

Winning in retail

Taste of Wales

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Average grocers growth rate



+4.4%

1993-2013

+0.8%

2014-2016

Aldi + Lidl market share



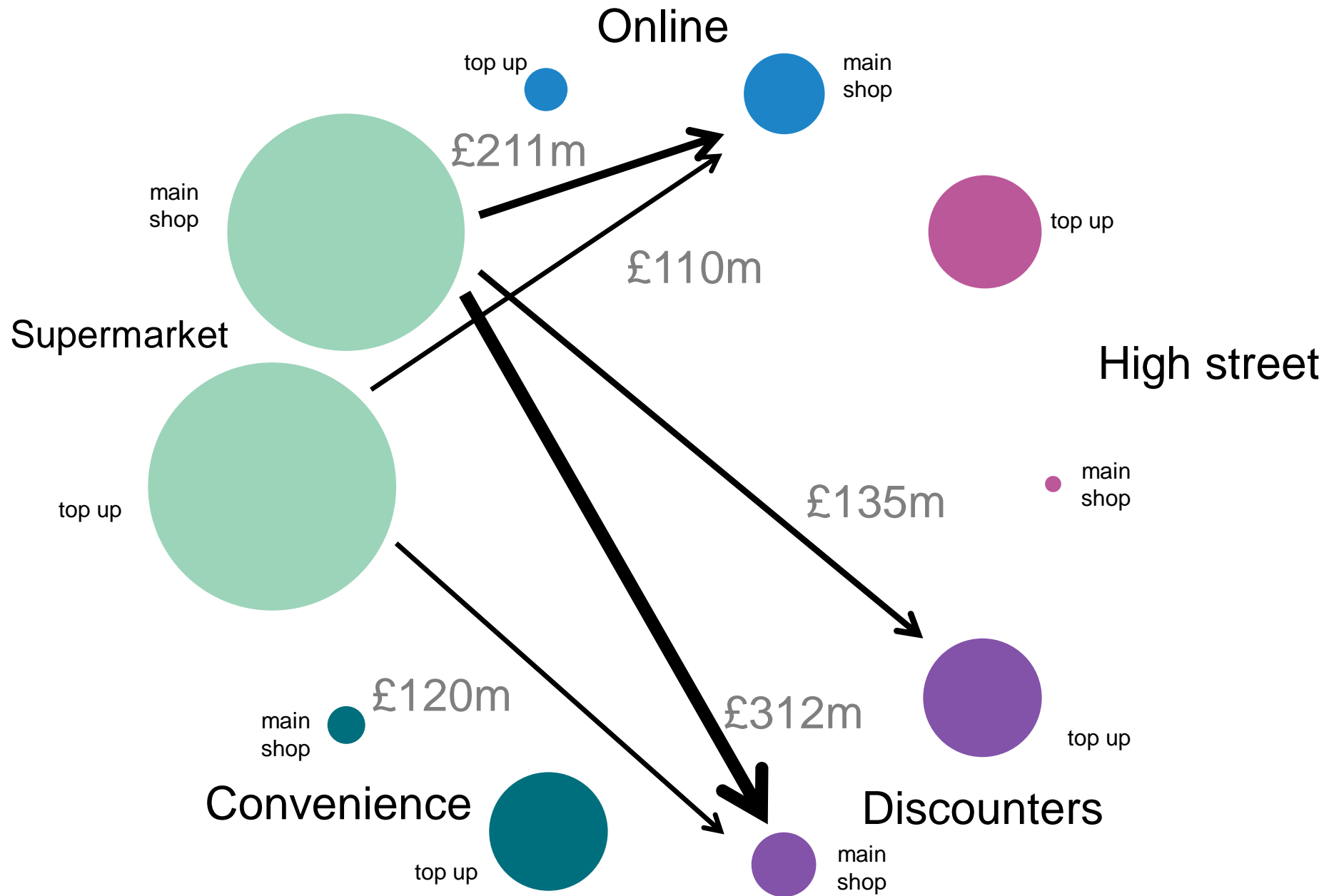
3.8%

December 2006

110.8%

December 2016

Top 5 switches
(57% of market switching)



