



Flanders
State of the Art

A photograph of a shopping cart filled with fresh produce, including asparagus, oranges, a pineapple, and green beans, in a grocery store aisle. The cart is on a wooden floor, and shelves with other products are visible in the background.

RETAIL OF FOOD PRODUCTS IN THE BALTIC STATES

FLANDERS INVESTMENT & TRADE MARKET SURVEY

Retail of food products in the Baltic States

July 2015

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Executive summary

The Baltic States, although relatively small, offer one of the more attractive markets for food and drink retailers on the Central and Eastern European market. With a total population of 6 million people, Lithuania, Latvia and Estonia represent a combined food retail market of more than 6.5 billion euro.

During the last few years the Baltic economies were among the growth leaders in the region and that has boosted a value and volume increase of food and drink consumption. However, due to the recent slow-down in the economic growth caused by (mostly) external factors there will be a negative effect on the growth in the food retail sector. Nevertheless, long term prospects remain positive and optimistic.

The major drawbacks of the Baltic food retail market are its small scale and rather small density of inhabitants. Although the distribution and retail system is quite similar in all the three Baltic States, it is not always possible to distribute food products to all the three countries choosing one of them as a base. Separate distributors/wholesalers are often needed in each of these countries.

Furthermore the Baltic food retail market is considered to be the most concentrated in the region, with for example Maxima LT (Lithuania), RIMI (Scandinavian), ETK (Estonian) dominating what makes the market entrance of international retailers rather difficult.

However, growing purchasing power will be the key driving force in the further growth of food retail (both volume and value) in the future. A stable political climate, supported by the fact that the three countries are members of the EU, NATO and Schengen and have a relatively dynamic economy will have its positive influence on the prospects of the food retail market in the Baltic States.



Overview situation consumption market Baltic States

The economic forecasts for the Baltic States are more or less stable for the next years although the Russian import ban has hit these economies quite hard. The unemployment rate remains relatively high in Lithuania and Latvia. The Lithuanian market is clearly the biggest as far as retail is concerned. Economic activity is spread all over the country while in Latvia and Estonia the economic activity is mostly concentrated in the capital.

Economic forecasts for the Baltic states

	Year	GDP (% y/y)	GDP deflator (% y/y)	CPI(% y/y)	Private consumption (% y/y)	Fixed investments (% y/y)	Unemployment (%)	Current account (% of GDP)
Estonia	2013	1.6	4.5	3.2	3.8	2.5	8.6	-0.9
	2014E	2.0	2.1	0.5	3.6	0.9	7.5	-2.3
	2015E	2.3	1.7	1.7	2.9	1.9	7.5	-2.4
	2016E	2.7	1.8	2.1	3.1	2.5	7.6	-2.6
Latvia	2013	4.2	1.1	0.0	6.2	-4.2	11.9	-2.2
	2014E	2.7	2.0	0.6	4.3	0.5	11.1	-0.2
	2015E	2.9	2.1	1.6	3.1	1.1	10.6	-1.6
	2016E	3.1	2.2	2.3	3.9	2.7	10.2	-1.9
Lithuania	2013	3.3	1.6	1.2	4.2	7.0	11.8	1.6
	2014E	2.9	1.1	0.2	3.6	5.5	11.3	0.8
	2015E	2.7	1.3	1.3	3.2	3.7	10.8	0.0
	2016E	3.1	1.3	2.0	3.5	3.9	10.2	-0.5

Source: Danske Bank Markets estimates

Total retail trade	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
EA19	0.5	0.3	0.0	-0.4	0.7	0.2
EU28	0.4	0.4	0.1	-0.3	0.6	0.3
Belgium	0.5	-0.4	-0.3	-0.4	0.8	0.4
Bulgaria	1.4	-0.2	-0.4	-1.4	-0.1	0.2
Czech Republic	0.9	2.1	0.4	-0.9	0.8	c
Denmark	-1.5	0.4	0.0	0.9	-1.1	-1.4
Germany	0.9	0.8	-0.3	-0.9	1.3	0.5
Estonia	-1.2	0.3	-0.6	-0.1	0.8	1.4
Ireland	1.8	-0.1	0.7	-0.7	3.4	-2.5
Greece	-1.3	0.8	-1.1	1.5	-0.5	c
Spain	1.1	-0.2	-0.5	0.2	0.9	0.3
France	0.5	-0.1	0.8	-0.7	0.8	0.6
Croatia	-0.2	0.8	-0.5	0.2	1.2	c
Italy	-0.1	0.4	-0.3	0.3	0.3	c
Cyprus	-2.0	3.4	-0.6	0.8	1.0	c
Latvia	-1.1	1.9	1.2	0.6	-0.1	-0.9
Lithuania	0.6	-1.1	1.5	1.5	-0.1	-1.2
Luxembourg	2.7	-7.2	0.7	1.7	-1.7	-0.9
Hungary	0.5	1.5	-0.2	0.0	0.1	0.4
Malta	-0.5	3.5	-2.8	2.4	-1.9	1.1
Netherlands	0.4	0.3	0.4	-0.3	-0.1	c
Austria	1.4	0.8	0.5	-1.0	0.3	-0.9
Poland	0.3	2.6	0.0	2.3	-2.7	1.5
Portugal	-0.2	4.3	-0.3	-3.3	0.7	0.2
Romania	0.4	1.2	-1.6	-0.5	3.1	-0.9

The relative poverty of the population is shown by the next statistic that shows that Estonians and Latvians spent up to 25% of their income on food (in Belgium that figure is 14%). This also means that in the Baltic States people go rather for the cheaper segment of a product range instead of buying luxury- and niche products. The disposable income for a single person household was 585 euro in Vilnius, 572 euro in Riga and 858 euro in Tallinn.

Table 1. Household Expenditure Distribution, Baltic Countries 2014 (%)

	EU27	Estonia	Latvia	Lithuania
Food and non-alcoholic beverages	15.8	21.0	23.3	23.7
Alcoholic beverages and tobacco	4.5	9.2	7.5	8.6
Clothing and footwear	6.2	6.4	5.6	6.7
Housing, water, electricity, gas and other fuels	15.9	15.0	15.3	12.3
Furnishings, household equipment and routine household maintenance	6.3	4.4	4.2	6.2
Health	4.2	3.6	5.3	5.4
Transport	14.9	13.3	14.8	14.7
Communications	3.1	3.9	3.6	2.6
Recreation and culture	10.1	8.1	7.3	6.9
Education	1.2	1.3	1.4	1.2
Restaurants and hotels	9.0	9.2	6.6	5.2
Miscellaneous goods and services	8.8	4.6	5.1	6.6

Source: Harmonised consumer price index, Items weights, Eurostat

Although in terms of other indicators, mainly GDP per capita, net salaries and similar, Lithuania is lagging behind Latvia and Estonia as far as consumption is concerned (volume and growth) it is clearly

the biggest market in volume. It provides the best prospects for consumption and market potential. Lithuania has also a higher individual consumption per capita than the two other Baltic countries.

Chart 1. Baltic Disposable Household Income Comparison (EUR)

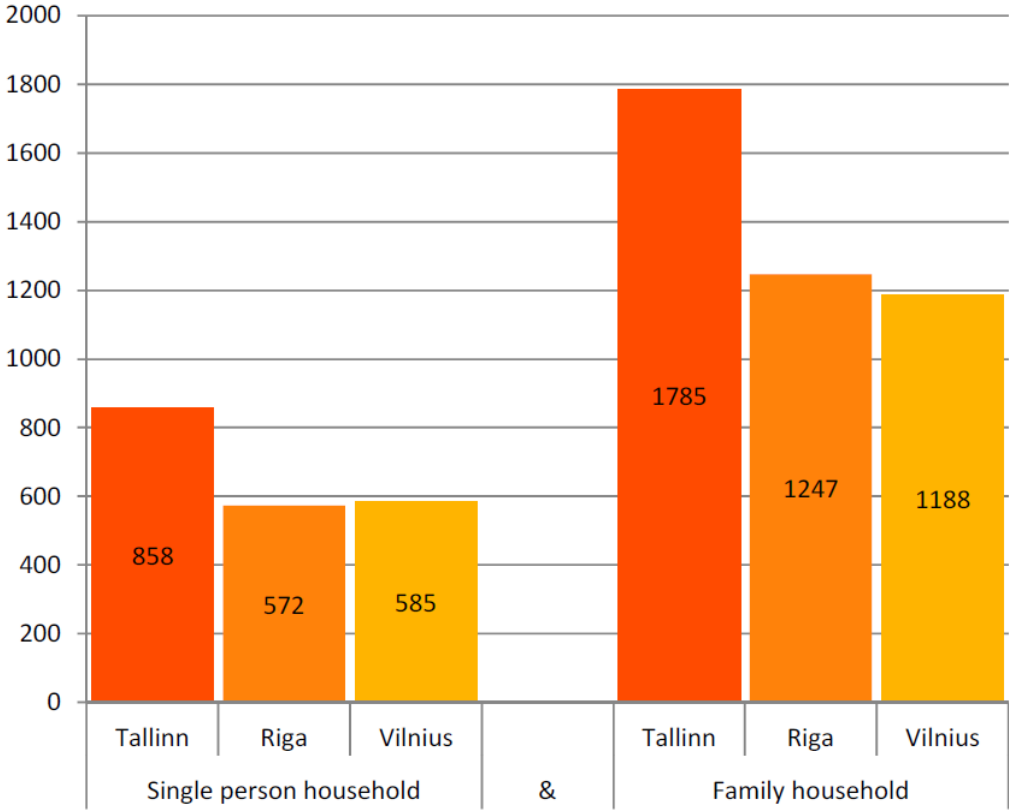
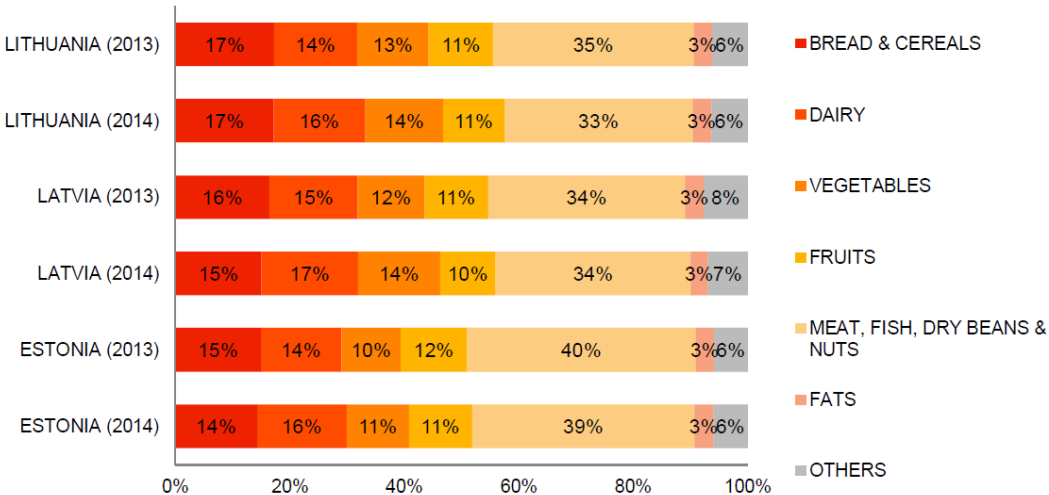


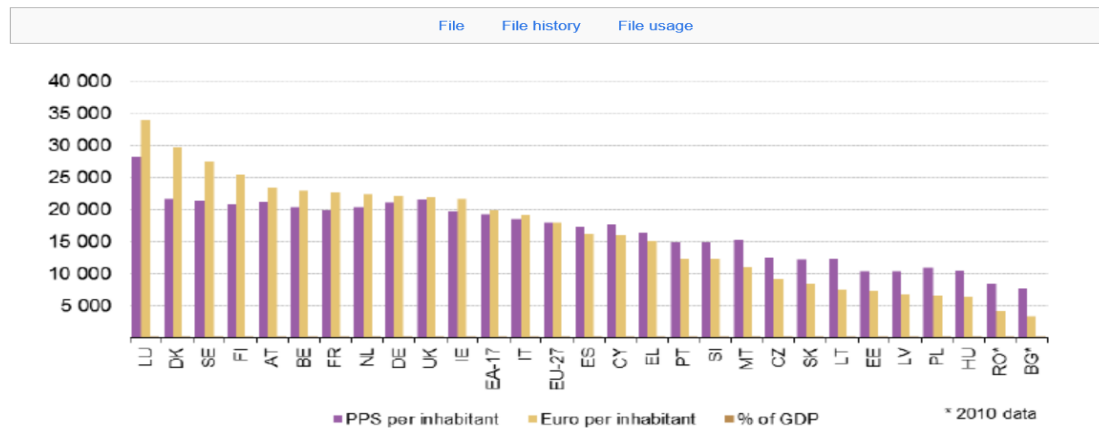
Chart 5. Cost Structure of Food Basket, Broken Down by Product Group in the Baltic Countries (%)



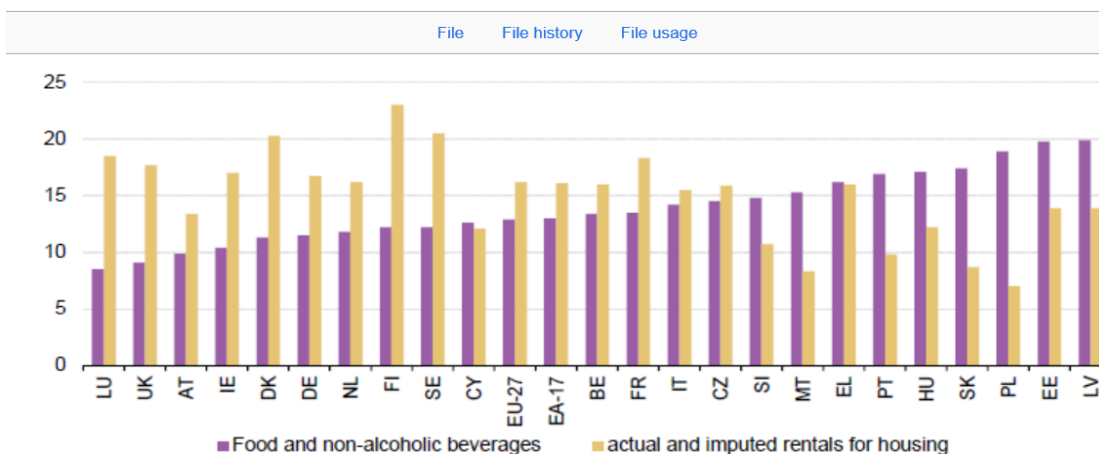
Source: Main Household Expenses Study in the Baltic countries performed by the Baltic Institute for Private Finances, Swedbank

The position of the Baltic States in the European Union as far as food expenditure is concerned, can be seen in the following charts:

File:Actual individual consumption per capita in 2011 (euros or PPS per inhabitant).png

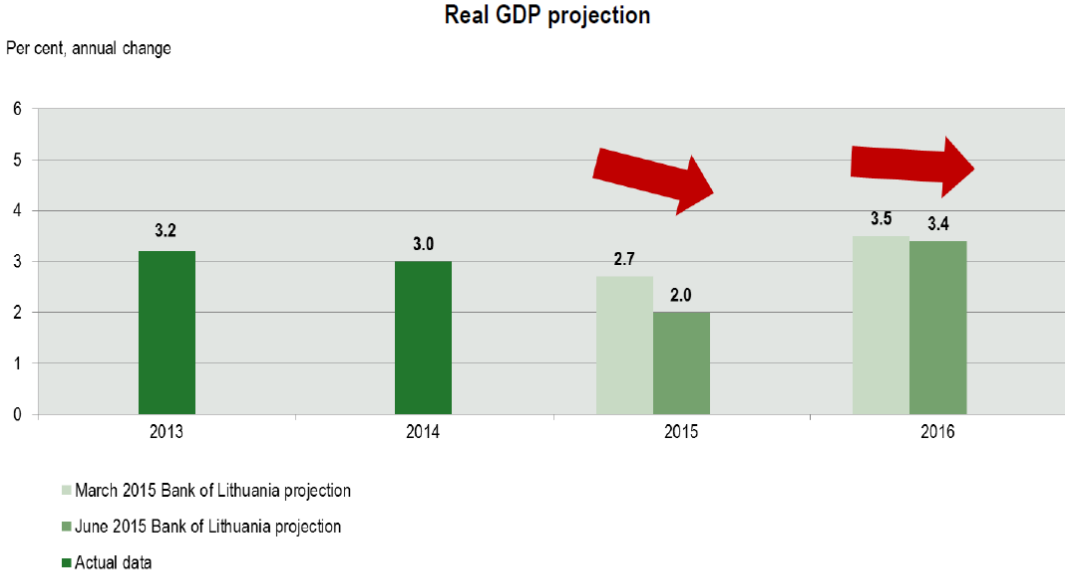


File:Cross-country comparison of final consumption expenditures on food and housing in 2011.png





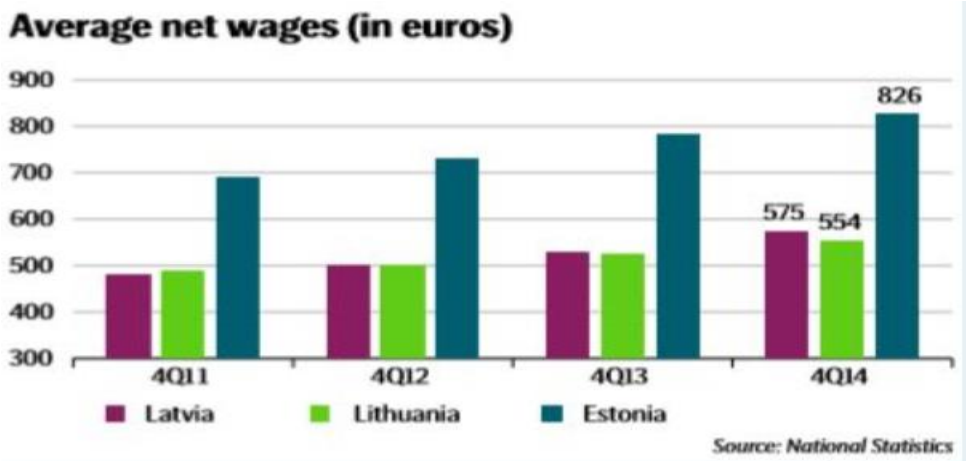
Economy of Lithuania will grow at a slower pace



Sources: Statistics Lithuania and Bank of Lithuania.

Lithuania adopted the euro on January 1st 2015. Further integration to the West, energy security and the Ukraine crisis will continue to dominate the government's agenda. Economic weakness in Russia and the Euro zone will restrict real GDP growth to 2.0% in 2015, but it is expected to increase to an average of 3.4% in 2016-19. Lower energy and food prices kept inflation at an estimated 0.2% in 2014, but it will rise to a still subdued 1.1% in 2015 and an average of 1.7% in 2016-19.

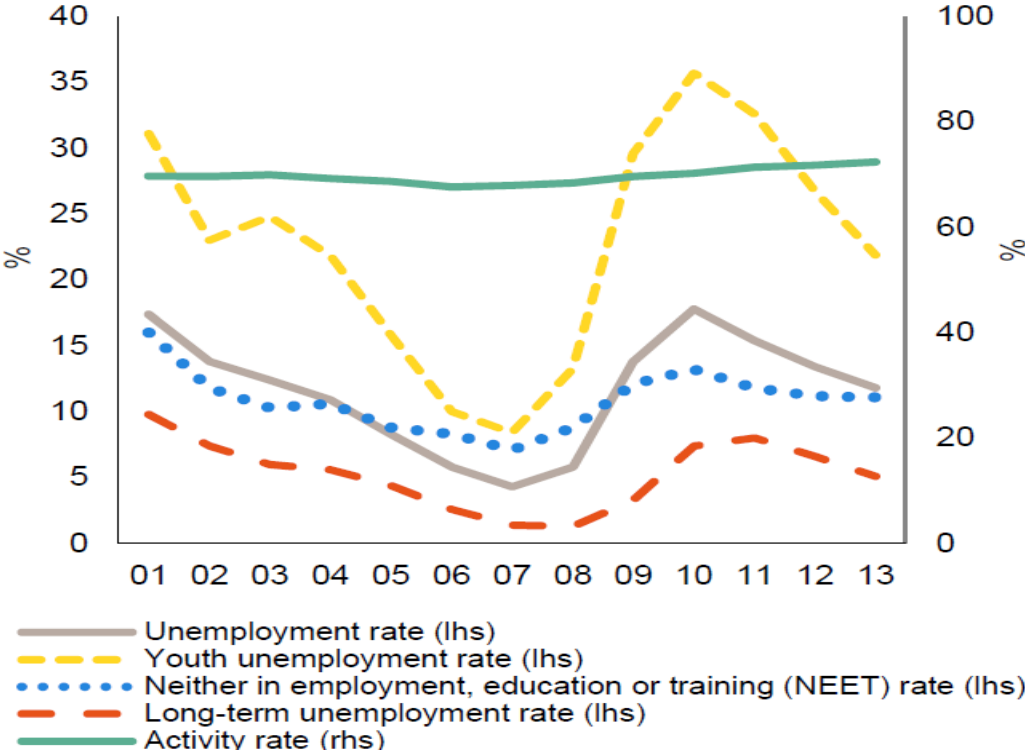
After the accession to the EU the Baltic States faced a rather substantial outflow of workforce (temporary economic emigration). It led to a shortage of labour force and gave a boost to wages (up to 30% increase and more). Wages are however still the lowest in Lithuania when compared to the two other Baltic States. While high inflation was still an issue in 2011 and 2012 this has changed drastically in 2014 and 2015 where consumer prices have actually fallen. This has as a result that the purchasing power is actually growing.



