



# transforming our stores

**We are developing four distinct concepts for our stores:**

- **Hypermarkets** – which have at least 50,000 square feet of selling space and will be the best local destination for a food mainshop and associated non-food ranges. Roughly 40% of the space will be non-food.
- **Superstores** – of between 20,000 and 50,000 square feet, which will be the best local destination mainshop for fresh food and associated groceries. Around 20% of the space will be non-food. Since the end of the year our first new concept superstore has been opened at Woking.
- **Supermarkets** – of between 10,000 and 20,000 square feet, which will be the best local supermarket for fresh food, with the addition of fresh food counters. It will be easy to shop, with a friendly environment. Since the year end we have opened our second new concept supermarket at Wimbledon.
- **Convenience Stores** – of less than 10,000 square feet, which will be the best neighbourhood convenience store for the food and other household needs of convenience, impulse and top-up customers.

Many of our ideas are on show in our store at St Katharine Docks and other stores in the South East.

In addition, we have also developed new ideas for the shops in our petrol stations and our BP joint venture stores.



Stacey Holloway, pizza chef and Richard Mundy, development chef, prepare freshly cooked pizza in an authentic stonebake oven – the centrepiece of our Café Fresco restaurant.

Our new style photo processing and dry cleaning services are popular with shoppers.

A customer browses our new range of bed linen at our store in Leicester.



### Photo Processing

Photo Processing will become a bigger part of our business and sales this year have risen by over 20%.

We offer a Photo Processing service in all our stores, but only 27 currently have an in-store Photo Processing Minilab. We aim to increase this number to over 100 over the next two years.

Stores with a Minilab can offer a fast service to customers and in our High Wycombe store we are trialling a “while you shop” service where customers can drop off their film before doing their grocery shopping and pick up their photos as they leave. The minimum service time is only 25 minutes and prices are from £4.99.

### Homewares

A new Cookshop range was trialled last Spring and was subsequently rolled out to over 300 stores.

Our new red shelving format is attractive to customers, enabling them to purchase an extensive range of essential kitchenware items such as can openers, knives, frying pans and steamers as well as coffee mugs from 99p to £3.99 or four “Eva” champagne glasses for only £5.99.

The Cookshop is the forerunner of a major upgrade in our Homewares range, including an extensive range of bed linen and bathroom accessories, which is now available in larger stores and in due course in hypermarkets.

The first trial of the extended homewares range was in Coleraine, launched last August. The range includes great value towels and bed linen, plus quilts, pillows, mirrors, framed prints and candles.

Our strategy for developing these different concepts is flexible and each element is designed to be transferable across our portfolio. Our aim is that every store will have a unique offer, designed to meet the needs of customers in its own catchment area.

Underlying this flexibility, however, are four core principles which are increasingly distinguishing Safeway stores from the competition:

- The first and most important requirement is that we meet the needs of local customers through our ranging, pricing and services.
- The second is a dominant fresh food presence within the store, emphasising the quality and breadth of our range.
- The third is the use of creative colours and soft lighting to create a warmth across the store which makes the shopping experience pleasant and emphasises the product rather than the fixtures and fittings.
- And, finally, “retailtainment” – the creation of a sense of theatre in our stores, generated by the interaction of our people with our customers to make them feel welcome and involved.

We have stepped outside the traditional view of format and brought together store design, environment, “retailtainment” and people in an integrated approach.



### Jonathan Davies, Stores Finance Director.

Jonathan is responsible for the day-to-day financial performance of the business. His team also provides analytical and commercial support for all other divisions.

## Café Fresco

The "coffee shop", serving an indifferent range of cooked food and soft drinks for consumption in a nondescript environment, has long been a standard feature of superstores in the UK. At the end of March Safeway broke with this tradition by launching Café Fresco, an in-store restaurant offering top quality fresh food cooked on site.

Café Fresco features a Mediterranean-style menu, offering fresh juices, freshly-brewed espresso and cappuccino, and main courses such as grilled salmon or lobster, fresh pasta and pizza. All the food is prepared to order and cooked in front of our customers by experienced chefs.

