

Food and Non-food Discounters - UK - 2021

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This report looks at the following areas:

- The impact of the COVID-19 pandemic on the discounter sector
- A forecast for the sector including COVID-19 recovery scenarios
- Who shops at the discounters and what they buy
- How discount stores are adapting to new behaviours and competing in new channels
- How satisfied discounter shoppers are with their choice of retailer

2020 saw an unprecedented surge in ecommerce as the UK's population stayed at home amid pandemic fears and government lockdowns. Despite this, although the majority of the UK's population now shop at what we would classify as a discount store, only 30% of consumers who shop at discount stores with ecommerce operations actually used them.

The impact of COVID-19 on the discount sector is complicated, depending greatly on the type of store, its location and its range. Nonetheless, as we leave the worst of the pandemic behind us, the economic downturn triggered by the pandemic looks set to drive more customers into discount stores looking to stretch budgets amid difficult financial circumstances.

With continuing financial insecurity affecting many in the country we have seen a proliferation of new discount stores across the country. From the Russian Mere to Midlands-based MaxiSaver, new discounters are hoping to pick up market share from the existing players. Although these stores remain small-fry in comparison with current market leaders, the likes of Aldi and Lidl would do well to remember how small and seemingly insignificant newcomers can end up having a monumental impact on the sector.

The new customers coming in-store to discounters amid continuing financial uncertainty represent a real opportunity for the discounters. The discounters should look to develop loyalty with these consumers, through their shopping experience, product range and value. These consumers may not always have



“Discounters saw sales surge in pandemic-struck 2020. Looking ahead, the sector looks set to leave these turbulent 18 months behind with a spring in its step as continuing economic uncertainty makes their value-led proposition tempting for consumers.”

– Piers Butel, Retail Analyst

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strict budgets, but if the discounters develop brand loyalty now they may well continue shopping with them even as their financial confidence returns.

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Table of Contents

OVERVIEW

- **Key issues covered in this Report**
- **COVID-19: market context**
- **Economic and other assumptions**
- **What is a discounter?**

EXECUTIVE SUMMARY

- **Impact of COVID-19 on food and non-food discounters**
Figure 1: Short, medium and long-term impact of COVID-19 on food and non-food discounters, 2021
- **The market**
- **Uneven economic impact of pandemic leads to financial polarisation**
Figure 2: Financial situation since COVID-19 outbreak, 2021
- **Discount sector benefits from economic uncertainty**
Figure 3: Market size and COVID-19 scenario forecast for food and non-food discounter market (ex-VAT), 2016-26
- **Wages stage recovery but rising inflation is a concern**
Figure 4: Real wage growth: average weekly earnings vs inflation, 2017-21
- **Companies and brands**
- **B&M Bargains experiences bumper year**
- **Aldi continues to dominate discount sector**
Figure 5: Leading discounters' estimated share of all discount sales, 2020
- **Aldi's customer experience comes out on top**
Figure 6: Key metrics for selected brands, 2021
- **The consumer**
- **Almost everyone is a discounter shopper now**
Figure 7: Discounter typically used, 2020 and 2021
- **Young parents in particular rely on discount stores**
Figure 8: Discounter usage, by age of respondent's children, 2021
- **eCommerce is proving a hard nut to crack**
Figure 9: Discounters shopped online, 2021
- **Food cupboard items drive footfall**
Figure 10: Food item purchasing at food discounters, 2021
- **Household cleaning items are key for non-food**
Figure 11: Non-food products purchased at discounters, 2021
- **Loyalty schemes prove popular amongst discounter shoppers**

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Figure 12: Consumer behaviours around discount shopping, 2021

- **Competitive discounter market leads to high customer satisfaction**

Figure 13: Key drivers of overall satisfaction with discounters, 2021

ISSUES AND INSIGHTS

- **Is ecommerce what discounter shoppers want?**
- **Loyalty schemes could be the next big thing in discounting**

THE MARKET – KEY TAKEAWAYS

- **Strong 2020 as grocery sector grew and financial confidence dropped**
- **2021 will be a period of consolidation following record growth**
- **New COVID-19 developments could still derail any predictions**
- **Wages recover but rising inflation is a concern**

