

Transcript

Dave Lewis and Alan Stewart interviewed for colleagues by Natasha Adams, UK & Ireland People Director

Hi Dave, Alan, thank you for joining me. So what have the last two years been like – what progress do you feel like we've made, where are we on the journey?

Oh wow, well it's been a hell of a two years, an awful lot has happened, and I'm really honestly quite delighted with the progress we've made. I think colleagues have been outstanding. You know we faced into the challenges we had as a business that could be described as 'in crisis'. We wanted to make ourselves more competitive particularly in the UK and the results today show that we've done that.

The balance sheet is more secure as a result of all the things that we've done and you can see the trust coming back into our brand, so colleagues are being fantastic in facing into what was a very difficult situation, let's not kid ourselves, and really turning the business around.

Importantly by behaving differently, by doing things differently, and the results are really positive reinforcement for all of us that those were the right things to do and that actually by putting the customer the centre of everything, we set us of ourselves up really very well for what it is ahead of us: so I'm delighted with the progress we've made, an awful lot has happened, but colleagues are being absolutely brilliant.

So Alan, could you just share a bit about the results that we have released this morning?

The results are really encouraging. When we look across the Group as a whole we've seen growth in all parts of our business. In the UK and ROI we've seen the first – in this half we've seen the first growth for 5 years, so the first half year growth since 2011. If we look internationally we've seen volumes up more than 3% and we've seen transaction numbers up as well. In Tesco Bank we now have 2% increase in customer accounts compared with this time at the beginning of the year, and in Tesco Mobile we have 4.8 million customers using Tesco Mobile. So across the whole of the business we've seen really, really good results.

And that's a big step forward to when we last spoke in 2014. What do you think that success is down to Dave?

What I'm proud of most I think is we focused on doing what we said we would do – we said we wouldn't talk our way out of the position we got ourselves into, that we would behave our way out of it, and I think that behaviour is best seen in putting the customer at the heart of everything we do, and we've stayed really focused on doing that.

You see it in all the work that's being done across the countries but in range, in service, in availability and now also in price. So it's good quality brilliant retailing but by putting the customer right at the heart of everything we do and then saying anything that doesn't serve him or her better, actually we should be removing that and investing back into that offer.

And as we've talked today about the 6 strategic drivers could you say a little bit more about that as we look to the future so colleagues can understand?

What we did today is share with our shareholders and a bit more broadly the plan that we as an Executive have been running to for quite a while now and it's just a very simple way of saying actually if we think about the initiatives that drive our business forward over the next 3 years we think there are 6 things that we should focus on.

We want to build a more differentiated brand for customers as Tesco. It adds value and it will add differentiation to the offer. We know that we have the opportunity to significantly lower our costs in lots of areas in order to be able to invest more in that relationship so that's the second of those drivers. The importance of generating cash from our business for the investment but also for the health of the business is something that we've been talking about inside Tesco for those last 2 years and that's just a reflection of how we want to drive that for the next 3 years.

And then that maxing the mix is all around what do we sell where and how can we manage the margin of that mix a little bit more proactively and better, so again really good core retailing. We have an opportunity to realise value from property and assets that we have and we're being much more proactive under Steve's leadership as to what it is we might do.

And the 6 boxes, the one that you know is all about innovation, people will see some of the things we've done and have no knowledge about the things we're going to do because that's competitively sensitive but it's just a way of pulling together initiatives that everybody can understand and relate to the value of the business, particularly for some external stakeholders who were not involved in it every minute of every day in the way that we are.

Dave, anything you'd like to say in summing up?

Oh, I think two things really, I think the genuine thing is thank you, you know, it has been a hell of a 2 years, there have been some challenges along the way but everybody knows about that. I'm really proud of the way that everybody has faced into that. I think we've just been very honest and objective with ourselves and dealt with it, but that takes a lot of emotional energy, it takes a huge amount of commitment and colleagues have been just outstanding in every part of the Tesco family around the world, people have really faced in and done what it is the business needed to have happen over those 2 years and I'd just like to say you know a heartfelt thank you for that.

And I think the second thing is keep doing what we're doing – just every day if all of us can give one customer an experience of Tesco which was better than they expected when they came in the door, or they came online or they contacted us anywhere, we'll be fine. We'll be fine, we'll rebuild our brand, you can see what's happening already and we should take some confidence and some heart and that's why today when we talk to the City we say look, that stage of crisis for us is over we've met those 3 priorities – we're more competitive, the balance sheet is more secure, we're rebuilding the trust and that we move into a different phase for our business so thank you very much but keep doing it – it's working.