Assessment of Sainsbury’s

An Assessment of Sainsbury’s (J Sainsbury plc) in terms of its strategic opportunities and problems and the management of its decisions

Executive Summary

This report is based on Sainsbury’s management and business plans and performs an analysis of the company’s performance, governance and strategies in accordance with the literature review conducted for our study. The literature review focuses on the use of loyalty schemes as introduced by Sainsbury’s and business strategies related to marketing that affect the sales and profits of a company. Sainsbury’s approach to business is providing quality services to make the company great as well as to retain customers and long term relationships with suppliers and distributors. In this regard Sainsbury’s seems to have succeeded as its last year’s sales figures have gone up by a considerable percentage and it leads the market in terms of sales, doing even better than Tesco. The management structure including corporate governance and the strengths, weaknesses, opportunities and threats of the company have been given here showing why Sainsbury’s could use its business strategies to become the largest retailer within the UK and move ahead of Tesco and other companies for a larger and more consistent consumer base. This report and analysis focuses on the strategic opportunities and directions available to Sainsbury’s after conducting a detailed analysis of its business strategies including governance and organisational structure and management decision-making processes. The financial reports of Sainsbury’s and the report on the management process in general have been studied and further
recommendations are made for future studies on marketing approaches of Sainsbury’s as well as directions that the company should take in the future. A SWOT analysis has also been performed to show the strengths, weaknesses, opportunities and threats of the company. Considering the company mission and objectives, recommendations for better sales and focus on increased profits have also been given.

**Introduction:**

This report is based on the organisational mission and objectives of Sainsbury’s, suggesting the impact of business objectives on the performance of the company. The issues discussed would focus on the role of social responsibilities and business ethics; planning within organisational culture; culture differences and objectives; and the role of environmental factors in strategic planning.

The focus of the study is on environmental and business forecasts, including recommendations for management change and structure. A SWOT analysis including evaluation of strengths, weaknesses, opportunities and competitive threats is done to understand the position of the company within its specific business location and in comparison with other companies. This helps us to engage in business scenario planning and suggest alternative strategies following a detailed market evaluation. We provide our recommendations for changes in organisational structure, considering the best possible way of managing the corporate portfolio and human resources. An analysis is undertaken on the financial resources and general company resources as well as product development based on the acquisition of new knowledge. We subsequently plan the impact of strategic change on operational management, and
analyse any global strategic plans for the company.

Sainsbury’s plc – Mission and Objectives:

Sainsbury’s supermarkets are Britain’s major food retailing chain store. A Sainsbury’s supermarket can offer up to 30,000 different products and among these products offered Sainsbury’s own brand and fresh produce would comprise 50% of total products. A wide range of quality foods and grocery products are sold by the supermarket and there are other offers and services such as bakery, meat and fish counters, complementary non-food products such as clothing and home ware, pharmacies, coffee shops, restaurants and petrol stations.

Sainsbury’s supermarkets and chain stores were established in 1869 by John James and Mary Ann Sainsbury and is now Britain’s longest standing and major food retailing chain. The principles and values established by the founders are aimed at being the customer’s first choice for food shopping and Sainsbury’s aims at providing high-quality products, value for money, excellent service and attention to detail. Some quick facts on the company would show that Sainsbury’s employs over 153,000 people. Of these, 68% are part-time and 32% full-time. Sixty percent of employees are women, showing equality of opportunity. In keeping with its mission, Sainsbury’s serves over 14 million customers a week and at the end of the financial year of 2004/2005 it had 727 stores throughout the UK (from j-sainsbury.co.uk, 2006). Nearly 60% of these stores are in city centre or edge-of-centre locations, although many of these have been built on redundant sites making use of land resources and reaching out to an increasing number of customers at the same time.
Apart from local Sainsbury’s stores, there are Bells stores, Jacksons stores and JB Beaumont in the northern part of England. A recent new service added is the Sainsbury’s bank that is jointly owned by J Sainsbury plc and HboS. Sainsbury’s bank aims to make easier management of financing and has been offering products and services with benefits, along with accessible delivery. Sainsbury seems to have excelled in the quality of services and competitiveness of products and offers car insurance, life cover, Visa credit cards, Child Trust Fund, home insurance, travel insurance, pet insurance, internet savings accounts, car insurance, instant access savings accounts, direct saver accounts, personal loans, and a car purchase scheme. There is another related service offered in terms of home delivery service and this covers 77% of the UK. The service is known as Sainsbury’s to You and is an internet based home delivery service through which customers place orders and choose to have their products delivered at home so they can shop and ask for delivery according to their own time and convenience (from j-sainsbury.co.uk, 2006). Sainsbury’s Entertain you also offer 250,000 books, CDs, DVDs, videos and computer games and a DVD rental service with over 28,000 titles. Some of the products that can be purchased online include flowers, wine, gifts, kitchen appliances and electrical goods.

