October 2009

GROCERY SHOPPING & THE DISCOUNTERS

BAROMETER TRACKING SURVEY – STAGE 8

PREPARED BY;
Behaviour & Attitudes
Milltown House, Mount St Annes, Milltown,
Dublin 6.

MAIN CONTACTS:
Graham Wilkinson, Director
T: 01 205 7500 E: graham@banda.ie

Martha Fanning, Director
T: 01 205 7500 E: martha@banda.ie

J.1460

Table of Contents

INTRODUCTION		3
SUMMARY & CONCLUSIONS		
1.	GROCERY SHOPPING 6 in 10 still rely on a main weekly trip	8-9
2.	STORE USAGE Tesco and the Discounters have widest reach	10-11
3.	STORE SHARE ESTIMATES Tesco reaffirmed & Aldi/Lidl steady	12-13
4.	WEEKLY GROCERY SPEND Lower than last year at €133	14-16
5.	GROCERY SPEND x MAIN STORE Dunnes & Tesco shoppers – highest spenders	17-18
6.	SPENDING INCREASES Assumptions vs reality – less of a gap	19-22
7.	THE DISCOUNTERS Wider availability & higher usage	23-29
8.	ALDI & LIDL PURCHASES Broadly similar purchase profiles	30-32
9.	ALDI & LIDL - PERFORMANCE Strong ratings, but progress checked	33-36
10.	ALDI & LIDL - FUTURE USE On balance – continued growth	37

APPENDICES
Sampling Points
Social Grade Classification
Questionnaire

INTRODUCTION

This research on grocery shopping has been conducted by Behaviour & Attitudes Limited on an annual basis since 2002, in order to track awareness, usage and perceived performance of the two German discounters, Aldi & Lidl.

This latest stage was conducted during October 2009 and covered the following information:-

- Normal approach to grocery shopping
- Main store used for grocery shopping
- Other stores used for grocery shopping
- Estimated weekly spend on groceries nowadays
- Estimated weekly spend on groceries a year ago
- Reported trends in grocery spending versus last year
- Share of grocery spend across main stores
- Awareness of Aldi or Lidl
- Local availability of Aldi or Lidl
- Incidence of visiting Aldi or Lidl
- Incidence of shopping in Aldi or Lidl
- Frequency of shopping in Aldi or Lidl
- Aldi/Lidl ratings on range of choice
- Aldi/Lidl ratings on general product quality
- Aldi/Lidl ratings on value for money
- Aldi/Lidl ratings on prices vs the main supermarkets
- Expectations for future Aldi/Lidl usage

All stages of this research have been based on participation in B&A's bi-monthly syndicated Barometer survey. Each Barometer survey is based on a nationally representative quota sample of 1,000 adults (aged 16 years and over).

All interviewing is conducted face-to-face in-home, using a structured questionnaire. Interviewing is carried out across 60 separate sampling points to ensure comprehensive geographical spread, and a fresh sample is used for each survey.

Selection of respondents is determined by quota controls relating to gender, age and social class within region, to ensure a microcosm of the national adult population.

All interviewing is carried out by fully trained and experienced members of B&A's interviewer panel, working under direct supervision throughout the survey. All aspects of this research are conducted in accordance with guidelines from the Market Research Society and ESOMAR (the International representative body for Marketing Research organisations).

Fieldwork for this latest stage was completed between the 13th – 23rd October 2009.

Technical appendices comprise a list of sampling points, social class definitions and a copy of the survey questionnaire.

SUMMARY & CONCLUSIONS

- A majority of grocery shoppers continue to rely on one main trip weekly (60%). We had seen a gradual increase in spreading this over 2 or more days, but this has seen a reversal this year, in favour of a more varied shopping approach.

- Tesco and Dunnes remain by far the two most popular choices for main shopping – but any usage of the discounters has increased further: now ahead of Dunnes and on a par with Tesco. (Indeed usage of Lidl now exceeds that of Dunnes).

- Shopper estimates of where they spend an average of €100 places Tesco with a considerable lead at 27%, Dunnes 21% and the discounters at 25% combined, (Lidl at 15%/Aldi 10%).

- As in the past, Tesco and Dunnes have a stronger shopper presence in urban areas and SuperValu in rural areas.

- Weekly grocery spend estimates are marginally below 2008 level; an average of €133 compared to €136 last year (-2%).

- Dunnes and Tesco main shoppers show the highest grocery spending per household – but per capita expenditure is highest for Superquinn and SuperValu customers.

- In previous waves of this tracking research we saw a consistent tendency for shoppers to exaggerate increases in their grocery spend, compared with their reported spend 'year on year'. Previously shoppers had been assuming double digit increases, but are more measured now in gauging this gap versus last year (expressed as a decrease).

- When current expenditure is compared with estimates and actual reports a year ago – a more modest gap emerges for 2009 vs 2008:

    - Reported spending showed a 2% decrease
    - Yet shoppers assumed a 9% decrease

- In line with this, just under half of all shoppers now feel they are spending less than last year (38% a little lower and 10% a lot lower) – whereas in all previous measures, a solid majority had claimed to be spending more.

- Aldi and Lidl are now well established 'household names' and both have made further progress on key indices of:

    - Local availability
    - Incidence of visiting stores
    - Incidence of purchasing in stores

- Currently, 8% say they do their main grocery shopping in Lidl, and 7% in Aldi.

- Amongst existing shoppers, frequency of using of either Aldi or Lidl has plateaued after significant gains in 2008.

- Shopper playback on the 'top ten' most popular purchases was similar for both chains; fresh fruit & veg the most widely purchased category – ahead of household cleaners, biscuits, cheese, toilet rolls and toiletries.

- However, typical purchases in these discounters embrace a very much broader spectrum of product categories.

- While still very favourably regarded, ratings on range and quality are down slightly for both discounter chains.

- While both rate highly on value for money, Aldi is down slightly versus previous years, and Lidl is holding steady.

- Similarly in relation to prices versus other stores, both groups still make a very strong showing - but Lidl's 'lower prices' rating is down versus 2008, whereas Aldi's is steady.

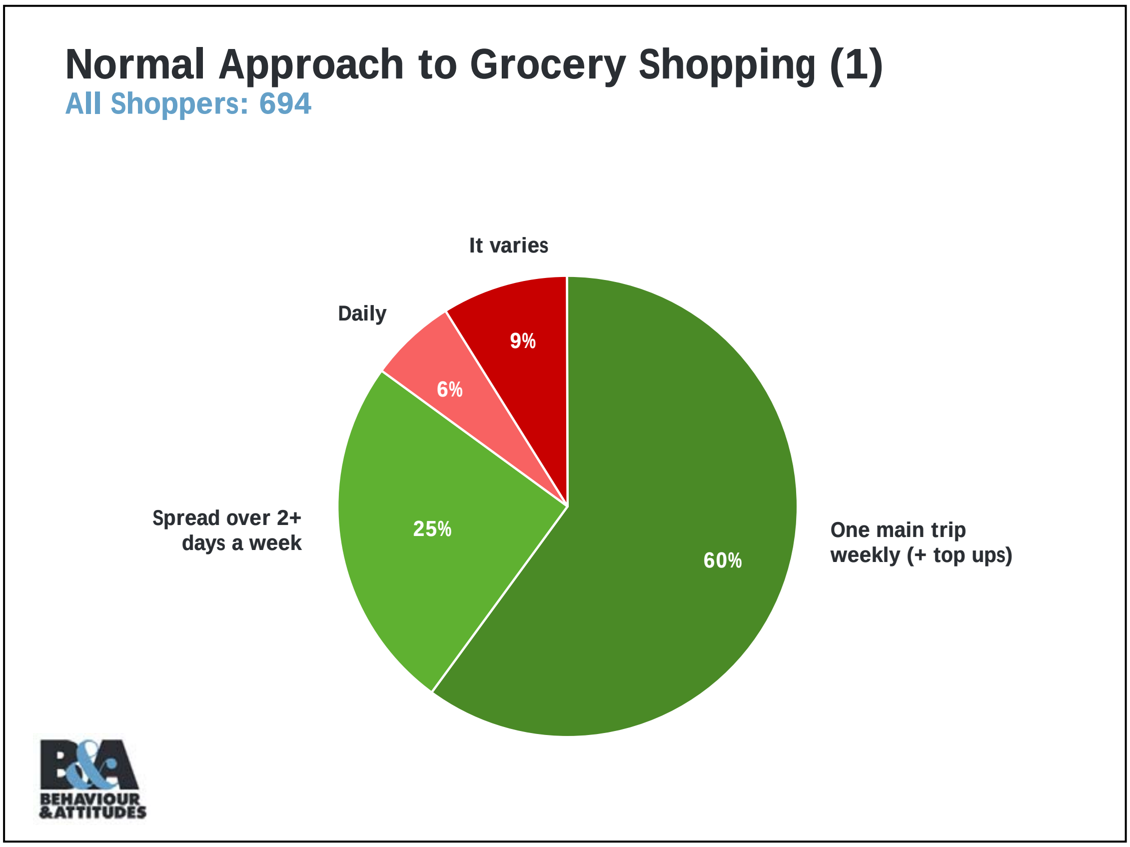
- In 2008 we saw roughly a quarter of shoppers in Aldi and Lidl claiming they would use these stores more often over the coming year – whereas this has dropped to just under 1 in 5 now (a majority in each case anticipating no change).

- Thus, despite the continuing recession, fewer existing shoppers than last year feel that doing more shopping in Aldi or Lidl is the solution – perhaps a reflection of the competitive response from more established retailers.

1. GROCERY SHOPPING

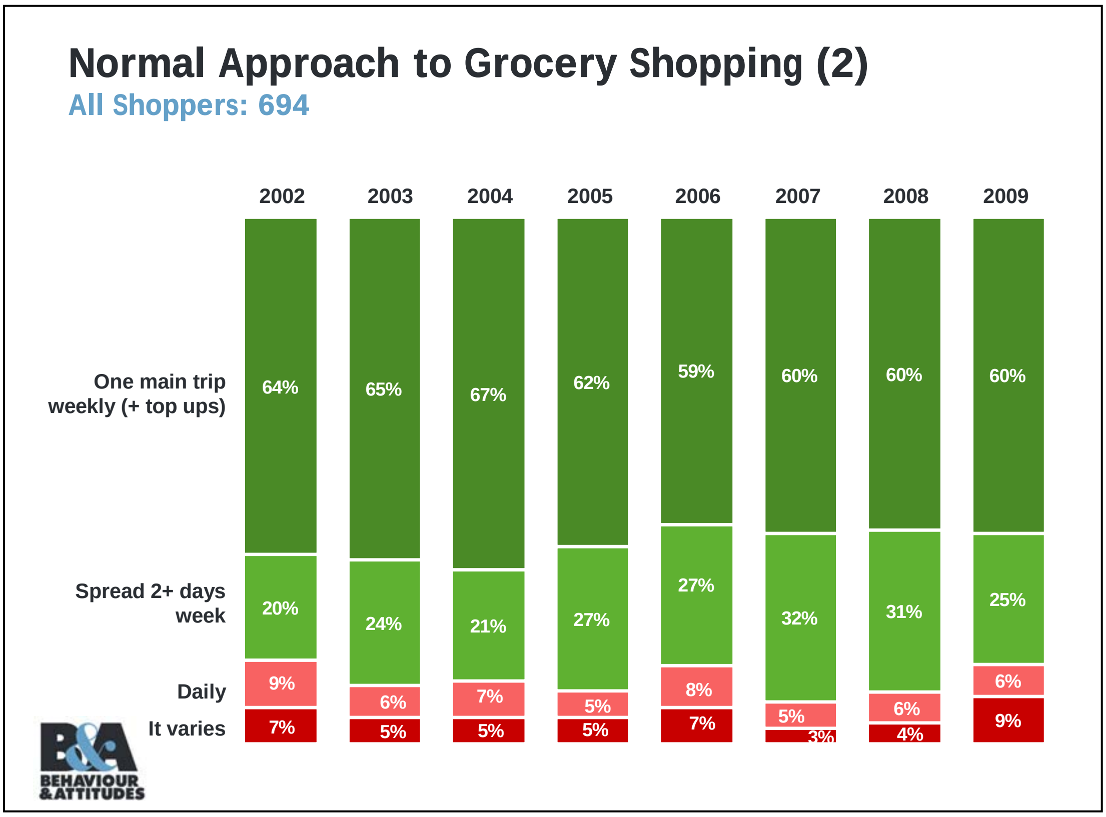
6 in 10 still rely on a main weekly trip

Reliance on one main weekly shopping trip for groceries remains the norm: 6 in 10 shoppers currently adopting this approach (with some topping up).



A further quarter (25%) spread their grocery shopping over two or more days in the week, with just 6% shopping daily and the balance of almost 1 in 10 varying their approach.

As these historic trend data indicate, majority reliance on one main weekly trip has been very consistent over time.



