

# No.1 for Local.....



Get to know your locals...



No. 1 for Local

# Why Local...?

## The Consumer...

- Increasing social conscience around “buying British”
- Local reinforces British, 76% of customers say they try to buy British if they have the choice, up from 45% in 2004
- Customers do not necessarily trust that when we say a product is British it actually is....when we say it's from Cornwall, or even better 'grown near St. Ives' it's origin becomes credible.
- Awareness of food miles increased 23% 2007 vs. 2006
- 84% of shoppers claim they would buy more if available in supermarkets
- 46% prepared to pay more for British grown fruit and veg in season
- Customers look to their supermarkets to provide local food
- Local is a quality indicator, 56% of customers perceive Local as “much better quality” and the more specific we are in labelling of origin, the greater the quality perception
- Local is the number one ethical concern when it comes to grocery shopping it is worth three times as much as Organic at £4.8 billion (Mintel report 2008)

“Sugar beats down the food miles.”  
23/04/08 *East Anglian Daily Times*

“For me, eating and cooking seasonally is one of the joys of life.” *Gordon Ramsay*

“Tesco sets itself a £1 billion local sourcing target.” 21/03/08 *Fresh Produce Journal*

“Its worth the detour to visit a Cumbrian service station that dishes up tasty local produce.” 9/08/08 *Food and Drink section, Telegraph*

“Go local – a significant trend to be witnessed in the year 2008.” *The Guardian 11/03/08*



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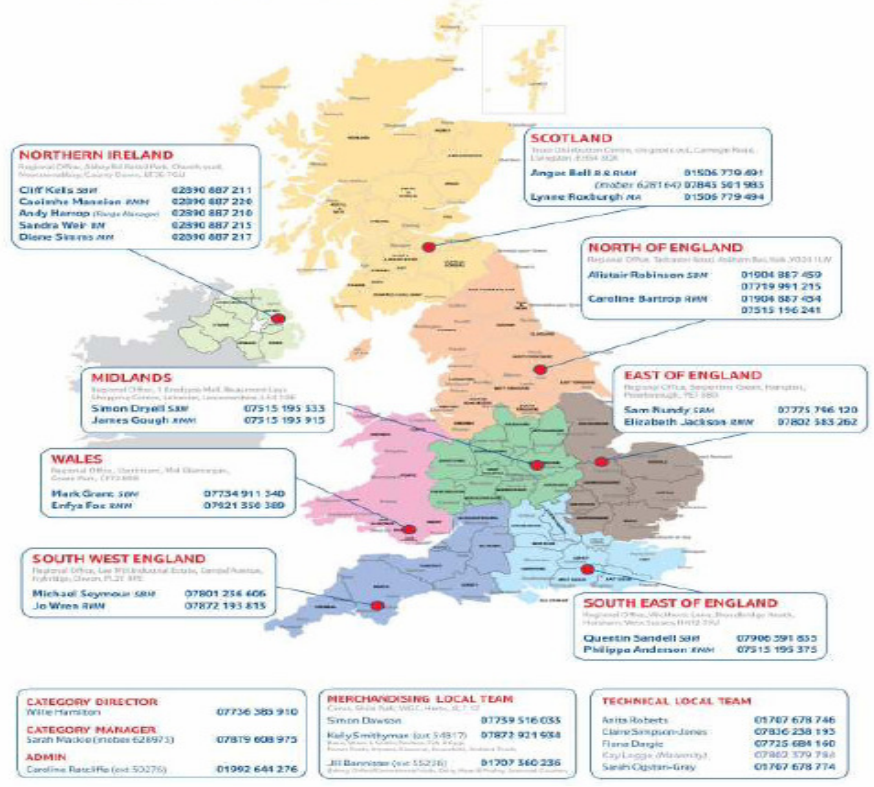
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# Our Investment...

## LOCAL BUYING OFFICES



- 8 fully functioning Regional Offices set up across the UK...
- A dedicated team of 29 people in place...
- We are currently stocking 3000 Regional products around Britain...
- Sales of Locally sourced products up 40% this year in Tesco...
- A £1Billion sales target by 2011...





