The Zero-Sum Game

Contributed by Kantar Worldpanel
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No winner in supermarket price war

The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 30 October 2011, show the grocery market growing at 4.6% per year. However, this remains below the inflation rate of 6.1%, as households try to manage down their spending - a dominant trend for most of 2011.

Edward Garner, Director at Kantar Worldpanel, explains:
â€œIt comes as no surprise that, as shoppers try to control their budgets, an aggressive stance on price is driving retailer communication strategies.Â We have â€˜The Big Price Dropâ€™ from Tesco, â€˜The Price Guaranteeâ€™ from Asda, â€˜Bran Sainsburyâ€™s and â€˜Price Crunchâ€™ from Morrisons.Â The end result would appear to be a zero-sum game, as the performances from the big four show only marginal differences this period, with no outright winner.â€•

All top four retailers posted respectable performances this period.Â Asda stands out with its growth rate of 5.1% beating market growth for the first time since the beginning of 2010.

The discounters continue their strong run, particularly Aldi with year-on-year growth of 18.8% and an increase of its share from 2.3% to 2.6%.Â However there are now signs of a slackening of pace as shares and growth rates for both Aldi and Lidl have fallen back from recent peaks.

The economic climate is favouring the value-for-money offering from frozen foods and Iceland has posted growth of 11.6% - the highest since the 2008/9 recession.

Edward continues:
â€œGiven the universal emphasis on price across the sector, the big four retailers will need to differentiate themselves. Own-label brands are an obvious way of doing this.Â We are already seeing double-digit growth for Tesco Finest and substantial revamps for own-label ranges at Asda, Sainsburyâ€™s and Morrisons â€“ suggesting this might be a key battleground going forward.â€•

An update on inflation
Grocery inflation stands at 6.1%* for the 12 week period ending 30 October 2011. This is an increase on the 5.7% 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 and it is our view that it is now close to its peak and will decline going into 2012.

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.
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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.

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 30 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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