Supermarkets - UK - 2022

This report looks at the following areas:

• Market size for all grocery retail sales and the supermarket sector
• How consumers shop for groceries and how frequently
• Types of retail stores used and distribution of spending in the sector by channel
• Retailers used for primary and secondary shopping, along with market sizes
• Loyalty/reward scheme membership and the impact it has on purchasing
• Priority and behaviour shifts when choosing where to shop as result of the cost-of-living crisis
• Attitudes to fuel, promotions and food waste in the grocery sector

“A third of shoppers have cut back grocery budgets, leading to record volume declines. However, the market leaders are better prepared to fight back, with price-matching schemes and a renewed focus on loyalty schemes having a material impact on defending market share.”
– Nick Carroll, Category Director – Retail Insight, December 2022

Buy this report now
Visit store.mintel.com

<table>
<thead>
<tr>
<th>Region</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>+44 (0) 20 7606 4533</td>
</tr>
<tr>
<td>Brazil</td>
<td>0800 095 9094</td>
</tr>
<tr>
<td>Americas</td>
<td>+1 (312) 943 5250</td>
</tr>
<tr>
<td>China</td>
<td>+86 (21) 6032 7300</td>
</tr>
<tr>
<td>APAC</td>
<td>+61 (0) 2 8284 8100</td>
</tr>
</tbody>
</table>

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

OVERVIEW

• Key issues covered in this Report
• Products covered in this Report

EXECUTIVE SUMMARY

• The five-year outlook for grocery retail
  Figure 1: Category outlook, 2022-27
• The market
• Market size and forecast
  Figure 2: Market forecast for all grocery retail sales (including VAT), 2017-27
• Supermarket demand to grow by 4.4% between 2022 and 2027
  Figure 3: Market forecast for supermarket retail sales (including VAT), 2017-27
• Supermarkets remain the dominant channel...
  Figure 4: Estimated share of total grocery retail sales, by format/channel, 2012-22
• Consumers’ financial wellbeing has fallen from the highs of 2021...
  Figure 5: Household financial wellbeing index, 2016-2022
• Leading retailers
• Morrisons holds on to fourth spot in 2021, but Aldi to draw level in 2022
  Figure 6: Leading grocery retailers: share of all grocery retail sales, 2021
• More to discounters than simply low prices
  Figure 7: Key metrics for selected brands, 2022
• The consumer
• Smaller basket and top-up demand comes back more strongly...
  Figure 8: How grocery shoppers typically shop, 2015-22
  ...as frequency of shop grows
  Figure 9: Frequency of grocery shopping, 2018-2022
• Online usage dips while discounters get a cost-of-living boost
  Figure 10: Store format where the most is spent in a typical month, 2016-2022
• Aldi becomes the third most popular grocer
  Figure 11: Grocery retailers used, 2019-22
• Price moves up the agenda...
  Figure 12: Shift in priority toward key grocery factors, 2022

What’s included

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

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

reports.mintel.com © 2022 Mintel Group Ltd. All Rights Reserved. Confidential to Mintel.
• Stocking up and tier shifting are most common reactions
  Figure 13: Shifts in behaviour in response to the cost-of-living crisis, 2022
• Almost three quarters of grocer shoppers are a member of Clubcard
  Figure 14: Loyalty/reward membership held, 2022
• Loyalty promotions have created switching behaviours
  Figure 15: Attitudes towards loyalty schemes, 2022
• Food waste moves up the agenda
  Figure 16: Attitudes to shopping for groceries, 2022

ISSUES AND INSIGHTS
• Cost-of-living crisis: open goal for discounters or will it be different this recession?
• Discounters gain as customers look to cut back...
• ...however the leading multiples are now in a better place to defend and fight back
• Managed decline or sleeping giant: can large-format stores address the decline?
• Focus on what makes these stores unique
• Shifts in shopping behaviour should favour larger stores

MARKET DRIVERS
• Inflation is the key concern for consumers and brands...
  Figure 17: Inflation, overall index (CPI) and core categories, 2022
• ...and despite government support, energy prices are still a major concern
• Rising interest rates mean that the pressure will move up to middle- and higher-income households
• High inflation and rising interest rates will compound the impact of the slowing recovery
• Consumer spending power will be curbed
• Unemployment is at a near 50-year low
• Consumers’ financial wellbeing has fallen from the highs of 2021...
  Figure 18: Household financial wellbeing index, 2016-2022
• ...and most people are feeling the effects of price rises

CONSUMER SPENDING ON FOOD AND DRINK
• Value growth accelerates, driven by inflation
  Figure 19: Consumer spending (value, non-seasonally adjusted), total and year-on-year growth in core in-home and drink categories, 2021-22
MARKET SIZE AND PERFORMANCE

- **Market rebalancing: in-home decline accelerated by the cost-of-living crisis**
  Figure 27: All grocery retail sales, non-seasonally adjusted value and volume growth, 2021-22
- **Grocery sector returns to stronger growth, but inflation masking volume decline**
  Figure 28: All grocery retail sales (inc. VAT) market size, 2017-22
- **Supermarket growth tempered by inflation and format shift**
  Figure 29: All supermarket size retail (inc. VAT), market size, 2017-22

