







# At Tesco, we have no time for waste.

As a food retailer, we know that perfectly matching supply and demand is almost impossible. Some waste is inevitable.

At Tesco we have reached a point where only 0.45% of food is designated as waste but that still means 44,000 tonnes going to waste a year, which we're not satisfied with.

Our target is that no food that's safe for human consumption is wasted in our UK business. Over the last three years, as a result of our efforts we have reached over 80% of this target.

Since 2009, we've sent no food to landfill. In the last seven years, with our partners, we've donated over 75 million meals to local charities and community groups. We've rolled out colleague shops to all our stores, and suitable remaining fruit, vegetables and bakery items are sent to animal feed.

We were the first UK retailer to publish our food waste data and update it every year so you can see how we're doing.

We are encouraging others to do the same.

But we can't tackle food waste alone. We're calling on every other food company to commit to halving global food waste by 2030 and publish their food waste data.

Find out more [tescoplc.com/foodwaste](https://www.tescopl.com/foodwaste)

**TESCO**  
*Every little helps*





**Foreword**

# Happy 100th birthday, Tesco

Starting from a market stall with £30 worth of stock, the story of Tesco's transformation into a global retail giant is an inspiration. Led by its pugnacious founder Jack Cohen, in its early days it was very much a family business, with his wife Cissie doing the books, and his son-in-laws joining the business and eventually running it after his retirement. The qualities Jack brought set the tone: as well as his tremendous appetite for hard work, retail savvy and a humbleness that inspired loyalty in those around him, he was a tremendous innovator: he developed the first own-label product (p9), created his own supply chain (p10) and, of course, introduced the first self-service supermarket (p10), and first superstore (p11). These qualities created a legacy that a team of equally driven retailers he had recruited would continue. The new crop of leaders, like Ian MacLaurin, and Terry Leahy, kept driving Tesco onwards, continuing to expand the business at home in the UK and across the world, reaping billions of pounds in sales and firmly establishing Tesco as the biggest retailer in the UK, overtaking Sainsbury's in the process before zooming off into the distance.

A dramatically changing supermarket landscape brought new rivals and new challenges, and no one would suggest Tesco, despite its power, was immune to them. But the arrival of Dave Lewis as CEO in 2014 gave the supermarket a new perspective, putting the customer back at the heart of the business. Thanks to the support and commitment of colleagues, the turnaround plan saw Tesco emerge as a sleeker operator, while also reinvigorating its marketing (p24) and transforming the way it works with its suppliers (p18). As Lewis explains in his interview (p4), with the current landscape as competitive and dynamic as it's ever been, there is still a lot of work to do. But after 100 years, Tesco looks in great shape to meet whatever challenges come its way. Jack Cohen would be proud.

**James Halliwell**  
SUPPLEMENT EDITOR



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## Contributors

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# Celebrating 100 years of Tesco





## We talk to CEO Dave Lewis about the turnaround of Tesco after the staggering losses of 2014—plus plastic pollution, his pride in colleagues and breaking a world dance record.

**W**hen Dave Lewis arrived at Tesco in 2014, the business was in big trouble. After 95 years of rapid acceleration, Tesco had stuttered, then stalled. CEO Philip Clarke left in September 2014 and Lewis flew home early to start immediately.

Lewis quickly took control, revealing a jaw-dropping loss of £6.4bn, and announced a turnaround project. It's now back in the black, most recently returning full year profits of £2.2bn. But where does he feel the turnaround is right now?

"Just about there. In April we said we'd met most of the targets we'd set for ourselves, and we would finish the rest this year. So if anything, we're slightly ahead. That first phase of recovery and stabilisation is, I think, behind us, and now we are looking at the future.

"From a customer point of view, rebuilding the trust in the brand has made significant progress. Feedback from colleagues is significantly stronger than it was in 2014. There's an awful lot of work going on with suppliers to change the relationship we have with them. And shareholders say the recovery is going well, we've recovered the dividend, we've paid down significant amounts of debt, the balance sheet is stronger. And we have reached investment grade with certain ratings agencies. So, across all four stakeholders, there has been quite a lot of progress."

On the all-important shop floor, which had demonstrably suffered in the three years before Lewis arrived, that recent progress was reflected by Tesco scooping the Grocer Gold awards for Service and Availability, following years of dominance by Sainsbury's.

"It's important. We've not been recognised for either one since 2011, I think, and we can't remember ever winning both of them at the same time. We talked all the way through the turnaround that the only thing that matters is customers and the importance of putting them

at the centre of every single thing we do. So, despite the financial position we were in back in 2014, the first thing we did was recruit more colleagues. There are now thousands more colleagues in our stores. We have reduced head office, but actually on the shop floor we have significantly more colleagues than we had four years ago."

As for availability, he says the improvement was no real surprise as it's been a major focus. For instance, Tesco identified what it calls "Star Lines, where we took the one thousand lines that mattered most and made sure their availability at 8pm on a Thursday was as strong as at 9am on a Monday morning. That went really well and scaled very quickly".

Tesco also launched the Informer app, so if a shopper can't find what they are looking for, and has to ask a Tesco colleague if they have any 'out back', rather than wandering off 'out back' to check the stock room, colleagues can now whip out their smartphone, scan the shelf edge label and check whether there is stock out back, or when it is next coming in. "Customer service is much quicker and colleagues absolutely love it."

Also on the shop floor, another major focus has been on Tesco's own brand range. Lewis talks about "all the work that's gone back into thinking about the quality and the price of own brand, getting back to good, better, best, with clear differentiation between the three, and versus our competition".

He says in 2005 own brand sales were at 46%, but by 2014 that had fallen to 35%. Today it stands at 51%.

"The number of products and the differentiation in quality suffered over time. So we reduced the number of products, because the differentiation between the three tiers had been lost, re-established those three tiers, relaunched 10,000 lines – our biggest ever relaunch – and rebuilt the participation back up to 51% in the last period. So own brand was definitely a point of innovation. To give you an idea of



the scale of that, 'Exclusively at Tesco' did £380m sales in its first 12 months. That's solely for the 'good' tier."

Then there is loyalty, something Tesco has always been famous for, thanks to the pioneering introduction of Clubcard in 1995. But Lewis says it had become more of a "promotional tool than a reward for loyalty. So over the last three years we started to invest in it again. First of all, just in the capability of the card. We re-carded everybody, so it could be contactless and therefore more convenient, and we digitised the whole experience so they don't need to wait for three weeks to see the paper-based rewards they have".

It also launched the Clubcard app and, more recently, trialled Clubcard Prices, which offered savings of up to 50% on individual items. "In the last 12 months we have achieved a million new Clubcard users – we now have more than 19 million active users. In 2014 it was about 17 million."

However much progress it makes, Tesco needs that loyalty because its rivals are no slouches. A look back at Tesco's history will always see its duel with Sainsbury's looming large, and it achieved the lead in 1995 to become the UK's biggest supermarket. But Sainsbury's came close to stealing the lead again in 2019 until the CMA blocked its merger with Asda. It was good news for Tesco, so how did Lewis react?

"I had no reaction really. When it comes to Tesco's rivals you can talk about Asda or Walmart, you can talk about Morrisons and Safeway. There are always times in our history where we've been very competitive for whatever has been happening in the market.

"I think Tesco lost its way between 2010 and 2014 because it spent way too much time thinking about what its competitors were doing and what the reaction should be, and stopped leading. So what you hear me say to my team is as long as we focus on the customer, and we keep leading, then it's for others to worry about what we do, not for us to be worrying

**Modern nostalgia: Tesco's centenary promotions include figures such as (from top left) Rollergirl, Morph and Mr Motivator, and charity events like Dance Beats (centre), Tesco's biggest ever national fundraising campaign**







“The changes we are making as a business reflect the hard work of every one of our 450,000 colleagues.”

