FACING FACTS
We have a number of headwinds facing our Food business, competitors have encroached on some of our space, online home delivery is growing share and hard-pressed consumers are more aware of value and are careful about premium choices.

To add to this, we have a number of significant operational challenges that we must address, for example our food innovation and quality is often let down by poor execution, we are too reliant on promotions such as multi-buys, our availability is below average in the market and our Food supply chain is inefficient and complex.

WHAT'S HAPPENING
- We are establishing a stronger, faster moving management team to drive the turnaround, led by Managing Director Stuart Machin
- We have sharpened prices in core categories and will be taking further steps to bring out value in our ranges
- We are increasing the pace of relevant innovation, step changing our availability and ranging, and continuing to develop our Foodhall proposition – Nation’s Favourite Foodhall
- We are resetting all our categories across fresh, chilled and ambient

WHAT'S NEXT
- We will go further on value and quality, for example investing 100bps in price in 2018/19 paid for by waste and cost reduction
- We will develop sector leading best practice on waste and availability
- We will simplify the range
- Our new Foodhall format will launch early next year and deliver more merchandise suitable for a family shop
- We will slow our Simply Food opening programme, as we reposition our offer for future growth and choose only the best sites and best locations – for example in 18/19 we will open circa 30 stores against an original plan of 45

AN EXAMPLE OF THE WORK WE’RE DOING – RESETTING OUR BEEF CATEGORY
Whether it’s a sizzling steak, an amazing joint or prime patties for burgers, M&S is known for high quality beef and it is a category that M&S excels in. Our market share is around 5% per cent and it rises to over 10%, significantly above our total food market share, for some product lines like steak. However, beef is not immune to the challenges facing our Food business and therefore we set about resetting the category.

Our customers were telling us our beef products were:
- Too expensive, on average 24% dearer than nearest rivals
- Not sold in family packs
- There were too many of them – over 90 different beef products and lots of duplication
- Our offer is difficult to shop

And the category was not performing:
- Sales down across all beef areas, e.g. -4% in mince v LY in 17/18
- Profit down -8% v LY in 17/18
- Costs rising due to higher input costs

What’s happened:
- Gave a dedicated project team 10 weeks to come up with a total reset of the category
- Undertook a competitive tender amongst our beef suppliers which resulted in a simplified supply chain – four suppliers, reduced to two
- Launched our first ever dedicated beef marketing campaign – We trace it, so you can trust it
- Invested in prices, including launch of £4 steaks
- Plans in place to simplify the range by removing 13% of lines
- Launched 12 brand new products including Our Best Ever Burger

Liz Taylor, Head of Trading, at M&S, said:
“The reset is working and there’s more benefit to come for our customers and the business. Our supply base is now simpler, faster and has a better grip on what works for M&S. Our customers love British Beef and we’re determined to get it right for them.”