

Six priorities

We are making progress on our priorities as we continue to listen and learn from our colleagues and customers.

To be more competitive

We operate in a competitive and dynamic market and continue to invest in great prices and good quality for customers, ensuring we offer the best value we can

- We are a British business with a vertically integrated supply chain. We have increased the number of products we make ourselves
- We now directly source more items such as nuts, bananas and fish, cutting out the need for middle men and agents, which allows us to have closer relationships with producers and growers, to provide lower prices for customers
- We are developing 'Morrisons Makes It' as a standalone, authentically British brand
- We launched our new 'Naturally Wonky' brand of low priced good quality fruit and vegetables, a new look 'Savers' range, a vegan range called 'V Taste', 'Little Kitchen', a range of healthy products for children, and have extended 'Nutmeg' into womenswear
- We are showcasing our Market Street counters and food maker experts with in-store tastings and food maker demonstrations
- We acquired Chippindale Foods and invested in our factory at Flaxby, which is enabling us to become more competitive in some high volume, commodity items such as eggs, carrots and onions



To serve customers better

We are improving customer choice, emphasising Morrisons provenance, and looking to improve the shopping trip every day

- A key measure of turnaround progress is customer satisfaction in areas such as checkout queues, availability, and friendliness of colleagues. This measure has shown consistent improvement, and is up by 20% pts in four years
- We have introduced card only checkouts at more stores to give customers a choice and to increase efficiency
- Our new Morrisons More app allows customers to collect and redeem their loyalty points digitally
- We have extended the reach of Morrisons.com. Through a combination of store pick and additional space in Ocado's new Central Fulfilment Centre in Erith, we are able to provide online grocery home shopping to over 75% of British households
- We have recently started a trial to supply Center Parcs guests online through Morrisons.com
- We launched Eat Fresh, our new online recipe box meal kit service, during the year. Customers can order a wide variety of fresh meals to be delivered to their home

Find local solutions

We are becoming renowned for 'local', and customers increasingly regard this as a distinguishing attribute of Morrisons

- We are improving regional events for customers such as Hogmanay in Scotland, St Davids Day in Wales and expanded our Ramadan offer. We are also better targeting important customer groups, for example through our 'More for Students' club and at stores popular with tourists
- We are becoming more integrated in our local communities. Every store has a dedicated Community Champion who supports local events, community groups and charities
- We hosted a further ten regional food maker events around Britain, as we continued to extend our range of local products from growers, farmers, fishermen and other food makers. Many of these products have been incorporated into our new stores and our Fresh Look programme
- We continue to support local farmers and suppliers nationwide. For example, in the year we started to sell individual local loose eggs in over 330 stores, and Yorkshire Squeaky Cheese, which was first seen at our food maker roadshow, is now in 75 stores

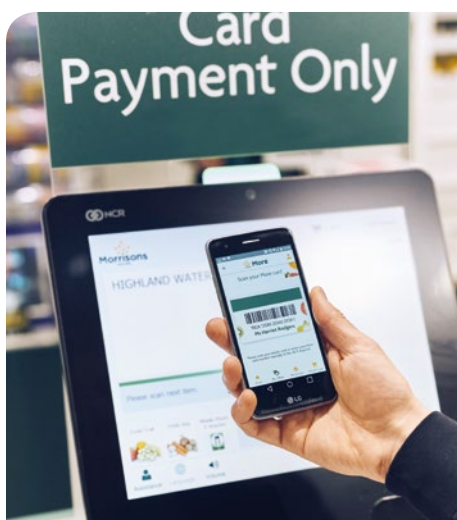


Develop popular and useful services

We are continually looking for ways to develop services which are popular and useful for customers

- Parcel pick up services are very popular with our customers. Amazon lockers have been rolled out across the estate and Doodle is expanding too with 130 in year, taking the total to almost 300
- Timpson at Morrisons continues to grow, and is now in over 200 stores
- We have been working with various partners to develop new food service units alongside our stores, for example, McDonald's and, more recently, KFC

- Our partnerships with McColl's, MPK Garages, Rontec and Sandpiper CI, plus our own petrol forecourt shops, means we now supply around 1,700 convenience stores
- Our modernised cafés provide a great value for money menu. We also have Barista bars in 65 stores, serving a quicker and more convenient offer for customers
- We opened more car and tyre change services in our car parks during the year, taking the total to more than 60
- We opened nine currency exchange kiosks with Travel Money and are trialling barber shops with different national operators



To simplify and speed up the organisation

There are many opportunities to simplify and speed up Morrisons, from one end of the supply chain to the other. We have made progress, but still have more opportunities ahead

- In-store automated ordering has been implemented and is enabling us to more accurately manage stock
- We are reducing the amount of administration in stores, enabling colleagues to spend more of their time serving customers

- We are improving the way we manage the flow of fresh commodities, improving delivery accuracy and product quality, while also reducing food waste
- We have increased the number of self scan checkouts
- We have invested in our logistics network, for example, at Bellshill and Swan Valley, creating new capacity
- We have simplified the way we work with suppliers, identifying mutually beneficial ways to grow together

To make core supermarkets strong again

We are improving our existing stores and adding new ones where it makes sense

- Three new stores opened during the year, which reflect our latest innovations and ideas, and have got off to a strong start
- Our new store at St Ives, Cambridgeshire, was shortlisted as one of the top five global stores of the year by the Institute of Grocery Distribution
- Our store in Wood Green, London is our first to be designed around a food market court and food to go
- We completed a further 59 Fresh Look refits during the year, with some of the learnings applied across the whole estate

- We now have almost 1,000 year-round 'Best' products
- We are utilising excess space better. For example, over the summer we opened a further 95 small garden centres
- We extended 'Nutmeg' womenswear into over 250 stores to complement the baby and children's range. The 'Nutmeg' brand has also been extended into accessories and some Health & Beauty products
- The Home & Leisure department, which was updated last year, is proving very popular with customers

