

# The Dynamics of the European Retail Sector & Future Implications on Farm Suppliers

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Waitrose



# Which Strategy?





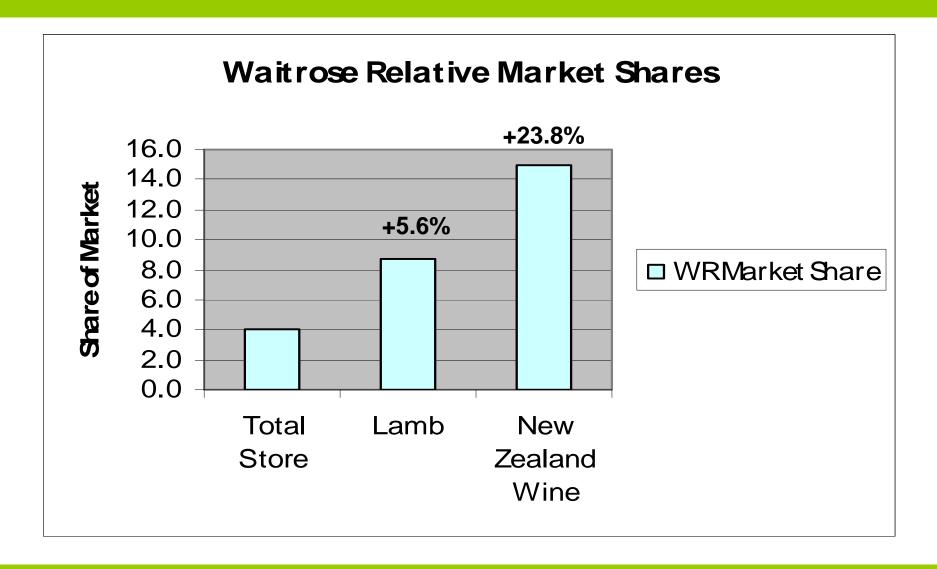
## Who are Waitrose?



- Established in 1929
- Largest employee co-operative & privately owned company in UK
- •Company held in trust for benefit of its employees
- Long-term approach to business
- •246 supermarkets
- •4.2% of UK Grocery market
- •Founded on principles of sharing knowledge, profit & power
- Culture built on trust, honesty, service & value



#### Waitrose Share on Markets



# The UK Grocery Marketplace





# Competition within the UK





# 5 Trends to watch in 2011 (and beyond)

- 1. Austerity
- 2. Confidence
- 3. Inflation
- 4. Credit
- 5. Demand

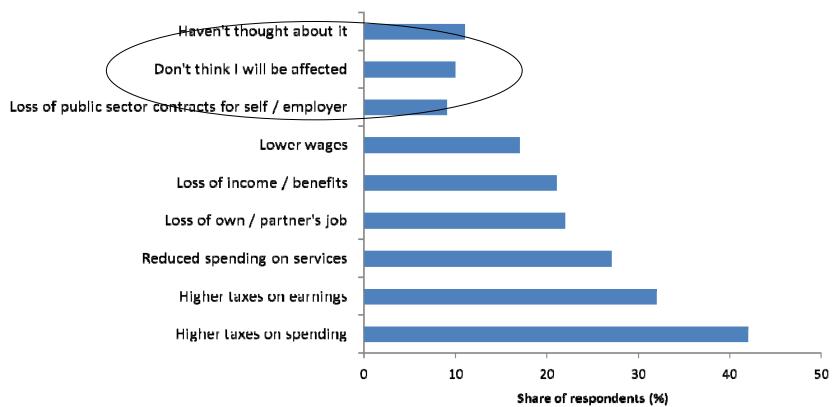






# Austerity

Q: "Britain's recently-elected coalition government announced a set of measures in order to cut the country's budget deficit. When these measures come into force, which of the following will you be most concerned about?"

