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THE PLACEMENT OF PLANT-BASED ALTERNATIVES TO MEAT PRODUCTS IN SUPERMARKETS IN FINLAND

Bachelor's thesis

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Supervisor: René Arvola, PhD

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 7180 words from the introduction to the end of conclusion.

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ABSTRACT

The aim of the study is to find out how and on what basis plant-based meat alternatives are placed in the Finnish supermarkets. This study covers the main principles of product placement in retail stores, usages of planograms and plant-based meat alternatives market in Finland.

The author chose a qualitative approach and data was collected through in-depth interviews with five retail store owners/workers. The data was then analyzed using content analysis method.

The research resulted in a finding of plant-based meat alternatives being divided into three main categories and placed according to them in the store. Plant-based meat alternatives requiring cooling are placed next to meat products while ambient products are in dry food category and tofu mainly in dairy category. This study also revealed retail store owners/workers lack of knowledge towards planograms and the tendency to make decissions of categories and product placements inedependently.

Keywords: Retail product placement, Retail display, Plant-based meat alternatives

INTRODUCTION

As the population of the world is increasing rapidly the world can not sustain current consumption of meat. Current livestock production demands excessive amounts of land and water. Additionally, it produces greenhouse gasses and nitrogen. One of the solution to this problem has been plant-based meat alternatives. Currently there are a lot of different products of plant-based meat altrnatives. It is a common missconception that these products are developed in the recent years. For example, tofu which is made from coaglutaded soy milk has been consumed since 965 CE. (Lee *et al*. 2020) Consumption of these products are expected to skyrocket due to people understanding the limits of the planet. Boston Consulting Group estimated on their report that in 2035 plant-based meat alternatives will cover 11% of the whole protein market. (Witte *et al.* 2021). Additionally, there are ethical and health aspects considering eating meat. Great consumption of red meat has been linked with heart disease, cancer and diabetes. The idea that humans are required to consume meat has been debunked ages ago. (Harvard Health Publishing, 2020) Among these facts the author of this thesis underlines the importance to study this.

The amount of different plant-based meat products increases which leads to a question of the right placement of these products in grocery stores. The popularity of plant-based meat alternatives is increasing fast and these products are on the way to become an ordinary household commodity. Therefore it becomes more vital for the retail business to place these products so that consumers can find these ecological meat substitutes more easily.

Currently placement of plant-based meat alternatives differs from store to store. It is time consuming for the author of this thesis to search these products while doing the daily grocery shopping because the placement of these products differs depending on the store. The author would appreciate to find in his neighbourhood stores a clear category of all available plant based meat products - the same way as there are currently categories for meat, fish, dairy etc. The author's vegetarian lifestyle and time spent in grocery shopping has lead him to be interested to find out what drives the retail stores in placing these products and in general what are the rules and practices of product categorization and placement at retail stores.

The research problem of current thesis is how and where plant-based meat alternatives are placed in supermarkets. Author noticed that there are not yet much research available on plant-based meat alternatives and their in store placement. There are some research on optimal product placement in retail stores and research on plant based proteins but a research of a combination of these two topics is at least rare if not missing. Therefore the aim of the thesis is to find out how and on what basis the plant-based meat alternatives are placed in Finnish supermarkets and the following research question was formulated:

- What are the principles for placement of plant-based alternatives in Finnish supermarkets?

To gain information and better understanding about this problem the author used qualitative research method and conducted an in-depth interview with five retail store owners/workers across Finland.

This thesis consist of three chapters. The first chapter will cover theoretical approaches to product placement in retailing and usage of planogramms. The second chapter will have relevant background information on plant-based meat alternatives and their current market in Finland. The third chapter will explain research methodology as well as the data collection and analysis method. Following with results of this study. At the end of the thesis there will be conclusion, list of references and appendix.

1. THEORETICAL APPROACHES TO PRODUCT PLACEMENT IN RETAILING

This chapter is dedicated to give overview on theorethical base of product placement in retail store and the usage of planograms.

1.1. Theoretical principles of product placement

There have been a steady increase of products available for customers in the past decades. Retail stores face difficulties in deciding where and how each product should be placed optimally. As the competition in retail increases optimizing products to their proper place in the store becomes important. There is a clear connection between appropriate product placement and consumer demand. Since physical store space is always limited the retail owner should try to maximize profits with allocation of products. Also great space allocation has effect on both performance and image of the retail store. (Bianchi-Aguiar *et al.* 2018).

