

## *The comparison between Tesco & Sainsburys*

*Amir Latif*

### *Introduction:*

*I am to make a price comparison of Tesco to Sainsbury. I had made the following steps to research, I had the information about the turnover of Tesco and Sainsburys in the last few years. I also had a list of items taken from Tesco and Sainsburys (Own branded, Branded and fruit and veg). I then had a shopping basket to do a price comparison between the two stores in a week and a year etc...*

*The following is my coursework:*

*It is shown in my price list comparison that Tesco is cheaper in price than Sainsburys. I have also researched and found out that Tesco's turnover is much higher than Sainsburys, from 1999 to 2001. In 1999 the turnover of Tesco was £17,158.00 m however Sainsburys turnover in 1999 was £16,433.00 m, the difference is that Tesco made £725.00 m turnover more than Sainsburys. Those results were only 1999, there are also results of turnover for 2000 which is the following:*

*In 2000 Tesco's turnover (in BP) was £18,796.00 m, were as Sainsburys turnover in 2000 was £16,271.00 m, thus the turnover difference between the two was Tesco made £2,525.00 m more turnover than Sainburys. As you can see in this result that Tesco is making more money in 1999 and in 2000, also that Sainsburys turnover in 1999 to 2000 did not increase but decreased. Therefore Sainsburys was doing badly in 1999 and 2000 compared to Tesco, but Sainsburys did improve over the next years but it was still not making as much turnover as Tesco was, thus Tesco must have more customers than Sainsburys and they are selling more products than Sainsburys. Sainsburys is not competing as well against Tesco as Tesco is against Sainsburys, I personally believe that this may possibly be due to the fact that Sainsburys prices are higher than Tesco's.*

*The following is the statistics of Sainsbury's turnover from 1999 – 2001:*

## Sainsbury (J) PLC (SBRY.L) As of Wednesday December 19

### Business Summary

Food retailing and financial services

**Sector:** Food & drug retailers

**Index:** FTSE 100

**Key Dates:** Int - late Nov; Final - late May.

### Statistics at a Glance -- SBRY.L (in British Pounds)

#### Income Statement

|                            |         | 1999(13)  | 2000      | 2001      |
|----------------------------|---------|-----------|-----------|-----------|
| <b>Turnover</b>            | Mill. £ | 16,433.00 | 16,271.00 | 17,244.00 |
| <b>Pre tax profit</b>      | Mill. £ | 888.00    | 509.00    | 434.00    |
| <b>Norm earn per share</b> | p       | 30.90     | 24.00     | 19.10     |
| <b>FRS3 earn per share</b> | p       | 31.10     | 18.20     | 13.70     |
| <b>Div per share</b>       | p       | 15.30     | 14.30     | 14.30     |

#### Balance Sheet

|                           |         | 1999(13) | 2000     | 2001     |
|---------------------------|---------|----------|----------|----------|
| <b>Intangibles</b>        | Mill. £ | -        | 316.00   | 278.00   |
| <b>Fixed assets</b>       | Mill. £ | 6,409.00 | 6,563.00 | 6,215.00 |
| <b>Fixed investments</b>  | Mill. £ | 41.00    | 98.00    | 164.00   |
| <b>Stocks</b>             | Mill. £ | 843.00   | 986.00   | 763.00   |
| <b>Debtors</b>            | Mill. £ | 2,015.00 | 2,038.00 | 2,460.00 |
| <b>Cash, securities</b>   | Mill. £ | 742.00   | 551.00   | 487.00   |
| <b>Creditors short</b>    | Mill. £ | 4,549.00 | 4,720.00 | 4,325.00 |
| <b>Creditors long</b>     | Mill. £ | 812.00   | 1,041.00 | 1,078.00 |
| <b>Prefs, minorities</b>  | Mill. £ | 45.00    | 49.00    | 53.00    |
| <b>Ord cap, reserves</b>  | Mill. £ | 4,644.00 | 4,742.00 | 4,911.00 |
| <b>Mkt capitalisation</b> | Mill. £ | 7,380.00 | 5,446.00 | 7,434.00 |