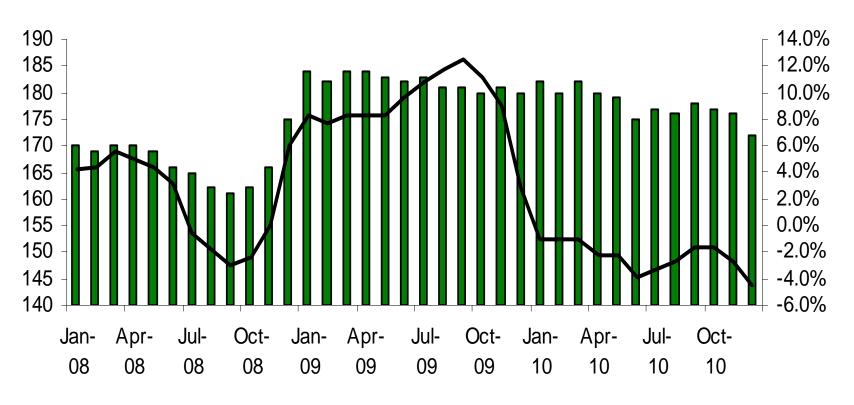


Source: NMG Consulting / Bank Of England, December 2010

Base: 1,960 respondents



#### Income Tracker



YOY % improvement in 'free' spend



£ of 'free' spend

Source: Asda

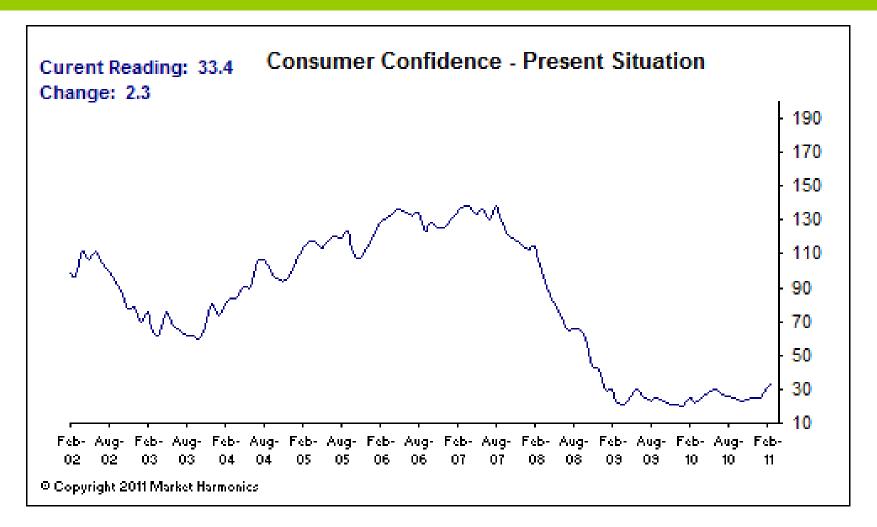


# Consumer Spending on Food





### Consumer confidence

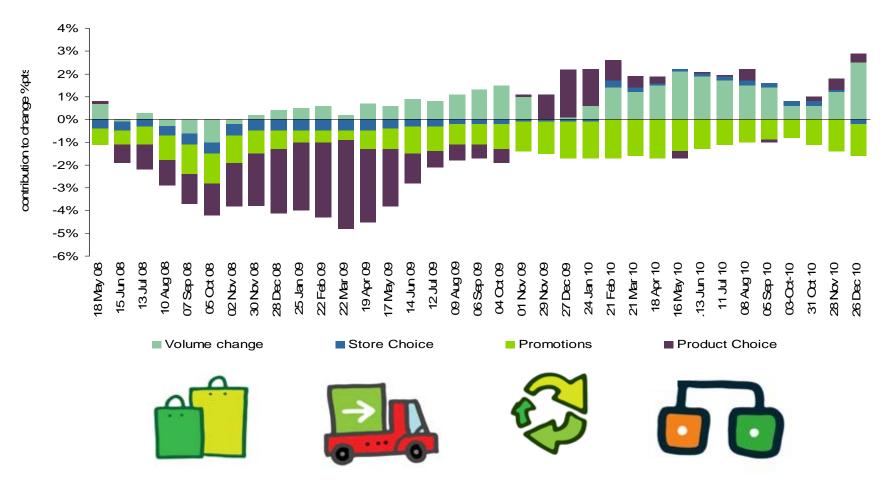


**Source: Market Harmonics** 



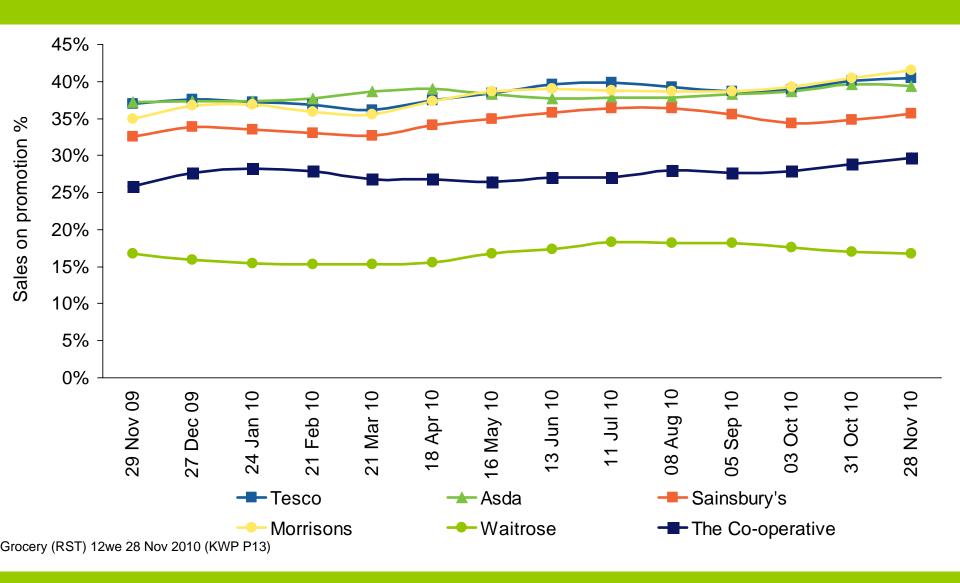