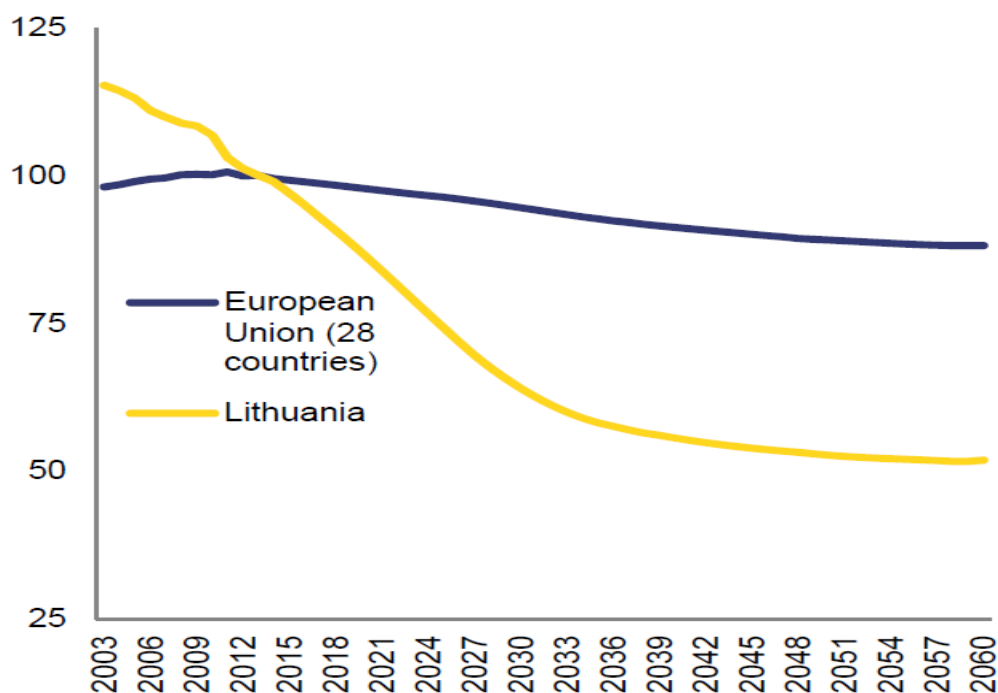
After a major recession in 2009 the Lithuanian economy is again growing steadily. While the recovery was export-driven, strong domestic demand took over as the main growth driver in the course of 2013. However, without the Russian crisis the figures would have surely been better and the figures for the first half year of 2015 show that consumption is again hesitating between growth and decline.

The **labour market** is slowly recovering and this trend is expected to continue in 2015. Weaknesses stay Lithuania’s relatively low performance on basic skills in the PISA survey. In addition, the labour market relevance of education and the low rate of adult learning remains a weakness. Also, Lithuania is the fastest ageing country, its working age population is shrinking significantly, both because of negative natural growth and high and persistent emigration, especially of young people. If this trend is not stopped, it will challenge the sustainability of long-term economic growth prospects.

Graph 1.2: Labour market



Graph 1.3: Working age population aged between 15 and 64 (2013=100)



Investments stay below the European average which raises concerns on the sustainability of achieved productivity gains. Investment spending in Lithuania increased considerably until 2007, partially fuelled by a property boom. However, since then investment has fallen steadily and is now below EU average in GDP terms.

Despite an increase in **R&D** intensity since 2010 Lithuania currently spends 0.95% of its GDP on R&D, putting it well below its Europe 2020 target of 1.9%. This trend complicates Lithuania's efforts in moving up in the value chain and may affect the country's long-term growth prospects.

The Lithuanian economy has potential to boost its productivity through higher investment in research and development which will support future competitiveness. Lithuania's labour productivity stands at 75% of the EU average. To make use of its full potential, the challenge is to move up the large manufacturing sector along the technology ladder and to make it more competitive in the medium-to-high technology sectors.

In short one can say that Lithuania still has to tackle a lot of problems but that there is room for improvement. All the above mentioned factors influence the consumption of households and are therefore interesting to keep in mind when researching the Lithuanian retail and consumption market.

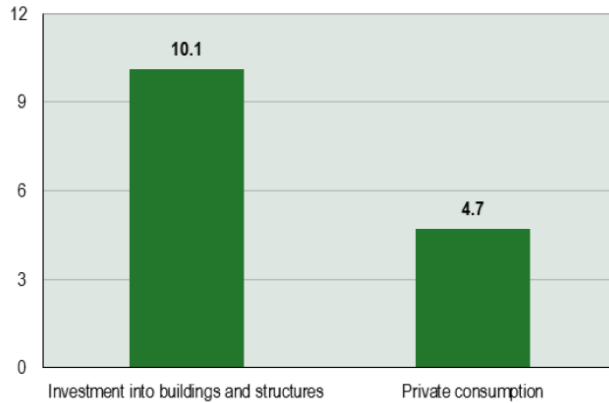
More detailed information on consumption can be found in the next chapter.



Economic growth is stimulated by consumption

Annual change of domestic demand components in 2014

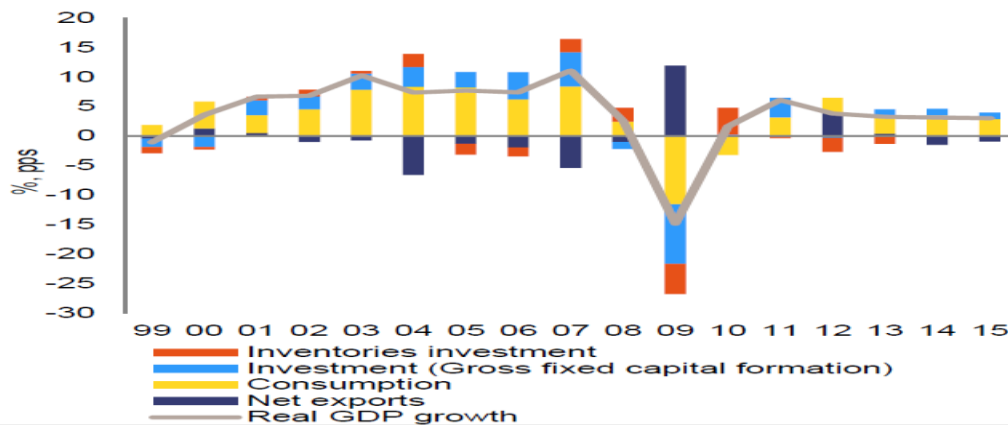
Per cent, annual change



- Growth in investment stimulates construction
- Services sector is growing
- Economic growth leads to the rise in employment
- Greater demand for labor increases wages
- Higher income contributes to consumption

Sources: Statistics Lithuania and Bank of Lithuania calculations.

Graph 1.1: External and domestic demand, contributions to growth



Source: European Commission

Expenditure on GDP

(% real change) ■ = 2015 ■ = 2016

Private consumption



Government consumption



Gross fixed investment



Exports of goods & services



Imports of goods & services

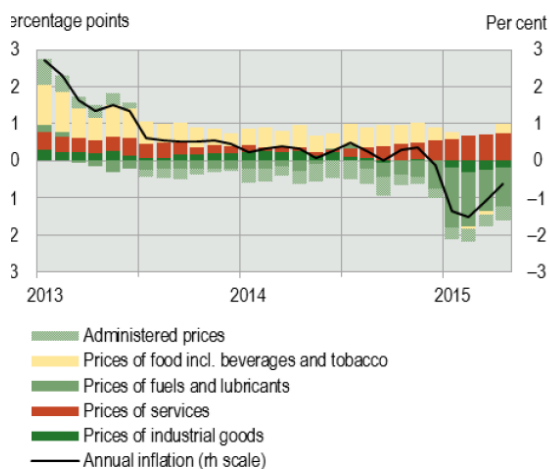


Source: The Economist Intelligence Unit



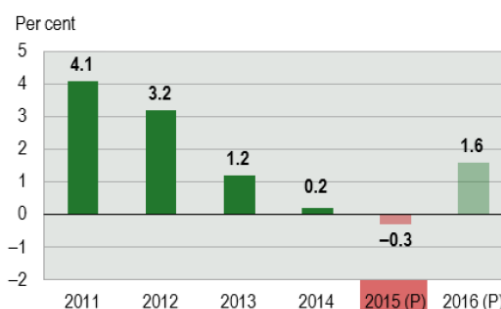
Consumer prices are falling

Annual inflation and its contributions



Sources: Statistics Lithuania and Bank of Lithuania calculations.

Annual average inflation and its projections



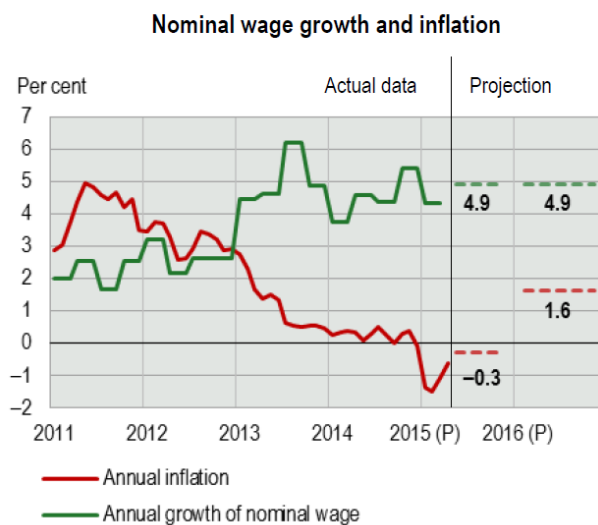
Sources: Statistics Lithuania and Bank of Lithuania projections.

Inflation is negative due to the decrease in:

- motor fuel prices;
- administered prices.



Consumer purchasing power is growing: wages increase more than prices

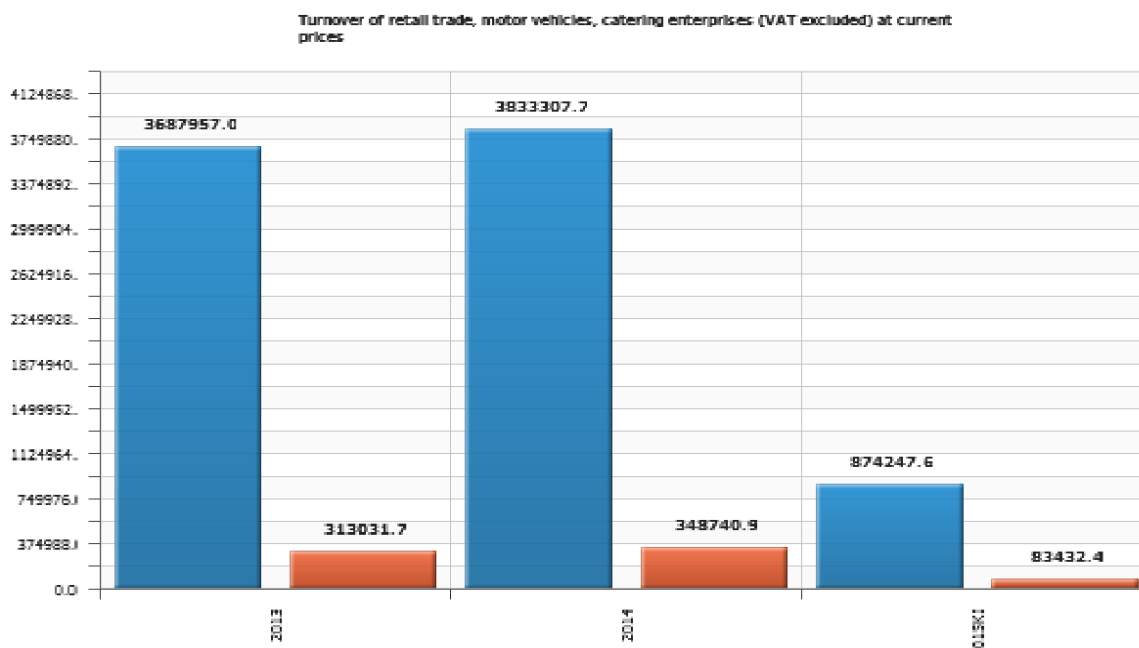


Sources: Statistics Lithuania and Bank of Lithuania projections.
Note: projections for 2015 and 2016 are annual averages.

The price level in the Lithuanian retail is mostly determined by the cost of production resources, however, also the high number of intermediaries operating in the food products chain influence price levels. Also weakening of competition influences the prices, as not all increases can be explained by objective economic reasons. In order to inform the broad public on price changes and –evolutions in the retail network a site has been created where Lithuanians can check the price levels in the retail: www.produktukainos.lt.

Every week the website is updated with data on the lowest, highest and average prices of most important food products (in total 45 articles). The websites also publishes data on the margins charged by retail networks in respect of the 10 most common food products in Lithuania.

As it may be seen from the tables below the Lithuanian food retail market has been subject to a stable growth during the past years. The blue line indicates the retail sale of food, beverages and tobacco, the red line restaurants and mobile food service activities.



According to the latest statistics on the turnover of enterprises trading in food products over the period 2013 – 2014 an increase can be seen. The turnover of restaurants, bars and other catering enterprises (VAT excluded) in 2014 accounted for EUR 348.740 million and increased with 35.709 million compared to 2013.

Turnover of retail trade, motor vehicles, catering enterprises (VAT excluded) at current prices

		Turnover of retail trade, motor vehicles, catering enterprises (VAT excluded) at current prices EUR thousand
G47_NOT_G473 Retail trade, except of motor vehicles, motorcycles and fuel	2013	6,602,023.3
	2014	7,008,279.5
	2015K1	1,582,990.5
G4711 Retail sale in non-specialised stores with food, beverages or tobacco predominating	2013	3,608,759.2
	2014	3,756,252.1
	2015K1	854,219.6
I5610 Restaurants and mobile food service activities	2013	313,031.7
	2014	348,740.9
	2015K1	83,432.4

Lithuanian food retail is non-specialised, i.e. nearly 98% of food sales take place in non-specialised stores. This may be explained also by the fact that Lithuanians (just as the other two Baltic States) are very much unfamiliar with the concept of the regional/street baker, butcher, etc. After the introduction of the free market economy the newly established supermarkets, convenience stores and other sales outlets took in this niche. Companies with more than 50 employees are the only ones to be increasing in turnover which indicates substantial concentration processes on the market. In other words, small specialised shops (such as butchers, bakeries) are losing their importance. Nevertheless, the last years

a number of specialised wine shops and gourmet stores were opened in Lithuania, however there is no evidence of their immediate success.

Although one might have another impression, the **official** trade in the markets and stalls in Lithuania holds barely 1% of the total retail trade in food products and is losing its importance with every year. Of course, the size of this market segment may be substantially larger, however it is difficult to estimate it otherwise than it is provided in the official statistics.

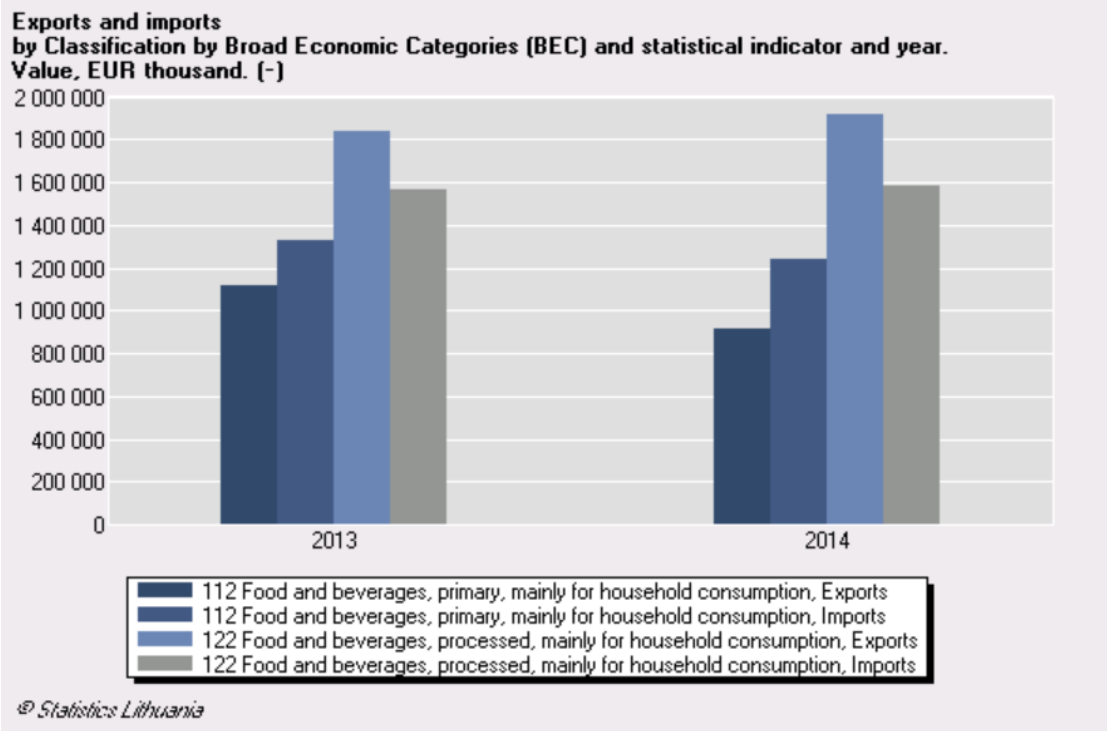
Retail trade in restaurants, bars, canteens and catering (HoReCa) amounts to approximately 9% of all the retail in food products. The total HoReCa market in 2014 amounted to EUR 348 million – a small increase compared to 2013. The HoReCa market is clearly dominated by restaurants – 66%, followed by bars – 18% and canteens -10%.

During the period of 2003–2007 the consumption of meat increased by 32%, vegetables and fruit –by 15%, and the consumption of potatoes and eggs decreased by 15%. These are all indicators of a growing wealth.

The export/import balance of Lithuania is slightly negative as Lithuania is exporting less than importing. In 2014 Lithuania exported goods and services for 24.3 billion euro and imported goods and services for 25.9 billion euro.

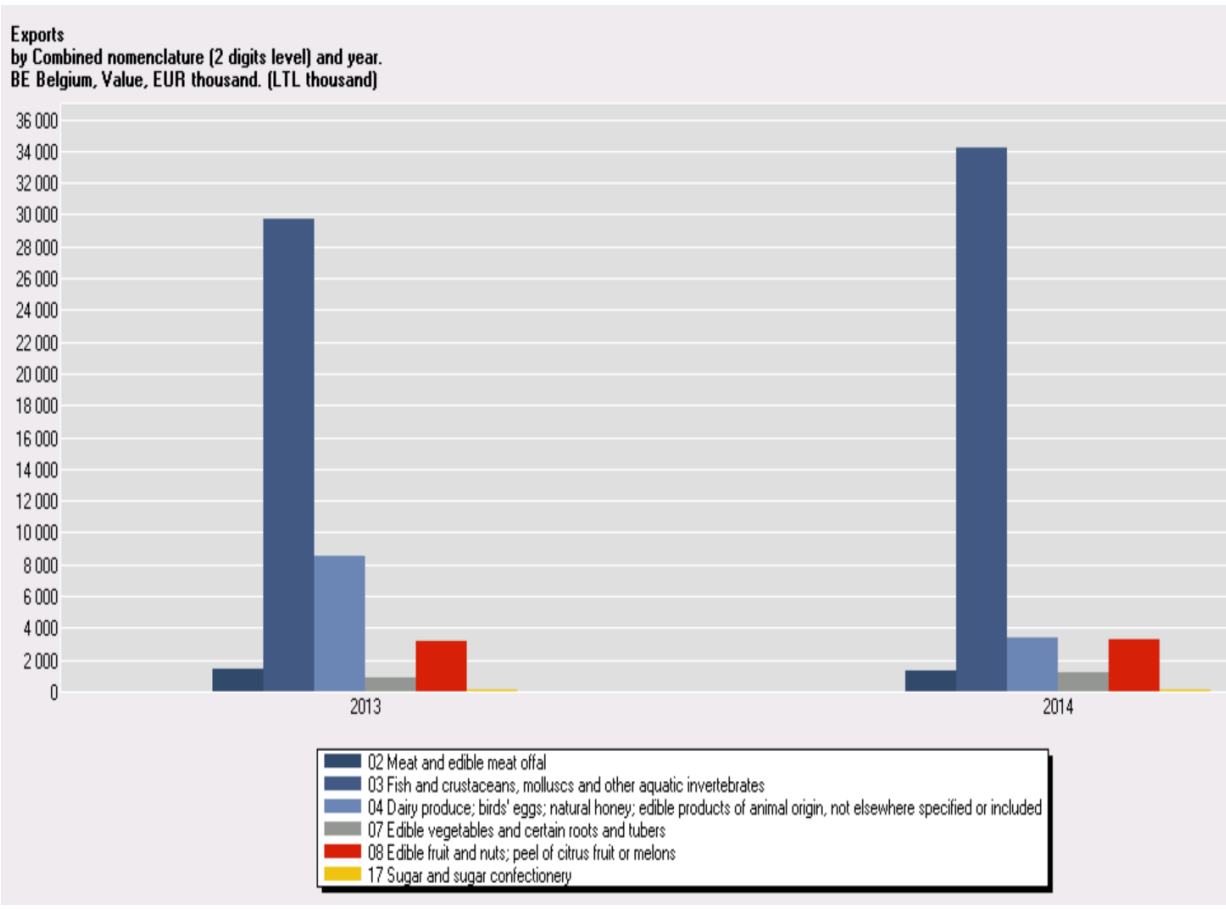
The export of live animals and animal products (such as fish, meat, dairy products) is good for 5% of all exports and 3.4% of all imports. Vegetable products are good for 7% of all Lithuanian exports and 4.8% of all imports.

