

## **Steve Murrells Q&A (9 May 2017) - Transcript**

### **[Robert Cohen – Head of Executive External Communication]**

Welcome to our next Q&A session with Steve Murrells, our Group CEO.

You've been sending in your questions again, thank you very much for those. I'm going to start if you don't mind with one of my own, if that's all right.

### **[Steve Murrells – Group Chief Executive]**

Sure Rob.

### **[Robert Cohen]**

We've got the AGM coming up in a couple of weeks' time and we know that tens of thousands of our colleagues are eligible to vote, they've been sent their packs or they've had their emails but we know that actually very few of them do vote. Only a few thousand based on last year.

### **[Steve Murrells]**

There are some interesting motions at this year's AGM from modern slavery through to Fairtrade.

If members missed a moment to actually make a real difference then I think we'd all be very disappointed in that and we would have missed a chance. So regardless of the risk of fatigue in the nation if you are a Co-op member and you can vote either by attending on the day or via the online system, I would really encourage you to do it.

You can make a real difference to helping shape the direction that we want the movement to go down and therefore use your vote.

### **[Robert Cohen]**

OK, another question from a different Robert, via the intranet, and Robert is asking do you think that selling Co-op lines in competitors chains of stores, especially a private limited company is appropriate to our brand and ethical identity.

What Robert is getting at is the pilot that we announced last week where we're going to send, we're going to sell some of our products in McColl's stores, I think not the ones that we've sold to them but to other stores. Is that the right thing to do, why are we doing it?

### **[Steve Murrells]**

We now have a own brand range that we do believe is as good as anything in the marketplace today and if we can find ways that puts that into places where members up and down the country can go and buy it and enjoy it then I think that's a good thing to do.

Outside of that we typically do that through opening stores, we open a hundred stores a year on average, but that doesn't give us the kind of speed to get Co-op own brand into more homes up down the country.

So this is a brave choice but it's a pilot all the same that says: well what would the reaction be for people that want to buy Co-op own branded products in a non Co-op facia store. What it also allows us to do is that where there are kind of Co-op deserts where there isn't a local

Co-op shop to go and shop in, this is a way that Co-op members can go and enjoy Co-op products.

And in fact it was one of the suggestions that the Council had at the time that we were selling a rump of our pop-in stores this year and they felt that actually if we could find a way to keep Co-op own branded products in the area and that would be a good thing.

**[Robert Cohen]**

We've got a question from Jon Scatman, again via the internet. Jon says: hi Steve the membership relaunch is obviously a massive success however the 5% the customers are accruing in their wallets is adding up to some sizable amounts and what Jon is concerned about is if all this gets spent at Christmas, say, is that going to cause a big dent in our in our Christmas profitability?

**[Steve Murrells]**

Great question. So there is no doubt the Membership is going well in terms of getting close to 1 million new members by the end of this year, I think the figures now over 800,000. And we can see however on people's wallets the money starting to build up.

We've allowed for all of that in our numbers so it's already baked into the base and we hope actually that they are going to come and spend their money. They might choose to do it over the summer period, they might choose to do it during autumn, or more likely I think as the question suggests they're likely to come and spend it at Christmas time when they've seen it accrue to a higher level for them as individuals. But it's baked into the numbers and it would be all upside for us as that money flows through

**[Robert Cohen]**

Another thought about how to do Membership, this one is from Barrie Blythyn who's posting on Facebook and Barrie suggests that instead of charging one pound when people take the temporary Membership card in store could we start the balance at minus one pound so that that upfront payment isn't a barrier?

**[Steve Murrells]**

Yeah and this is a way that some of the other independent societies run their Membership schemes so it's a pound that's taken off the first purchase rather than upfront. We're reviewing it. It's certainly gone into the members leaders group to work through because I think a number of us think in a similar way that this might be a barrier today and that should we actually consider taking the pound off on the first transaction. So let me take that away make sure that the team have it in terms of the things they're looking at and hopefully we'll get a decision out of them very shortly.

**[Robert Cohen]**

Gavin is asking about independent societies. He says: looking to the future what are the plans with the independents? Are we going to allow them to use our new brand and Membership scheme and if so what steps will be put in place to ensure that they are being Co-op and they're not going to damage what we've established this year?

**[Steve Murrells]**

Yes, I think one of the things I said when I took on this job was that I had a vision that the movement would start to be created again and that the experience for a customer or a

Member was the same experience whether or not it was in a group store or an independent store. So, I'm completely with the thought that says how do we bring the other societies into the proposition of five and one and the brands? As we said on a number of occasions they are there waiting watching and I know when I talk regularly to the CEOs that they equally want to find a right outcome that makes the journey the same for their members as it is for ours.

**[Robert Cohen]**

A final question that we've had from Megan Hotson, she's asking about double discount. And writing on Facebook Megan says: would you consider bringing back double discount every month as there's a huge demand for it and I imagine that over the Easter weekend our profits must have risen dramatically?

So is Megan right Steve, did we see that happen over Easter?

**[Steve Murrells]**

Less than 50% of our colleagues actually use the double discount opportunity when we played in over a weekend. And that means that this is an investment for the business. It actually costs the business significant millions to provide a double discount for colleagues.

If we could get 80%, 90%, 100% of our colleagues buying into the double discount weekend then I think it might well become a profitable mechanic and something that we could look at doing more of. But at the moment it's a cost to the business and I think that might surprise people: the fact that over 50% of our colleagues don't use it I think was going to be a surprise for many of colleagues listening to this. But that's the data that we've got. If more colleagues will use double discount then that might allow us to do it more on more occasions for everybody.

**[Robert Cohen]**

Steve Murrells, thank you very much indeed.

**[Steve Murrells]**

Thanks Rob.

**[Robert Cohen]**

Thank you for all the questions that you've been sending in.

Just to let you know we also intend to make sure that some of our other business leaders get an opportunity to address your questions as well, so look out for that in the weeks and the months ahead. Steve and I will be back in a month or so and we'll take some more of your questions then.

Thanks very much and don't forget to vote.

*[ends]*