Supporting Customers to make Healthier Choices.

Judith Robinson, Head of Health - Tesco
Tesco at a glance.

- **440,000** colleagues around the world
- **6,809** stores, 3,400 in the UK
- **8 countries**, 2 JVs
- **300,000** UK colleagues
- **>£50bn** sales
- **80m** shopping trips per week
Little Helps Plan.

Every little help makes a big difference.

Foundations:

Climate change | Cyber security
Governance and ethics | Health and safety | Product safety
Our 30 year journey on health.

- **1984**: First health range
- **1989**: First Charity Partnership
- **2001**: Race for Life
- **2005**: Guideline Daily Amounts
- **2012**: Reformulation
- **1994, 2015**: Sweets off checkouts
- **2016**: Free Fruit for Kids
- **2018**: National Charity Partnership
Understanding our customers
British Consumers worry above all about Cost of Living.
Healthy eating is universally accepted as important.

81% agree ‘eating healthily’ is just common sense

79% agree ‘healthy eating is important’

68% think they should be eating more healthily *

Source:
*2012 Figure - Kantar Worldpanel 2015
When shopping for food we face barriers to making healthier choices.

“Taste” - “I’m not willing to compromise on taste or risk disappointment”

“Cost” - “Trying to eat more healthily is expensive & they’re never on deal”

“Confusion” - “I don’t know which ones are really healthier”

“Visibility” - “I don’t know where to find the healthier ones, I never seem to see them”

“Time” - “I’m so busy, I just grab the same things as always to make it easy”

Tesco / PepsiCo consumer insight studies
Food Shopping is a system 1 activity.

- 30 items from a choice of 40,000
- £22 in 29 minutes
- 69% items the same as the last basket

Source: Pepsico March 2019: Kantar Worldpanel and TNS Shopper Studies
Our job is to make the healthier choice the easier choice.

“Healthier” is a relative term for consumers

“Less Of”

“More Of”

“Purposeful”

Nutritional Value measured by Nutritional Profile Model

Energy KJ | Sat Fat | Sugar | Sodium
---|---|---|---

A Points

minus

Fruit/ Veg | Protein | Fibre

= NPM Score

Source: Pepsico March 2019: Kantar Worldpanel and TNS Shopper Studies
A wide spread of scores, with an overall improvement this year.

Percentage of Population

2018 median basket score 1.39
2017 median basket score 1.53

Average weighted NPM score of household take home purchasing in the year

Most healthy baskets
Most unhealthy baskets

Source Pepsico March 2019: Kantar Worldpanel Study: Total FMCG 2018 vs 2017
The net result of millions of different changes.

- **No change**: 42% pop
- **Improved average score**: 36% pop
- **Declined average score**: 21% pop

sources:
- Pepsico March 2019: Kantar Worldpanel Study: Total FMCG 2018 vs 2017
## What makes baskets healthier?

<table>
<thead>
<tr>
<th>Shifting <strong>basket mix</strong> towards healthier categories</th>
<th>Choosing <strong>healthier items</strong> within the same categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>More low scoring (healthier) categories</td>
<td>![Image of healthy food items]</td>
</tr>
<tr>
<td>Fewer high scoring (less healthy) categories</td>
<td>![Image of unhealthy food items]</td>
</tr>
</tbody>
</table>

1. **Shifting basket mix** towards healthier categories

   - More low scoring (healthier) categories
   - Fewer high scoring (less healthy) categories

2. **Choosing healthier items** within the same categories

   - ![Image of healthy food items]
   - ![Image of unhealthy food items]

**Source:** Pepsico March 2019
“Little Swaps” to healthier choices accounts for 60% of the improvement in better baskets

<table>
<thead>
<tr>
<th>Category</th>
<th>Shifting basket mix towards healthier categories</th>
<th>Choosing healthier items within the same categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Households</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Improving Households</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Static Households</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Declining Households</td>
<td>60%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Pepsico March 2019: Kantar Worldpanel Study: Total FMCG 2018 vs 2017
Making healthier choices easier.
Making healthier choices easier.

At Tesco, our approach is to be led by Customer insight and data leading to interventions that have impact.
Reformulation and Portion Control.

To make own brand food and drink recipes healthier provided there is no impact to taste or quality.

Holistic approach across nutrients. Programme is targeted for Impact.

The 2018 product has:
- 30% less calories
- 34% less fat
- 20% less saturated fat
- 43% less salt
- 41% less sugar
- 100g portion size reduction
Nudging to Healthier Choices.

Increasing consumption of fruit and vegetables and removing barriers to healthy eating

New veg-first Tesco baby range
No added sugar or salt

Helpful Little Swaps cost 12% less than a standard basket. Sales of comparable products increased by 17% vs Sept 2017

Positive enhancements to recipes
Helpful Little Swaps
Helping colleagues and customers understand, find and choose healthier options.
Removing the barriers to healthier choices: Spoon Guru partnership.

In May 2017, finding foods for specialist diets was difficult and confusing; Spoon Guru supercharged our product data.

<table>
<thead>
<tr>
<th>Search term</th>
<th>No. of results</th>
<th>TAGs</th>
<th>TAGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amazon fresh</td>
<td>ASDA</td>
<td>ocado</td>
</tr>
<tr>
<td>Gluten Free</td>
<td>1728</td>
<td>1472</td>
<td>2459</td>
</tr>
<tr>
<td>Vegan</td>
<td>1560</td>
<td>739</td>
<td>1066</td>
</tr>
<tr>
<td>Wheat Free</td>
<td>610</td>
<td>41</td>
<td>1359</td>
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<tr>
<td>Egg Free</td>
<td>494</td>
<td>unreliable</td>
<td>165</td>
</tr>
<tr>
<td>Vegetarian</td>
<td>4296</td>
<td>7256</td>
<td>755</td>
</tr>
<tr>
<td>Soya Free</td>
<td>253</td>
<td>unreliable</td>
<td>238</td>
</tr>
<tr>
<td>Low sugar</td>
<td>541</td>
<td>42</td>
<td>15</td>
</tr>
<tr>
<td>Low fat</td>
<td>882</td>
<td>392</td>
<td>1637</td>
</tr>
</tbody>
</table>

Removing the barriers to healthier choices: Spoon Guru partnership.

Spoon Guru TAGs™ determine the true suitability of products.
Removing the barriers to healthier choices: Spoon Guru partnership.

Powerful filters help customers to find the right foods for their needs.

Results for “tesco chopped tomatoes”

Showing 1-3 of 8 Items

Filter by: New (0) Special Offers (0)
Filter by: 2 Categories ▼ 2 Brands ▼ Lifestyle & Dietary ▼

Filters should not be used as an alternative to medical advice. Always check the label.

- All Lifestyle & Dietary (8)
- Low fat (8)
- Low salt (8)
- No egg (8)
- Ovo-vegetarian (8)
- Halal (8)
- Low saturated fat (8)
- No gluten (8)
- Pescetarian (8)
- High fibre (8)
- No lactose (8)
- Source of fibre (8)
- Lacto-vegetarian (8)
- Low sugar (8)
- No milk (8)
- Vegan (8)

In partnership with SpoonGuru. Find out more about each filter.

Tesco Italian Chopped Tomatoes 400G
Tesco Italian Chopped Tomatoes 4 X 400G
Tesco Italian Finely Chopped Tomatoes 400G
Tesco Italian Chopped Tomatoes 227G
Supporting Customers to Make Healthier Choices.

Summary:

Understanding Customers is key
Making it easy is a big part of the answer
Collaboration is more powerful

Addressing the barriers
Little Swaps make a big difference
Go further for greater impact
Thank you.