Everything starts on how products are categorizised in retail stores. Products in the retail stores are categorizised as part of product families. Merchandising rules states how retail store owners allocate products to shelves. Merchandising rules are recommendations which help to point out optimal location of the products by focusing on the core product family. By dividing prodcuts into product families retailer can draw consumers attention better and create new stimulus for consumer. For example, clothing stores usually have matching outfits which may lead to customer buying more what she or he intended in the first place. (Bianchi-Aguiar *et al.* 2018).

One of the top priorities of retail stores is to keep the store profitable. There are multiple variables that affect on the performance of the store. One where the owner can have an effect is how profitable and optimized the shelves are in the store. The history of shelf-space optimization has somewhat long history. First research on shelf-space optimization reaches all the way till 1970's. Earliest models focused on maximizing profits using graphical approach taking into account the space elasticity of shelves. The term space elasticity referes here to the measurement of

profitability of space in the shelves. One of the most refered study the Corstjens and Doyle (1981) stated that the amount of space given to certain product have an effect on demand. This effect has a diminishing return. Meaning that at some point adding more products to shelves does not increase the demand.

Later development of shelf-space optimization models combined display area and optimal brands together. Anderson and Amota (1974) developed a model in which they used consumers brand preference as one of the key variables. This lead to product placement being allocated by brands that were preferable to consumer. According to the model the connection between brand and sales data would then maximize profits of the retail store. The most modern approaches to solve this problem has been by using different mathemathical algorithms and softwares to gain information for best placement of products. (Lim *et al.* 2004). These softwares have pros and cons. They provide realistic view on shelves and manage to allocate products using factors such as turnover, gross profit and margin. They are capable to assist retail owner to allocate product placement but softwares can also be weak and ignore the demand effect. Softwares do not take into account the existing effects of shelf space on product sales. Also, programms have difficulties to predict human behaviour affecting demand. Trends, movements and "unrational behaviour" is impossible to be recognized by these softwares currently. Therefore, these softwares are not completely solid answer to this problem but they can be used to assist retail owner and they are also used to work with planogramming. (Irion *et al.* 2004).

Literature on optimization of shelves is limited and is considered to be a very difficult topic in retailing. According to (Hansen *et. al* 2010) who conducted a large scale study and created a model came into conclusion that: "horizontal position, vertical position, and number of facings each affect the performance of the items within the shelf-space." Further, he also stated that this like every model should not be taken as a fact but more as a tool to help placement of products.

It is beneficial for both retail owners and product suppliers to have a good and healthy relationship with each other. Working out an ideal shelf space and position of the products can build stronger relationship between the retail owner and supplier. Therefore, shelf position and shelf space has to be in proper form to give a professional image to supplier and to end customers. If a customer experiences poor placement of the products it can affect to the quality and image of the product. (Ali 2020).

Another important factor of product placement is visual merchandising. It is commonly understood that advertising attracts customers to visit retail stores but in addition to advertising product display is as important. Micro merchandising as a term refers to a retailer taking care of products visuals and aestetic aspects. In retail store envinronment consumer should be able to touch and inspect products.Visual merchandisign strategy chosen depends on the products in question. The more commitment the product needs to be purchased the more the solutions of the retail store are required to help consumer. As an example if a consumer is considering on buying a completely new or complicated product just great visuals may not do the trick and lead to buying decision. That consumer might need some visual merchandising that leads him to turn to a sales representative and finally to interaction between product and consumer. In the modern day visual merchandising is as important as great employees in retail store. Effective product display combined with professional employees increases consumers willingness to consume more and may convert passive consumer into active. (Markkanen 2008, 123-125)

There are differences on wetherthe products should be placed vertically or horizontally on shelves as the placing has different effects on consumers. Vertically placed products are easier to compare to each other since consumers only has to move eyes up and down. Newer products should be placed vertically. Vertically placed products are not good if the products are too different in price because the more valuable brand suffers from comparing. Horizontally placed products attract more impulsive buying behaviour when the products are in direct line of sight. The downside of horizontally placed products is that often consumer does not drawn attention to shelves that are at the bottom. (Markkanen 2008, 127-128)

