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News Release

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Sales Growths at Grocery Multiples slip to 4.5% YoY

Asda and Tesco Pulling in Thousands More Shoppers but Fortunes are Mixed

Underlying sales performances from the major food retailers in Britain would suggest a weakening of the grocery market, according to latest figures released today by market research company Nielsen.

Value sales growth at Grocery Multiples has slowed to 5.4% YoY for the 12 weeks ending 4th October 2008 versus the same period in 2007 driven by flagging performances in the latest 4 weeks of this period where growth slipped to only 4.5% YoY. This is a full percentage point behind August growth levels (source: Nielsen Scantrack).

Mike Watkins, senior manager retailer services at Nielsen commented:

"Shoppers are still trading down. The 'cascade of custom' from those retailers with a premium proposition to those that have a heritage in value for money and price continues. Family shoppers in particular, are trying to save money with 70% saying on they are looking to economize on grocery shopping, up from 63% in June*." (*source Nielsen Consumer Panel Survey September 2008)

Asda, who continue to advertise heavily with their price comparison campaign, has again widened the gap with Sainsbury's in share terms and has now achieved 15.4% share of the grocery market, attracting more shoppers in the latest 12 weeks compared with the same period last year which has driven the retailer's growth to a healthy 8.3% YoY in the period. Sainsbury's share remains at 13.9% and growth at this retailer remains below 4%.



Tesco's share stands at 28.3% for the 12 weekly period with growths of 4.8% YoY. Watkins explained, "Whilst it's too early to fully assess the impact of the launch of the new Tesco Discount Brands, first insight from Nielsen shows that 4% more shoppers, this equates to over 660 thousand more people, came into Tesco in the 4 weeks to October 4th when compared to the same period last year. This suggests that the first weeks of heavy advertising is alluring in shoppers." He adds, "But with shoppers cutting back on the number of items they are putting into their baskets and buying cheaper items across all retailers, we will know in 4 weeks time if this increase in shopper numbers is enough to significantly increase the spend going through the Tesco tills."

Morrisons remains the strongest of the top 4 retailers in terms of growth, still outperforming the market with growths 9.6% YoY, strengthening to over 10% in the latest 4 weeks. Of all the retailers, Iceland growth is the strongest at 14.5%.

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

| <i>Retailer</i> | <i>12w/e 06/10/07</i> | <i>12 w/e 04/10/08</i> | <i>Value Sales % Change</i> |
|-----------------|---------------------------|----------------------------|---------------------------------|
| Tesco | 28.0 | 28.3 | 4.8 |
| Asda | 14.7 | 15.4 | 8.3 |
| Sainsbury | 14.0 | 13.9 | 3.4 |
| Morrisons | 9.7 | 10.3 | 9.6 |
| Co-op | 6.3 | 6.1 | 1.2 |
| Waitrose | 3.4 | 3.3 | 0.7 |
| M&S | 3.7 | 3.6 | -1.0 |
| Somerfield | 3.6 | 3.5 | 1.6 |
| Iceland | 1.6 | 1.7 | 14.5 |

The figures in the table are based on 12 weeks sales through to 4th October 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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