

Inflation Creeps As The Growth Of 'Two Nations' Continues

Contributed by Kantar
Wednesday, 10 August 2011

The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 10 July 2011, show respectable overall growth of 4.6%.

Despite the post-wedding and Easter slump in growth of 2.5% in the four weeks to 15 May, the latest four weeks show increased retail growth of 3.3%, suggesting the market is picking up.

Grocery inflation steadily crept up this period, rising from 4.6% to 4.8%* this month, making it increasingly likely it will reach 5%.

Martin Whittingham, director at Kantar Worldpanel explains:

“While we previously predicted that grocery inflation would not exceed 5% in 2011, we believe this no longer to be the case. It has been growing much faster than anticipated and as such we expect it to reach 5% and perhaps go beyond in the next few months. However, unlike the high inflation that we saw in 2008, when it was over 10% in a third of the grocery categories, we are only seeing double digit inflation in a small number of categories.

“The increasing inflation rate is putting extra pressure on shoppers’ ability to manage their household budgets. With this in mind we expect the grocery market to slow in the coming months.”

The theme of “two nations” continues with Aldi and Lidl again posting strong double digit growth of 20.2% and 15.6% respectively. Both retailers now represent 6.1% of the market. Waitrose was the next big winner with growth of 9% and increasing its share from 4.1% a year ago to 4.3%.

Martin adds:

“The increasing polarisation of the grocery market looks set to stay as consumers turn to the discounters to cut their budgets while others continue to spend in Waitrose. This divergence seems to be reflective of some contrasting lifestyles in the UK at the moment.”

Morrisons was the fastest growing of the big four retailers with growth of 5.6%, increasing its share from 11.8% to 11.9%. It was also the only big four retailer to grow ahead of the market this period.

The latest grocery share figures and comparative data for the last three years are available as an app for the iPhone. To download Kantar Worldpanel’s free “Grocer Share” app please visit the Apple iTunes Store.

To view the video commentary from Edward Garner or to get further information please visit www.kantarworldpanel.com and select “Insights”.

These findings are based on Kantar Worldpanel data for the 12 weeks to 10 July 2011. Kantar Worldpanel monitors the household grocery purchasing habits of 25,000 demographically representative households in Great Britain. All data discussed in the above announcement is based on the value of items being bought by these consumers, Kantar will only support data that is published in the context we have presented it and our own interpretation of these findings. We cannot be held responsible for any other interpretation of these findings.

About Kantar Worldpanel

For further information, please visit us at www.kantarworldpanel.com

Follow us on Twitter http://twitter.com/#!/KWP_UK

About Kantar

For further information, please visit us at www.kantar.com

2011