

1



Marc Bolland  
Chief Executive



## What the market wanted me to do

2

- Sell our manufacturing sites
- Sell off real estate
- Non-food
- Convenience shops
- Online



## What we have done – optimisation plan

3

- Rebranding
- Range development
- Range segmentation
- Refresh programme
- In-store efficiency
- Manufacturing
- Distribution
- Organisation development
- IT system replacement
- CSR



## Opportunities for growth

4

- New customers
  - 40% of households have not been in one of our refreshed stores
- New locations
  - 8.4m households do not live within 15 minutes drive of our stores



## 'National to Nationwide'

5



### Co-op/Somerfield stores

- 19 stores opened in H1
- 33 stores now trading
- An extra c.1.2m (5%) households within 15 mins drive of our newly converted stores
- c.2,700 new jobs created
- Edge of town and in town
- Not convenience shops but convenient shopping



## "Smaller stores"

6

### Development

- Unique tailored Market Street
- Bespoke range and segmentation
- Higher fresh food participation than our competitors
- Same attention to customer service as larger stores
- Self scan checkouts available in 75% of the stores



Market Street - a unique competitive advantage



## "Smaller stores"

7

### Initial findings

- Prices are on average 15% lower than previous owners
- Stores are achieving a 50% sales uplift
- Basket size reflects a full rather than a top-up shop
- Sales densities are higher than our estate average
- We can now operate a wider range of stores between 10k and 40k sq. ft.



'National to Nationwide'



## Farming Policy

8

- Continued customer support for buying British
  - 100% fresh beef, pork, lamb and poultry
  - When in season 100% of Carrots, Broccoli, Swede & Cauliflower and 90% of Onions, Mushrooms and Potatoes are British.
- Driving commercial and environmental sustainability for farmers
  - Dual focus on efficiency / profitability and environmental protection



## Three key elements to farm programme

9

### 1. Efficiency

- Efficient and effective trading relationships – driving costs down

### 2. Research

- At the heart of our programme – to help secure long-term viability of British farming
- Better understanding of the supply chain to improve benefits for farmers and customers

### 3. Investment

- Morrisons becoming farmers ourselves – understanding the challenges
- Investing in commercial and environmental sustainability



## 1. Efficiency - Morrisons Farm Website

10

- Farm Supply Database
  - On-line access to carcass data for beef farmers
  - Track trends and benchmark ratings against other farmers
  - Morrisons will extend to lambs and pigs in 2010



## 2. Research

11

- Cooperation with Agricultural Colleges like SAC in Scotland
- On or near farm
  - Understanding cross breeding in dairy herd
  - Improving take-up and benefits of renewable energy; poultry wet litter; and opportunities for dairy bull calves
- Supply chain projects
  - Pleased to announce beef supply chain review led by EFFP
  - Also EFFP led project into pork in partnership with DEFRA's Pig Task Force



## 3. Investment

12

- Joint Venture at Dumfries House
  - Focused on commercial and environmental sustainability
  - Rearing traditional breeds
  - Research conducted in partnership with Scottish Agricultural College
  - Same challenges as local farmers – same weather, same commodity costs – wanting to make a profit.
- Second Farm planned in England
  - Focused on arable production



## Summary

13

1. Morrisons has always been close to Farmers
2. Morrisons prefers to buy British
3. Morrisons wants to take the lead in Farming research in cooperation with Agricultural Colleges and you.



Food specialist  
for everyone



All British Meat

**Morrisons**



Long term relationship Farmers

Research focus

