PRICE NOW CLEARLY DRIVING SHARES

Contributed by TNS
Tuesday, 19 August 2008

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(PLUS AN UPDATE ON GROCERY PRICE INFLATION)

Ed Garner, Director of Research, TNS Worldpanel, comments:

The latest TNS Worldpanel grocery market share figures, published today for the 12 weeks ending 10th August 2008 are showing the clearest picture yet that retailers with a clear price message are posting the strongest performances.

Total Grocers grew turnover by 7.2% compared with last year which is clearly better than many non-grocery sectors although this apparent buoyancy is largely reflecting inflation with volumes effectively static.

Both Aldi and Lidl show strong growth of 19.8% and 12.3% respectively.Â In the case of Aldi, this translated into a new record share of 3.0%.Â It is worth noting that this growth is entirely driven by new stores and new shoppers â€“ spend levels for existing shoppers remain unchanged and quite low compared with the Top 4 (Typical monthly spend per household is Â£45 for Aldi compared with Â£126 for Tesco).Â Also several commentators have stated that â€œthe middle classes are flocking to the discountersâ€•.Â In fact, new discount shoppers are predominantly younger households with children which is more logical â€“ their budgets will have come under strongest pressure.
The Iceland growth of 14.4% is the strongest for several years and reflects its discount message.

For the Top 4, performance continues in line with recent periods:Â Asda and Morrisons have grown ahead of the market and therefore seen share increases whereas the Tesco and Sainsbury growths of 6.5% and 5.3% respectively are behind the total market.

The Waitrose growth of 4.0% is lower than historical performance and this has caused a small share erosion of 0.1% - perhaps unsurprising given the way low price has dominated the current agenda.

An update on inflation
Price inflation in Grocery increased to 6.8% for the 12 weeks ending July 13th 2008 compared to the same period a year ago.Â
This figure is based on 78,000 identical products compared year-on-year in the proportions purchased by British shoppers and therefore represents the most authoritative figure currently available.