*The following is the statistics of Tesco's turnover from 1999 – 2001:*

## Tesco PLC (TSCO.L) As of Wednesday December 19

### Business Summary

Operation of retail superstores and associated activities

**Sector:** Food & drug retailers

**Index:** FTSE 100

**Key Dates:** Int - mid Sep; Final - early Apr.

### Statistics at a Glance -- TSCO.L (in British Pounds)

#### Income Statement

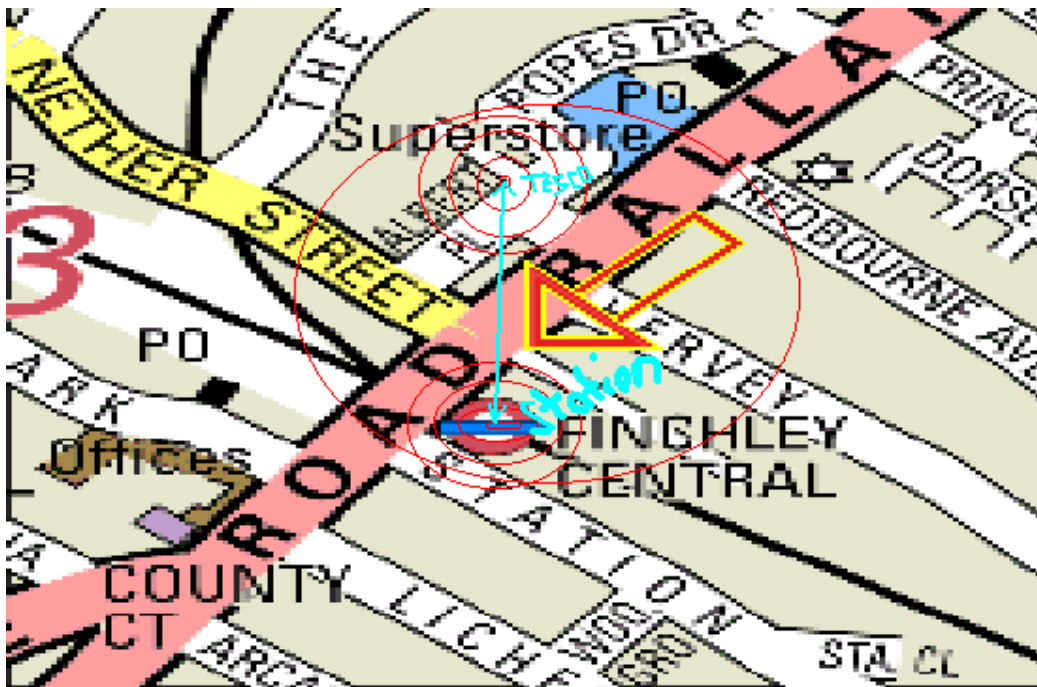
|                            |         | 1999      | 2000      | 2001      |
|----------------------------|---------|-----------|-----------|-----------|
| <b>Turnover</b>            | Mill. £ | 17,158.00 | 18,796.00 | 20,988.00 |
| <b>Pre tax profit</b>      | Mill. £ | 842.00    | 933.00    | 1,054.00  |
| <b>Norm earn per share</b> | p       | 9.37      | 10.20     | 11.30     |
| <b>FRS3 earn per share</b> | p       | 8.93      | 9.89      | 11.10     |
| <b>Div per share</b>       | p       | 4.12      | 4.48      | 4.98      |

#### Balance Sheet

|                           |         | 1999      | 2000      | 2001      |
|---------------------------|---------|-----------|-----------|-----------|
| <b>Intangibles</b>        | Mill. £ | 112.00    | 136.00    | 154.00    |
| <b>Fixed assets</b>       | Mill. £ | 7,105.00  | 8,140.00  | 9,580.00  |
| <b>Fixed investments</b>  | Mill. £ | 336.00    | 251.00    | 304.00    |
| <b>Stocks</b>             | Mill. £ | 667.00    | 744.00    | 838.00    |
| <b>Debtors</b>            | Mill. £ | 151.00    | 252.00    | 322.00    |
| <b>Cash, securities</b>   | Mill. £ | 328.00    | 346.00    | 534.00    |
| <hr/>                     |         |           |           |           |
| <b>Creditors short</b>    | Mill. £ | 3,075.00  | 3,487.00  | 4,389.00  |
| <b>Creditors long</b>     | Mill. £ | 1,247.00  | 1,584.00  | 1,951.00  |
| <b>Prefs, minorities</b>  | Mill. £ | -5.00     | 29.00     | 36.00     |
| <b>Ord cap, reserves</b>  | Mill. £ | 4,382.00  | 4,769.00  | 5,356.00  |
| <b>Mkt capitalisation</b> | Mill. £ | 11,983.00 | 11,497.00 | 18,197.00 |