1.2 Planograms as a tool for product placement

Planograms are tools that help retail stores visually place products. Planogram is a visual drawing that represent products place in the shelves. Planograms vary depending on size, location and assortments of the store and what software retail owner is using. The most elementary way of using planogram is creating a picture of a shelf containing desired products on it. Planograms can also go as much in details as the retail owner desires. Planograms are useful specially for large retail stores that may have large number of different products. (Hudson 2021). There are many reasons

why retailer would use planograms. Using planograms can improve sales, margins and it helps optimizing space in the store. Planograms allow retail owners to collect data on both displaying and product placement. Having products visually laid out helps to pinpoint strengths and optimize products to increase sales. With time retailer can compare sales to planogram to point out which products have strong positions and what needs to be readjusted. As retail space is expensive and limited optimization of space is a crucial factor in success of retail business using planograms can be cost effective. Modern planograms can help employees to replace products that have been sold out or that do not rotate well enough. Modern planograms can show real-time data when products are picked from shelves and alert the employees to replace prodcuts to shelf. (Sheehan 2021). Other reasons to use planogramms are better visual appeareance which can lead to better customer satisfaction. (Hudson 2021).

Retail stores use visual aids also when planning store layouts. The store layout refers to all physical and non-physical aspects the store owner can control and make an impact with. The overal layout of the store has an effect on the consumer. There has been numerous studies and one of the first studies was done already in the 1970's by two psychologist Albert Mehrabian and James Russels. They developed a model which was based on three different stages. These stages are stimulus, organism and response. In this perspective the stimulus represents store envinroment, customers and employees are organisms who react and create emotional presence which leads to a response in customer behaviour. According to this model the customer behaviour and how much time an individual stays in the store can be affected through satisfying store layout. If consumer spends more time in the store there is a higher possibility that the consumer is exposed to new stimuluses and this may lead to consuming more. (Markkanen 2008).

2. BACKGROUND INFORMATION

2.1 Plant-based meat alternatives

“The consumption of meat contributes significantly to undesirable effects on the environment. In order to reduce the impact of animal husbandry, one approach is to decrease meat consumption by substituting plant-based meat alternatives.” (Fabienne *et. al* 2021). The animal husbandry is responsible for approximately 30 percent of the greenhouse emissions of the world. This is due to livestock using excessive amounts of water, animals requiring land and releasing nitrogen and methane gasses into atmosphere. (Steinfeld *et al* 2006).

Plant based meat alternatives are relevantly a new topic. In the last two centuries there has been a huge increase of options to choose from. Nowadays, there can be seen a progressive shift to produce meat alternatives. According to Marketsman study there is a clear increase of demand towards plant-based meat alternatives since a growing amount of people are more concern about the environment. On contrary there are barriers that affect acceptance of plant-based meat alternatives. Wansink *et al.* (2005) wrote about these barriers on their study. From historical point of view there has been times where there was shortage of meat. These times required solution for protein intake and plant-based alternatives were couraged to replace meat. Soy-based foods were introduced to daily diet. However the taste of those times alternatives was not great. This led to prejudice towards soy products and build barriers towards plant-based meat alternatives.

“The production process for plant-based meat alternatives has been around for a long time. Raw ingredients such as pea (in Latin *Pisum sativum*), wheat (in Latin *Triticum aestivum*), and soya beans (in Latin *Glycine max*) are processed to yield extracts and isolates that provide the main taste of plant-based meat alternatives. These derivatives are then subjected to processes to transform them into meat-like products.” (Zhang *et al.* 2021, 708-709)

Plant based meat alternatives are not anymore small segment. Especially in the western and northern Europe usage of plant based protein sources are expected to increase in the future. It is just not vegetarians or vegans who are consuming these alternative protein sources. According to European Comissions report 90% of plant-based meat alternatives consumers are flexitarians. (European Commission, 2018) Geographically plant-based meat alternatives companies are spread around. The majority of companies are located in North-America but are spreading through Europe and Asia. Vast majority are fairly new compannies established in the last decade. (Choudhury *et al.* 2020).

2.2 Market of meat alternatives in Finland

The Finnish grocery trade is similar to other Nordic countries: main assortment decisions, procurement and logistics are centralized and grocery trade is formed in chains. According to the Finnish Grocery Trade Association this structure is necessary to be able to keep sufficient cost efficiency in a sparce populated country with long distances between cities. During the last 25 years the number of market-size stores has gone down from nearly 10,000 stores to less than 2,800 stores but the at the same time assortments have tripled. Centralized procurement, warehousing and developed IT management systems has made this possible. Around 30% of all stores account for more than 80% of the Grocery sales. Large stores are more cost efficient but smaller stores have also a good justification for their existence. They have an important role in maintaining the food supply and habitability in rural areas of the country. In 2020, the value of grocery retail sales was more than 20.2 billion euros. 82,9% of all grocery trade went through the two biggest grocery trade groups: S Group (SOK) and K Group (Kesko). Lidl's market share is 9,5%.