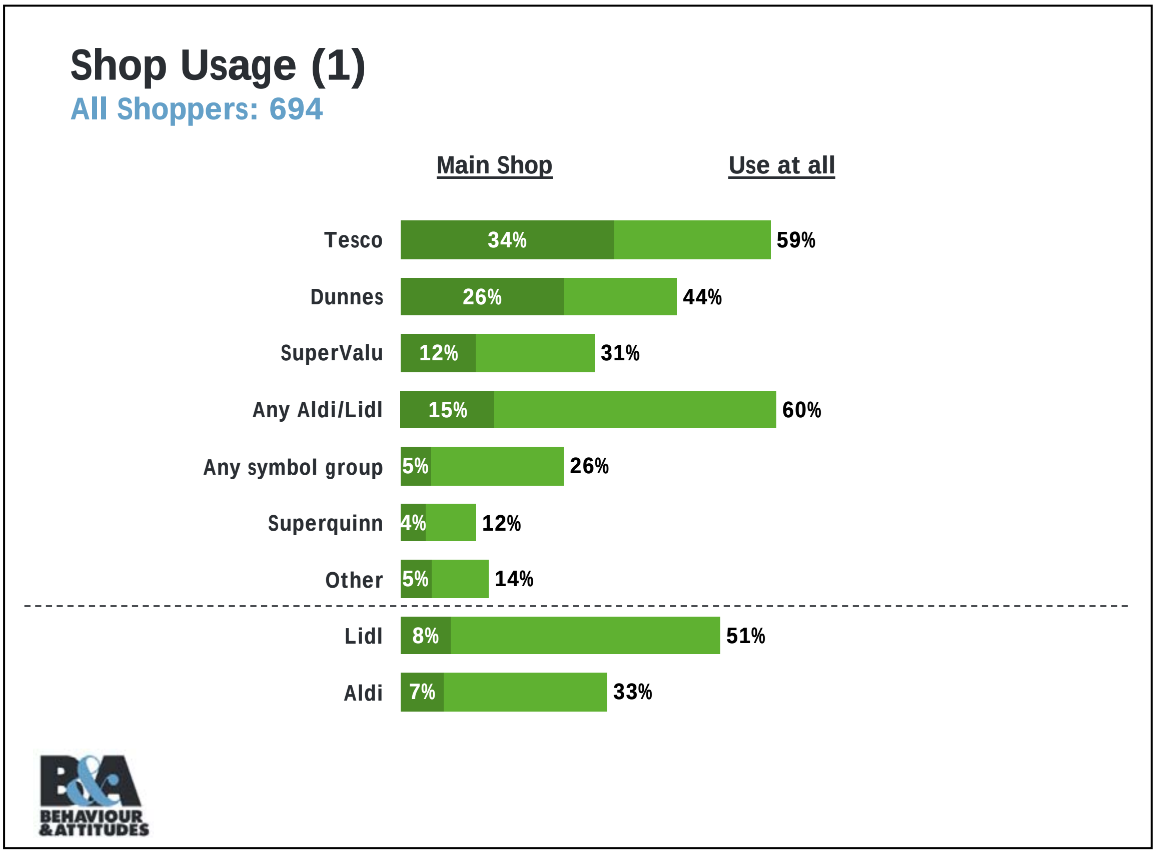
The main difference in these latest results is an increase among those who now vary their approach (up from 4% to 9%): almost certainly a function of the more pressured economic climate.

2. STORE USAGE

Tesco & The Discounters have widest reach

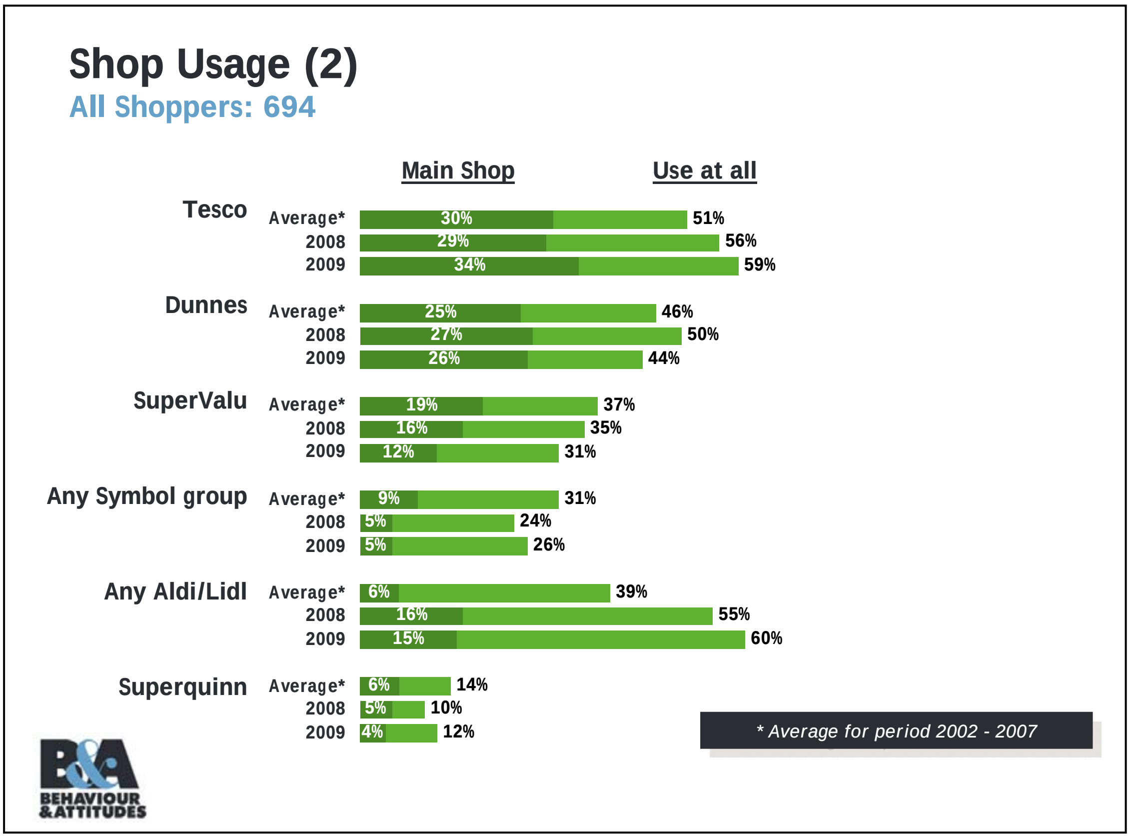
The chart below summarises main shop choices and any usage levels for the main supermarket groups.

Overall usage shows Tesco and the Aldi/Lidl combination with jointly highest reach at around 6 in 10 shoppers each: Dunnes and SuperValu are next in line, with Lidl usage (at all) now higher than Dunnes (51% vs 44%).



Main store choices show Tesco enjoying a very decisive lead with an estimated share of 34% overall, ahead of Dunnes at 26%, Aldi/Lidl 15% and SuperValu 12% (the two German discounter groups are at a similar level now).

This chart compares main shop choices and usage levels for the main supermarket groups, based on a comparison of the two most recent measures and an average for 2002 – 2007.



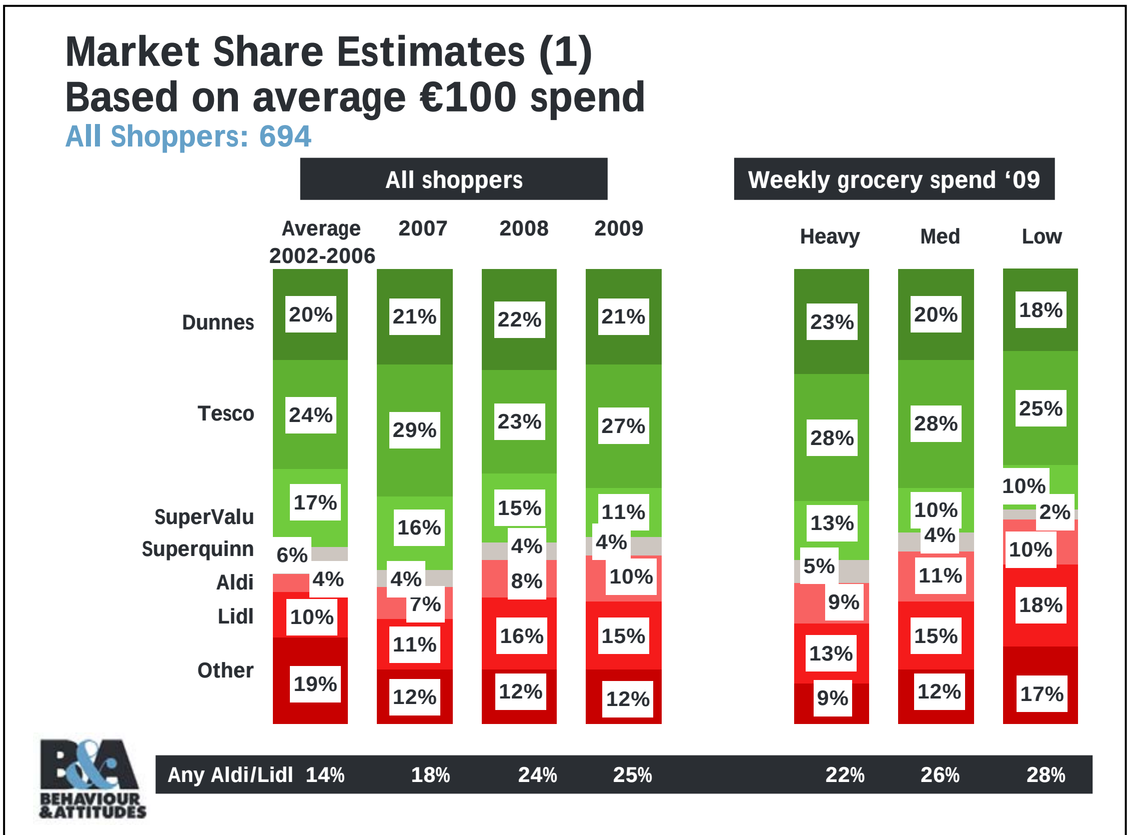
In broad terms, Tesco has consolidated its position: Dunnes has held fairly steady and SuperValu appears to have lost some ground.

The main dynamic has been progress by Aldi/Lidl, where there has been significant progress over the past two years.

3. STORE SHARE ESTIMATES

Tesco reaffirmed & Aldi/Lidl steady

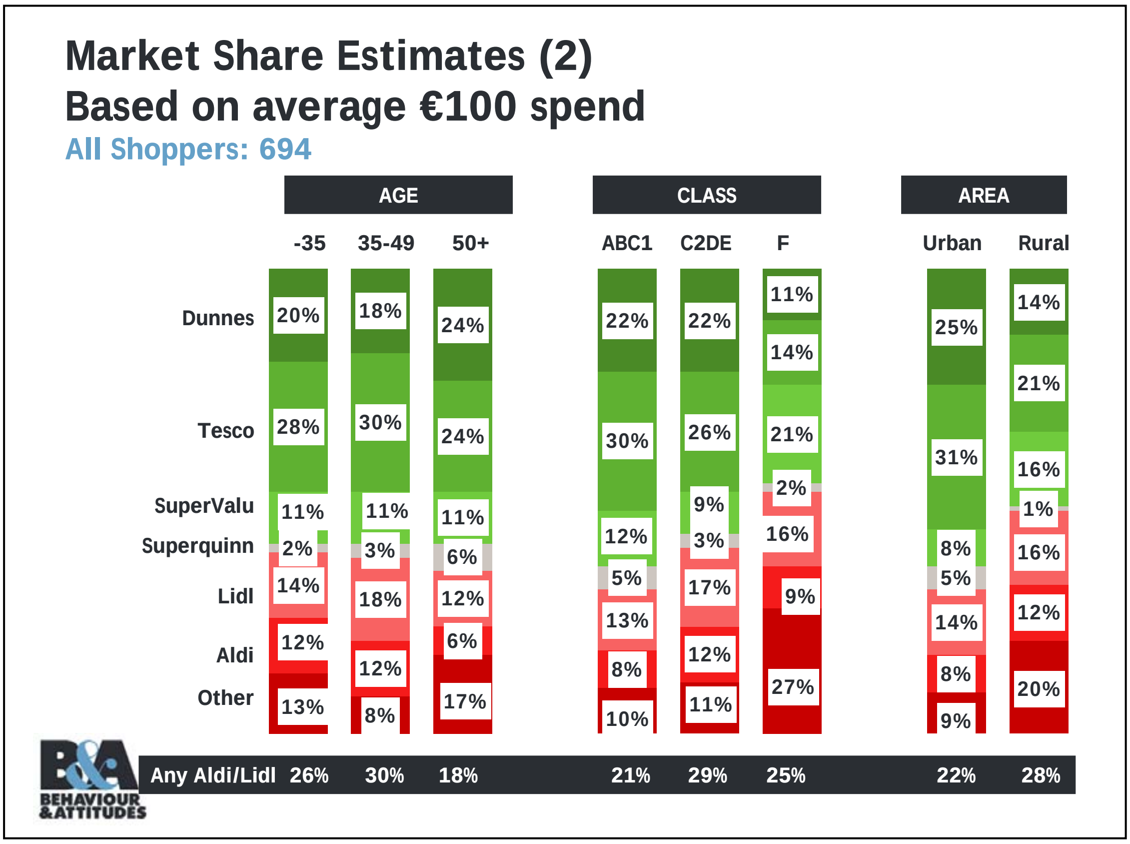
These broadly based market ‘share’ estimates were based on asking shoppers to describe how they distribute an average €100 expenditure on groceries, across the main retailer brands.



