# Location Planning

## *The difference a decade makes at Sainsbury's*

**Sarah Hitchcock, SLA meeting, Tuesday 24th April 2012**

We are Sainsbury's

## A lot has remained the same over the last 10 years ….

# The site visit is still at the heart of what we do

- In 2002 we used an analogue methodology to forecast new store sales and ensured we visited every site.
- Satellite technology now allows us to be able to view an area from the office.
- Whilst this allows us to provide a better initial view, we still visit every site before it is recommended to our board.
- We still use an analogue approach today, but alongside gravity modelling.
- The expertise and ‘gut feel’ of the location planner is still crucial in 2012.

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# The beauty of hindsight!


"Your hindsight on this case, was far more accurate than his foresight."

# What's changed over the last 10 years?

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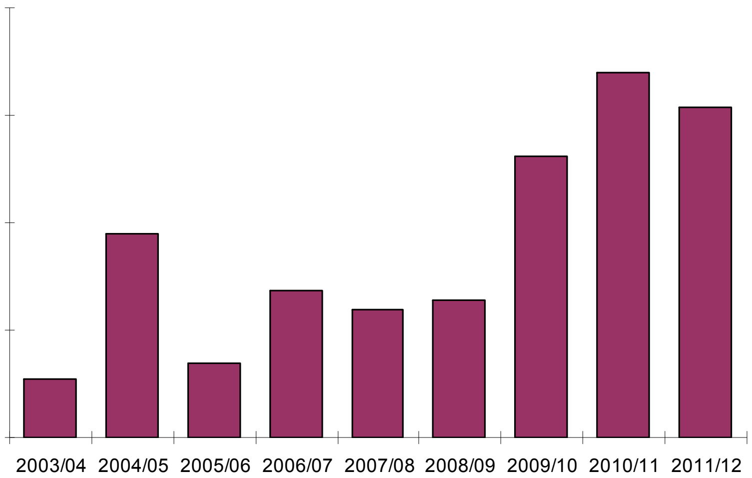
# We’ve had a busy 10 years

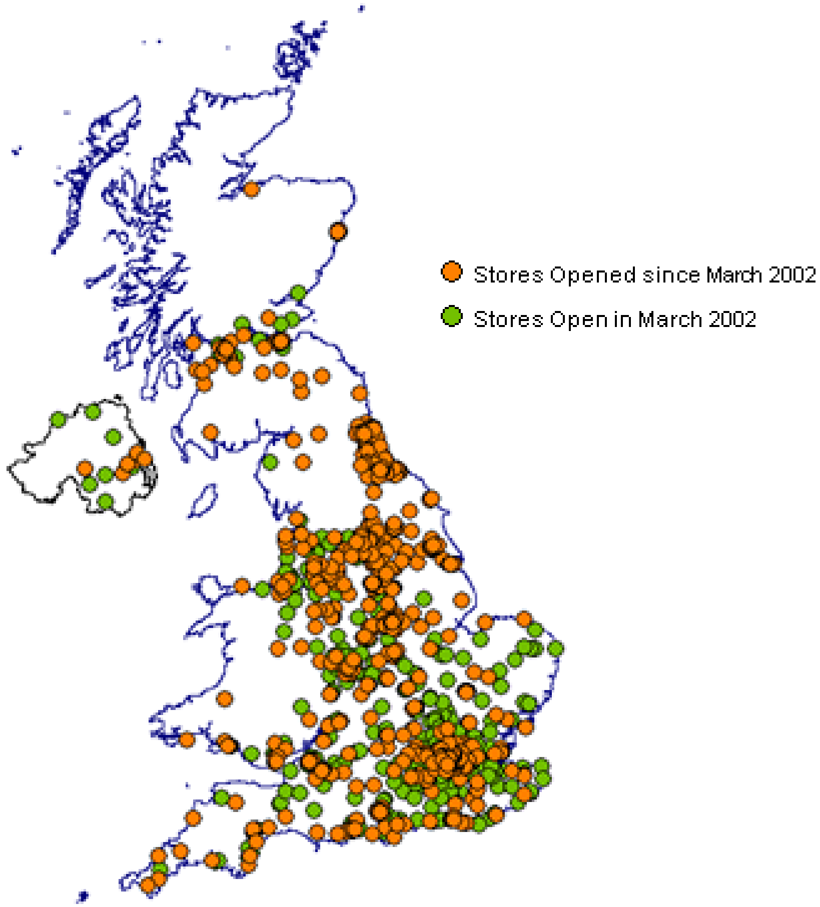
**In 2002 our estate comprised of 422 supermarkets and 41 convenience stores. Since then we’ve..**

