

Food and Non-food Discounters - UK - 2022

Report Price: £2195 | \$2995 | €2600

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

This report looks at the following areas:

- How the cost-of-living crisis will affect the discounter sector and how to tap into additional demand
- Who the leading players are, including key metrics and market shares
- Who shops at the discounters and what they buy
- How discount shoppers are using the online channel
- What could be improved in the discount shopping experience
- Key attitudes towards shopping at the discounters

It is clear that the discounters are now firmly established in the UK's retail sector and just 3% of consumers disagree that there is less stigma associated with shopping at discounters than there used to be. Nonetheless, rival retailers have not stayed still and price matching schemes like those introduced by Tesco and Sainsbury's have helped close the gap in price perception with 48% of discounter shoppers agreeing that these schemes have made shopping at the major supermarkets as affordable as discounters.

We are in an unprecedented period of economic uncertainty as inflation, partly driven by the conflict in Ukraine, reaches record highs and consumer confidence hits record lows. Ultimately, this period of financial uncertainty is set to benefit the value-focused discounters. As the cost-of-living crisis grows we expect to see more consumers turning to the sector to help balance their budgets.

Although things look positive for the discounters, as time goes on and the sector continues to mature, retailers will no longer be able to rely on store openings to drive growth. As a result, in the next decade we expect to see competition between the discounters heat-up. This increased competition will see discounters entering new sectors as they seek out new growth. We are already seeing examples of this as the non-food discounters continue to expand their grocery offerings. Retailers must make sure that they do this carefully and



“Following two years of pandemic-impacted trading the UK's economy has now been hit by record inflation. Amid this growing cost-of-living crisis, consumers are increasingly looking at ways to stretch already tight budgets. The discounters with their clear value focus are set to benefit from this period of financial uncertainty.”

– Piers Butel, Retail Analyst,
September 2022

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

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

without the new operations affecting their main lines of business and value-first models.

The immediate opportunity for the discounter sector is the current income squeeze and the increased price-sensitivity of shoppers we expect to see as a result. Looking further ahead at the increasingly competitive discounter market, this period is not just an opportunity to drive short-term growth but also to cultivate a loyal customer base for the more competitive years ahead. Lidl's loyalty scheme has set this retailer up well to understand its customers and make sure its choices help to keep them loyal. Other discounters should look at how they can develop offerings that keep shoppers loyal even as the economy recovers. Other opportunities come from the online channel, which remains underutilised in the sector, and the potential uses of technology in stores to help streamline and improve the shopping experience.

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

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
- Market context
- What is a discounter?

EXECUTIVE SUMMARY

- **The five-year outlook for the discounter sector**
Figure 1: Category outlook, 2022-27
- **The market**
- **Discount market set to grow in 2022 as cost-of-living crisis hits consumer confidence**
Figure 2: Market size for food and non-food discounters (excluding VAT), 2017-22
- **Growth to continue as competition becomes increasingly fierce**
Figure 3: Market forecast for the discounter sector, 2017-27
- **Growth to continue as competition becomes increasingly fierce**
Figure 4: Household financial wellbeing index, 2016-22
- **Companies and brands**
- **Aldi innovates with first checkout-free discount store**
Figure 5: Aldi's checkout-free store Greenwich, 2022
- **Total above-the-line advertising spend drops for a second year in a row**
Figure 6: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK's leading discounters, 2018-21
- **Aldi's excellent shopping experiences keeps it at the top of this year's brand research**
Figure 7: Key metrics for selected brands, 2022
- **The consumer**
- **Vast majority of consumers are discount shoppers**
Figure 8: Type of discounter used, 2022
- **Shopping online remains niche for discounter shoppers**
Figure 9: Discounter shopped with online, 2022
- **Food cupboard items remain vital footfall driver**
Figure 10: Food item purchasing at food discounters, 2021 and 2022
- **Household cleaning products continue to drive footfall**
Figure 11: Non-food products purchased at discounters, 2022
- **Shoppers want more choice at discounters**

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

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

Figure 12: What would encourage more discounter shopping, 2022

- **Price matching schemes have narrowed the price-perception gap**

Figure 13: Consumer attitudes around shopping at discounters, 2022

ISSUES AND INSIGHTS

- **Discounters should focus on developing long-term loyal shoppers**
- **Discounters innovating and seeking new areas of potential growth**

