UK Grocery Market Grows As Price Rises Continue

Contributed by Kantar Worldpanel
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The latest grocery market share figures from Kantar Worldpanel, published today for the 12 weeks ending 26 February 2017, show supermarket sales grew at their fastest rate since June 2014 â€“ up by 2.3% compared to the same time last year.Â

Fraser McKevitt, head of retail and consumer insight at Kantar Worldpanel, explains: â€œLike-for-like inflation has doubled since last month to stand at 1.4% during the past 12 weeks.Â However, when placed in their longer-term context, these price increases are still fairly minimal.

â€œStaples such as butter, tea and fish all saw prices rise by more than 5% during the past 12 weeks, as fruit and vegetables â€“ many of which are imported â€“ also saw an uptick in price.Â However, itâ€™s important to point out that inflatio still far from universal, with prices actually falling across a number of categories including crisps, bacon and eggs.

â€œWhile consumers may be starting to feel a very slight pinch, increased inflation has led to overall market growth.Â Simultaneously, combined sales at the UKâ€™s four largest supermarkets increased by 0.5% year on year.Â This is a timely reminder that despite the huge interest in the discounters during recent years the big four remain a force to be reckoned with: they still hold just over 70% of the market, with almost 99% of the population shopping in a Tesco, Sainsburyâ€™s, Asda or Morrisons during the latest quarter.â€•

Individually, Morrisons grew ahead of the market with a sales increase of 2.6% signalling its fastest growth in five years.Â Holding market share steady year on year at 10.6%, the retailerâ€™s positive bricks and mortar performance was buoyed further by the continued rapid expansion of its e-commerce business.
Tesco increased sales for the sixth period in a row â€“ a run it hasnâ€™t experienced since January 2014 â€“ although this wasn enough to stop the grocerâ€™s market share slipping by 0.5 percentage points to 27.9%.Â Asda was the only retailer to see sales fall during the past 12 weeks, but a decline of just 0.8% represents a significant improvement and is the grocerâ€™s best performance since November 2014.

Fraser McKevitt continues: â€œTo the catchy soundtrack of its new â€˜food dancingâ€™ advertising campaign, Sainsburyâ€™s to growth for the first time since March last year, with sales up by 0.3%.Â At the same time, its market share slipped by 0.3 percentage points leaving the grocer with 16.5% of the market.

â€œLidl became Britainâ€™s fastest growing supermarket during the past 12 weeks â€“ with sales up by 13.0% â€“ while Aldi g almost as quickly, increasing sales by 12.9% to reach a record market share of 6.3%.Â Also growing ahead of the market was Iceland, with sales up 8.8%.Â Meanwhile Co-op and Waitrose both increased sales by 1.7% and 2.9% respectively.â€•

There were signs of changing shopping habits too.Â Having peaked at just over 40% of sales in 2015, the proportion of groceries sold on promotion continues to decline, falling to 34.3% during the past 12 weeks â€“ its lowest level since October 2009.Â The most dramatic shift has been a move away from multi-buy promotions, with shoppers spending half a billion less on these types of deals than last year.

Fraser McKevitt comments: â€œDespite the general move away from multi-buys, meal deals remain popular â€“ particularly around Valentineâ€™s Day.Â Premium meal deals, which offer dinner for two at a price point of Â£10 or above, were bought by nearly 2 million consumers in February as Valentineâ€™s Day offered a welcome opportunity to splash out. Â

â€œIn fact, British diners spent Â£9 million more on premium meal deals than during the same period last year, suggesting that celebrating special occasions at home is an increasingly appealing option.Â 1.2 million shoppers bought still wine as part of their premium meal deal, 700,000 plumped for sparkling wine and 840,000 bought chocolates.â€•