Asda Feels The Heat As Retail Battle Hots Up

Contributed by Kantar
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The latest grocery market figures from Kantar Worldpanel, published today for the 12 weeks ending 16 May 2010, show mixed fortunes for the major retailers as low inflation continues to bite.

The pressure on the retailers to deliver real growth is mounting as total Grocer market growth has remained subdued at 3.3% this month.

Some are faring better than others in the battle for share of consumersâ€™ wallets, with Tesco holding its market share at 30.6% and matching market growth.

Continuing a strong run, Sainsburyâ€™s and Morrisons both increased their market share in May and recorded growths well ahead of the market at 4.4% and 6.0% respectively.

Conversely, Asda continues to feel the pinch with a drop in market share for the fifth consecutive month and growth behind the market at 2.5%.

Edward Garner, Communications Director at Kantar Worldpanel, explains:
â€œAs Andy Clarke takes the helm, there has been much speculation about what the new Chief Executive will do to turn around Asdaâ€™s fortunes. We expect him to focus on restoring the clarity of Every Day Low Prices as well as reviewing the implementation of range rationalisation. Asda has already named these areas as a key priority going forward as shown by the launch of the Asda Price Guarantee and it will be interesting to see the results of the new strategy in the coming months.â€• Â

Asdaâ€™s focus on value may be working against the company with the latest figures showing that consumers are continuing to shop at the premium end of the market.

Tescoâ€™s Finest Range continues to perform well, while premium retailer Waitrose has maintained high growth at 12.5%.

The Co-operative has unsurprisingly delivered the fastest growth this month at 16.5% as Somerfield all but disappears from the high street.

Despite strong growth at the premium end of the market, there is evidence that value for money is returning to the agenda for some shoppers.

Iceland lifted its share by 0.2% and recorded its strongest growth for a year but fortunes are mixed among the Discounters, with Lidl and Netto still struggling to keep pace with the market.

Meanwhile the consolidation of stores coupled with a strong television advertising campaign featuring celebrity chef Phil Vickery has brought shoppers back to Aldi and boosted its market share to 3.1%.

An update on inflation
Grocery price inflation has remained low and the figure for the 12 week ending period 16 May 2010 is the same as last period at 1.4%*. Â

This low-inflation environment will be reflected in lower average growth for the grocery market and creates a challenge for retailers to deliver growth against earlier strong comparatives.

*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. Â

It is a â€˜pureâ€™ inflation measure in that shopping behaviour is held constant between the two comparison periods â€“ shopp are likely to achieve a lower personal inflation rate if they trade down or seek out more offers.

To view the video commentary from Edward Garner or to get further information please visit www.kantarworldpanel.com and select â€˜Insightsâ€™ or follow Edward on Twitter here http://twitter.com/edgarner

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