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News Release

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Over half (55%) of consumers are actively cutting what they spend on groceries, compared to a third last year

ASDA and Tesco compete strongly as aggressive price cuts attract new shoppers.

Sales at Grocery Multiple retailers are +6.1% YoY in the 4 weeks to 12th July versus the same period last year*, a drop from last months figure of +6.6%. Consumer research from The Nielsen Company suggests the impact of other bills, increasingly, means that shoppers are looking to cut their grocery bills.

Mike Watkins, Senior Manager, Retailer Services for The Nielsen Company commented, "Asda and Tesco are attracting shoppers and gaining sales following the recent price cuts and are closing in on Morrisons. However with the exception of Tesco where frequency of visit is up over the last 4 weeks, shoppers have been making fewer visits to the major supermarkets. Instead they are maximising spend with less frequent, but big trolley shops to take advantage of the full range of offers."

Jake Shepherd, Marketing Director at The Nielsen Company commented, "We are seeing a similar pattern emerging in the UK to the US, where consumers are becoming more conscious of the money they are spending on groceries. Shoppers are making fewer trips and put more in the basket when they do shop. This is partly driven by the search for promotional bargains and bulk purchasing. In this type of climate, consumer notions of value are shifting and both retailers and manufacturers will have to work creatively to come up with solutions to meet their changing needs."

The latest Nielsen Homescan survey shows that over half (55%) of consumers are actively trying to cut back on what they spend on groceries compared to a third (36%) last year. Shepherd continued, "One of the ways this is becoming apparent within the UK market is the high profile pricing strategies of the major supermarkets. On the current figures, ASDA seem to have the upper hand over Tesco in growth terms, though both are posting numbers above the market rate. A continued focus on price and meeting a changing notion of value will be the key to longer term success over the next few months. As we can see



from the announcements and one-upmanship on petrol prices this week, trying to get this right will be an ongoing focus; this can only be good news for consumers.”

Sales at Tesco are growing at 6.1% YoY in the last 12 weeks and at Asda are growing at 8.9% YoY over the same period, close behind Morrison’s at +9.5%

**source: Nielsen Scantrack*

Table 1: 12 Weekly % Share of grocery market spend by Retailer

Retailer	12 w/e 16/06/07	12 w/e 14/06/08	Value Sales % Change
Tesco	27.6	28.1	6.1
Asda	14.7	15.4	8.9
Sainsbury	14.1	14.3	5.6
Morrisons	9.7	10.2	9.5
Co-op	6.2	6.2	4.5
Waitrose	3.4	3.4	3.8
M&S		3.7	2.6
Somerfield	3.5	3.5	4.7
Iceland	1.6	1.7	11.1

The figures in the table are based on 12 weeks sales through to 12th July 2008 compared with the same 12 week period last year.

Source: Nielsen Total Till, Nielsen Homescan

About Nielsen Homescan Total Till: Unless otherwise stated, data is based on all purchases, bar-coded and non bar-coded, brought back into the home from any outlet by an in-home scanning panel of more than 14,500 households. Total spend includes all items stocked by any outlet, including grocery, durables and clothing

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