

Premium Purse Puts Pressure On Asda

Contributed by Kantar Worldpanel

The latest grocery market figures from Kantar Worldpanel, published today for the 12 weeks ending 18 April 2010, highlight the ongoing impact of falling grocery inflation and sustained premium spending in spring.

The battle for share of consumers' wallets is still going strong this month despite a slowdown in growth among the top four retailers.

Tesco continues to reap the rewards of its national Clubcard and double points scheme with an increase in market share to 30.5% - up from 30.3% last year.

Similarly Sainsbury's and Morrisons maintain strong performances this month with both retailers growing faster than the market, and building their market share to 16.4% and 11.8% respectively.

By contrast, Asda is still under-performing the market despite launching a major coupon scheme to boost sales in the new year following a disappointing Christmas.

Asda's year-on-year growth of 2.5% is well behind the growth of the other major retailers and its market share has dipped from 17.0% to 16.9%.

Edward Garner, Communications Director for Kantar Worldpanel, explains:

"The snow was a problem for Asda this winter because shoppers were put off driving to their out-of-town superstores. However on top of that we're also seeing a sustained return to premium buying behaviour, which does not support Asda's 'value' proposition. The Asda management team has acknowledged this and is now focusing its promotional strategy on a return to Every Day Low Prices rather than short-term promotions. The next few months will show whether this brand repositioning has been successful in drawing back shoppers looking for both value and quality."

In a reflection of the ongoing premium purchasing trend, Waitrose has maintained its strong run with an increase in market share from 3.8% to 4.1% and a year-on-year growth of a staggering 11.7% - nearly four times the market average.

This impressive performance is expected to continue thanks to the acquisition of ex-Somerfield stores and new sites on the UK's high streets and service stations.

Likewise the Cooperative has delivered another sparkling performance with a 15.3% year-on-year growth as the Somerfield conversions forge ahead.

Among the Discounters, Lidl and Netto are still struggling to keep pace with the market but Aldi has experienced a boost with a 5.0% growth and a share increase from 2.9% to 3.0%.

This can partly be attributed to the acquisition of 65 new stores and a new television advertising campaign which has given the retailer a welcome boost after a difficult winter.

An update on inflation

Grocery price inflation has continued its downward trend and the figure for the 12 week ending period 18 April 2010 is 1.4%*. This low-inflation environment will be reflected in lower average growth for the grocery market. This contrasts with the increase in consumer price inflation published last week which will have reflected increases in fuel prices and VAT on non-food.

*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.

Total Till Roll

Great Britain Consumer Spend

To view the video commentary from Edward Garner or to get further information please visit www.kantarworldpanel.com and select 'Insights';

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27 April 2010