Compared with last year, Tesco has reaffirmed its leadership position: Dunnes and Aldi/Lidl have held fairly steady and SuperValu appears to have lost ground.

An analysis of the current results on the basis of grocery expenditure, suggests that Aldil/Lidl fare somewhat better among medium and lower spending shoppers.

Tesco seems to enjoy more of an edge over Dunnes among young and middle aged range shoppers, and those at middle class level.

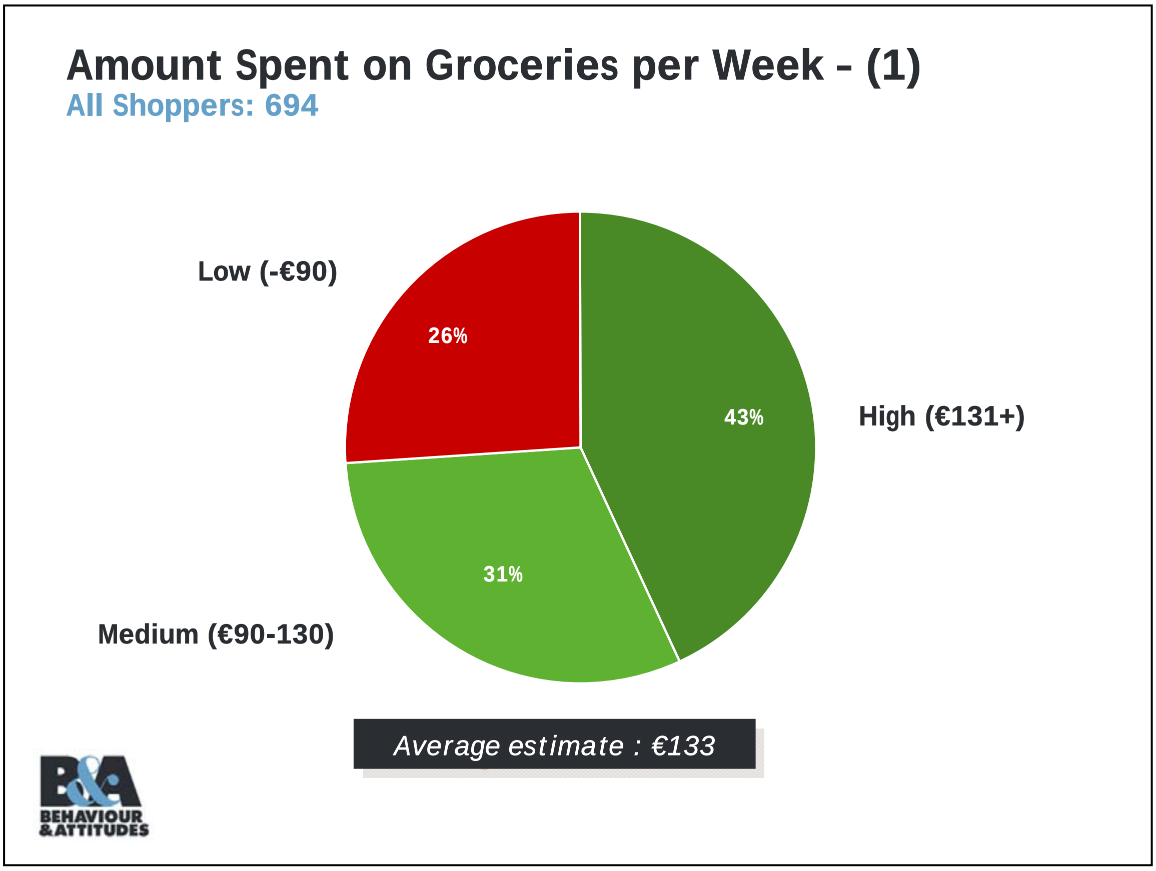


The Aldi/Lidl combination also has a comparatively higher share among young and middle age range shoppers, and is above average at working class level and in rural areas.

4. WEEKLY GROCERY SPEND

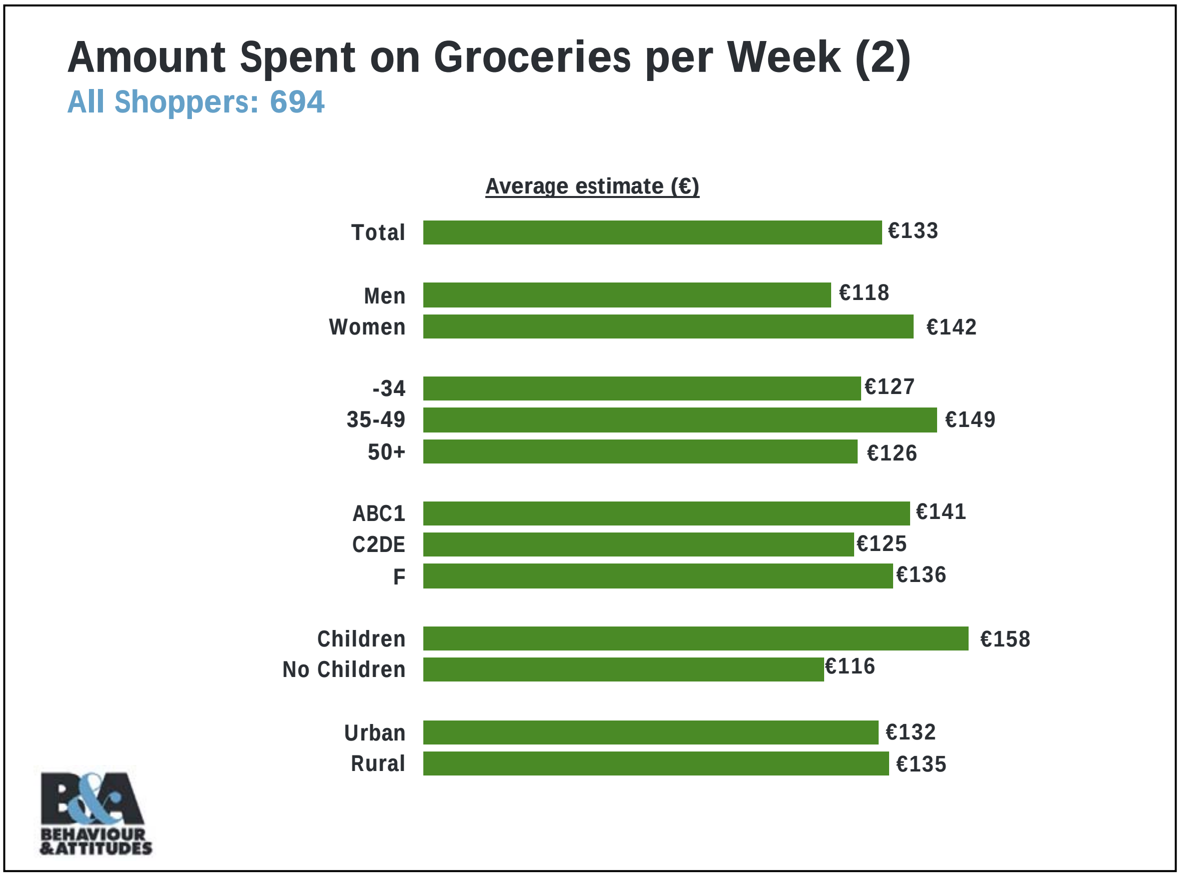
Lower than last year at €133

Just over 4 in 10 of these shoppers estimated their weekly grocery expenditure at over €130: around a third put this figure between €90 - €130 and the balance of a quarter claim to be spending less than €90 per week.



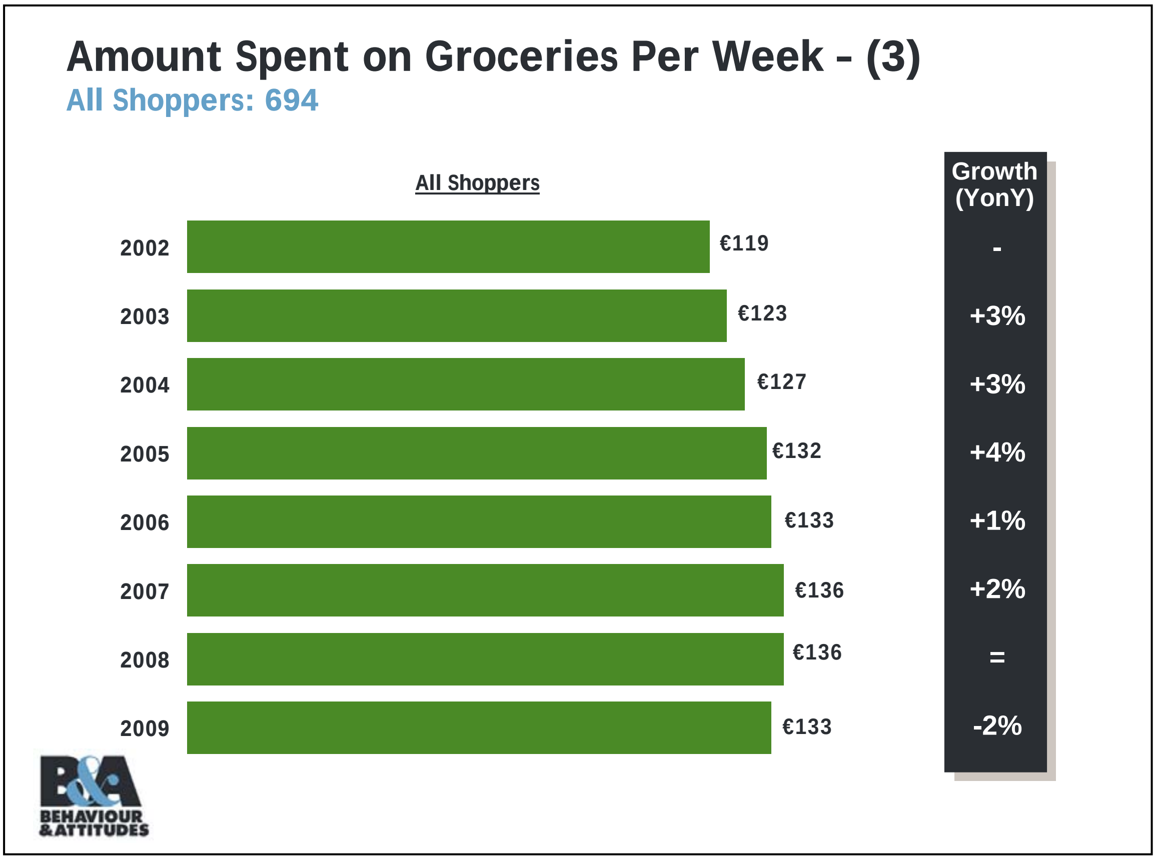
In overall terms, this produced an average estimate of €133 for weekly grocery expenditure (with a greater concentration among Medium spenders compared with last years results).

Variations in these averages for weekly grocery expenditure are summarised below for the main demographic sub groups.



These averages for reported expenditure were somewhat higher for women, those in the mainstream family age range and particularly in households with children (over a third higher among those with kids at home).

This retrospective summary of average weekly grocery expenditure over the past eight years, provides a very clear picture.

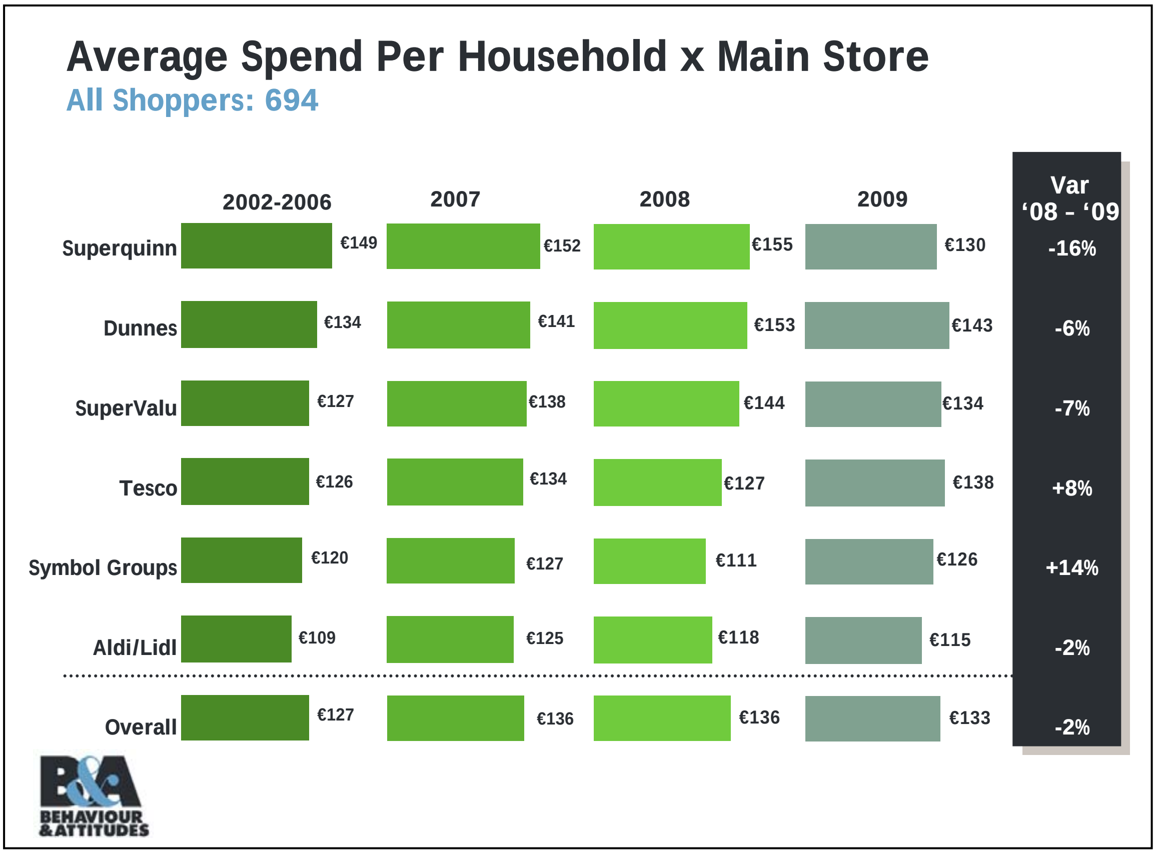


Estimates of grocery spending had been on a constant upward curve between 2002 – 2007, but this plateaued last year, and has fallen back by 2% in this current update.