MARKET SIZE AND PERFORMANCE

- **Discounter sector had a good pandemic period**
- **Discounter sector to grow as inflation squeezes incomes**
- **Food discounters saw sales surge amid pandemic**
- **Rival food discounters came and went**
- **Cost-of-living crisis sets stage for further discounter growth**

Figure 14: Market size for food and non-food discounters (excluding VAT), 2017-22

Figure 15: Market size for food discounters (excluding VAT), 2017-22

- **Non-food sector saw sales surge amid pandemic**
- **Non-food retailers well placed to benefit from surging inflation**

Figure 16: Market size for non-food discounters (excluding VAT), 2017-22

MARKET FORECAST

- **Strong growth to gradually slow as the sector matures**
- **Positive growth for the immediate future**
- **Growth to continue as competition becomes increasingly fierce**

Figure 17: Category outlook, 2022-27

Figure 18: Market forecast for discounter sector, 2017-27
 Figure 19: All food and non-food discounter retail sales, market size and forecast at current and constant prices, 2017-27

- **Food discounters to grow rapidly as inflation hits food prices**
- **Aldi and Lidl should focus on building loyalty**

Figure 20: Market forecast for food discounter sector, 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
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

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

Figure 21: All food discounter retail sales, market size and forecast at current and constant prices, 2017-27

- **Non-food sector will also benefit from the current economic situation**

Figure 22: Market forecast for non-food discounter sector, 2017-27

Figure 23: All non-food discounter retail sales, market size and forecast at current and constant prices, 2017-27

- **Learnings from the last income squeeze**

Figure 24: Value sales of Aldi and Lidl combined, 2006-12

- **Forecast methodology**

MARKET DRIVERS

- **Inflation is the key concern for consumers and brands...**

Figure 25: Overall inflation (CPI) and key categories, 2021-22

- **... and will weigh down the post-COVID recovery**
- **Consumer spending power will be curbed**
- **The conflict in Ukraine is hurting the UK economy in a number of ways**
- **Employment has held up better than expected**
- **Consumers' financial wellbeing has fallen from the highs of 2021...**

Figure 26: Household financial wellbeing index, 2016-22

- **...and most people are feeling the effects of price rises**

Figure 27: Expected behaviours as a result of rising prices

LEADING RETAILERS

- **Revenue**

Figure 28: Leading discounters' sales, 2017/18 to 2021/22

- **Operating profits**

Figure 29: Leading discounters' operating profits, 2017/18 to 2021/22

- **Stores and sales per outlet**

Figure 30: Leading discounters' outlet numbers, 2017/18-2021/22

Figure 31: Leading discounters' sales per outlet, 2017/18-2021/22

MARKET SHARE

- **Aldi continues to hold the lion's share of the discount market**

Figure 32: Leading discounters' estimated share of all discount sales, 2021

- **Despite recent turmoil market share across grocery remains stable**

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

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

Figure 33: Estimated share of all grocery retail sales (ex-VAT, ex-fuel), by the leading players 2021

- **Non-food discounters maintain strong grip on mixed goods sector**

Figure 34: Non-food discounters' share of all mixed goods retail sales, 2017-2021

- **Savers share of health and beauty sector has plateaued**

Figure 35: Savers' share of specialist health and beauty sector retail sales (ex-VAT) 2013-2021

LAUNCH ACTIVITY AND INNOVATION

- **Poundland goes big and small**
- **Aldi dips its toes into checkout-free technology**
Figure 36: Aldi's checkout-free store Greenwich, January 2022
- **Aldi driving sustainability measures across its stores**
- **Lidl also looking at ways to cut plastic across its business**
- **Amid a global shipping crisis Lidl launches its own shipping company**

ADVERTISING AND MARKETING ACTIVITY

- **Total above-the-line advertising spending dropped again in 2021**
Figure 37: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK's leading discounters, 2018-21
- **Lidl retakes the top spot from Aldi in 2021**
Figure 38: UK leading discounters: recorded above-the-line, online display and direct mail total advertising, 2018-21
- **2021 saw spending below 2020 levels for much of the year**
Figure 39: Total recorded above-the-line, online display and direct mail total advertising expenditure by leading UK discounters, by month, 2020 and 2021
- **TV is the key channel for discounters**
Figure 40: Total recorded above-the-line, online display and direct mail total advertising expenditure by the UK's leading discounters, by media type, 2020
- **Nielsen Ad Intel coverage**

