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News Release

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Thursday 8th January, For Immediate Release

Morrisons Cracks Christmas with Sales Growth of 9.1% Shoppers Flock to Out of Town Stores over Christmas Fortnight

Sales in the grocer sector picked up over the festive period helped by two extra shopping days in Christmas week. However, weak sales at the beginning of December negated any real positive effect with year on year growth for the 4 weeks to 27th December standing at only +2.6% for the total market and +4.5% for the grocery multiples - growths that were less than last year (source: Nielsen Scantrack).

Mike Watkins, senior manager retailer services at Nielsen commented, "A late surge to food retailers helped sales but not enough to off set the weak demand at the start of December. This performance is reasonable and it can be said that the grocery sector has certainly held up better than the high street but in the main, growth has been driven by food inflation. Volume growths at the Multiples were up a little at +0.7% year on year so did show improvements over those we saw in the late summer."

He continued, "The consumer was much more cautious this year and it was a back to basics Christmas. Sales of packaged grocery (+11%), Frozen (+10%) and Confectionery (+8%) were buoyant while sales of liquor (+4%), health and beauty (+1%) and deli counter (+1%) were more muted.

Overall, Out of Town stores (those stores larger than 25,000 sq ft) were the star performers with sales up +8% in the two weeks to 27th Dec. The data suggests that shoppers held back on the big Christmas shop until last minute and then maximised spend at the larger stores more so than we have seen ever before. Asda are particularly strong in the Out of Town market and the retailer had growth of +6.7% and gained market share versus last Christmas, taking share to 16.1% from 15.7%.

In terms of individual retailer performances, Morrisons stormed home in the 12 weeks to 27th December with an impressive 9.1% growth in sales, increasing market share from 10.1% a year ago to 10.6% for the quarter to Christmas. Iceland also continued to perform way ahead of market averages with sales growths in excess of 14%, taking the retailer's market share to 2%.

Total food sales at Marks and Spencer declined slightly at -0.5% and at Waitrose were flat - these two retailers having been particularly badly hit with the double whammy of having a significant number of smaller or high street stores combined with the trend of shoppers moving away from premium offerings.



Watkins added, "Morrisons have consistently outperformed the market for the last 12 months and have out-traded some very strong and established competitors. Retailers with keen pricing and a value for money offering have really performed well over Christmas. It is evident that consumers really did cut back on the luxuries and make do this year."

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

<i>Retailer</i>	<i>12w/e 29/12/07</i>	<i>12 w/e 27/12/08</i>	<i>Value Sales % Change</i>
Tesco	27.9	28.0	3.8
Asda	15.7	16.1	6.7
Sainsbury	14.4	14.4	3.8
Morrisons	10.1	10.6	9.1
Co-op	5.7	5.6	1.5
Waitrose	3.5	3.4	0.2
M&S	4.3	4.1	-0.5
Somerfield	3.4	3.2	-0.9
Iceland	1.7	1.9	14.2

The figures in the table are based on 12 weeks sales through to 27th December 2008 compared with the same 12 week period in 2007
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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