# How Shoppers are Trading

Grocery coping strategies, % contribution to YoY change in household spend



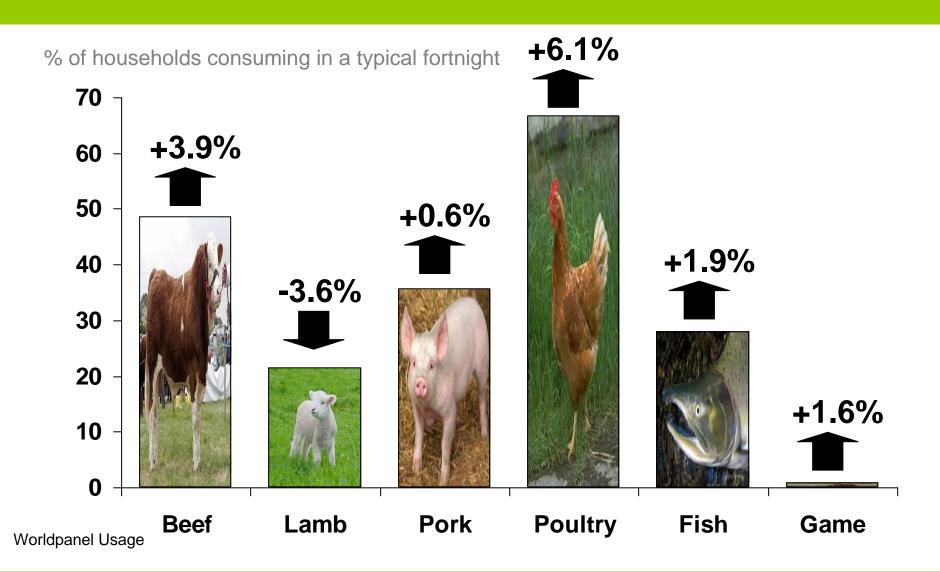


# Depth of Discount on Promotions



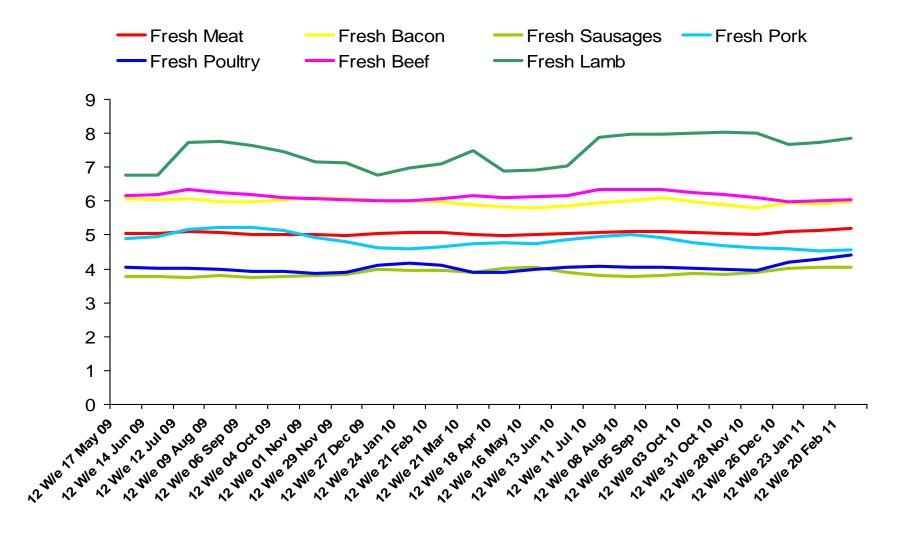


# **Household Consumption**





# Average Price per Kg – May '09 to Feb '11





# Growth of Multi-Channel Retailing



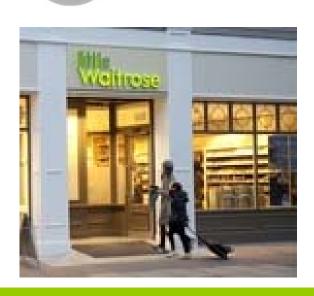
....on M-Commerce

....on
Shopping
Online