In the section of live animals and animal products the biggest part of the export goes to dairy produce (1.3%) and fish (2.4%). Also in the import section these two items account for the biggest share. As far as the vegetable products are concerned the biggest share in export and import goes to edible vegetables (1.3% export share and 1.3% import share) and edible fruits (1.6% export share and 2% import share).



In 2014 Lithuania imported for 908.4 million euro from Belgium and exported for 361.7 million euro to Belgium.

Foreign Trade in Food Products between Belgium and Lithuania



The most important food export products from Lithuania to Belgium are meat, fish and crustaceans (mostly from the Lithuanian producer Viciunai who has a sales office in Belgium, Bruges), dairy produce, edible vegetables, edible fruits and nuts and (very limited) sugar and sugar confectionery.

As far as the import from Belgium to Lithuania is concerned, meat products are the most important, followed by edible fruit.

<u>country</u>	<u>measure unit</u>	<u>Combined nomenclature (2 digits level)</u>	<u>2013</u>	<u>2014</u>
BE Belgium	Value, EUR thousand	02 Meat and edible meat offal	27210.2	23241.1
BE Belgium	Value, EUR thousand	03 Fish and crustaceans, molluscs and other aquatic invertebrates	909.5	811.3
BE Belgium	Value, EUR thousand	04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1195.0	1187.5
BE Belgium	Value, EUR thousand	07 Edible vegetables and certain roots and tubers	2027.3	2717.7
BE Belgium	Value, EUR thousand	08 Edible fruit and nuts; peel of citrus fruit or melons	12782.6	19773.8
BE Belgium	Value, EUR thousand	17 Sugar and sugar confectionery	874.0	892.2

2015-7-16 Lietuvos statistikos departamentas , db1.stat.gov.lt/M6050306

Latvian economic situation and issues



At the beginning of 2014 Latvia successfully introduced the euro and wide-ranging structural reforms have been implemented. However the economic recovery slowed down in 2014 mainly due to external economic factors. Although many factors in the economy are quite positive there are several serious problems such as “brain drain”, long term unemployment and the fact that Latvia has one of the most unequal societies in the OECD which means that many people are at risk of poverty. Between 2008 and 2013 every year on average 30.000 people left the country and Latvia has since then lost some 8% of its population, mainly of working age.

Latvia is also very exposed to external shocks because of its small size and tight links with unstable neighbours (such as Russia). Also Latvia exports mostly goods with a low technical content (agricultural products, food, food products and wood). The slowing down of the Russian economy, the falling transit of goods to and from Russia and the increasing competition on the food market will affect the short-term expectations.

In 2013 the growth of GDP reached 4.6% (the highest in the EU). This was mostly driven by private consumption because of improved labour market developments (from 20% in 2010 to “only” 10.7% at the end of 2014).

Figure 1. **The gap in GDP per capita remains wide**
Gap to the upper half of OECD countries,¹ %

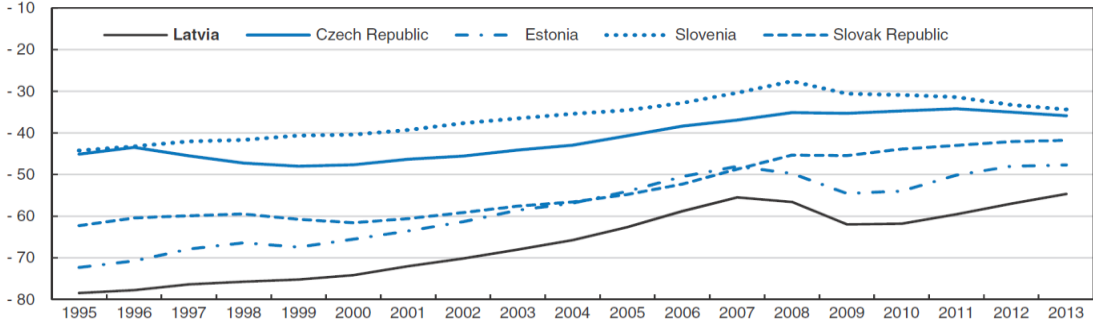


Table 1. **Macroeconomic indicators and projections**

	2011	2012	2013	2014	2015	2016
	Current prices EUR billion		Percentage changes, volume (2010 prices)			
GDP at market prices	20.3	4.8	4.2	2.5	3.2	3.9
Private consumption	12.7	3.0	6.2	2.7	3.0	3.7
Government consumption	3.7	0.4	-4.2	2.7	2.8	2.8
Gross fixed capital formation	4.5	14.5	-5.2	2.4	2.7	5.2
Stockbuilding ¹	0.4	-2.6	1.8	-0.8	0.4	0.0
Total domestic demand	21.3	2.3	3.4	1.8	3.2	3.8
Exports of goods and services	11.7	9.8	1.5	1.9	3.1	5.2
Imports of goods and services	12.7	5.4	0.3	1.7	3.2	5.0
Net exports ¹	-1.0	2.3	0.7	0.1	-0.1	0.0
<i>Memorandum items:</i>						
GDP deflator	-	3.6	1.1	1.7	1.8	2.4
Harmonised index of consumer prices	-	2.3	0.0	0.8	1.9	2.3
Unemployment rate	-	15.0	11.9	10.9	9.7	8.8
General government financial balance ²	-	-0.8	-0.9	-1.3	-1.0	-0.8
General government debt, Maastricht definition ²	-	40.9	38.2	40.2	36.8	35.0
Current account balance ²	-	-3.3	-2.3	-2.3	-2.3	-2.2

1. Contributions to changes in real GDP, actual amount in the first column.

2. As a percentage of GDP.

Figure 7. **Income inequality is among the highest compared with OECD countries**

Gini coefficient of equivalised household disposable income, scale from 0 "perfect equality" to 1 "perfect inequality", 2011¹

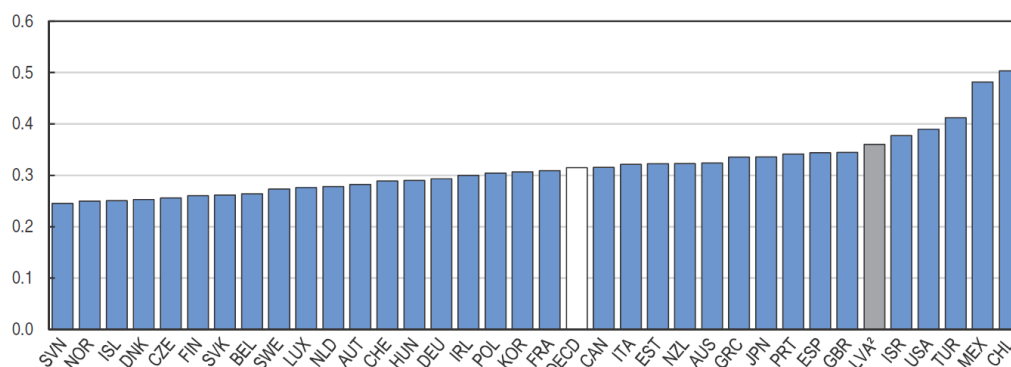
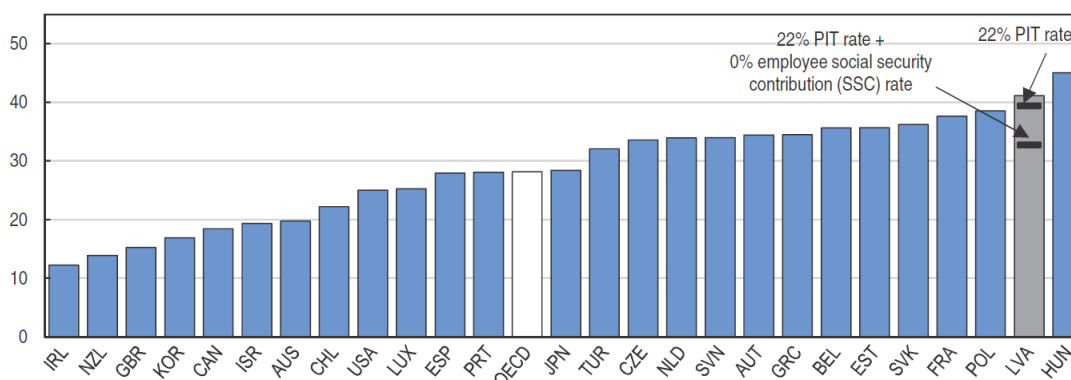


Figure 8. **The tax wedge on low-income earners is set to remain high**

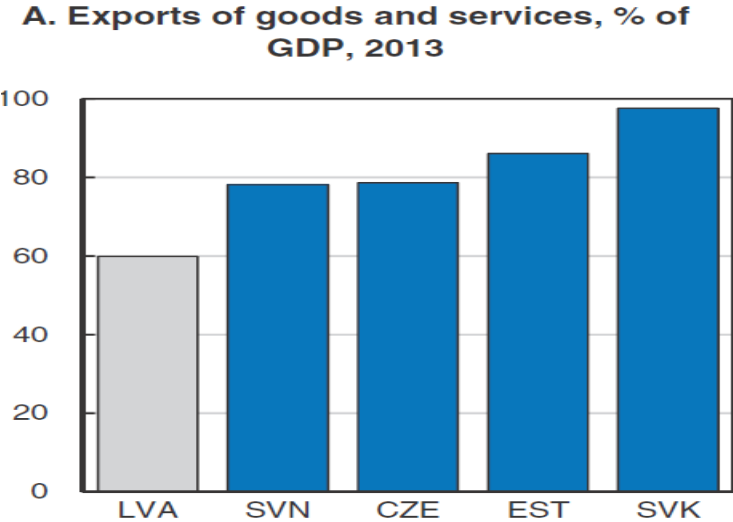
Minimum Wage, single person without children, % of total labour compensation, 2013



The tax wedge remains high which has an effect on the spendable income and influences consumption.

The gap in productivity with other OECD countries remains high which means that increased incomes will have to come from increased productivity.

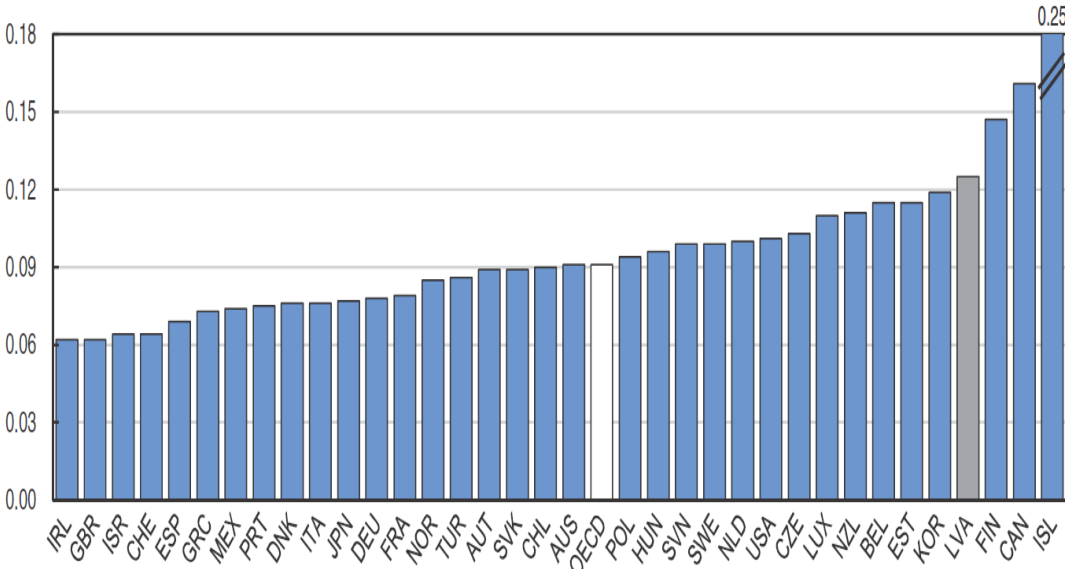
Exports as share of GDP remain lower than in many other countries which lowers competitiveness.



Latvia is an energy intensive economy compared to other OECD countries which is a risk as Latvia is dependent on gas supplies from one (Russian) supplier. Transport and the household sector (inefficient housing and centralised heating system) are the biggest users of energy while the industry plays a smaller role. This has as a result that a household has to reserve a (much) higher part of the budget for heating which lowers the available budget for consumption.

Figure 12. Energy intensity is high

Total final energy consumption per unit of GDP (toe per thousand 2005 USD of GDP calculated using PPPs), 2012



Source: IEA (2014), World Energy Statistics and Balances database.

In short one can say that Latvia has a dynamic economy with many challenges and possibilities. Being present on the Latvian market is necessary, even if the economical tissue can be still improved. One of the biggest challenges for the future will be the increase of the living standard of the Latvian and the domestic consumption connected with this.

Consumption and retail trade issues in Latvia

GDP by Expenditure Items (changes compared to the previous year, percentage)						
	2008	2009	2010	2011	2012	2013
GDP	-3.2	-14.2	-2.9	5.0	4.8	4.2
Private consumption	-8.0	-16.2	3.1	2.9	3.0	6.2
Public consumption	2.4	-10.7	-8.1	3.1	0.4	2.9
Gross fixed capital formation	-9.2	-33.3	-20.0	24.2	14.5	-5.2
Exports	2.4	-12.9	13.4	12.0	9.8	1.5
Imports	-10.7	-31.7	12.4	22.0	5.4	0.3

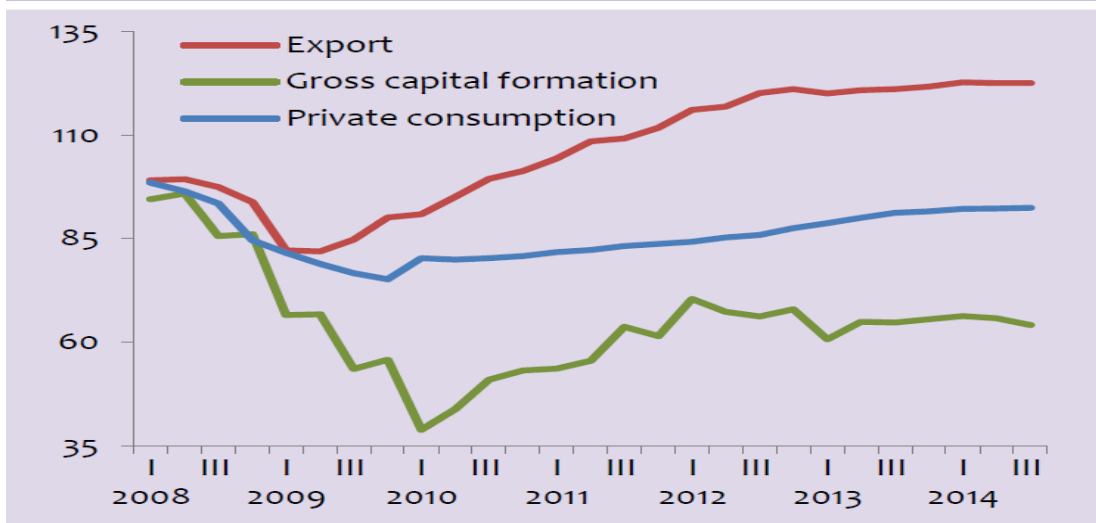
In 2013, when exports slowed down, the domestic demand contributed the most to the growth. Although the domestic demand in 2013 was 15.7% higher than at the lowest point of the crisis of 2010, it was still 17.2% lower than in the pre-crisis level in 2007. In 2014, domestic demand continued to increase. In the three first quarters of 2014, compared to the respective period of the previous year, domestic demand has increased by 2.5%. Along with the gradual increase in economic activities the demand for import of goods and services increased rapidly.

The growth in private consumption was mostly triggered by a gradual increase in employment and income the last years. In 2012 private increased by 3% and in 2013 even by 6.2%.

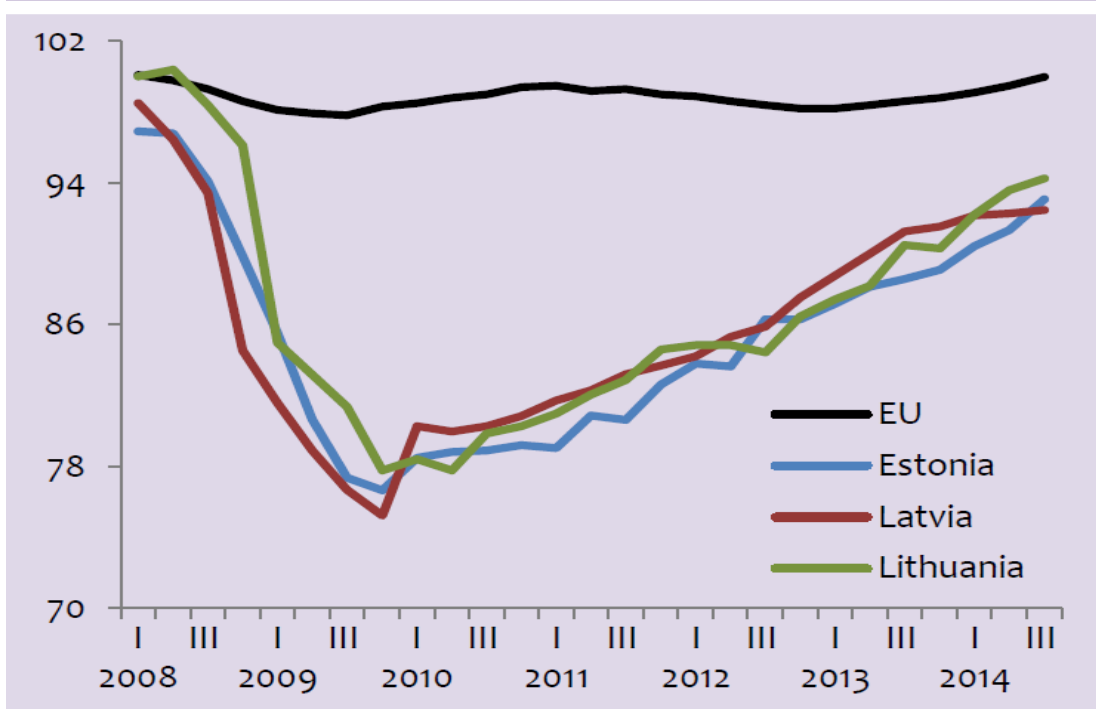
In 2013 expenditures for house maintenance in the structure of household consumption constituted 23% of total expenditures, 19% for food and 14% for transport. Compared to 2012 the highest increase was observed in food by 7.8%.

