



Press information

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TESCO'S FRESH & EASY— A TOP 10 U.S. SUPERMARKET PLAYER BY 2015 TNS RETAIL FORWARD FORECASTS

Fresh & Easy's convenience focus and planned expansion make the concept a formidable competitor in the United States. TNS Retail Forward expects Tesco's U.S. business could reach \$10bn by 2015.

November 29, 2007 – London – Tesco has opened the doors of its first Fresh & Easy stores in the United States. Fresh & Easy's convenience-focused format potentially represents a significant threat to the U.S. food retailing industry as the concept offers smaller stores, easy access, more ready meals and 'grab-and-go' items. Rapid expansion across the United States will be a key sales driver for the retailer. By 2011, TNS Retail Forward estimates that Tesco could be a \$4 bn retailer in the United States with 500 stores. And, TNS Retail Forward believes that sales could reach \$10 bn by 2015 positioning Fresh & Easy among the top 10 supermarket retailers in the country.

Fresh & Easy's format fulfills several different shopping modes and occasions including fill-in trips, immediate consumption, 'grab-n-go' and quick replenishment. TNS Retail Forward believes Fresh & Easy's small-size advantage gives it the opportunity to almost double space productivity per square foot compared with supermarket industry averages. The average size of a U.S. supermarket is more than three times the size of Fresh & Easy's 10,000 sq. ft. stores. TNS Retail Forward predicts that Fresh & Easy could generate sales of \$900 per square foot per store, nearly twice the supermarket average.

"The combination of Fresh & Easy's smaller stores, self service tills and ready-to-cook meals has direct appeal among U.S. shoppers whose primary concern is convenience," said Jennifer

Halterman, senior consultant at TNS Retail Forward. “There is demand for this type of concept, and we expect other U.S. retailers to be watching Tesco closely for ideas on how to tap into this buoyant market. Fresh & Easy’s smaller store size gives it an ideal formula to replicate quickly throughout the United States.”

Fresh & Easy stores also aim at a variety of shopper segments. They attract the value shopper through affordability, as well as the upscale shopper through a gourmet offer. Unique merchandising and marketing tactics also give shoppers inspiration on how to pull together quick and easy meals that appeal to a variety of tastes.

“The biggest driver of the Fresh & Easy philosophy is the prepared foods selection, with stores dedicating a quarter of their ‘fresh’ area to these products,” comments Mary Brett Whitfield, Senior Vice President with TNS Retail Forward and Director of the Retail Forward Intelligence System™. “The idea of having ‘ready-to-go meals’ that are high quality, fresh, healthy and cost effective means that this type of meal option has the power to directly compete with restaurants. Fresh & Easy’s arrival is part of an unfolding shake-up in the competitive food retailing landscape. We will need to wait and see what other retailers will do to respond to these changes in the market.”

TNS Retail Forward is part of TNS’ Retail & Shopper Insights area of expertise, which provides clients with the wide-reaching intelligence, actionable insights, and effective strategies they need to boost brand presence and equity, drive category and retail sales growth, differentiate from competitors, and implement innovative, customer-focused solutions for retail. Retail & Shopper Insights inform TNS’ clients about the multiple moments of truth, the success and failure points of a brand, within the entire consumer purchasing journey.

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