 2015 can be characterized as one of intense price competition within the grocery trade in Finland. Grocery sales declined for the first time since 1995 when Finland joined the European Union and the grocery prices dropped considerably. The value sales developed by -0.7% versus previous year, and the grocery sales amounted to EUR 16.6 billion. The information is based on Nielsen's annual Grocery Shop Directory.

The drop in prices generated some small positive development in the sales volume which has for long been developing poorly. The sales volume increased by 0.4% versus 2014 whereas the volume development of the three previous years was practically non-existent, very close to zero. Even so, the volume development continues to lag significantly behind the average volume growth of the Finnish grocery market in the 21st century which has been on average 1.4% a year.

The price competition attracted more shoppers to big stores and hypermarkets returned to growth trajectory after the small drop of the previous year. By contrast, the grocery sales of small stores under 400 sqm sank to their all-time low market share in the 38 years of the history of the Grocery Shop Directory; they represented 20% of the Finnish grocery sales. This was partly influenced by store closures; 102 stores below 400 sqm were closed in 2015.

The market shares of the big and affordable are on the rise

The biggest grocery operator S Group succeeded in growing its market share to 45.9%. The growth engine for S Group was the hypermarket chain Prisma growing its grocery sales value by 3.2% versus previous year.

K-Group's loss of market share continued and its share of 2015 grocery sales was less than one third, 32.7%. K-Group's most successful chain was also a hypermarket, K-citymarket, which increased its sales by 0.6% versus previous year.

Lidl grew the number of their stores by five last year. In addition, their old network continued growing sales. Lidl was the best developing retailer and continued increasing its market share; Nielsen estimates Lidl's share of grocery sales to be 8.3%. The increase in share was less intense than in the past couple of years.

Year 2015 was challenging to smaller stores. 95% of Suomen Lähikauppa's network belongs to the below 400 sqm size group. Suomen Lähikauppa continued losing share and its share was 6.4% of all grocery sales.

The grocery market shares of retailers in 2015:

Group	Market share of grocery sales (excl. non-FMCG)	Change in market share from 2014
S Group	45.9%	+ 0.2% points
K-Group	32.7%	- 0.4% points
Lidl Suomi Ky	8.3% (*	+ 0.6% points
Suomen Lähikauppa Oy	6.4%	- 0.4% points
Other private companies	6.7%	- 0.1% points

*) estimate

Online sales equal the sales of the hundredth biggest store

When all the Finnish grocery stores are ranked by the size of their grocery sales, one could place online grocery sales via Finnish operators in the neighborhood of the hundredth biggest physical store. Online grocery sales in Finland totaled EUR 26 million in 2015. This includes the sales via pure online operators as well as those operating both online and physical stores. Online sales therefore amount to 0.2% of the Finnish grocery sales.

Shops selling a full range of grocery goods (excluding specialty and market shops) numbered 3,090 in all on 1 January 2016.

Nielsen's Grocery Shop Directory is comprised of private and cooperative grocery shops in Finland (including also operators selling grocery goods purely online with a wide assortment). Nielsen collects the data for the Grocery Shop Directory annually in cooperation with the retail groups and individual players, while Lidl's market share is an estimate by Nielsen based on various data sources. Nielsen publishes the Grocery Shop Directory in March each year. Nielsen has published the Grocery Shop Directory since 1978.