- Opened 150 supermarkets
- Opened 400 convenience stores
- Extended 170 stores

**Today we have over 1,000 stores**

Net New Space by Financial Year

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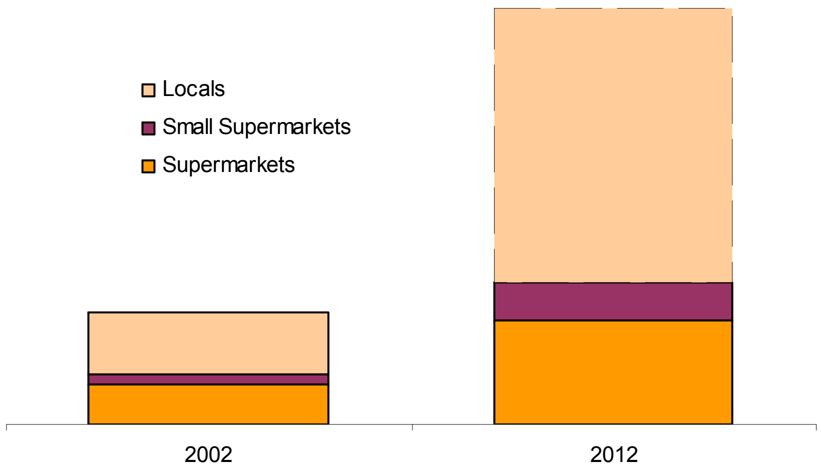
# Our ambition has grown as we've gained universal appeal

- We now have nearly 3 times as many towns on our network plan where we would like to open a supermarket compared to 10 years ago
- Our convenience network plan is unrecognisable!
- We strive to become accessible to as much as the population as possible. Three quarters of the UK population can currently reach a Sainsburys within a 15 minute drive.
- Operating in smaller catchments thanks to a more efficient operating cost model




Network Plan Opportunities

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# What have been the biggest changes for Location Planning?

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# Thankfully, technology has improved

**10 years ago we were..**

- Running down to the basement to load our new store scenarios
- Building our own drivetime network
- Only running the system one at a time (and wearing a hat so you could see who it was!)
- Drinking more tea (as we were waiting for scenarios to run)
- Just started to use the Reward Card data rather than exit surveys to understand where our customers come from
- We didn't have Sat Navs – good or bad?!