S Group consists of 19 independent regional cooperatives and SOK, which is owned by the cooperatives. In addition, S Group includes six local co-operatives. All logistics, procurement, pricing and assortment decisions for all S Group chains are made centralized by SOK. Local store managers in don't have a possibility to add or delist any of the products of the assortment or affect to pricing.

K Group / Kesko Food manages the K-food store chains and is responsible for purchasing, marketing and logistics operations and store sites. The management of the K-food stores is in three units which are K-Citymarket, K-Supermarket, K-Market. K-Citymarket non food departments are owned by Kesko and the food departments are owned by the shopkeeper, who are entrepreneurs. Therefore the food assortments and pricing are advised and suggested by Kesko but the shop owner is able to make changes according to the consumer profile of the store.

The German discounter LIDL started in Finland 21 years ago and has reach a market share of almost 10%. LIDL has 180 stores in Finland that all sell food. Logistics, procurement, pricing and assortment are decided centralized at Lidl's headquarters in Espoo. (Päivittäistavarakauppa Ry - Finnish Grocery Trade, 2021)

According to Tilastokeskus between 2012 and 2016 vegetarian diet started grow in number and spread around Finland. On their consumption research in 2012 only 5,3 % of respondents did not consume any meat products within two weeks. On 2016 the number had increased to 8%. Also, the research claimed that overall consumption of meat had reduced. The group that consumed the lowest amount of meat was between ages of 17-24. The metropolitan area of Finland had higher amounts of people who did not consume any meat than rest of the Finland. (Lehto, 2018)

Of the European countries in 2018 Ireland was the largest consumer of vegetable protein with 0,65 kilograms per citizen. Finland was consuming about 0,2 kilograms per citizen. The vegetable protein market in Finland is growing steadily each year. Tofu and soy products are most familiar but legume based products are predicted to become most popular among Finnish consumers in the future. (Makery Oy, 2019)

Pulled oats was launched in 2015 and became huge sensation in Finland. It was first advertised as new innovation and it had excellent launch in the Finnish supermarkets. Pulled oats is manufactured by Gold & Greens and CEO Tina Hansen claims that the demand of plant-based meat alternatives is increasing due to the consumer awarness regarding climate change and livestock practice. (Lukkari, 2017) Since launch of 2015 Pulled oats has expanded to the Neatherlands and are currently expanding to United Kindom. One of their competitive advantages are that their product is one hundred percent vegan and contains as much protein as beef. Also it is easy and versatile to use and has great nutrition values. (Paulig Group, 2020)

Beanit is manufactured by Verso foods which was launched in 2016. Their product Beanit is made from fava beans that are pre-cooked. It's key features are: high protein, tender texture, versality in cooking and short preparation time. Fava beans are not new invention. According to Verso foods CEO Tarja Ollilla fava beans have been cultivated since 13th century. (Suomalainen härkäpapu, 2021)

There are a few companies selling soy products in Finland. One of the biggest is Soyappétit. Soyappétit provides texturized soy protein in various forms. Soy is a legume with a uniquely varied nutritional content. It is packed rich in fibers, calsium, magnesium and vitamins. It has a dense protein structure and is lactose and glutein free. Soy products have belonged to western food culture since 18th century since they are affortable plant base protein product. The biggest growers of soy are United States, China and Brasil. (Soyappétit, 2019)

3.2 Data collection and analysis

This chapter the research method and the data collection process are explained. To examine how products are placed in the Finnish supermarket qualitative research method will be used.

The research question was as followed: What are the principles for placement of plant-based alternatives in Finnish supermarkets?

The primary data was collected through MS teams and phone calls. The data collection took place between 26th of April and 29th of April.

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3.1. Research method and justification

Vast majority of scientific research contains either quantitative or qualitative research methods. These are not completely opposite to one and other but there are clear differences. Quantitative research method focuses on analysing data objectively and statistically to gain understanding of the problem. Whereas qualitative focuses on analysing data from subjective perspective. (Hirsjärvi *et al.* 2004)

According to (Salkind 2009) qualitative research is "social or behavioural science research that explores the processes that underlie human behaviour using such exploratory techniques as interviews, surveys, case studies, and other relatively personal techniques " Qualitative research is focused on the people and their thoughts and reasoning. In another words qualitative research is humanistic. Researcher will get non-numerical data but gains understanding of subject's beliefs, experiences, attitudes, and interactions. From historical point of view qualitative research was first used by psychologists when they were evaluating human behaviour. From there qualitative research has spread to other subjects as well. (Babu *et al.* 2013)

The aim of this research method is to analyse human activities and thoughts and explain them. The basis of qualitative research is to get all comprehensive description of real life and the aim is to get as close to the truth that is possible. Additionally, qualitative research includes aim to create theory in which researcher can generalize and explain other phenomena. This study method is appropriate for research when researcher wants to understand, experience, and get perspective from participants. (Hirsjärvi *et al.* 2004).

