

Grocery Market Bounces Back With Price Inflation Rate At Its Lowest For 18 Months

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The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 5 August, show the grocery market has bounced back and is now growing at 3.9%. This is compared with the 2.1% reported just a month ago.

The big four supermarkets all performed strongly, with Asda and Sainsbury's leading the pack and growing at 6.2% and 4.6% respectively.

Although Tesco continues to lose share, this is now at a slower rate as it begins to close the gap with its rivals.

Fraser McKevitt, retail analyst at Kantar Worldpanel, explains:
"It's too early to attribute improved grocery sales to the Olympics, however, the increased market growth rate coincides with the opening week of London 2012 and the better weather in July.

"Shoppers might not yet notice it at the tills, but they are starting to benefit from lower grocery inflation, with prices now rising at 3.2%* – the slowest rate for 18 months and a sign that things are starting to look up. Despite this, consumers are still seeking economy products and retailers are reflecting this demand in their store offerings. The lowest priced own label lines, such as Tesco Everyday Value, are growing at 13% while premium own label sales are falling by 4% year-on-year."

The number of shoppers looking for value has helped both Aldi and Lidl maintain their double digit growth. Iceland continues to benefit from the strong frozen food sector with a year-on-year growth rate of 7.0%. At the other end of the price spectrum, Waitrose has grown by 7.4% – a considerable uplift on the relatively weak 4.8% growth posted last period.

An update on inflation

Grocery inflation stands at 3.2%* for the 12 week period ending 5 August 2012. This continues the downward trend from the recent peak of 6.2% for November 2011 and reflects lower inflation in dairy markets, particularly falling milk prices.

*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. It is a "pure" inflation measure in that shopping behaviour is held constant between the two comparison periods – shoppers are likely to achieve a lower personal inflation rate if they trade down or seek out more offers.

The number of households in the Kantar Worldpanel sample has increased by 20% to 30,000 – making it one of the largest continuous panels of its kind in the world. As part of this process, the monthly supermarket share data has been updated to reflect the panel changes, which come into effect from March 2012. Changes to retailer shares, as a result of the increased panel size, are marginal and do not impact reported performance. Period-on-period changes will not be affected as the historical data has been reworked to maintain consistency.

Please also note, as part of this updating process, there has been a reduction in the stated Aldi turnover and market share to bring it in line with the outlet's own reported performance. The strong period-on-period growth trend of the outlet remains unaffected.

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

These findings are based on Kantar Worldpanel data for the 12 weeks to 5 August 2012. Kantar Worldpanel monitors the household grocery purchasing habits of 30,000 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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