GDP by Expenditure Items by Quarters (changes compared to the respective period of the previous year, per cent)											
	2012				2013				2014		
	I	II	III	IV	I	II	III	IV	I	II	III
GDP	8.8	4.3	3.7	3.4	3.1	4.6	4.6	4.4	2.8	2.3	2.4
Private consumption	3.0	4.6	2.7	1.8	5.9	8.2	8.4	2.3	2.7	2.3	2.1
Public consumption	-8.8	5.5	0.2	3.7	6.2	1.2	3.7	1.4	4.1	3.9	2.3
Gross fixed capital formation	30.6	22.0	3.2	12.4	-15.6	-2.5	-2.9	-2.8	9.3	1.8	-1.7
Exports	12.4	5.9	10.6	10.3	3.4	2.2	-0.4	1.0	3.4	1.7	0.3
Imports	11.7	7.0	0.9	3.4	2.6	-1.2	0.8	-0.9	0.5	2.4	-1.2

Quarterly Changes in GDP and Major Expenditure Items (4th quarter of 2007 = 100, seasonally adjusted data)

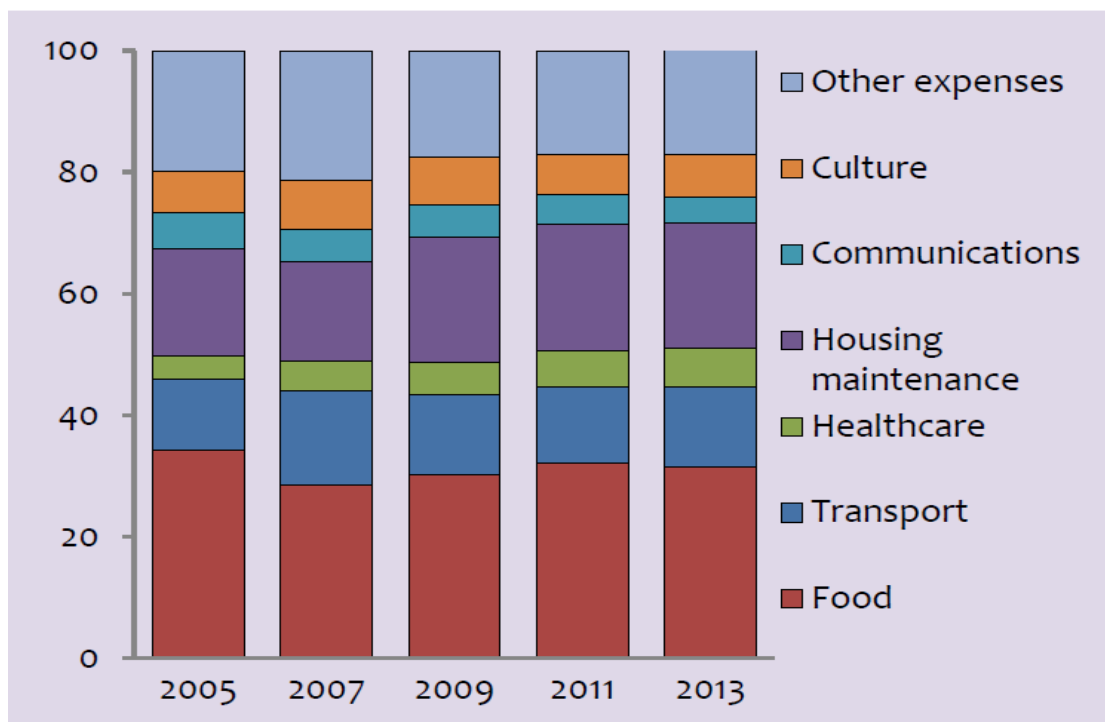


Changes in Private Consumption by Quarters (4th quarter of 2007 = 100, seasonally adjusted data)

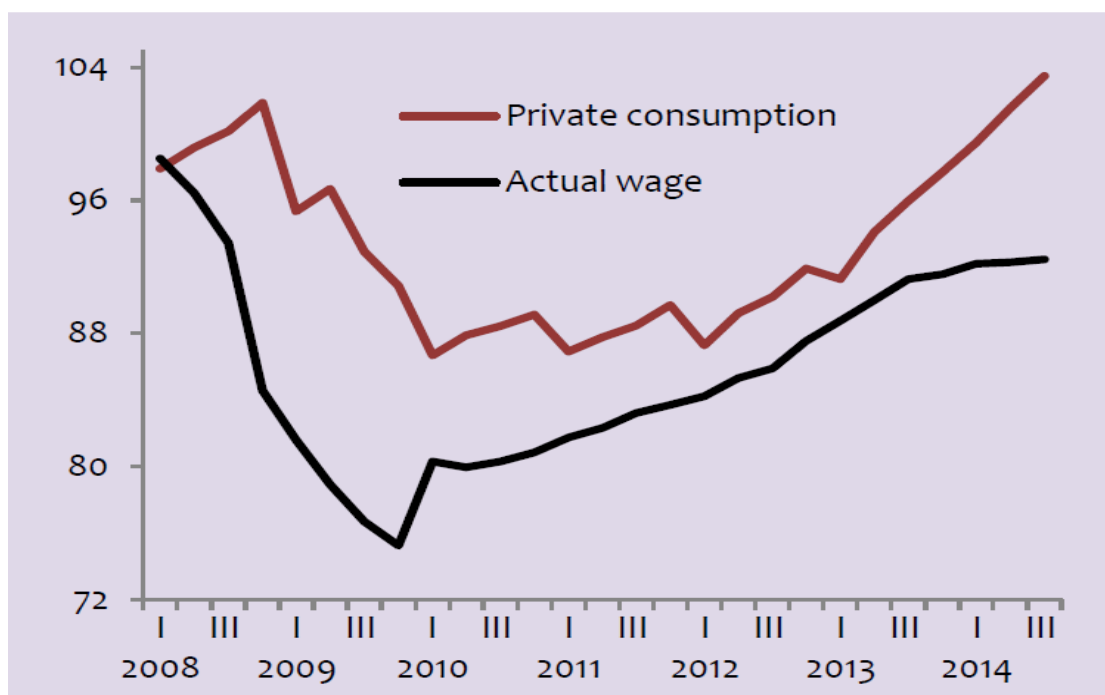


In 2014, private consumption contributed the most to the growth. However it increased in a slower pace than in 2013.

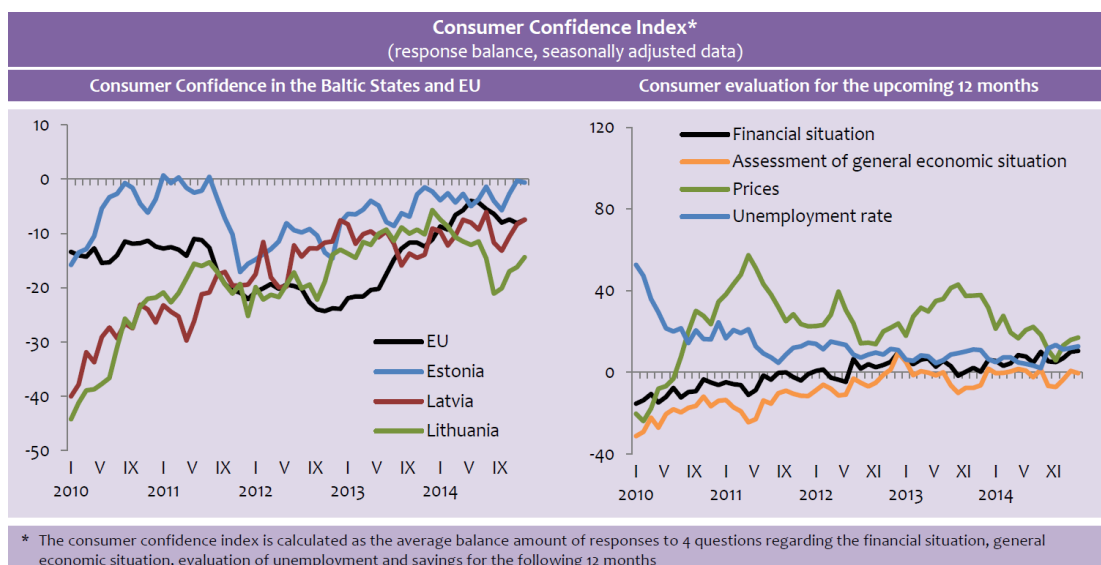
Structure of Household Consumption Expenditures (per cent)



Dynamics of Actual Wages and Private Consumption by Quarters (4th quarter of 2007 = 100)



In 2014 consumer confidence has improved mainly based on optimistic consumer reviews regarding the financial situation in their families.



In January 2015, compared with January 2014, the volume of retail trade increased by 6.7% in Latvia, which is the fifth best growth among the European Union member states for which data are available, according to latest information provided by Eurostat. In Lithuania, retail volume rose by 3.3%, and in Estonia – by 2.8%, writes LETA. The highest increases in total retail trade were observed in Luxembourg – 10.7%, Hungary – 8.2%, Poland – 7.5%, and Romania – 7.3%. Meanwhile, decreases were observed in Finland – 1.2% and Belgium – 0.3%.

Turnover indices of retail trade enterprises

30.06.2015

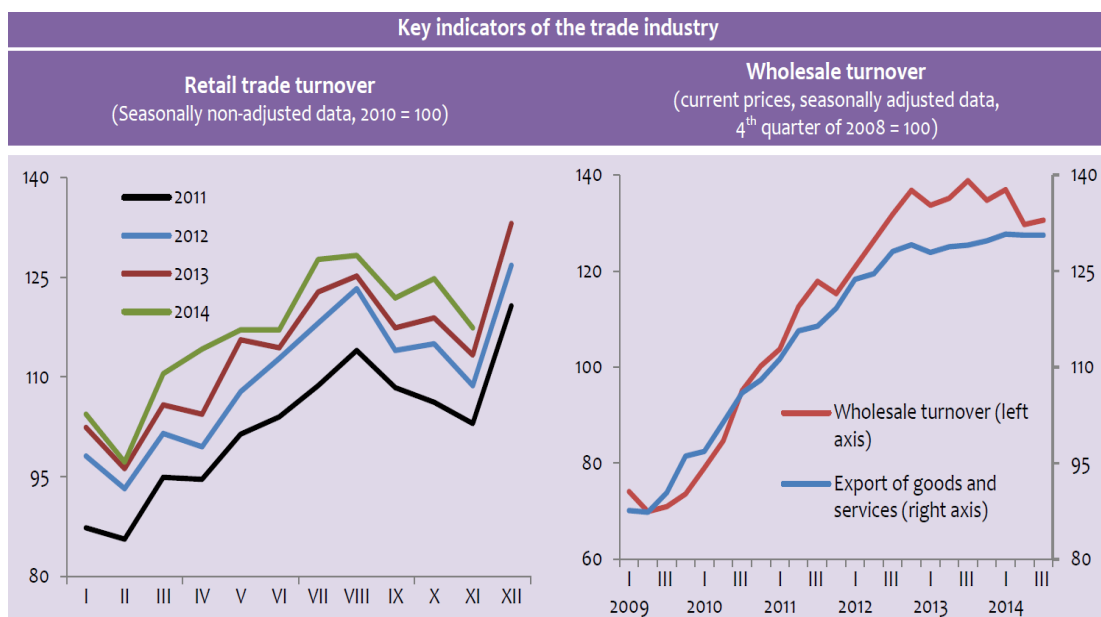
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Turnover indices of retail trade enterprises												
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
2010=100, seasonally adjusted data												
2013	113.0	112.1	112.9	109.2	114.6	113.8	115.0	115.0	114.9	115.0	116.3	116.4
2014	114.7	113.7	117.2	120.5	117.3	116.5	119.5	118.7	118.5	120.2	121.6	120.3
2015	122.5	124.0	124.7	124.6	123.5	-	-	-	-	-	-	-
As per cent of previous period, seasonally adjusted data												
2013	100.8	99.2	100.7	96.7	104.9	99.3	101.1	100.0	99.9	100.1	101.1	100.1
2014	98.5	99.1	103.1	102.8	97.4	99.3	102.6	99.4	99.8	101.5	101.2	98.9
2015	101.9	101.2	100.6	99.9	99.1	-	-	-	-	-	-	-
As per cent of corresponding period of previous year, calendar adjusted data												
2013	104.3	103.4	106.1	103.3	106.1	103.3	103.2	102.4	102.0	103.3	105.1	104.3
2014	101.5	101.1	103.8	110.6	102.3	102.2	104.0	103.2	103.2	104.5	104.6	103.0
2015	106.9	109.0	106.4	103.6	104.9	-	-	-	-	-	-	-

Source: Central Statistical Bureau of Latvia

TIG051. CHANGES IN TOTAL TURNOVER OF RETAIL TRADE ENTERPRISES BY MAIN KIND OF ECONOMIC ACTIVITY (% of previous period)

At current prices			
	(4711; 472) Retail sale of food, beverages or tobacco, total	(478) Retail sale via stalls and markets	(4791) Retail sale via mail order houses or via Internet
2013	5.7	-14.3	19.5
2014	3.8	-12.1	15.7



The retail trade of food constitutes over one third of the total retail trade turnover. In the first eleven months of 2014, retail trade of food products was 3.9% higher than a year ago.

The total Latvian food retail market amounts to around EUR 1.7-2 billion with non-specialised stores predominating. The situation here is quite similar to Lithuania and Estonia. The Baltic countries are very much unfamiliar with the concept of regional/street baker, butcher, etc. After the introduction of free market economy the newly established supermarkets, convenience stores and other sales outlets took in this niche. The sales in specialised stores amount to around 3-4% of the total food retail.

The main priority of the household consumption expenditure was food, and it is one of the internationally comparable material welfare indicators. In 2014 on average 23.3% of all consumption expenditure households was spent on food. The share of this expenditure has a trend to reduce year by year. But, if compared to previous year, the actual expenditure on food has grown from EUR 62 to EUR 73 on average per household member monthly

The food stores in the Latvian retail network amount to around 25% of the total number of stores, while stalls (market) and kiosks amount to 24% of the total number of stores. However this does not mean that stalls and kiosks are generating the same proportion of sales which is undoubtedly much less.

TIG08. RETAIL TRADE AND CATERING NETWORK AT THE END OF THE YEAR, 1990-2008

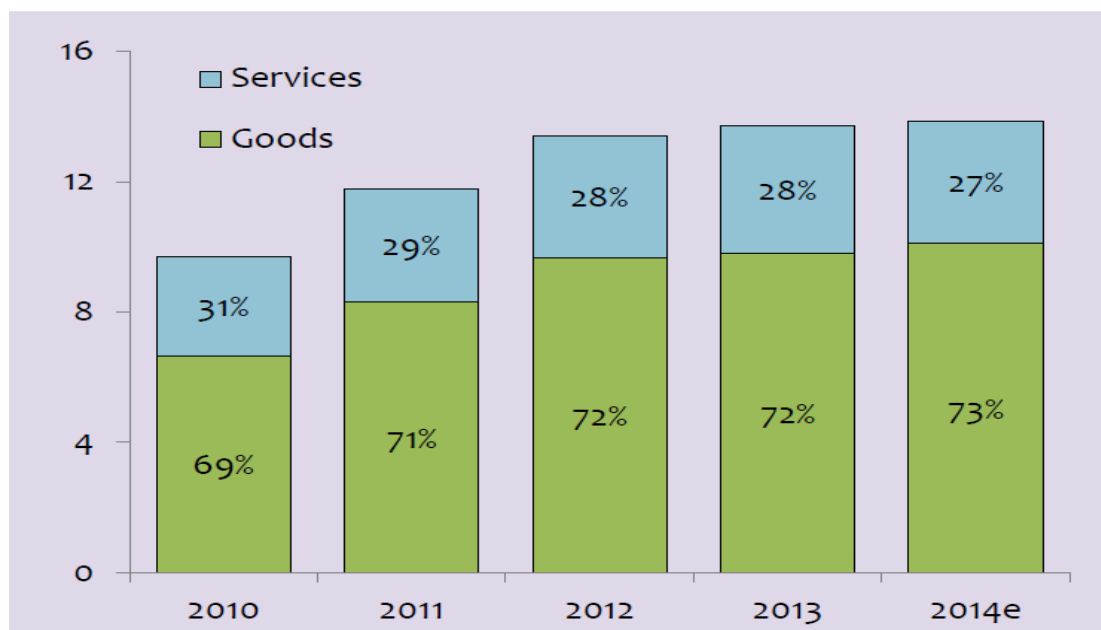
	1990	2006	2007	2008
RETAIL TRADE: Number of retail trade outlets - total	7 314	23 416	22 664	20 581
Stores	5 975	17 091	17 221	16 067
Food and general stores	3 230	4 601	4 418	4 447
Stalls and kiosks	1 339	6 325	5 443	4 514
Outlets per 10,000 population	27	102	99	91
Trade area of stores, thsd m ²	548	2 581	2 636	2 856
Filling stations	...	725	605	597
CATERING: restaurants, bars and eating houses, total	3 918	4 210	3 970	3 525
Restaurants, bars and eating houses average per 10,000 population	15	18	17	16

Unfortunately there are no more recent statistics on the number of retail outlets in Latvia. However the figure above shows the evolution of the different types of retail outlets in Latvia the last 20 years.

Statistical data show that in 2014 agriculture and food products accounted for 20.4% of all Latvian exports. This is the biggest share in the export structure followed by wood and wood products, machinery and metal & metal articles.

Exports of Latvian Goods by the Main Commodity Groups (%, in current CIF prices)				
	2013		2014 I-XI	
	structure	changes compared to the previous year	changes compared to the respective period of the previous year	contribution to changes in volumes
Total including:	100	1,5	2,2	2,2
agriculture and food products	20,4	1,1	-0,9	-0,2
wood and wood products	15,9	8,7	9,1	1,5
machinery products	15,6	15,4	5,6	0,9
metal and metal articles	10,5	-23,8	-9,0	-1,0
products of chemical industry and related industries, plastics	9,8	4,4	7,0	0,7
minerals	8,7	1,7	-1,4	-0,1
light industry products	4,9	6,9	-4,7	-0,2
vehicles	4,5	-15,3	1,0	0,0
other goods	9,7	13,6	6,3	0,6

Exports of Latvian Goods and Services (billion EUR and per cent)



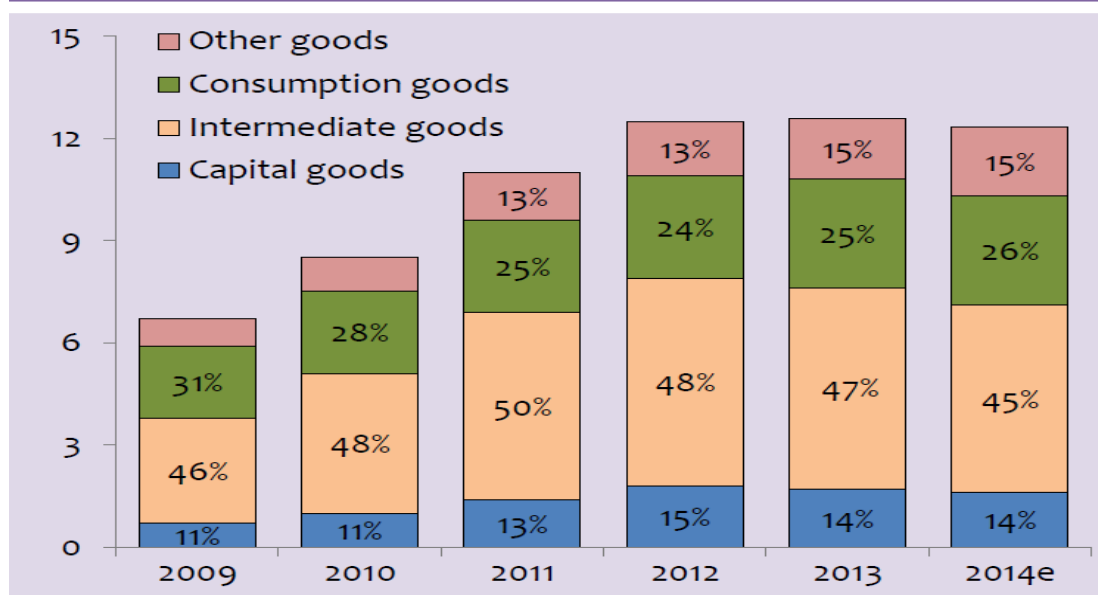
Source: Bank of Latvia
e – Evaluation by the Ministry of Economics

Imports of Latvian Goods by the Main Commodity Groups (%, in current CIF prices)

	2013		2014 I-XI	
	structure	changes compared to the previous year	changes compared to the respective period of the previous year	contribution to changes in volumes
Total	100	1.0	-1.3	-1.3
including:				
machinery products	18.4	1.9	4.5	0.8
agriculture and food products	15.9	3.8	-1.7	-0.3
products of chemical industry and related industries, plastics	14.9	7.5	3.6	0.5
mineral products	17.2	-1.8	-15.3	-2.7
metal and metal articles	8.7	-16.1	-3.9	-0.3
light industry products	6.1	12.1	-1.3	-0.1
vehicles	7.7	-10.2	-7.6	-0.6
wood and wood products	2.0	24.8	33.8	0.7
other goods	9.3	9.6	6.6	0.6

Agricultural and food products account for 15.9% of all imports which is a quite big portion.