Interviews, focus groups and participant observations are most common ways to collect qualitative data. In qualitative research the study group is most often pre-determined and not chosen randomly. Interviews are either unstructured or semi-structured. If the interview is done casually without researcher directing the conversation the interview is unstructured. Participants on unstructured interviews can tell stories and may improvise the question asked. On the other hand semistructured interview are more focused on the researchers agenda and are most often developed through interview guide. Interview guide usually have list of questions and guidelines to keep interview on specific topic. Both have strenghts and weaknessess. Semi-structured interview allows control for the researcher to remain in topic and ensures that the question is completely understood by the participants. On the other hand, it may restric or limit the freedom of the participant and can be time consuming. The benefits of unstructured interview is that it can lead to in-depth information about the matter and are usually more flexible. The down side is that there is a risk that the interview drifts too far away from the research problem. (Fossey *et al.* 2002)

The author of this bachelor thesis believes that using qualitative research method is justified because the principles of displaying of goods is primarily decided by the retail owners and therefore it is logical to inspect this problem through retailers' point of view and not from consumers point of view. To get deeper insight and information of this research problem the author conducted semistructured interview with supermarket owner or manager.

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3.2. Collection and analysis of data

The author of this thesis contacted 5 different retail workers or store owners and asked them for interview. The interviews were conducted via telephone due to Covid-19 and lasted approximately

15 minutes. Participants were either deparment chiefs or owners of K-citymarket grocery store across Finland. As stated above the author believes that leaving S-group out of this study is justified due to the fact that all the logistics, procurement, pricing and assortment decisions for all S Group chains are made centralized by SOK product managers. Therefore interviewing them would not give quality information to this study. Additionally, the author wanted to have interviews with variety of locations. By contancting different locations of Finland the author believes to get more broad data to analyse and discover potential aerial differencies.

To avoid any misunderstanding between the author and the owners of the respondents the interview was conducted in Finnish. The participants were noted that the interview was being recorded and a quick explanation of the study was given. Names of the interviewees were changed to numbers between 1-5 to protect their anonymity. The interview consisted of 12 questions that were pre-determined. (Appendix 1). Interview questions were divided into three groups to connect theory to the study. First group of questions focused on the current state of the plant-based meat alternatives and how they currently are in the store. The second group was about planogramms. The third and last group focused on the future potentials of plant-based meat alternatives.

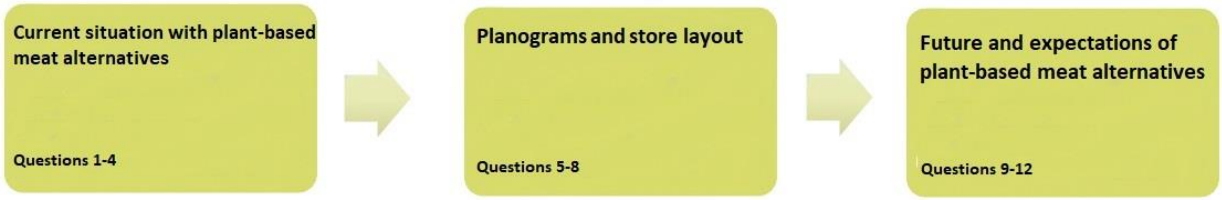

Figure 1
Source: Prepared by the author

Most often the hardest part of qualitative research is the analysing the material the researcher has gathered. Most common analysis method is content analysis. It is common practice in content analysis to write down the recorded material. Obviously the researcher has to keep in mind and contemplate what material is important to attract and what is not. The main objective of this analysis method is to summarise data to an understandable form and get most important facts about the problem. (Kankkunen & Vehviläinen-Julkunen, 2013)

3.3 Principles of product placements in retail stores

The beginning section of the interview was about plant-based meat alternatives categorization and how they are placed in the store. First respondents were asked to describe what plant-based meat alternatives they currently have available in their store. This question was asked to see what comes first in mind of the respondent when talking about plant-based meat alternatives. Most often without hesitation the respondents started listing products that are comparable to minced meat such as Pulled oats, Beanit and Mifu. Only one of the respondents remembered soy-products. After that the author asked are they placed seperatly or in the same location. All except one stored them separately in the store. This was due to few reasons. Plant-based meat alternatives come in variety of forms. They are categorized in three groups: frozen products, dry products and chilled products. As one of the interviewee stated:

"Since there are three different cooling levels, if we would want to bring them all (products) together we would have to do massive renevation to our store." – Interviewee 3

After responses the author continued with a follow up question " Do you think consumers find these products easily since they are located seperatly in the store?" All of the respondents were confident that their plant-based meat alternatives are easy to find in their store.