**Dave Lewis, CEO, Tesco**

about what they do. So when people ask me was I worried about Sainsbury’s and Asda? No, I was focused on Tesco.”

Away from its rivals there are other challenges, major public-facing issues every supermarket is having to contend with, like plastic pollution.

“The really hard part about this debate, I think for some, is that plastic is not a bad material and actually it’s the right material for some things. The issue of plastic is what you do with it when you’ve used it. The solution we’re focused on is to remove plastic where possible, reduce the amount we need, reuse it when we’ve created it, and then recycle it when it’s done. If you do that, you close the loop. We would be very happy to lead the closing of the loop, and we made that proposal to Defra 18 months ago. We could use our car parks to help create that circle, but we need the government to close the loop in a national recycling infrastructure.

“There’s a whole series of other things that are being done in terms of plastic recycling that we’re testing, a whole series around removal of plastics, there’s testing throughout different stores of different things, the critical thing is getting customers to come with us.”

He’s also “very interested in how retail can play a role in some of the government’s food strategies, environmental strategies and health strategies”.

Right now, Tesco is using its centenary year to remind the business of what it’s all about, like being the “customer’s champion and delivering value for customers, because wherever you look in the 100 years of Tesco it comes out time and time again”.

It’s also using the occasion to promote its charitable partnerships. “We

have a five-year partnership with Cancer Research UK, the British Heart Foundation and Diabetes UK. So we have a colleague panel to discuss our charitable work and we needed 500 colleagues to make the panel big enough. Over 8,000 colleagues signed up. And on top of that we are doing other fundraising events, like Dance Beats, our biggest ever national fundraising campaign.”

If Lewis was apprehensive about his ‘dad dancing’, it didn’t stop him joining 4,000 colleagues in an energetic Guinness World Record breaking 30-hour relay dance-off at Wembley Stadium alongside Pussycat Doll Kimberly Wyatt, held as part of Dance Beats, a big centenary fundraising celebration. What he is “really excited” about is how, after 100 years, Tesco has become a shining example of meritocracy when it comes to developing people.

“The changes we are making to our business reflect the hard work of every one of our 450,000 colleagues. When I first arrived, I was humbled by our colleagues and their drive to do their best for customers. I talk about our people as being the heart of Tesco. Every day, I see that heart beating strong in every store, distribution centre or office I go to. We would not have been able to make the progress we’ve made over the last few years without their commitment and belief and I’m deeply grateful for that.

“We always talk about Tesco being a place to get on,” he says. “The last two people that ran Tesco started on the shop floor. There’s no better example of where you can really, truly, get on than at Tesco, I’ve never seen anything quite like it. And getting back and embracing that, and investing in that, is very exciting stuff for me.”



CELEBRATING *100 Years* OF TESCO

How does a business grow from a post-WW1 market stall in Hackney selling NAAFI surplus into the retail giant that dominates the UK supermarket scene today? Here are a few of the standout moments in the story of Tesco so far, as it reaches the centenary of its birth

# Tesco's defining moments







## 1924

### First own-label product

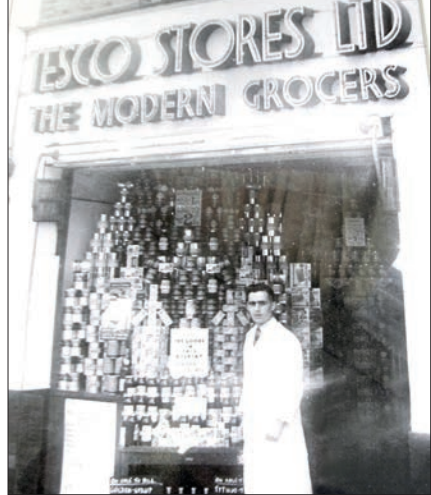
Five years on, what else would kickstart the burgeoning business that would become Britain's biggest but a nice cup of tea? Cohen was supplied with the tea by T E Stockwell, and in an early example of cross collaboration with a supplier, he took the TES and added the first two letters of his surname, CO, to produce Tesco's first own-label product. It quickly became synonymous with his stalls, though it wasn't until later that Cohen christened the actual business Tesco.



## 1929

### First store

Every retail giant starts with a single store, and the very first Tesco opened in Burnt Oak, Edgware, in North London – about 10 miles away from Cohen's first market stall in Hackney. The store resulted from frustration with the lackadaisical attitude and unreliability of his market stall suppliers. Cohen wanted to increase stability of supply for the business and his customers. The first store sold dry goods, including Tesco tea, and it quickly became renowned for its keen price points, with Cohen using it as a platform for expansion in the capital.



## 1919

### Tesco is born

What do you do when the First World War ends, you have £30 demob money in your pocket, and you don't want to follow your Polish immigrant father into the rag trade? If you are Jack Cohen, who had narrowly avoided drowning on a sinking ship during the war, you spend every penny on surplus army food stock from NAAFI, set up a market stall in Hackney and get to work. He started as he meant to go on. At the end of that first day of trading back in 1919 Cohen had made £1 profit from sales of £4, a healthy return which propelled him forward. Working alongside his wife, seven days a week, from early in the morning to late at night, he quickly built up from one market stall. Thus he sowed the seeds of what would become Tesco, the global retail and wholesale giant that today has 6,720 stores around the world in eight different countries, employing 450,000 people, with sales of £57bn and profits of over £2bn.







## 1934

### First warehouse

Five years on and now with several shops, Cohen purchased some land at Angel Road, Edmonton, in the middle of his north London stronghold, to build a shiny new HQ and a warehouse. It utilised modern techniques for stock control, had a fleet of 10 Tesco-branded trucks and employed 24 people.

## 1939

### Expansion

Cohen had more than 100 stores by 1939, including the first stores outside London. When war broke out Cohen immediately introduced his own form of rationing using a points-based system, so everyone, rich or poor, was treated equally at Tesco. He also joined the Food Trade Emergency Committee.

## 1948

### Self service

Cohen first took a trip to sunny America in 1932 to investigate the trend for self-service supermarkets. He left unimpressed and believed British shoppers would feel the same. But after the war, encouraged by his son-in-law Hyman Kreitman, who had joined the business and would later take the reins at Tesco when Cohen retired, he decided to trial the concept at a store in St Albans. At first customers were bemused, and Cohen actually closed the store down for a while, as shoppers did not initially appear receptive to his attempts to reproduce the "gleaming palaces" he had found in the US. However, he reopened the store a year later and this time his customers were ready.



## 1947

### Flotation

Tesco launched onto the stock market with shares priced at 25p and the City was more than keen. More than 80,000 traders wanted in, with the IPO oversubscribed by 174 times. They were right to do so – Tesco shares soared in price and the business became a darling of the City and a regular in the FTSE 100.

## 1955

### Acquisition

Kickstarting a succession of acquisitions that would become a familiar pattern and route to growth, Tesco snapped up 19 Burnards stores, a self-service rival. Cohen would go on to buy 500 more stores over the next five years, including 70 Williamsons, 200 Harrow Stores and 97 Charles Phillips & Company stores.

## 1958

### First supermarket

Cohen decided Maldon, in Essex, would be the perfect site for Tesco's first supermarket, featuring fresh food and counters selling cheese, butter and meats. The 1,750 sq ft store was operated under the Burnards brand, though canopies about the produce counters bore early versions of Tesco's red and white stripes.