5. GROCERY SPEND X MAIN STORE

Dunnes & Tesco shoppers – highest spenders

This summary compares estimates of average weekly expenditure on groceries for each of the last three years, alongside equivalent consolidated data for 2002 – 2006.

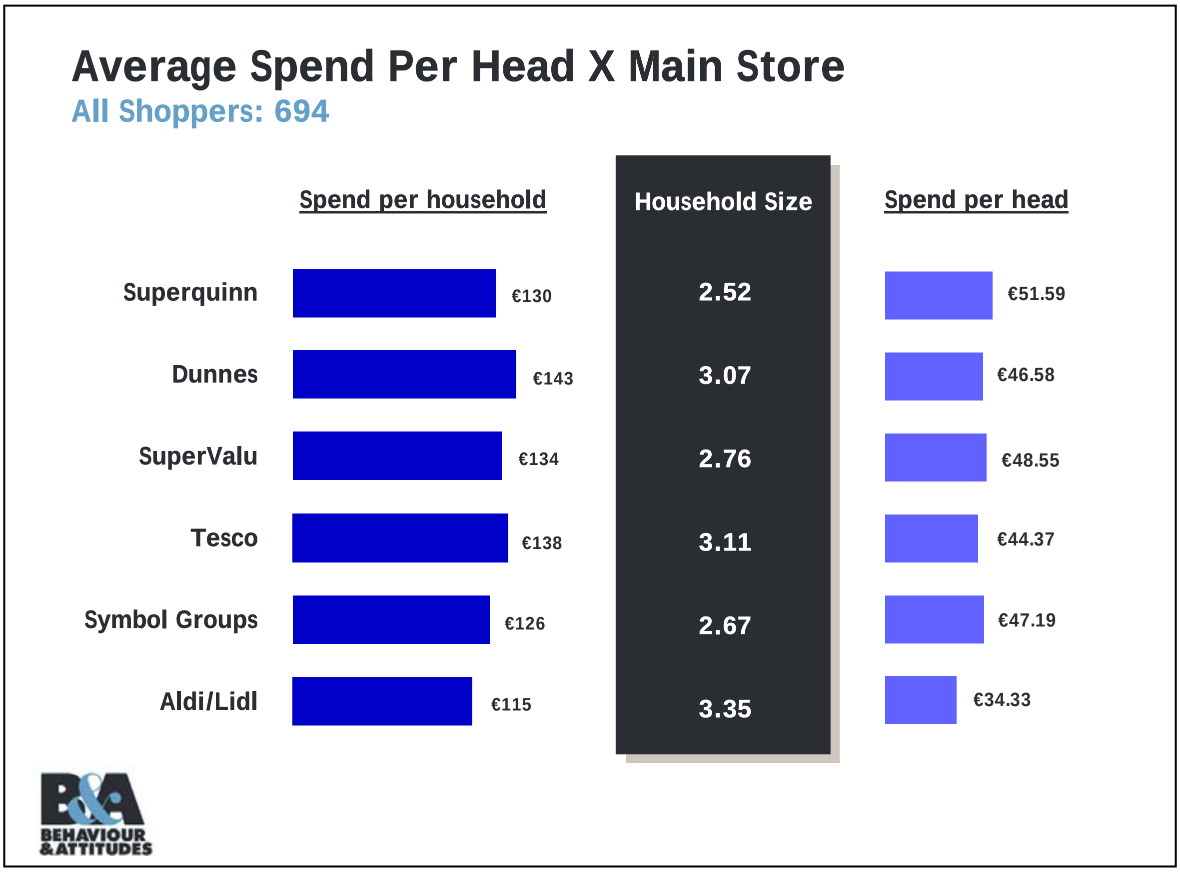


The latest results show that Dunnes and Tesco shoppers are the highest spenders, while those using Aldi/Lidl are lowest.

Compared with last year, spending in Superquinn appears to have dropped sharply, with reductions also evident for Dunnes and SuperValu.

In contrast, both the Symbol groups (consolidated) and Tesco shoppers appear to have upped their spending.

It may also be helpful to look at these latest estimates of grocery spending across the main retail brands by taking account of household size to identify per capita expenditure.



As there is some variation in the average household size for customers of these groups, this produces a rather different rank order in which spend per head is highest overall for Superquinn, just ahead of a secondary grouping which comprises SuperValu, the Symbol groups and Dunnes (Tesco registering slightly lower and Aldi/Lidl representing the baseline).

6. SPENDING INCREASES

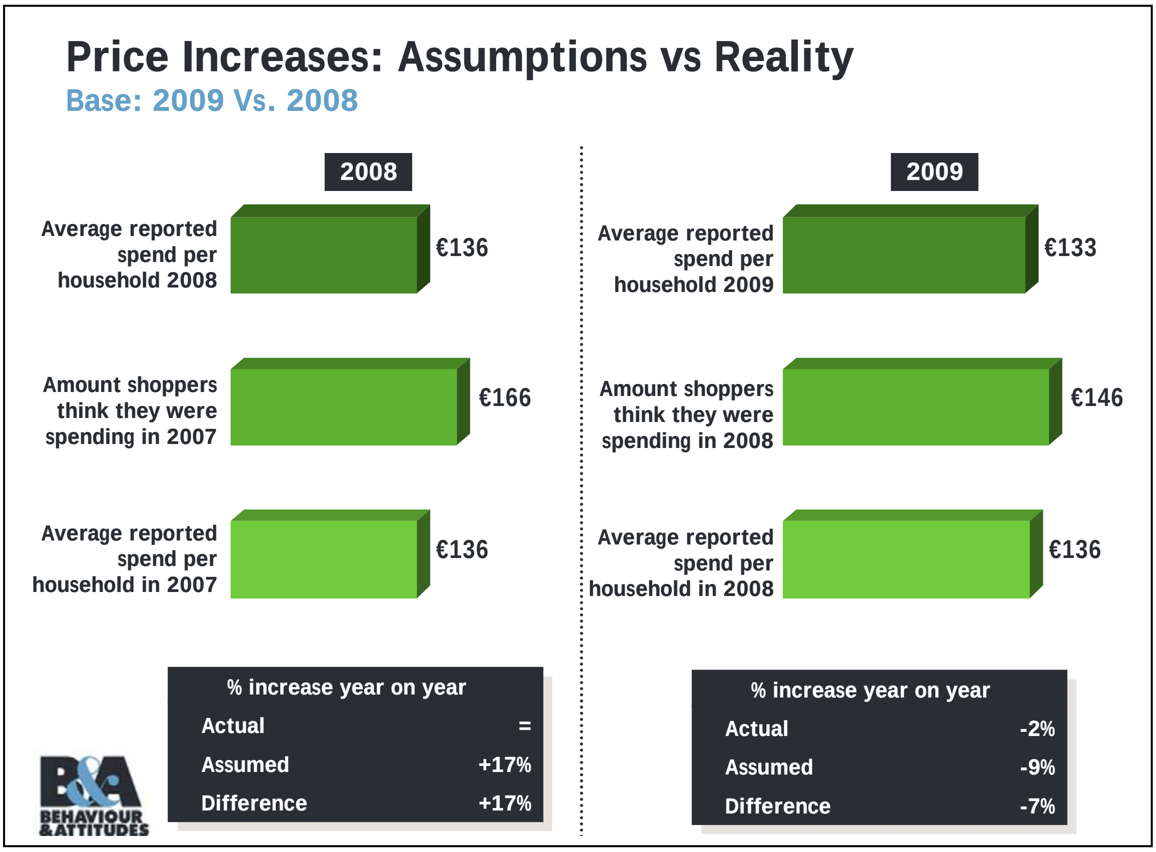
Assumptions vs Reality – Less of a Gap

As previous stages of this tracking survey have illustrated, grocery shoppers invariably exaggerate the extent to which they feel their grocery spending has increased from one year to the next.

This chart summarises three key measures for 2008 and 2009:

- Current estimates of weekly spending
- Estimated weekly spending a year ago
- Reported weekly spending a year ago

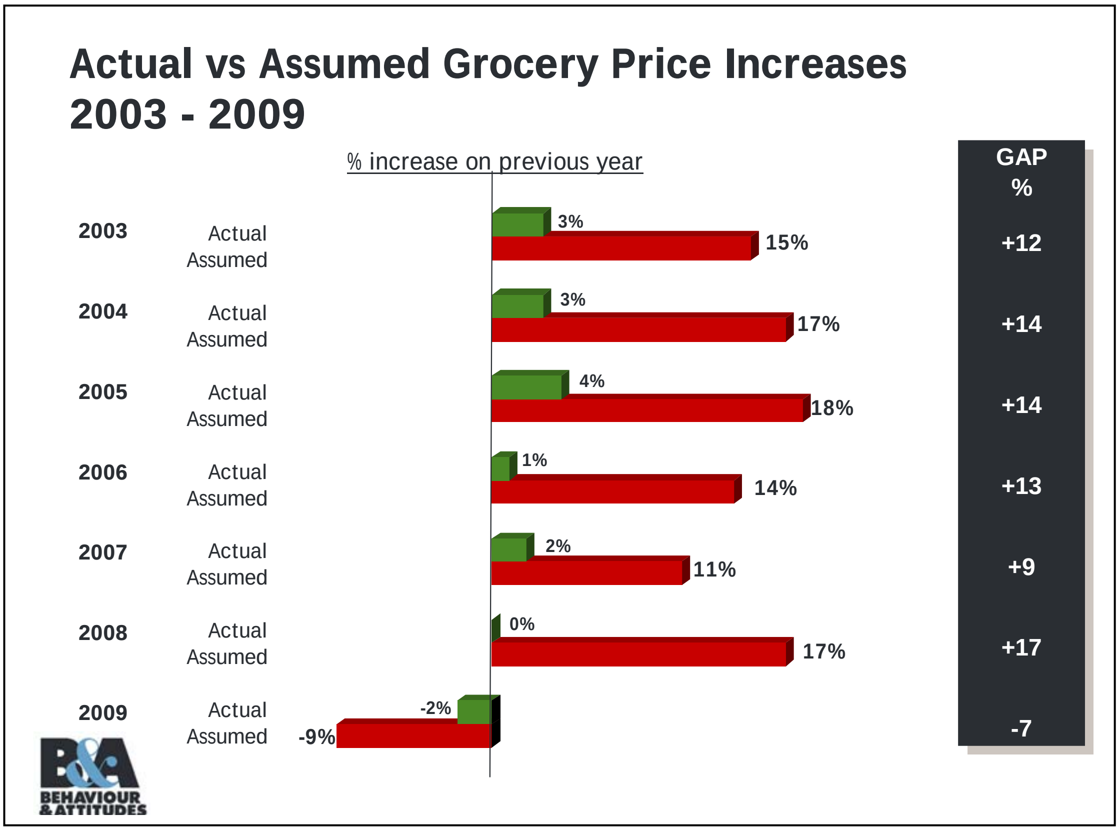
By drawing on these three measures, we can identify the gap between assumptions and actual (reported) spending.



In 2008, ‘year on year’ increases in grocery expenditure showed no change, although shoppers assumed that on average they were spending 17% more on groceries.