## We have some fantastic Iconic products from around the UK...

- South West - Cornish Pasties/ Cheese, Cider
- South East - Strawberries, Apples, Watercress
- East - Pork & Poultry, Roots & Potatoes, Brassica
- Midlands - Pork Pies, Stilton, Legumes
- Wales - Welsh Cakes, Leeks, Daffodils
- North - Kendall Mint Cake, Pies, Rhubarb
- Scotland - Whisky, Aberdeen Butteries, Raspberries, Oatcakes



# Regional Facts...

## EAST

- Total Population = 5.6m (40% in Herts & Essex where we source the least from)
- Lincolnshire grows 20% of all the UK's Vegetables
- Percentages of English produce that come from the East:**
  - 37% of Vegetables - 24% of Potatoes
  - 38 % of bulbs/ flowers - 17% of Sugar Beet
- We process nearly twice as many chickens in Lincolnshire every week than people live in the county.**
- Counties: Lincolnshire, Cambridgeshire, Bedfordshire, Hertfordshire, Essex, Suffolk, Norfolk

## MIDLANDS

- Total Population = 9.4m
- Central location has created a conurbation of major food manufacturers**
- Counties: Shropshire, Staffordshire, Derbyshire, Nottinghamshire, West Midlands, Northants, Leicestershire, Warwickshire, Hereford and Worcester



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South West



South East



East



Midlands



North



Wales



Northern Ireland



Scotland

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# Local Sourcing Goals & Principles

- We will stock more Local lines than any other retailer
- We will bring Local alive for customers & stores
- Be more accessible to Small Local Suppliers
- Ensure Local is for all Customer types
- Local lines will *not* be stocked merely by virtue of being Local:
  - They must meet our quality standards
  - They must enhance, not duplicate the range
  - They must have demonstrable regional & customer relevance



# Local Sourcing Principles & Team

- **Three Key Elements of Sourcing:**
  - Sourcing Local Brands
  - Championing Local National Brands
  - Packaging Produce & Meat to reflect Growing Area
- **The Team**
  - Dedicated Regional Technical Manager
  - Dedicated Local Marketing Manager