*Company Mission and Objectives:*

With the mission of ‘Making Sainsbury’s great again’, the company has set its goals as follows:

To deliver an ever-improving quality shopping experience for customers with great
products at fair prices.

To exceed customer expectations for healthy, safe, fresh and tasty food to help make their lives easier every day (from j-sainsbury.co.uk, 2006).

*Core Values:*

The core values of the company are given as:

Getting better every day – the company is focused on improving its services

Great service drives sales – providing better service is aimed for higher sales

Individual responsibility team delivery – although teamwork is encouraged, very individual in the company has a responsibility in meeting service standards

Keep it simple – simple and efficient services are offered (from j-sainsbury.co.uk, 2006)

Respect for the individual – every individual and employee within the company is respected

Treat every £ as your own – the revenue of the company is aimed at distribution and betterment of the company

The business priorities of the company are focused on:

‘Making Sainsbury’s great again’ is the priority of the company and the focus of their business agenda. Sainsbury’s tries to obtain feedback from customers and colleagues, and then compare the products available in the stores to understand what is in the way
of delivery to customers and what issues or obstacles should be sorted out. The company is focused on dealing with the basics that can help accelerate the services through getting better every day so as to achieve the goal (from j-sainsbury.co.uk, 2006).

Recreating universal customer appeal through giving customers an improved shopping experience is their main agenda. This means improving services on a daily basis. Improving availability of services and products seems to be vital in providing good quality to consumers. Stores are arranged and maintained in a way to provide a welcoming and clean atmosphere for shopping. The aim is also to reduce or minimize queues with very efficient service counters. The objective is to adhere to the fact that great service drives sales, which is the main priority. Customers increasingly demand healthy, fresh, safe and tasty food and Sainsbury’s aims to provide these and improve customer satisfaction so that customers return to shop with the company again and again. The premium and healthy ranges for products are made available more frequently and in larger quantities. Sainsbury’s aim is to be a part of the daily lives of customers providing for their daily and weekly food and grocery shopping needs, as well as providing the ability for them to buy clothing and other products. Depending upon the size of a store and its location Sainsbury’s aims to offer products that will meet all the needs of customers (from j-sainsbury.co.uk, 2006).

Corporate Governance

According to the company website, the company is committed to high standards of
corporate governance in its business. The company’s governance code applies the principles of the Combined code and provides a detailed result of its procedures and policies as well as organisational structure in its annual report. Corporate governance deals with an organisational structure comprising the board, board committees, internal controls, and investor relations (from j-sainsbury.co.uk, 2006).

*The Board*

The Board of the company consists of two Executive Directors and six Non-Executive Directors. There is a division of responsibilities between the Chairman, who has a part-time role on the board, and the Chief Executive. The Non-Executive Directors are independent in the decision-making process and tend to have more commercial orientation, bringing a wide range of commercial experience in the deliberations and meetings of the board.

