Price Rules As Inflation Bites

Contributed by Kantar Worldpanel
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The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 2 October 2011, show the grocery market growing at 5.1% per year. Â

Although this is a strong performance, it remains below the 5.7% grocery price inflation.

Edward Garner, Director at Kantar Worldpanel, explains:
â€œThe gap between inflation and growth has become a major feature of the grocery market as shoppers trade down to cheaper products and retailers strive to convince consumers they are combating inflation.Â As a result, those retailers with a low price message are the driving force in the market, with Iceland and Lidl enjoying sales growth of over 10% year-on-year, and Aldi leading the market with 25.1% growth. Â

â€œMorrisons posted the strongest growth of the big four this period but all of these retailers are responding to stretched household budgets with promotional initiatives.Â Tesco launched its â€˜Big Price Dropâ€™ and Sainsburyâ€™s is responding w â€˜Brand Matchâ€™ this week, which will give shoppers a refund coupon at the till if branded products are cheaper at Tesco or Asda.Â While it is too early to see the effect of these campaigns in the figures, future performance will be critical.â€•

Asda held share at 17.1% this period which contrasts with the declines seen in previous periods and reflects the inclusion of newly converted Netto stores.

Despite inflationary and budgetary pressures, the â€˜Two Nationsâ€™ effect continues unabated.Â Waitrose achieved 9.4% growth this period and the premium ranges at Tesco and Sainsburyâ€™s show double-digit growth, suggesting the traditional trading up at Christmas can still take place.

An update on inflation
Grocery inflation stands at 5.7%* for the 12 week period ending 2 October 2011. This is an increase on the 5.3% reported last period and continues the rising trend we have seen throughout 2011.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.

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.

On 25 January 2010 TNS Worldpanel rebranded as Kantar Worldpanel.Â This move follows TNSâ€™ acquisition by WPP in 2008.
Kantar Worldpanel is the UKâ€™s leading provider of continuous consumer panel data.
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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.

These findings are based on Kantar Worldpanel data for the 12 weeks to 2 October 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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