The question is why is Sainsburys making less money than Tesco?  
 There may be many reasons, examples: Advertisement, Locations, Name of Company, Quality of Own Branded Products, Price, Service, etc...  
 These reasons is what makes Tesco are more successful company than Sainsburys in turnover. As you can see Tesco is very close to the station it also has a very large car park.

The following map is to show how good Tesco's location is:



On a price comparison Tesco products work out best, as most of their products are cheaper in Fruit and Vegetables, Own Branded Products, and Branded Products.

There are products that Sainsburys have cheaper than Tesco, but Tesco have products cheaper by up to £0.30.

The following are the prices of products from both Sainsburys and Tesco and they are comparisons of the same product in each superstore:

|                           | tesco prices : | sainsburys prices : | Price Difference : t : | cheapes    |
|---------------------------|----------------|---------------------|------------------------|------------|
| Own Branded Products:     |                |                     |                        |            |
| Milk Chocolate 100g       | £0.79          | £0.69               | £0.10                  | sainsburys |
| Chocolate Collection 400g | £6.99          | £6.89               | £0.10                  | sainsburys |

|  |        |        |                |
|--|--------|--------|----------------|
| Belgian Chocolates 200g                | £3.99  | £4.29  | £0.30 tesco    |
| Chocolate Mousse 162g                  | £1.99  | £1.99  | £0.00 The same |
| Swiss Chocolate Hearts                 | £1.69  | £1.89  | £0.20 tesco    |
| Rich Chocolate Russe 745g              | £2.99  | £2.99  | £0.00 The same |
| Chocolate Roulade 450g                 | £3.99  | £3.99  | £0.00 The same |
| Rich Chocolate Truffle                 | £2.99  | £2.99  | £0.00 The same |
| Chocolate Liqueur Gateau               | £8.99  | £8.99  | £0.00 The same |
| Double Chocolate Loaf Cake             | £1.29  | £1.29  | £0.00 The same |
| Chocolate Florentines 100g             | £1.69  | £1.69  | £0.00 The same |
| Triple Chocolate Cookies 200g          | £0.99  | £0.99  | £0.00 The same |
| Victoria Sandwich                      | £1.59  | £1.59  | £0.00 The same |
| Allday Breakfast Sandwich              | £2.29  | £2.39  | £0.10 tesco    |
| Brie & Grapes Sandwich                 | £2.29  | £2.39  | £0.10 tesco    |
| Crayfish & Rocket Sandwich             | £2.39  | £2.49  | £0.10 tesco    |
| Chicken,bacon & Avocado Sandwich       | £2.49  | £2.59  | £0.10 tesco    |
| Tiger Prawn & Avocado Sandwich         | £2.79  | £2.79  | £0.00 draw     |
| Smoked Salmon & Cream Cheese Sandwich  | £2.29  | £2.29  | £0.00 draw     |
| Ready Salted Crisps 6 Pack             | £0.22  | £0.24  | £0.02 tesco    |
| Assorted Crisps 12 Pack                | £0.59  | £0.60  | £0.01 tesco    |
| Cola Sugar Free 2 Litre Bottle         | £0.15  | £0.15  | £0.00 draw     |
| Baked Beans & Sausages 850g            | £0.95  | £0.99  | £0.04 tesco    |
| Baked Beans In Tom/Sauce 420g          | £0.09  | £0.10  | £0.01 tesco    |
| Rich Tea 400g                          | £0.35  | £0.39  | £0.04 tesco    |
| Multigrain Wholemeal Sliced Bread 800g | £0.79  | £0.89  | £0.10 tesco    |
| Plain Flour 500g                       | £0.20  | £0.20  | £0.00 The same |
| Choc Chip Cookies 600g                 | £0.78  | £0.79  | £0.01 tesco    |
| Frying Chips 3.63kg                    | £1.04  | £1.04  | £0.00 The same |
| Vanilla Ice Cream 500ml                | £2.59  | £2.59  | £0.00 The same |
| Total                                  | £62.26 | £63.19 |                |
| Difference Of Total's                  | £0.93  |        |                |
| Fruits And Vegetables:                 |        |        |                |
| Carrots 1 Kg Pack Class 1              | £0.52  | £0.52  | £0.00 The same |
| Medium Pineapples                      | £0.79  | £0.79  | £0.00 The same |
| English Apples Class 1 Pack            | £1.35  | £1.35  | £0.00 The same |
| Prepacked Broccoli                     | £1.49  | £1.49  | £0.00 The same |
| Cauliflower Medium Each Class 2        | £0.68  | £0.68  | £0.00 The same |
| Tesco Galia Melon Class 1              | £1.48  | £1.48  | £0.00 The same |
| Conference Pears Loose Class 1         | £0.24  | £0.24  | £0.00 The same |
| Cucumber Whole Each                    | £0.89  | £0.89  | £0.00 The same |