MARKET FORECAST

- **The five year outlook for grocery retail**
  Figure 30: Category outlook, 2022-27
- **Grocery sector to grow by 13.7% between 2022 and 2027**
  Figure 31: Market forecast for all grocery retail sales (including VAT), 2017-27
- **Supermarket demand to grow by 4.4% between 2022 and 2027**
  Figure 32: Market forecast for supermarket retail sales (including VAT), 2017-27

What's included

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

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

<table>
<thead>
<tr>
<th>Region</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>+44 (0) 20 7606 4533</td>
</tr>
<tr>
<td>Brazil</td>
<td>0800 095 9094</td>
</tr>
<tr>
<td>Americas</td>
<td>+1 (312) 943 5250</td>
</tr>
<tr>
<td>China</td>
<td>+86 (21) 6032 7300</td>
</tr>
<tr>
<td>APAC</td>
<td>+61 (0) 2 8284 8100</td>
</tr>
</tbody>
</table>
• Learnings from the last income squeeze
  Figure 33: All grocery retail sales, non-seasonally adjusted value and volume growth, 2011-14
• Forecast methodology

CHANNELS OF DISTRIBUTION
• Supermarkets remain the dominant channel...
  Figure 34: Estimated channels of distribution for grocery retail sales, 2022
• ...but share continues to move away as discounters gain
  Figure 35: Estimated share of total grocery retail sales, by format/channel, 2012-22

HOW CONSUMERS SHOP FOR GROCERIES
• Nine in ten consumers have some responsibility for grocery shopping
  Figure 36: Responsibility for grocery shopper, by age and gender, 2022
• Smaller basket and top-up demand comes back more strongly...
  Figure 37: How grocery shoppers typically shop, 2015-22
  Figure 38: Grocery tracker: how grocery shoppers typically shop, 2017-2022
• ...as frequency of shop grows
  Figure 39: Frequency of grocery shopping, 2018-2022

TYPES OF STORES USED
• Online use dips while discounters get a cost-of-living boost
  Figure 40: Store format where the most is spent in a typical month, 2016-2022
• Discounters hit highest ever share of spending in 2022
  Figure 41: Grocery tracker: format/channel where the most is spent in a typical month, 2019-2021
• Danger of discount switching as more see finances pressurised
  Figure 42: Store format where the most is spent in a typical month by current financial situation, 2022

RETAILERS SHOPPED WITH
• Aldi becomes the third most popular grocer
  Figure 43: Grocery retailers used, 2019-22
• Lidl now claims more primary shops than Morrisons
  Figure 44: Primary and secondary grocery retailers used, 2022
• Just 6% of grocery shoppers using a single brand in a typical month
  Figure 45: Where leading retailers’ primary shoppers also shop, 2022

RETAILER DEMOGRAPHIC COMPARISON
• Tesco and Aldi gain among under 44s…
  Figure 46: Leading grocery retailers used for primary and secondary shops, by age, 2022
• …helped by capturing more family shops
  Figure 47: Leading grocery retailers used for primary and secondary shops, by parental status, 2022
• Tesco gains across the UK, while Aldi’s push into the south brings more shoppers
  Figure 48: Leading grocery retailers used for primary and secondary shops, by type of area lived in, 2022
• Discounter shopping still skews towards lower income households
  Figure 49: Leading grocery retailers used for primary and secondary shops, by household income, 2022
  Figure 50: Leading grocery retailers used for primary and secondary shops, by current financial situation, 2022

PRIORITY SHIFTS IN THE PAST YEAR
• Price moves up the agenda…
  Figure 51: Shift in priority toward key grocery factors, 2022
• …but underlying trends remain important
  Figure 52: Factors selected as ‘more important’, by current financial situation, 2022

BEHAVIOUR SHIFTS DUE TO THE COST OF LIVING CRISIS
• Stocking up and tier shifting are most common reactions
  Figure 53: Shifts in behaviour in response to the cost-of-living crisis, 2022
• Bigger packs a way to tap into more ‘preparedness’ among shoppers
  Figure 54: Sainsbury’s ‘big pack’ area, 2022
• The cost-of-living crisis presents a significant opportunity for own-label
  Figure 55: Key private label launches by leading players, 2022

What’s included
Executive Summary
Full Report PDF
Infographic Overview
Powerpoint Presentation
Interactive Databook
Previous editions

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now
Visit store.mintel.com
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
LOYALTY SCHEMES

• Almost three quarters of grocer shoppers are a member of Clubcard
  Figure 56: Loyalty/reward membership held, 2022
  Figure 57: Loyalty/reward membership held, by retailer shopped with, 2022

• Loyalty promotions have created switching behaviours
  Figure 58: Attitudes towards loyalty schemes, 2022
  Figure 59: Attitudes towards loyalty schemes, by retailer primary shopper and loyalty/reward card customer base, 2022

ATTITUDES TOWARDS FOOD WASTE, PROMOTIONS AND FUEL

• Discount price-matching is having significant impact
  Figure 60: Attitudes towards discounter price-matching schemes, 2022