*Board Committees*

The board committees discuss and set the issues regarding remuneration, nomination and audit committees and define the authorities, duties and membership of board and executive members. These Committees are made up of Non-Executive Directors.

*Internal Controls*

The Board has responsibility for internal controls and also for reviewing the
effectiveness of such controls. Internal controls are useful for managing rather than eliminating risks of failure. They help in achieving the Company’s business objectives and can provide assurance against material losses. All controls including financial, operational and compliance controls and risk management are determined by the board.

Investor Relations

Maintaining good communication with the investors is the primary focus of the company. After the company releases its annual reports and full year results are announced, institutional investors and market analysts are invited to briefings by the Company. Analysts, investors and shareholders are also invited to participate in Sainsbury’s corporate agenda and are invited to attend conferences following the announcement of updates on stocks and trading.

Corporate governance of the company is thus focused on promoting investor relations and in establishing internal controls that would help in achieving the company’s business objectives through division of responsibilities to board members and advice and feedback from shareholders and analysts. An analysis of company performance could be done to see how J Sainsbury shares could be compared to FTSE and an analysis of profit and loss could also be done to understand the pattern of business operations of the company.

Company Performance
Company performance of Sainsbury’s could be examined and analysed with the help of performance graphs as given by the company. For instance, the graph below shows the Total Shareholder Return or ‘TSR’ performance of an investment of £100 into J Sainsbury plc shares over the last five years. This is then compared with an equivalent investment in the FTSE 100 Index.

The company report mentions that during the five-year period between 2000 and 2005 the Company’s TSR return was 33.8% above the FTSE 100 Index showing superior company performance.
Company performance could also be studied on the basis of profit and loss accounts and group sales including VAT. The company report suggests that group sales including VAT from operations increased by 5.5% to £16,364 million compared with 2004 figures of £15,517 million. The report further states that profit before tax was at £254 million compared with the 2004 figure which was much higher at £675 million. Profit before tax and after exceptional items and amortisation of goodwill was £15 million compared with 2004 when it was £610 million, showing a decrease of 97% (from j-sainsbury.co.uk, 2006).

The figures are given in a detailed financial table below.
A comparison is drawn between sales, profits and equity dividends per share between 2004 and 2005 giving some indication of the changing financial performance of the company. Although total revenue from sales increased considerably when compared
with 2005 statistics, profits after tax reduced significantly from £404 million to £65 million.

The primary facts of the company are given here: (from Key acts, Sainsbury’s 2006).

*Operating Companies*

J Sainsbury plc comprises Sainsbury’s Supermarkets, Sainsbury’s Local, Bells Stores, Jackson’s Stores, JB Beaumont, Sainsbury’s Online and Sainsbury’s Bank.

*Number of employees*

J Sainsbury employs around 153,000 people.
Group performance

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
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<tbody>
<tr>
<td>Sales (inc VAT) - continuing operations</td>
<td>£16,364m</td>
<td>£15,517m</td>
</tr>
<tr>
<td>Underlying operating profit – continuing operations</td>
<td>£334m</td>
<td>£590m</td>
</tr>
<tr>
<td>Underlying profit before tax</td>
<td>£254m</td>
<td>£675m</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£15m</td>
<td>£610m</td>
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<tr>
<td>Profit after tax</td>
<td>£65m</td>
<td>£404m</td>
</tr>
<tr>
<td>Underlying earnings per share</td>
<td>9.0p</td>
<td>23.4p</td>
</tr>
<tr>
<td>Equity dividend per share</td>
<td>7.80p</td>
<td>15.69p</td>
</tr>
</tbody>
</table>

