

Tesco, the U.K.'s largest supermarket chain, expects some of the changes driven by the coronavirus pandemic to begin reversing in the months ahead as a period of rapid sales growth combined with elevated costs draws to a close.

Ken Murphy, chief executive of the UK's largest supermarket group, said there were already signs that as restrictions eased and hospitality reopened, customer behavior was reverting to pre-pandemic norms, the Financial Times reports.

"We're definitely seeing higher frequency shopping and smaller basket sizes and a shift back to the weekend days being our peak shopping days."

Overall, Tesco's retail sales, which strip out wholesale and banking revenue, rose just 1 per cent in the first quarter as the group starts to run into stiffer comparative sales figures from the beginning of the pandemic last year.

In the UK, by far Tesco's largest market, sales were up 0.5 per cent on the same period last year — which coincided with the start of lockdown — and 9.3 percent higher than 2019.

Tesco has not changed its full-year forecasts, reflecting the continued uncertainty over the pandemic — which at its peak caused staff absence rates to surge — and the ongoing challenges of Brexit, inflation and logistics.

A combination of EU drivers withdrawing from the UK, changes to the way self-employed drivers are taxed and a backlog of driving tests caused by the pandemic have resulted in dire warnings from the haulage industry, and Murphy acknowledged that Tesco had been affected.

"We've already got plans in place to address the shortfall," he said. "We're working very hard at recruitment and retention, making sure we have a very strong offer in the marketplace."

"Once there is an understanding that there is an availability of work and rates start to potentially look more attractive I think you'll see a response very quickly," he predicted, although he added that the company had "not yet" had to raise wages to attract more drivers.