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Summer heatwave and alfresco dining help lift food and drink sales at UK supermarkets in July

- *Total Till grocery sales surged +4.4% in the last four weeks ending 16th July, rising to +5.6% during the final week ending 16th July, coupled with the start of the summer heatwave, encouraged shoppers to spend more*
- *Shoppers returned to stores, with in-store visits up 10% compared with the same time last year, accelerating from the +7% last seen in June*
- *However, rising inflation causes volume sales to fall 4.1%, meaning shoppers are buying less food and drink than they did in 2021.*

London, 26th July 2022: Total Till grocery sales at UK supermarkets surged +4.4% in the last four weeks ending 16th July, with sales rising to +5.6%[1] during the final week ending 16th July, as inflation, coupled with the start of the summer heatwave, encouraged shoppers to spend more, reveals new data released today by NielsenIQ.

Data from NielsenIQ reveals that over the four week period, sales at the Grocery Multiples increased +2.7%, which is the highest growth since April 2021, when the country exited the first pandemic lockdown.

Summer heatwave leads to alfresco dining and a boost to in-store footfall

With the summer heatwave encouraging shoppers to socialise and eat picnics outdoors, sales for fresh food and beverages increased, with highlights such as sandwiches (+24%), mineral water (+28%) and ice cream (+24%). Prepared salads (+18%) and prepared fruit (+14%)[1] also benefited from the weather shifting consumer lifestyles.

In terms of non-food products, sales increased for luggage (38%) and suncare (125%), with sales reaching £50m in the four week period. NielsenIQ data also shows a continued sales recovery in health and beauty products (+13%) as well as a rise in petfood and petcare products (+11.9%).

As a result of the warmer weather and opportunities to socialise, NielsenIQ data shows that in the last four week period, visits to stores rose 10% compared with the same period last year. This is an uplift from the 7% increase recorded in June. In contrast, the slowdown in online sales continued with sales falling 10.5% compared with last year, but online share of sales has remained broadly stable at 11.5%.

Volume sales decline as inflation bites

Despite an increase in sales, NielsenIQ data shows that volume sales fell 4.1% in the four week period, with significant volume declines in packaged grocery (-6.4%), household items (-8.1%) and meat, fish and poultry (-9.4%)[1] as households managed their weekly grocery shopping budget.

This is a result of high single digit food inflation, meaning that UK shoppers are buying less food and drink. With this in mind, spend per visit (across all channels) was down 5% as shoppers continued to make trade-offs when shopping, such as opting to buy smaller packs, delaying spend or changing the products they buy.

According to a recent NielsenIQ Consumer Outlook study, 49%[2] of UK consumers said they are feeling less secure about meeting day to day expenses within the next 6 months. Moreover, a staggering 90% are increasingly watching what they are spending, with 62% saying that food and grocery costs are one of the highest causes of financial concern, second only to the cost of utility bills.

Mike Watkins, NielsenIQ's UK Head of Retailer and Business Insight, said: "Shopping around is now a key coping strategy for households, who are looking to save money. However, with the start of the summer heatwave, we've seen UK consumers shopping more often, which has led to a stronger trading period over the last four weeks. The improvement in top line sales growth is a combination of increases in inflation, but also some incremental spend due to the weather. But overall, volumes at UK supermarkets are down which is no surprise given that three quarters (75%) of households have noticed that their normal weekly grocery shop is costing more than it did six months ago, while 34%[2] are cutting back on their grocery purchasing."