1. Includes VAT of £1,162 million (2004: £1,077 million).
4. Before non-equity dividends.

Company performance is also related to the expansion in its corporate presence or the number of stores in different parts of UK. The stores of Sainsbury’s are divided into supermarkets and convenience or local stores. The total number of very large supermarkets is 158 with medium sized ones at 79. The total number of stores is suggested at 727 with a total of 262 convenience stores and 465 large to medium supermarkets.
In one market analysis report, the news suggested that Sainsbury’s announced its policies of reviewing the performance of a number of its store managers, so reviewing policies of the management surfaced in the discussion on performance. The efficiency of store managers was examined and even criticised and the promotion of the managers to their current position was scrutinised – as many as 100 such executives were under investigation. This seems to have reflected Sainsbury’s development programmes and especially focused on the individuals involved. The development programme and assessment has been considered as one of the weakest links in the management programme of the company. Rowley and Slack (2003) suggested that kiosks in retail stores play a significant role in the application of information technology in retailing and make provision for information transfer and service delivery. Kiosks have been used as a channel for in-store service delivery and kiosks are characterised by their function to interact, inform, transact and relate to the

<table>
<thead>
<tr>
<th>Store estate</th>
<th>Over 40,000 sq ft</th>
<th>25,000 to 15,000 sq ft</th>
<th>Under 15,000 sq ft</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>–</td>
<td>–</td>
<td>262 sq ft</td>
<td>262</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>158</td>
<td>176</td>
<td>79 sq ft</td>
<td>465</td>
</tr>
<tr>
<td>Total stores</td>
<td>158</td>
<td>176</td>
<td>79 sq ft</td>
<td>727</td>
</tr>
</tbody>
</table>
consumers and help to meet their needs. Kiosks within supermarkets and retail chains help in service delivery and work according to the framework of task, audience, environment and technology. Rowley and Slack studied the efficacy of kiosks for Sainsbury’s, Daewoo, Halifax, Argos, Debenhams, Ikea, GNER and Boots. They analysed the importance and role of these kiosks in improving service delivery and discussed individual kiosks for contextualisation within a wider framework.

In another related study, Rowley (2000) proposed that loyalty cards are a popular strategy for retailers not only because these loyalty points help in collecting information about customer purchases and suggest what customers need or demand, but also because while purchasing with loyalty cards, customers are offered reward points and other incentives and benefits which help to retain customers so with such loyalty schemes customers are expected to return. Some analysts have suggested that loyalty cards may not be beneficial for the consumers or the retailers, may not have any considerable value and may not help in promoting a specific attitude or behaviour in customers that are associated with loyalty. Rowley studies the new application of loyalty cards considering the case study of Sainsbury’s; it is suggested that such loyalty cards are used in public access kiosks located in store. The cards are swiped through a slot providing access for customers to a wide range of benefits on products. Although some critics believe that the advantage or use of loyalty cards has been overblown or exaggerated, some loyalty schemes may just be effective in increasing sales and bringing back customers. The benefits given to customers who use loyalty cards and Sainsbury’s products on a regular basis include special recipes, special reductions, information on videos, and other customer service options. After swiping the card at the kiosk at the store the options on benefits are chosen by the customer.
from a touch screen and special offer coupons and recipes, benefits and promotions are then printed out of the screen.

This new application of loyalty cards seems to be the basis for an enhanced role of loyalty cards (Rowley, 2000). Rowley suggests that the potential of loyalty cards could be realised in full only if this becomes an integral part of the company’s relationship with customers and more and more people use these cards as a basic feature of their life and shopping rather than merely an add-on which customers choose to have. Rowley’s argument seems to be important as it shows the potential of such cards in enhancing sales and in having returning customers with loyalty and benefit schemes. The fact that such cards have been underused or not realised to their full potential suggests that these cards can be used in even better ways with proper planning and management approach to the concept of loyalty. This relates to what could be considered as the science of management or the science of business which according to Kay (1996) should be studied according to the methodology of sciences as in tests, hypothesis, and defined concepts. Kay suggests that if management theories do not follow a scientific structure, then the whole exercise becomes misleading.

