

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"The discount sector continues to enjoy positive growth and the main players across both food and non-food discounting continue to build their store estates through organic openings. Aldi and Lidl are increasingly blurring the lines between discount and convenience in the UK."

- Priya Chandarana, Senior Research Analyst

# This report looks at the following areas:

The non-food discounters, however, are making fewer strides to adapt to the modern consumer. While they remain popular retailers and see good usage numbers, they are not immune to falling behind in the long term.

- Food discounters are becoming increasingly convenient
- How can non-food discounters ensure that they remain relevant?

# BUY THIS REPORT NOW

**VISIT:** store.mintel.com

**CALL:**EMEA
+44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

+86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com

**DID YOU KNOW?** 

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### **Table of Contents**

#### **Overview**

What you need to know

Areas covered in this Report

What is a discounter?

# **Executive Summary**

The market

Discount retail sector growth slows down

Figure 1: All discounters' sector size (ex-VAT), 2014-24

Food discounters account for 14% of the grocery market

Companies and brands

Market leader Aldi delivers £11.3 billion in latest sales

Figure 2: Leading discounters' estimated share of all discount sales, 2018

Aldi leads as favourite brand

Figure 3: Attitudes towards and usage of selected brands, July 2019

The consumer

Most of the nation are shopping at discounters

Figure 4: Discounters shopped at within the last three months, June 2019  $\,$ 

Discounters appeal to shoppers of all ages

Figure 5: Discount shoppers, by age, June 2019

Number of discount shoppers shopping online grows to 34%

Figure 6: Online shoppers at discounters, 2018 and 2019

Fresh and chilled are key frequency drivers in food discounters

Figure 7: Frequency of food purchasing at food discounters, June 2019

Household and cleaning products most frequently shopped across non-food categories

Figure 8: Non-food products purchased at discounters in the last three months, by frequency of purchase, June 2019

Value for money is the top satisfaction factor amongst discount shoppers

Figure 9: Levels of satisfaction among discount shoppers in the last three months, June 2019

Over half of shoppers describe discounters as a unique and exciting shopping experience

Figure 10: Attitudes towards drivers of use, June 2019

What we think

#### **Issues and Insights**

Food discounters are becoming increasingly convenient

The facts

The implications

How can non-food discounters ensure that they remain relevant?

The facts

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### The implications

#### The Market - What You Need to Know

Inflation steady in 2019 as real incomes grow

Consumer confidence picks up

Discount retail sector growth slows down

Aldi and Lidl continue to drive the sector

Growth slows down in non-food discount sector

#### **Market Drivers**

# Food and drink prices unsteady as overall inflation increases marginally in 2019

Figure 11: CPIH, monthly percentage change over 12 months, June 2018-June 2019

#### Real earnings on the rise

Figure 12: Real average weekly earnings (seasonally adjusted), single month % change year-on-year, January 2016-July 2019

# Spending on food and drink behind overall spend in 2018

Figure 13: Growth in total and food and drink consumer spending, 2014-18

#### Consumer confidence on the up in first half of 2019

Figure 14: Consumer confidence tracker, January 2017-May 2019

#### Spend in food and non-food retail

Figure 15: Annual percentage change in all retail sales, food retailers and non-food retailers, non-seasonally adjusted value series, January 2017-July 2019

# **Market Size and Forecast**

# Discounter growth slows down

Figure 16: All discounters' sector size (ex-VAT), 2014-24

Figure 17: Discount sector size as a percentage of all retail sales (ex-fuel, ex-VAT), 2014-19

Figure 18: All discounters' sector size (ex-VAT), detailed forecast at current and constant prices, 2014-24

# The food discount sector

Figure 19: Food discount sector size as a percentage of all retail sales (ex-fuel, ex-VAT), 2014-24

Figure 20: Food discount sector size (ex-VAT), detailed forecast at current and constant prices, 2014-24

# The non-food discount sector

Figure 21: Non-food discount sector size as a percentage of all retail sales (ex-fuel, ex-VAT), 2014-24

Figure 22: Non-food discount sector size (ex-VAT), detailed forecast at current and constant prices, 2014-24

# Forecast methodology

# The Consumer - What You Need to Know

Aldi is the most visited discounter

Discounters are attracting younger consumers

Over a third of discount shoppers shop online

Top food discount categories shopped more than once a week by half of shoppers

Non-food discounters increasingly used to shop electrical products and toys & games

Discount shoppers least satisfied with product sourcing information

Speed of shop and checkout options are areas of improvement

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### **Where They Shop**

#### A third are shopping at discounters more

Figure 23: Discount shopping compared to the last 12 months, June 2019

#### Aldi is the UK's most popular discounter

Figure 24: Discounters shopped at within the last three months, June 2019

#### Food discounters see most frequent visitation

Figure 25: Frequency of discounters visitation in the last three months, June 2019

#### Heron Foods and Aldi shoppers visit respective stores most often

Figure 26: Frequency of discounters visitation in the last three months, shoppers only rebase, June 2019