Imports by Classification of the Broad Economic Categories (billion EUR)



e – Evaluation by the Ministry of Economics

Consumption goods made up 26% of the total imports with intermediate goods taking the biggest part (45%) of the import.

ATG02. EXPORTS AND IMPORTS BY COUNTRIES AND TERRITORIES (thsd EUR)

	2013	
	Exports	Imports
BE Belgium	122 444	200 801
EE Estonia	1 275 558	1 031 533
LT Lithuania	1 724 335	2 571 739
PL Poland	672 719	1 246 067
RU Russian Federation	1 163 113	1 057 667

It is quite clear that the trade balance in food products between Belgium and Latvia is negative in relation to Latvia. The imports of food products from Belgium to Latvia (approximately EUR 13.3 million) exceed the exports of food products from Latvia to Belgium (approximately EUR 1.3 million) nearly ten times. The most important products that are imported by Latvia are edible fruits and nuts followed by fish and crustaceans, coffee/tea and meat.

EUR	
Imports	
BE - Belgium	
02-meat and edible meat offal	403 666
03-fish and crustaceans, molluscs and other aquatic invertebrates	630 805
04-dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	233 000
07-edible vegetables and certain roots and tubers	936 096
08-edible fruit and nuts; peel of citrus fruit or melons	10 117 319
09-coffee, tea, maté and spices	455 439
10-cereals	3 895
17-sugars and sugar confectionery	255 325
22-beverages, spirits and vinegar	356 310

Latvia exports to Belgium edible fruit and nuts, meat and dairy produce. No fish nor edible vegetables are exported to Belgium.

Exports	
BE - Belgium	
02-meat and edible meat offal	489 284
03-fish and crustaceans, molluscs and other aquatic invertebrates	0
04-dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	186 654
07-edible vegetables and certain roots and tubers	0
08-edible fruit and nuts; peel of citrus fruit or melons	564 565
09-coffee, tea, maté and spices	0
10-cereals	0
17-sugars and sugar confectionery	0
22-beverages, spirits and vinegar	25 480

ATD216. EXPORTS AND IMPORTS BY COUNTRIES IN 2015 (CN at 2-digit level, euros)

EUR	
Imports	
01-live animals	1 809 339
02-meat and edible meat offal	45 368 442
03-fish and crustaceans, molluscs and other aquatic invertebrates	49 122 726
04-dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	52 424 858
05-products of animal origin, not elsewhere specified or included	3 893 436
06-live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	26 420 579
07-edible vegetables and certain roots and tubers	42 141 787
08-edible fruit and nuts; peel of citrus fruit or melons	68 828 920
10-cereals	26 538 649
17-sugars and sugar confectionery	20 466 395
18-cocoa and cocoa preparations	18 822 840
19-preparations of cereals, flour, starch or milk; pastrycooks' products	31 896 720
20-preparations of vegetables, fruit, nuts or other parts of plants	26 438 888
21-miscellaneous edible preparations	46 087 112
22-beverages, spirits and vinegar	111 742 913

The figure above shows which food products Latvia imports. It shows for which products Latvia is dependent on import and for which products less. There is quite a big import of meat, fish, dairy produce, vegetables, fruit and beverages. However, there is for instance more export of dairy produce than import while the export and import of beverages are almost equal. The combination of these export and import statistics gives a more detailed picture on the strengths and weaknesses of the Latvian food manufacturing industry.

Exports	
01-live animals	17 396 814
02-meat and edible meat offal	21 438 599
03-fish and crustaceans, molluscs and other aquatic invertebrates	33 576 150
04-dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	79 336 646
05-products of animal origin, not elsewhere specified or included	997 656
06-live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	19 066 213
07-edible vegetables and certain roots and tubers	12 664 083
08-edible fruit and nuts; peel of citrus fruit or melons	31 548 374
10-cereals	89 535 373
17-sugars and sugar confectionery	5 345 792
18-cocoa and cocoa preparations	8 728 333
19-preparations of cereals, flour, starch or milk; pastrycooks' products	34 940 271
20-preparations of vegetables, fruit, nuts or other parts of plants	15 243 885
21-miscellaneous edible preparations	18 655 005
22-beverages, spirits and vinegar	111 998 926

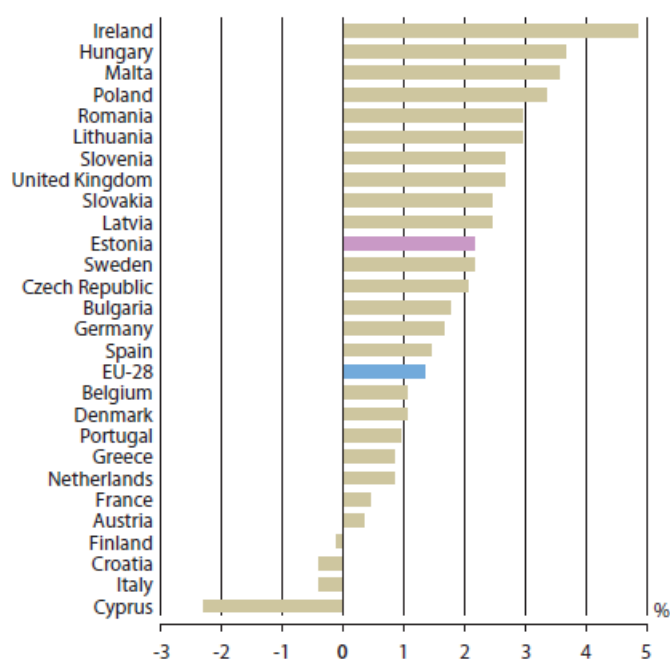
Estonian economic situation and issues

Table 1. **Macroeconomic indicators and projections**

Annual percentage change, volume (2010 prices)

	2011 Current prices (EUR billion)	2012	2013	2014	2015	2016
Gross domestic product (GDP)	16	4.7	1.6	2.0	2.4	3.4
Private consumption	8	5.1	3.8	3.7	3.8	4.2
Government consumption	3	3.3	2.8	0.4	1.2	1.7
Gross fixed capital formation	4	10.4	2.5	2.1	2.2	4.8
Housing	0.5	15.2	6.9	7.1	2.3	4.8
Final domestic demand	16	6.2	3.2	2.6	2.9	3.9
Stockbuilding ¹	0.2	-1.4	-2.3	1.5	0.2	0.0
Total domestic demand	16	5.2	1.3	4.1	3.1	3.9
Exports of goods and services	14	8.3	2.6	2.7	3.3	4.5
Imports of goods and services	14	12.2	3.1	1.8	3.4	5.1
Net exports ¹	1	-2.9	-0.5	0.8	0.0	-0.4
Other indicators (growth rates, unless specified)						
Potential GDP	..	2.3	2.4	2.5	2.7	3.1
Output gap ²	..	-1.0	-1.8	-2.2	-2.5	-2.1
Employment	..	2.0	0.8	0.8	0.5	0.3
Unemployment rate ³	..	10.0	8.6	7.4	7.0	6.6

Real GDP growth rate in the European Union, 2014^a

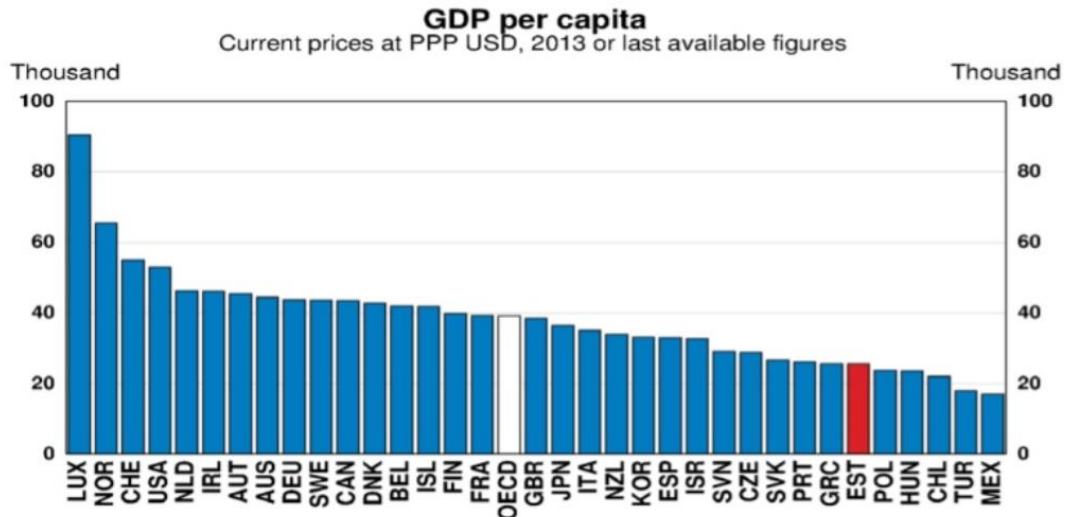


^a 2014 data on Luxembourg are missing.

Statistics Estonia



INCOME: Estonia's GDP per capita is below the OECD average

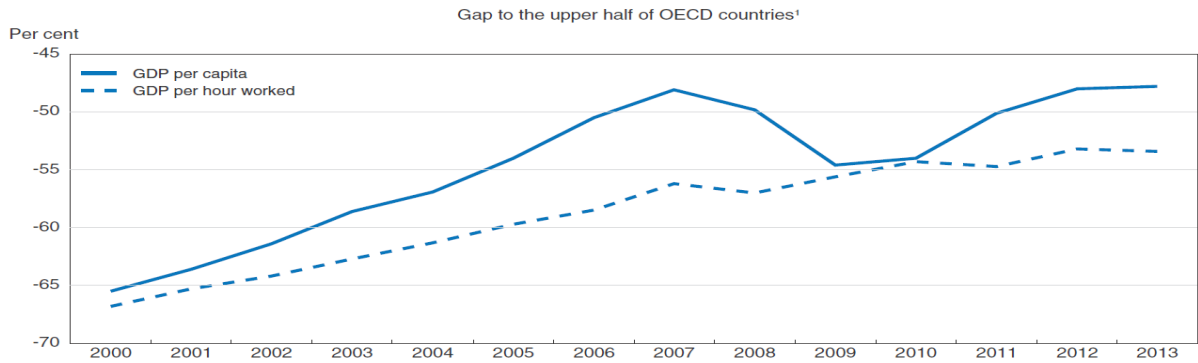


Source: OECD Economic Outlook: Statistics and Projections database.

Before 2007, although the smallest in the three Baltic States, the Estonian economy has been one of the most dynamic in the whole EU. In 2006 the growth rate of GDP reached 11.2%. This growth accompanied by a consequent liberal lending by the banks, speculative boost of real estate prices and its development, increased consumption. All this led to a dramatic inflation jump in 2007 and 2008. Consequently the banks became more realistic and conservative in terms of the new loans and repayment of the old ones asking for an extra security. This brought the real estate market to almost a standstill – new projects were put on a waiting list, the old ones being finalised, however with less profit as the prices (real estate) went up to 10-15% down. With the increased inflation and cooled down economic expectations the growth rate of consumption came to a minimum.

Although Estonia recovered quickly after the financial crisis of 2008-2009 the economic growth slowed down, in part due to weak external demand. Real GDP per capita is still lower than in the boom peak of 2007. The productivity gap with respect to high-income countries is diminishing only slowly. Unemployment has fallen but skill mismatches keep structural unemployment high. Net migration and cross-border work have reduced labour supply.

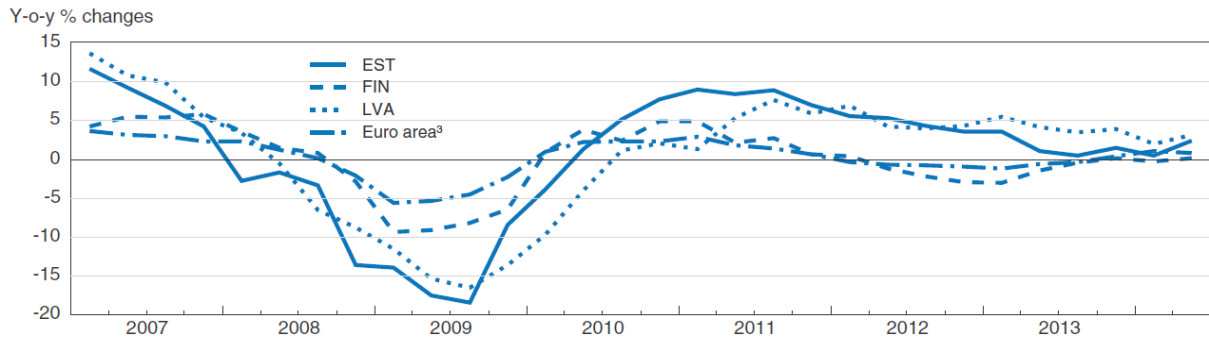
Figure 2. **Convergence in GDP per capita and productivity**



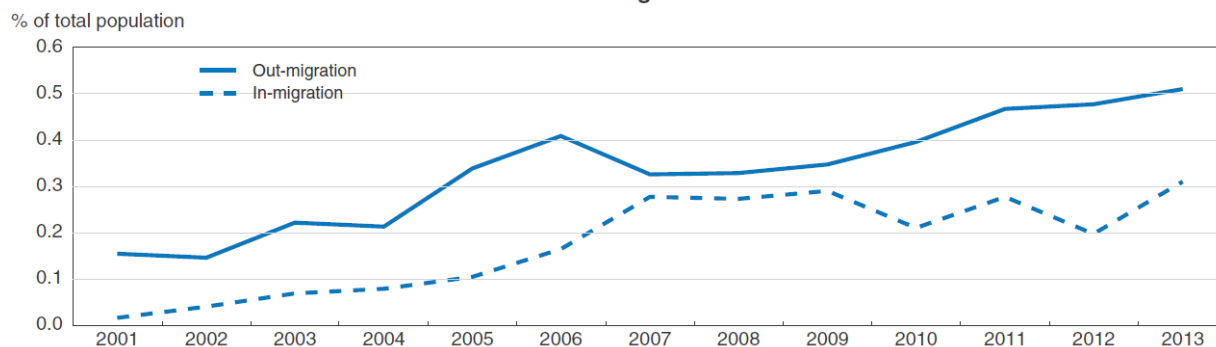
1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked (in constant 2005 PPPs).
 Source: OECD National Accounts Database and OECD Productivity Databases.

Real GDP slowed down to 1.6% in 2013 as exports decelerated. Declining demand in Finland and Russia as well as the slow recovery in the Euro-area have contributed to a weaker export demand. Public infrastructure investment also declined. However, private consumption growth was strong, fuelled by real wage gains, even though unemployment remained above 8% in 2013. Skill shortages contribute to wage pressure, especially in skill intensive sectors. More than 10% of companies report skill shortages as the most important factor constraining output. Emigration mostly of young, employed workers has contributed substantially to falling labour supply, thereby also contributing to wage pressure.

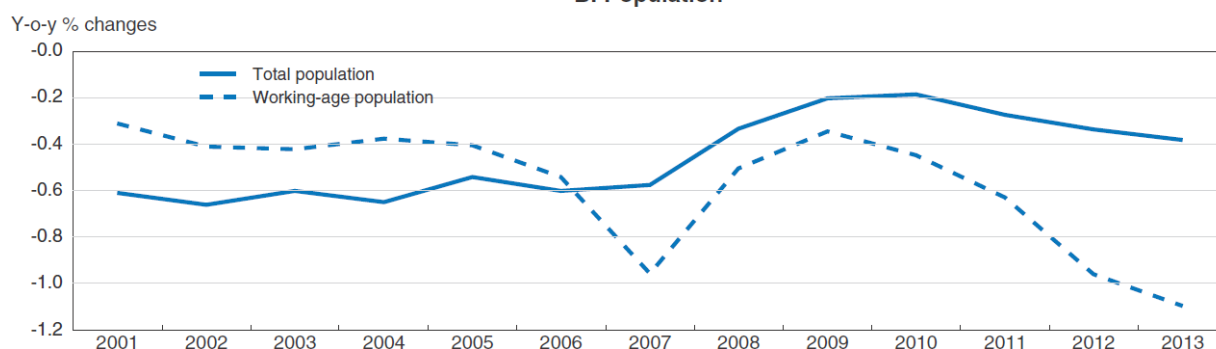
A. Real GDP growth



A. Migration



B. Population



Wage growth is expected to continue boosting private household consumption while exports will be held back by continued weakness of some of Estonia's main trading partners, notably Finland and Russia, accounting together for almost a third of Estonia's exports. The uncertainty of the events in Ukraine also plays a role as they could influence investor confidence.

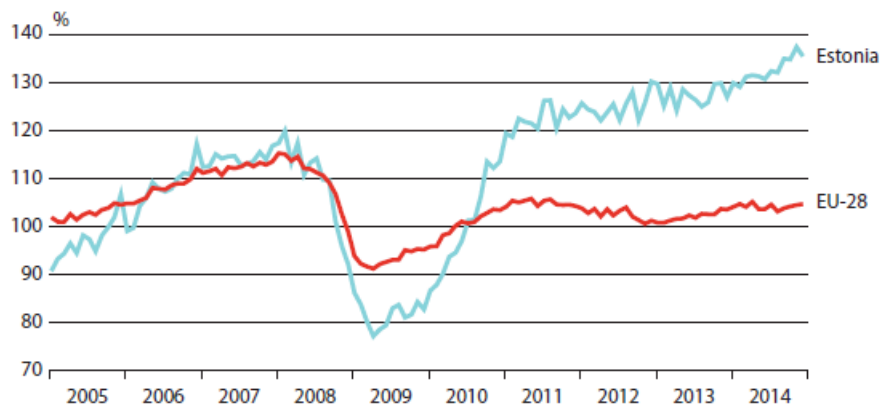
A positive factor is the **low domestic financial risk**. The non-performing loan ratio has fallen to 1.5% and exposure to financial intermediaries to Russia and Ukraine is low. High profitability has allowed banks, mostly branches and subsidiaries of Nordic banking groups, to build up strong capital buffers. Despite low interest rates, lending to the non-financial private sector has been moderate. At the same time the indebtedness of the corporate and household sectors have fallen to moderate levels.

Estonia is more open than most other countries, with imports and exports each amounting to roughly 90% of GDP. Estonia can do more to benefit to a wider extent from this openness. An important potential for transfer of knowledge lies in foreign direct investment. Inward foreign direct investment in the manufacturing sector has been low in the last ten years. Manufacturing is still concentrated on low-value added production. Collaboration of firms with research institutions remains low, further limiting transfer of knowledge. Continued reform efforts are therefore needed to make innovation policies more effective. A positive factor is that R&D spending in Estonia has increased considerably in the last years. This may well result in improved productivity and competitiveness in the future but so far the economic impact of the Estonian R&D system has been limited.

The **industrial production** grew in a stable way in 2013 and 2014 with a rise in industrial output of 2% compared to the previous year. Production increased thanks to exports which started to rise in the second half of 2014. The demand in the domestic market is picking up as well (growth of 2% compared to 2013). Especially the growth of 3 branches was remarkable: Production of electronic products (7%),

wood processing (8%) and food production (4%). Sectors that showed a decline were the manufacture of chemical products, furniture and building materials.

Volume indices of manufacturing^a in Estonia and the European Union, 2005–2014 (2010 = 100)

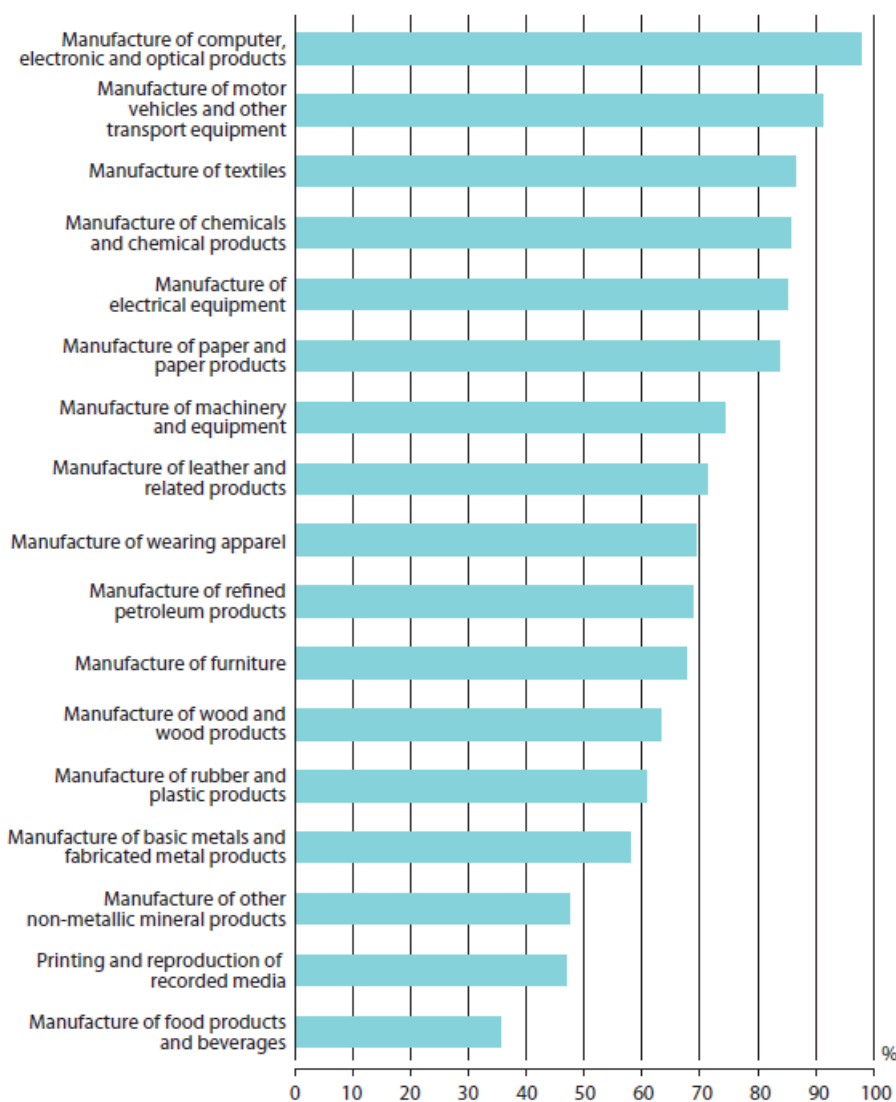


^a Seasonally and working-day adjusted.

