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News Release

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M&S sees Better January with Food Sales Rallying to +6%

Non-food sales also see turnaround

Sales at the grocery multiples bounced back somewhat in January with sales growths of +6.5% YoY reported by market research company, Nielsen today. However, underlying demand for food and drink remained weak with unit sales growth falling back to zero (source Nielsen Scantrack 4 w/e 24th Jan 09).

Mike Watkins, senior manager retailer services at Nielsen commented, "The January figures look healthier than we have seen for months with Morrisons and Asda turning in notable performances and Marks and Spencer and Waitrose re-entering growth, particularly in the last four weeks where M&S food sales grew by a respectable 6% and Waitrose saw 4% uplifts versus last January."

He continued, "Marks and Spencer have extended it's dine in for two offer, kept the £5 off a £25 basket voucher scheme running and also reduced prices on a number of individual products across the store, providing shoppers with the same high quality at very good prices. Shoppers are responding well and coming back for more with number of visits per shopper up 12% on last January. It is likely that M&S also benefited from January sale shoppers buying food when instore looking for non-food bargains."

Of the top 4 retailers, Asda had the best January with sales growths of 10% in the 4 weeks to 24th January which were ahead of their 12 week growths of +7.2%. Again, sales of general merchandise will have helped the retailer's performance as shoppers looked to grab any deals on electricals, homeware and clothing. Average spends per Asda shopper was up 6% in the 4 weeks to 24th January.

Overall, sales of general merchandise in supermarkets have vastly improved. Watkins explained, "Non-foods have struggled in supermarkets for months – it was one of the first categories to suffer as the downturn bit with shoppers cutting back on discretionary spending. Average growth in 2008 stood at just over 2%. In January, sales in this category grew 4.4% and if we work back in the VAT cut this would be around 6.5%. Performances over the next couple of months will signal if this upturn is merely deferred December spend, ever more shoppers moving away from the high street or whether 'green shoots' are indeed sprouting."



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

<i>Retailer</i>	<i>12 w/e 26/01/08</i>	<i>12 w/e 24/01/09</i>	<i>Value Sales % Change</i>
Tesco	28.0	27.9	4.8
Asda	15.6	15.9	7.2
Sainsbury	14.7	14.7	4.9
Morrisons	10.2	10.7	9.6
Co-op	5.7	5.6	1.9
Waitrose	3.6	3.4	1.7
M&S	4.3	4.1	1.4
Somerfield	3.4	3.2	0
Iceland	1.7	1.9	16

The figures in the table are based on 12 weeks sales through to 24th January 2009 compared with the same 12 week period in 2008
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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