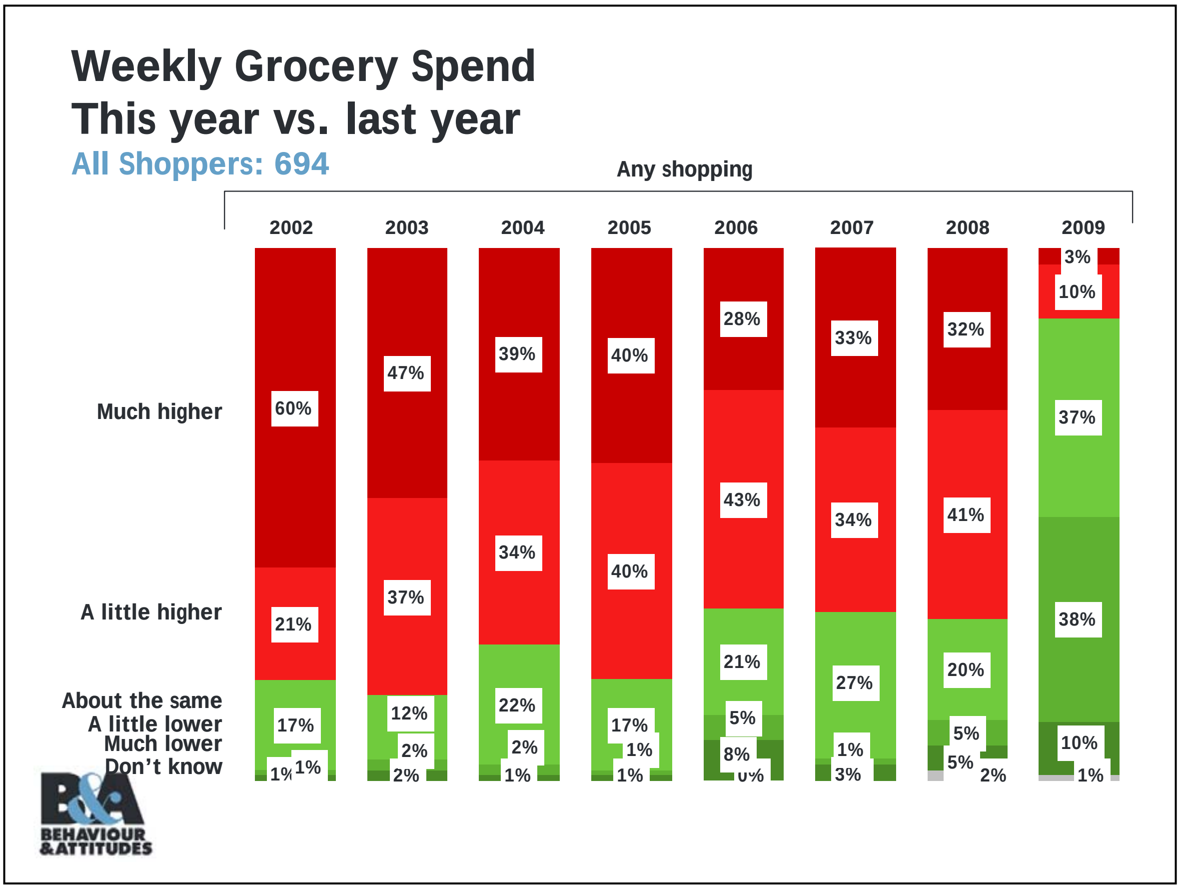
In the latest results, this gap has closed considerably: the actual change recorded ‘year on year’ was a decline of 2% but the assumed decrease was 9% (i.e. a net difference of 7 percentage points between reported and assumed reductions in grocery expenditure).

Looking back at the historic pattern of these differences between actual (reported) and assumed changes in grocery spending levels serves to emphasise the very dramatic turnaround in these latest figures.



Following a six year sequence in which assumed increases in spending ran well ahead of actual reported figures, we have seen a total reversal now (i.e. a ‘reverse swing’ of 24 percentage points between assumptions last year and this year).

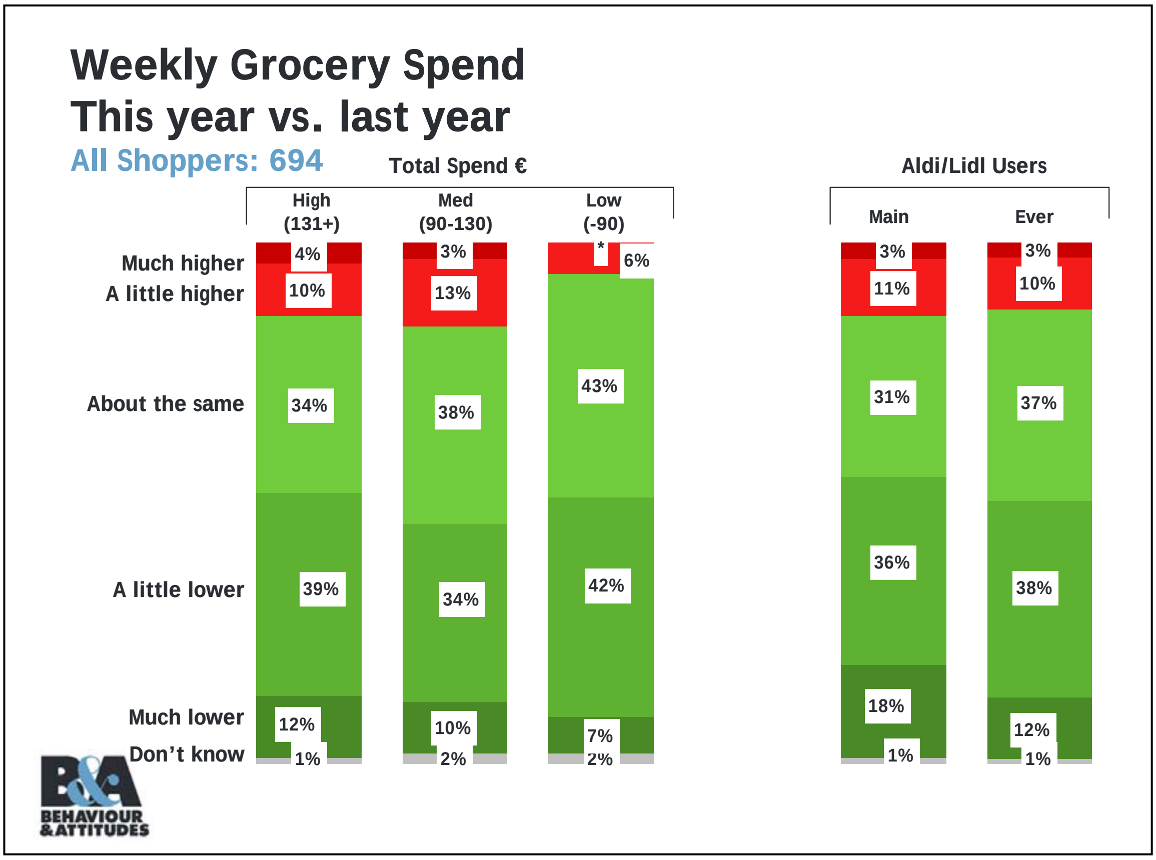
A related question asked shoppers to compare their grocery spending this year compared with last year, and the latest results showed a remarkable contrast with the preceding pattern.



In the two previous years, between two thirds and three quarters of all shoppers estimated that their current spending was higher than the previous year.

In a complete turnaround, the latest results show just 13% of shoppers claiming higher expenditure now, whereas 37% felt there was no change and almost half (48%) now say they are spending less than in 2008.

It is also useful to look at these latest results on the basis of weight of grocery spending, and for those using Aldi or Lidl (LRDs).

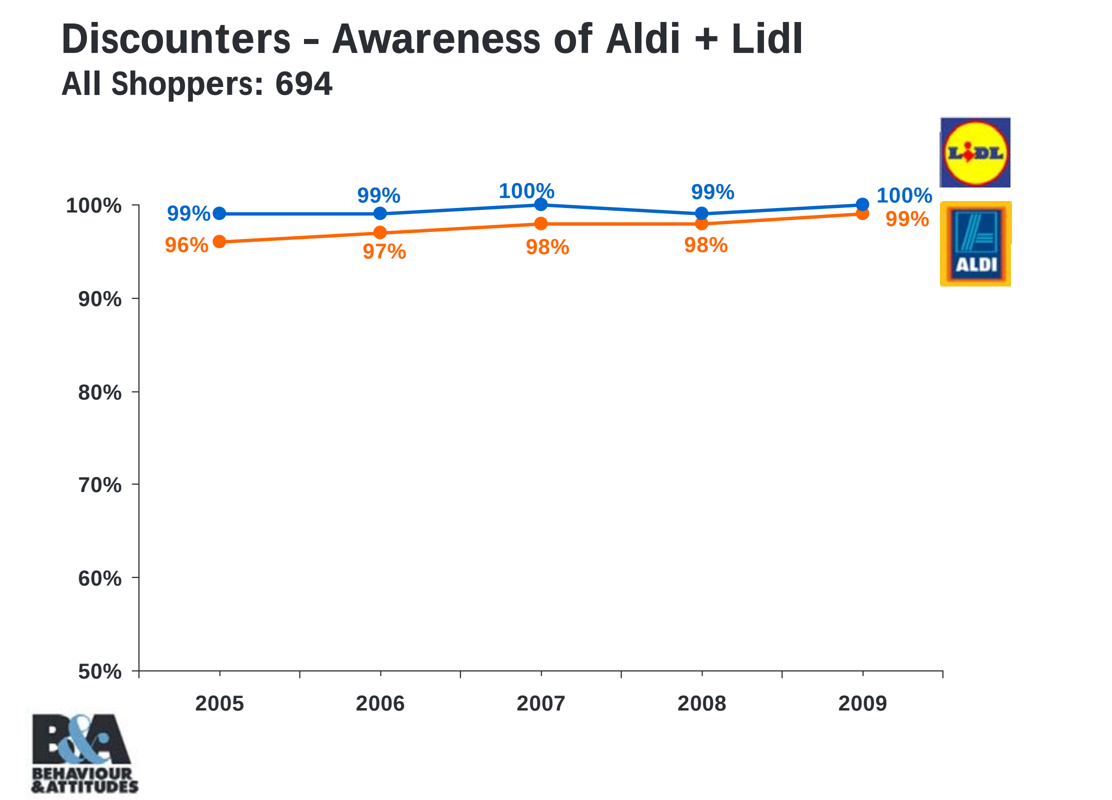


In short, those at the lower end of the spending scale are even more convinced that they are spending less on groceries nowadays, and this pattern was similar for those using Aldi/Lidl (either as their main store or part of their repertoire).

7. THE DISCOUNTERS

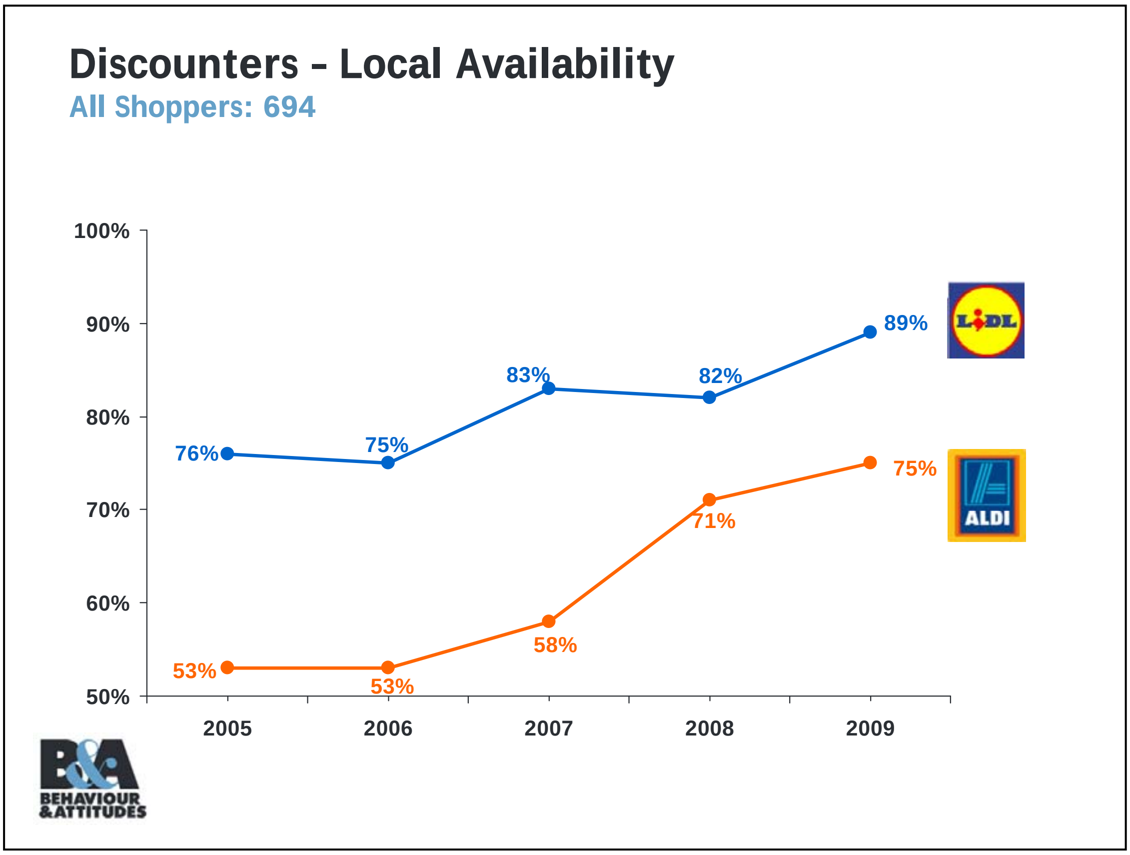
Aldi & Lidl – Wider Availability & Higher Usage

As far back as 2005, both of the German discounter brands already enjoyed universal recognition.



