

KONZUM

Market

Konzum is the leading retail chain in Croatia that operates in accordance with contemporary global retail standards in more than 700 sales locations across the country. Konzum is part of the Agrokor Group, the largest private company in Croatia, and one of the largest companies in Southeast Europe. Konzum's business mission is based on offering the best value for money through top-quality service meeting the needs of each customer; a carefully chosen assortment of quality goods, accentuating fresh, healthy and domestic products. In addition to its retail business, Agrokor has also intensively worked on the development of VELPRO wholesale operations.

Besides being a leader on the Croatian market, Konzum is also the leading regional retail chain on the market of Bosnia and Herzegovina with more than 120 stores. Its retail entrance into the market of Serbia was undertaken under the brand name IDEA that operates in more than 100 stores.

The success on the regional markets has fulfilled Konzum's business vision of being the best retail chain in the region and setting the benchmark of quality and professionalism in all segments of its business – the first choice to its customers, a desirable employer to its employees, a reliable partner to businesses and a socially responsible company. The values on which Konzum builds its success are quality, courtesy, trust, innovativeness and understanding the needs of its customers.

Achievements

Konzum d.d. has won several important awards and certificates for its business achievements.

In 2003, Konzum was named the most successful large company in Croatia by the Croatian Chamber of Commerce in Zagreb. In 2004, it received an award for establishing the widest national sales network which affected price adjustments to the benefit of the consumer.

In 2006, Konzum received two awards – the Golden Share, a special award for the highest growth of market capitalization and market price. That same year it received an award for continuing excellence in developing the quality of its service through the implementation of mystery shopping.

In 2007, Konzum received a special recognition of the Fund for Environmental Protection and



Energy Efficiency for contributing to environment protection through repurchasing waste packaging, as well as the Trusted Brand Croatia Award, voted by Reader's Digest readers, as the brand that people trust most in the retail segment. In 2009, Konzum received the FINA (Croatian Financial Agency) Golden Balance Award for generating highest profits.

Besides receiving recognitions and awards, Konzum has confirmed its excellence in business by implementing and certifying the HACCP system in all its Super Konzum stores and in the entire VELPRO chain of wholesale centres. The certification procedure was carried out by the globally renowned and recognised institution, Bureau Veritas, in accordance with national and international norms so as to ensure the highest level of health safety and food quality within the Konzum sales chain.

History

The tradition of the name Konzum, which has always been tied to the idea of quality and high level of service, has lasted for more than half a century – since the opening of its first supermarket in Zagreb in 1957. Unikonzum was established in 1970 through the merger of four retail chains and was incorporated under the provisions of the Law of 1992. The following years brought significant milestones in the company's history; in 1994, Agrokor became the majority owner; a year later Unikonzum changed its name to Konzum and

opened Super Konzum in Vukovaska street – the first supermarket in Croatia based on global retail sales standards. Further development included the remodelling of stores, modernising the company's image and improving overall business. In 2000, Konzum intensively expanded its network of stores and opened a logistics-distribution centre in Zagreb, the largest one in this part of Europe. Reflecting its considerable growth and development, the company Konzum introduced a new visual identity in 2004. Between 2005 and 2007 Konzum further developed its sales network and future business based on an expansion in the segment of large format stores – Super Konzum, of which there are now 42 all over Croatia. The year 2006 marked the beginning of PLUS market partnerships within Konzum's wholesale operations, while 2007 saw a strengthening of its leading market position and the opening of more than 70 new sales locations. In 2008 and 2009 Konzum continued with the expansion of its retail network and the improvement of its business through the implementation of new and innovative retail technologies and standards.

VELPRO

VELPRO, a partner for professionals, with its 17 wholesale centres throughout Croatia is focused on fulfilling the purchasing needs of hotels and caterers, companies and the public sector and all other businesses that can find all the necessary supplies for their business at one place. In all VELPRO centres customers can find a varied and rich assortment with more than 12,000 items, among them a great number of products by domestic producers. One of the main characteristics of its business is the active



connection with small shops in the Plus market system, where VELPRO positioned itself as a strategic partner in conveying modern business standards to small shops. Through Plus Market partnership VELPRO improves the business operations of small shops in times of expansion of large retail chains and market consolidation, increasing their turnover and profitability through lower buying prices and providing them with well-known marketing support and point of sale standardisation. VELPRO is also one of the key distributors of consumer goods in the hotel and catering sectors. VELPRO centres continuously offer a wide assortment of goods to all HoReCa segment businesses at one place, including fresh assortment, drinks, non-food products, as well as equipment for catering facilities. VELPRO centres offer their customers a fast and efficient delivery, favourable prices, frequent sales offers and the



possibility of delayed payments. VELPRO is also the regional wholesale leader in Bosnia and Herzegovina with 2 wholesale centres, while in Serbia its wholesale network consists of 7 wholesale centres.