## 1960

### Non-food and clothing

Cohen had always stuck to groceries, but at the turn of the swinging sixties he introduced clothing for men, women and children, and household goods and electronics like TVs, record players and radios. At the same time Cohen branched out into the north of England, buying 212 branches of Irwin stores.





## 1964

### Abolition of RPM

Resale Price Maintenance prevented large retailers from using their buying power to undercut the prices of smaller shops. Jack Cohen lobbied parliament to have RPM scrapped. In 1964, the Resale Prices Act was passed, abolishing RPM and arguably creating the supermarket culture that dominates UK retail today.

## 1968

### First superstore and Victor Value

Tesco opened its first 'superstore' in Crawley, West Sussex, a 40,000 sq ft giant, offering the full range of food and non-food, and acquired the 217-strong Victor Value chain for £1.75m. Tesco kept some stores as Victor Value to offer a bargain-based arm to the operation.

## 1973

### Petrol

Tesco's pioneering move into petrol in 1979 changed the way drivers filled up their cars. The plan was simple: introduce the same sharp prices on petrol as Tesco did with everything else. Less than 10 years later Tesco was selling £2bn worth of fuel every year and by the 1990s it had become the UK's biggest fuel retailer. "We were thinking we've got to create reasons for customers to want to get in their cars and come to our edge-of-town, larger stores," says UK CEO Jason Tarry. "And we saw the provision of fuel as a great opportunity to do that. We were really disruptive in the fuel market, opening new petrol stations and undercutting the local competition, and that meant a real reason for customers to come to our stores. And now, of course, we're the biggest fuel retailer in the UK."



## 1963

### Green Shield Stamps

Tesco's adoption of Green Shield Stamps to pull in more customers was a prescient masterstroke. Sainsbury's, which was the biggest supermarket in the UK at the time, hated the scheme and tried to get it banned. But Tesco believed it injected momentum into their business, inspired loyalty among their customers and gave them a chance to gain ground on Sainsbury's. Ironically, the Green Shield operation evolved into Argos in 1973, and Sainsbury's ended up buying it in 2016 for £1.4bn.

## 1973

### Cheshunt

Ideally situated just outside London and close to the M1, A1 and soon after, the M25, Tesco's functional new HQ, on a business park on Delamare Road, was a symbol of Tesco's focus on shops and customers. Tesco left Cheshunt in 2015 for a new and much improved HQ in Welwyn Garden City.

## 1973

### Lord Ian MacLaurin

Cohen was succeeded as chairman by son-in-law Hyman Kreitman in 1970, and another son-in-law, Sir Leslie Porter, succeeded him in 1973. But that same year saw another pivotal appointment, with Sir Ian MacLaurin, who joined as Tesco's first trainee in 1956, and was personally mentored by Cohen, appointed MD.

## 1977

### Operation Checkout

One of MacLaurin's first major moves was to scrap the successful Green Shield stamps scheme to introduce more focus on low pricing, after cheap rival Kwik Save started making inroads into its sales. It split the boardroom, but scrapping the stamps saved Tesco an estimated £20m.





“While everyone else was retrenching, we were expanding. And that put us on a great platform for growth”

**Jason Tarry**, Tesco UK CEO

Any look back at Tesco turning 100 years will feature plenty of stand-out moments, but when Jason Tarry, Tesco’s UK CEO, joined the business in 1990 it was a pivotal moment, the start of perhaps the defining decade in Tesco’s rich history as it moved towards the strong position it now enjoys.

“We were number two in the market, but actually we were closer to number three. There was a resurgent Safeway, believe it or not. And Sainsbury’s was at number one. But over the course of the next decade, all of that changed.”

No doubt about that. Tesco hadn’t stopped growing since Jack Cohen first stocked a market stall in 1919, but the 1990s was when Tesco hit turbo. All the more remarkable was that the country was in a sorry state of recession at the time.

“Lord MacLaurin was in charge and it was decided that, even during a recessionary period, we should focus on expansion of what we would call our edge-of-town superstore format. So while everyone else was retrenching, we were expanding. And that put us on a great platform for growth.”

Meanwhile, waiting in the wings was “a young marketing director, who was driving a lot of the changes and innovations in the business called Terry Leahy. Terry drove great innovations from his role in marketing, whether that was the launch of Value lines to combat the threat of Kwik-Save – nothing is new in retail, the discounters were on the rise in the early 1990s – or Clubcard, which gave us an immediate boost. We

saw a dramatic increase in sales straight away”.

Clubcard also gave a renewed impetus to Tesco as a customer champion and to its enduring Every Little Helps strapline, which was “based on responding to customer concerns, like ‘the wheels on my trolley wobble’, ‘I can’t park properly’, ‘I can’t change the baby’.

“All those things would feed back to us. And through Every Little Helps we ended up making quite a lot of changes to our proposition that were customer led, to try and make the experience better. We introduced our ‘One in Front’ commitment of opening another checkout, 24-hour opening, baby changing facilities, we upgraded our car parks, and more”.

And in the background there was always expansion – in every direction. “With ‘edge-of-town’ retail expansion “Tesco had a great platform for growth, we were opening a good number of stores,” he says. “And 24-hour opening also made a big difference and gave us a real boost in sales.”

Whatever the reasons, and you can take your pick, it was a dizzying rush of radical retailing delivered by incredibly talented people.

Lord MacLaurin, himself a Tesco lifer who was personally mentored by Tesco founder Jack Cohen, was in charge when Tarry joined the business. “He was a very visible leader, loved by colleagues, brilliant in the shops,” says Tarry.

But in his nearly 30-year career with Tesco, Tarry has worked with a whole series of retail leaders – as Tarry puts it, “there are plenty of people who’ve gone on to have very successful careers that worked



**Customer champion: UK CEO Jason Tarry joined Tesco in 1990 on the graduate recruitment scheme. The same opportunities are open to new recruits today**

“If we keep focusing on our customers, we will be here for another 100 years”

**Jason Tarry**, Tesco UK CEO





at Tesco for a long time, and did amazing things.”

There are too many for Tarry to list. But crucially, they all gave Tesco an invaluable sense of momentum. “One of the things I’ve learned over the years in retail is that momentum is really important,” says Tarry.

That’s a lesson that Tarry has applied throughout his own career, and in particular to his role as UK CEO. He’s been in the job for a year, and in that time has led no shortage of changes and improvements - from the complete re-launch of 10,000 Own Brand products, which Tarry started in his previous role

as Chief Product Officer, through to the launch of ‘Jack’s’ and overseeing Tesco’s best Christmas performance in a decade.

But there’s no sign of things slowing down, says Tarry. “We still have plenty of opportunity going forward in terms of being able to do a better job and continue the growth with the business. I think we’re really well placed at this moment in time. Tesco has had a great 100 years, but there is lots of opportunity ahead. And if we keep focusing on our customers, we will be fine.”

Tarry leads a team of some 300,000 colleagues, and he knows he can rely on them to keep that customer focus. It’s that same team that Tarry credits for the transformation in Tesco’s fortunes, and he’s in no doubt that it’s their talent and experience which has driven the turnaround. As he puts it, “when we are at our best, we’re unbeatable”. And while there’s a huge amount going on to celebrate Tesco’s 100th birthday, his rallying call to colleagues has been a simple one: “let’s give Tesco customers the best shopping experience of our first 100 years, to ensure an ideal start to the next 100 years.”

