

Dave: Wherever you happen to be in the Tesco world, a very happy new year to all of you. I'm delighted that today we've announced the results for the Group and you will have seen that actually it's another very strong performance from our team.

But I'm going to start from International, where I've been particularly pleased with the performance that we've made in Asia in some, you know, difficult times, particularly for our colleagues in Thailand where given the very sad death of the King things have to change a lot, but in the market which has been very difficult the market share performance of the business in Thailand is something we should all be really very proud of.

In Central Europe again in some very tough competitive situations in three out of the four markets we continue to hold or grow our market share, so some very strong performances around the Tesco world and for which I say a heartfelt thank you.

But I'll turn to the UK because when we look at the Group performance of 1.1% growth over the last 19 weeks the UK has a particularly strong contribution to that.

So I've got with me Tony, Andrew and Steve.

Tony, I'm going to start with you, because a huge number of customers served - in fact I'm told it's 266 customers a second at our peak, so how did you and the team manage to do that?

Tony: Yeah, I mean 266 customers per second is an astonishing number. Even as astonishing is that not only were we serving that many customers but we were able to improve service on almost every measure.

You'll have seen recently we got the customer shopper feedback for the Christmas period and on helpful service, range and quality year-on-year we've improved all of those measures.

Dave: I have to say the spirit that one felt in stores all around the UK and Ireland was something really very tangible, it was a very positive spirit amongst every colleague that I met it was really quite a great experience to be part of.

But behind that requires some, you know, there was a little bit of volume moved in that time Andrew, so how were you able to support that level of service to customers?

Andrew: I think the challenge that we set ourselves out to achieve is how can we improve this Christmas upon last Christmas? And one of the key things that we had back from the Store Managers last year was when the stock was coming into store in the build up for Christmas we were really congesting their back rooms and this year we took quite a big risk actually because we've never ever done this before, and we shaped our distribution plan to really back-end the delivery of the grocery stock in line with the sales.

And of course when we were doing that we were conscious of could we actually deliver the same service level to shops, and the great news is we improved our overall delivery service metrics year-on-year, so our on-time delivery to large stores went up, our on-time delivery to convenience shops went up, and I think the one thing I'd like to call out is the collaborative work that pulled it together. The teams in the distribution centres did a brilliant job, but equally the teams in stores and the teams in the store ordering.

Dave: Steve, you have a part to play in this as well because you know before he gets the volume to move you have to work with some key partners to make it happen, so how were you able to line it up in the way that Andrew was talking about?

Steve: Well it's a huge undertaking. I think there would be a few things that we've done this year that have really helped. I think we've developed our ordering systems to be the best they can be.

We've backed that up with a group, a team, that are world-class experts at what they do and that's allowed us to forecast our orders much more accurately than we've probably done in the past.

I think the second thing that's made a big difference this year has been the whole range reset approach and how we've been able to give the products that matter most more space on our shelves.

And the third thing would be we've worked very hard at developing our relationships with our supplier partners and that's been something in the last year that for me has made a really big difference.

So in October we saw the results of the Advantage supplier survey and we came out as the top retailer that suppliers like to work with, so we're really proud of that.

Dave: You know, for someone who isn't involved in it day-to-day it really was a very tangible, you know team effort and you know if I think back only two-and-a-half years to joining the business in the UK, some of the perhaps tensions and lack of alignment that were impacting the business, it's to you and to your team's great credit that the performance of Christmas has been as good as it has been.

I say that but what I thought I'd leave with is, you're not, you've not stopped there have you – you're already starting to evolve and I just wonder whether we should talk a little bit Tony about the changes you're making to some of the service models in stores and what happened before Christmas?

Tony: You're right it doesn't stop there, in fact this week it started again so we had a large group of Store Managers together for a few hours yesterday morning who have been working on simplifying next Christmas's plans, but more broadly than Christmas we do need to simplify the business. But anybody can simplify the business, what you've got to do is improve service at the same time.

I think we've shown that we've done a great job of that this year.

One example was where we've got a plan on bringing our colleagues closer to our customers and that's meant in some stores bringing the night team into a Twilight team. Now that is disruptive for stores and you know our colleagues have been incredibly flexible and adaptable to changing their hours, of which I and my team hugely appreciate.

Dave: But you've got some changes as well Andrew? You've got a vision for Distribution that requires us to make some changes as well.

Andrew: We've announced the proposal to close two distribution centres this week. That will allow us to consolidate the stock out of those distribution centres into the rest of the network and simplify and make the operation more effective.

Quite clearly though, it does impact many of our colleagues and we're working very very closely, they are our absolute priority during this period of time, to go through and ensure that we open up all potential other opportunities that we've got within Tesco. So you have some significant changes that we've announced this week.

Dave: Guys, thank you very much for that, I think for everybody who's watching the video, I think it's a story of a UK team that have been operationally extremely strong in fairness in the three Christmases that I've been here, but keep raising the bar yet further.

The performance in the UK in Q3 and through the Christmas time was really very strong and it's thanks to the teams of the people here but you know 320,000 people throughout the UK and Irish teams and for that I say a huge thank you.

But it's also a story of not being satisfied, it's a story of setting again the boundaries and setting the bar a little bit higher and being prepared where we need to, to face into the fact that as a business we sometimes have to change.

There's a lot still to do. I think the reaction to what it is we've done as Tesco you'll see in the marketplace but more importantly I'm interested in what our customers say and the feedback that I see from customers in the UK and Ireland but also in Central Europe and in Asia, is that they're appreciating what it is Tesco colleagues are doing for them so all I can ask is please, please keep that up.

The customer is the heart of everything that we do and our job is to serve them a little better every day wherever we are in the Tesco world.