"If we are talking about those plant-based meat alternatives that require cold fridge I am confident that our customers can find these products since they are located next to meat products such as minced meats." – Interviewee 3

"Yes it is easy for consumer to find them for example; those products that are close to and are relatable to minced meats are located next to them and dry products such as texturized soy are together." – Interviewee 5

The only retail store that had all plant-based meat alternatives together was the northernmost located store. As the owner stated:

"*As we are sparsely populated, trends that start in the metropolitan area comes here with delay. The demand of these products is marginal here."* – Interviewee 4

Overall the geographical location of the store have a huge impact on demand and importance of plant-based meat products. This was noted in severall ways. The further away from metropolitan area of Finland and less densed populated area the store was located had clear effect on demand of these products.

"As you may be aware Finland is a long and narrow country. We have to understand that you do not have to travel more than 100 kilometres away from Helsinki and the situation is completely different. Furthermore you go 200 kilometres away and these people have not even heard about plant-based meat alternatives." – Interviewee 2

One interviewee stated that they have seasonal change on consumption of plant-based meat alternatives. During summer season they have a spike in the demand of plant-based meat altenatives due to the fact their store is located next to a town where people have lot of summer cottages.

When asked how categorization of products is decided and who plans them there was seen a similarity with answers. All except one participant agreed that Kesko gives the general categorization but owners do have a possibility and allowance to change them. Additionally, among categorization smaller sub-categories are made in order to help customers to better find suitable products. For example, one participant stated that they had created an own gluten free category in their store. The author continued with question should plant-based meat alternatives have its own sub-category the respond was negative. Respondents rationalized that there is not enough demand to create own sub-category for plant-based meat alternatives.

Author of this thesis wanted to understand how indipendently retail owners/workers make decissions on their store categories. One participant who was the owner of the retail store stated that he has a complete charge of the store and can do whatever he pleases.

"Every retail owner decides himself, after all I am an entrepreneur, right… I do what I see is best for the store but ofcourse I understand that Kesko wants to guide and give suggestions but in the end it is the owner who calls the shots or obeys Kesko." -Interviewee 3

The author of this thesis finds this to be a very interesting finding. This can cause problems between the management groups of Kesko and entrepreneurs. From Kesko's perspective it would be beneficial to have similar categories to correspond to their websites information. On the other hand, from the entrepreneurs point of view customer satisfaction and sales are what matters the

most. This debate between two parties most certainly concerns not only plant-based meat alternatives but all products in the retail store.

3.4 The importance of planograms and product placement in shelves

In general there was a lack of knowledge about planograms. Most of the respondents did not even know what a planogram means or had a slight idea of hearing about the term. Two out of the five respondents stated that Kesko makes planograms of shelves and layouts for the store. They are pre-made but retail owners are allowed to customize them according to their customer base.

One respondent that knew about planogramms stated a few interesting points about retail store planograms. *"There are multiple different programs to use for planogramms and it would take ages to cover them all. Planograms usage depend on the size, location and sales of the store and what assortment they have available in the store. On top of that big suplliers of coffee and beverage plan and make the planograms for the categories they represent. Beverage suppliers prefer vertical planning to emphasize branding. These manufacturers come with ready plans and build the shelves according to their own plans."* – Interviewee 2

Because of the small amount of respondents using planograms it became obvious that only a few were able to further discuss of the product placement on the shelves. This was surprising and confusing for the author as the asumption was that planograms are commonly used in retail stores, especially in one of the biggest chains in Finland.

The author continued with an open ended question with an intention to find out how respondents decide on product placement on the shelves. If the respondent did not know how to answer the author assisted by asking whether they use vertical or horizontal placing. Four out of five respondents stated that it is Kesko's decission and they just follow that. One respondent had a clear guidance stating that the products generating biggest margin always get the best shelf position which is at the eye level. Low margin products are located on the bottom shelves.