Rafiq and Fulford (2005) examined the effectiveness in UK supermarkets and the rate of transfer from store loyalty to online loyalty. This would suggest that these supermarkets would be focused on customers who are switching their shopping habits from store buying to online buying. The authors conduct an online survey of university staff and test the brand equity proposition to show that loyal customers tend to remain loyal as they adopt brand extensions and also that market leaders tend to
benefit disproportionately from any kind of loyalty transference. Support is thus provided for brand equity and jeopardy propositions and Rafiq and Fulford discuss the dominance of Tesco and Sainsbury’s in both online and offline markets. The retention of customer indices are at 92% for Tesco and 76% for Sainsbury’s, which suggests that brand equity plays a major role in customer retention. Considering competitor analysis, Tesco seems to attract a high percentage of customers from its competitors and this goes up to 67% when compared with Sainsbury’s ability to attract customers from competitors, which is suggested at 14%. Tesco seems to benefit from its position of market leadership although Sainsbury’s is also a strong competitor both in terms of retaining customers and in terms of attracting customers away from competitors. However, due to the research limitations of the study that compared Tesco and Sainsbury’s, which was rather restricted in nature, including small sample size, the findings may have to be investigated even further.

Rafiq and Fulford suggest that a larger sample could have helped in exploring the different aspects of the relationship between a company and its loyal customers, whether in terms of offline or online loyalty. According to them their research points to the fact that smaller retail brands have two main options of increasing their market presence: focusing on growth of the size of the brand, or using a niche element for building a niche brand. Yet for market leaders such as Tesco and Sainsbury’s the focus is more on retaining customers rather than growth or improving popularity. Thus these companies should focus on loyalty schemes and aim to become a super loyalty brand which would help customers to remain loyal to the brand and the market products. Thus smaller retail stores and larger supermarkets seem to have certain definite differences in their brand building strategy and management approach. The
study suggests that in order to achieve levels of loyalty that are higher than predicted or expected through segmentation and better service provisions than those of their competitors, a defined management strategy needs to be followed. The study focused on transferability of store loyalty to online loyalty to show whether brand equity is a useful concept that would help retain customers. The differences of management approach as suggested for large companies in comparison with smaller companies could be highlighted. The study was done with the aim of understanding and predicting loyalty transfer behaviour.

There could however be other approaches to management and one would relate to branding and own brand name. Fernie and Pierrel (1996) used a comparative analysis on the evolution and development of branding strategies in UK and French grocery markets and used semi structured interviews to conduct primary research with senior managers of French grocery companies. The study and results obtained determined the nature of own branding strategies of these companies and compared them with the branding strategies of the UK supermarkets. Their results showed that French supermarkets may not develop their store brands on the scale of Sainsbury’s, Tescos or Marks and Spencer in the UK and organisational structure and business approach in the French market seem to be considerably different. Fernie and Pierrel suggest that the organisational structure of the French grocery business seems to be less centralised on buying and distribution divisions, with conflict between manufacturers and distributors (although this may effect the efficiency of the supply chain in the UK as well). French retailers seem to use their brands not as a marketing tool as in UK groceries and supermarkets but as a strong tool to face competition from national brands, and use brand name as a defensive strategy. This approach is particularly
strong in a competitive price-driven market environment as in big cities in France although some big well-represented and high street companies such as Monoprix and Casino may have a value added differentiation approach: they focus on the use of brand name as a strategy to add value rather than a defensive means to face competition and market challenges.

However, it may be important to understand the Sainsbury’s approach to management, particularly in case of fresh produce or own produce that is sold within the market premises. Hughes and Merton (1996) use a study on management of the fresh produce supply chain considering the Sainsbury’s case study and suggests that consumers are increasingly turning away from specialist retailers and using supermarkets which are low cost and also cater to their requirements for fresh produce. The study shows the responses of the supermarket chains suggesting that the major retailers are more focused on building long term relationships with the main suppliers and distributors and this also applies to customers for whom loyalty schemes are introduced. J Sainsbury’s had an agreement with ENFRU for partnership in produce. ENFRU is the UK’s main supplier of fruit and the partnership has been studied along with the marketing strategies of such partnerships. Key points resulting from the study show the benefits to the retailers, the consumers and the suppliers that could be identified from long term partnerships and loyalty scheme analysis.