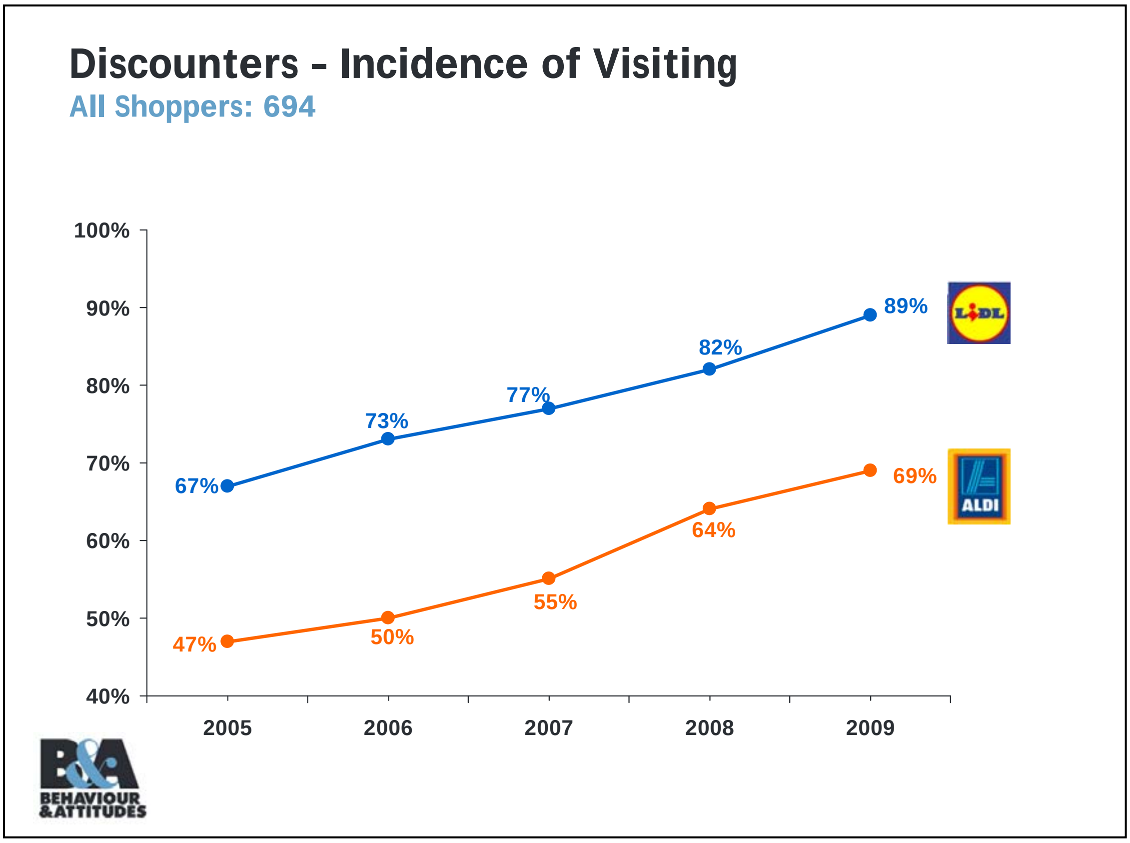
Not surprisingly in view of their stronger presence and more 'mainstream' role, this still applies to both brands.

Back in 2005, three quarters of all grocery shoppers had claimed to have a Lidl within shopping distance of their home and, the equivalent figure for Aldi was just over half.



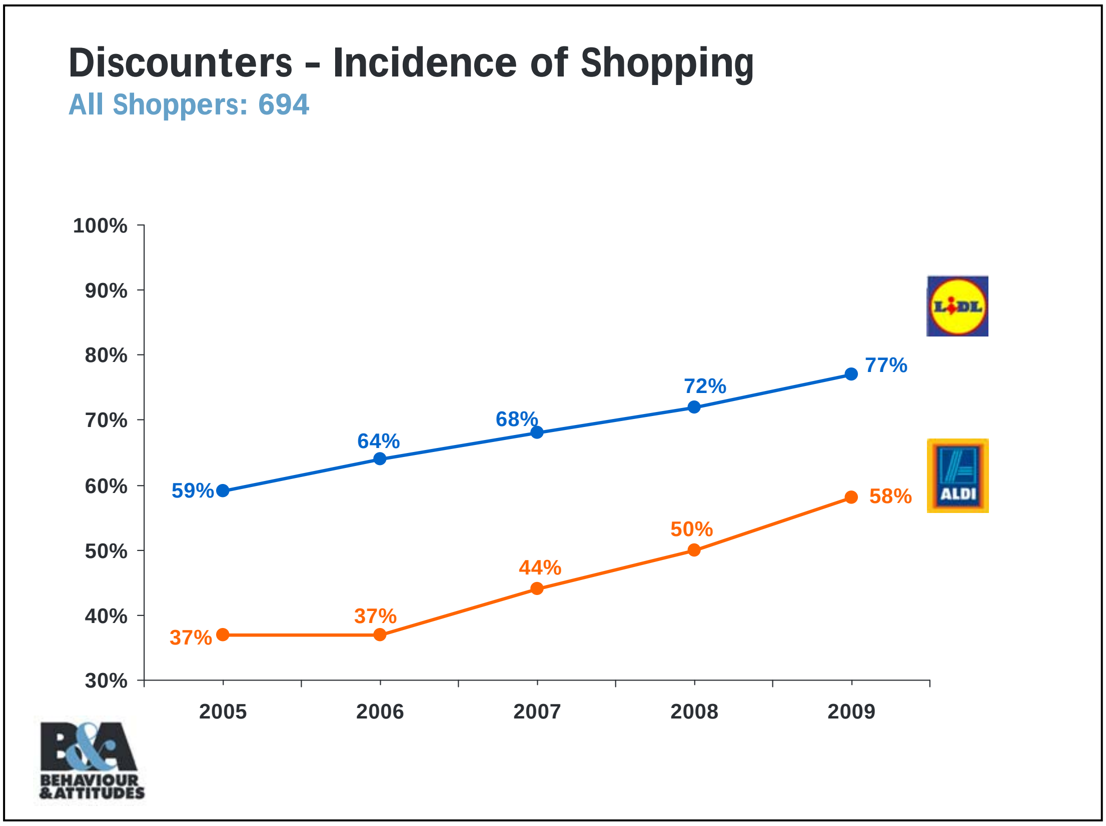
Within the intervening four years, perceptions of local availability for both German discounters has increased very significantly: Lidl to a level of 9 in 10 and Aldi to 3 in 4 shoppers.

Steady and sustained progress is also evident in relation to reported experience of visiting outlets within the two German discounter networks.



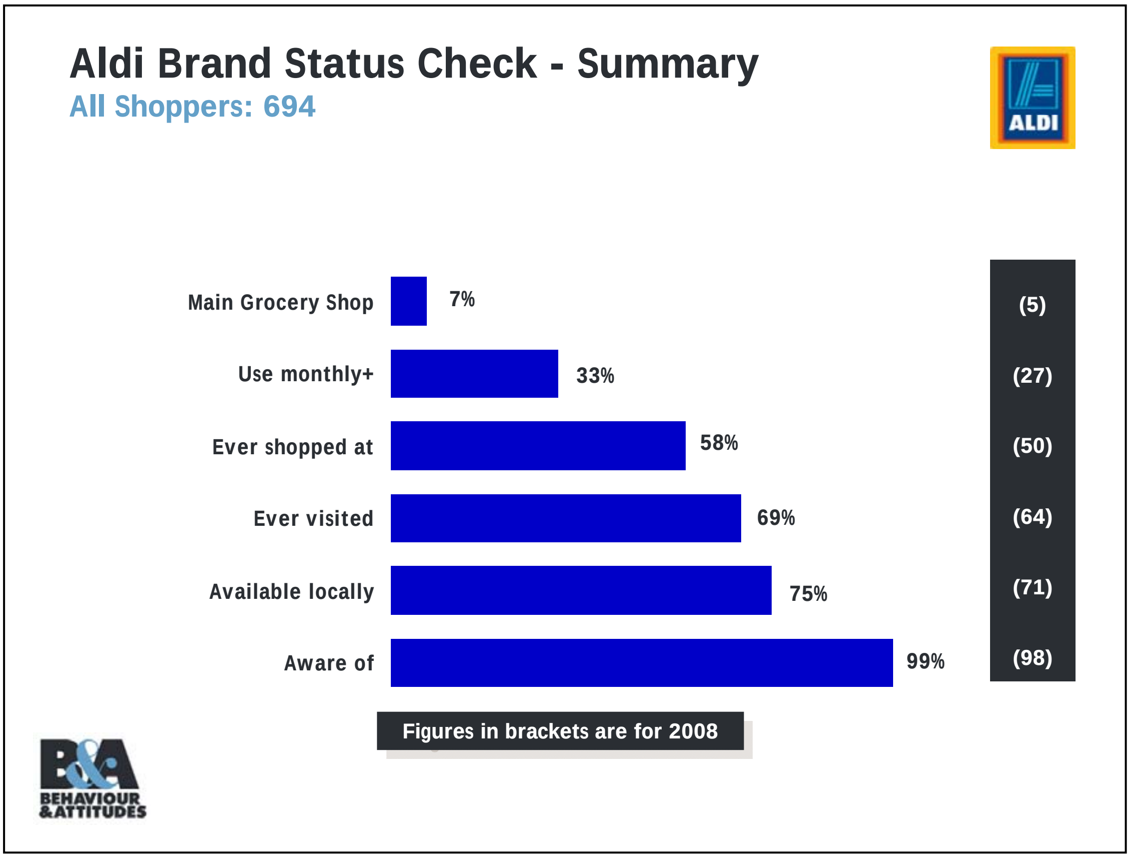
Between 2005 and 2009, the claimed incidence of visiting Lidl rose from 67% to 89%, and in the case of Aldi from 47% to 69%.

A similar measure on the reported incidence of shopping in either Lidl or Aldi outlets is summarised here.



Between 2005 and 2009, direct experience of shopping in Lidl rose from 59% to 77%, and in the case of Aldi from 37% to 58% (i.e. solid and consistent expansion of the franchise for both brands).

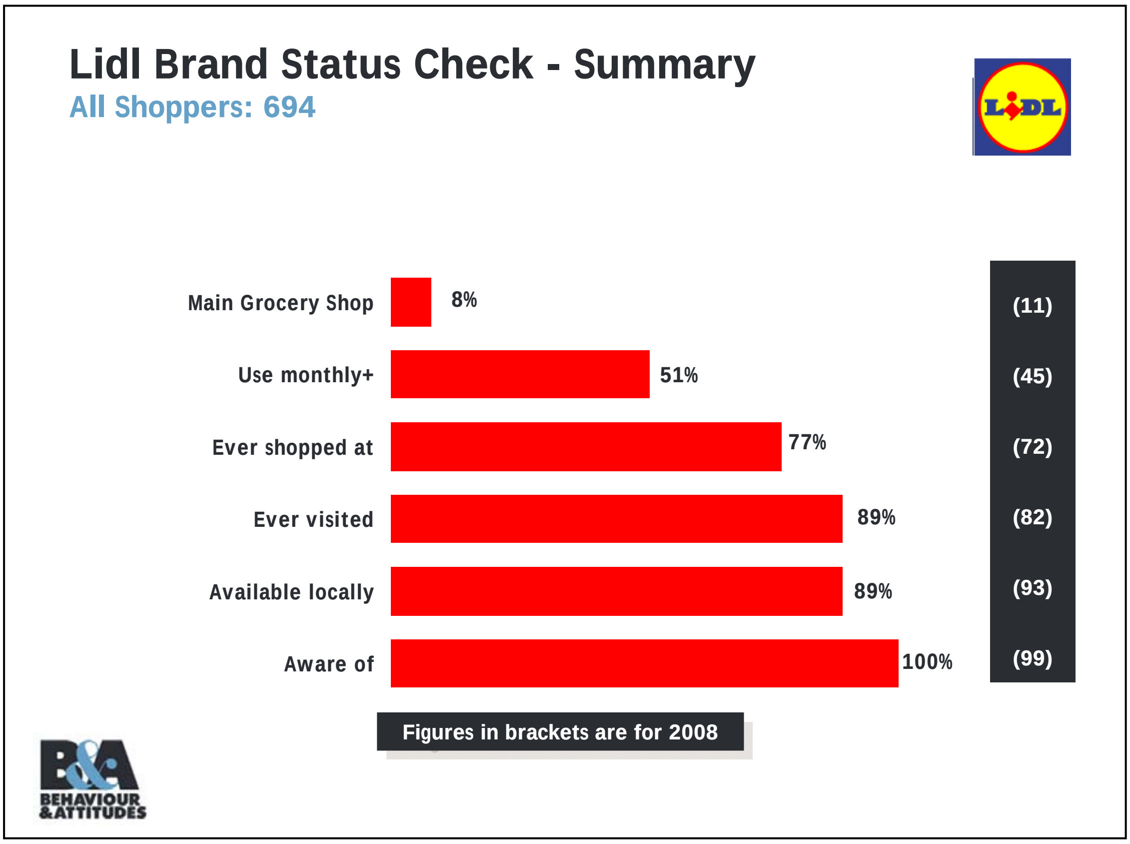
The current brand status for Aldi on these key measures is summarised below.