Economic activities of manufacturing with the greatest number of persons employed, 2013

	Number of enterprises	Share, %	Number of persons employed	Share, %
TOTAL	6 381	100.0	104 554	100.0
Manufacture of wood and wood products	1 061	16.6	15 601	14.9
Manufacture of food products	451	7.1	12 871	12.3
Manufacture of basic metals and fabricated metal products	1 151	18.0	12 324	11.8
Manufacture of furniture	610	9.6	7 520	7.2
Manufacture of wearing apparel	462	7.2	6 355	6.1
Manufacture of computer, electronic and optical products	108	1.7	5 820	5.6

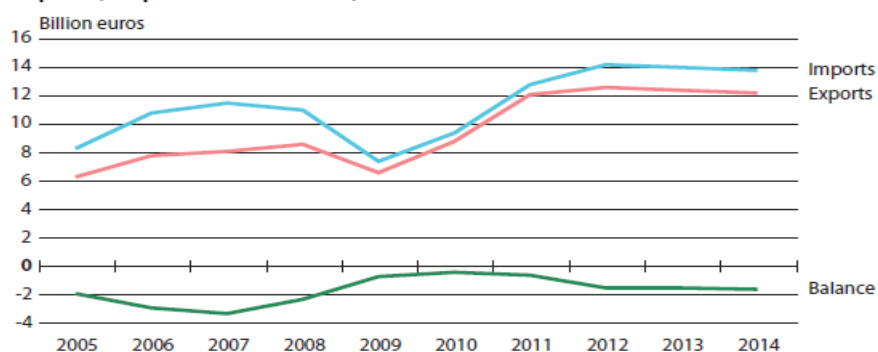
Share of exports in the sales of manufacturing production, 2013



In 2014 the European Union countries (EU-28) accounted for 72%, the Euro Area (EA-18) for 41% and the CIS countries for 11% of Estonia’s total exports. The main countries of destination were Sweden (18%), Finland (15%) and Latvia (11%). In Estonia’s total imports, the share of European Union countries was 83%, that of the Euro Area – 51% and that of the CIS countries – 7%. Goods were imported to Estonia mainly from Finland (15%), Germany (12%) and Sweden (9%).

In 2014 the exports of goods from Estonia accounted for 12.1 billion euro and imports to Estonia for 13.7 billion euro at current prices. Trade in 2014 remained at the same level as in 2013.

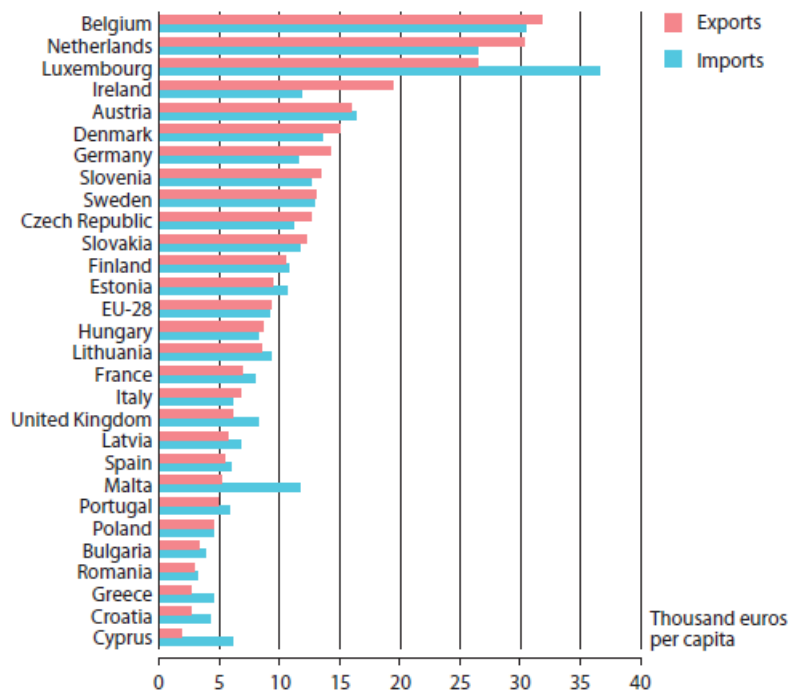
Exports, imports and balance, 2005–2014



Exports and imports by commodity section, 2014

Commodity section by Combined Nomenclature (CN)	Million euros	Share, %
EXPORTS TOTAL	12 090.3	100.0
Machinery and equipment (XVI)	3 530.6	29.2
Mineral products (V)	1 336.2	11.1
Agricultural products and food preparations (I–IV)	1 221.1	10.1
Wood and products thereof (IX)	1 107.5	9.2
Miscellaneous manufactured articles (XX)	905.9	7.5
Metals and products thereof (XV)	873.5	7.2
Transport equipment (XVII)	652.0	5.4
Raw materials and products of chemical industry (VI)	604.2	5.0
Plastics and articles thereof (VII)	391.6	3.2
Textiles and products thereof (XI)	375.1	3.1
Paper and articles thereof (X)	327.3	2.7
Other	765.3	6.3
IMPORTS TOTAL	13 744.3	100.0
Machinery and equipment (XVI)	3 877.6	28.2
Mineral products (V)	1 765.7	12.8
Agricultural products and food preparations (I–IV)	1 478.2	10.8
Transport equipment (XVII)	1 185.7	8.6
Raw materials and products of chemical industry (VI)	1 107.2	8.1
Metals and products thereof (XV)	1 092.7	8.0
Plastics and articles thereof (VII)	729.1	5.3
Textiles and products thereof (XI)	632.7	4.6
Wood and products thereof (IX)	396.7	2.9
Miscellaneous manufactured articles (XX)	321.7	2.3
Optical, measuring, medical or surgical instruments and apparatus; parts and accessories thereof (XVIII)	299.2	2.2
Other	857.8	6.2

Exports and imports in the European Union, 2014



Consumption and retail trade issues in Estonia

The situation with the retail trade in Estonia is quite similar to that of Latvia. Being one of the most dynamic countries in terms of the growth rate of retail trade during the previous years at the middle-end of 2007 Estonia has slowed its pace and the growth of the retail trade has diminished.

Figure 1. **GDP per capita and real household income¹ by income quintile**

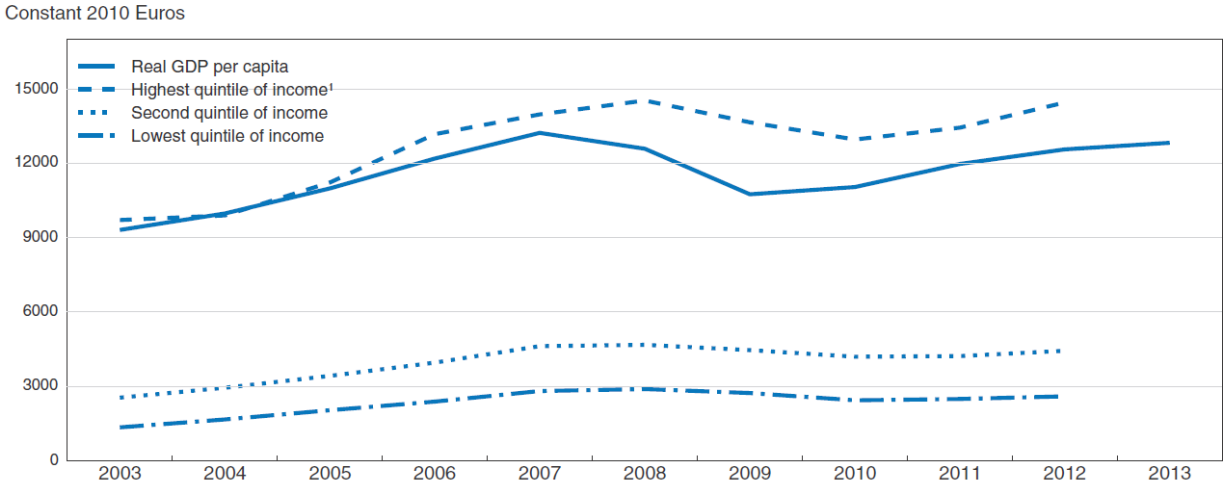
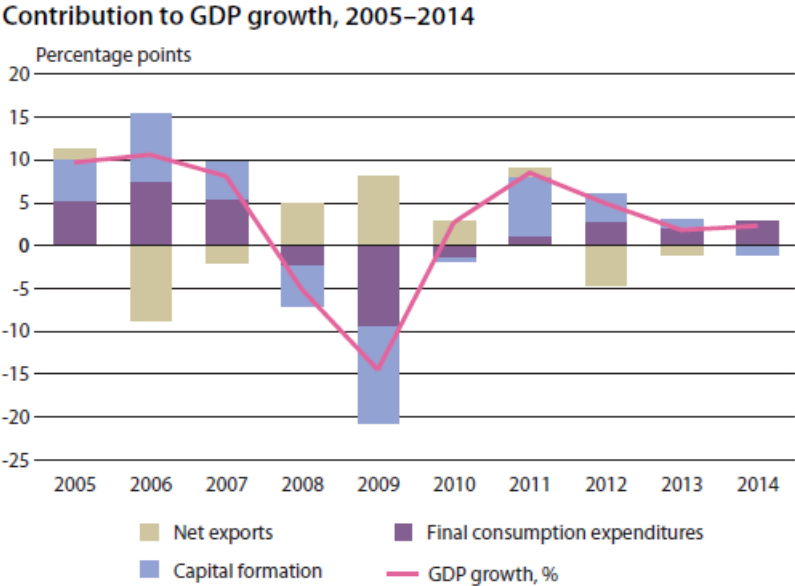


Figure 1 shows that there is a quite big gap between the highest and lowest income levels.



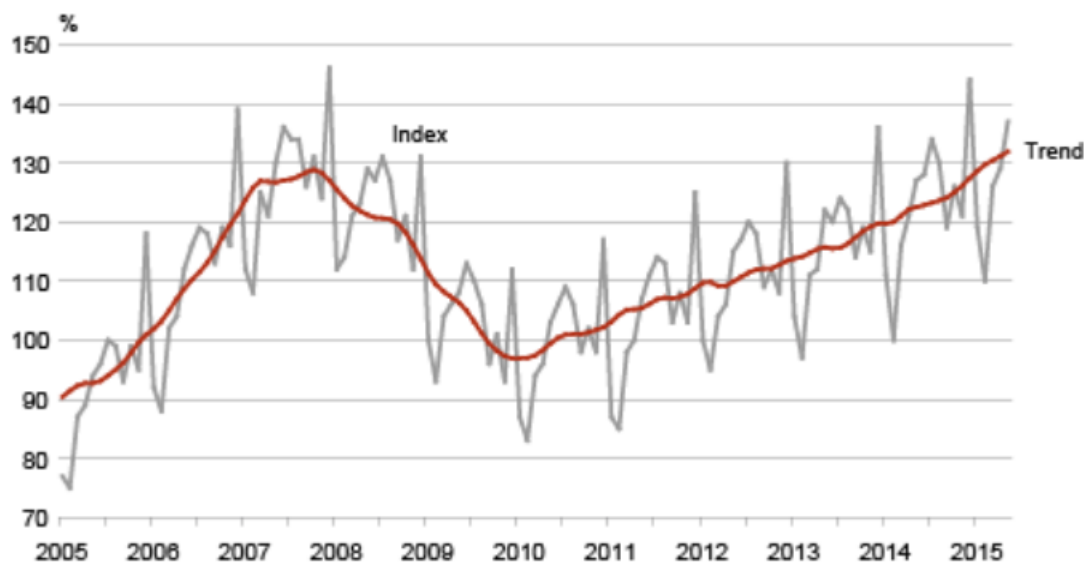
Final consumption expenditures made up a big part of the contribution to GDP growth in 2015, a trend that is continuing in 2015.

GDP by economic activity, and expenditure components, 2014

	At current prices, million euros	Real growth, %
Agriculture, forestry and fishing	623.3	8.1
Mining and quarrying	223.0	-0.4
Manufacturing	2 722.1	3.0
Electricity and gas supply	500.3	6.4
Water supply; waste management	137.9	0.5
Construction	1 196.5	-4.1
Wholesale and retail trade	2 148.9	3.9
Transportation and storage	1 357.3	-8.6
Accommodation and food service activities	307.3	-3.4
Information and communication	826.5	1.1
Financial and insurance activities	587.0	4.5
Real estate activities	1 788.3	-0.5
Professional, scientific and technical activities	848.2	6.6
Administrative and support service activities	676.1	6.3
Public administration and defence	1 184.0	0.8
Education	788.8	0.8
Human health and social work activities	643.4	-1.0
Arts, entertainment and recreation	250.3	0.8
Other service activities	157.9	-3.2

Domestic demand grew 4.8%, mainly as a result of changes in inventories and an increase in household final consumption expenditures. The increase in household final consumption expenditures was mostly caused by a growth in the expenditures on food and transport but also on clothing and footwear. Wholesale and retail trade grew by 3.9% while construction, transportation, accommodation and real estate were showing a negative growth.

Retail trade enterprises retail sales volume index and its trend, January 2005 - May 2015 (2010=100)



According to statistics Estonia, in May 2015 compared to May 2014, the retail sales of goods of retail enterprises increased 8% at constant prices. The increase in April 2015 was 6%. In May 2015 the retail sales of goods of retail enterprises amounted up to 452.9 million euro, which is 345 euro per inhabitant. Retail sales increased in most economic activities. Only the retail sales in stores selling clothing, shoes and textiles were one percent smaller than in May 2014. Retail sales via mail order or the internet increased the most with sales increasing 57% (!) year over year. A higher than average increase in retail sales occurred also in other specialised stores, such as stores selling computers and their accessories, photography supplies, books, sports equipment, games and toys, flowers and plants (43% increase). Also stores selling second-hand goods and non-store retail sales (stalls, markets, direct sale) saw their turnover growing with 28%.

TA08: NUMBER AND AREA OF STORES OF RETAIL TRADE ENTERPRISES by Trading place, Year and Indicator			
	Number of trading places	Sales area, 1000 m ²	Average sales area of store, m ²
Stores total			
2010	6 406	1 365	213
2012	6 703	1 591	237
Kiosks			
2010	1 049
2012	972

Footnote:
 Except sale of motor vehicles and motorcycles.
 The data for 2001, 2003, 2005, 2007, 2009, 2011 and 2013 were not collected.

The number of stores is still growing as well as their average sales area which is a good indicator of the importance of private consumption. Kiosks are getting less in number which is a trend that can be seen in the three Baltic States.

TA0201: RETAIL SALES by Year, Economic activity (EMTAK 2008) and Month		Ascending total
2013		
Economic activities total		4 908.3
Retail trade, except of motor vehicles and motorcycles		4 594.3
..retail sale of food, beverages and tobacco in specialised stores		141.3
..retail sale via mail order houses or via Internet		76.1
..retail sale of second-hand goods in stores, retail sale via stalls and markets, direct sale		78.9
2014		
Economic activities total		5 225.0
Retail trade, except of motor vehicles and motorcycles		4 872.8
..retail sale of food, beverages and tobacco in specialised stores		91.0
..retail sale via mail order houses or via Internet		93.1
..retail sale of second-hand goods in stores, retail sale via stalls and markets, direct sale		83.6
2015		
Economic activities total		2 168.9
Retail trade, except of motor vehicles and motorcycles		2 025.0
..retail sale of food, beverages and tobacco in specialised stores		38.8
..retail sale via mail order houses or via Internet		54.3
..retail sale of second-hand goods in stores, retail sale via stalls and markets, direct sale		42.9

Footnote:
 Unit: million euros
 Short-term statistics.
 In the ascending total only the data presented to the database have been summed up.
 The monthly data will be added 4 weeks after the end of the reference month.
 The data may be adjusted during the year after the end of the reference month.
 The data for April 2015 have been revised on 01.07.2015.
 Up to the year 2011 the data have been converted into euros on the basis of aggregated data (1 euro = 15.6466 Estonian kroons).

Remarkable is the growth in internet sales and second-hand goods, the latter being an indication of the fact that purchasing power is not equally divided and that a part of the population is forced to buy goods on the second-hand market.

	2011	2012	2013
G47 Retail trade, except of motor vehicles and motorcycles			
Number of enterprises	4 861	5 304	5 502
Number of persons employed	44 133	45 994	46 642
Turnover, thousand euros	5 028 746.2	5 547 939.4	5 783 006.4
Trade margin, %	25.2	24.6	25.4
Selling time of goods inventories, days	42.2	40.2	41.0

TA0099: VALUE ADDED AND PRODUCTIVITY INDICATORS OF TRADE ENTERPRISES by Number of persons employed, Year, Economic activity (EMTAK 2008) and Indicator

	Number of enterprises	Number of persons employed
Total		
2012		
G47 Retail trade, except of motor vehicles and motorcycles	5 304	45 994
G471 Retail sale in non-specialised stores	902	20 610
G472 Retail sale of food, beverages and tobacco in specialised stores	224	1 270
G474 Retail sale of information and communication equipment in specialised stores	244	891
G4779 Retail sale of second-hand goods in stores	161	678
G4791 Retail sale via mail order houses or via Internet	582	1 109
2013		
G47 Retail trade, except of motor vehicles and motorcycles	5 502	46 642
G471 Retail sale in non-specialised stores	879	20 588
G472 Retail sale of food, beverages and tobacco in specialised stores	211	1 162
G474 Retail sale of information and communication equipment in specialised stores	234	802
G4779 Retail sale of second-hand goods in stores	149	684
G4791 Retail sale via mail order houses or via Internet	747	1 399

Footnote:

.. Data are confidential.

... Data not available or too uncertain for presentation.

The data of 2005-2010 have been converted into euros on the basis of aggregated data (1 euro = 15.6466 Estonian kroons).

The statistics above show that the non-specialised stores take the biggest share in the retail (as in the other two Baltic States) and employ the most people. Most people go indeed to supermarkets and hypermarkets to purchase most of their products. The Baltic countries are very much unfamiliar with the concept of regional/street baker, butcher, etc. After the introduction of free market economy the newly established supermarkets, convenience stores and other sales outlets took in this niche.

An interesting evolution is the rapid growth of mail order and internet shops. Selling by internet is a way of avoiding rent- and other costs which makes that products can be sold with higher margins or at lower prices.

TA0032: RETAIL SALES VOLUME INDEX, PREVIOUS YEAR = 100 by Economic activity (EMTAK 2008) and Year

	2012	2013
G45 Wholesale and retail trade and repair of motor vehicles and motorcycles	119.2	116.6
G47 Retail trade, except of motor vehicles and motorcycles	107.7	104.3
G472 Retail sale of food, beverages and tobacco in specialised stores	113.1	89.5
G474 Retail sale of information and communication equipment in specialised stores	134.3	112.0
G478 Retail sale via stalls and markets	235.0	94.7

The average gross wage in the Baltic capital cities is the highest in Tallinn and the lowest in Vilnius. According to statistics Estonia in 2012 (no more recent statistics available at the moment of publication of this study) a household member spent on average 289 euro per month, which was 17 euro more than the year before. Expenditure on food and dwelling accounted for 27% of the total expenditure.

In 2012 nearly 600.000 households lived in Estonia with an average size per household of 2.2 persons.