Bubble size = £ sales

2017, a new frontier

Challenges all retailers and suppliers are facing this year



Market growth
+2.3%



Inflation
+1.4%



Promotions
-4%pts
to 34%

The Welsh shopper in context

Spends slightly less, on fewer trips

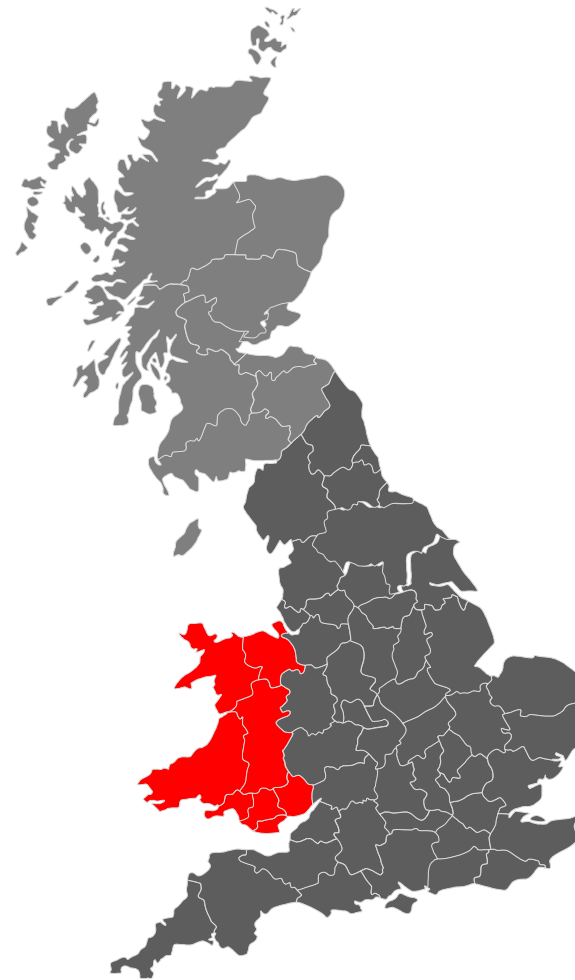
Sales -0.7%

6% of sales

£3,048 annual spend

227 trips

£13.45 average trip



Sales +0.9%

94% of sales

