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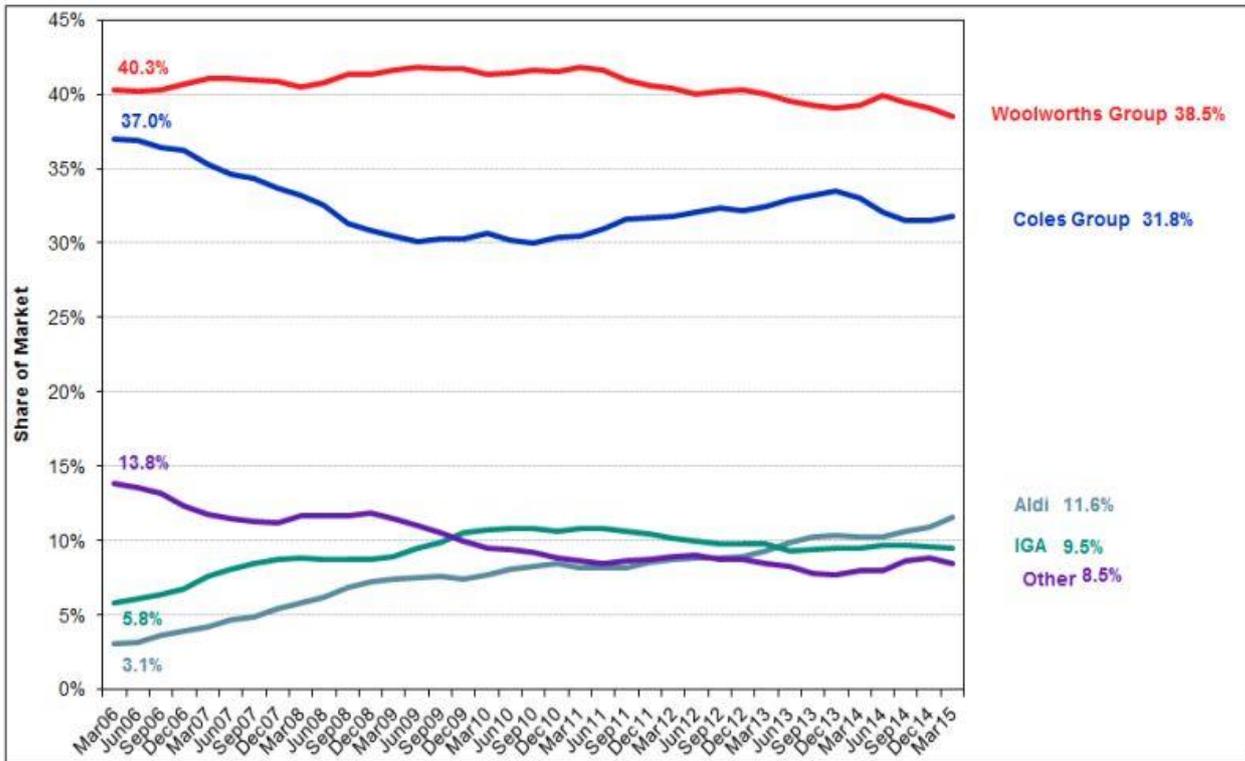
Monday, 22 June 2015

The ALDI effect: Australia's changing supermarket scene

As German supermarket chain ALDI continues its expansion across the country, with South Australia and Western Australia set firmly in its sights (and plans), its market share continues to rise. In fact, ALDI's market share has more than tripled from 3.1% to 11.6% over the last 10 years while heavyweights Woolworths Group and Coles Group have seen their share decrease, the latest findings from the Roy Morgan Research Supermarket Currency Report reveal.

As it did a decade ago, Woolworths holds the largest slice of the market, but this has declined slightly from 40.3% in the 12 months to March 2006 to 38.5% as of March 2015. Coles' share has decreased more markedly, from 37.0% to 31.8%. ALDI remains a distant third, but its push beyond the Eastern seaboard suggests that its upward trajectory is not about to plateau any time soon.

Market share over time: supermarket grocery market dollars



Source: Roy Morgan Single Source (Australia), April 2006 – March 2015 (average 12-monthly sample size n=13,134). **Base:** Australian grocery buyers 14+, weighted to Australian households

In an average four weeks, 35.1% of Australian grocery buyers shop at ALDI: an impressive statistic for a chain with stores located in just three states. It has been particularly successful in

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Victoria and New South Wales, with just over 47% of each state's grocery buyers shopping in ALDI stores any given four weeks.

In the last two years alone, ALDI's share of the Victorian market has grown from 13.3% to 15.5%. Over the same time period, Coles' slice of the pie has declined from 36.0% to 31.6%, while that of Woolworths has remained static at around 35%. It's a similar story in NSW, with ALDI gaining ground (from 13.4% to 15.9%), Coles losing ground, and Woolworths flat-lining.

Attitude counts

Recently we reported that ALDI shoppers are more likely than other supermarket customers to buy store's own products than well-known brands, and to go out of their way in search of a bargain.

Further analysis of supermarket shoppers' attitudes reveals that grocery buyers who usually shop at ALDI are dramatically more likely than those who usually shop at Coles, Woolworths/Safeway or IGA to agree that good value and low prices are 'very important'.

On the other hand, people who usually shop at Coles, Woolworths/Safeway and IGA are more concerned that their supermarket is located close to home than whether it has good value and low prices.

Michele Levine, CEO, Roy Morgan Research, says:

"The planned entry of German discount supermarket chain Lidl into Australia, with its first store most likely to be in Melbourne, means all eyes will be on Victoria.

"While the threat of a new entrant with global buying power, expertise and experience will be a challenge, the main players in Australia are well placed with large existing customer bases. However, with its regular shoppers placing such importance on price and value, ALDI will need to be vigilant — once its old rival Lidl opens its doors in Australia, there will likely be some customer crossover.

"In any case, we expect to see Aussie supermarkets focusing more on 'customers' than ever – understanding who they are, what their needs and drives are, and how to communicate with them and engage their loyalty. Supermarket credit cards are one example of how they are already doing this; another is pre-paid mobile phone services such as ALDImobile.

"Certainly, consumers stand to benefit from this increasingly competitive market, with wider choices and better prices as supermarkets work even harder to consolidate or grow their customer bases."

For comments or more information about Roy Morgan Research's supermarket data, please contact:

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Related research findings

Roy Morgan Research's Supermarket & Fresh Food Currency Reports include customer penetration and spend at all supermarkets in Australia, as well as measuring grocery buyers' attitudes and behaviour across grocery stores, supermarkets and other fresh food outlets. It looks at long- and short-term trends

for the market size and share (in dollars), customer numbers and cross-visitation at major supermarkets and for each grocery category.

The insights are drawn from Roy Morgan Single Source, an ongoing face-to-face survey of approximately 50,000 Australians annually.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2