



## SUPERMARKET REVIEW

### Supermarkets Score during the World Cup

**Bracknell, November 8, 2006** – IRI (Information Resources, Inc.), today announced that overall sales in the second quarter of 2006 were up by 4.2% through the major supermarkets and health and beauty retailers. Grocery and Non-Food both drove growth with increases of 4.4% and 5.4% respectively.

There were a number of sporting events on the calendar during the second quarter of the year, including Wimbledon, the Natwest Cricket Series, the Football World Cup and the FA Cup final. There is no doubt that the World Cup had a significant impact on sales of food, drink, BBQ equipment and all the other football themed, and country branded, merchandise that becomes available for such global events.

In the weeks preceding the tournament poor weather and low consumer confidence had led to slow sales. However in the run-up to the World Cup supermarkets maximised impact and generated interest with special displays, promotions and price cuts throughout their stores which all helped to drive an increase in sales. In fact, the morning before England's first match saw one of the busiest Saturday morning rushes with shoppers splashing out over £200m!

It is also worth noting that Easter was late in 2006, falling in the middle of April, compared to late March in 2005. This meant the figures for Q1 were artificially deflated as they did not include an Easter from either year. The re-emergence of Easter in the second quarter of 2006 and the start of the World Cup have been the main drivers behind the strong grocery sales growth seen in Q2.

### Trends by category

Crisps, snacks and breakfast cereals in **ambient** all benefited from increased promotions and World Cup tie-ins as shoppers stocked up for essential snacking during the tournament. Confectionery sales were up substantially on the same period in 2005 due to the dramatic variance in the timing of Easter. Soft drinks also fared well with sales up on the same quarter in 2005.

In the **chilled** sector pizza, fruit juice, cooked meats, sausages and bacon all saw sales uplifts. Chilled salads also saw a big increase on last year, this can be tied in with a warmer first half of May and the start of BBQ's and outdoor parties as the weather started to heat up towards the end of June.

The **beers, wines and spirits** category did particularly well over the period with sales up 5.9% over the same period in 2005. Supermarkets discounted beer heavily in the run up to the World Cup and demand was high, with a reported 10m cases of beer sold the morning before England's first game against Paraguay! Cider and wine also fared well as shoppers sought to cater for all tastes.

Fruit and vegetables thrived within **produce**. Sales for the total sector are up 3.3%, being driven by a change in consumer cooking habits. Sales of ready meals have declined indicating that consumers are starting to go back to the kitchen and cook from scratch. This is not surprising following the recent hype surrounding obesity, health and 5-a-day. Exotic, organic and ethical products are also adding value to the category with consumers prepared to pay a premium for products that they regard to be higher quality and less damaging to the environment.

The **bakery** sector is in growth for the full year and over 12-weeks. The popularity of branded bread products is driving growth as well as a resurgence of interest in brown and wholemeal varieties. Manufacturers are continuing to innovate, with new crustless and seeded loaves becoming a more common sight on shelves and adding value with higher prices.

Within **fresh meat** beef and lamb continue to perform well. The warmer weather and outdoor entertaining no doubt had a positive effect on sales with meat a key player in a typical BBQ. Sales of poultry are down for the year and quarter suggesting that fears over bird flu may still be at the forefront of shoppers minds.

The **health and beauty** category is up 4.2% for the full year. The main drivers behind this year on year growth are hayfever, which saw a strong sales this quarter, smoking control and self-tanning skincare.

**Other non-food** keeps on growing with sales up 6.7% on 2005. Electrical did particularly well with high demand for flat panel TV's and home theatre goods ahead of the world cup.

In **household**, paper and sundries saw good growth. The household sundries category includes air care products which are doing well as consumers look for additional ways to create relaxing moods in their homes. In addition NPD has added value with many new and ingenious ways of distributing air fresheners now available.

## Background Data

	52 weeks to 1 July 2006			12 weeks to 1 July 06
	Value Sales (m)	% change	% contribution*	% change
<b>Total Sales</b>	<b>£82,670</b>	<b>3.2</b>		<b>4.2</b>
<b>Grocery</b>	<b>£54,920</b>	<b>2.4</b>	<b>1.5</b>	<b>4.4</b>
Ambient	£15,477	2.2	0.6	4.2
Chilled	£13,224	2.1	0.5	4.3
Beers, Wines & Spirits	£7,199	3.5	0.4	5.9
Produce	£7,099	3.3	0.4	3.6
Fresh Fish	£978	14.0	0.2	10.7
Bakery	£3,146	3.3	0.2	5.6
Other Grocery	£326	26.1	0.1	18.8
Fresh Meat	£3,705	-0.2	0.0	2.1
Frozen	£3,766	-2.2	-0.2	2.8
<b>Non Food</b>	<b>£27,577</b>	<b>5.5</b>	<b>1.7</b>	<b>5.4</b>
Other Non-Food	£14,332	6.7	3.3	5.3
Health & Beauty	£7,967	4.2	1.2	4.7
Household	£4,062	3.7	0.5	7.3
Petcare	£1,216	5.6	0.2	6.1

\* % contribution is the weighted per cent change within each sector

**Please note the definition of data used in this report has been changed and now includes Morrisons data.**

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### ABOUT INFORMATION RESOURCES, INC.

Information Resources, Inc. (IRI) is the world's leading provider of enterprise market information solutions and services, empowering its clients to grow their business profitably in a complex marketplace. Driving the transformation of the consumer packaged goods (CPG), retail, and healthcare industries, only IRI provides a unique combination of real-time market content, advanced analytics, enterprise performance management software, and professional services. The company's portfolio of services, solutions, and technology enable leading retailers and their suppliers around the globe to see what they are missing, act faster with greater confidence and win at the shelf. Ninety-five percent of the Global FORTUNE 500 in CPG and retail leverage IRI to power their business. For more information, visit [www.infores.com](http://www.infores.com)