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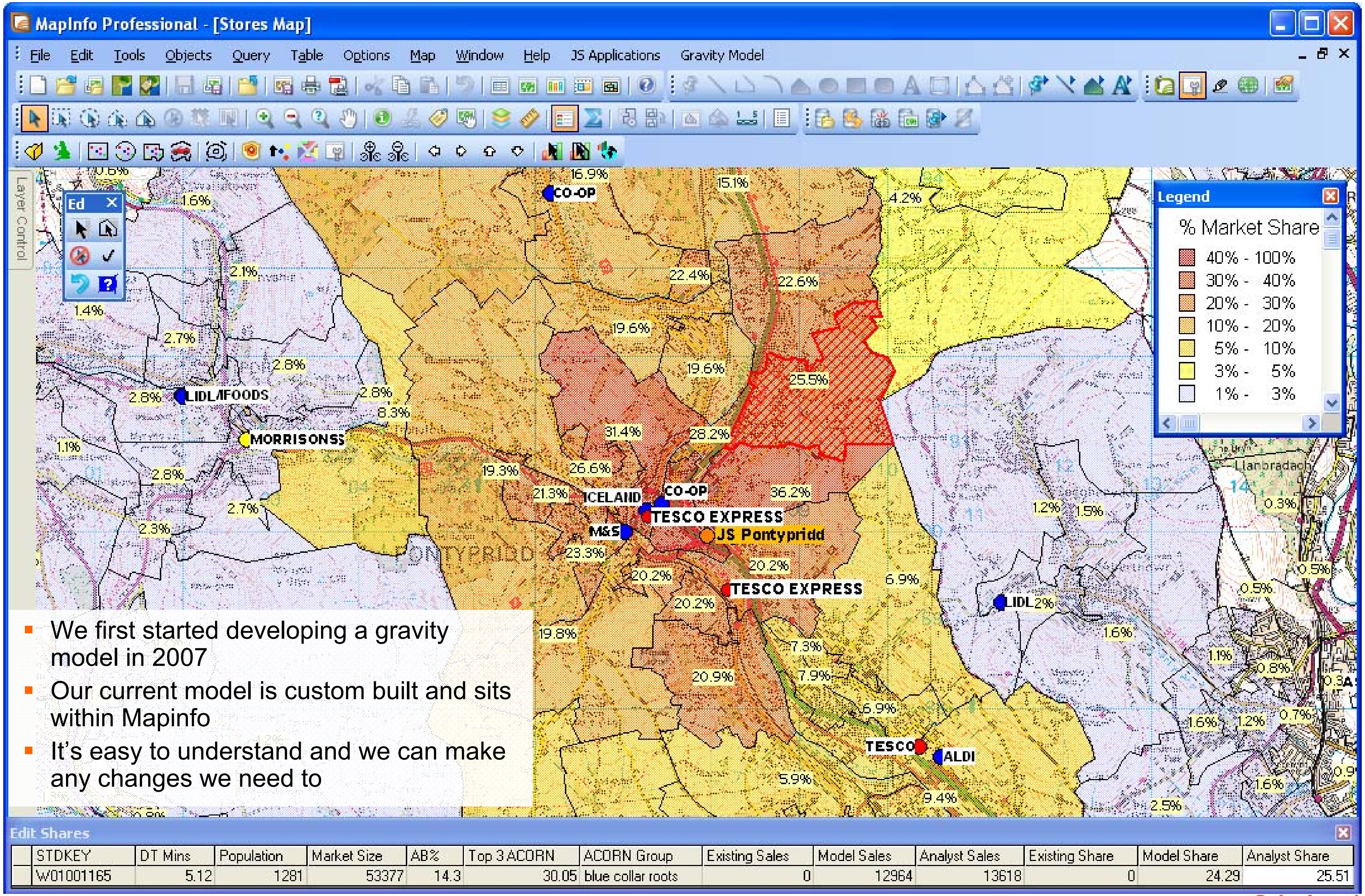
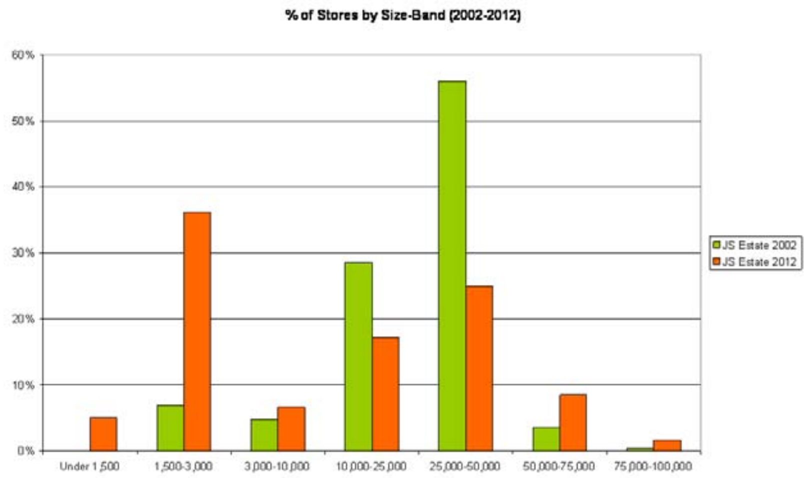
# We use a gravity model alongside our analogue approach




