

Axfood AB to discontinue its e-commerce operation

Axfood AB's board today decided to discontinue the Axfood Group's e-commerce operation. The decision is made against the background of a weak customer flow, where the trend has not shown any significant breakthrough. Codetermination negotiations on the closure, which will affect a total of some 50 people, will be initiated next week.

Axfood's e-commerce operation comprises three websites: willys.nu and billhalls.se in Gothenburg, and hemkop.nu in Stockholm. Combined sales for the period January–November 2001 were SEK 76 m, with a loss of SEK – 37 m. Sales for the full year 2000 were SEK 84 m with a loss of SEK –20 m.

"Unfortunately, the time is still not ripe for a large-scale food retailing venture via the e-commerce channel," comments Mats Jansson, President and CEO of Axfood. "The threshold is still high when it comes to consumers' willingness to do some of their food shopping online. We have been offering e-commerce at Axfood since 1997, which makes us one of the pioneers in the business. During this period, growth in online sales has not been sufficiently high to enable us to run the business efficiently. The decisive factor behind the decision to discontinue the operation is that we do not see any signs of stronger growth in the years immediately ahead."

The wind-up costs for the e-commerce operation is estimated at approximately SEK 28 m and will be charged against Axfood's fourth quarter results.

All of the websites will remain open for deliveries through 21 December.