# Clubcard – Rewarding Customers Loyalty

- National launch in Czech Republic in 6th September 2010
  - 1% reward scheme
  - Quarterly statement mailings
  - Data analysis from Dunnhumby
  - High awareness of CC advertising after 6 weeks – 82% customers with supported knowledge
- We have more than 1.3M customers in scheme from launch (1M customers after the 3 months)
  - More than 55% of sales with Clubcard
  - Clubcard average spend is 20% higher
- In Clubcard statement mailing we have sent more than 160M CZK (c.£5.5m) in Clubcard vouchers
  - Regularly more than 60% customers in reward status
  - Customers are satisfied with Clubcard vouchers
- Benefits from Clubcard
  - Using Clubcard data for better customers understanding
  - We are targeting customers with relevant offers in relevant time
  - Protect spend from loyal customers from local competitor impacts
  - Reactive lapsing customers with Clubcard – win them back to Tesco
  - Drive trade by targeting opportunity customers

# General Merchandise & Electrical Sourcing

## Market Opportunity

- General merchandise is in all store formats and we are growing selling space via new stores
- Competition are reducing non food space
- Exclusive products and brands not seen within the competition
- Strength of hypermarkets

## Our Plan

- Source globally and locally where it is good for customers
- Strengthen the private labels - Technika, F&F
- Centralisation of Core Hardlines Categories
- Space relay and refits

## Customer Proposition

- Improved customer shopping trip
- Introduction of new brands to the market
- Build customer loyalty within the general merchandise offer


TESCO

# Grocery Home Shopping

www.itesco.cz

## Market Opportunity

- Prague broadband penetration reaching UK average levels (66% vs UK 69%)
- Country broadband population to grow from 4.4m (2009) to 6.4 m (2013)
- Online retail will represent £2.8bn by 2013 and 4% of total retail
- Market leading
  - No competitors offer full online service

## Our Plan

- Use the broad geographic spread of our existing hypermarket assets
- Develop a new IT platform specifically for international GHS
- Launch in Autumn 2011, initially operating from 3 stores in Prague
- Rollout of the Grocery Home Shopping service to reach at least 75% population in five years


## Customer Proposition

- **Flexibility** – with Tesco, customers can shop how, where and when they want to
- **Great value** – Online prices same as in stores
- **Range** - Full assortment of Fresh and Grocery products
- **Convenience** – Easy journey on the website, saving time for customers
- **Great service** – Trained pickers and delivery assistants. Customer helpline. Taking care of products before and during delivery

TESCO

# Tesco Opticians –
# Lowering the Cost of Eye Care in Central Europe

- In Central Europe the Opticians market is more fragmented and expensive than UK
  - 4 out of 5 outlets are independents
  - Typical entry price point for prescription glasses is 50 euros, more than double that of Tesco in the UK
- Leveraging UK skill, scale and costs
  - 1 Global Supplier Partner with over 10 years of delivering for Tesco UK
    - Manufacturing facilities in UK & China
    - Multi-language store helpdesk
  - UK cost prices passed onto CE with no central costs incurred by global expansion
  - Store ordering system is multi-language and allows country independence for range, price and promotional variances


## Central European Expansion

- Currently 18 Opticians, 40 open by February 2012
- New concept in Zlate Piesky (Slovakia) is now the blueprint design for CE and Asia
- Plans in place to open CE manufacturing facilities in Hungary in 2012

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TESCO

# Tesco Pharmacy

- Part of Central European Services expansion plan
- Offers a convenient & professional alternative, adding to Tesco customer shopping experience

## Czech Business opportunity

- Total pharmacy market: £2.6bn
- Average sales per pharmacy: c. £750k pa
  - rise in co-payments and over the counter (OTC) market
- Average value per prescription: £20
- 9 pharmacies by end of first year
- Structure of the ownership – trend to company ownership – margin driven by turnover


## Offering a unique alternative

- Approachable, well trained staff living the Tesco Values
- Extended opening hours
- Consultation rooms
- Additional services
  - e.g. smoking cessation, blood pressure, BMI, diabetes & cholesterol testing (first pharmacy to do this)
  - supports the government in reaching their targets (e.g. reduce death by cardiovascular disease by offering free cholesterol/blood pressure screening through early detection)
- Convenience and availability
  - widening pharmacy access for our customers
  - drug deliveries 2-3 times a day

## Current developments

- Generic substitution
- Tesco own brand
- Expanding consultation room potential – e.g. dermatologist
- New design to build on commercial potential
- Heart foundation partnership