Grocery Spend Comes Under Pressure As Inflation Rises

Contributed by Kantar
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The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 7th August 2011 show the grocery market growing at 3.8% per year, below the 5.2% grocery price inflation in this period.

Edward Garner, Director at Kantar Worldpanel, explains:
â€œIt is evident that shoppers are trying to manage their â€˜personalâ€™ inflation by trading down. This can be done by seekin lower priced outlets and cheaper alternative products.

â€œItâ€™s therefore unsurprising that the discounters have pushed further ahead this month.Â Lidl has recorded year-on-year sales growth of 13.8% enabling it to retain its record market share of 2.6%.Â However, the stand-out performance comes from Aldi this month, with growth of 24.4% and an all-time record share of 3.6% - up from 3.0% a year ago.â€• Â

The sharp decline of 36.8% for Netto is a result of the store conversions to the Asda brand alongside store disposals, as required by the OFT.

Edward continues:
â€œWhile the discounters are prospering we are not seeing the shift towards consumers buying more own-label products that might be expected from cost cutting.Â In fact, budget own-label is showing only muted growth of 2%, while premium own-label is growing at over 8%, confirming that despite economic pressures, low-price is not the only motivation in this market.

â€œThis is further demonstrated by the continued â€˜two nationsâ€™ theme, as Waitrose shrugs off any gloom with sales growt 8.3% - over double the market growth.â€•

This is a challenging market for the big four grocers, which have to appeal to a broad range of consumers, unlike the discount and premium niche players.Â Only Morrisons has managed to add share this period (11.6% to 11.7%), with year-on-year growth of 4.6% - slightly ahead of the market.

An update on inflation
Grocery inflation stands at 5.2%* for the 12 period week ending 7th August 2011. This is an increase on the 4.8% reported last period.Â However, this remains well below the levels of over 9% we saw during the 2008 recession.

*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 tha shopping behaviour is held constant between the two comparison periods â€“ shoppers are likely to achieve a lower personal inflation rate if they trade down or seek out more offers.

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The latest grocery share figures and comparative data for the last three years are available as an app for the iPhone. To download Kantar Worldpanelâ€™s free â€˜Grocer Shareâ€™ 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 â€˜Insightsâ€™. Â

Follow us on Twitter at http://twitter.com/#!/KWP_UK and join the debate #kwpmarketshare.

There has been no change to the methodology used to produce the monthly Supermarket Share data so journalists can seamlessly compare TNS Worldpanel data with Kantar Worldpanel data to provide robust, trended year-on-year figures.

For all publicly-quoted Worldpanel data, users of our research (including media) must ensure that data is now sourced Kantar Worldpanel. Â

These findings are based on Kantar Worldpanel data for the 12 weeks to 7 August 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.

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