AS TIMES GET TOUGHER, DISCOUNTERS REACH RECORD SHARE

Contributed by TNS
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(PLUS AN UPDATE ON GROCERY PRICE INFLATION)

Chris Longbottom, Director TNS Worldpanel, comments:

The latest TNS Worldpanel grocery market share figures, published today for the 12 weeks ending 13th July 2008 reveal that the success of the discounters is continuing. The Discounters now account for a 5.9% share of Grocery Spending, higher than ever before reported, and they are also the fastest-growing sector of the market. The total grocery market continues to grow strongly (+7% year-on-year), fuelled partly by food price inflation and also by better performance for Supermarkets than other Retail Outlets.

While the Discountersâ€™ share in the UK has reached a new record, this level is still modest compared to the share they enjoy on the Continent (11% in France and 38% in Germany according to Europanel). Aldi and Lidlâ€™s year-on-year growth stood at 20% and 14% respectively, reflecting their success in attracting more spend from hard-pressed shoppers, even though the majority of them still do most of their grocery shopping at the major supermarket chains.

Among the Top 4, both Asda and Morrisons enjoyed 9% growth, ahead of the market and yielding higher shares than last year. Tescoâ€™s growth of 7% and Sainsburyâ€™s of 6% were still creditable but slightly behind the overall market resultin in small share erosion. Such performance is indicative of the overall buoyancy but intense competition within the Grocery Sector in the current economic climate.

An update on inflation
As an update from last timeâ€™s figures, price inflation in Grocery increased to 5.8% for the 12 weeks ending June 15th 2008.Â This average, of course, masks a range of products from Dry Pasta (up 40%) and Eggs (up 34%) through staples like Bread (up 17%) and Milk (up 14%) to markets with minimal price inflation like Tea (up 2%) and Frozen Chips (down 4%).

This figure is based on 78,000 identical products compared year-on-year and therefore represents the most authoritative figure currently available.