....on Convenience stores





# Do our consumers want to imagine this?





# Or this....?





# Innovation is Key





# Innovation is Key





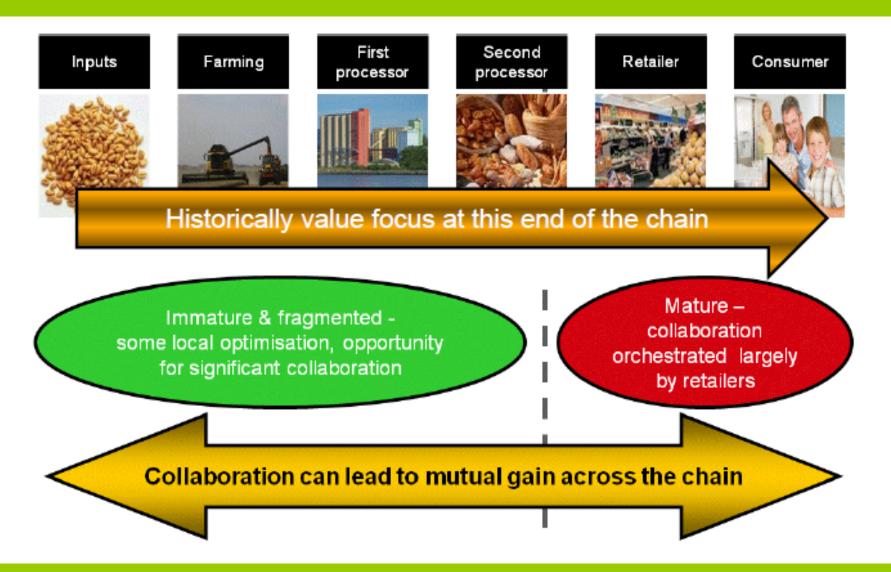








# The Agri-Food Supply Chain

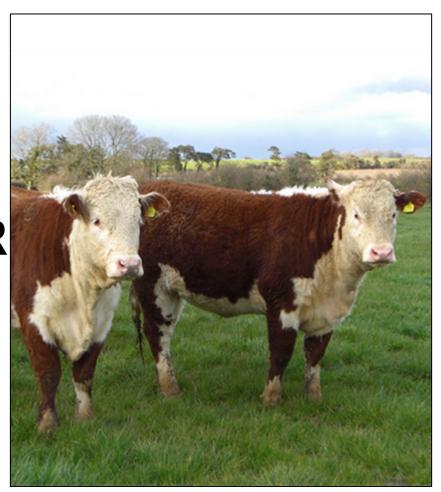




# Implications for Farm Suppliers

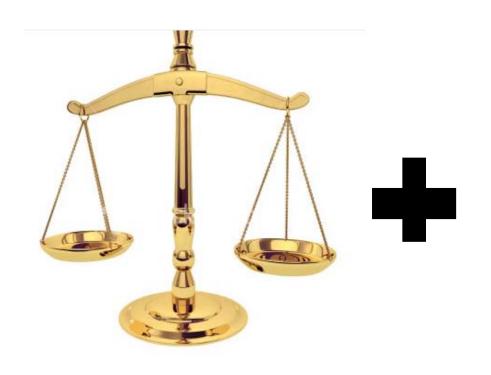


OR





# Opportunities for Farm Suppliers





**Low Cost? Differentiation?** 

