
Modelling sales for new supermarkets

Tesco's approach to predicting customer behaviour
Patrick Stribley



Tesco UK Site Research: Analysis & Development

• 8 data analysts and software developers:

- Producing predictive models
- Implementing models and data in applications
- Providing ongoing support of data and systems
- Actively improving processes
- Reporting performance to the wider business
- Providing Insight through analysis projects



The Spatial Interaction Model (also known as a Gravity Model)

**Available
Expenditure**

**Store
Attractiveness**

**Drive-time
Distance**

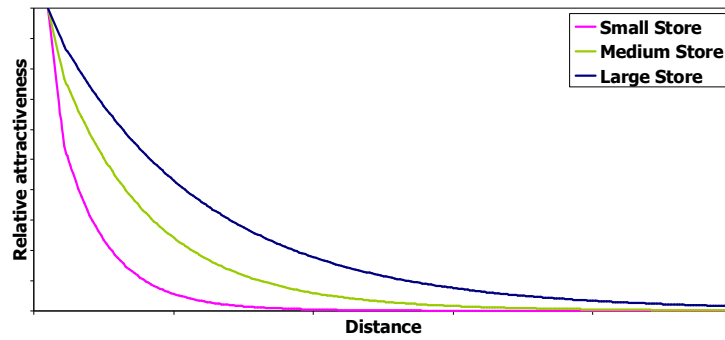
TESCO

Expenditure Model Predicting the available money



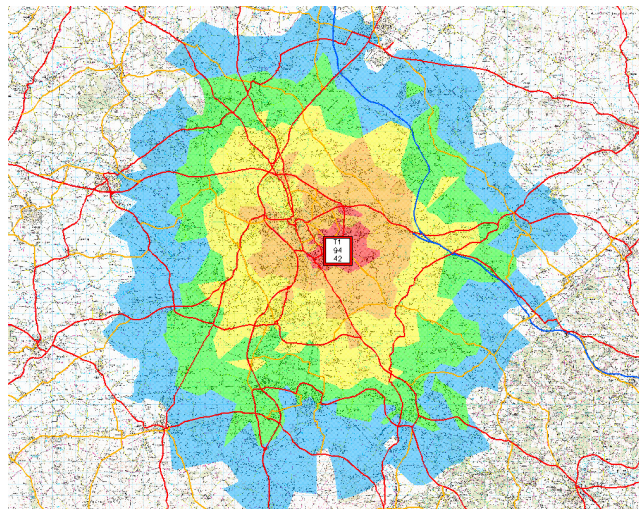
TESCO

Store Attractiveness and the decay in attractiveness with distance



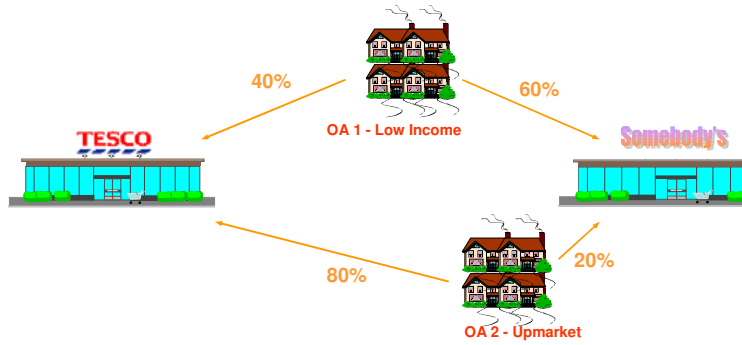
TESCO

Drive-time data Understanding location for customers



TESCO

All this is put together to predict the food sales of a new store...



TESCO

The strength of the model is the flexibility of its customer driven approach

- The implementation of this model allows for a range of scenarios to be considered for any new store
- The model accounts for the sales of a new store but also where those sales are coming from
- Most importantly this approach places the customers at the centre of predicting sales

TESCO

Any Questions?

TESCO