|  |        |        |                |
|--|--------|--------|----------------|
| Med/Large Peach Class 1 Each   | £0.49  | £0.49  | £0.00 The same |
| Bag of Red Seedless Grapes Class 1 Loose (approx. 500g - 650g per bag) | £3.94  | £3.99  | £0.05 tesco    |
| Cherry Tomatoes 400g   | £0.98  | £0.98  | £0.00 The same |
| Tomatoes 750g  | £0.98  | £0.98  | £0.00 The same |
| Onions Loose Class 2   | £0.06  | £0.10  | £0.04 tesco    |
| Potatoes Baking Loose  | £0.29  | £0.29  | £0.00 draw     |
| Raspberries 125g Class 1   | £1.99  | £1.99  | £0.00 The same |
| Loose Plums Class 1  | £0.21  | £0.21  | £0.00 The same |
| Lemons Class 1 Each  | £0.22  | £0.26  | £0.04 tesco    |
| Blueberries 125g Class 1   | £1.99  | £2.19  | £0.20 tesco    |
| Cranberries 225g Class 1   | £1.49  | £1.59  | £0.10 tesco    |
| Redcurrants 125g Class 1   | £1.49  | £1.59  | £0.10 tesco    |
| Total  | £21.57 | £22.10 |                |
| Difference Of Total's  | £0.53  |        |                |
| Branded Products:  |        |        |                |
| Kingsmill White 7 Days Fresh Sliced Bread 800g                         | £0.73  | £0.73  | £0.00 The same |
| Wrigleys Airwaves Chewing Gum  | £0.32  | £0.32  | £0.00 The same |
| Kelloggs Rice Krispies Squares   | £0.29  | £0.29  | £0.00 The same |
| Kelloggs Rice Krispies 450g  | £1.52  | £1.52  | £0.00 The same |
| Jacobs Cream Crackers 200g   | £0.35  | £0.35  | £0.00 The same |
| Sunny Delight Florida Style 500ml                                      | £0.59  | £0.59  | £0.00 The same |
| Lynx Body Spray Gravity 150ml  | £1.79  | £1.89  | £0.10 tesco    |
| Lynx After Shave Gravity 100ml   | £5.99  | £5.99  | £0.00 The same |
| Mars Maltesers Bucket 800g   | £5.99  | £5.99  | £0.00 The same |
| Mars Snickers Cruncher 4 Pack  | £0.99  | £0.99  | £0.00 The same |
| Mars Ice Cream 500ml   | £2.48  | £2.48  | £0.00 The same |
| Walkers Lites Cheese & Onion Crisps 6 Pack                             | £0.96  | £0.96  | £0.00 The same |
| Walkers Variety Crisps 24 Pack   | £2.75  | £2.75  | £0.00 The same |
| Anchor Butter 500g   | £1.45  | £1.45  | £0.00 The same |
| Sunpat Peanut Butter Smooth 227g                                       | £0.99  | £0.99  | £0.00 The same |
| Organics Shampoo 2 In 1 Dry Damaged 200ml                              | £1.47  | £1.47  | £0.00 The same |
| Washing & Go 2 In 1 Universal Shampoo 300ml                            | £1.99  | £1.99  | £0.00 The same |
| Maryland Choc Chip & Hazelnut Cookies 150g                             | £0.52  | £0.52  | £0.00 The same |
| Sony Aa X8 Alkaline Batteries  | £1.59  | £1.59  | £0.00 The same |

