



# Sainsbury's: A changing world; how to adapt

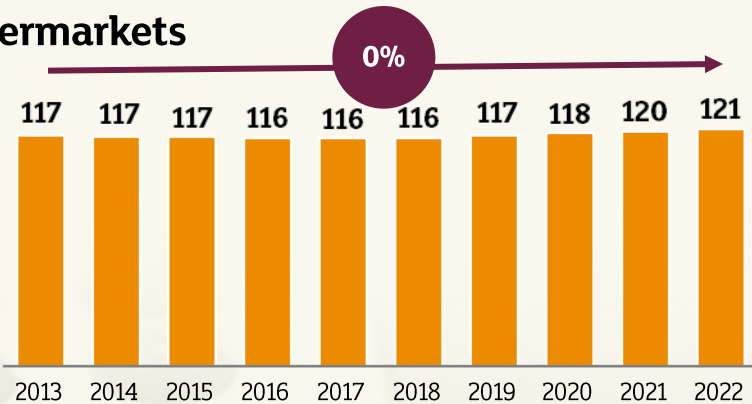
Michael Hodgson Head of Central Sourcing and  
Business planning

we are Sainsbury's 

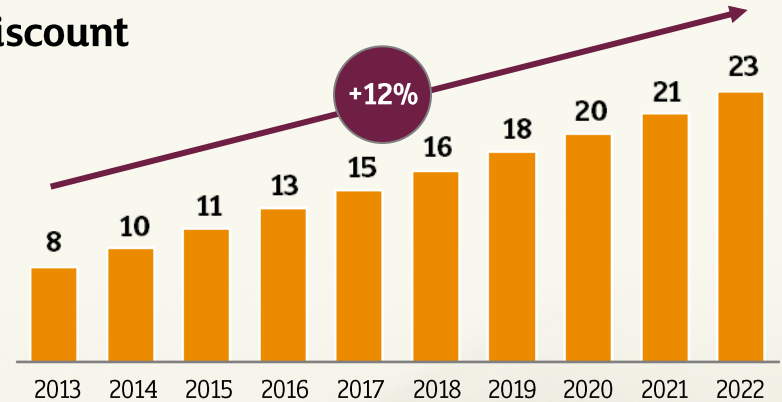
# There has been structural change in channels leading to a fragmentation of the customer shop

