The Search For Value Intensifies

Contributed by TNS
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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 5th October 2008 are confirming that the growth of value-based grocery retailers continues apace. Total Grocers grew at 6.7% year-on-year which reflects food price inflation rather than any real growth.Â This figure is effectively the base line â€“ retailers failing to match this growth will see their share erode.

Aldi continue their strong run with growth of 22.1% for the latest 12 weeks, which is a record as the share reaches 3.0%.Â Their current on-air TV campaign features celebrity Phil Vickery in an attempt to add food quality to the established low-price reputation. Lidlâ€™s growth also continues ahead of the market as does the performance of the freezer centres Iceland and Farm Foods.Â

For the Top 4, Tesco has seen its share drop by 0.4 points compared with the same period last year as its growth of 5.5% lags the market.Â They will be hoping that their recent introduction of a range of â€œDiscounter Brandsâ€• will give them a boost.Â Sainsburyâ€™s has also seen a small share drop of 0.1% but this is better performance than expected given the market shift to value-based retailers.Â

Morrisons and Asda show no sign of suffering at the hands of the hard discounters and post growth of 9.6% and 9.0% respectively. It is now apparent that Waitrose is under pressure as growth all but evaporates leaving the share down at 3.8%.

An update on inflation
Price inflation in Grocery increased marginally to 9.3% for the 12 weeks ending October 5th 2008 compared to the same period a year ago.Â Our monthly data would suggest that inflation has now reached its peak and it will start to fall towards the end of the year as some of the sharpest price rises drop out of the annual comparisons.

This figure is based on over 75,000 identical products compared year-on-year in the proportions purchased by British shoppers and therefore represents the most authoritative figure currently available.