ANDREW MARR SHOW
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STEVE MURRELLS, CHIEF EXECUTIVE, THE COOPERATIVE GROUP

AM: I’m joined by Steve Murrells, Chief Executive of the Co-op. Still a really big player on the high street. So first question I guess is in the event of no deal are you spending money to prepare for that and how much are you spending?

SM: Well, the first thing I’d say Andrew, it’s good that we haven’t crashed out without a deal, although the thing that’s still a concern for most of us is certainty. And until that certainty comes, then we’ll continue to plan for all eventualities.

AM: So as a businessman is this six month extension good news or bad news?

SM: Well I think we’ve kicked the can down the road. We’ll continue to plan for the worse case scenario. We’re more in a better place than most businesses because of the deals that we do with UK Farming three and a half years ago, but I’m equally as worried about other things in communities as well as Brexit. I worry about health, I worry about education, I worry about people sleeping rough. Those are things that my members talk to me about. So I encourage politicians and society to start to face some of those things as well as the Brexit conversation.

AM: You mentioned planning for no deal. How much money are you spending to plan for no deal?

SM: Well we’re spending enough money to make sure that we give customers the best availability that we can possibly provide in the event of a no deal. And being a convenience retailer –

AM: You can’t give me a figure?

SM: - we’ll be providing the products that they need as best as we can. But there is no doubt we don’t produce everything that we need in this country and therefore we’ll have to be smart about
the way we substitute using canned grocery items to possibly replace some fresh items.

AM: So fewer fresh food in those circumstances, more canned produce. Are you stockpiling at the moment? You can’t stockpile fresh food, obviously.

SM: No. In the areas that you’d expect, toilet rolls, long life products, so then you start to stockpile to some degree, but I wouldn’t want to lose this point about some of these other social issues. Things that the Co-op actually spends its time focused on.

AM: I’ll absolutely come onto those. But in the event of a no deal you’ve got stockpiling up and down the country. You will be in competition with your rival grocery companies about who gets the food to British consumers’ best. How are you going to win that competition?

SM: Well, we’ve got very good relationships with our UK suppliers and we’ve got very good relationships with suppliers around the world. We’ll all be playing out our contingency planning. The most important thing is to get the stock here as quickly as we possibly can. And I think we’re well placed to do that because of our reliance on UK produce.

AM: We were told at the time of the referendum that food prices would come down as a result of Brexit because there would be lower tariffs, we’d get cheaper food in from America and Australia and many other places, is that something you’re looking forward to and expecting?

SM: Well I think we’re starting to see food prices edge up a little as the pound devalues. That’s more likely to carry on, so I don’t see deflation coming in, if anything I see it slightly moving upwards. Now as a retailer we’ve got to make that balance between trying to absorb some of that inflation, but also making sure that we do the right thing by suppliers and pass on as little as we can to the consumer.
AM: You go up and down the country, the Co-op brand is still very, very visible on high streets up and down Britain, and yet we’ve heard again this week huge numbers of closures on the high streets generally. I know you’ve got computerised warehouses that are preparing for people who like their goods delivered to their doorsteps and so on. Isn’t it inevitable that the high street is going to carry on shrinking, given that we’re changing the way we shop?

SM: Well we like shops and we like people in our shops, and as a community retailer we know that our shops connect people, so that’s really important and that’s part of our success. But as you rightly say we are innovating into things like robotic delivery to people’s homes. We’ve just started a trial in London using e-cargo bikes, electric bikes with zero emissions. So we’re trying to actually balance between a traditional way that people still come to our stores, very successfully because we’re in tune with the things that they care about, but also starting to innovate through online delivery into people’s homes.

AM: A few years ago you had a huge scandal as a business around the Co-op Bank and you have turned that around, you’ve had good results this year. How do you turn round something when something that wrong happens, how do you start to turn it around?

SM: Well those were quite dark days. I was there during that time. But what we’ve been able to do since then is start to rebuild a modern Co-op for the future. We’ve seen our food business now enjoy five years of sustained growth. All of our other businesses are doing very well. We’ve reconnected with what customers need and that’s been part of the essence of our turnaround. We fixed the issue, we’re rebuilding it and actually I’m very focused on a modern Co-op for the 21st century.
AM: The Prime Minister is watching this, I’m quite sure. You’re able to ask her one thing in single sentence, what would it be?

SM: Well I would ask them to maybe sprinkle a little bit of cooperation. Try and find a way through, but also focus on these other social issues, education, health, are really important. Not many people realise that the Co-op is the biggest corporate sponsor of academy schools, 40 thousand children go to school in a Co-op uniform. We’ve just give £50 million from our pension fund to social housing. These are issues that I hope our politicians start to focus on.

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