

Transcript: Steve Murrells on BBC breakfast – Friday 6 April 2018 [07:49]

Ben Thompson (*Business presenter*)

The Co-op, you may know, runs the UK's 6th biggest supermarket. This morning it's reported a profit of £72m, but at what cost? It's had a bit of a run in lately with the regulators over its treatment of suppliers. Steve Murrells is the boss and he's with me this morning.

Steve, nice to see you, thanks for coming in. Let's talk about these figures because it's quite a turnaround isn't it? A big loss last year but back in profit this year. How have you done it?

Steve Murrells (*Co-op CEO*)

We're really pleased – a shiny set of numbers given the quote just now. We've done it by focusing on the basics. We keep on bringing our prices down in our food business and in our funeral business. We're focused on listening to what customers need and want and we are being a lot more efficient in the way we run ourselves. And it sets us up well for the next phase of our plan which we're launching today with acquiring a new legal business and also trebling the number of academy schools that we sponsor today.

Ben

It's interesting because you have involvement in schools and it's about taking over maybe failing schools and then spending money, and time, and turning them around. And it really shows then, I guess, the reach of the Co-op doesn't it?

Steve

Yes, and I don't think people actually know our involvement in schools. We take failing schools where attendance is low, and we make a significant difference. Pupils start coming back to school – that's good for them, off the streets. And we see that their SAT results get much better. And in the North that's particularly important. But there's a golden thread, Ben, here where we can then take those pupils and bring them into full-time employment through our apprenticeship scheme. So it's something we think is worthwhile. And if you wanted to, kind of, understand the difference of the Co-op, academy schools is one example where we're doing this for local economies.

Ben

Let's come back to the food bit of it, because that's the bit that many people will recognise when we talk about the Co-op. You talk about reducing costs as well. But you've been told off by the regulator – you've paid a big fine, and that was because you were squeezing suppliers too much. You're trying to put that right now?

Steve

So, I'm glad you asked me the question, and that is true and I'm not proud about where we find ourselves. In a couple of areas we have let ourselves down and we are in the process of sorting that out and working with the regulator.

It's really important for this not to overshadow the good work that the Co-op does with Fairtrade suppliers or with British farmers. But in these two areas we need to get better, we need to be a force again in this place and reach the high standard we want to set.

Ben

So you can reassure your suppliers that it won't happen again?

Steve

Yes.

Ben

Let's talk about sugar because it's a big issue today, of course, that sugar tax coming into force on soft drinks. What have you done to cut sugar? Because it's all well and good talking about drinks right now – the legislation says that there'll either be an extra tax on it or firms have to cut for drinks. What about food, because that's the next big thing. How can we cut the amount of sugar in our food?

Steve

One of the things I think we're quite proud about is being ahead of these changes. So, on sugar in drinks, we've been doing that for three years. We've been ready and waiting and I'm pleased to say that prices won't go up on own brand drinks in the Co-op as a consequence of our work over this time.

Ben

And that's because you've cut sugar, or you're absorbing the cost?

Steve

No, we've been cutting sugar: 240,000 teaspoons of sugar over this period of time. And that means that we're already below the levy and we won't need to be passing on any price rises. And that plays to this theme of affordability. In other areas though it's as important. All of our research tells us that people want sugar out of their diets. So in our ready meals we will be reformulating and right the way across the Co-op own brand range. So I think you'll see more of this coming to the fore in the mid-term.

Ben

Steve, it's good to hear from you, thanks very much. 240,000 teaspoons of sugar – it's an incredible amount of sugar.

Steve, thank you, it's nice to see you, thanks very much.

[ENDS]