



The future's bright, the future's British

Morrisons vowed last year to source more food from local suppliers – and the initiative has paid off, if the grocer's full-year results are anything to go by. **Luke Tugby** reports

Just over a year ago, Morrisons lifted the lid on plans to ramp up its provenance push.

After the *British Food Report*, which Morrisons commissioned at the time, warned that the UK relied “too much” on food produced overseas – exporting £18bn of food and importing £39bn – the grocer vowed to team up with at least 200 new suppliers across England, Scotland and Wales to beef up its “Britishness” and Brexit-proof the business.

As Morrisons unveiled its full-year results, the grocer and its shareholders – who received a 4p special dividend as a result of its strong performance – were able to feast on the fruits of that labour.

The retailer enjoyed a 16.9% jump in pre-tax profit to £380m, buoyed by a 2.8% advance in like-for-likes. Group sales hit £17.3bn, up 5.8% year-on-year.

Impressively, boss David Potts says 66% of the total now comes through sales of British produce.

Morrisons has lived up to its promise, surpassing its target of 200 new British suppliers – including growers, farmers and fishermen – set 13 months ago. Those partnerships have resulted in 750 new local products being introduced to stores, giving customers “very compelling” reasons to visit, Potts says.

In fact, sales of locally produced products have rocketed 50% in just two years.

Going local

Potts is clearly proud of the work Morrisons has done – and the numbers achieved – in the past year. In his press conference last week, Potts used the word “British” on no fewer than 13 occasions. And you’d have required an abacus to keep track of his references to “local”.

“It’s important for customers – they perceive local to be fresher,” Potts explains.

“As we differentiate the business, we see our Britishness to be in tune with what customers are expressing; 61% last year expressed an interest in buying local, and that has ticked up



Chief executive David Potts says 66% of Morrisons' total sales come from British produce

to 68% in the year just ended. Two-thirds of what we sell is British, therefore we are in tune with that idea.”

While there are clear benefits for Morrisons from a customer-facing perspective – helping to “differentiate” the business from its rivals in a fiercely competitive market – the grocer could also reap rewards behind the scenes.

Potts' opposite number at Sainsbury's, Mike Coupe, has previously voiced concerns about the risk of food rotting at borders in a post-Brexit Britain. Coupe warned last September that “anything that encumbers” food sourcing from the EU, such as strict customs controls, would have a “detrimental effect” on the freshness of goods coming into Britain.

Morrisons' drive to source more locally will relieve some of those fears – and soften the blow that any trade tariffs would land.

Although the UK's impending exit from the EU was not the foremost factor behind Morrisons' ambitions, Potts admits it will leave the grocer “well-placed” to navigate those Brexit challenges.

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Supply chain experiments

This approach can also streamline the supply chain in other ways.

Potts says Morrisons is telling local growers and farmers that it is “very open-minded about how they deliver”.

“[Produce] doesn't have to go through a central depot in the middle of nowhere and then come back to where it started,” he explains.

“It can come straight into that store, straight through the front door. It doesn't really have to be barcoded – it just has to be local, authentic, good quality – and our customers perceive that to be great value. That combination is very compelling. All of our strawberries in season are British but, equally, if strawberries are being grown in Garforth where we have a store down the road, we can sell ‘Picked today, sold today’ Garforth strawberries.”

There are other examples, too. Plumgarth's sausages, which were initially launched in Morrisons' Kendal store, are now stocked across all its stores in Cumbria.

The Friday Beer Company, which brews beer just two miles from its Malvern supermarket, is now among the best-selling bottled ales in the store.

Despite such success stories, Potts is far from done building the proportion of British and hyper-local products it sells.

“It's going to get bigger,” he states. “It's part of the future of the business.”

Amid turmoil on the high street and with Brexit looming, other retailers could learn a valuable lesson. The future can be bright – if the future's British. **rw**