|  |         |         |                  |
|--|---------|---------|------------------|
| Duracell 9 Volt                              | £3.49   | £3.49   | £0.00 The same   |
| Red Bull Energy Drink 250ml                  | £0.88   | £0.90   | £0.02 tesco      |
| Campbells Condensed Cream Of Tomato Soup     | £0.49   | £0.45   | £0.04 sainsburys |
| Bassetts Jelly Babies 225g                   | £0.98   | £0.98   | £0.00 The same   |
| Cadburys Choc Eclairs 207g Inc Wraps         | £1.05   | £1.05   | £0.00 The same   |
| Colgate Peroxyl 300ml                        | £3.75   | £3.75   | £0.00 The same   |
| Colgate Plax Total Cool Mint Mouthwash 250ml | £2.19   | £2.20   | £0.01 tesco      |
| Hugo Aftershave 100ml                        | £20.00  | £20.00  | £0.00 The same   |
| Brut Aftershave 100ml                        | £3.99   | £3.99   | £0.00 The same   |
| Gillette Series Cool Wave Body Spray 150ml   | £1.99   | £1.99   | £0.00 The same   |
| Gillette G2 Plus 10's £5.69                  | £5.69   | £5.69   | £0.00 The same   |
| Imperial Leather Family Soap 2x200g          | £1.35   | £1.35   | £0.00 The same   |
| Imperial Leather Foamburst Gel Delight 200ml | £2.99   | £2.99   | £0.00 The same   |
| sensodyne F Toothpaste 45ml                  | £1.94   | £1.99   | £0.05 tesco      |
| Ribena Ready To Drink 1 Litre Carton         | £0.85   | £0.90   | £0.05 tesco      |
| Ribena Blackcurrant Drink 288ml              | £0.43   | £0.49   | £0.06 tesco      |
| Galaxy Milk Chocolate 150g                   | £0.68   | £0.70   | £0.01 tesco      |
| Coca-Cola 2 Ltr                              | £1.18   | £1.18   | £0.02 tesco      |
| Mr Kipling Chocolate Chip Cake Bars 5 Pack   | £1.02   | £1.15   | £0.13 tesco      |
| Mcvities Jaffa Cakes Triple Pack 36s         | £1.56   | £1.56   | £0.00 The same   |
| Birds Eye 16 Cod Fillet Fish Fingers 480g    | £2.14   | £2.14   | £0.00 The same   |
| Jack Daniel's Tennessee Whiskey 70cl         | £17.29  | £17.29  | £0.00 The same   |
| Fosters Ice Beer 4 X 330ml Bottles           | £3.98   | £3.99   | £0.01 tesco      |
| Pot Noodle Chow Mein 89g                     | £0.69   | £0.75   | £0.10 tesco      |
| Nescafe Cappuccino 10's                      | £1.88   | £1.88   | £0.00 The same   |
| Nescafe Gold Blend Coffee 200g               | £4.18   | £4.18   | £0.00 The same   |
| Total  | £119.42 | £119.89 |                  |
| Difference Of Total's                        | £0.47   |         |                  |
| Total of all                                 | £203.25 | £205.18 |                  |
| Difference Of Total of all                   | £1.93   |         |                  |

*One of the reasons for why Tesco have lower prices than a lot of companies is because it is competing against other companies such as Sainsburys, Waitross, Asda. Competition also help the companies keep their prices down because if they do not it would mean that the other store would have more customers. The company which has the higher price would make less money due to low amount of customers etc... It is also why they advertise their prices like all other companies.*

*I have also done a shopping list for 1 week use which would help me decide in long and short term which supermarket (Tesco or Sainsburys) is cheaper to shop in.*

