Sainsbury's

Darren Jones MP
Chair of the Business and Trade Committee
House of Commons
London
SW1A 0AA

Sainsbury's Store Support Centre
33 Holborn
London
EC1N 2HT

sainsburys.co.uk |020 7695 6000

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Dear Mr. Jones,

Thank you for the opportunity to give evidence on 27th June and to update the Committee on our efforts to fight inflation over the past two years. I am writing to follow up on three separate areas that were raised by the Committee – online delivery charges, dividends and fuel.

By means of additional context, at Sainsbury's we pay £950 million in tax every year and our profit margin is approximately 3 pence in the pound. As a business we try to balance the needs of all our stakeholders, and we have focused extensively on reinvesting our profits into keeping prices low for our customers. Over the past two years we have invested £560 million into lowering prices, and since March we have invested an additional £60 million, leading on price cuts on over 120 essentials like bread, butter, milk, pasta, chicken and toilet roll.

Online delivery charges

Our pricing structure for our main groceries online business is outlined below, please note this does not include marketplace partners such as Deliveroo, Uber Eats and Just Eat or our party food offering known as Food to Order.

Home Delivery

- Minimum order value is £25.
- Our saver slots are available from £1.
- Orders over £40 vary between £1-£5.50 and are bookable from the same day through to 3 weeks out.
- Orders under £40 are charged £7 for standard delivery.

Click & Collect

- There is no minimum order value to utilise our click & collect service.
- For orders over £25, collections are either free or a small charge of 50p.
- Orders under £25 are charged at £4. Same day click & collect, if available, costs £2 for orders over £25, and £6 for orders under £25.

Through our home delivery and click & collect services we aim to enable customers to access our products in even more convenient ways. Our pricing structure for these services is based on order size and reflects the additional cost to us of fulfilling the service.

In addition to home delivery and click & collect, customers can also visit our supermarkets and convenience stores across the UK. In all instances, our aim is to be competitive and to offer a range of options to all households, irrespective of budget and how our customers choose to shop with us.

Dividends

In respect of our dividend, we have maintained a full-year dividend of 13.1p per share, which is flat year-on-year. The cash cost in relation to the full year dividend will be broadly flat year on year.

Fuel

As you are aware, the CMA's report published last week confirmed that supermarkets continue, on average, to price below other retailers and play a key role in facilitating competition in local areas. From a Sainsbury's perspective, we are typically the cheapest or second cheapest retailer in each of the local areas we serve, and we remain committed to keeping our prices as low as possible.

We are fully supportive of the creation of a new fuel finder scheme as recommended by the CMA, as we welcome customers having greater visibility to make even more informed purchasing decisions. We will continue to work closely and cooperate fully with both the CMA and Government to deliver an effective new scheme.

I hope this update is useful and I would like to assure the Committee that we remain fully committed at Sainsbury's to doing everything we can to support your constituents at this difficult time.

If you have any further questions, please do not hesitate to get in touch.

Yours sincerely,

Rhian Bartlett
Food Commercial Director
Sainsbury's