#### Repertoire of stores visited

Figure 27: Repertoire of discounters visited in the last three months, June 2019

#### **Retailer Demographic Comparison**

#### Discounters are used by all ages

Figure 28: Discount shoppers, by age, June 2019

#### Food discounters: most used by 25-34 year olds

Figure 29: Food discounters usage in the past three months, by age, June 2019

#### Food discounters: Aldi attracts all ages while Lidl has an older demographic

Figure 30: Age profile of those who shopped with Aldi and Lidl most often, June 2018 and 2019

#### Non-food discounters: attracting more high-income, value-seeking shoppers

Figure 31: Non-food discounters usage in the past three months, by household income, June 2019

#### Non-food discounters: increasing number of Londoners visiting these stores

Figure 32: Non-food discounter usage in the past three months, by region, June 2019

### **Discounters and Online**

#### Aldi is the most used discounter online

Figure 33: Online shoppers at discounters, 2018 and 2019

#### Almost a third of frequent Aldi shoppers do so online

Figure 34: Discounters shopped at online in the past three months, by discount retailers used most often, June 2019

# **Frequency of Food and Drink Purchases at Food Discounters**

#### Fresh and chilled are categories most frequently shopped in food discounters

Figure 35: Frequency of food purchasing at food discounters, June 2019

#### Alcohol category attracts more shoppers

Figure 36: Frequency of food purchasing at Aldi and Lidl, June 2019

#### Alcoholic drinks and frozen categories gain more weekly shoppers

Figure 37: Frequency of food purchasing at food discounters, by socio-economic group, June 2018 and 2019

# **Frequency of Non-food Purchasing at Discounters**

# Household and health and beauty products continue to drive spend at non-food discounters

Figure 38: Non-food products purchased at discounters in the last three months, by frequency of purchase, June 2019

Electrical products and toys and games attract more shoppers

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 39: Non-food purchases in the last three months, June 2018 and 2019

#### 25-34 year olds buy non-foods most frequently from discounters

Figure 40: Non-food products purchased at discounters in the last three months, by age, June 2019

#### **Satisfaction with Discount Retailers**

#### Discount shoppers have an excellent level of satisfaction overall

#### Value for money is the top satisfaction factor amongst discount shoppers

Figure 41: Levels of satisfaction among discount shoppers in the last three months, June 2019

#### Aldi shoppers are the most satisfied

Figure 42: Satisfaction of food discount shoppers, by food discounter shopped at most often, June 2019

#### Home Bargains shoppers are satisfied across most factors

Figure 43: Satisfaction of non-food discount shoppers where they shop the most, June 2019

#### **Key Driver Analysis**

#### Discounters to consider ranges and improve ease of checkout

Figure 44: Provenance App

Figure 45: Key drivers of overall satisfaction with discounters, July 2019

Figure 46: Overall satisfaction with discounters - Key driver output, July 2019

#### Methodology

#### **Attitudes towards Shopping at Discounters**

## A unique shopping experience and driving excitement are key drivers to discount stores

Figure 47: Attitudes towards drivers of use, June 2019

#### Driving excitement is important in both food and non-food discounters

Figure 48: Attitudes towards discounters, by retailer shopped at most often, June 2019

# Food discount shoppers agree that own-brand products are just as good as big brands

Figure 49: Attitudes towards food discounters, June 2019

#### **CHAID Analysis – Food and Non-food Discounters**

#### Methodology

# Urban Millennial families favour British sourcing

Figure 50: Attitudes towards discounters - CHAID - Tree output, July 2019

Figure 51: Attitudes towards discounters – CHAID – Table output, July 2019

#### Leading Retailers - What You Need to Know

Aldi leads the discount market with sales over £10 billion

Food discounters steal more share of the grocery market

Aldi sets itself apart with strongest brand image

Homeware and décor biggest overall occupier of shelf space

# **Leading Retailers - Key Metrics**

#### Revenue

Figure 52: Leading discounters' sales, 2014/15-2018/19

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

**EMAIL:** reports@mintel.com



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

#### Operating profits and margins

Figure 53: Leading discounters' operating profits, 2014/15-2018/19
Figure 54: Leading discounters' operating margins, 2014/15-2018/19

#### Stores and sales per outlet

Figure 55: Leading discounters' outlet numbers, 2014/15-2018/19 Figure 56: Leading discounters' sales per outlet, 2014/15-2018/19

#### **Market Share**

#### Food discounters account for almost two thirds of the market

Figure 57: Leading discounters' estimated share of all discount sales, 2018

Figure 58: Leading 10 discounters' share of all discount sales, 2014-18

#### Food discounters: combined market share of 12.9% in 2018

Figure 59: Estimated share of all grocery retail sales (ex-VAT, ex-fuel) by the leading players, 2018

Figure 60: Grocery market share: the big four vs the food discounters, 2011-18

#### Non-food discounters: driving growth in the mixed goods sector

Figure 61: Non-food discounters' share of all mixed goods retail sales, 2009-18

#### Savers: a growing discount player in health and beauty

Figure 62: Savers: market share of the specialist health and beauty sector (ex-VAT), 2012-18