*The following is the shopping list:*

*Shopping List For  
1 Weeks Use*

| <u><i>Name Of Product</i></u>  | Tesco | Sainsburys |
|--|-------|------------|
| Loose Plums Class 1  | £0.21 | £0.21      |
| Cranberries 225g Class 1   | £1.49 | £1.59      |
| Rich Tea 400g  | £0.35 | £0.39      |
| Assorted Crisps 12 Pack  | £0.59 | £0.60      |
| Multigrain Wholemeal Sliced Bread<br>800g                                    | £0.79 | £0.89      |
| Frying Chips 3.63kg  | £1.04 | £1.04      |
| Prepacked Broccoli   | £1.49 | £1.49      |
| Bag of Red Seedless Grapes<br>Class 1 Loose (approx. 500g -<br>650g per bag) | £3.94 | £3.99      |
| Lynx Body Spray Gravity 150ml  | £1.79 | £1.89      |
| Campbells Condensed Cream Of<br>Tomato Soup                                  | £0.49 | £0.45      |
| Cadburys Choc Eclairs 207g Inc<br>Wraps                                      | £1.05 | £1.05      |
| Imperial Leather Family Soap<br>2x200g                                       | £1.35 | £1.35      |
| sensodyne F Toothpaste 45ml  | £1.94 | £1.99      |
| Coca-Cola 2 Ltr x3   | £3.54 | £3.54      |
| Nescafe Gold Blend Coffee 200g   | £4.18 | £4.18      |
| Kelloggs Rice Krispies Squares   | £0.29 | £0.29      |
| Baked Beans In Tom/Sauce 420g  | £0.36 | £0.40      |



|                                 |        |        |
|---------------------------------|--------|--------|
| x4                              |        |        |
| Swiss Chocolate Hearts          | £1.69  | £1.89  |
| Ribena Blackcurrant Drink 288ml | £2.15  | £2.45  |
| x5                              |        |        |
| Redcurrants 125g Class 1        | £1.49  | £1.59  |
| Baked Beans & Sausages 850g x3  | £2.85  | £2.97  |
| Birds Eye 16 Cod Fillet Fish    | £2.14  | £2.14  |
| Fingers 480g                    |        |        |
| Total                           | £35.00 | £36.17 |
| Saving                          | £5.00  | £3.83  |

## There Is A Limit Of £40 To Spend In 1 Week For Shopping

*The research shows that I have £40 to spend on one week of shopping in both shops, the result was I saved £5 in Tesco and I saved £3.83 in Sainsburys using the same shopping basket as Tesco. This also helps me show that you would save much more in Tesco in a year than you would in Sainsburys in a year. In Tesco you would save £260 using the same shopping basket every week and having £40 to spend every week. The results for Sainsburys using the same shopping basket as Tesco and having £40 every week to spend for a whole year was that you would save £199.16 in a whole year. The difference in how much you would save in each shop would be that you would save £60.84 more in Tesco than you would in Sainsburys. Even though £60.84 may not seem like too much money. It is one other reason for why you would rather buy from Tesco rather than Sainsburys*