Running a business the size of Tesco UK is no small responsibility, but for Tarry the biggest motivation is the people he works with, and his pride is clear. “Tesco has always been a place where people, from whatever walk of life or from whatever background, can make a real difference and do really well. We have an amazing set of colleagues and I’m very, very privileged to be the UK CEO. We are the biggest private sector employer across a cross section of society. There is no type of person that we wouldn’t have working for us, so you end up with a lot of people doing a lot of great work at Tesco. Our group chief operating officer started at Tesco at 16, our chief people officer started at 21. We have people who are brilliant and focused on doing a great job every day. And if we keep focusing on our customers, we will be here for another 100 years.”

**1979**

### Sir Jack Cohen dies

Cohen’s legacy will never be forgotten and his influence permeates through the operation today. Just before he died, aged 80, Cohen said: “The lessons I learned in the early days of my career still apply today, no matter how society has changed. In good times and bad, the company that works hard, that insists on offering value for money, and is not afraid to experiment and make changes will always prosper.” But his most famous quote – also the title of his autobiography – was “pile it high, sell it cheap”. Cohen was knighted in 1969 and retired from Tesco in 1970.



**1982**

### MacLaurin slashes prices

Food sales had slumped across a country struggling with high unemployment. So MacLaurin launched Checkout ’82 in a blaze of marketing publicity. A revamp of the original Checkout campaign in 1977, prices on 1,500 key lines were cut between 3% and 26% and Tesco sales soared to £2bn.

**1984**

### Tesco TV shop

Jane Snowball, 72, ordered a grocery shop from Tesco using a piece of tech called Teletext. In a forerunner of online shopping, she used her TV remote to choose from 1,000 products from the Ceefax-style display and her order was sent through her phone line to Tesco, who picked, packed and delivered it.



## 1985

### Healthy Eating

By the mid-80s the UK was becoming increasingly conscious of health and fitness, and in response to consumer demand, Tesco introduced the UK's first healthy eating range, dubbed 'Healthy Eating'. The brand was later tweaked to 'Healthy Living' to expand the range into non-food like sports equipment.

## 1992

### Tesco Metro

Tesco launched a two-year development programme that invested £1bn in 60 new stores, adding 2.3 billion sq ft of store space. But it also targeted smaller sites to drive growth and catch up with rivals, and Tesco opened its first Metro convenience store in Covent Garden, London. Five years later it had 40 Metro stores.

## 1993

### Tesco Value

Kwik-Save was winning over shoppers with very cheap food in utilitarian packaging to clearly communicate the low price point. Tesco hit back by launching the Value range. Using basic red, white and blue packaging to hammer home the no-frills message, it had the desired effect and the range would become a billion-pound brand for Tesco. In 1994, as sales soared, the battle between the two erupted into the 'baked bean wars', with Kwik-Save cutting the price of a tin of beans to as little as 7p, losing money on every sale as it tried to fight back. At one point Tesco was selling beans for 3p a tin. Tesco needed to take an aggressive stance and not just because of Kwik-Save: other discounters were moving in from Europe – like Aldi, Lidl and Netto.



## 1995

### Tesco Clubcard

It's impossible to identify the best move Tesco made to get to where it is today, but the introduction of Clubcard is a contender. The execution was simple, one Clubcard point for every £1 spent, which resonated with customers, and five million customers jumped at the chance to get a Clubcard inside 12 months. Tesco later introduced double points, and most recently 'Clubcard Prices', where Clubcard carriers can pay up to 50% less on items as part of Tesco's centenary celebrations. "Every time we communicate about Clubcard we have a spike in numbers," says Alessandra Bellini, Tesco's chief customer officer. "It just reminds people of the proposition. And the current proposition is incredibly competitive, still the most generous scheme in the country." Today, over 19 million customers carry a Clubcard, some 60% of UK households.

## 1993

### Every Little Helps

A contender for the best strapline in history, its longevity demonstrates its brilliance. Created by Lowe Howard-Spink, Every Little Helps was born out of Tesco customer research that suggested shoppers wanted a 'better trip' to the supermarket. Early ads focused on in-store improvements, while the advertising campaign gained momentum in 1995 when Dotty, played by a fussy and demanding Prunella Scales, tried but failed to find anything to moan about at Tesco, eventually appearing in 25 funny ads that gave various different aspects of Tesco the chance to shine. Tesco believes the campaign attracted 1.3 million new customers between 1993 and 1995. And while Tesco has gone through dozens of rebranding exercises the strapline endures both externally and internally.

## 1994

### Scotland

Not for the first time, Tesco found itself up against Sainsbury's in a battle to take over the 57-strong William Low supermarket chain in Scotland and the north of England, but winning out was important strategically and symbolically and today Tesco has 29% share in Scotland, while Sainsbury's has just 9%.

## 1994

### One in front

This was among the most simple but also the most effective of Tesco's innovations, as it became the first UK retailer to offer customers a service commitment at the checkouts. It was a living embodiment of Tesco's Every Little Helps strapline and was further enhanced in 2006 through the use of thermal imaging cameras.



**1995**

**Expansion into Europe**

Tesco's push into Europe started with Hungary, where it paid £15m for a 51% stake in supermarket chain Global, which owned 43 stores in the country. Tesco went on to spend £8m on the 31-store Savia chain in Poland, and paid £79 million for 13 Kmart stores in the Czech Republic and Slovakia.

**1995**

**Tesco overtakes Sainsbury's**

There was no specific initiative that resulted in Tesco overtaking Sainsbury's as the UK's largest supermarket, but it was hugely symbolic. Sainsbury's had been the dominant force for years, but once out in front, there was no holding Tesco back as the gap over its closest rival continued to widen for years.

**1996**

**Tesco Direct**

Tesco was the first retailer to sell groceries online. Initially dubbed Tesco Direct, an early trial used CD-Roms, phone and fax, as well as the internet. From those early learnings, it now has 20 million customers visiting tesco.com every month, and is the clear leader in terms of online grocery share.

**1997**

**First Tesco Extra**

The first Extra store was in Pitsea, Essex. At 103,000 sq ft, compared to Tesco's previous largest stores (around 80,000 sq ft), the huge store sold a vast range of food and non-food. Tesco would open two more in quick succession as it tried to curb Asda's progress, which was finding success with similar sized stores.



**1997**

**Sir Terry Leahy**

Leahy joined as a marketing exec in 1979. He is synonymous with the launch of Clubcard and was also instrumental in its move into online grocery before taking over as CEO in 1997, and subsequently accelerated Tesco's growth, driving share from 20% to over 30%, and pushing it into many overseas territories.



**1998**

**Asia**

Tesco headed east, entering Thailand in 1998 as Tesco Lotus, South Korea in 1999, Taiwan in 2000, Malaysia in 2002, Japan in 2003 and China in 2004, by which time Tesco had as much floor-space outside the UK as it did within it – though the UK still delivered more than 75% of group sales.



**1998**

**Tesco Finest**

Tesco started life with an own-label product, evolved it with the likes of canned range Golden Ring, bolstered the range with Value in 1993, and topped off the tiering with Tesco Finest in 1998. The sleek, dark packaging was the perfect foil for the Value range and it was another smash, guided by then marketing director Tim Mason. Launching with 130 products in 200 stores, Tesco described it at the time as "the best ready-prepared food to ever have reached the supermarket shelf" and shoppers agreed as it rolled out nationally, and gradually extended into multiple categories, from wines to cheeses to coffee – even non food. After a revamp in 2006 sales leapt 37% in a single year and it was worth £1.2bn by 2008. Today there are now over 1,400 Finest products.