HHM04: HOUSEHOLDS by Indicator, Household size and Year

	2011	2012
Proportion of households (households total=100), %		
Total	100.0	100.0
1 member	34.9	36.0
2 members	29.7	29.6
3 members	17.2	17.6
4 members	12.8	12.1
5 or more members	5.3	4.8

HHM14: HOUSEHOLDS by Year, Income quintile of household and Economic situation in comparison with five years ago

	Better	Generally the same	Worse
2011			
Total	17.6		19.2
1st income quintile	9.8		12.1
2nd income quintile	9.9		17.0
3rd income quintile	10.7		23.3
4th income quintile	21.6		18.2
5th income quintile	36.0		25.4
2012			
Total	16.0		17.9
1st income quintile	8.3		12.4
2nd income quintile	7.4		15.8
3rd income quintile	8.3		17.0
4th income quintile	19.1		20.6
5th income quintile	36.7		23.7

Footnote:

Unit: percentages

The households who could not estimate their economic situation in 2010 are not reflected in the table, therefore the sum of estimations may be smaller than 100%.

The effects of the financial crisis in 2008 – 2009 can clearly be seen in the statistics above. Most households see their situation as worse than 5 years ago. The only exception are the households with the lowest income where almost 40% sees an improvement in their financial situation.

HH27: ESTIMATED SUBSISTENCE MINIMUM PER 30 DAYS FOR ONE PERSON HOUSEHOLD by Indicator and Year

	2013	2014
Estimated subsistence minimum	205.30	203.44
Minimum estimated food basket	91.96	91.96
Non-food expenditures	113.34	111.48

Footnote:

Unit: euros

Up to the year 2011 the data have been converted into euros on the basis of aggregated data (1 euro = 15.6466 Estonian kroons).

FT2: FOREIGN TRADE by Year, Country, Commodity flow, CN commodity section and chapter and Month

	Ascending total
2014	
Belgium	
Exports	
..02 Meat and edible meat offal	22 265
..03 Fish and crustaceans, molluscs and other aquatic invertebrates	261 567
..04 Dairy products; bird's eggs; natural honey; edible products of animal origin, ...	638 000
..07 Edible vegetables and certain roots and tubers	53 063
..08 Edible fruit and nuts; peel of citrus fruit or melons	2 128 566
..10 Cereals	0
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and ...	3 796 559
Imports	
..02 Meat and edible meat offal	3 968 658
..03 Fish and crustaceans, molluscs and other aquatic invertebrates	769 297
..04 Dairy products; bird's eggs; natural honey; edible products of animal origin, ...	665 521
..07 Edible vegetables and certain roots and tubers	851 768
..08 Edible fruit and nuts; peel of citrus fruit or melons	3 625 458
..10 Cereals	366 708
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and ...	10 297 501

Footnote:

Unit: euros

In the ascending total only the data presented to the database have been summed up.

Imports by country of consignment.

Up to the year 2011 the data have been converted into euros on the basis of aggregated data (1 euro = 15.6466 Estonian kroons).

Structure of distribution and market entry in the Baltic States

Structure

The Baltic States have a rather well developed network of supermarkets (food retail chains) that can be subdivided into three categories:

- **Hypermarkets / big supermarkets** – the largest points of sale, mostly located in big and diversified shopping malls (for example Akropolis, Maxima LT or RIMI Hypermarket)
- **Supermarkets** of an average size – may be operating both on its own and accompanied by other smaller diversified non-food and food shops
- **Small shops** – stand-alone regional/local shops belonging to a retail chain with a limited assortment of basic consumption products (food and non-food)

There is also a fourth type of **small independent shops** that do not belong to any retail chain and are mostly not competitive price-wise. These shops are mostly run on the ground floor of some apartment block or an individual house and offer basic food products purchased by the owners at cash & carry outlets. Their role is diminishing because of the extensive concentration process.

In addition to that nearly big wholesalers of food products (for example Sanitex in Lithuania) has his own **cash & carry** outlets that are mostly situated at their warehouses.

Petrol stations also have a quite important role in the retail trade as most of them are offering a range of alcohol beverages and basic consumption products. Their role exceeds that of **kiosks** and **open-markets** which are losing their importance in distribution chain.

The competition between food retail chains is very strong. Each chain has a rather dense network of point of sales offering the consumer freedom of choice.

The opening hours of the retail shops are very liberal. The majority of supermarkets/hypermarkets are open from 8:00 till 24:00. In Vilnius, two supermarkets are even open 24 hours a day. Smaller and medium-sized shops are open from 8:00 till 22:00. Petrol stations are open day and night. Such market situation makes the so-called night-shops redundant; therefore their number is very low and diminishing.

The majority of the shops is new or has been renovated. Even the independent ones are equipped with modern counters, refrigerators, cash registers, payment terminals, etc. Almost all shops accept the most common credit cards (Visa, MasterCard) without any restrictions (no minimum nor maximum). The connections are surprisingly fast.

Every hypermarket/supermarket and the majority of medium sized supermarkets have at least one bank office that is working 7 days a week (8:00 – 22:00). Bank transactions (currency exchange, payments for utilities, etc.) can be easily performed at any time. The currency exchange rate used is reasonable.

Contrary to Scandinavian countries there are less restrictions in trade of alcohol beverages. Alcohol is sold till 22:00 in supermarkets and shops located in residential buildings and is not sold to minors (less than 18 years).

As the Baltic States relatively recently (approximately 20 years ago) have shifted to the Western consumption pattern, the consumption of ready and semi-ready meals is rather limited. The local consumer is still quite sceptical about this product category. It is doubtful that the market for ready meals will grow substantially in the near future.

The major retail chains and other shops and stores are mostly supplied by wholesalers. In addition to that the majority of big supermarkets such as Maxima LT, RIMI, NORFA and IKI have their own purchasing departments and are making direct purchases. In Lithuania there are more than 130 rather important wholesale companies (specialised and non-specialised). The biggest ones have a quite substantial negotiating power as they are working with/representing global brands and trademarks. In Lithuania for instance, Sanitex (www.sanitex.lt) distributes Procter & Gamble products amongst other world brands, Trojina (www.trojina.lt) distributes Nestle and Unilever, Bennet Distributors (www.bennet.lt) and mineraliniai vandenys (www.mv.lt) both sell world brands of alcoholic beverages, Eugesta (www.eugesta.lt) sells Merrild, Kinder, etc.

Most wholesalers do not have own shops but some do have cash & carry shops. The role of small wholesalers dealing with a small number of products is diminishing. This is caused by an increased competition coming from large wholesalers and the fact that large retail chains are trying to take over the import of the most profitable products/brands.

Market entry

The Baltic retail markets are open to imported food products. As the majority of world fast moving good brands are already present on the markets, competition is rather fierce. According to experts working in the wholesale/retail of food products, the introduction of a new product should be accompanied by important promotional efforts by the manufacturer or wholesaler. That explains why local wholesalers are looking for long-term co-operation with foreign manufacturers capable of providing product support and promotion.

Smaller local wholesalers are less demanding; however their purchasing capacity is very limited and long term projects have a high uncertainty level as they are running the risk of going bankrupt due to a very strong competition. It is advisable to work with the big retail chains (that are purchasing directly) or with big wholesalers which have know-how, negotiating power and experience of introducing new products to local retail chains.

Although the Baltic markets are relatively small and have a similar distribution, it is almost impossible to cover them at once through one importer/wholesaler. Each country has certain local peculiarities in terms of payment (for example delay of payment, advance payment, letters of credit, etc.) or other aspects and contract terms that do require a specific approach. The only exception is when you supply to Maxima LT or RIMI that are distributing the products to their shops in all the three countries.

The terms of payment are mostly 'traditional' which implies: advance payment, bank transfer, payment on the spot or letters of credit. The Baltic States have a number of professional debt collection agencies and lawyers that are capable of facilitating and providing assistance in settling trade disputes between a foreign supplier and local buyer.

Expected future food retail market developments: very strong competition not only between the large chains but also among the small ones too. Further market concentration and consolidation.

The local consumer is becoming more and more aware of Flemish (Belgian) food products that are generally perceived as not cheap but qualitative.

The general opinion is positive and promising.

Key market players

Profiles of the largest food retail chains

The Baltic food retail market is dominated by the two major retail chains: Swedish/Norwegian/Dutch ICA Ahold with its daughter company ICA Baltic operating the **RIMI** chain and the Lithuanian chain **MAXIMA**. Both groups have shops in the 3 Baltic States. However per country there are other chains that have an important presence. These chains are not so active in all three Baltic States as RIMI and MAXIMA.

The Finnish company Stockman PLC (department store) has multifunctional shopping centres in Riga, Vilnius and Tallinn.

In Latvia a German 'Sky' chain is also present. Other smaller Latvian food retail chains are Mego and Elvi.

In Lithuania, in addition to Rimi and Maxima other retail chains are: IKI (sold to Coopernic) and NORFA/RIVONA (Lithuanian budget chain).

In Estonia smaller retail chains are ETK (Estonian Central Association of Consumer Societies), Selver (Estonian Chain owned by Tallinna Kaubamaja), Prisma (owned by the Finnish cooperative SOK) and R-Kiosk (more than 200 small points of sales in the three Baltic States).

Overview presence major food retail chains

Estonia: Maxima LT (Maxima X, Maxima XX, Maxima XXX, hyperMaxima XXX, Maxima BAZE XXX, BAZE, "Eurolekaren" pharmacies), Rimi (Rimi Hypermarket, Rimi, Säätumarket), ETK, Server, Prisma, Stockman PLC, Rautakirja OY

Latvia: Maxima LT (Maxima X, Maxima XX, Maxima XXX, hyperMaxima XXX, Maxima BAZE XXX, BAZE, "Euroapteka" pharmacies), Rimi, (Rimi Hypermarket, Rimi, Supernetto), IKI, Aibe, Mego, Sky Supermarkets, Beta, Elvi, Stockman PLC, Rautakirja OY

Lithuania: Maxima LT (Maxima X, Maxima XX, Maxima XXX, hyperMaxima XXX, Maxima BAZE XXX, BAZE, “Eurovaistine” pharmacies), Rimi (Rimi Hypermarket, Rimi, Supernetto), IKI, Norfa, Aibe

Belgian presence

In recent years an increased amount of Belgian food products were introduced into the Baltic retail trade. Most of these products are sold in the chains of Maxima LT, Rimi and IKI * (for instance beers, biscuits, chocolates, water, juices, pâtés, apples, pears).

There are three Belgian restaurants in the Baltic States:

Belgai - www.belgai.lt: 1 in Vilnius

Rene: 1 in Vilnius

Bon Vivant - www.bon-vivant.lv: 1 in Riga

The owners of these restaurants are local persons. Belgai imports Belgian beers to Lithuania: Brugse Zot, De Koninck, Belgian Peche, Belgian Kriek, Belgian Framboise, Newton, Salson, Floreff e, Blanche de Bruxelles, Barbar and Brasserie Lefebre.

Contrary to the past Belgian beer is sold at a number of high end restaurants and bars in Lithuania and Latvia. Although the Belgian beer is more expensive than a local or imported (or even compared to Belgium), the public is becoming more and more aware of the beer qualities and is ready to pay the cost.

Belgai is acting as a distributor/importer of the above beers and is planning to shift to the distribution of food products and open shops.

Rene (arranged according to the motives and theme of the famous Belgian painter Rene Magritte) is importing 3 sorts of beer of the brewery Bosteels – Kwak, Tripel Karmeliet en Deus. Additionally the owners of this restaurant as well as of a few wine shops/houses are selling the Bosteels beer in their wine shop. Belgai introduced Chimay beer at the minibars of the Crowne Plaza hotel in Vilnius.

The Latvian **Bon Vivant**, the oldest in the region is also importing some sorts of Belgian beer. Due to its interior and decorations it may be considered the most authentic Belgian pub or restaurant.

All these restaurants are offering traditional Belgian dishes with a tint of local character and culinary understanding.

Future prospects – there is no information that new Belgian restaurants will be opened in the near future in the region. It is expected that the current owners will strengthen and expand their present

businesses. Both Belgai and Bon Vivant are looking for being an exclusive distributor of Belgian beers and some food products in the Baltic States. Their first priority is an exclusive distribution basis or contract.

Detailed overview major food retail chains

Lithuania

Maxima group Lithuania



Coordinates:

Savanoriu Prospekt 247

LT-02300 Vilnius-53,

Lithuania

Tel: +370 5 2686701

info@maxima.lt

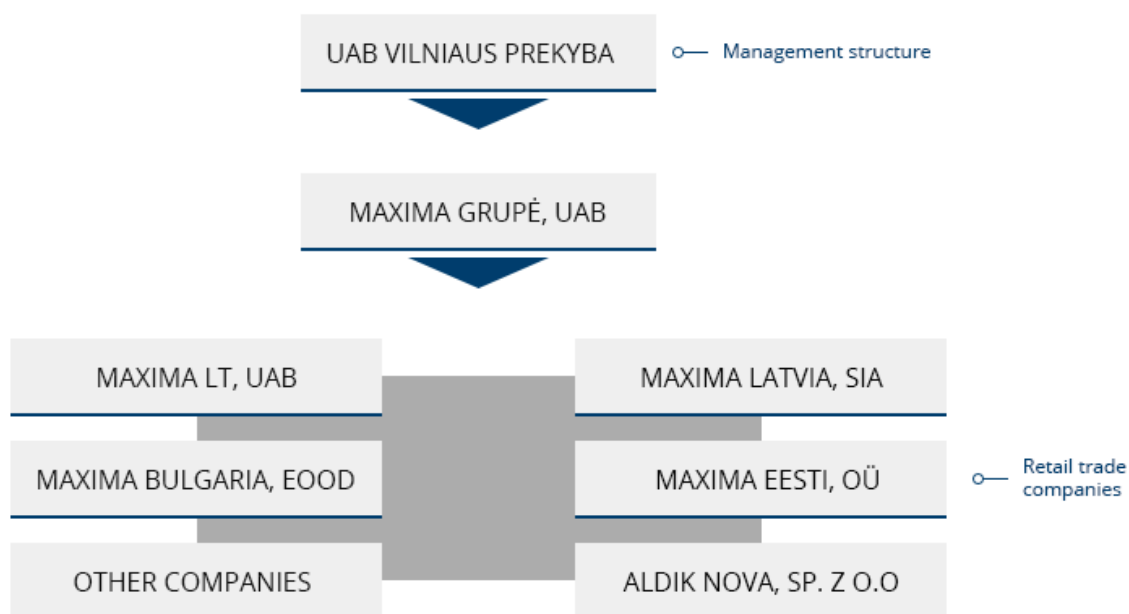
www.maxima.lt

MAXIMA GRUPĖ, UAB is a controlling company registered in 2007, which currently consolidates retail companies in Lithuania, Latvia, Estonia, Bulgaria and Poland. As of January 1, 2014, the chain comprised a total of 506 MAXIMA X, MAXIMA XX, MAXIMA XXX, T-MARKET, T-MARKET EXPRESS and ALDIK supermarkets. 229 of them were located in Lithuania, 143 – in Latvia, 71 – in Estonia, 42 – in Bulgaria and 21 – in Poland. More than 31,000 employees work in MAXIMA group companies in all countries.

MAXIMA GRUPĖ is controlled by VILNIAUS PREKYBA UAB, which is also the owner of EUROAPOTHECA, UAB and ERMITAŽAS, UAB. EUROAPOTHECA consolidates pharmaceutical retail and wholesale enterprises in Lithuania, Latvia, Estonia and Poland; meanwhile, ERMITAŽAS is a Lithuania-based chain of stores for construction, decoration and household supplies.

In 2014 MAXIMA GRUPĖ ranked 57th in the list of TOP 500 largest companies in Central Europe, provided by the international audit and business consulting company "Deloitte".

The structure of the Maxima group looks as follows:



The different formats of shops are:

Parduotuvės prie namų

MAXIMA x

Supermarketai

MAXIMA xx

Hipermarketai

MAXIMA xxx

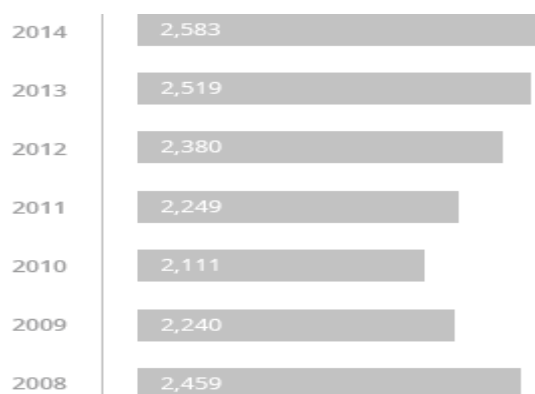
hyper MAXIMA xxx

MAXIMA BAZĖ xxx

Cash&Carry

BAZĖ

The retail turnover of MAXIMA GRUPĖ companies (in billions of LTL, excluding VAT)



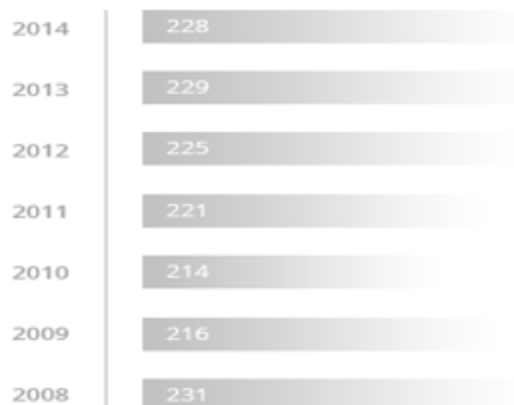
The Maxima group has 228 shops in Lithuania ranging from hypermarkets via supermarkets to discounters and local shops. The chain has a market share of 36% and every day 550,000 customers visit the Maxima shops.

In Lithuania 17,108 people worked in 2014 for the Maxima group.

Turnover (EUR mill, excl.VAT)



Number of shopping centres



Number of employees



UAB Ermitažas - DIY chain belonging to the Maxima group

Ozo g. 25

LT-07150 Vilnius,

Lithuania

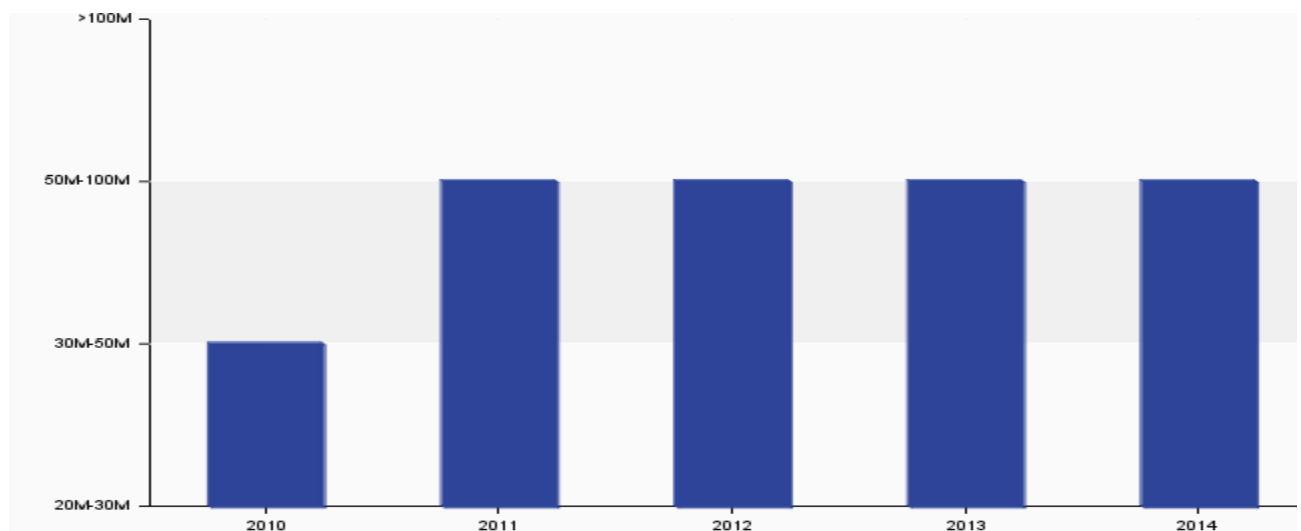
Tel: +370 5 2492800

info@ermitazas.lt

www.ermitazas.lt

UAB "Ermitažas" operates one of the largest and the fastest growing chain of construction and finishing materials as well as household goods in Lithuania. Currently UAB "Ermitažas" operates shopping centres in Vilnius, Kaunas, Klaipėda and Šiauliai. More than 600 employees are working here.

Retail turnover of ERMITAŽAS (in millions of LTL, excluding VAT)



RIMI Lithuania



Savanoriu av.16

LT-03116 Vilnius

Tel: +370 5 2461057

Fax: +370 5 2461033

info.lt@rimibaltic.com

www.rimi.lt

Contacts are made through the head office of Rimi in Latvia (see p. 60).

There are 48 Rimi outlets in Lithuania: 22 "Rimi" (Supermarket) and 26 "Rimi" (Hypermarket)

IKI- UAB Palink



Worth returning every day

Lentvario g.33,
LT-2241 Vilnius, Litouwen
Tel: +370 5 2601700
Fax: +370 5 2601781
info@iki.lt
www.iki.lt

The IKI chain owns more than 280 supermarkets in Lithuania and Latvia.