This confirms universal awareness, local availability for three quarters of all shoppers, visits by 7 in 10 and shopping by almost 6 in 10.

A third claimed to use Aldi outlets at least monthly or more often, with a core of 7% who regard it as their main grocery store.

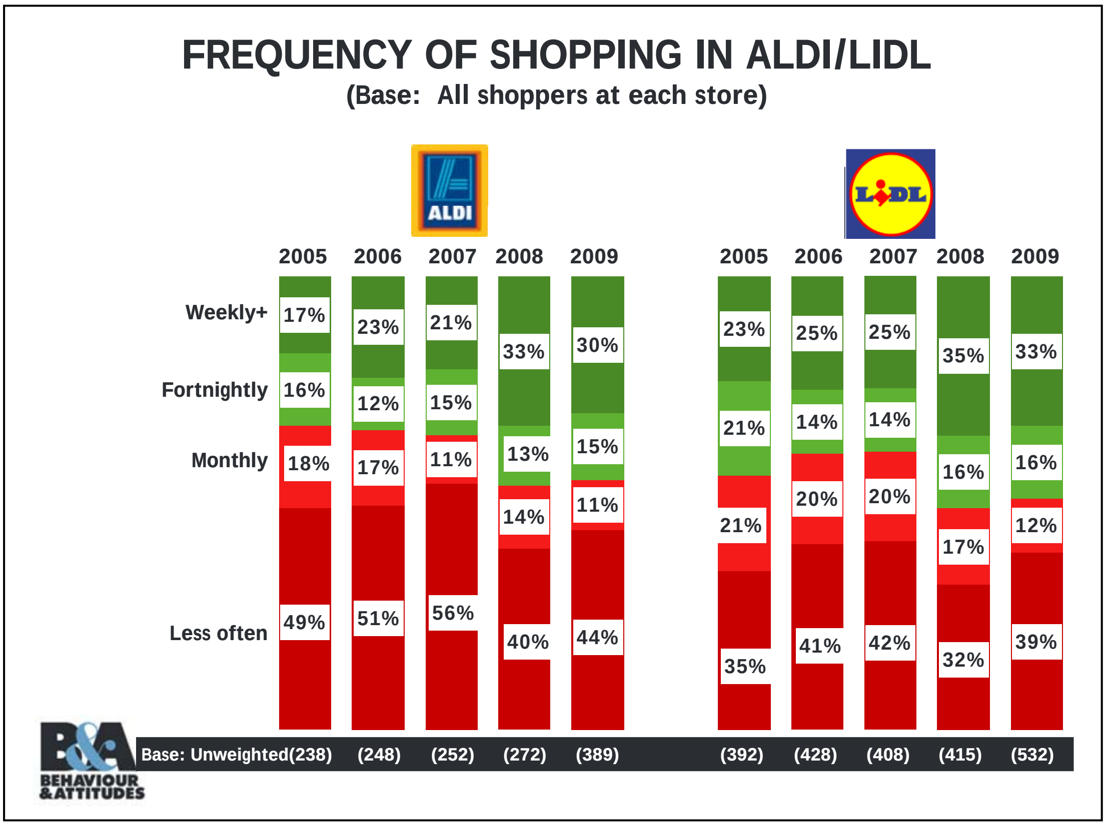
The equivalent brand status summary for Lidl shows an even stronger set of metrics.



This demonstrates universal awareness for Lidl; local availability and direct experience of visiting at a level of 9 in 10, and shopping there by three quarters.

Half of all grocery shoppers now claim to use Lidl monthly or more often, with 8% regarding it as their main grocery store.

Reported frequency of shopping in either Aldi or Lidl highlights an interesting pattern for both discounter chains.



In both cases, there was a marked step up in the proportion of those claiming to use these outlets at least weekly or more often, between 2007 and 2008.

However in both cases, there has been little change in the latest update for 2009, which suggests that some degree of plateauing has occurred.

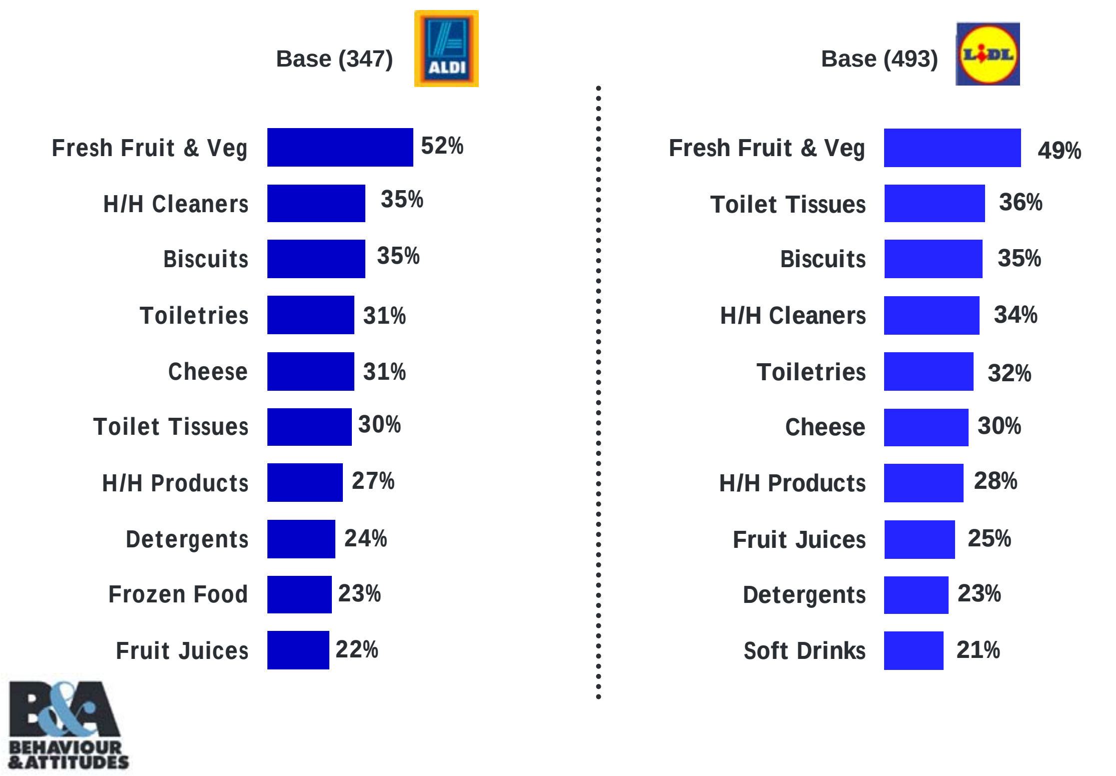
8. ALDI & LIDL PURCHASES

Broadly Similar Purchase Profiles

The 'top ten' most popular product categories for purchases in Aldi and Lidl are summarised below.

While the mix was broadly similar for both discounter chains, it would appear that toilet tissues feature somewhat more prominently for Lidl, and household cleaners for Aldi.

Top 10 Items Bought on Last Visit



A more detailed breakdown of the items bought on most recent visits to Aldi or Lidl is summarised in the table below and its continuation over the page.

Aldi/Lidl - Items Bought on Last Visit (1)

All shoppers: 694

	ALDI	LIDL
Base:	347	493
	%	%
Fresh fruit & veg	52	49
Toilet tissues/rolls	30	36
Household cleaners	35	34
Toiletries	31	32
Biscuits	35	35
Cheese	31	30
Household products	27	28
Detergents/washing powder	24	23
Juices/fruit juices	22	25
Fresh meat	18	17
Frozen food	23	23
Soft drinks	18	21
Cereals	19	19
Confectionery	14	16
Butter/spreads	13	16
Pasta/noodles	20	18
Pre-packed bread	17	15
Bacon/rashers	15	15
DIY items	18	16
Ice cream	18	15
Cakes	12	9
Hardware	10	10
Electrical appliances	11	11
Chips	9	11

BEHAVIOUR & ATTITUDES

Perhaps the most striking aspect of this first half table is the broad range and variety of lines which are now purchased from these two store networks.

Although there are some differences in product emphasis for the two German brands (e.g. pizza somewhat more popular in Aldi), the overall pattern is quite similar.

Aldi/Lidl - Items Bought on Last Visit (2)

All shoppers: 694

	ALDI	LIDL
Base:	347	493
	%	%
Wine	16	16
Desserts	9	8
Sauces/ketchup	11	15
Tinned food	10	14
Frozen chicken	12	12
Beer	11	11
Pet food	10	9
Pizza	17	12
Squash/fruit squash/cordials	10	11
Tools	7	9
Flour	6	6
Nappies	5	5
Ethnic dry meats	5	5
Tinned fruit	13	15
Nuts	9	8
Rice/couscous	10	12
Spirits	9	9
Pickles/chutney/relish	8	8
Footwear	1	3
Bake at home bread	5	5
Christmas cakes	2	3
Furniture	1	3
Baby formula	*	2
Baby food	2	3
Other	9	10

BEHAVIOUR & ATTITUDES

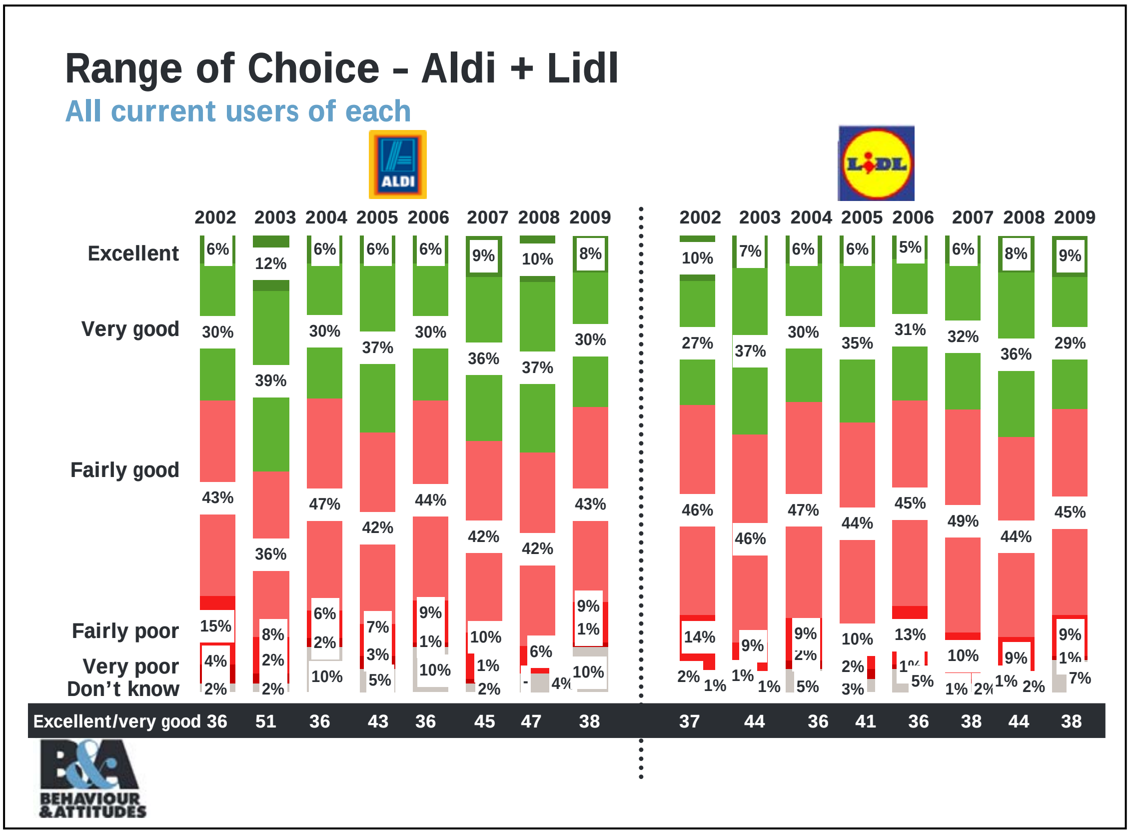
Indeed, it is worth noting how close a match there is in these purchasing profiles for the two German retailers, across such a varied spectrum of product categories.