**2001**

**Florence & Fred**

Tesco launched Florence & Fred the same year Asda launched George and both quickly grew to take a share of the clothing market. By 2003, Leahy said sales of Tesco's three clothing lines – Cherokee, Florence & Fred, and Tesco – had given it a clothing market share of 4.4% and in 2017 Kantar estimated that £1 in every £10 spent on clothing was spent at a supermarket. "Tesco Extra was inspired by the hypermarkets that we saw as being a destination for one stop shopping, and as part of that one stop shop, clothing was and is high on the list of general items that customers want," says Tarry.



## 2002

### T&S

One of the crucial moves Tesco made to get bigger was to focus on smaller stores, and it accelerated into the c-store space by snapping up T&S Stores, which included the One-Stop chain, for a reported £377.3m. The T&S deal added 862 c-stores, making Tesco the third biggest player in convenience.



## 2007

### Tesco Sustainable Dairy Group

In response to the price pressure dairy farmers were under, Tesco launched the Sustainable Dairy Group, working directly with 600 dairy farmers large and small, a number that later rose to 800. Tesco offered them guaranteed prices and long-term contracts, later extending the concept to nine other farming areas.

## 2003

### First Free From range

Tesco was the first UK retailer to launch a Free From brand, offering 40 own-label products alongside 120 Free From branded items, stealing 40% of the market for consumers with food allergies and intolerances to gluten, wheat and nuts. In 2012 it extended the range to include a variety of dairy products.

## 2006

### Dark stores

Fully stocked supermarkets staffed by ‘pickers’ but devoid of customers, dark stores were introduced by Tesco to meet growing demand for online shopping and increase efficiency. Later incarnations of the first dark store dramatically increased automation, though there are also plans to utilise store space better.

## 2007

### Fresh & Easy

Tesco’s ill-fated journey to the US is notable mostly for the fact that, until then, Tesco had so rarely failed. The reasons have been endlessly dissected, from the ranging, to the self-service checkouts, to the name itself, but the timing was also unfortunate as the sub-prime mortgage crash of 2008 quickly spiralled.

## 2012

### Everyday Value rebrand

It was value, rather than cheap prices, that won customers in the post-credit crunch retail space. So Tesco revamped its Value range – which was generating £1 billion in sales at the time – and introduced the “brightly packaged and brilliantly priced” new range, which also introduced the concept of ‘Everyday’.

## 2013

### Food waste

Tesco made a groundbreaking step in the battle against food waste when, in 2013, it published its food waste figures for the first time. The year before, it had strengthened its relationship with FareShare, after initially working with the charity to redistribute surplus from its online operations. The trial was then extended to its distribution centres, while Community Food Connection was rolled out in 2016 to become the biggest supermarket food redistribution scheme in the UK, providing over 75 million meals to more than 7,000 groups to date. That same year, Tesco committed that no food safe for human consumption would go to waste. And in 2017, 27 of Tesco’s largest suppliers published their data and Tesco, along with 10 of the world’s largest food brands, committed to halving their food waste by 2030. This year, Dave Lewis called on the rest of the supermarkets to follow Tesco in publishing their food waste data, and confirmed it is now 81% of the way towards its target.







## 2018

### Jack's

Was it a long overdue, head-on assault on the discounters, or a celebratory format, named after Tesco's founder to celebrate 100 years in business? The truth is somewhere in between. Certainly Jack's looks like a discounter, packed with a tight range of own-label 'Jack's' products, cheap prices, small stores and only a sprinkling of brands – plus former Aldi exec Lawrence Harvey runs the show. Yet Dave Lewis insists the launch is a "celebration of the centenary of Tesco" and an opportunity to test new innovations as it continues to experiment with formats and prices. Either way, it has attracted a lot of publicity, now has nine stores, and Jack's products are also being listed in some Tesco stores.

## 2013

### Sales peak

Tesco's sales peaked at £70.9bn in 2013. A year earlier, it had posted record profits of £3.8bn too. But CEO Philip Clarke, who had replaced Leahy in 2011, was struggling to contain the rampant discounters Aldi and Lidl in the UK, and was forced to close the US Fresh & Easy operation to stem losses there.

## 2014

### Dave Lewis arrives

With Tesco struggling, Dave Lewis was brought in to replace Clarke. The Unilever exec, who cut his holiday short as trading deteriorated, was in for a nasty surprise as, within three weeks of his arrival, he had uncovered a £325m profits overstatement in the previous financial year's accounts.

## 2015

### Profits plunge

Facing into the accounting scandal, Lewis announced a staggering £6.4bn loss, one of the biggest in corporate history. But already Lewis was hard at work on a turnaround plan, boosting availability, reviewing its ranging and pricing, and working to address its battered supplier relations and brand reputation.

## 2015

### Project Reset

The aim of Project Reset was to slash Tesco's range, which had bloated to 90,000 skus, and deliver a volume-led recovery through lower and simpler pricing, more focus on own-label, combined with longer-term supplier relations. Such has been the success of Project Reset, it's now on its fourth iteration.

## 2016

### Farm Brands

The launch of Farm Brands, positioned as providing great quality and value for customers, was not without controversy, but by June, Dave Lewis was crediting Tesco's sales increase to the new brands, and has been the catalyst for the launch of a broader Exclusively at Tesco range. Latest figures show sales up 11%.

## 2017

### Booker

The market was stunned by Tesco's merger with Booker, the biggest wholesaler in the UK. The enormous £3.9bn deal was quickly approved by investors from both businesses who recognised cost-saving synergies and increased buying power and opportunities for trade for both businesses.

## 2019

### Tesco celebrates 100

Tesco has enjoyed a century of evolution from market stall to the 10th biggest retailer in the world. Jack Cohen started it and grew it, MacLaurin pushed it forward, Malpas kept it growing and Leahy sped it up. Now Lewis is in charge, but all of them would insist that however brilliant their leadership was, and however talented the executive teams they assembled around them were, there have been millions of Tesco employees over the last 100 years on the shop floor that have made Tesco what it is today. MacLaurin recalled Cohen taking him aside on his first day to impart some wisdom. "Remember one thing," said Cohen. "The most humble person in the organisation is the most important." And as it celebrates 100 years of retailing, Tesco will take that sentiment forward.







# How Tesco works with suppliers

Putting its 'tough' reputation firmly in the past, Tesco has developed a new, long-term partnership approach

Over the last five years, Tesco has transformed the way it works with suppliers. "We always had a reputation for being tough because we wanted to drive the best deal for our customers, but we were always seen as fair," says UK CEO Jason Tarry, who joined Tesco in 1990, and the commercial team in 1993. "But in the back end of 2013 we focused on some of the financial challenges, and ended up taking it too far."

Since Dave Lewis took over in 2014, however, he has made decisive moves to redress the balance, replacing the lopsided retailer-supplier relationship with a more symbiotic one.

"The elements were long-term partnership, building capability together, and expanding value so you can share it," says Lewis. "Which is very different from buy and sell, arguing over the value that exists today, short-term thinking and annual negotiations."





“I want to identify the best suppliers in the marketplace and I want to work with them”

Dave Lewis, CEO, Tesco

“It says, actually, I want long-term partnerships. I want to identify the best suppliers in the marketplace and I want to work with them. And I want to give suppliers some certainty so they have the confidence to invest in their business to innovate with us. So we’ve entered into a whole series of long-term supply arrangements we never had before.”

Of the 2,500 suppliers it works with in the UK, around 100 are strategic partners, all operating on the Tesco brand. These supplier relationships are typically three to five years, but can be as much as seven. It’s a win-win, says Andrew Yaxley chief product officer.

