

# Tesco PLC

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## Tesco and Carrefour announce strategic alliance to cut costs and prices

Tesco PLC (LON:TSCO) plans to enter into a long-term strategic alliance with French counterpart Carrefour in an effort to cut costs and bring down prices for customers amid tough competition.

In a joint statement on Monday, the supermarket groups said the alliance will cover the "strategic relationship with global suppliers, the joint purchasing of own brand products and goods not for resale" under a three-year framework.

The partnership will allow the companies to improve the quality and choice of products at lower prices, they added.

### Tackling tough competition

The move comes as supermarkets continue to lose market share to discounters Aldi and Lidl and contend with rising online competition from the likes of Amazon.com Inc (NASDAQ:AMZN).

The UK's so-called big four - Tesco, J Sainsbury plc (LON:SBRY), WM Morrison Supermarkets PLC (LON:MRW) and Asda—have been responding to rising competition by expanding their business beyond food retail and buying rivals.

Tesco completed its £3.7bn acquisition of wholesaler Booker Group in March with the deal expected to create cost synergies.

READ: Tesco completes £4bn takeover of Booker after getting shareholder approval last week

Meanwhile, Sainsbury's expanded its product offering through the acquisition of Argos in 2016 and has agreed a merger with Asda, which is currently being investigated by the UK Competition and Markets Authority.

READ: Sainsbury's-Asda merger raises competition concerns, CMA reveals

Neil Wilson, chief market analyst at Markets.com, said the partnership between Tesco and Carrefour is yet another sign that squeezing the cost base is the biggest priority for supermarkets as they seek to contain the discounters and protect margins.

"On both sides of the Channel rising costs are putting pressure on margins," he said.

"Meanwhile every retailer is looking over their shoulder at Amazon and the potential disruption it could still cause in the grocery sector."

Tesco and Carrefour to create 'more choice, quality and value'

Tesco and Carrefour said their alliance is expected to be formally agreed within the next two months.

"By working together and making the most of our collective product expertise and sourcing capability, we will be able to serve our customers even better, further improving choice, quality and value," said Tesco chief executive Dave Lewis.

**Price:** 232.3

**Market Cap:** £22.75 billion

### 1 Year Share Price Graph



### Share Information

**Code:** TSCO

**Listing:** LSE

**52 week High Low**  
293.4 187.05

**Sector:** Retail

**Website:** [www.tesco.com](http://www.tesco.com)

### Company Synopsis:

Tesco - the leading supermarket in Britain With small grocery stores under the Tesco Metro brand name, big supermarkets outside cities (Tesco Extra) and 24-hour stores.

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