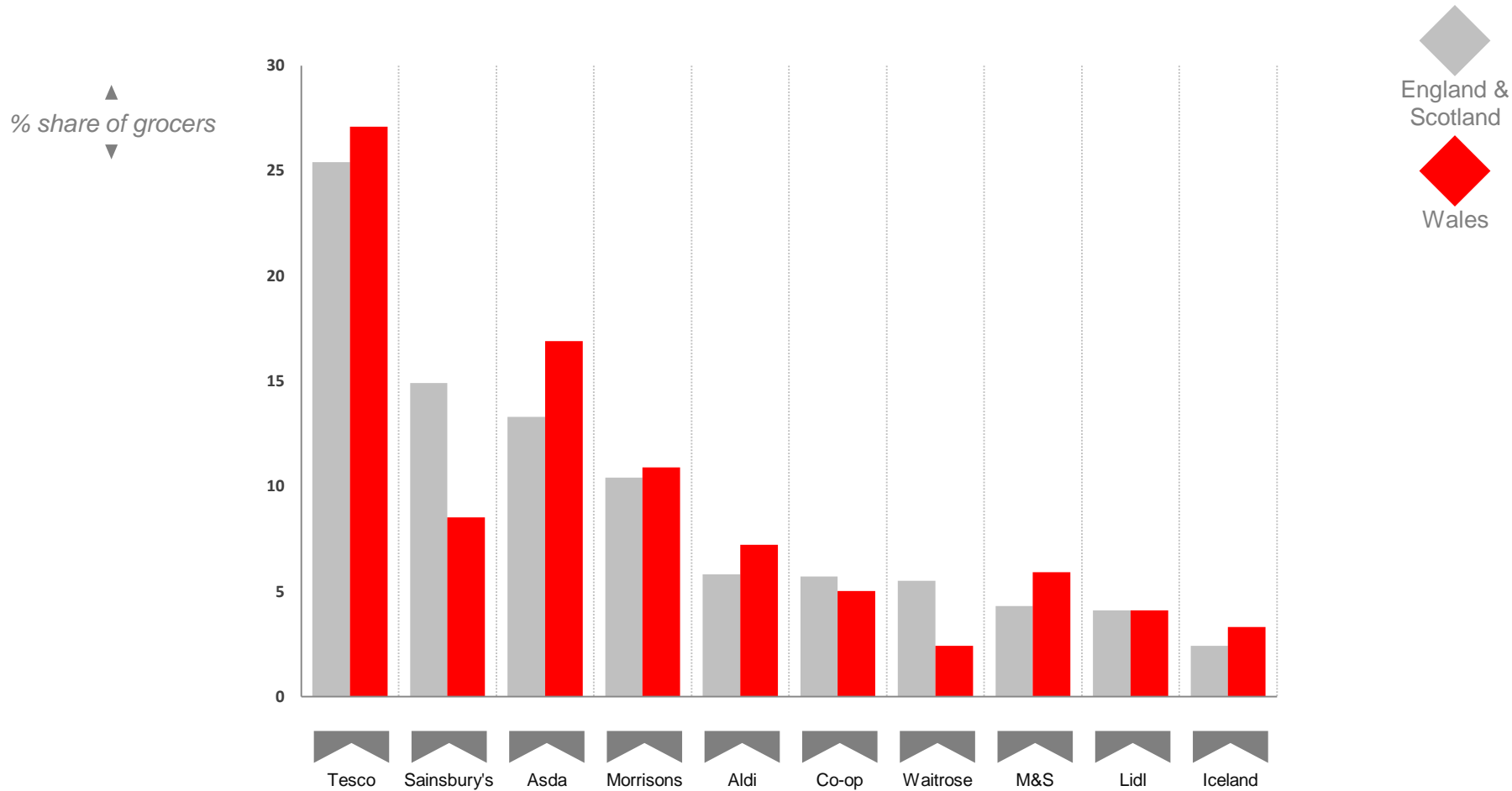
£3,307 annual spend

239 trips

£18.83 average trip

Retailer shares across Britain

Tesco, Asda and Lidl are relatively more important for Welsh shoppers



The market has returned to growth

At the start of 2015 only 3 retailers were growing market share, now 9 out of 10 are



Economy

Most economic measures have limited direct impact on grocery shopping, inflation is the exception