## Market Value by Channel: £bn

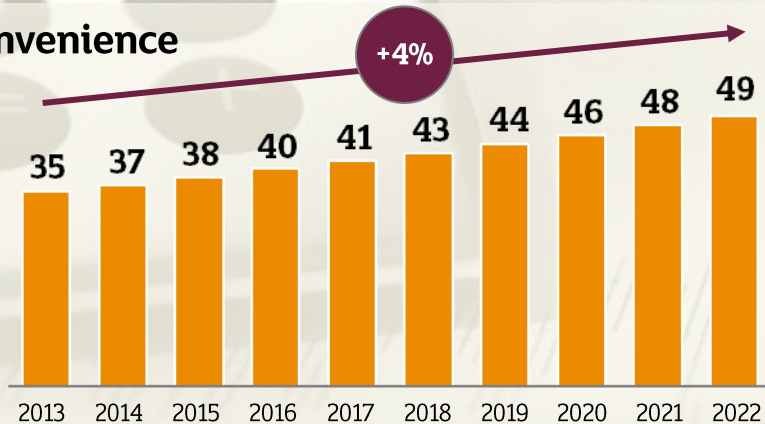
### Supermarkets



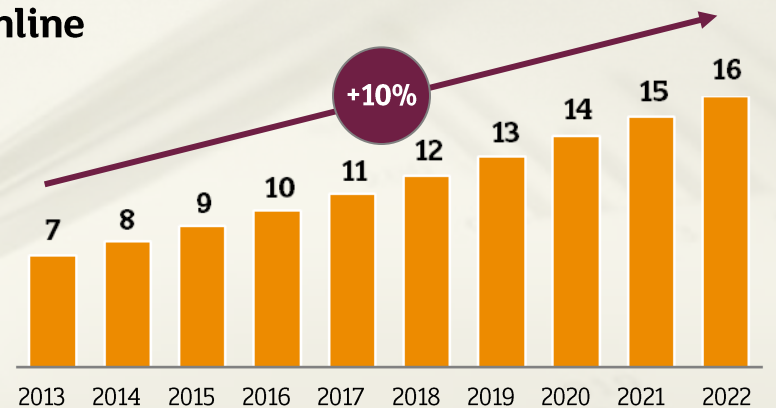
### Discount



### Convenience

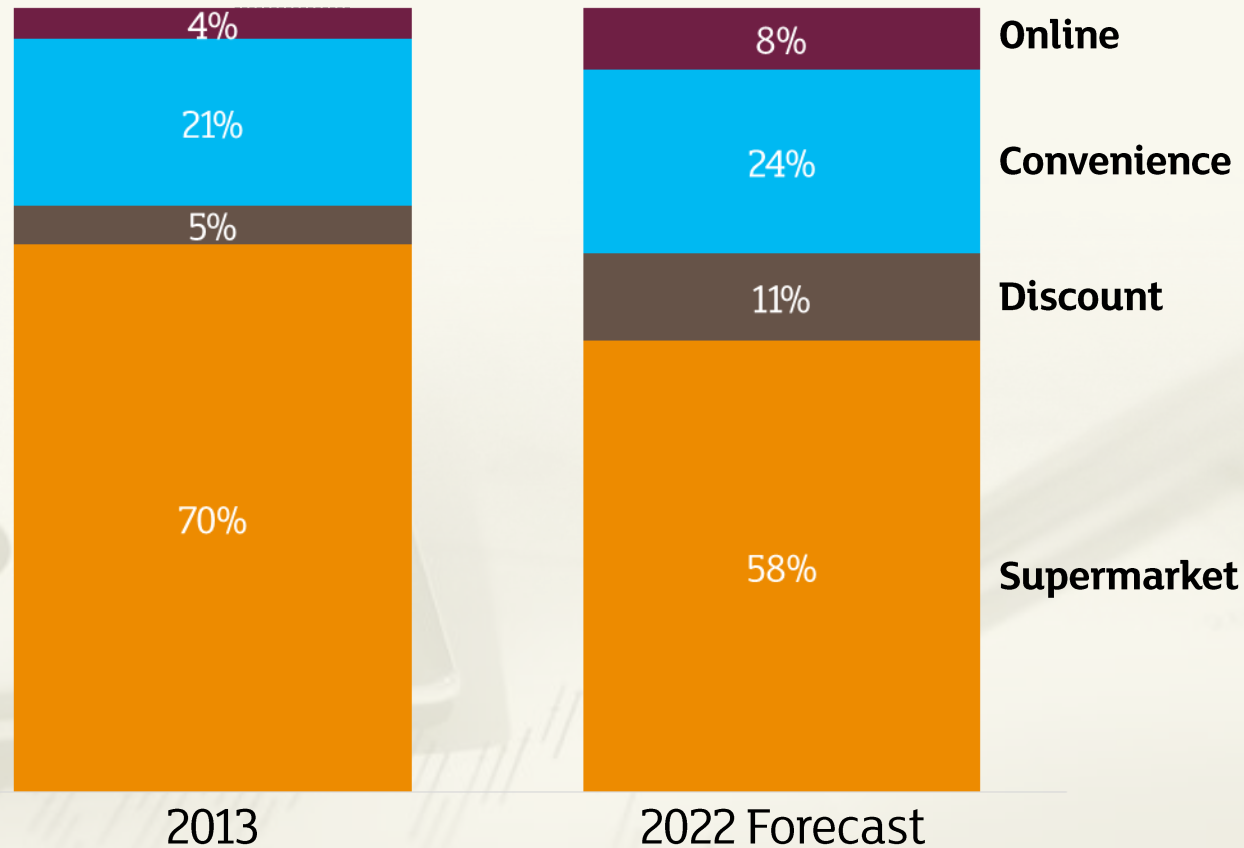


### Online



# The good news is that supermarkets will still be the biggest channel in 2022

**Grocery Market Channel Share, 2013-2022: % Take Home Market**



# So what do we know about the future?

**More points of  
distribution**

**More price  
competition**

**Greater  
expectations of  
quality**

**Less share of  
“wallet”**

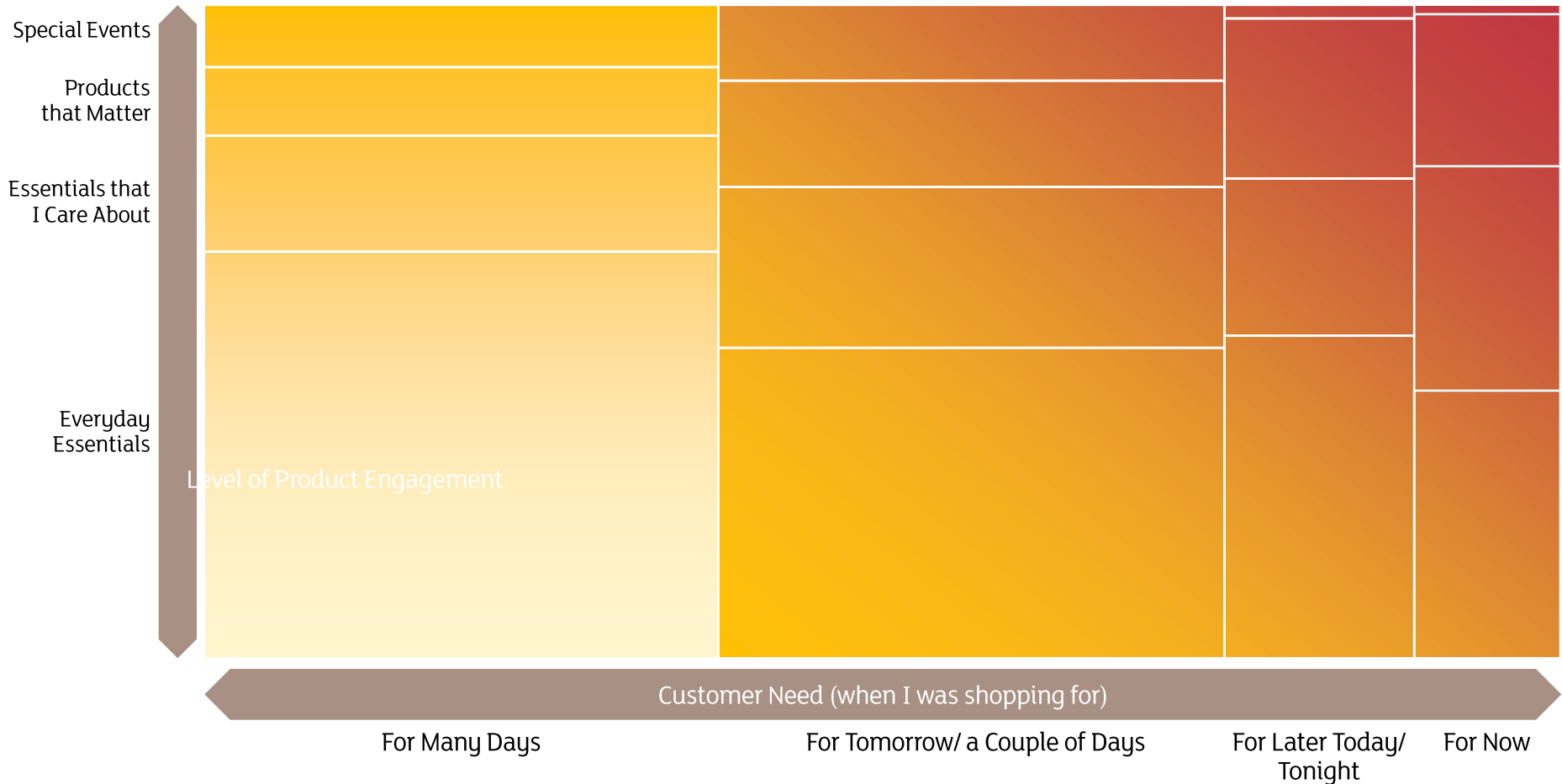
**More  
regulation**

Food has less pricing power in the household budget

# Time has an implicit value to customers

Growth

Low High



Source: Nectar database



**Balancing quality and price for our customers is the key to success**



# This means our commercial strategy has to be more differentiated than ever before

Strike out  
“on our  
own” on  
price / value

Truly  
differentiate  
on quality

Focus on the  
right  
“values”

Be more  
efficient – a  
simple  
approach

# At Sainsbury's we have a differentiated offer



Committed to a strong set of values which resonate with our customers and colleagues



Quality leader and customers who care about quality



Strong value proposition underpinned by Brand Match



Growth opportunities in Clothing, General Merchandise and Sainsbury's Bank



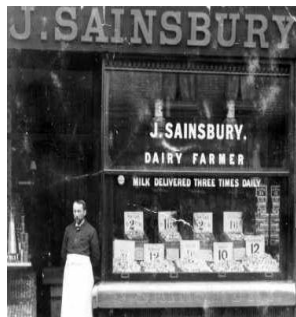
Competitively advantaged portfolio; smaller stores in more affluent, faster growing locations