# East of England Region

## Key Product Categories

Potatoes & Roots

Salad

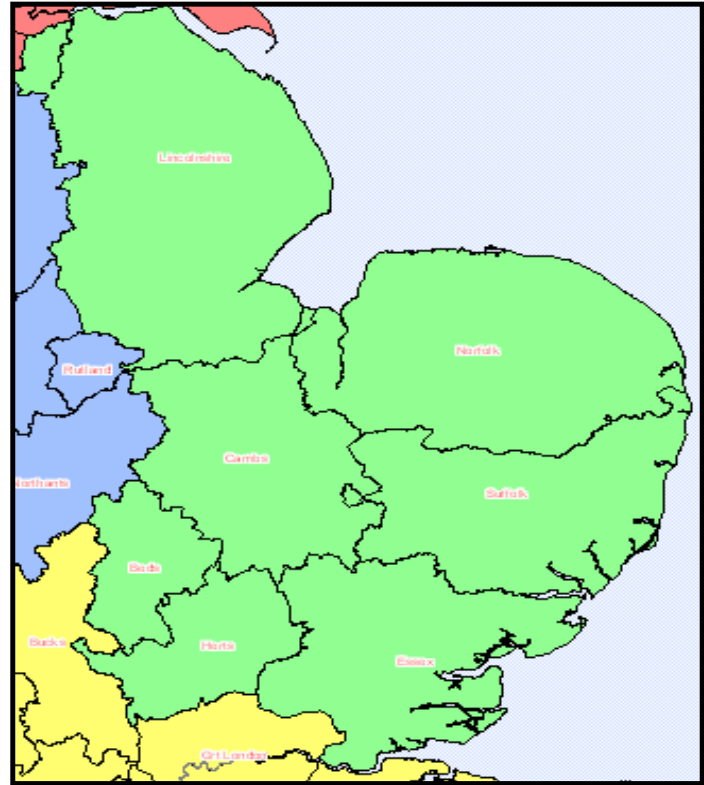
Brassicas

Pork

Poultry

Beer

Sugar Beet



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South East



East



Midlands



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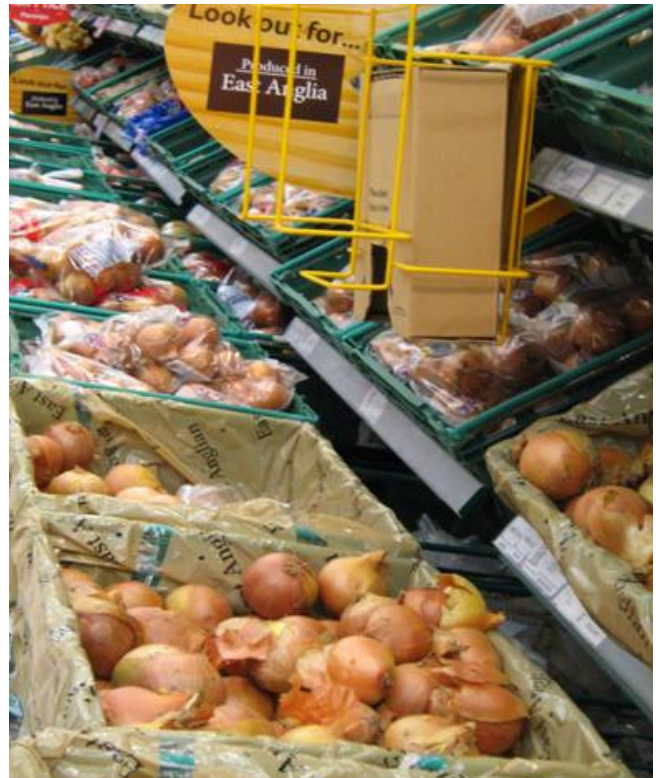
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# Some of what we do?

- Sourcing Product
- Packaging Development
- Store Operations
- Distribution Solutions
- Technical Audits and Consultation
- In-store Marketing
- Media Relation
- Meet the Buyer Events
- County Shows and Regional Events



# Supporting Local - POS



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South West



South East



East



Midlands



North



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# Supporting Local - Merchandising



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# Strong Point of Sale led by the 'Get to Know your Locals' theme...



Tesco.  
Now you can cook your entire Sunday roast, from Lincolnshire produce. Including Brussels sprouts... From Boston.

TESCO Every little helps



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# Success Stories.....

Local Scottish Oatcakes sell over 127 packets per week per store...

Great Iconic products re-badged to showcase their Local provenance....

Yorkshire Carrots have achieved +30% sales uplift vs. control stores...

In Scotland, Local Scottish Softies rolls sell between 800 and 1,500 units per week, per store...

Cornish Potatoes have achieved a 12% uplift vs. control stores...

Sales on Midlands 'Black Country Pork Scratchings' in the 1<sup>st</sup> 4 weeks of launch were 46,000 packets. An average of 234 units per store.....outselling the National equivalent 2 to 1...

Dunhumby data is showing that Warwickshire Spring Onions are currently growing 5% ahead of the National equivalent....

Cornish Camembert achieved a 40% sales uplift vs. control stores...



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# Some Local Success stories

- **Lincolnshire Potatoes** – 10% incremental Growth versus National
- **Canned Veg** – First to Market with Regional Grocery – helped grow Peas product sales by 19% in first 3 weeks
- **Hill Farm Oils** – 1st Ever Rapeseed Oil to launch in Tesco – Better RoS than many premium EV Olive Oil
- **Lincolnshire Chicken** – First Pre Pack Meat with Local Design – Early indications show an average uplift of circa 4-5%
- **Wolf Brewery** – RoS during beer festival reached over 100 units per week per store
- **East Anglian Pork** – Entire Pork range in Cambs, Suffolk & Norfolk Early indications show a 2-3% sales uplift.



# Local Delivers New Customers...

Initial Dunnhumby analysis suggests our gains come from:

1. Customers switching from comparable products e.g., Organics
2. Customers increasing their category spend
3. New customers not previously shopping the category

Product	% New	% Spend more	% Switch
Cornish eggs	18	45	36
Cornish cauliflower	28	37	36
Cornish potatoes	4	55	42
East Anglian potatoes	3	74	23
Somerset mushrooms	12	46	42
Lincs chicken	15	47	38
Hot pasties	56	24	8
Hereford strawberries	20	46	34
Kent strawberries	23	46	33



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# Marketing Info available to suppliers

- New Launch Press Release
- Local media competitions/activity
- Sampling activity direct/in direct
- Recipe Cards
- Brandbank/ Dot Com
- Get to know your locals
- Local marketing activity (new stores, extensions etc)
- Price News



# Meet the Buyer Events



# Supporting Local - Sampling



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 South West  South East  East  Midlands  North  Wales  Northern Ireland  Scotland

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# Supporting Local – Meet the Farmer



# Supporting Local – County Shows



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# What have we learnt?

- Customers Love Local products and want more
- In England customers respond best when Local = County or defined geographical area.
- Local works best on products that are close to primary agriculture and that customers buy every week;
  - E.g., produce, meat, beer, water, sausage, bacon, eggs etc
- Local can be a test bed for a National product launch
- Sampling in Store – Really drives awareness customer interest and Sales!!!



# Thank you & Questions



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