



According to Kantar, the figures for the period 09/10/2016 –29/01/2017 showed that the food sector held up well over the Christmas trading period. Fears that a repeat of previous years’ food shopping patterns proved unfounded for the majority.

Market Share

The market share figures from 9 October 2016 to 29 January 2017 has adjusted to:

	09/10/2016	29/01/2016
Tesco	28.20%	28.10%
Sainsbury’s	16.00%	16.50%
Asda	15.60%	15.60%
Morrisons	10.40%	10.90%
Co-op	6.50%	6.00%
Aldi	6.20%	6.20%
Waitrose	5.40%	5.30%
Lidl	4.60%	4.50%

The “Pre-Christmas large shop” returned and was followed by a slow down over the remaining period with customers using top up shops as the preferred pattern of food shopping.

Morrisons reported their best results in 7 years, like for like sales up 2.9%. J Sainsbury up 0.1%, reported that the integration of Argos has been boosting sales especially in toys and electrical goods. Aldi up 11.8% and Lidl up 7.5%, both outperformed everyone else in the sector. Waitrose was up 2.8% over the same period with Booths up 2.6% and M&S Food sales up 0.6%. The biggest loser was Asda, down 2.4% on like for like sales.

Convenience

In the convenience store sector, Co-op (sales up 3.5%) announced the increase in its portfolio of a further 100 stores for the last year, promising another 100 stores for this coming year. This may prove to be a difficult task as last year’s acquisition programme was made easier by the acquisition of some of the My Local and Budgens trading stores which gave them an immediate hit, accounting for 20 of the 100. They have a rollout programme through the New River Retail pub estate, which will account for some, however with the renewed interest in acquisitions by the regional Co-ops, Costcutter, Spar and Tesco which is back opening its Express format, this may prove to be an ambitious target.

Online

Online shopping still proved to be an increasing area of sales as a percentage of the whole, however the feeling remains that there needs to be a change in costs in order to establish the sustainability of this service as a viable sale point for the future.

Ocado recently announced an increase in pre tax profits of 21.8% for its November year end. This was tempered by concern over the effect of Amazon’s introduction in the market. Amazon recently announced they are to increase the amount of space they wish to take in and around the Greater London area in order to service their food delivery offer.

Tesco/Booker

Perhaps the biggest announcement so far in 2017 was the merger of Tesco with Booker which, despite being subject to CMA approval, is generally being welcomed by the respective retailers and individual traders in the Booker family of Londis, Budgens and Premier Food. Nevertheless, there will be major concerns amongst other operators such as Costcutter, Spar and Nisa which will no doubt be objecting to the added possible influences of Tesco in their traditional smaller store sector. Other mergers or alliances might be considered in this sector if this was to be given the go ahead. The other interesting point to note from this would be the access that Tesco will be getting to the catering market which has a higher margin, i.e Booker currently supplies to operations such as Wagamama. It is noticeable within the industry that foodstores and supermarkets, most notably Waitrose, are incorporating catering units within stores such as sushi bars and pizzeria counters in order to increase their margins and sales.

Key point to note

Aldi has overtaken the Co-operative as Britain’s fifth biggest supermarket

If you have any questions about the above, please contact Richard Curry - richard.curry@rapleys.com.

CONTACT

Richard Curry
 07876 747146
 richard.curry@rapleys.com