

Our strategy

In this section we describe our three year strategy, which started in 2007/08 and builds on our historical strengths of value and fresh food offer.

Vision	Our vision is to be the 'Food Specialist for Everyone'.		
	We have three distinct brand values: Fresh, Value and Service . Having these three brand values gives us the flexibility to react to market changes and consumer trends.		
Brand values	Fresh	Value	Service
Demonstrated through	<p>Vertical integration in the supply chain.</p> <p>Fresh in-store preparation.</p>	<p>Keeping costs low to ensure our prices are competitive.</p> <p>Great value across our ranges.</p>	<p>Ensuring the right product is always available.</p> <p>Great selling and service for our customers.</p>
Commentary	<p>We aim to offer more freshly prepared food than any other retailer. That's because we have more staff preparing food than any other supermarket. We are vertically integrated by having our own factories, production facilities and distribution network. With these facilities we can get food to our stores faster so that it's always fresher.</p>	<p>Value is key to our vision and is especially important in the current market conditions. We offer quality and freshness at a price people like. Our famous promotional offers always save our customers money. We don't just offer value on a few items – our prices are great value across the ranges.</p>	<p>By having our own distribution network, we can ensure the right products are always available for our customers. Our staff are skilled and know their trade and they give our customers what they want – fresh food served by helpful, friendly, well-trained people. With our commitment to great selling and service we aim to get it right for our customers every time.</p>
Positioning	<p>We measure customer perceptions against the other top four grocery retailers based on exit interviews and on-line surveys, the latest of which was taken in January 2009. This survey indicated that our customers viewed our position against each of our brand values as:</p>		
	Fresh – improving, now strong	Value – held our strong position	Service – held our strong position
Progress	<p>We believe customer perceptions of our fresh offer have improved due to our efforts to demonstrate this message over the last two years. We are pleased that Value and Service have retained their strong position whilst we tried hard to show our Fresh credentials.</p>		
Our employees	<p>Success at Morrisons relies on our 124,000 people delivering great service to our customers each and every day by living our values.</p>	<p>For more information on Our values in action, see pages 26 to 27.</p>	
While being a responsible and ethical retailer	<p>In a survey of 400 shoppers conducted in October 2008, in answer to the question 'What makes a responsible and ethical retailer?' approximately 90% answered 'They charge fair prices'.</p>	<p>For more information on our Corporate Social Responsibility strategy, see pages 24 to 25.</p>	

Delivering results	We believe our strategy has delivered, and will continue to deliver, strongly improved profit margins for our shareholders, whilst positioning the Group for long term growth.																	
Financial objectives	Sales growth that exceeds that of the market	Earnings that meet the expectations of shareholders																
Commentary	Sales growth, particularly organic growth, is key to retail success and long term expansion. We aim to grow grocery like-for-like sales faster than market growth.	Sales growth needs to be converted into profitable growth. We aim to strongly improve profit margins whilst positioning for long term growth.																
Measures of success	<p>Like-for-like sales growth in excess of the market (%)</p> <table border="1"> <thead> <tr> <th></th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Like-for-like sales growth (ex-fuel)</td> <td>5.2</td> <td>4.6</td> <td>7.9</td> </tr> <tr> <td>Market growth rate</td> <td>4.0</td> <td>3.5</td> <td>5.6</td> </tr> <tr> <td>Like-for-like sales growth in excess of the market</td> <td>1.2</td> <td>1.1</td> <td>2.3</td> </tr> </tbody> </table> <p>Like-for-like sales growth in excess of the market (%)</p>		2007	2008	2009	Like-for-like sales growth (ex-fuel)	5.2	4.6	7.9	Market growth rate	4.0	3.5	5.6	Like-for-like sales growth in excess of the market	1.2	1.1	2.3	<p>Underlying basic earnings per share (pence)</p> <p>Total dividend (pence per share)</p>
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Balance sheet strategy	The Group is securely financed and has a strong balance sheet. Our balance sheet strategy is based on the following principles:																	
	Principle	Commentary																
	Maintain operational control of our retail stores.	95% of our estate is freehold.																
	Planned investments funded through existing facilities.	We are confident that our planned Optimisation Plan investments for the next two years can be met from existing financing facilities.																
	Maintain strong investment grade balance sheet.	Our credit rating improved to Baa1 in March 2008 and we received a further upgrade in March 2009 to A3. We are one of only three European retailers to have this rating, which is the highest in this sector.																
	Sustain funded pension schemes on IAS 19 basis.	We continue to take actions to ensure that the schemes are adequately funded for the long term.																

Source: Nielsen like-for-like sales growth for 52 weeks to our year end