

EMBARGOED FOR 08:00 AM TUESDAY 10th JANUARY 2023
A surge in supermarket spend in final weeks of December

- *Positive end to year with growth helped by inflation; Total Till value growth increased to 10.9% from 7.6% last month*
- *Retailers experienced increased growth in sales, especially discounter Aldi with a 19.3% increase over the quarter*
- *Tough Q1 2023 anticipated with inflation expected to shape shopper behaviour.*

London, 10 January 2023: [NielsenIQ](#) data reveals that in the final four weeks ending 31st December 2022, Total Till value growth increased to 10.9% from 7.6% (3rd December, 2022). This was due to accelerated food inflation, weak comparatives and strong sales in the seven-day trading week up to 24th December¹.

When looking at the 4 week picture, food inflation (13.3%²) helped value growth and volumes, whilst slow, were better than November falling 1.5% due to more cautious household spending than last year. However, in the week to the 24th December value sales increased by 19% at the Grocery Multiples and spending topped £4.6 billion, marking the highest spending week on record and volume sales increased by 8.8% helped by the full-week of trading in the run up to Christmas.

The UK's first unrestricted Christmas in three years led shoppers to fully enjoy the festivities with family and friends. Supermarkets experienced last-minute, in-store shoppers, with discounters coming out as clear channel winners.

For retailers, Christmas 2022 was a very competitive season with some late, deep price cuts on seasonal vegetables for Christmas dinner - e.g. 19p carrots and sprouts - which encouraged shoppers to go in-store for fresh food. With further price cuts to Christmas products, promotional spend on offer increased to 23% of all FMCG sales - the highest in 2022. Tesco increased its promotional spend using Clubcard to almost 30% - the second highest behind Waitrose at 31% - and ASDA recorded 16%³. With retailers pushing loyalty scheme discounts amidst renewed confidence post-pandemic, shoppers unsurprisingly "shopped around" with more visits to stores (7.6%) than last year.

Helped by the World Cup, beer, wines and spirits were back in growth during December up by 0.1% and growth was robust during the Christmas week at 11.6% as shoppers took advantage of festive promotions. During the Christmas week at the Grocery Multiples, incremental spend was led by desire to socialise with chocolate confectionery (£32m), fresh meat and cheese (£26m), milk (£22m), still wine (£20m) and crisps and snacks (£17m). Throughout December, with widespread seasonal viruses on the rise, sales of throat care increased by 122%, cough, cold and flu (83%), children's medicines (63%) and facial tissue (50%)¹.

Nielsen data also revealed a 2.8% growth in online sales in December but lost share of all FMCG which fell back to 10.4% from 11.2% a year ago and 12.1% in 2020. Over the 12 weeks, Aldi was the fastest growing retailer with a 19.3% growth in sales and Lidl (15.7%) a close second. With over 18 million households visiting the discounters (equating for 63% of all UK households) - an additional 1.3 million on last year - new shoppers helped to drive discounter market share to 18.9% from 17.5% in 2021.

M&S and Sainsbury's traded well over Christmas with shoppers visiting more often. Tesco's Clubcard prices also helped drive sales and ASDA continued to attract new shoppers. After a sales decline during 2022, Morrisons' growth turned positive in the last four weeks and Ocado gained market share within the online channel.

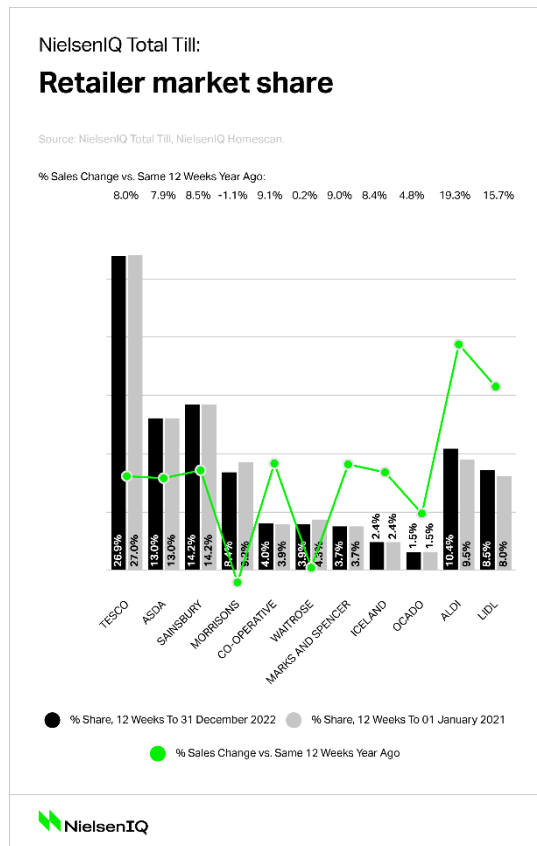
Mike Watkins, NielsenIQ's UK Head of Retailer and Business Insight, said: "Despite inflation the pressure on household spend impacted spend per visit which increased only slightly to £22.02 from £21.34 a year ago³. Supermarkets also benefited from some very cold weather in early December and also from continued rail disruption, which may have held back some spend in the hospitality channels later in the month, helping food retailers to gain "share of calories consumed" from the out-of-home channels. Shoppers were still willing to buy extra Christmas indulgences but the performance of the industry was shaped by the cost-of-living crisis and the need to save on grocery shopping."

"Looking ahead, weak confidence around personal finances and a squeeze on disposable income will have a big impact on demand over the full year. We estimate total food retail growth in 2023 to be around 5% (a total of £190bn across all channels). However, we also expect the recession to start to influence shopper behaviour and reframe overall retail spend."

2023 will be tough for households as 33% only have enough money for essential spending with just 5% able to spend freely. Consumers in the middle are those that live comfortably but still watch their wallets with the ability to buy things at will. The biggest impact on household income this year according to our Homescan consumer panel is inflation (68%), rising domestic fuel prices (65%) and rising diesel and petrol prices (51%)⁴. Even if inflation slows quickly food and energy will still cost significantly more than 2 years ago so expect shopper caution to continue.

Table: 12-weekly % share of grocery market spend by retailer and value sales % change

ENDS



Notes

Unless otherwise stated all data is NielsenIQ Homescan Total Till.

¹NielsenIQ Scantrack Grocery Multiples

²BRC NielsenIQ SPI

³NielsenIQ Homescan FMCG

⁴NielsenIQ Homescan Survey November 2022

About NielsenIQ Homescan Total Till

NielsenIQ's continuous panel of 14,550 GB households and our widest read of retailer performance and designed to measure household purchasing through major supermarkets intended for in-home consumption and brought back into the home. It includes all food and drink, household, and personal care and an estimate of non-food spend (e.g. clothing, electrical, cards and stationery, newspapers & magazines, toys, music, general merchandise, etc.) and also tobacco.

About NielsenIQ

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behaviour, globally. Powered by a ground-breaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behaviour in order to optimise performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

NielsenIQ, an Advent International portfolio company, has operations in nearly 100 markets, covering more than 90% of the world's population. For more information, visit www.nielseniq.com.