• Pressure on fuel costs is also driving switching behaviour
  Figure 61: Attitudes towards fuel promotions, 2022

• Food waste rises significantly on the agenda
  Figure 62: Attitudes towards grocery shopping, by age, 2022

• HFSS legislation comes into play, causing a navigation headache
  Figure 63: Booths household and Sainsbury’s discover end of aisles, 2022

LEADING RETAILERS – KEY METRICS

Figure 64: Leading grocery retailers’ sales, 2017/18-2021/22

• Supermarket giants strengthen their convenience store estates

• Tesco, Morrisons and Aldi pilot grab-and-go, checkout-free stores

• Iceland and Waitrose building a presence in locations where grocery shopping may not be conveniently accessible

• Morrisons and discounters roll-out eco concept store formats

• Co-op’s store rebranding and robot home deliveries

• New Spar food-to-go concept and Morrisons’ Market Kitchen store expansion
  Figure 65: Leading grocery retailers, store numbers, 2017/18-2021/22

• Shoppers returning to stores, but footfall still below pre-pandemic level
Figure 66: Leading grocery retailers, sales per outlet, 2017/18–2021/22

- Sales areas and densities
  Figure 67: Leading grocer retailers: total sales area, 2017/18–2021/22
  Figure 68: Leading grocery retailers: annual sales per sq m, 2017/18–2021/22

- Operating profits and margins
  Figure 69: Leading grocery retailers: operating profits, 2017/18–2021/22
  Figure 70: Leading grocery retailers: operating margins, 2017/18–2021/22

MARKET SHARE

- Morrisons holds on to fourth spot in 2021, but Aldi to draw level in 2022
  Figure 71: Leading grocery retailers: share of all grocery retail sales, 2021
  Figure 72: Leading grocery retailers estimated market shares, 2017–22

- A note on our market share

LAUNCH ACTIVITY AND INNOVATION

- Technology in supermarket aisles
  Figure 73: Lidl’s refill station, kingswinford, 2022
  Figure 74: Amazon One, US, 2022
  Figure 75: Veeve smart shopping cart, US, 2022
  Figure 76: TX SCARA stacking bottles, Japan, 2022

- Supermarkets campaign to save the planet

- Fighting food waste
  Figure 77: Sainsfreeze, a walk-in freezer concept store, Shoreditch, 2022

- Supermarket schemes to help cash-strapped customers
  Figure 78: Asda’s ‘Winter Warmer’ scheme, 2022

- New partnerships and launches
  Figure 79: Deliveroo Hop store, Oxford Street, London, 2022

- Supporting a cause by shopping

ADVERTISING AND MARKETING ACTIVITY

- Advertising expenditure reached its highest since 2018
  Figure 80: recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarkets and online supermarkets and grocers, 2018–2022

- Some big spenders cut their budgets
Figure 81: Recorded above-the-line, online display and direct mail total advertising expenditure, by leading UK supermarkets and online supermarkets and grocers, 2018-2021

- TV advertising accounted for the biggest share

Figure 82: Recorded above-the-line, online display and direct mail total advertising expenditure, by UK supermarkets and online supermarkets and grocers, by media, 2021

- What we’ve seen so far in 2022
- Campaigns to fight the cost-of-living crisis
- Promoting quality food, healthier choice and supporting farmers
- Tesco’s first Ramadan campaign
- New launches: Morrisons Media Group and Sainsbury’s self-service advertising platform
- Christmas 2022 ads: Tesco’s nod to the cost-of-living crisis and Aldi’s homage to Home Alone and more
- Nielsen Ad Intel coverage

BRAND RESEARCH

- Brand map
  Figure 83: Attitudes towards and usage of selected brands, 2022
- Key brand metrics
  Figure 84: Key metrics for selected brands, 2022
- Brand attitudes: Tesco is as strong as ever and its online service is seen as excellent
  Figure 85: Attitudes, by brand, 2022
- Brand personality: Aldi and Lidl are considered fun owing to their social media presence
  Figure 86: Brand personality – macro image, 2022
- Retailers seen as basic gain advantage during the financial crisis
  Figure 87: Brand personality – micro image, 2022
- Brand analysis
- Fun supermarkets are seen as different from the rest, gaining trust and users
- Going basic is seen as a safer option
- Most supermarkets are seen as ethical
- Tesco performs as strongly as ever, and even stronger in its online service

What’s included

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

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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
APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- Data sources
- Financial definitions
- Abbreviations
- Consumer research methodology

APPENDIX: FORECAST METHODOLOGY

- Market forecast and prediction intervals
  Figure 88: All grocery retail sales forecast (including VAT), current price prediction intervals, 2022-27
  Figure 89: Supermarket retail sales forecast (including VAT), current price prediction intervals, 2022-27
- Market drivers and assumptions

What’s included

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

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com
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
About Mintel

Mintel is the expert in what consumers want and why. As the world’s leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster.

Our purpose is to help businesses and people grow. To find out how we do that, visit mintel.com.