Established Convenience and Online businesses growing strongly



Delivering great service to our customers



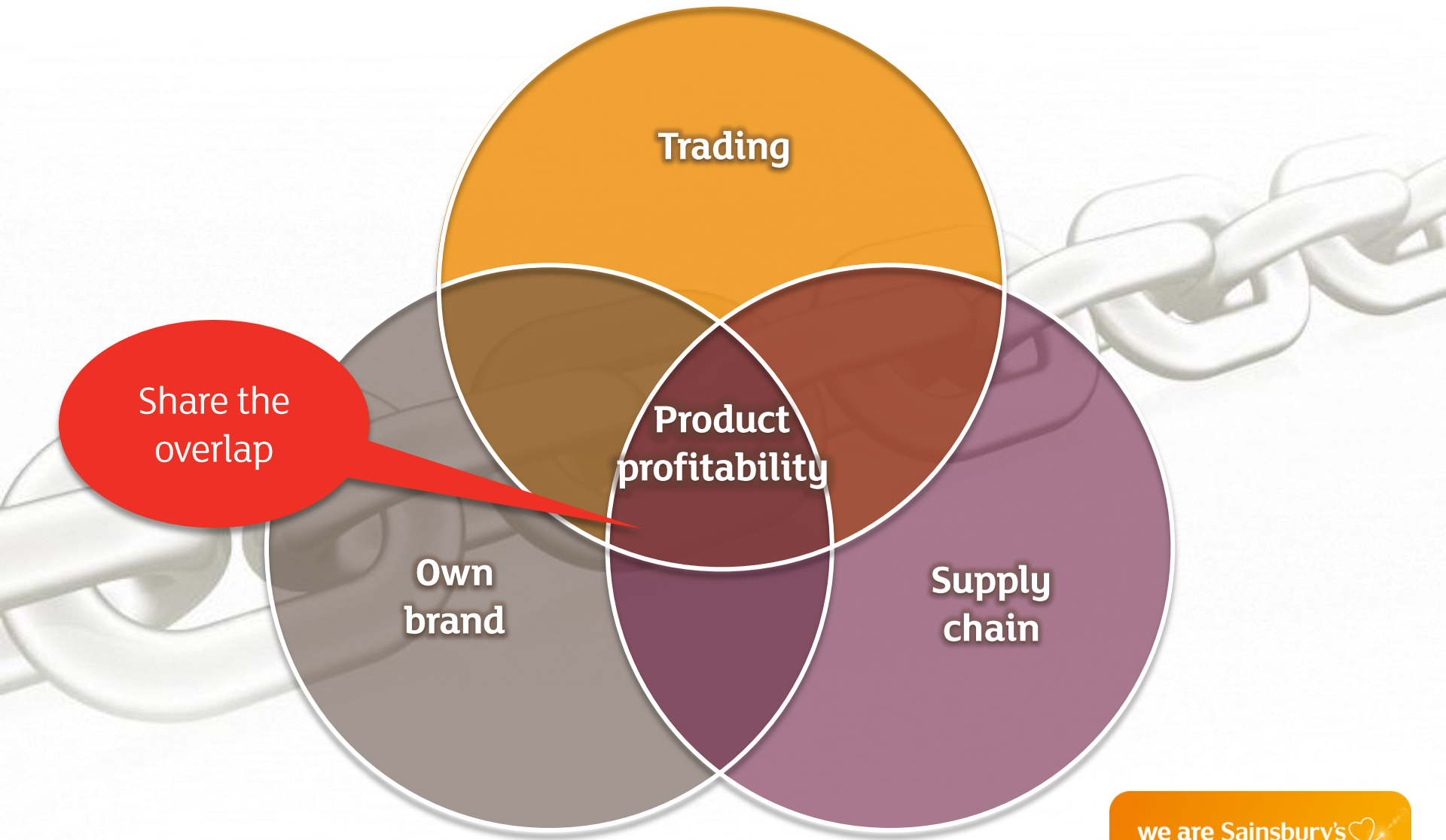
Strong brand heritage



We know our customers better than anyone else



# Value chain analysis will need to be developed into a key competency



# Buying strategy will be centred on fewer deeper relationships

Trading  
relationships

Transactional  
in nature

Partner  
Relations

Commercial  
interests  
align



# Selecting the right products

- Find products which provide incremental customer usage
- Products with points of difference
- New exciting and innovative



# Meeting the right quality and technical standards

- Are the factories accredited with BRC and Sedex
- Do you have a quality management process?
- Meet quality and brand standards



# Delivering the product efficiently

- Are you able to deliver the products cost efficiently
- Have you identified the best route to market
- Are you able to serve our business 7 days a week?
- Can you meet the needs of supermarkets and convenience stores?





# Working together we can be successful



**Challenging market but  
lots of opportunity in the  
future**