WHO'S IN THE RACE TO TAKE EXCESS SPACE

As the industry grapples with one of its biggest re-structures in decades, one of the biggest changes is the move away from the hypermarket-style one-stop shops. Falling sales densities in the largest stores have left retailers, particularly Tesco, Asda and Sainsbury's, in a quandary about what to do with their excess space. Increasingly, retailers are striking deals with non-grocery retailers and leisure operators to take the space, but the question is who are going to the most beneficial partners and where?

CACI conduct shopper surveys of around 400,000 customers from 160 retail locations and covering 200 retailers across the UK, which gives us unique insight into who the different demographic groups shop with. Using this data, we have provided a high-level snap shot of which non-grocery retailers have the best match with some of the big grocery retailers.

Asda's shopper profile is the most skewed towards the lower affluence groups with greater proportions of Financially Stretched and Urban Adversity groups. In terms of retailer choice, these customers have strong overlap with brands such as Foot Locker, JD Sports, Shoe Zone and Sainsbury's recent target, Argos. From a leisure and catering point of view, Greggs, KFC, Harvester, McDonalds and Burger King are well suited to their customer base.

Tesco's profile is undoubtedly the flattest of them all, meaning that in practice the right retailer match for them will be very dependent upon the store catchment. That said, based on pure demographics the best matches for them are Schuh, The Fragrance Shop, Mountain Warehouse and Clas Ohlson. From a catering point of view, Tesco-owned Giraffe, Frankie and Bennys and Gourmet Burger Kitchen are among the best matches.

Sainsbury's, with their South-east and London-centric store network, have a more affluent and more urban profile. This means their natural overlap is with brands like Paperchase, fashion retailers such as Zara, Mango and French Connection along with Mamas and Papas and the Apple store.   From a catering point of view, they are well matched with coffee shops such as Starbucks, Café Nero and Pret a Manger, and restaurant chains like Jamie's Italian, Yo! Sushi and Pizza Express.

Clearly, the decisions on who to team up with, and where, are more complex. Consideration needs to be given to:

- Which stores have the excess space,
- The degree to which retailers are competitive or complementary
- How the location may impact on that retailer's existing network
- The level of footfall generated
- The store catchment and the function of the centre.

The race to find partners to take the space is on, with non-grocery retailers hungry to pick off the best locations first.

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