MARKET SIZE AND PERFORMANCE

- **COVID-19 has uneven impact on the discount sector**
Figure 14: Short, medium and long-term impact of COVID-19 on food and non-food discounters, 2021
- **Growth was slowing as the sector matured**
- **Pandemic has uneven impact on consumer finances**
- **Pandemic concerns lead to plummeting footfall**
- **Economic downturn drives customers to discounters**

Figure 15: Market size for food and non-food discounters (ex-VAT), 2016-21

Figure 16: Market size for food and non-food discounters (ex-VAT), 2016-21

Figure 17: Discount sector size as a percentage of all retail sales (ex-fuel, ex VAT), 2016-21

- **The food discount sector**
- **The non-food discount sector**

MARKET FORECAST

- **Sector returns to strong growth as economic downturn hits the UK**
- **The year ahead will be a period of consolidation**
- **Sector can continue to benefit from economic uncertainties**

Figure 18: Market forecast for food and non-food discount sector (ex-VAT), 2016-26 (prepared September 2021)

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- Full Report PDF
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Figure 19: All food and non-food discounter retail sales (ex-VAT), market size and forecast, at current and constant prices, 2016-26

- **Food discounters will see period of consolidation before returning to growth**

Figure 20: Market forecast for food discount sector, 2016-26 (ex-VAT) (prepared September 2021)

Figure 21: All food discounter retail sales (ex-VAT), market size and forecast, at current and constant prices, 2016-26

- **Non-food sector will bounce back after flat 2021**

Figure 22: Market forecast for non-food discount sector, 2016-26 (ex-VAT) (prepared September 2021)

Figure 23: All non-food discounter retail sales (ex-VAT), market size and forecast, at current and constant prices, 2016-26

- **Market drivers and assumptions**

Figure 24: Key drivers affecting Mintel's market forecast, 2016-25

- **Forecast methodology**

COVID-19 SCENARIO PERFORMANCE

- **Mintel's approach to predicting the impact of COVID-19**
- **Fundamental differences in how COVID-19 is affecting consumer markets**
- **Uncertain COVID-19 situation means the future is clouded**

Figure 25: COVID-19 scenario forecasts for food and non-food discount sector (ex-VAT), 2016-26

- **Rapid recovery will lead to more footfall but depress grocery sales**
- **Extended disruption will see grocery perform well but footfall plummet**
- **COVID-19 market disruption: risks and outcomes**

Figure 26: Summary of Mintel scenario expectations and the impact on the foodservice market, 2021

MARKET DRIVERS

- **Consumer confidence surges as pandemic recedes**
- **Wages bounce back as economy recovers but rising inflation is a concern**

Figure 28: Real wage growth: average weekly earnings vs inflation, 2017-21

- **Consumers start planning future spending**

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Infographic Overview

Powerpoint Presentation

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Figure 29: Confirmed and planned spending activities, 2019-21

- **Retail sales returning to more normal levels**

Figure 30: Annual % change in all UK retail sales (excluding fuel), by value and volume, 2020-21

COMPANIES AND BRANDS – KEY TAKEAWAYS

- **Aldi leads discount sector**
- **Non-food discounters gain greater share of mixed goods**
- **Lidl launches discounter-first loyalty scheme**
- **Advertising spend drops as pandemic strikes**
- **Aldi and Lidl are well used and popular**

LEADING RETAILERS – KEY METRICS

- **Revenue**

Figure 31: Leading discounters’ sales, 2016/17-2020/21

- **Operating profits and margins**

Figure 32: Leading discounters’ operating profits, 2016/17-2020/21

Figure 33: Leading discounters’ operating margins, 2016/17-2020/21

- **Stores and sales per outlet**

Figure 34: Leading discounters’ outlet numbers, 2016/17-2020/21

Figure 35: Leading discounters’ sales per outlet, 2016/17-2020/21

MARKET SHARE

- **Aldi dominates discount sector**

Figure 36: Leading discounters’ estimated share of all discount sales, 2020

- **Aldi and Lidl account for over 13% of grocery market**

Figure 37: Estimated share of all grocery retail sales (ex-VAT, ex fuel), by the leading players, 2020

- **Non-food discounters continue to grow in mixed goods sector**

Figure 38: Non-food discounters’ share of all mixed goods retail sales, 2015-20

- **Savers’ penetration into health and beauty sector stalls**

Figure 39: Savers’ share of specialist health and beauty sector retail sales (ex-VAT) 2013-20

