

Asda reports increase in sales through more convenience stores

Supermarket chain Asda has revealed a rise in sales over the first three months of the year as it tries to win customers from discount rivals Aldi and Lidl.

The Leeds-based chain, which is the UK's third largest supermarket firm, said growth was driven by the rapid expansion of its convenience store business and strong sales for its George fashion arm. That led to total revenues, excluding fuel, of £5.3bn for the quarter to the end of March, 6.6% up on the same period a year earlier.

Asda, which was bought by the billionaire Issa brothers and private equity backers TDR Capital in 2021, said like-for-like sales were up 1.4% while it also improved profit margins. The firm has seen its share of the UK grocery market come under pressure in recent years amid a surge in popularity for the German discount brands, with Lidl reporting particularly strong growth recently.

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The business was supported by its growing convenience store operation, and completed its conversion of roughly 470 Co-op and EG Group shops to its Asda Express brand. The convenience store growth helped Asda increase its total store estate to more than 1,200 sites.

Michael Gleeson, Asda's chief financial officer, said: "Building on our strong full-year performance, today's results

are further evidence of the underlying strength of the Asda business. During Q1, we continued to help customers manage their household budgets by providing uncompromising value on food and non-food ranges. It was pleasing to see our investment in further enhancing the quality of our food, Aldi and Lidl price match, Asda Rewards, and George at Asda resonate so strongly with customers.

“Since the shareholder group acquired the business in June 2021, they have invested more than £3.5bn to grow the business organically and via strategic acquisitions and a further £800m to replace legacy Walmart IT infrastructure with new bespoke Asda systems.

“This has transformed Asda into a diversified retail group, with a significant presence in the fast-growing convenience and food-to-go markets. A key focus now is to invest in enhancing the customer experience in our larger supermarkets and superstores having done the heavy lifting converting acquired convenience stores to Asda Express.”

Asda said it was on track to reach 500 convenience stores by the end of the year, with new locations being worked on in Manchester, Liverpool and Cardiff city centres and in London. It has also started a £50m store upgrade programme which will see improvements at 173 shops.