

Our business model

Tesco grew into a big business by focusing on the little things.

Not because we developed a highly complex business strategy. Nor because we developed a radical, revolutionary business model. We were successful because customers were our number one priority and everything we did was about doing the right thing for them.

Our aim today is to regain that total focus on serving customers. We have refocused our business under three operational headlines:

- listening to, understanding and reaching out to **customers** to create the best possible offer
- working with growers and suppliers to make great **products**, and helping to deliver the best value to customers
- and working across different **channels** to get those products to customers in the most convenient way possible.

Our aim is to make sure everything in the business is set up in the most efficient way to create value for customers.

By refocusing on these three areas – and with the capabilities, reach, insight and skills we have within our business – we are uniquely placed to deliver the best offer we can and in doing so earn our customers' loyalty. By creating value for our customers, we will create sustainable value for our shareholders too.



Customers

Tesco exists to serve customers – and our business model has customers as our number one priority.

Our scale and reach mean we have the expertise to really understand our customers; allowing us to focus on the delivery of an offer with real value in all areas of price, quality, range and service. This focus means that we will champion our customers at every level and earn their loyalty.

Reinvest

Our clear priority is to improve Tesco for customers. As we do this, we have committed to reinvest any savings or outperformance into further improvements in our shopping trip.

The reason for this reinvestment is clear: the better job we do for customers, the more we will improve our sales, and the more our sales improve, the more we can invest further in the shopping trip.

Channels

To bring the best products to customers easily, we work through a range of channels – from small shops to large shops, and through our growing online business. We were the first retailer to offer 24-hour shopping and today we have thousands of Click & Collect points across the country.

As part of improving our offer, we will invest in making our channels even more efficient and convenient for our customers.

Product

The offer we create for customers is developed by our Product team. They work with our suppliers to source the best possible range of quality products which meet and anticipate our customers' needs.

Our relationships with suppliers are crucial to delivering our customer offer. Since October, we have been reviewing our partnerships to make sure we focus on delivering the best possible value to customers.