IKI, originally owned by the Belgian Ortiz family was a real pioneer in the retail market in Lithuania.



It was the first chain to introduce a loyalty programme and was in fact the first supermarket chain in Lithuania after Lithuania regained independence.



NORFA (= Rivona)
Savanoriu 176, LT-03154
Vilnius, LITHUANIA
Tel: +370 5 2700046
Fax: +370 5 2737032
www.norfa.lt, www.rivona.lt (= logistical partner)
norfa@norfa.lt

Norfa was founded in 1997 and is at the moment expanding its discounters segment. The company employs 3,478 people. All deliveries go through the logistical partner Rivona, the company also responsible for the real estate assets of Norfa. Rivona is 100% owned by Norfa.

In 2014, the product and service turnover of Norfos Mažmena reached EUR 496 million after VAT – 2.49 percent more than in 2013

Format	Shop number	Area of trading hall, sq.m.
H	4	over 5000 m ²
XXL	11	over 2000 m ²
XL	101	from 500 to 1500 m ²
L	16	from 200 to 500 m ²
S	4	up to iki 200 m ²

In 2014, the total floor area of Norfa stores reached about 175 thousand m².

In 2015, the Norfa retail chain plans to open 15 new or renewed supermarkets.

The company's consistent expansion and stable financial results were determined by an abundance of Lithuanian products offered at Norfa stores and an effective discount system.



CBA AIBE

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Tel: +370 5 2686686

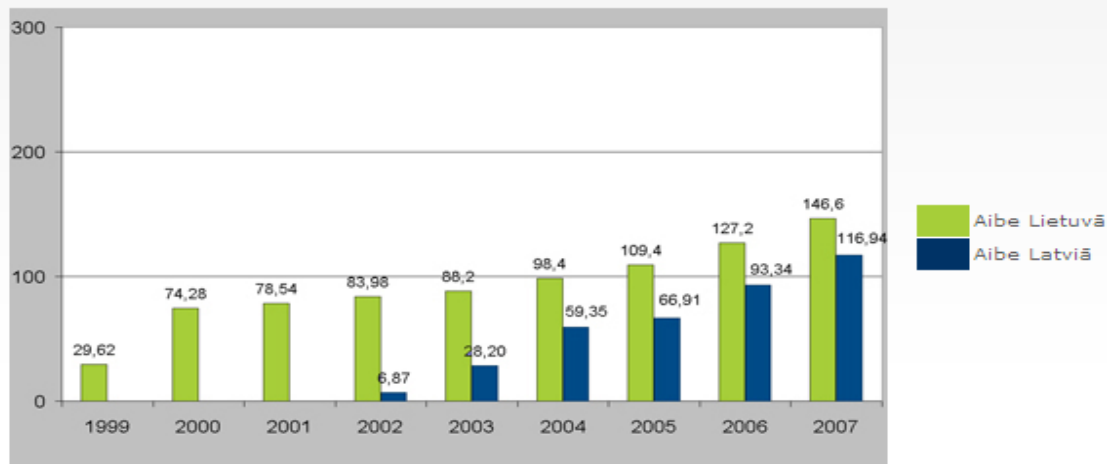
Fax: + 370 5 2686708

aibe@aibe.lt

www.aibe.lt

The cooperative organisation “Aljansas Aibe” has more than 650 shops in Lithuania and 470 shops in Latvia. These shops are the property of individual owners. This means that this cooperative has the most retail shops in Lithuania. Aibe does not import almost anything from abroad. www.aibe.lt/lt/parduotuves. The turnover was 409 million euro in Lithuania and Latvia, 18% more than in 2013.

„Aibe” apgrozījuma dinamikas pieaugums Latvijā un Lietuvā 1999. – 2007.gadā (miljonos latu ar PVN)



The strength of Aibe is that the group has shops in almost all small communities in Lithuania and Latvia. Therefore the rural population (which is quite numerous) buys mostly at Aibe shops.

Latvia

VP Market Latvia

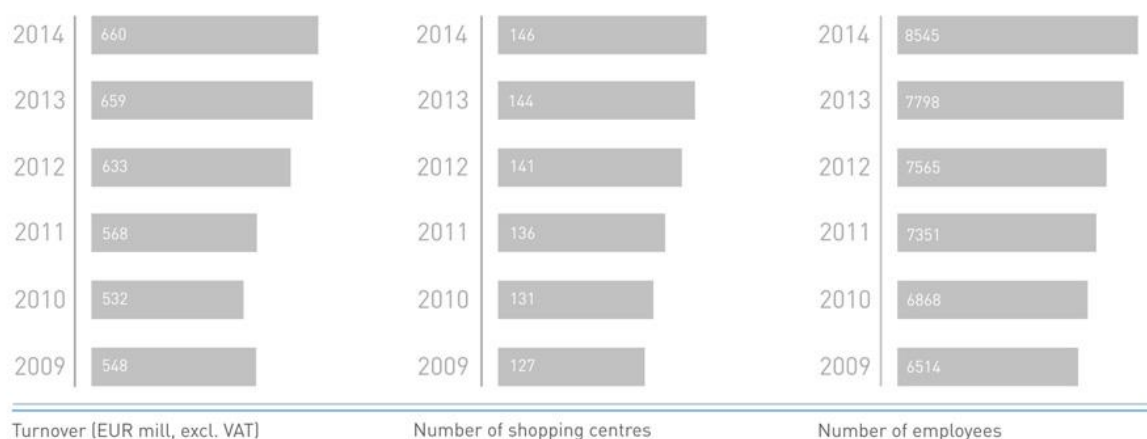


“Abrās”, Kekavas pagasta
 LV-2111, Rigas dist., Latvia
 Tel: +371 67061331 (aankoopdepartement)
 Fax: +371 67892101
www.maxima.lv
info@maxima.lv

Maxima started with its activities in Latvia in 2001 and had more than 8,500 employees in Latvia in 2014. The turnover of the Maxima group went down by 6.8% in 2009 (financial crisis). Since then the turnover goes up every year again. In 2012 there was an invitation action organised by Flanders Investment and Trade where the purchasing director, Vilma Druliene, was invited to Belgium.



Turnover in million euro (VAT excluded), number of employees, number of shops in Latvia :



Rimi Baltic (headquarters in Latvia)



Deglava Street 161
 LV-1021 Riga,
 Latvia
 Tel: +371 67045409
 Fax: +371 67045400
www.rimibaltic.com

Rimi network in the Baltic States:

Rimi Baltic	Rimi Baltic	Rimi Latvia	Rimi Lietuva	Rimi Eesti Food
Total number of stores	246	113	48	85
Rimi hypermarkets	67	27	26	14
Rimi supermarkets	84	40	22	22
Supernetto, Säästumarket	95	46		49
Distribution centres	5	2	1	2

The company Rimi Baltic was established as a joint venture between ICA and Kesko Livs in January 2005. Starting from 2006 Rimi Baltic became a subsidiary company of ICA AB.

Since March 27, 2013 ICA has been a wholly owned subsidiary of Hakon Invest which changed its name to ICA Gruppen on May 20. For more detailed information about the ICA Gruppen, visit the website - www.icagruppen.se.

Rimi Baltic is represented by three companies In Baltic States – Rimi Eesti Food, Rimi Latvia and Rimi Lietuva.

Rimi Eesti Food currently operates 22 Rimi supermarkets, 14 Rimi hypermarkets and 49 Säästumarket stores. Rimi Eesti employs 2,786 people.

To learn more about Rimi Eesti, visit the website at: www.rimi.ee

Rimi Latvia currently operates 40 Rimi supermarkets, 27 Rimi hypermarkets and 46 Supernetto stores. The company employs 5,496 people.



To learn more about Rimi Latvia, visit website at: www.rimi.lv

Rimi Lietuva currently operates 22 Rimi supermarkets and 26 Rimi hypermarkets. Rimi Lietuva employs 3,239 people.

To learn more about Rimi Lietuva, visit the website at: www.rimi.lt

Rimi Baltic Group’s store sales per country in euro in 2014 (excluding VAT)

Rimi Baltic	Million, EUR
Rimi Eesti Food	363
Rimi Latvia	658
Rimi Lietuva	249
Total	1270

The company structure of Rimi Baltics looks as follows:



ICA Gruppen's largest shareholder is ICA-handlarnas Förbund (the Association of ICA Retailers), with a holding in ICA Gruppen that amounts to 51.3% of capital and votes. Industrivärden owns 10.5% of the shares. The remaining 38.2% is owned by institutional investors and private individuals in Sweden and abroad.



Stockmann Riga

13. Janvāri iela 8
LV-1050 Riga, Latvia
Tel: +371 6707 1222
Fax: +371 6 707 1254

Contact:

(werken via Reaton www.reaton.lv voor voeding)

www.stockmann.lv

The shopping center of Stockmann in Riga is open since October 2003 and has four floors with a surface of 11,000 m².



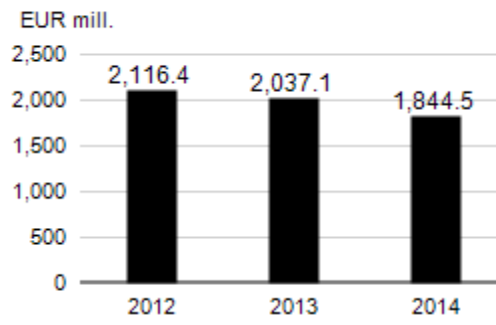
Stockmann, established in 1862, is a Finnish listed company engaged in the retail trade. It has almost 55,000 shareholders and about 14,000 employees. The Group's revenue in 2014 was 1844.5 million euro - www.stockmanngroup.com/en.

Revenue by division 2014

- 60% Department Store Division
- 40% Fashion Chain Division

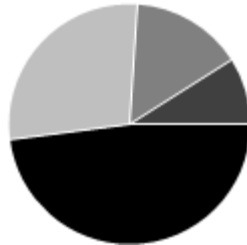


Revenue



Revenue by market 2014

- 48% Finland
- 28% Sweden and Norway
- 15% Russia and Ukraine
- 9% Baltic countries and Central Europe



AIBE Latvia



Dominavimas parkas" 2. Statybīnēs

"Cedars" Lielvārži

Ķekavas pag. Ķekavas lapkritis

LV-2123

Tel: + 371 67517310

Fax: + 371 67517311

aibe@aibe.lv

www.aibe.lv

Profile: Aibe is the biggest cooperative chain in Latvia as well as in Lithuania.

MEGO



Krustpils 12, Rīga, LV-1073

Tel: (371) 67775949,

Fax (371) 67775932

birojs@baltstor.lv

www.mego.lv + www.baltstor.lv

Import department:

BALTSTOR Ltd.

12 Krustpils str., Rīga

LV-1073, LATVIA

Tel: +371 67775910

Fax: +371 67775932

iepirkums@baltstor.lv

Mego started its activities in Latvia in September 1999.

The founders of MEGO are the companies Mono and Alianse.

Mego imports mainly through distributors. It is one of the smaller supermarket chains. The name BALTSTOR is more and more used.

Overview of the chain's brands:



96 stores



40 stores



6 stores

SKY (high end supermarket)



K. Ulmaņagatve 140, LV-1029, Rīga, Latvia

Tel: + 371 67860700

Fax: + 371 67860738

sky@sky.lv

www.sky.lv

The first supermarket was opened through a franchising agreement with a German company in Schleswig-Holstein. This small chain is different from other chains in Latvia because of the assortment that targets exclusively the richer part of the population.

There is a lot of import from Germany and the Netherlands. There are 4 Sky supermarkets.

Sky purchases its products through the company Skorpions.

Contact person there is Mrs Inga Balode

inga.balode@skorpions.lv

ELVI



Ritausmas street 23
LV-1058 Riga
Tel: +371 67618236
Fax: +371 67618242
info@elvi.lv
www.elvi.lv

Elvi had a hard time after the financial crisis of 2008 – 2009 but is still active. Elvi is a franchise based retail chain.

Elvi Latvia reported earnings results for the first quarter of 2015. During the first three months of 2015 Elvia Latvia grocery franchise increased sales by 12% against the same period a year ago. Profit was 66,100 euro and the company generated 2,868,000 euro in turnover.

Estonia

Maxima Estonia



Peterburi tee 47
11415, Tallinn, Estonia
Tel: +372 55566740
info@maxima.ee
www.maxima.ee

Import goes mainly through Lithuania (headquarters) and Latvia but more and more purchases are decentralised which means that Maxima Estonia is importing more and more on its own each year.

Maxima has 73 supermarkets in Estonia.

Contact via Litouwen:

MAXIMA GRUPĖ, UAB

Kirtimų g. 47
LT-02244 Vilnius, Lithuania
Tel: +370 5 219 6000
Fax: +370 5 219 6001
info@maximagrupe.eu



Turnover (euro), number of shopping centres and number of employees:



RIMI Estonia



Põrguvälja tee 3, Pildiküla Rae vald
 EE- 75301 Harjumaa
 Tel: + 372 6059400
 Fax: + 372 6059401
info.ee@rimibaltic.com
www.rimi.ee

Purchasing goes mainly through RIMI Latvia.

The discount shops of RIMI in Lithuania and Latvia are called Supernetto while in Estonia the name Säästumarket is used. The Estonian hard-discount chain Säästumarket started its activities in 1999 and counts 48 shops now. Private label is actively developed.

More information on the own website of Säästumarket - www.rimi.ee/kauplused/saastumarketid



Tallinna Kaubamaja AS

Gonsiori 2, 10143 Tallinn (= official address)

Office and purchasing department are located at Viru 4/6

Tel: +372667 3100

Fax: +372667 3205

tallinn@kaubamaja.ee

www.kaubamaja.ee, www.selver.ee

Tallinna Kaubamaja AS was the oldest department store in Estonia (opened in 1960). The SELVER supermarket chain belongs also to the Kaubamaja group. The Selver chain has 44 shops of which 14 in Tallinn. 30 shops belong to the category “supermarket” (= 2,500 m²) and 5 to the category “hypermarket” (more than 2,500 m²). Selver was the first supermarket chain that introduced a private label into the Estonian market (1999). The second chain that followed was Rimi Eestija in 2003. Selver has tried to get into the Latvian market but these plans were postponed after the financial crisis of 2008 – 2009.

The contacts for the Selver chain:

A-Selver AS

Pärnu mnt. 238, Tallinn 11624

selver@selver.eu

Tel: +372 667 3800

Fax: + 372 667 3801

Purchasing director: Katrin Riisalu

katrin.Riisalu@selver.ee

Tel: +372 6673815

ETK Estonia



(Eesti Tarbijateühistute Keskühistu)

Kalda 7c

11625 Tallinn

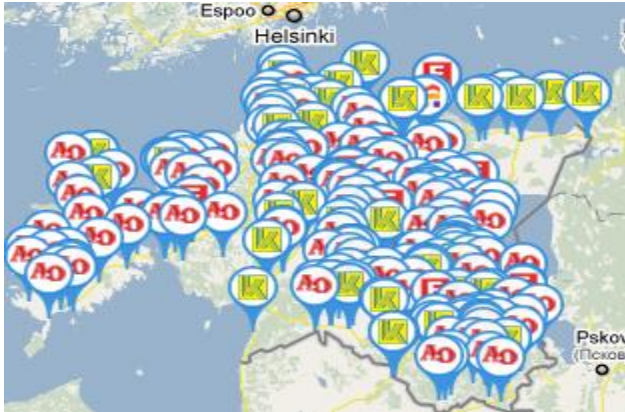
Tel: +372 671 0500

etk@etk.ee

www.etk.ee (only in Estonian)

ETK is clearly the market leader in Estonia with a market share of 21.5%. This cooperative organisation was founded in 1917 and has shops almost everywhere including the smallest villages. This gives ETK a strategic advantage over the other chains.

The net turnover of ETK was in 2014 around EUR 464.5 million. The biggest turnover is generated by the KONSUM-chain followed by A ja O and E-Ehituskeskus. In total the cooperative has around 360 shops.



Prisma



A.H.Tammsaare tee 118D
12918, Tallinn, Estonia.
Tel: + 372 680 9600
Fax: + 372 680 9609
info@prismamarket.ee
www.prismamarket.ee

Since the beginning of the activities of the Finnish SOK group in Estonia in the year 2000, 6 hypermarkets in Tallinn, 1 in Narva and 2 in Tartu were opened. The biggest part of the products are from Estonian origin. The Prisma chain is also (in a limited way) present in Latvia and Lithuania and is looking into the possibility of increasing the number of hypermarkets in these countries. In Latvia there are 5 hypermarkets and 4 in Lithuania.

The Finnish S-group, controlling the Prisma chain, gives the possibility to Estonian producers of food products to sell under private label to the Finnish shops of the group. Also Latvian producers are getting this chance.

The SOK group has 62 hypermarkets in Finland, 38 sokos hotels, 20 sokos shopping centres, 7 hotels Radisson SAS, 380 S-supermarkets and 550 restaurants and is one of the two biggest players in Finland (with a market share of 43% in Finland).

More information on www.s-kanava.fi



R - Kiosk Eesti AS (= Rautakirja)

Põikmäe 2, Tännasilma

76406 Saku vald, Eesti

Tel: + 372 6336080

info@rkiosk.ee

www.kiosk.ee

Profile: R-kiosk is the biggest kiosk chain in Estonia. Based on franchising. Finnish origin.



Stockmann Department Stores



International Operations:

Stockmann plc

Takomotie 1-3

P.O.Box 147

00381 Helsinki, Finland

Tel: +358 9 1211

Fax: +358 9 346 3190

www.stockmangroup.com/en/markets

- Stockmann's 3 divisions are: Stockmann Retail, Real Estate and Fashion Chains.
- The divisions operate in eighteen countries.
- The revenue in 2014 amounted to 1 844.5 million euro.
- The last two years the growth was negative.

Stockmann Tallinn:

Liivalaia 53
 10145 Tallinn, Estonia
 Tel.: +372 6 339 539
 Fax: +372 6 339 556
www.stockmann.ee

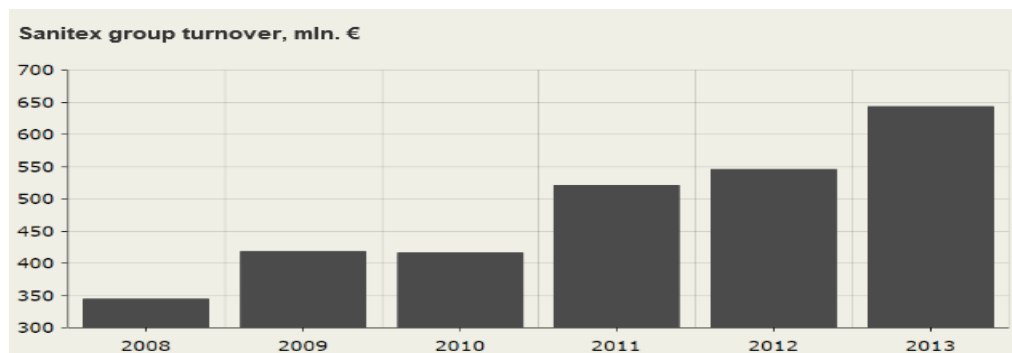
Estonia is the 3rd market for Stockmann, Latvia is the 4th market and Lithuania the 7th (Russia the 2nd).

CASH & CARRY

Lithuania

Maxima Baze - www.maxima.lt = Cash & Carry for commercial entities (restaurants, shops etc.).

Sanitex - www.sanitex.lt: Sanitex opened its first cash & carry in Lithuania in 1997. At the moment there are 7 outlets that are located in the 7 biggest cities of Lithuania (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys, Alytus and Utena).



Latvia

Cash & Carry outlet of the distributor **Reaton** - www.reaton.lv

Estland

Cash & Carry Supernetto of the RIMI chain - www.rimi.lv

Abestock - www.abestock.ee

Kaupmees - www.kaupmees.ee has also 7 Cash & Carry outlets that target hospitality industry, companies, shops and other distributors

Sources of information

- Publications and information provided by the Department of Statistics of Lithuania
- (Statistical Yearbook 2014 and other periodicals)
- Publications and information provided by the Central Statistical Bureau Latvia
- (Statistical Yearbook 2014 and other periodicals)
- Publications and information provided by the Statistics Estonia
- (Statistical Yearbook 2014 and other periodicals)
- Articles in the Lithuanian business daily Verslo Zinios
- Articles in the Lithuanian daily Lietuvos rytas
- Articles in the Baltic Course
- Information provided by the Baltic Business News
- Interviews with retail trade experts
- Information provided by EUROSTAT
- Information provided by the major local banks
- Information provided by the local ministries of economy, agriculture, finance
- Information provided by the local economic development agencies (export and investment)
- Information provided by the statistical office of the OECD