Grocery Market Heats Up While Promotions Cool

Contributed by Kantar Worldpanel
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The latest grocery share figures from Kantar Worldpanel, published today for the 12 weeks ending 14 August 2016, show the market growing at 0.3% as an upturn in the weather spurred consumers into increasing their spend.Â This is the fastest acceleration for the overall market since March 2016.
Fraser McKevitt, head of retail and consumer insight at Kantar Worldpanel, said: â€œThe sunâ€™s eventual appearance was a welcome boost to the market after a delayed start to the summer.Â Frozen confectionery sales grew by 23% in the last month, while chilled drinks increased by 10%.Â At Iceland ice cream was the fastest growing category, helping it to an overall 4.3% increase in sales on last year.Â Meanwhile, price cuts such as the â€˜7 Day Dealsâ€™ and summer loyalty promotions helped bring an additional 129,000 shoppers through Icelandâ€™s doors.â€• Â

Promotional sales dropped to their lowest level since September 2010 as the major retailers continue to move towards more simple pricing models.

Fraser McKevitt comments: â€œOnly 37.7% of grocery sales were bought on any kind of promotion this period â€“ a significant decrease from highs of over 40% we were seeing in 2015.Â Fewer promotions doesnâ€™t mean consumers are paying more for their shopping but does reflect the renewed focus on own-label lines which is visible across the market.Â Shoppers are clearly responding to the better value offered through own label rather than money off, with own brand goods growing at both ends of the price spectrum: premium retailer brands are up by 9% and value lines up by 2%.â€•

There remains no evidence of Brexit-fuelled inflation causing food prices to rise.Â In fact, grocery price inflation remains negative, with a representative basket of goods 1.3% cheaper than it was last year.

Once again Lidl is the fastest growing supermarket, with sales up 12.2%.Â The retailer witnessed strongest growth in its key produce, dairy and chilled aisles, increasing its share by 0.4 percentage points on last year to 4.5% of the market.Â Sales at Aldi rose by 10.4%, with share up by 0.6 percentage points to 6.2%.Â Both discounters benefitted from rising premium own label sales and forward planning by having their back to school ranges in store just as schools were breaking up.

Tescoâ€™s sales fell by 0.4%, the slowest rate of decline in six months.Â Fraser McKevitt comments: â€œCurrent trends sugge the decline stretching back to March 2015 could soon come to an end.Â Tescoâ€™s recent product launches have been making a positive impact on its performance, with its â€˜Farm brandsâ€™ finding their way into over a quarter of the Tesco baskets this period.â€•

Sales at Co-op rose by 2.8% compared to last year, taking its market share to 6.6% â€“ the highest achieved since 2012.Â Shoppers have heeded Co-opâ€™s call to shop little and often with this growth primarily coming from an increased number of trips to the retailer. Â

Sales declined at Sainsburyâ€™s by 0.6% and at Morrisons they fell by 1.8%, leaving the retailers with a 16.1% and 10.6% share of the market respectively.Â Asdaâ€™s decline of 5.5% remains unchanged from last month, with share falling by 0.9 percentage points to 15.7%.Â Waitrose sales rose by 1.4% with market share remaining at 5.1%.