“If you invest in the manufacturing side, you normally invest in technology and efficiency, which means you can produce a better product for customers. That creates volume growth, and that volume growth goes back to the supplier. It becomes a virtuous circle.”

As an example, he highlights how Tesco has “consolidated our potato business to Branston, which has created volume for them. We take our grade, but we also supply Booker, and on top of that we have become an ingredient supplier, supplying to our suppliers who deliver prepared ready meals, the potatoes for topping fish pie, cottage pie and shepherd’s pie.”

For Branston, the move has reduced complexity. “You get a multiple grade coming out of the farms. Something like 63% of the cost is all farming and picking the crop, but we can utilise the full crop. The utilisation is really key. And that’s how you create efficiency. What it’s delivered is a long-term contract that has allowed them to invest in automation, and then factory equipment, which creates efficiencies and scale. They’ve seen substantial volume increases on their core business as a result.”

James Truscott, MD of Branston, which has been working with Tesco for over 25 years, can vouch for that. “The agreement has enabled us to invest an additional £20m in the most innovative technology”. And the way Branston innovates around new products has also changed. “Our new product development sessions have recently included a wide range of disciplines from across Tesco, but also actual Tesco customers. So we get immediate and candid customer feedback on new ideas from the people that matter most.”

AMT, which supplies 20 million boxes of citrus fruit, grapes, pineapples and melons to Tesco and will turn over about £250m this year, is another to have benefited. Part of the AMC Fresh group, it was formed in 2014 as part of a new supplier agreement with Tesco to solely focus on Tesco, mainly supplying the UK, but also stores in Europe and Asia.



## Branston

Branston has been supplying Tesco with potatoes for over 25 years. Since signing a long-term contract it's invested an additional £20m.

Together with an open and transparent relationship it's unlocked supply chain efficiencies, says MD James Truscott. "We have honest conversations about the smartest, most sustainable way to work. From using broader product specs within the Farm brand Tesco products, to using potatoes outside the fresh product specifications to make ready to cook products in our prepared factory, to investing in our ingredients factory, supplying over 400 tonnes per week of peeled potatoes to Samworth Brothers, one of Tesco's prepared meal suppliers, we are utilising more of the crop, making the supply chain as efficient and sustainable as possible."



## AMT

AMC Fresh group has worked with Tesco for over 20 years but in 2014 it formed AMT to solely focus on supplying citrus fruit, grapes, pineapples and melons to Tesco. With an initial five-year contract, "it gives us confidence to invest much more heavily into innovation, like packing lines with state-of-the-art machinery and automation which drives efficiency and reduces costs," says commercial director Jon Hedge.

But there have been multiple benefits. "Tesco have got a better quality of product, which benefits customers. It's also driving new varieties, by us being able to eliminate some of the historically weaker varieties and replace them with upgraded ones that provide customers with a better quality product, better shelf life, higher yield for the growers and reduced costs."



## Bakkavor

Ready meals specialist Bakkavor has worked with Tesco for over 30 years. "We've witnessed Tesco transform the way they work with suppliers and a step-change in our own relationship, says Hannah Bendon, Bakkavor's customer director for Tesco. "Tesco knows our business and people well, they understand and support our growth plans, and have given us the confidence to invest in the future for mutual gain. It now feels like we are running one business end to end with a single, clear agenda."

This has been recognised by Tesco through strategic supplier reviews resulting in significant new business gains. It's also worked closely with Tesco to help its customers make "healthier food choices – reducing sugar, fat and salt, and adding fibre and extra vegetables."



Before the new agreement was put in place in 2014, the relationship could be "transactional", "distant", and was "much more complex," says AMT commercial director Jon Hedge. With multiple suppliers "each with their own supply chains, there wasn't the ability to leverage the scale in the most efficient way."

That changed with the direct dealings it's put in place. "It has enabled us to leverage Tesco's scale and remove a significant amount of cost for them to reinvest in price but there have been multiple benefits," he adds.

"What has happened is that Tesco has got much closer to the grower, and

the growers feel part of Tesco and what Tesco are doing, which has resulted in Tesco getting a better quality of product, which benefits customers. It's also driving new varieties, by us being able to eliminate some of the historically weaker varieties of fruit and replace them with upgraded varieties that provide customers with a better quality product, better shelf life, higher yield for the growers plus reduced costs. It also gives us confidence to invest in more farming."

Any cynicism about Tesco's motives belongs in the past, adds Hedge. "Considering the size of their business and the number of employees, their ability to build that way of working and culture

**"What has happened is that Tesco has got much closer to the grower"**

**Jon Hedge, director, AMT**



## G's

G's Fresh has worked with Tesco since 1988, developing new technologies and techniques to improve quality, sustainability, innovation and value for UK customers, and supporting international growth. Sales with Tesco have enjoyed a meteoric rise as a result: from £800k in 1988 to £161m in 2018.

The partnership has spawned npd such as Tesco's Fresh & Naked and Love Beets ranges, while a new direct haulage scheme is "a fantastic example of how the Tesco and G's teams worked together to re-imagine the supply chain, to receive orders five days in advance," says G's chairman John Shropshire, "allowing us to operate a seamless supply chain from our dispatch in southern Spain, straight into Tesco depots, meaning products get on shelves quicker, reducing food waste and improving quality."



## Hilton

The founding families of Hilton Foods has worked with Tesco for 50 years, but "the relationship has developed from a traded approach to one of total partnership," says regional COO Frank McMyler. That's enabled Hilton to expand into both Ireland and Central Europe as a fresh foods business.

"A transparent approach to business it allows us to focus solely on doing what's right for consumers, which in turn has enabled us to expand into other product areas" such as convenience foods in Central Europe as well as fish, seafood and vegan products in the UK.

"A total partnership approach has supported investment in sites and processes which is paramount to ensure we continue to offer Tesco and its consumers excellent quality alongside the most efficient cost."



## Samworth Brothers

Samworth Brothers has worked with Tesco since the 1980s but it turned into a strategic long-term relationship in the early 1990s, "when Tesco and Samworth Brothers observed the opportunities in the fast-growing sandwich market," recalls director Mark Samworth. The resulting Bradgate Bakery greenfield site in Leicester continues to be a Tesco dedicated site 25 years later and Samworth Brothers is now Tesco's biggest chilled food supplier.

A huge focus in recent times has been on health reformulation, and joint-funded research led to the creation of the vegan Wicked Kitchen range, while supply chain improvements have also yielded strong success in terms of efficiencies and waste reduction, backed up by support for Tesco's Champions 12.3 UN sustainability pledge on food waste.



is impressive. And I think it is heartfelt and very genuine. When I talk to people about supplying Tesco, often people's view is it must be difficult. That perception is extremely ill judged.

"Working with Tesco is challenging, you expect that, but the things they are trying to do, the quality they deliver, what they do in their farming practices, what they do with sustainability, many of those things are not always understood by people. Sometimes Tesco doesn't shout enough about some of the things they're really good at."

Internally, Tesco has also changed the way it sets targets for buyers, which Lewis says also benefits suppliers. "It's

a simple thing," says Lewis. "I don't target people on percentage margin any more. For the old model, the buying team would be targeted on the percentage margin of what they bought. Now, I measure them on the cash profit of what we sell, and therefore they can work with a supplier and say, actually, given the weather conditions, or the commodity prices, are we better off being sharper on price and driving volume? Last year the big one was strawberries. There was 20% more crop than usual, and it came two weeks early."