9. ALDI & LIDL - PERFORMANCE

Strong ratings, but progress checked

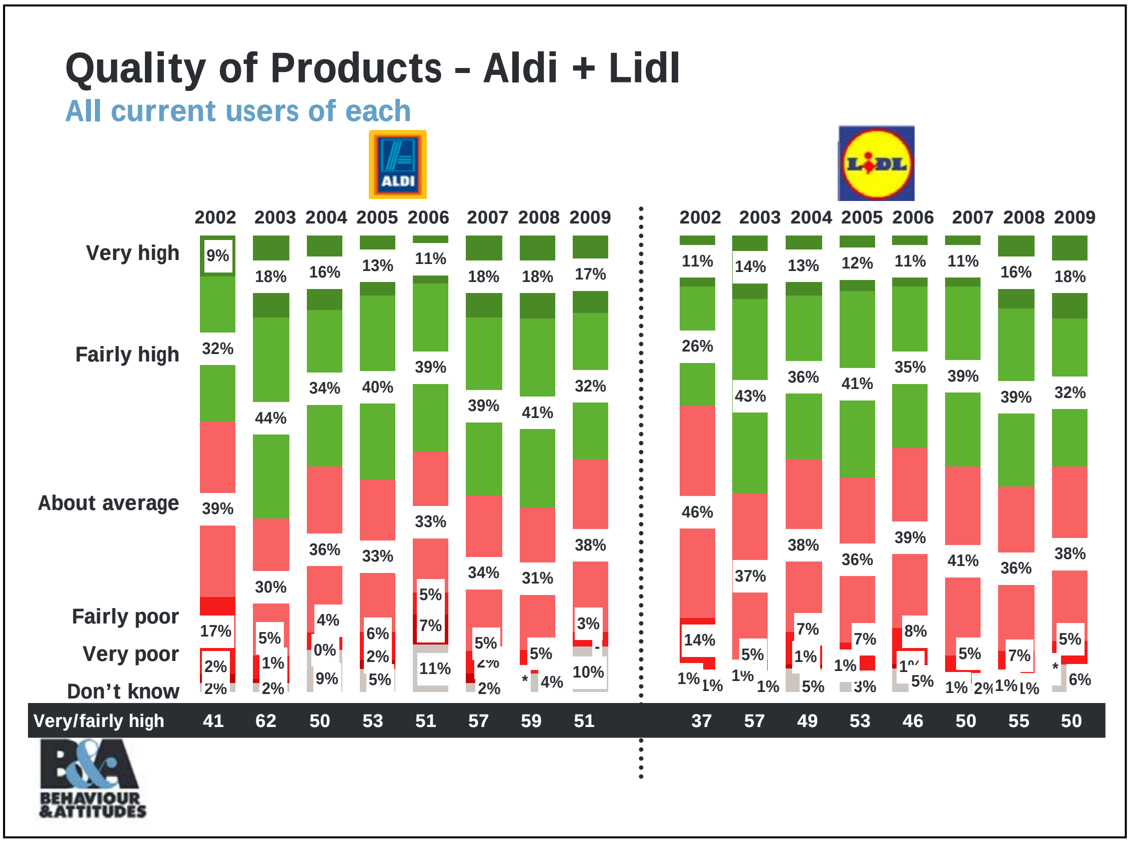
The Aldi and Lidl chains were each rated by their respective shoppers on four key performance criteria – range of choice, general product quality, value for money and prices versus the main supermarkets.

Both brands had enjoyed a strong and improving position on range of choice between 2006 and 2008.



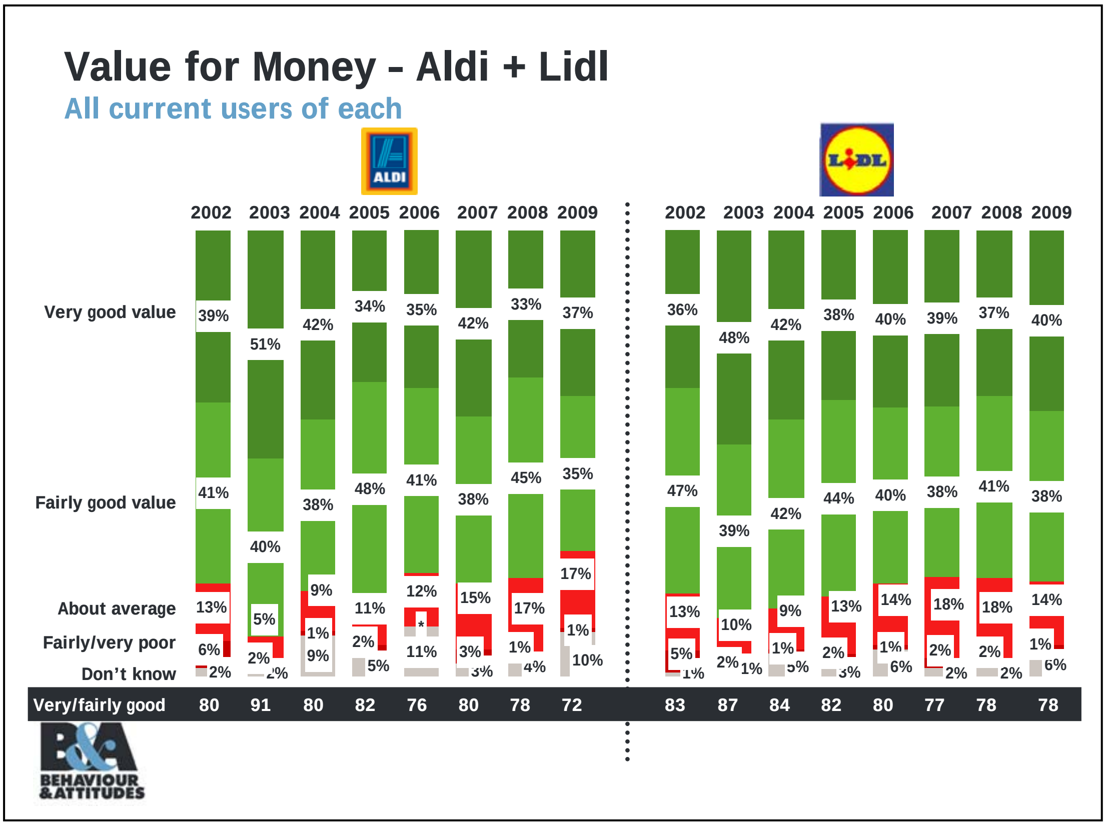
However in both cases, these latest results have fallen back somewhat (to levels closer to those recorded in 2006/2007).

A similar pattern was evident in these latest measures on perceptions of general product quality from the two German chains.



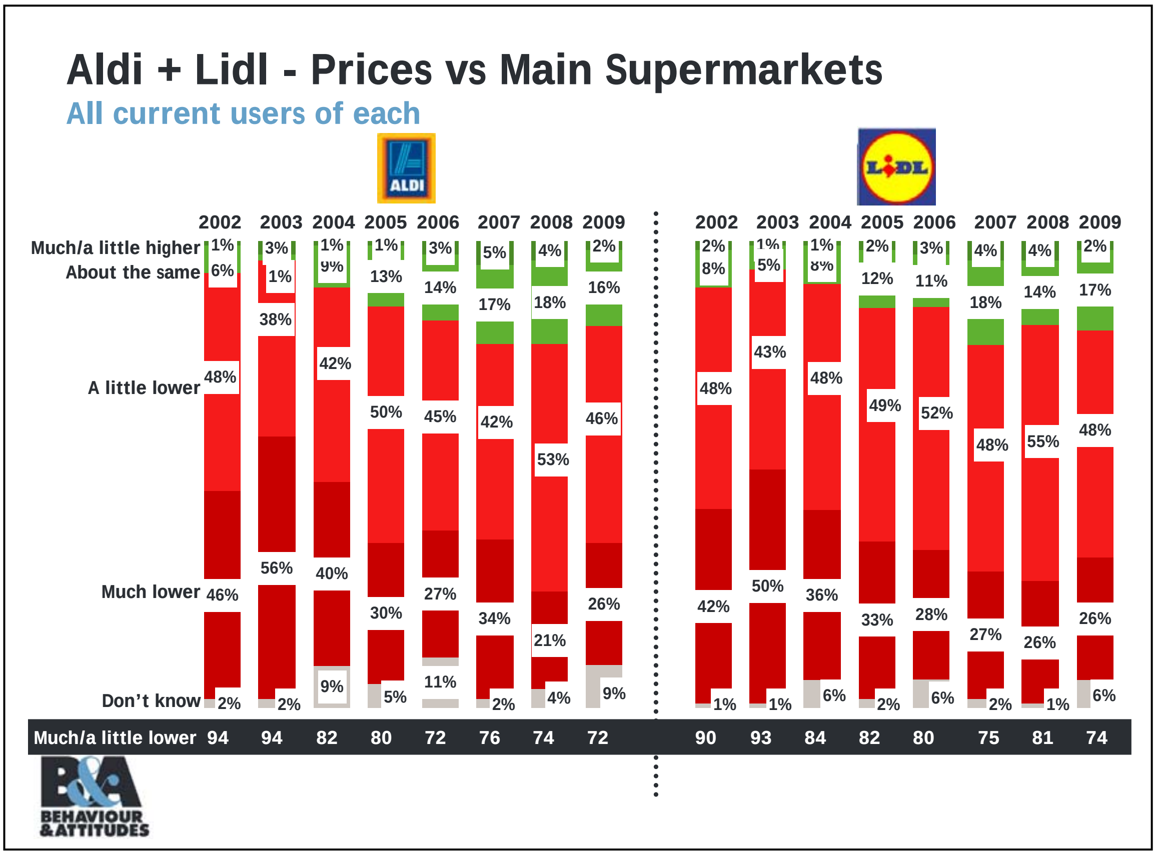
Although the ratings for both brands remain strong, consistent progress between 2006-2008 has been reversed in both cases (more marked for Aldi).

Aldi and Lidl have enjoyed very positive ratings on value for money over recent years and their respective ratings in 2008 were closely aligned.



These latest ratings on value are unchanged for Lidl but, show slight slippage for Aldi over the past year.

Back in 2002-2003, almost all shoppers rated Aldi and Lidl prices as lower than the main supermarket groups, but this very decisive advantage on prices had 'softened' somewhat in the intervening period.



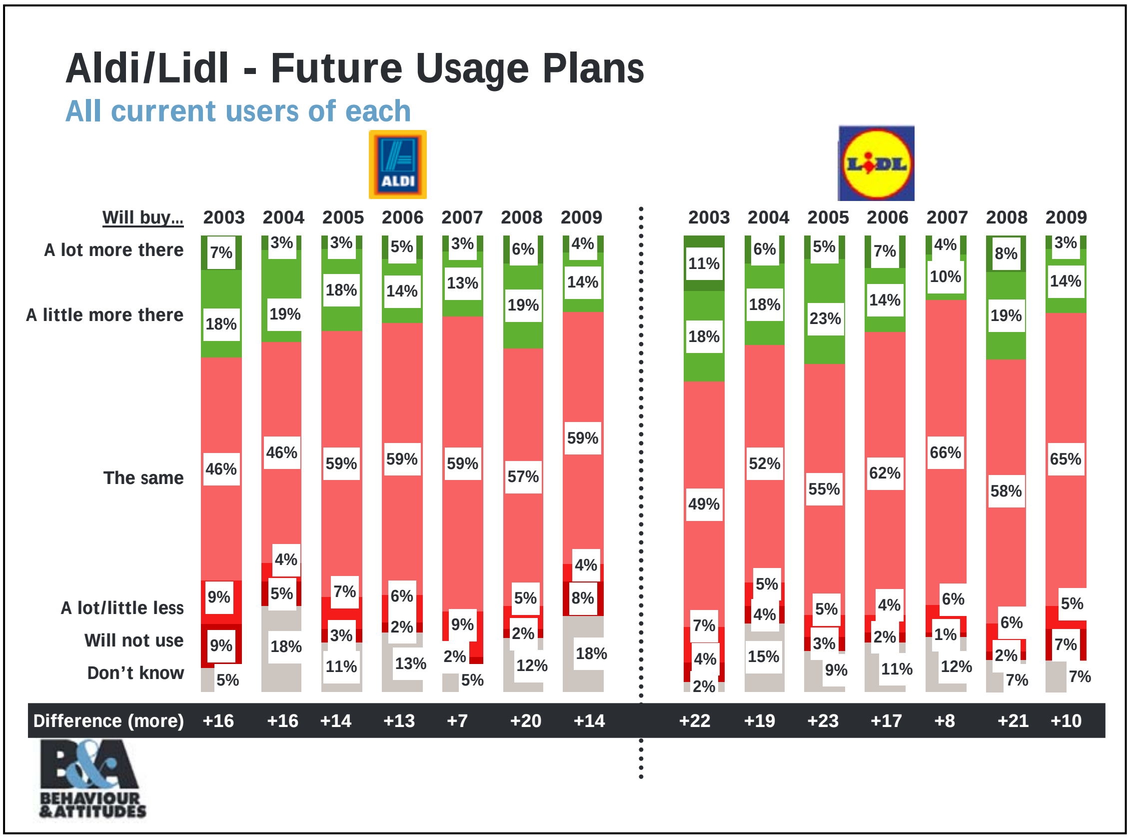
The latest figures confirm this pattern, but the balance is still very strongly in favour of the discounters: 72% rating Aldi, and 74% Lidl as offering lower prices than other main grocery retailers.

10. ALDI & LIDL - FUTURE USAGE

On balance - continued growth

When shoppers in the two German discounters were asked what changes in their usage of these stores (if any) they anticipated over the coming year, a majority in each case expected to maintain their current approach.

Among the balance, there was a tendency to predict they would do more of their shopping there (Aldi +14 and Lidl +12).



This latest picture is broadly similar to the pattern back over time (with some variations), although it is worth noting an increase in a minority of shoppers who claim they would not use these outlets in future (8% for Aldi and 7% for Lidl); almost certainly a function of the competitive response by other major supermarkets during the past year.