

PressRelease

For Immediate Release

15 February 2010

Is the honeymoon over for discounters?

Planet Retail, the leading provider of global retail intelligence, has concluded research on the growth of discounters and whether they still remain leaders in the recession.

With Carrefour's discount store operations in France seeing like-for-like sales drop by 7.5% and discount leader Aldi seeing sales dip by 4% in Germany, Planet Retail's latest research on the discount channel addresses the key issue of where their growth has gone.

In the wake of the global economic crisis, discounters were expected to thrive due to consumers' renewed focus on value for money. However, discounters have unexpectedly lost ground to supermarkets in countries such as Germany and the UK due to increasingly savvy competition from their mainstream competitors.

Matthias Queck, Planet Retail's Research Director, said: "Rising popularity of discount oriented models has only partly benefited the discounters. With all retailers focusing on efficiency and price now, introducing some of the discounters' very own key elements, discounters are being faced with increased competition from all formats".

Discount operators are attempting to broaden their appeal by cherry-picking from the most lucrative features of other grocery retail channels. However, the more mainstream and upmarket they go, the more exposed they become to economic fluctuations.

Despite representing one of the fastest growing areas of retail in recent years, discounters are not expected to even accelerate their rapid growth in the future. Rapid growth will be thwarted by a number of factors, including saturation in some mature markets; increasingly sophisticated assortment, price and private label strategies from mainstream grocers; and more innovative and aggressive strategies from branded manufacturers to fend off the private label offensive from discount chains.

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The number of new discount stores opening is expected to continue increasing but not at such a fast pace as before. This is mainly due to saturation in key European markets such as Germany, Norway, Austria, Belgium, the Netherlands and France which already account for a large part of discounters' networks.

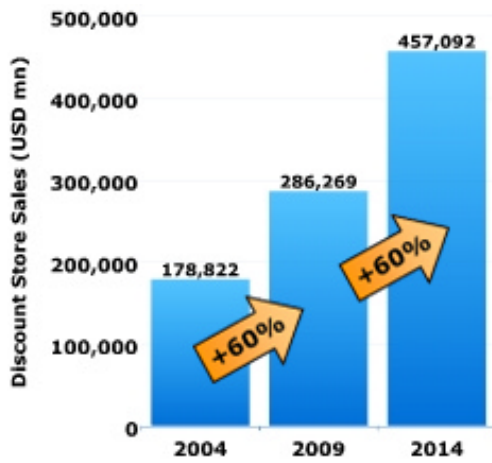
Although the rate of growth for discount retailers is poised to lose a degree of momentum, it is worth remembering that they will continue to outperform the grocery market as a whole, with sales forecast to hit nearly USD460 billion in five years' time.

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Additional Information on next page

ADDITIONAL INFORMATION

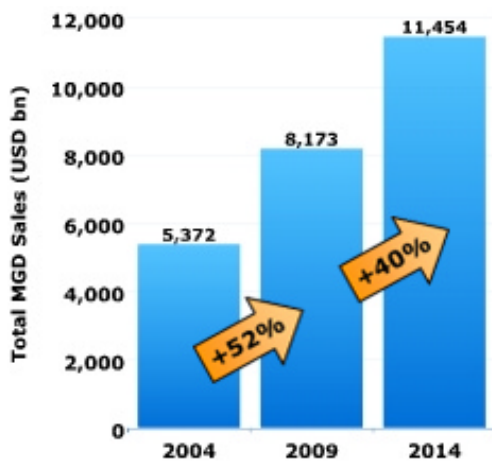
Discount Stores: Global Sales, 2004-2014f (USD mn)



f - forecast

Source: Planet Retail Ltd- www.planetretail.net

MGD: Total Global Sales, 2004-2014f (USD bn)



f - forecast

Source: Planet Retail Ltd- www.planetretail.net

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About Planet Retail:

Planet Retail is the leading provider of intelligence on the global retail and foodservice industries, monitoring more than 7,000 "banner" operations as well as market developments in 211 countries. With over 15 years of industry insight, Planet Retail is a brand trusted by more than 3,000 organisations worldwide, delivering up-to-the-minute news, analysis, market research and digital media via www.planetretail.net. Planet Retail has offices in London, Frankfurt and Tokyo.