Case S Group – back to co-op basics with a modern twist

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5 April 2017, Session: Bridging the digital gap: The practical guide to bringing heritage businesses into the 21st century
S Group’s business areas

Number of outlets: 1,633

- Food and Grocery: 7,755 M€
- Gas Stations: 1,543 M€
- Hotels and Restaurants: 793 M€
- Department Stores, Specialty Stores & DIY: 497 M€
- Automotive Trade and Accessories: 339 M€
- Agricultural Trade: 76 M€
- Others: 15 M€
S Group’s key figures

- **Turnover**: 11,3 Bn€
- **Profit**: 290 M€
- **Investments**: 511 M€
- **Personnel**: 40,500

**80%** of Finnish households are owners

**2,3 million** Bonus and other rewards paid to co-op members

**394 M€**
This is where it all began – over one hundred and ten years ago.

A PRIVATE RETAILER, MAKING 50-100 % PROFIT

Worker

Consumer

HOW LONG WILL YOU TOLERATE THIS?
S Group’s operations are anchored in its permanent values

- We exist for our customers
- We take responsibility for people and the environment
- We constantly renew ourselves
- We operate profitably
S Group’s strategy

Competitive services and benefits for our co-op members profitably

MISSION

FOOD RETAIL COMPETITIVENESS
- LOWERED PRICES
- IMPROVED OFFER

DIGITAL FOR THE CUSTOMER

PROFITABILITY

PERMANENT FOCUS AREAS

COST EFFICIENCY

GREAT CUSTOMER INTERACTION

CUSTOMER-CENTRIC AND RESPONSIBLE CO-OP

VISION 2020

YOUR STORE - SUPERIOR BENEFITS AND CONVENIENCE
How does S Group implement its co-op heritage today?

Four equally important corner stones

**PHILOSOPHY:**
“Back to co-op basics”
Mission: to provide services and benefits for our members

**EXECUTION:**
Internal consensus to cut our own margin

**LOWERED PRICES**

**ENABLER 1:**
Cost-efficiency

**ENABLER 2:**
Digitalization

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Taavi Heikkilä, SOK Corporation

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In Jan 2015, S Group made a promise to its members:

“We have decided to lower our food prices. Not just a campaign but a permanent mode of our operations. This is the most important strategic alignment we have made in the decade.”

CEO Taavi Heikkilä, 1/2015
S Group dominates the market in food retail

Market shares in food retail, 1978-2016 (Finland)

Source: Nielsen Food and Grocery Trade Store Register
(The difference between 2015-2016 in %-points)
Improving profit enables S Group to continue lowering prices
Digital for the customer

Digital is a great opportunity for S Group

Targeted and personalized services
Customer understanding at the core

Omni-channel services
The best mobile solutions for the customer journey

Value chain efficiency and disruption
Simplification and innovation
The evolution of customer proximity

The past
A retailer **knew** all the customers and their needs **personally**

Today
Assortment is designed for several customer groups
**Assisted self-service**

Tomorrow
With digital mobile solutions, the **personal connection** between a retailer and a customer **comes alive again**

13.4.2017
Taavi Heikkilä, SOK Corporation
Example of a new digital service: ABC Mobile Refill

• Simple & easy refill with payment using S Mobile application
• Launched: Feb 2016
• Latest feature: fuel usage tracking
• Won a European technology award granted by National Association of Convenience Stores in 2016
Let's play a video!

You're an owner!

Let's go and have a look at our estate, shall we?