Tesco, Sainsbury’s, Asda and Morrisons lose more market share to Aldi and Lidl

The UK’s four biggest supermarkets all lost market share in the 12 weeks to June 16 due to growing competition from German discounters Aldi and Lidl, industry data showed on Tuesday.

Kantar Worldpanel said Tesco PLC (LON:TSCO) remained the UK’s largest supermarket but its share of the grocery market fell 0.4 percentage points (ppts) to 27.3% on flat sales during the period.

READ: Why Tesco’s Finest* convenience stores make perfect sense
Number two supermarket, J Sainsbury PLC (LON:SBRY), saw its market share dip 0.3 ppts to 15.3% as sales fell 0.6%. However, the drop in sales was half the rate of decline reported last month due to an increase in more affluent shoppers.

"The rise in wealthier shoppers bodes well for Sainsbury’s and its plans to shake up its fresh offer, which will place more emphasis on counters, bakeries and food to go," said Fraser McKevitt, head of retail and consumer insight at Kantar.

Sainsbury’s has been trying to revive sales after its bid to merge with Asda was blocked by the UK Competition and Markets Authority in April.

READ: Sainsbury’s blocked merger with Asda could end up costing it over £1bn in charges and a battered share price
Kantar said Asda’s market share declined 0.2 ppts to 14.9% and sales dropped 0.1%.

WM Morrison Supermarket PLC (LON:MRW) sales decreased by 0.5% and its market share decreased 0.2 ppts to 10.4%.

Aldi, on the other hand, grew market share by 0.5 ppts to 7.9% as sales gained 9.3%. Lidl’s market share increased 0.3 ppts to 5.7% and its sales rose 9.3%.

"Once again, Lidl and Aldi will likely take most satisfaction from these figures, but the discounters together recorded ‘merely’ +6.2% growth in sales (vs +7.5% last month) and +67bps gain in market share (vs +80 bps last month)," Barclays said.

Cold start to summer leads to modest growth
Overall supermarket sales rose 1.4% over the 12 weeks.

Kantar’s McKevitt said: "The modest level of current growth is thanks in no small part to the wet start to the summer, with last year’s heatwave and the run up to the men’s FIFA World Cup making 2018 a difficult year to top.

"These challenges are reflected in typical summer categories: in the past four weeks sales of ice cream were £15mln lower than this time last year, while beer is down £17mln and burgers £6mln."
He added: "However, even unseasonable clouds have a silver lining. Shoppers sought refuge from the cooler weather and spent more on traditional comfort foods, with fresh and tinned soup sales up by 8% and 16% respectively."
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