Product

KONZUM, with its modernly equipped stores situated in the most attractive locations, offers top service, the highest quality of products and the most favourable prices. Konzum pays a lot of attention to the fresh assortment - dairy products, fruits and vegetables and fresh meat of controlled domestic origin, daily fresh bakery and dairy products. Its modern logistic and distribution centres enable Konzum to supply its stores on a daily basis with fresh fruits and vegetables as well as other products. Konzum annually buys more than 175,000 tons of fruits and vegetables for its points of sale. The ample supply of high-quality fresh meat in Konzum is additionally enriched with quality meat labelled as "controlled meat origin", which comes from modern and equipped Croatian farms.

Recent Developments

Konzum's online store is continuously developing in all segments of its business and attracting a large number of customers. The online shop offers more than 20,000 products including all fresh products: fruits and vegetables, meat and fish, bakery and dairy products.

Special prize offers are also available to customers of the Konzum online store. Specialised vehicles deliver ordered goods directly to your home, which is a remarkable advantage in the fast pace of today's life and business rhythm. The continuous enlargement of delivery areas is one of the key elements contributing to the improvement of service to end users, with delivery now being possible not only in the Zagreb area, but also in Rijeka and Opuzen.

Additionally, Konzum offers the unique possibility of paying utility bills at Konzum points of sale. Konzum was the first to introduce this unique service in Croatia, offering its customers the possibility to pay their utility and other bills with the 2D barcode at cash desk after their purchase. This payment service is available in Zagreb, Varaždin, Rijeka, Osijek and Split at 97 locations of Konzum Super, Maxi and small shops bearing the sign "You can pay your utility bills here". American Express, Diners, the city of Zagreb utility bill, RI stan, T-Com, T-Mobile, Tele2, Varaždinski komunalac, VIPnet,



Vodovod i kanalizacija Split, HRT, Gradska plinara Zagreb, Optima Telekom are just some of the bills that can be paid exclusively in cash registers at Konzum points of sale. This service is available due to the cooperation with Privredna banka Zagreb, and it is planned to increase the number of partner companies whose bills will be payable at Konzum

cash registers. Konzum Plus Card points are awarded for the bill payments— for every bill one point is awarded.

Promotion

Building quality relationships with its customers is the foundation of Konzum's business, especially for its loyal customers taking part in the Konzum reward program through their Plus Cards. With every purchase in Konzum stores customers collect points, every three

months coupons are received which enable customers to obtain other benefits such as free products and discounts on selected items. Besides regular coupons, customers also receive a booklet with rewards and coupons that can be used in Konzum stores. In each calculation period Konzum rewards 1,000 customers with 500 kuna of free purchase. One of the additional benefits is the possibility of collecting points for up to 3 additional users on one Konzum Plus Card. Today this program has 800,000 active members who regularly use the Plus Card and obtain favourable purchases and the number of users is growing continuously.

One of the additional means of Konzum's communications with its customers is its new and attractive web page where visitors can enjoy a rich variety of useful information divided in two sections – general and corporate information. Visitors can thus find everything about the newest price offers, weekly and daily promotions, prize contests, current events, news and all other activities Konzum conducts on a regular basis. The corporate web site contains information about the mission and the vision of the company, history of its development, quality, financial indicators, recognitions and annual reports.

One of the key points of Konzum's business policy is its orientation towards sports. Thus Konzum, as a proud sponsor of the Croatian football and handball teams, supports the best Croatian sportmen.



Brand Values

In 2001, Konzum began to develop its own K Plus brand, allowing customers to purchase high quality products at affordable prices and extending an additional comparative advantage while shopping in Konzum. The range of K Plus products was created mainly in cooperation with reputable national producers. The continuous control of the origin and production process according to the world's best experience, the design of the packaging and favourable prices have ensured outstanding quality for Konzum's private brands and excellent acceptance by consumers. Within the range of its own brand Konzum has developed Standard, a line of products characterised by a very convenient price and simple packaging, and in the assortment of VELPRO wholesale centres the brand Rial has been developed, aimed at satisfying specific needs of wholesale buyers. Additional attention has been paid to developing the premium segment of the private label under the name Volim najbolje (I love the best). Premium products are characterised by high quality and attractive design with the aim of accenting the specificity of every single product.

www.konzum.hr



THINGS YOU DIDN'T KNOW ABOUT...

Konzum

- Konzum rewards its loyal customers through Konzum Plus Card coupons with more than 50 million kunas per year.
- Konzum's sales locations are visited daily by more than 650,000 customers.