LAUNCH ACTIVITY AND INNOVATION

- **A new competitor in food discounting**

What's included

Executive Summary

Full Report PDF

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- **New discounters on the block**
- **Lidl bets on new app to get edge over rivals**
Figure 40: Lidl social media advertising for new Lidl Plus loyalty scheme app, 2020
- **Aldi follows in Amazon’s footsteps with checkout-free store**
- **Germany-based discounter Penny launches rapid deliveries**
- **Aldi donates meals to charities**
- **The Original Factory Shop Co-op partnership to reach new customers**

ADVERTISING AND MARKETING ACTIVITY

- **Total advertising spend drops 13% amid pandemic**
Figure 41: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK’s leading discounters, 2017-20
- **Aldi spends the most followed by rival Lidl**
Figure 42: UK leading discounters: recorded above-the-line, online display and direct mail total advertising expenditure, 2017-21
- **2020 saw a subdued summer period amid ongoing uncertainty**
Figure 43: Total recorded above-the-line, online display and direct mail total advertising expenditure by UK leading discounters, by month, 2019 and 2020
- **TV accounts for 55% of total advertising spend**
Figure 44: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK’s leading discounters, by media type, 2020
- **What we’ve seen in 2021 so far**
- **Nielsen Ad Intel coverage**

BRAND RESEARCH

- **Brand map**
Figure 45: Attitudes towards and usage of selected brands, 2021
- **Key brand metrics**
Figure 46: Key metrics for selected brands, 2021
- **Brand attitudes: Lidl is innovative and trusted**
Figure 47: Attitudes, by brand, 2021
- **Brand personality: B&M Bargains and Home Bargains considered fun by customers**
Figure 48: Brand personality – Macro image, 2021
- **Aldi considered reliable and responsive**

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- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
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Figure 49: Brand personality – Micro image, 2021

- **Brand analysis**
- **Aldi’s brand image is strongest**
Figure 50: User profile of Aldi, 2021
- **Lidl is widely used and trusted**
Figure 51: User profile of Lidl, 2021
- **Home Bargains struggles to differentiate itself from other non-food discounters**
Figure 52: User profile of Home Bargains, 2021
- **B&M high awareness and considered more fun**
Figure 53: User profile of B&M, 2021
- **Poundland high awareness but less recommended**
Figure 54: User profile of Poundland, 2021
- **Reading word clouds**

THE CONSUMER – KEY TAKEAWAYS

- **Economic woes driven by pandemic and Brexit represent an opportunity**
- **Nearly everyone shops at a discounter store now**
- **Younger parents are a key demographic**
- **Discounters yet to crack the online channel**
- **Baked goods bring in younger shoppers but cupboard items drive footfall**
- **Household cleaning products drive footfall**
- **Loyalty schemes have potential to engage consumers**
- **Customer service has room for improvement**

IMPACT OF COVID-19 ON CONSUMER BEHAVIOUR

- **Concerns around exposure to the virus have plateaued**
Figure 55: Consumer concern around exposure to COVID-19, 2021
- **Uneven impact of pandemic sees financial polarisation**
Figure 56: Financial situation since COVID-19 outbreak, 2021
- **Lockdowns drove shopping online**
Figure 57: Changes in consumer behaviours due to the COVID-19 pandemic, 2021
- **Over a fifth of discounter shoppers shopping more since COVID-19**
Figure 58: Change in discounter store shopping behaviour, 2021
Figure 59: Change in discounter store shopping behaviour, by age, 2021

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
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WHERE THEY SHOP

- **Discounter usage is commonplace across the UK**
Figure 60: Type of discounter used, 2021
- **Aldi takes top spot as most visited discounter**
Figure 61: Discounter typically used, 2020 and 2021
- **Consumers visit food discounters more frequently**
Figure 62: Frequency of discounter visitation, 2021
- **Despite the pandemic consumers are still shopping across discounters**
Figure 63: Repertoire of discounters shopped with, 2021