*Working out:*

*Tesco : £40.00 - £35.00 = £5.00 \* You save more in Tesco as you can see.*

*Sainsburys: £40.00 - £36.17 = £3.83*

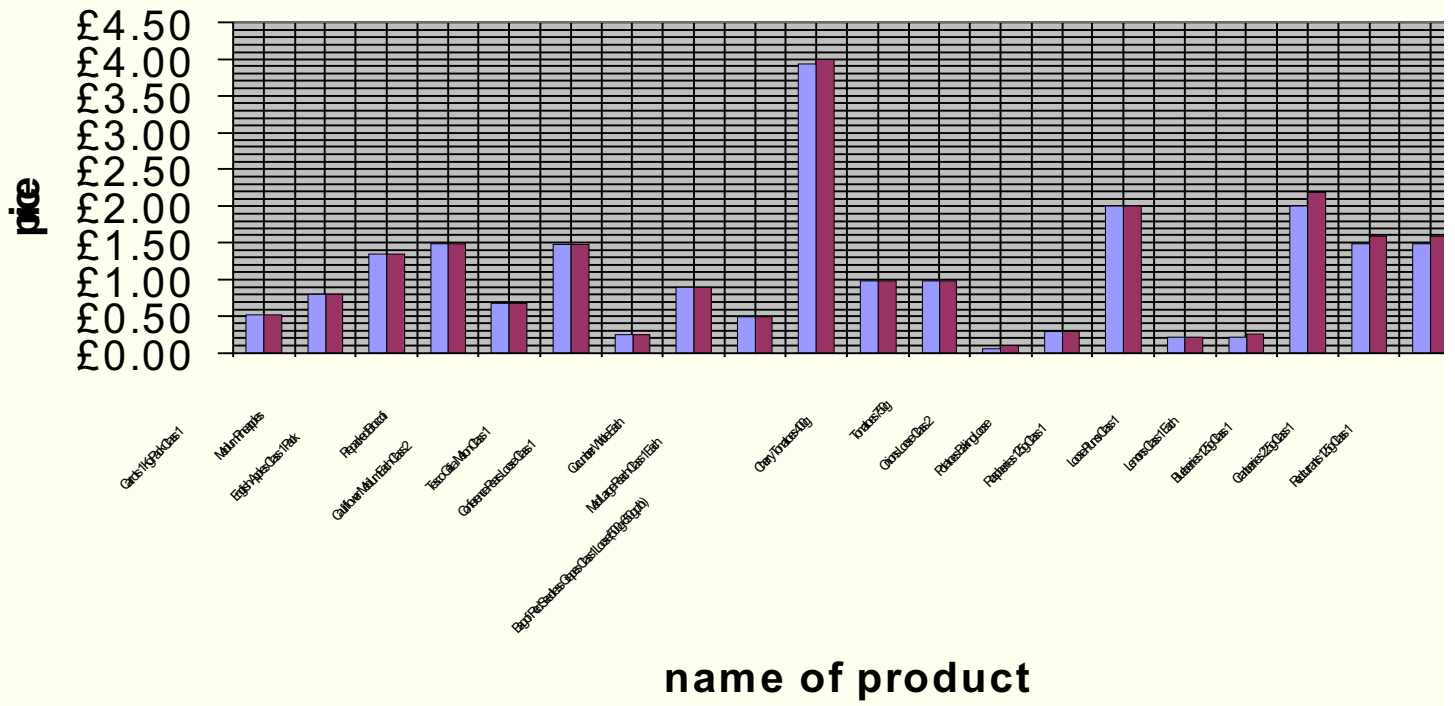
*Amount saved per year:*

*Tesco: 52 x £5.00 = £260.00 \*You save more in Tesco in a year as you can see.*

*Sainsburys: 52 x £3.83 = £199.16*



# Fruit and Vegetables



*Tesco have also opened up for longer hours which has made them much more money. They are also convenient for people to get to as it very near to the station in Finchley (I also have a map of where the superstore is to show also were the station is). Which has created another problem for the Sainsburys in Finchley as it more difficult for them to find a better location than Tesco. Tesco have not got a better transport route for customers than Sainsburys do, also Tesco have a very large car park which is also very convenient for people who own cars (even thought Sainsburys do too). Which is also why customer chooses a store over another. Neither of them have a full local monopoly as they both have many customers and if Tesco changed the prices higher customer might decide to go to Sainsburys. Therefore they cannot hold control of the prices people have to pay to buy the goods, as there are other supermarkets in the local area they can shop from. But there is a local monopoly for certain goods as there is high demand of certain goods in a supermarket than in the other supermarket as mentioned above.*

*There is a time when Sainsburys copies Tesco or Tesco copies, example: club card, which was a good idea that is why one supermarket followed the other. As far as I can see from the results etc, I see Tesco as a more successful company than Sainsburys the local as well as national.*

*I did have a few problems with getting the information as some products where not available in certain supermarkets, which is why I picked the closest type of product from the store to the product of the other store. The problems I had with compiling my price survey did not have an effect on my conclusion.*

*My conclusion is that Tesco in whole is a more successful company in my local area as well as nationally for the reasons above and the research I have made to use as evidence of my statements.*