"As a rule of thumb or to generalize: smallest sales margin products are placed in the bottom shelves. Bottom shelves are considered as bulk products and do not deserve to be on the best seller

spot also known as in the middle and eye-level. This level is the one where we place the products that have the highest sales margin." -Interviewee 3

3.5 Future outlook for plant-based meat alternatives

As stated previously geographical factors play a huge role in the plant-based meat alternatives. All of the participants stated at some point of the interview that consumption and trends of plant-based meat alternatives spread out from the metropolitan area. Four out of fiverespondents recognize the growth of these products.

"Yes it looks like plant-based meat alternatives will continue to grow. Constantly we are facing new products and I personally believe that people are more open and brave to try these products." – Interview 1

"Yes it will grow: veganism and vegetarism are trends that will continue to grow, eventually it will arive even to here in Rovaniemi bit slower perhaps but eventually." – Interview 4

"Yes but slowly perhaps in next five years we might have more consumers using these products but currently it plays marginal role against its competitors. These plant-based meat alternatives are products that are mandatory to be available but do not make people to consume them in extreme amounts." -Interview 2

"Yes there is some evidence in our records. In recent years new products has come to surface. I remember when Pulled oats was heavily advertised they were flying of shelves." Interview - 5

"I do not think plant-based meat alternatives will change from its current consumption which is moderate. Consumption of Pulled oats and Härkis is not growing in our area there have been even slight movement of decreasing consumption. We have to remember that you are currently interviewing owner of retail store located in the country side. These people do not consume these so-called trendy foods but if we would be in Helsinki the story would be completely different." – Interview 3

On the question whether all plant-based meat alternatives should be placed together the author received a clear answer. respondents think that they should not be put togeteher and even had bad experience ohn tying that. The main reason for not combinding varios meat alternatives was because of the still quite low sales compared to meat and there are so many different products requiring different temperatures that it has not been profitable.
"We have had all plant-based meat alternatives that requires cool temperature together but consumers did not find them. So we had to move them where regular meats are so they can find them better." – Interviewee 3

First and foremost the most practical reason for not placing producs together is that there are different requirements of storing temperatures. For example, Härkis and Pulled oats require to be kept in refirigator and dry products such as textured soy protein can be stored in room temperature. Combining these in to one placement is time consuming and therefore nearly impossible. Another reason restricting this kind of placement is the still low sales volume. As one of the respondent stated:

"If the sales of these products would jump into next level, probably then we could talk about if we should combine these into one group. But right now it is not profitable". - Interview 3

There was only one store who placed all plant-based meat alternatives together. The reason for that is their remote location and low demand. This respondent also stated that they believe consumers will find products easier when they are placed together.This strategy is based on the customer needs: people seeking for plant based meat alternatives can find them easily in one place.

Some significant challenges conserning plant-based meat alternatives were found. Despite the predictions of fast sales growth of plant-based meat alternatives the sales is still moderately low in Finland. One of the reasons behind this is the high retail price of the roducts. Härkis and Pulled oats price per kilogram is much higher than price of minced meat. This restrics the consumers to try these products. As one of the interviewees said:

"These products have same price as normal meat but weigth less and are so expensive. These people around here do not want to try them if they can get product that they are used to for the same unit price." - Interview 4

Most of the interviewees did not seem to remember or mention soy-based products. However, texturized soy products are the cheapest option of the plant-based meat alternatives category. Since they are stored in dry category and next to grains theyare away from animal meats and do not get similar recognition.

CONCLUSION

The aim of the thesis was to research on how and on what basis plant-based meat alternatives are placed in the Finnish supermarkets. Additionally, explore and get a better understanding of how the Finnish grocery industry operates and how they see the importance of the plant-based meat alternatives.

To determine how plant-based meat alternatives are placed in the Finnish supermarket an in-depth interview with retail owners/workers was conducted. Five retail owners/workers across Finland were contacted and semi-structured interview was executed. The interview was divided into three main sections. The first focusing on the current situation of plant-based meat alternatives in the retail store. The second focusing on the usage of planogramms. The last part focusing on the future potentials of plant-based meat alternatives.

Placement of plant-based meat alternatives turned out to be more complex than first thought. The placement of plant-based meat alternatives is consist of multiple components. The most important factors affecting the placements are retail store owners own opinnion, sales volume and margin, decission making of the management team in central retail group (Kesko), category in question and the general theory of product placemetn and planograms.

Majority of retail stores have placed plant-based meat alternatives in different areas of the store for a few reasons. One reason being that different plant-based products require different temperatures to be keep them fresh. Another reason is that the sales volume is still relatively low and therefore it is not financially reasonable to place them together. Also, many of the consumer have expectations to find meat alternatives next to where regular meats are sold. Only one store combined all products together due to their remote location thereby affecting to demand and assortments.