GDP growth



Consumer confidence



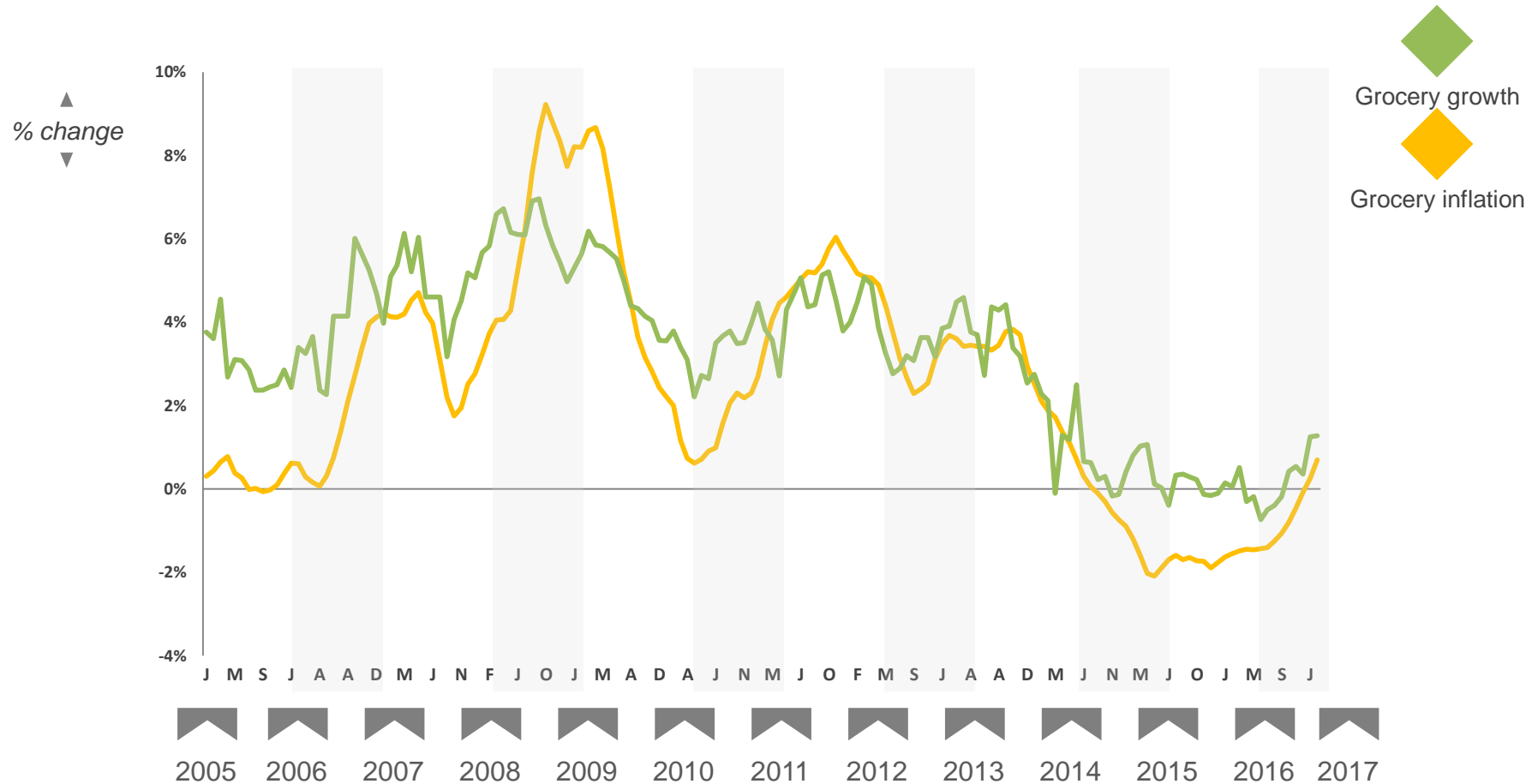
Disposable income



Inflation

Grocery growth & like for like inflation

After nearly 2½ years prices are rising again



Volumes

Buying on promotion

Choose cheaper
product

Choose cheaper
retailer

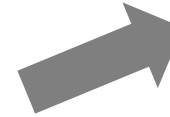
Own label +5%

Brands +0%



Cheaper own label

Tesco value tier +43%



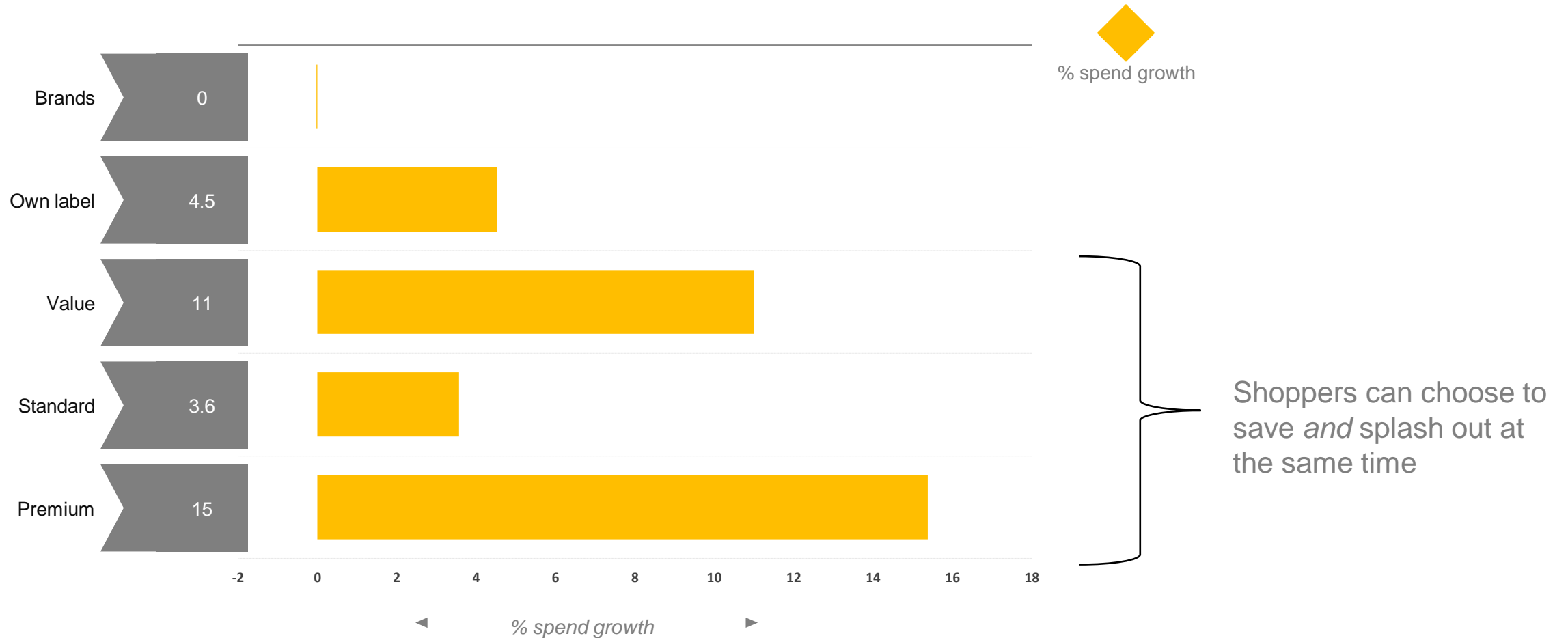
Choose cheaper
product



Cheaper brands

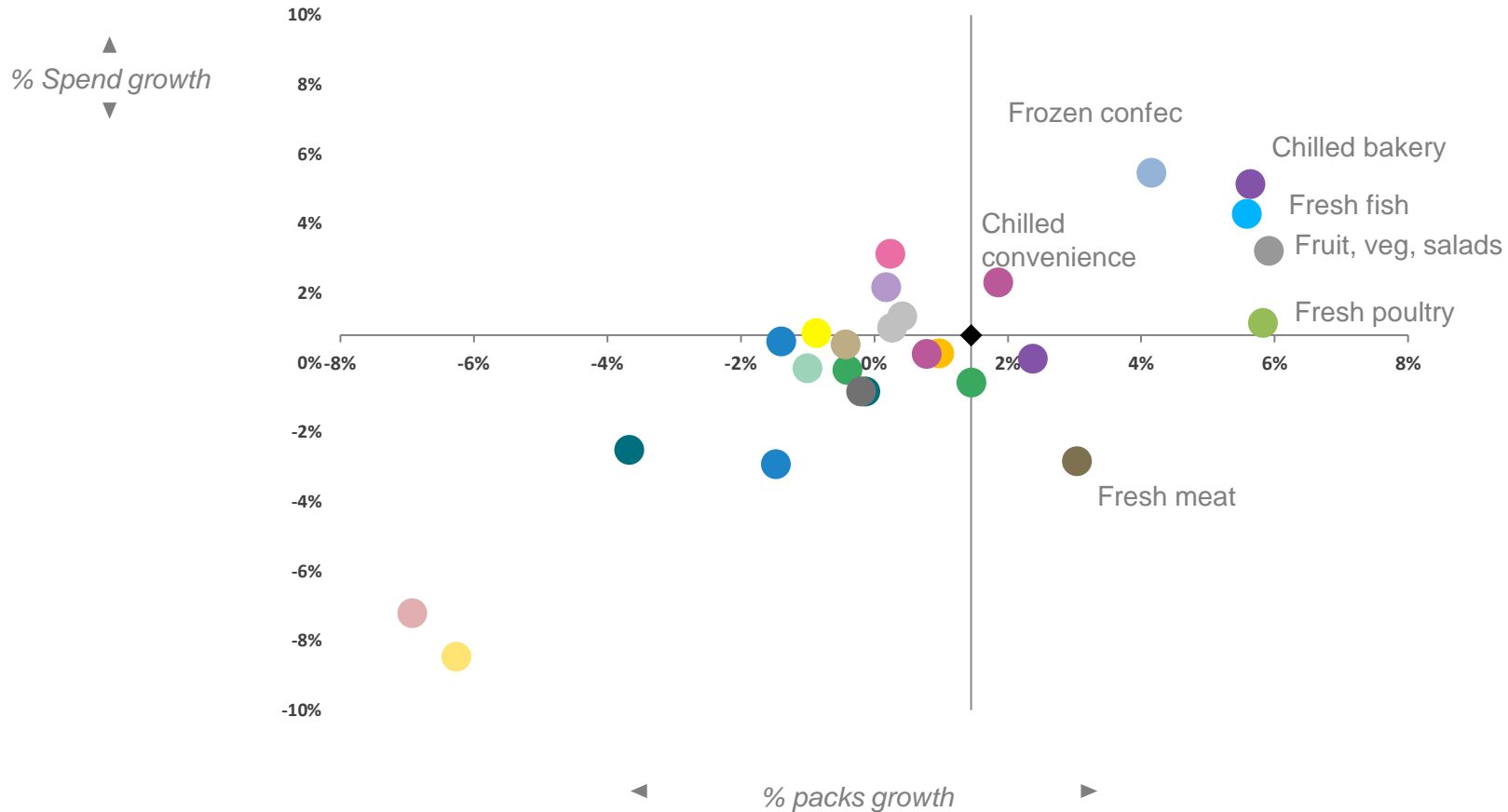
Consumer spend growth by tier within supermarkets

A squeezed middle, the very cheapest and most premium doing best



Growing categories

28 Macro food & drink categories, centred on total food & drink growth



Wales*

Frozen confec +5%

Chilled bakery +5%

Fresh fish +4%

Fruit/veg/salads +3%

Chilled drinks +3%

Chilled convenience +2%

Frozen confec
Chilled bakery
Fresh fish

Chilled drinks
Chilled convenience
Fresh meat
Fresh poultry

Happier



Healthier

Fruit/veg/salads



More convenient

Brands grow through finding new shoppers

5 levers to do that



£18.m



£10m

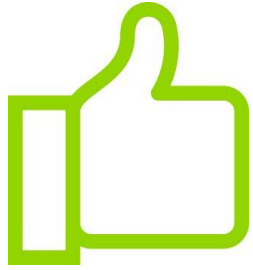


£10m



£8m

Conclusions



Market most robust for 3 years

9/10 retailers growing



Rising prices

Inflation changes behaviour

Offering retailers and shoppers the right options more important than ever in 2017

Values not only = cheap




Growth

Growing your sales depends on pulling the 5 levers to find new shoppers

Distribution is the bedrock, but can take away as well as give

Back up with understanding how consumer eat & drink today

Thank you

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