BRAND RESEARCH

- **Brand map**
Figure 41: Attitudes towards and usage of selected brands, 2022
- **Key brand metrics**

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

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

Figure 42: Key metrics for selected brands, 2022

- **Brand attitudes: Wilko’s online service receives positive recognition**
Figure 43: Attitudes, by brand, 2022
- **Brand personality: Aldi, Lidl and Wilko all rated for their ethical approaches**
Figure 44: Brand personality – macro image, 2022
- **Poundland and Poundstretcher considered more basic**
Figure 45: Brand personality – micro image, 2022
- **Brand analysis**
- **Aldi is most recommended discounter**
- **Lidl has wide awareness and usage but experience lags behind rival Aldi**
- **B&M Bargains has high usage and consumers rate the experience**
- **Wilko is the most trusted non-food discounter**
- **Home Bargains is an excellent experience**
- **Savers has lower usage but consumers rate the experience**
- **Poundland has very high awareness and usage but is considered basic**
- **Poundstretcher has high awareness but the lowest recent usage**

WHERE THEY SHOP

- **Majority of consumers shop at discounters**
Figure 46: Type of discounter used, 2022
- **Aldi retains its position at the top**
Figure 47: discounters typically used, 2020-22
- **Food discounters continue to see more frequent visitation**
Figure 48: Frequency of discounter usage, 2022

RETAILER DEMOGRAPHIC COMPARISON

- **All demographics shopping at discounters**
Figure 49: Discounter usage by age, 2022
- **Parents of young children a key demographic**
Figure 50: Discounter usage by age of children, 2022
- **Food discounters have strong appeal for younger consumers**
Figure 51: Food discounter shoppers by age, 2022
- **Aldi dominates across the Midlands and the North**
Figure 52: Aldi and Lidl discounter shoppers by area, 2022
- **Accessibility impacts demographics for non-food discounters**

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

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

Figure 53: non-food discounter shoppers by age, 2022

- **Wilko stands out with strong appeal for more affluent shoppers**

Figure 54: Non-food discounter shoppers by household income, 2022

DISCOUNTERS AND ONLINE

- **Online shopping remains niche**

Figure 55: Discounter shopped with online, 2022

- **Wilko proves a popular choice for discounter shoppers when online**

Figure 56: Discounters shopped online with against discounter spent the most with, 2022

FOOD AND DRINK PURCHASES AT FOOD DISCOUNTERS

- **Chilled and frozen items grow as alcohol purchases drop**

Figure 57: Food item purchasing at food discounters, 2022

- **Older shoppers more likely to pick up items for full shops**
- **Alcoholic drinks continue to lose younger shoppers**

Figure 58: Food item purchasing at food discounters, by age, 2022

NON-FOOD PURCHASES AT DISCOUNTERS

- **Household cleaning products continue to drive footfall**
- **Homewares the third most commonly bought items**
- **Despite recent focus on the home furniture remains unpopular**

Figure 59: Non-food products purchased at discounters, 2022

- **Older shoppers focus on household cleaning and DIY/gardening items**

Figure 60: Non-food products purchased at discounters by age, 2022

AREAS TO IMPROVE AT DISCOUNTERS

- **Shoppers want more choice at discounters**
- **Consumers keen for even easier checkouts**
- **A quarter of shoppers interested in online delivery and loyalty schemes**

Figure 61: What would encourage more discounter shopping, 2022

- **Range and quality are particularly important for key demographic**

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

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

Figure 62: What would encourage more discounter shopping, by age, 2022

ATTITUDES TOWARDS SHOPPING AT DISCOUNTERS

- **Price matching schemes have narrowed the price-perception gap**
Figure 63: Consumer attitudes around shopping at food discounters, 2022
- **The discounters are firmly established in the UK retail sector**
Figure 64: Consumer attitudes towards shopping at discounters and its appeal, 2022
- **Younger shoppers could be churn risks for discounters**
Figure 65: Consumer attitudes towards shopping at discounters, selected statements by age, 2022

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- Data Sources
- VAT
- Abbreviations
- Consumer research methodology

APPENDIX: FORECAST METHODOLOGY

- **Market forecast and prediction intervals**
Figure 66: Market forecast for food and non-food discount sector, including prediction interval 2022-27 (prepared September 2021)
- Market drivers and assumptions
- Forecast methodology

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](https://www.mintel.com)**.