Historically, the farmer would "either flood the market or would plough them back into the ground, because they don't

want the cost of picking them if they then can't sell them. But because of the long-term partnerships we now have, they tell us what they've got. We agree that, OK, we were going to buy 100, but now we will buy 120. That additional 20 comes at a cheaper price than the 100, so our average price for the 120 is slightly lower, but the farmer has revenue for every single bit of his crop, the customer gets a better price, and we sell an awful lot of strawberries. That's how we've been trying to work in partnership."

In addition to long-term contract, Tesco has a direct relationship with around 3,000 of the 38,000 farmers it works with, through its Tesco





## Food waste

Tesco was the first business in the UK to publish food wastage figures (back in 2013). And at 0.45%, having now benchmarked it, "Tesco has the lowest food waste of any retailer I know," says Dave Lewis. He's not complacent though. "We all still felt, even though it's a tiny percentage, it's still a lot of food when you're the size of Tesco".

So Lewis has committed Tesco, as part of its Champions 12.3 UN sustainability pledge, to reduce good food that's going to waste to zero. And Tesco is now "over 81%" towards that commitment says Yaxley. "What's fantastic is that 27 of our supplier partners and 10 of our branded suppliers have signed up to halving food waste by 2030, measuring and publishing their data and taking action to tackle food waste from farm to fork. So as an industry, we're creating some mass to say, look, this doesn't make sense. No good food should go to waste."

Tesco also has an "incredible partnership with Fareshare, where they take food from us on a daily basis, but as a product team we also focus on how we stop creating so much waste. A lot of that is in our supply chain, our ordering systems. We've launched products like Perfectly Imperfect, which means not everything is the perfect specification size that

customers want, but it's still great food. If we package it differently it creates a great opportunity to take the food that might go to waste in the supply chain through to the shelf".

Tesco is also looking at "a lot more technology on the sorting lines, infrared scanners and sorters, which maximise the pack, the weight and the specification so you avoid having waste. Obviously, we've now got the outlet that we use with Booker, a lot of the packs they use are for catering and food service, and therefore it's an ingredient. Put it all together and it flows through by reducing waste at source."

"We know our customers want to reduce waste and save money and our suppliers are joining us. So it's not just Tesco. It's all of us together."

Lewis urges other supermarkets to follow Tesco's lead. Although they too are making efforts to reduce food waste, what they are "not doing is publishing their food waste data. And we would like them to. As chairman of Champions 12.3, the whole idea is measure and publish, because if you measure and publish we can share best practice as to where you can make an improvement. So this is not a source of competitive advantage for me, it's just the right way to run our business."

Sustainable Farming Group. The first launched in dairy in 2007 and there are now 10, each looking to achieve that combination of efficiency, transparency and fairness.

But whether it's farmers or manufacturers the key to the dynamic, says Lewis, "is to be open, to be transparent – we are the only retailer that publishes trading terms. We don't negotiate trading terms, they are all out there, we pay all small suppliers within 14 days.

As an example of how much things have changed in terms of power plays, Lewis cites last year's change to Tesco's general ledger system. "It was two months later than we thought. It came in November of last year – so just before Christmas, a difficult time for us. We were concerned that if there was a problem with the general ledger some of our suppliers wouldn't get paid on time. So we had two choices – either say 'we're changing the system so the payment will be late, sorry', or you pay them early, so they have their money and we go through the system change ourselves and recover it afterwards. We chose to pay them early. It was our problem, our change, why should our suppliers suffer the cash flow changes from doing that? So I went to the market and said 'this is why the cash flow in the fourth quarter isn't the right way, but it was the right thing to do'. And I think that's why people talk about a transformational change, because it truly feels more like a partnership again."

With a strategic focus to build meaningful long-term partnerships with its preferred suppliers "it's fantastic for Bakkavor," says customer director for Tesco, Hannah Bendon. "They know our business and people well, understand and fully support our growth plans, and have given us the confidence to invest in the future for mutual gain. It now feels like we are running one business end to end with a single, clear agenda."

And the relationship is "definitely getting stronger", adds Bendon. "There's a genuine sense of pride from the teams here about the work we do for Tesco and an absolute focus on providing great quality, value, insight, innovation and service."

As well as working closely on reformulation, Bakkavor also helped to develop the new Tesco brand Wicked Kitchen.



## Incubator Scheme

"We set up the programme about four years ago, after we got a lot of feedback from small entrepreneurial start-ups saying 'it's really difficult to get on the shelves,'" says Yaxley. "Some of the big successes we have had in the past include Brewdog, Fevertree and Graze. We take about 10 really small start-up suppliers and say 'this will give you an opportunity within Tesco, but more importantly we will take you through a whole programme of understanding how the buying teams work, what a technical order is about, what the ethical audit is about'. We cover every point where we think a small supplier might struggle to break through and help them understand how a bigger business operates."

He says what's "great about these suppliers is they have amazing products. So the product tastes amazing. Where they need support is how do they scale it? And how do they turn it into a business? We work with them for a 12-month period and at the end of that, obviously, we're really hopeful that customers love the brand and then the proposition stays and becomes part of the annual cycle. Everyone who's been on it has said it's been really helpful, not necessarily in making their product better, because they've always had great products, but in the sense of how you get your product into a retailer and onto the shelf, so then you get your offer to customers."

This year, Edinburgh-based food producer Mara Seaweed has made it into the scheme, with co-founder Fiona Houston describing it as a "game changer" for the business, and saying it would "allow us to learn from industry leaders and develop our brand and long-term partnership with the UK's biggest retailer."



It is one of two key suppliers making Wicked Kitchen vegan products for Tesco. It's now a £26m brand and has grown substantially since it launched, from 32 products to 80 today. "Bakka-vor and Tesco have taken risks to bring plant-based product solutions to the consumer, unlocking true innovation," says Bendon. "We believe that vegan and plant-based foods are here for the long-term and we are well positioned to keep providing Tesco with world leading product innovation."

This innovative response to consumer trends ties in with Tesco's overarching aim. "Focusing on the customer, the product becomes the heart of the opportunity, when in the past, it might not have been," admits Yaxley.

The result has been a prolific outpouring. "In the last 20 months we've relaunched 15,600 products across three

tiers. We don't own manufacturing sites, we don't own farms, we don't grow anything. So you can only go on that journey if there is a real partnership. We've taken every single Tesco line, rebranded them, relaunched them, improved the quality, reduced salt, reduced fat, reduced sugar and still delivered for the customer. And you cannot do that unless you're working with your suppliers in a better way."

He points out Tesco's development kitchen, where he holds all his supplier meetings now. "We probably have 80 supplier meetings a week in the kitchen, whether it's for a Tesco brand or for branded products. How does it taste? What does it look like? What's the packaging like, the cooking instructions? Getting back into that level of detail has made a big difference to quality. It's working."

Yaxley cites Tesco's viewpoint system, which is used to measure supplier satisfaction, as evidence. "Back in 2015 we were scoring 55%, but we got our supplier viewpoint scores for the beginning of 2019 and it's now at 81%. We think that is market leading.

"Of course I think you always have to do more, the journey is never finished, and I always ask suppliers how we can improve, but the step change I've seen in the business has been incredible."

**"We pay all small suppliers within 14 days."**

**Dave Lewis, Tesco CEO**



MARKETING

# Shaping the Tesco brand

We talk about reaching customers with Alessandra Bellini, Tesco's chief customer officer, and how this much-loved brand is back at the heart of everyday life

A sense of humbleness was central to the way founder Jack Cohen grew the business, however, by 2014, the public perception of Tesco was less so.