**Analysis and Assessment - Sainsbury’s**

Considering the literature review on developing brand name and brand equity, loyalty schemes, own produce and relationships between suppliers, consumers and retailers,
we could summarise that Sainsbury’s business is focused on several management strategies: loyalty schemes: building long term business relationships with consumers and suppliers; and building or enhancing brand name as an important determinant of sales and success of the company. A recent news release on Sainsbury’s has been given in an appendix below that suggests that Sainsbury’s business and profits as well as total retail sales have increased significantly in recent years. The news release claims that Sainsbury’s sales rose by 5.2% and its market share exceeded the leader in retail Tesco by 20%, showing much higher sales than expected and indicating superior company performance. This proves that Sainsbury’s mission on making Sainsbury’s great again seem to be succeeding gradually and last year’s Christmas sales figures seem to reflect the success of the company. As already analysed the company performance indicators suggest that Sainsbury’s has been doing very well and in the past year, although its gross profits were low, the sales figures were much higher than other recent years, showing a strong indication of future growth and potential profits in the coming years.

Considering the strategy of corporate governance through sharing of responsibility and distribution of profits to involve shareholders and investors in the decision-making process, the company seems to be building on its reputation for transparency and accountability. With a strong focus on financial analysis using the opinions of market analysts, the business strategy of the company is based on discussion, suggestion, deliberations and an approach open to suggestions and recommendations for improvement. One of the main features of its strategic move and management approach seems to be building on customer loyalty by introducing loyalty schemes to retain customers. As we have discussed, for large supermarkets and market leaders in
retail, retaining old customers seems to be a greater priority than attracting new ones. Considering this strategy, building long term relationships with customers and building brand identity and brand name are some of its primary focus areas. An emphasis is also seen in building long term relationships with suppliers and distributors. Apart from this the company’s mission and objectives being focused on making Sainsbury’s great again would relate to improving customer service with special kiosks and improving benefits and support for customers, improving service delivery and the quality of products and services as well.

The company’s management approach is thus focused on providing better value for money and higher quality products when compared with competitors. Considering the fact that Sainsbury’s seems to have diversified its business activities to online marketing and drop delivery and financial services, the main aim of the company seems to be producing extensive and comprehensive services in all aspects of life.

**SWOT analysis:**

The SWOT analysis for Sainsbury’s could be performed and this would focus on:

**Strengths:**

Strong brand name
A large number of employees
Strong presence across the UK
Solid customer base
Good reputation

Weaknesses:

Many competitors in the market
Loyalty schemes introduced are not implemented appropriately so the major benefits of the scheme remain uncertain
More focus on management strategy and better customer service could be recommended
Sainsbury’s should conduct thorough market research to introduce cheaper products than other supermarkets

Opportunities:

Large consumer base especially during Christmas and festivals
Sainsbury’s is already one of the main competitors and major retail store in the UK
Opportunities in terms of online marketing and financial services are abundant

Threats:
Competition from other companies such as Tesco and Asda

Price of Sainsbury’s products may be higher than competitors

Importance of building long term customer relationships as customers may be driven away by competitors
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“Developing the weakest link in the Sainsbury’s chain” Development and Learning in Organizations: An International Journal, Volume 16, Number 4, April 2002, pp. 4-6(3)
# Appendix I