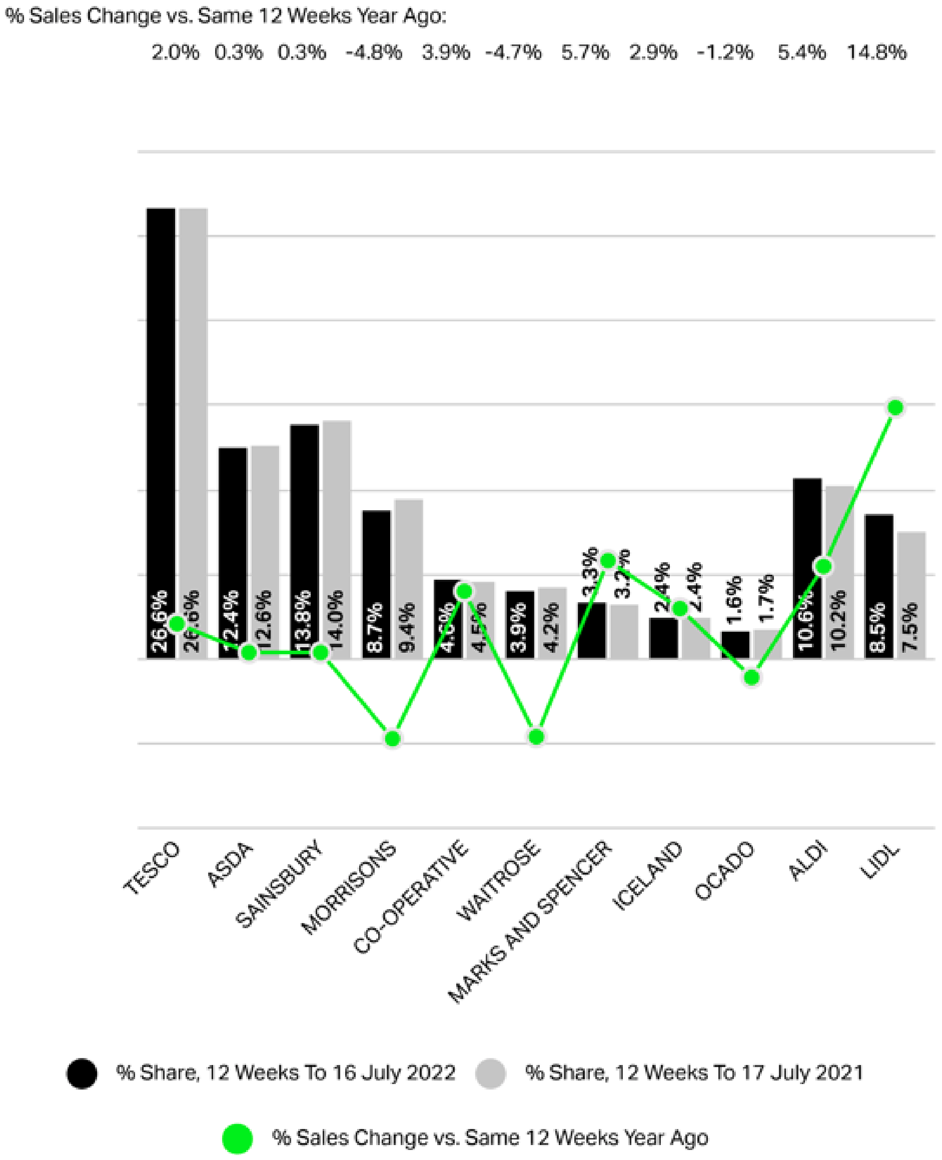
Watkins concludes: "The worrying pressure on sales volumes is expected to continue throughout the summer period and exacerbated due to the holidays, with more Brits travelling abroad than last year. This means that the key battleground for retailers will be on who can attract the most shoppers with inspiring media campaigns to build on the ongoing shopping trend to shop little and more often. This will be important for sustaining growth when shoppers revert to their usual shopping patterns after the holidays and importantly, cope with even higher household bills."

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

NielsenIQ Total Till:

Retailer market share

Source: NielsenIQ Total Till, NielsenIQ Homescan.



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Notes

Unless otherwise stated all data is NielsenIQ Homescan Total Till

[1] NielsenIQ Scantrack Grocery Multiples

[2] NielsenIQ Consumer Outlook Survey, June 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.