The overall usage and knowledge about planograms was suprisingly low. Only two out of five interviewees had experience and knowledge about planograms. Planograms are for the most part made by Kesko but retail owners are allowed to change them. Planograms are adjusted by the store size, location and assortment. Products are placed on shelves based on sales volume and sales margin. As a rule of thumb, retailer prefers to place products with the highest sales margin to eye-level and in the middle of the shelve. Products that are considered to be bulk are prefered to be

placed on the bottom shelves. Additionally, research revealed that big private manufactures that are category captains in their own branch do their own planograms for displaying products and at least some retail owners let them do so. Compannies use a variety of different planogram programs (e.g. Spaceman) in order to maximize attractivness and sales of their product. In the interview breweries and coffee manufacturers were mentioned to be very precise on these types of visual aids.

For most part respondents had positive growth expectations for plant-based meat alternatives. As Boston Consulting Group estimated plant-based proteins will cover 11% of whole protein market in the world by the 2035 (Witte *et al.* 2021), the respondents had similar opinions. Four out of five respondents believed that sales and usage of plant-based meat alternatives will grow in the near future. Estimates from respondents varied from three to five years when these products will become everyday household food.

Geographical differences were an important finding that the author wants to emphasize. They were recognized by the respondents as well as the author of this thesis. Geographical factors affect on the placement, demand and attitudes towards plant-based meat alternatives. The further away participants were from metropolitan area of Helsinki the less interested they were had towards plant-based meat alternatives. This also reflected towards to their undestanding of the demand volume of plant-based alternatives. The northenmost retail store had all plant-based meat alternatives placed together and believed that due to their remote location and customer base combining these together was the best option.

To conclude the author has a few suggestions based on this study. The study revealed that there might be a certain communication barrier and even a conflict of interests between Kesko group and the retail owners. There seems to be an on-going back and forth tug of war on the matter who is in charge. The author understands both parties interests. The entrepreneur has to make decissions that are best for the store. Although, sometimes it can be questioned does the retail owner have necessary skills and knowledge to make these decissions.

From Kesko group´s point of view they want to provide an effective and well rotating assortment and maintain same standards for all stores in various chains. They want all stores to represent the Kesko chain’s values and quality standards. It is also important that at least a certain general assortment is available at the chain in question to allow Kesko to make chain campaigns and joint

media advertising. One way to perhaps solve this problem could be meeting in the halfway. If there is a constant dispute between the two parties they could solve this by creating an agreement on a few months test period piloting a new product presentation in store and then compare the results with stores that are not in the pilot program. For example, if the entrepreneur believes that plant-based meat alternatives should be placed all together and the Kesko group disagrees the author believes the retail owner could try to place them together for half a year and see the results. The results could then be spread further to other stores.

For further studies it would be useful to study placement of plant-based meat alternatives from either consumers or suppliers point of view. Research on consumers view on where plant-based products should be placed in the retail store would be beneficial for both suppliers and retail owners. This type of research would be valuable and could lead to new findings in this field. Additionally, further research could be done in the field of the principles of product placement on the shelves e.g studies focusing on the performance of visual aids in retail store.

There were some limitations that the author noticed during this research. The data and analysis was based on five respondents and therefore can not give complete answer to this research question. Also, during the interview the author sensed caution with the answers regarding retail stores strategy to place the products in the shelves. Another limitation was lack of previous research on this subject. The information and studies on the fields of product placement was limited.

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APPENDICES

Appendix 1. Interview guide

1) What plant-based meat alternatives you currently have available in your store? Are they placed separetly or same location?
2) How categories of the products are decided? Who decides them, are you allowed to change them?
3) Do you have a systematic/organized strategy of placing products in the shelves that you follow? Who does it?
4) How plant-based meat alternatives are placed today and why?
5) Do you use planogramms?
6) How and who made them?
7) Are you allowed to change them?
8) How products location in the shelves is decided? (e.g. are they horizontally or vertically in the middle or on the end of aisle?)
9) What you think would be the best place for plant-based meat alternatives from consumers point of view?
10) Is it convinient for customer to find all alternatives in the store?
11) How do you see plant-based meat alternatives sales in the future?
12) Are you currently planning on combining all plant-based meat alternatives to one location?

Appendix 2. Interview transcripts

https://docs.google.com/document/d/1JfpqScP1viVBnbl_CPU3qTdW66KgczmfRycSKxYKumw/edit?usp=sharing

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