- We first started developing a gravity model in 2007
- Our current model is custom built and sits within Mapinfo
- It's easy to understand and we can make any changes we need to

# We don't just have Food to think about

- We started to build extensions with the complete focus on Non Food from around 2004
- We now use a separate analogue model to forecast General Merchandise and Clothing Sales
- Non Food has enabled us to extend using mezzanines
- We now deliver online from a large number of our stores
- A new approach to acquisitions

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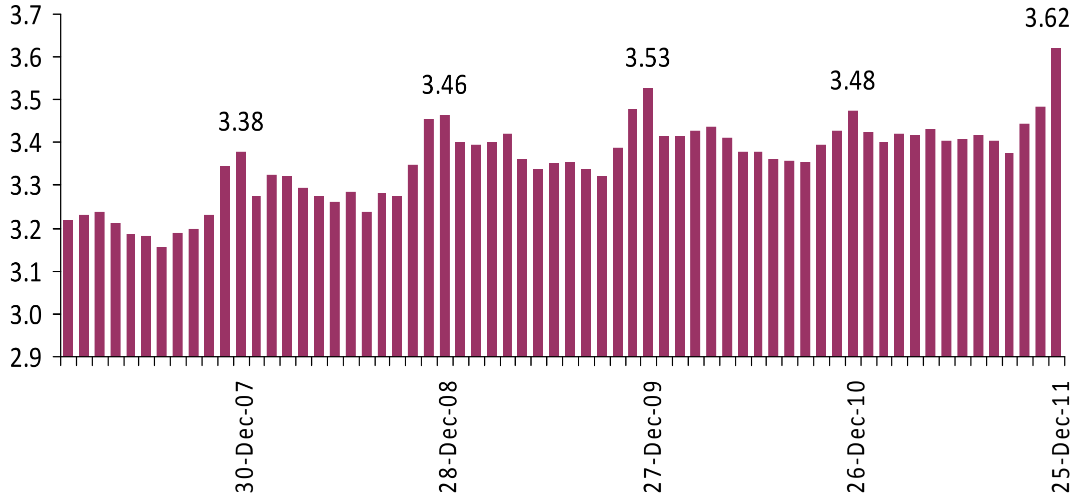
# Customers are shopping differently

- Our customers are at the heart of what we do.
  - Recent research shows customers ‘topping up’ with smaller fresh baskets during the week to avoid wastage
  - Customer research is carried out for every supermarket investment pre and post build

**Total Market - Average Number of Stores Visited in 4 weeks**





- We drive much more understanding from our customer data. Nectar Card gives us good insight and is used widely
  - Tracking satisfaction during the building phase of our extensions
  - Understanding new investment performance
  - Understanding how our customers shop across supermarkets, locals and online
  - Developing a new convenience forecasting methodology

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# We’re more aware of the bigger picture

- We’re now not just a location planning team
- Our location analysis team monitor our competitors growth strategies and we understand the implications of our plans on regional and national market share
- Our location planners understand & recommend the **investment** decision, rather than just forecasting sales



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# Milestones on the way to 2020…

- The race for the convenience market will gain pace
- The debate around market saturation will continue
- We'll understand more about the growth potential and relationship between online and in-store shopping
- Our web based technology will allow our whole property team to work in the field
- We'll potentially be replacing more stores as they reach the end of their natural life
- Incorporating changing demographics (e.g. ethnic populations and car ownership)

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# Any Questions?