**Financial statistics - 5 year summary**

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<tbody>
<tr>
<td><strong>Group turnover</strong></td>
<td>16,573</td>
<td>18,239</td>
<td>18,144</td>
<td>18,206</td>
<td>18,441</td>
<td></td>
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<tr>
<td><strong>Turnover - continuing operations</strong></td>
<td>16,364</td>
<td>15,517</td>
<td>15,147</td>
<td>15,025</td>
<td>14,030</td>
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<tr>
<td><strong>Underlying operating profit</strong></td>
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<tr>
<td>Sainsbury's Supermarkets</td>
<td>321</td>
<td>564</td>
<td>572</td>
<td>505</td>
<td>462</td>
<td></td>
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<tr>
<td>Sainsbury's Bank</td>
<td>13</td>
<td>26</td>
<td>22</td>
<td>22</td>
<td>13</td>
<td></td>
<td></td>
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<tr>
<td>Discontinued operations</td>
<td>11</td>
<td>145</td>
<td>158</td>
<td>150</td>
<td>153</td>
<td></td>
<td></td>
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<tr>
<td><strong>Interest payable</strong></td>
<td>345</td>
<td>735</td>
<td>752</td>
<td>677</td>
<td>628</td>
<td></td>
<td></td>
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<tr>
<td><strong>Joint ventures</strong></td>
<td>92</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group underlying profit before tax</strong></td>
<td>254</td>
<td>675</td>
<td>695</td>
<td>627</td>
<td>549</td>
<td></td>
<td></td>
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<tr>
<td><strong>(Decrease)/Increase on previous year</strong></td>
<td>(62.4)%</td>
<td>(2.9)%</td>
<td>10.8%</td>
<td>14.2%</td>
<td>(5.3)%</td>
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<tr>
<td><strong>Earnings per share</strong></td>
<td></td>
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<tr>
<td>Basic</td>
<td>3.5p</td>
<td>20.7p</td>
<td>23.7p</td>
<td>19.1p</td>
<td>14.5p</td>
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<tr>
<td><strong>Underlying</strong></td>
<td></td>
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<tr>
<td>(62.4)%</td>
<td>(2.9)%</td>
<td>10.8%</td>
<td>14.2%</td>
<td>(5.3)%</td>
<td></td>
<td></td>
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<tr>
<td>Dividend per share</td>
<td>7.80p</td>
<td>15.69p</td>
<td>15.58p</td>
<td>14.84p</td>
<td>14.3p</td>
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1. Group turnover in 2002 has been restated for the change in accounting policy in accordance with FRS 15 (HILG).
2. Earnings per share in 2001 has been restated in accordance with FRS 15 (HILG). Basic earnings per share was 89.0p. Underlying earnings per share was 61.5p.
3. Includes VAT of Sainsbury's Supermarkets and sales tax at Sainsbury's Supermarkets.

from j-sainsbury.co.uk
Appendix II

Retail statistics - 5 year summary

<table>
<thead>
<tr>
<th>Retail statistics for UK food retailing</th>
<th>2005</th>
<th>2004</th>
<th>Restated 1</th>
<th>2003</th>
<th>2002</th>
<th>Restated 2</th>
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<tbody>
<tr>
<td>Number of outlets at financial year-end</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sainsbury’s Supermarkets - over 40,000 sq ft sales area</td>
<td>158</td>
<td>157</td>
<td>152</td>
<td>121</td>
<td>8€</td>
<td></td>
</tr>
<tr>
<td>- 25,000 - 40,000 sq ft sales area</td>
<td>176</td>
<td>163</td>
<td>162</td>
<td>184</td>
<td>20€</td>
<td></td>
</tr>
<tr>
<td>- 15,000 - 25,000 sq ft sales area</td>
<td>79</td>
<td>77</td>
<td>79</td>
<td>84</td>
<td>9€</td>
<td></td>
</tr>
<tr>
<td>- under 15,000 sq ft sales area</td>
<td>314</td>
<td>186</td>
<td>105</td>
<td>74</td>
<td>6€</td>
<td></td>
</tr>
<tr>
<td>Sainsbury’s Supermarkets 3</td>
<td>727</td>
<td>583</td>
<td>498</td>
<td>463</td>
<td>45€</td>
<td></td>
</tr>
<tr>
<td>Sales area (000’s sq ft)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sainsbury’s Supermarkets 3</td>
<td>16,370</td>
<td>15,570</td>
<td>15,199</td>
<td>14,349</td>
<td>13,74€</td>
<td></td>
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<tr>
<td>Net increase on previous year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sainsbury’s Supermarkets</td>
<td>5.1%</td>
<td>2.4%</td>
<td>5.9%</td>
<td>4.4%</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>New Sainsbury’s Supermarkets store openings</td>
<td>36</td>
<td>35</td>
<td>39</td>
<td>25</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Sainsbury’s Supermarkets’ sales intensity (including VAT) 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per square foot (£ per week)</td>
<td>16.38</td>
<td>16.66</td>
<td>17.12</td>
<td>17.54</td>
<td>16.7%</td>
<td></td>
</tr>
</tbody>
</table>