At the time Tesco's scale, combined with its continued expansion, had stirred up anti-Tesco feeling among consumers, leading to phrases like 'Tesco-poly' being used as a catch-all by critics concerned about the growth of supermarkets at the expense of independents.

So when Dave Lewis took over in 2014 he faced a number of challenges. From a marketing perspective, resurrecting the brand was always going to be a big one to overcome, but at least Tesco knew what had gone wrong.

"The times when Tesco thrives as a business are when it puts its customers at the centre of it," says Tesco's chief customer officer Alessandra Bellini. "And when we haven't done that, things haven't gone so well for us. And 2014 was probably the worst time, though it started a couple of years earlier."

All the consumer tracking Tesco did at the time showed it "wasn't putting our customer at the centre of everything we did, we were just forgetting. And I think



## 1963 Green Shield Stamps

Like everyone else, Tesco used predominantly print-based ads and offers to drive footfall into its stores, but in 1963 it decided to team up with Green Shield Stamps. It was simple, Tesco shoppers earned stamps when they paid for their shopping, which could be spent on a range of items from the Green Shield catalogue. It was also the start of Tesco's

first TV campaign, starring Sir Save-A-Lot, the price-cutting armoured knight on a "mission to keep prices low", who handed out Green Shield stamps while his sword 'slashed' the price of Bacofoil and Pledge. Green Shield Stamps were eventually phased out – to the vocal displeasure of Cohen – and Operation Checkout was then launched.

## 1977 Checkout

Tesco invested the money it saved on Green Shield Stamps straight into prices, reflected in the TV ad for the Checkout campaign, which was handled by McCann Erickson with a £1m budget. Alongside hundreds of double page spreads in newspapers, the TV ad simply listed a succession of price cuts, with every price ending in 1/2p. It was a phenomenally

successful campaign, with Tesco attracting an additional two million shoppers, often resulting in queues to enter the shops. Between the launch and February 1978 turnover increased by 43%. Less welcome was the impact on margins, which took a bashing. Nevertheless, it was considered a masterstroke by MacLaurin, who resurrected the campaign in 1982.



the brand went from being part of every-day life to becoming big and arrogant, cold and distant.”

The sheer size of Tesco fed into that, she suggests, saying scale is “always viewed with a little bit of suspicion”. But she also says when Tesco uses its scale to make a “positive impact in our communities, when we use our scale to work with our suppliers in a collaborative way to improve the quality and value of the product we bring to our customers, that scale is an asset”.

Essentially, how Tesco leveraged its bulk for the benefit of its customers just had to be communicated better.

Bellini joined in 2017, and things had already improved on the branding front. Not that the job was finished, which was reflected in what Bellini says was the “very clear brief” she was handed on day one. “We needed to rebuild the brand, and the trust in the brand. There were priorities I was given to achieve that.”

The first was to “relaunch the own-brand portfolio. How do we relaunch the three tiers of good, better, best? What do we do with the packaging on 12,000 lines, and how can we do it even better and in a fun way?”



## 1990 Dudley Moore

Teaming up with the pint-sized Oscar winning comic was the first time Tesco turned to outright humour to sell itself – and it was a smash hit. Tesco was seeking to build its quality credentials with the Quest for Quality campaign and Moore, a Hollywood star and household name, played a Tesco buyer heading round the world to secure

quality produce, mixing with everyone from the Mafia to French free-range farmers, on a hunt for chickens. Tesco say the campaign, which was produced by Lowe, was “hugely successful”. It ran for two years and ended on a genuinely moving note – having finally tracked down the elusive free-range chickens, a misty-eyed Moore ends up setting them free.



## 1995 Dotty and Every Little Helps

Signing Prunella Scales was a coup. The much-loved actress starred in Fawlty Towers, regularly voted the best British sitcom of all time, and after playing the hectoring and never-satisfied Sybil Fawlty she was the perfect choice for the central concept of the campaign – that the never-satisfied Dotty could never find anything to complain about at Tesco. As

a bonus her daughter was played by Jane Horrocks, who was hugely popular thanks to her ditzy role in Absolutely Fabulous. Designed to boost the Every Little Helps strapline introduced two years earlier, the campaign ran for 20 ads and was voted Britain’s favourite advert in 1999. During this time Tesco overtook Sainsbury’s as the UK’s biggest supermarket.



The second was to “keep stretching Food Love Stories, which had just launched. How do we keep it relevant and push the boundaries of the communication so it engages people, and how do we communicate value?”

On top of that, Tesco wanted to make the brand more consistent in terms of personality whether “in store, in digital, in social, in PR, in marketing and every single touchpoint for our customers. So it was a small brief, no pressure! Within that there were lots of other things, but these were the priorities, so that is what we set out to do”.

But the overarching priority was to regain trust in the brand, she says. “Brands are only powerful and strong when they have credibility, relevance and trust. Tesco will always be relevant, because it’s part of everyday life in the UK, but if you’re not credible, and you don’t have the trust of your customers, then it’s very difficult. It’s very easy to lose the trust of your customers. Two strikes and you’ve lost it, and it’s taken a while to get it back.”

To get it back, Tesco itself had to get back to “being humble, being proud of what we do well and communicating

## “The times when Tesco thrives as a business are when it puts its customers at the centre”

**Alessandra Bellini, Tesco’s chief customer officer**

it confidently, but being careful not to come across as arrogant”. And it was also vital to “make sure the experience in the stores, with our products and prices, was understandable, clear, solid, positive and consistent. Consistency was a big piece of the challenge we faced. Great marketing and communication can only help if the shopping trip works for the customers. Thanks to the support of our colleagues, we’ve seen great improvement”.

It’s why Tesco has made big changes in all areas to make sure the second half of this decade is a world away from the troubles it experienced in the first. And customers are responding, says Bellini.

“Though it’s been a long journey, we have seen a small improvement every month. We are at a point where the

YouGov Brand Index, which is how we measure trust, is at its highest level since we started tracking it in 2011.”

So she says Tesco will “keep driving the perceptions of quality and value. It’s tricky, you can normally do one or the other, and it’s very hard to do both, but we must do both. Like any company with 100 years of history there will be times when it’s done better than others. But I feel we are at a place now, with the centenary campaign, where we have gone back to being cheeky and humorous and we have license to do that because people are feeling better about the brand”.

“I feel really confident about what we have done so far, the positives are starting to outweigh the negatives. Today, we can really feel that customers are in a different place.”



### 2017 Food Love Stories

Food Love Stories turned to real people to tell stories about their love for food and quality ingredients, with the latest ads featuring a voiceover by stand-up comedian Sarah Millican. It recently won a Cannes Lion advertising award for effectiveness. “The great campaigns Tesco is famous for always married what Tesco did for customers, its

services and its products in a very engaging way,” says Bellini. “Food Love Stories bought that back. For a long time we hadn’t communicated on a brand level, just our deals – which were good, but not enough to engage customers. It’s an extraordinary campaign. People relate to it – it has driven our brand perception in a powerful way.”

### 2019 Prices That Take You Back

Tesco’s campaign to celebrate 100 Years of Great Value at Tesco highlighted reduced prices, or Prices That Take You Back, but cleverly used iconic cultural moments and characters from the last 100 years, such as Anneka Rice, Morph, the Gladiators – and even the likes of Mr Blobby – to create a sense of nostalgic affection. “I have a soft spot for the

centenary campaign, I think it’s fun,” says Bellini. “It creates a connection with the past, it’s upbeat and it allows anyone of any age to find something that they remember from the last 100 years. “It’s done in a very engaging way,” adds Bellini. “And for a promotional campaign it’s very brave and larger than life.”





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