# **Space Allocation Summary**

# Food discounters - Summary

Figure 63: Food discounters: summary shelf frontage space allocation estimates, August 2019

# Food discounters – Detailed space allocation

Figure 64: Food discounters: detailed shelf frontage space allocation estimates, August 2019

# Non-food discounters - Summary

Figure 65: Non-food discounters: summary shelf frontage space allocation estimates, August 2019

# Non-food discounters – Detailed space allocation

Figure 66: Non-food discounters: detailed shelf frontage space allocation estimates, August 2019

# **Retail Product Mix**

Figure 67: Leading discounters estimated sales mix, 2018

Figure 68: Leading discounters: estimates sales by product, 2018

Figure 69: Leading discounters, estimates sales per square metre, 2018

#### **Launch Activity and Innovation**

#### New UK market entrants

Figure 70: Jack's, April 2019

Flexing store size

Targeting on-the-go shoppers with convenience

Expanding with health and wellness

Action on plastic

Driving sales with new online ventures

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Online to offline: Aldi opens new physical stores in China

German Chatbot LiA

Discount partnerships

#### **Advertising and Marketing Activity**

#### Total advertising spend down 12.4% year-on-year in 2018

Figure 71: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK's leading discounters, 2014-18

# The food discounters continue to spend the most on advertising

Figure 72: UK leading discounters: recorded above-the-line, online display and direct mail total advertising expenditure, 2014-18

## 2018 sees advertising peaks during various seasonal periods

Figure 73: Total recorded above-the-line, online display and direct mail total advertising expenditure by UK leading discounters, by month, 2018

# Over half of spend on TV

Figure 74: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK's leading discounters, by media type, 2014-18

#### What we've seen in 2019

Nielsen Ad Intel coverage

#### **Brand Research**

#### Brand map

Figure 75: Attitudes towards and usage of selected brands, July 2019

#### Key brand metrics

Figure 76: Key metrics for selected brands, July 2019

# Brand attitudes: Lidl considered most innovative while Poundland leads on value

Figure 77: Attitudes, by brand, July 2019

#### Brand personality: food discounters considered more ethical and exclusive

Figure 78: Brand personality - Macro image, July 2019

#### Aldi considered to be aspirational, responsive and cutting edge

Figure 79: Brand personality - Micro image, July 2019

#### **Brand Analysis**

#### Aldi maintains strong brand image

Figure 80: User profile of Aldi, July 2019

#### Home Bargains most popular non-food discounter

Figure 81: User profile of Home Bargains, July 2019

#### B&M most trusted non-food discounter

Figure 82: User profile of B&M, July 2019

# Lidl continues to fall behind Aldi despite having highest awareness

Figure 83: User profile of Lidl, July 2019

#### Poundland offers best value among non-food discounters

Figure 84: User profile of Poundland, July 2019

# Aldi

What we think

BUY THIS REPORT NOW VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

EMAIL: reports@mintel.com



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 85: Aldi Local, Balham

#### Background

#### Company performance

Figure 86: Aldi Stores Ltd (UK & Ireland): group financial performance, 2014-18

Figure 87: Aldi Stores Ltd (UK & Ireland): outlet data, 2014-18

#### Retail offering

#### Lidl

#### What we think

#### Background

#### Company performance

Figure 88: Lidl (UK): group financial performance, 2014/15-2018/19

Figure 89: Lidl (UK): Outlet data, 2014/15-2018/19

#### Retail offering

#### **B&M**

#### What we think

#### Background

#### Company performance

Figure 90: B&M Retail Ltd: group financial performance, 2014/15-2018/19

Figure 91: B&M Retail Ltd: outlet data, 2014/15-2018/19

# Retail offering

# **Home Bargains**

### What we think

#### Background

# Company performance

Figure 92: TJ Morris Ltd: group financial performance, 2014/15-2018/19

Figure 93: TJ Morris Ltd: outlet data, 2014/15-2018/19

# Retail offering

# **Poundland**

# What we think

#### Background

# Company performance

Figure 94: Poundland Group: group financial performance, 2014/15-2018/19

Figure 95: Poundland Group: outlet data, 2014/15-2018/19

# Retail offering

# Wilko

# What we think

#### Background

Company performance

BUY THIS
REPORT NOW

VISIT: store.mintel.com

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300



Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 96: Wilko: group financial performance, 2014/15-2018/19

Figure 97: Wilko: outlet data, 2014/15-2018/19

Retail offering

**Appendix - Data Sources, Abbreviations and Supporting Information** 

Data sources

VAT

Financial definitions

Abbreviations

Consumer research methodology

**Appendix - Market Size and Forecast** 

Forecast methodology

**Appendix - Key Driver Analysis** 

Interpretation of results

Figure 98: Overall satisfaction with discounters - Key driver output, July 2019

Figure 99: Satisfaction with discounters, July 2019