The restaurant has a Mediterranean look, with ceramic and wooden floors and wooden raffia chairs. It is licensed and is open from 8.00am to 10.00pm, even when the store is closed.

The first Café Fresco opened in our High Wycombe store at the end of March and the second in our new superstore at Woking. Others will be opened in selected stores during the year.

Above right, diners can choose from a mouth-watering menu of freshly made pasta and sauces at Café Fresco.

Below right, our first Café Fresco at High Wycombe has transformed the in-store eating experience for our customers.



### **Jim Maclachlan, Stores Director.**

Our stores are central to everything we do in our business. Jim is responsible for ensuring our stores deliver the best customer service in the sector, have excellent operational standards, and achieve their sales and profit targets.





### A new look in the South East

We learned many lessons from the experience of refitting St Katharine Docks, which we immediately put to work in a challenging project which started in January and finished in early April. This was the complete refitting of a further 51 stores in London and the South East, applying many of the ideas successfully tested at St Katharine Docks.

One of these stores – at Lewes, Sussex – was refitted earlier in the year due to extensive flood damage. Three London stores – Ealing, Hammersmith and Blackheath – were finished in January and the rest completed by April. Using dynamic new methods pioneered at St Katharine Docks, stores have been encouraged to develop their customer service and selling skills and create “retailtainment”. New staff uniforms communicate a more relaxed, informal and engaging message to customers. Many of these stores are achieving double digit sales growth following their relaunch.

Our staff have been trained to sell in a theatrical and fun way – left, Jason Davis one of our Hot Wok chefs

prepares an exotic dish and below, Habib Ahmed, one of our pizza chefs in action.



### St Katharine Docks

The results of all of our work on store formats are exemplified by our store at St Katharine Docks, in Wapping, which we re-opened last December.

The store is in the heart of the developing docklands business centre and is relatively small at 17,000 square feet. Demographically the catchment area is mixed, with a big lunch-time trade. We decided to develop this trade and provide a convenience offer for the commuter population while retaining the loyalty of local residents by continuing to fulfil the top-up supermarket role.

The store is divided into four zones – “Fresh to Go”, Personal Indulgence, Everyday Essentials and Browser – each with its own ambience and feel.

– “Fresh to Go” occupies 25% of the store area and offers a unique combination of retailing and catering. The **Hot Wok bar** offers a choice of more than 150 dishes which can be stir-fried in minutes. Recipes

have been gathered from China, Singapore, Burma, Japan and Thailand. The **Pasta counter** has an extensive range of freshly made pasta and sauces which can be served hot or cold. The **Hot Rôtisserie** offers a great selection of cooked chickens and a great selection of breaded chicken using our chef’s own recipes. **Fresh pizza** is cooked in an authentic stone baked oven. The **Pre-Order Sandwich Bar** offers a range of six breads and 20 fillings, plus a choice of quality coffees. Customers can pre-order by e-mail or fax for speedy collection. The **Patisserie** has an exceptional selection of cakes and pastries made by the best patisserie chefs in the country, while the **Bakery** offers our extensive “Breads of the World” range. – **Personal Indulgence** includes the **Wine Cellar**, which has been renamed and re-designed to resemble a traditional wine cellar. It has a domed ceiling in dark wood and deep terracotta-coloured floor tiles. The wine range has been considerably extended,

with an emphasis on fine wines. Leading on from the Wine Cellar we come to **Health and Beauty**, with the same curved ceiling but with lighter wood panelling and floor tiles. The range now includes more indulgence products such as bath oils, hair conditioners and convenience products. – The **Everyday Essentials** and **Browser** areas contain the familiar ranges of ambient groceries, chilled fresh foods, produce and non-foods.

In St Katharine Docks and other smaller stores we have created a feeling of range breadth by removing duplicated lines and some pack sizes to allow an extension of ranges elsewhere. We have also increased the range by raising the height of our top shelves. This has enabled us to introduce 600 new lines at St Katharine Docks.

Since re-opening, like-for-like sales have grown strongly, and combined with the richer sales mix being achieved, the store is delivering excellent results.