

Ocado set to post grocery growth in latest festive update

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[Ocado](#) investors will be hoping it becomes the latest retailer to indicate that consumer spending over the key festive quarter was more resilient than many expected.

The online retail giant is set to post an increase in grocery sales over the latest period when it updates investors on Tuesday January 17.

The firm's technology operation is also expected to show signs of positivity after recent licensing deal.

Tuesday's update comes after two weeks of UK retail updates which have largely pointed towards resilient spending among shoppers.

[Tesco](#), Sainsbury's and Ocado's grocery partner Marks & Spencer all saw shares increase after reporting jumps over Christmas.

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Figures from [Kantar](#) earlier this month suggested Ocado increased sales by 8.2% over the three months to December 25 and maintained its market share.

However, analysts have suggested there could be justification to be cautious after Ocado warned that shoppers were buying smaller baskets of items due to the increased cost of living in the firm's previous update in September.

At the time, the retailer said the average basket that customers checked out reduced by 6% to £116 in the 13 weeks to the end of August and shrank more quickly in the following weeks.

Ocado Retail also came under pressure from shoppers switching towards cheaper product lines.

Sophie Lund-Yates, equity analyst at [Hargreaves Lansdown](#), said: "In the third quarter the group's average selling price rose 5% overall, but within that there was a 2% decline relating to the preference for value goods.

"We expect this trend to have continued in the final quarter, and we'll find out the extent of changing customer attitudes over the important festive season."

However, other retailers such as Sainsbury's have hailed strong sales of their luxury lines as shoppers celebrated Christmas and New Year, which could provide Ocado with some respite.

The FTSE 100 business has seen its shares drop by around half of the past year as more shoppers also returned to physical stores.

However, the firm has had a stronger performance in recent months due to its technology business and licensing for other retailers.

Russ Mould, [AJ Bell](#) investment director, said: “Shares have since rallied, helped by the latest licensing deal for the Ocado Smart Platform, this time with South Korea’s Lotte Shopping, and shareholders will look for an update here and progress at the other licensing deals, in the US, France, Sweden, Canada and others.”

Investors will also be keen to hear the firm’s earnings outlook amid continued cost inflation, with AJ Bell highlighting that a consensus of analysts have predicted a loss of around £47 million in earnings for the past year.