1. Group turnover in 2003 has been restated for the change in accounting policy in accordance with IFRS 5 (BBC).
2. Earnings per share in 2003 has been restated in accordance with IFRS 5. Earnings per share was basic and diluted excluding extraordinary items per share was 19.2 pence.
4. Excluding profit and tax related to income RBS stake.

from j-sainsbury.co.uk
Appendix III

March 24, 2006 - from j-sainsbury.co.uk

J Sainsbury plc completes £2.07 billion refinancing

Sainsbury’s has today completed the refinancing transaction which was announced on 24 February 2006. A total of £2.07 billion has been raised through the issue of two Commercial Mortgage Backed Securities (CMBS) by Eddystone Finance plc and Longstone Finance plc. The company has also completed the purchase of all its outstanding unsecured bonds totalling £1.7 billion. At the same time it has made a payment of £110 million into the company’s pension schemes, with the balance of the £350 million one-off contribution expected to be paid in May 2006.

Darren Shapland, chief financial officer said, “We are delighted to have successfully completed the refinancing. This provides us with cost effective long-term finance by unlocking value from our property portfolio and at the same time retains ownership of these valuable assets. This improves the long term funding profile of the business and provides a flexible financing platform for the future as well as underpinning the Making Sainsbury’s Great Again plan as we continue to improve our offer to customers.”
Appendix IV

Sainsbury’s sales beat forecasts – from BBC.co.uk, 2006

Sainsbury’s says its focus is improving the shopping experience

Sainsbury’s, the UK’s third-largest supermarket chain, has announced better-than-expected sales in the run up to Christmas.

Like-for-like sales rose by 5.2%, excluding fuel, in the 12 weeks to 31 December, its fourth consecutive quarter of sales growth.

Same-store sales including fuel rose 4.8% in the quarter.

The company said its sales growth “reflects the progress made in this first year of our recovery plans”.

Shares in Sainsbury have outperformed market leader Tesco by 20% during the past year.

During the week before Christmas, Sainsbury’s said it served more than 19 million customers: the highest number of people through its tills ever in a single week.

“We prepared for Christmas well, developed outstanding seasonal products, strengthened promotional activity and worked hard to deliver great availability,” said chief executive Justin King.
Market share

The trading update follows latest figures from market research TNS, which noted that Sainsbury’s had taken its largest share of the market for two years.

Rival Asda recently admitted that Sainsbury was likely to regain the second spot in UK market share in the spring.

Meanwhile, the supermarket noted a huge rise in online business. Sales over the internet grew by almost 30% in the three months leading up to Christmas, it said.

Sainsbury’s now controls 16.2% of the grocery market, compared with 15.9% a year ago.

Now 15 months into chief executive Justin King’s “Making Sainsbury’s Great Again” recovery plan, he conceded that there was still more work to do. “The customer experience is much improved, but we still need to achieve this at a more acceptable cost,” Mr King said. “We expect the market to remain highly competitive during quarter four.”

Sainsbury’s corporate website, 2006 (from j-sainsbury.co.uk, 2006)
BBC news release on Sainsbury’s from BBC.co.uk - Sainsbury’s sales beat forecasts, accessed 2006