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Lidl sees Christmas sales surge 11%, leaving rivals in the dust

The UK arm of German discounter Lidl has reported an 11% increase in sales over the key Christmas period as the growth of the yellow and blue grocer continued to outstrip its rivals among the 'big four'.

In a trading update for the four weeks ended 29 December, Lidl said the growth was driven by a 13% uptick in alcohol sales as customers splashed out more on beer, wine and spirits over the festive period.

READ: Aldi's slower Christmas growth paints gloomy picture for Big Four Punters were also chowing down on cheese, with the retailer's range of festive fromage rising 55% year-on-year (YOY).

The firm also said it had seen revenues jump by £110m as more shoppers decided to switch from its rivals.

"After more than doubling our market share over the past ten years, we're excited to be entering a new decade and all the potential it brings for us. Our promise to customers will always be to provide the best quality at the lowest prices and we look forward to delivering this to even more households across the country in 2020 and beyond", said Christian Härtnagel, the chief executive of Lidl GB.

Lidl's continued ascent across the UK's grocery market was put into stark relief on Tuesday when the latest Kantar data reported that the supermarket had seen the largest YOY increase in market share for a bricks and mortar grocer, jumping 10.3% to 5.9%.

The results are also likely to sting for rival discounter Aldi, which over the same period reported a sales increase of 7.9%, although this was mainly attributed to an expansion of its store estate.

Lidl is Christmas victor but keep an eye on profitability, says analyst GlobalData analyst Thomas Brereton says that while Lidl had emerged "as the clear Christmas victor of the UK grocery market", it may be wise for the market to keep an eye on the profitability of the German discounters UK operations as they pushed ahead with ambitious expansion plans.

"Eyebrows are now being raised about the size of [Lidl and Aldi's] store expansion ambitions (Lidl to have 1,000 UK stores by end of 2023, Aldi 1,200 by 2025) following the estimated slowdown in I-f-I sales (particularly at Aldi) over this period, and if further store additions would mainly achieve cannibalisation of existing sales", he said.

Brereton added that Aldi's latest set of full-year results for the 2018 calendar year showed a "marked decline in operating profit" and that a similar trend was likely present at Lidl.

"As both look towards London as part of expansion plans, both may have to accept further profit falls as they continue to roll out stores", he concluded.

--Adds analyst comment--

Share Information

Code: LIDL
Listing: PRIVATE
Sector: Retail
Website: www.lidl.co.uk

Company Synopsis:

Lidl Stiftung & Co. KG is a German global discount supermarket chain, based in Neckarsulm, Germany,[1] that operates over 10,000 stores across Europe and the United States.

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