RETAILER DEMOGRAPHIC COMPARISON

- **Discounters have broad appeal across ages**
Figure 64: Discounter usage, by age, 2021
- **Parents more likely to shop at discount stores**
Figure 5557: Discounter usage, by age of respondent's children, 2021
- **Food discounters attract a younger crowd**
Figure 66: Food discounter usage, by age, 2021
- **Lidl has edge in London as Aldi dominates in the North**
Figure 5758: Food discounter usage, by region, 2021
- **Poundland is the most popular amongst younger shoppers**
Figure 68: Non-food discounter usage, by age, 2021
- **Some non-food discounters appeal to more affluent shoppers**
Figure 69: Non-food discounter usage, by income, 2021

DISCOUNTERS AND ONLINE

- **Aldi takes top spot but most consumers remain unengaged**
Figure 70: Discounters shopped online, 2021
- **A fifth of key Aldi shoppers shop online**
Figure 71: Discounters shopped online with against discounter spent the most with, 2021

FOOD AND DRINK PURCHASES AT FOOD DISCOUNTERS

- **Cupboard items are most popular choice**
Figure 72: Food item purchasing at food discounters, 2021
- **Baked goods appeal to younger shoppers**
Figure 73: Food item purchasing at food discounters, by age, 2021
- **Behaviour of core shoppers similar across discounters**
Figure 74: Food item purchasing, by discounter spent most at, 2021

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

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NON-FOOD PURCHASES AT DISCOUNTERS

- **Household cleaning products are key footfall drivers**
- **Homewares a new focus area for discounters**
- **Larger items remain unpopular, in part due to poor delivery options**

Figure 75: Non-food products purchased at discounters, 2021

- **Older consumers visit for cleaning products, DIY and gardening items**

Figure 76: Non-food products purchased at discounters, by age, 2021

- **Younger parents turn to discounters for clothes and toys**

Figure 77: Non-food products purchased at discounters, by age of children, 2021

BEHAVIOURS AT DISCOUNTER STORES

- **Most consumers don't consider discounters to be less ethical**
- **Lower prices are tempting for 60% of shoppers**
- **Loyalty schemes could help increase share in a competitive market**

Figure 78: Consumer behaviours around discount shopping, 2021

- **Mixed views around ecommerce and deliveries**

Figure 79: Consumer behaviours around discount shopping and ecommerce, 2021

SATISFACTION WITH DISCOUNTER STORES

- **Satisfaction is high but there are areas for improvement**
- **Almost nine in 10 consumers are satisfied with the value at discounters**
- **Satisfaction drops when it comes to service, brands and localism**

Figure 81: Consumer satisfaction with discounters, by key factors, 2021

KEY DRIVER ANALYSIS – FOOD AND NON-FOOD DISCOUNTERS

- **Consumers are satisfied with three key factors**
- **Customer service is an area for improvement**

Figure 82: Key drivers of overall satisfaction with discounters, 2021

Figure 83: Overall satisfaction with discounters – Key driver output, 2021

- **Methodology**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

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APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Data Sources**
- **VAT**
- **Abbreviations**
- **Consumer research methodology**

APPENDIX – CENTRAL FORECAST METHODOLOGY

- **Market forecast and prediction intervals**
Figure 84: Market forecast for food and non-food discount sector, including prediction interval 2021-26 (prepared September 2021)
- **Market drivers and assumptions**
Figure 85: Key drivers affecting Mintel’s market forecast, 2020-25
- **Forecast methodology**

APPENDIX – COVID SCENARIO PERFORMANCE METHODOLOGY AND ASSUMPTIONS

- **Scenario performance for total food and non-food discounter market**
Figure 86: Food and non-food discounter market size, COVID scenarios chart, 2016-26
Figure 87: Food and non-food discounter market size, COVID scenarios table, 2016-26
- **Scenario performance for food discounter market**
Figure 88: Food discounter market size, COVID scenarios chart, 2016-26
Figure 89: Food discounter market size, COVID scenarios table, 2016-26
- **Scenario performance for non-food discounter market**
Figure 90: Non-food discounter market size, COVID scenarios chart, 2016-26
Figure 91: Non-food discounter market size, COVID scenarios table, 2016-26
- **Rapid COVID recovery, central and extended COVID disruption scenarios outline**
- **Scenario methodology**

APPENDIX – KEY DRIVER ANALYSIS

- **Interpretation of results**
Figure 92: Overall satisfaction with discounters – Key driver output, 2021
Figure 93: Satisfaction with discounters, 2021

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

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