

# Asda growth slows as retail terrain transforms

BY ALEX LAWSON

Asda boss Andy Clarke is “under no illusions” that seismic changes sending shock waves through the food retail sector are permanent after the grocer’s sales edged down over Christmas but held up over the year.

Asda reported like-for-like sales slipped 0.1% in the quarter to January 3 during an intensely competitive festive season when shoppers gained a voracious appetite for value, multichannel and convenience offers.

Clarke said: “There’s little doubt that the UK retail market is undergoing significant and permanent structural change.

“Though the economy is showing signs of recovery, it is still susceptible to shocks and the benefit is not yet being felt across the country.”

The big four grocers endured a difficult Christmas period. Morrisons and Tesco’s like-for-likes declined and Sainsbury’s sales growth came under pressure.



Asda recorded a sales rise of 0.5% in the 52 weeks to January 3 in a year Clarke described as “tough”. The big four were squeezed by discounters Aldi and Lidl, pound shops and premium players.

Asda countered the trend by lowering prices on lines its shoppers visited Aldi for.

Clarke said Asda is “playing

the long game” to ensure growth.

Nielsen data released last week showed Aldi recorded a 37.3% rise in sales and Lidl a 23% increase in the 12 weeks to February 1. Asda’s sales edged down 0.1% in the same period while its market share was 16.5%, down from 16.8% last year.

Asda chief merchandising officer for food Barry Williams said the

grocer had opted out of promotional price wars last year. “Retailers are using vouchers to cover up price increases – what they are giving away with one hand, they are taking back with the other. That’s not a game we are interested in playing,” he said.

In November, Clarke set out a £1.25bn plan to “redefine value retailing” over the next five years, which centred on extending its reach through new formats, lowered prices and improved quality.

Shore Capital analyst Clive Black ahead of the update said: “Asda is steady as she goes, it is grinding out sales.

“Asda has the cheapest basket of the big four but it still needs to work to distinguish itself from the hard discounters. But it has good growth prospects in George and online.”

Verdict senior retail analyst Andrew Stevens said: “As with Morrisons, Asda needs to do more to communicate the quality message.”