

Tesco cheers bumper Christmas sales as customers face budget squeeze

Tesco has hailed “strong” Christmas trading as it said it was boosted by investment to improve value as it sought to fend off competition from discount rivals Aldi and Lidl.

Boss Ken Murphy cheered the retailer’s efforts to support shoppers “dealing with tough times this Christmas” amid the ongoing cost-of-living crisis.

The chief executive warned that it expects customers to slightly “tighten their belts” following Christmas and new year celebrations and cautioned over further inflation.

“We are not sure inflation’s peaked just yet,” Mr Murphy said.

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“We would hope that by the middle of the year it will have peaked and will then come down the other side.”

The UK's largest supermarket group revealed that group like-for-like sales, excluding fuel, grew by 7.9% over the six weeks to January 7, compared with the same period last year.

It said this came after 5.7% growth over the quarter to November 26.

The retailer said this growth included "particular strength" in fresh food, with 8.1% growth, as shoppers continued to spend on essentials amid pressure on household budgets.

The group also highlighted a 7.4% increase in sales volume of its low everyday prices range after launching a "price lock" commitment on these products in October.

The firm has pumped significant investment into pricing over the past year, including through its Aldi price match campaign, covering more than 600 items.

Mr Murphy said the retailer has boosted its market share due to shoppers switching from its traditional supermarket rivals.

However, he added that "we saw a continued switching to discounters" over the latest period, although this was offset by its own gains.

In the UK, the Tesco supermarket business recorded 7.2% growth over the Christmas period.

The group was boosted by an 11.7% jump at its [Booker](#) wholesale operation, which continued its recovery from the pandemic amid a stronger performance for hospitality customers.

Mr Murphy, chief executive of Tesco, said: "I'm really pleased with our performance over this period – particularly the further strong growth at Christmas on top of the exceptional growth of the last few years.

"I'm extremely proud of the way Tesco has stepped forward to

help customers dealing with tough times this Christmas.

“By delivering relentlessly on the strategic priorities that we set out 18 months ago, we have made sure that customers know that they will benefit from great value and quality in every part of their basket, however they choose to shop with us.”

The group’s dominant market share has also helped keep tills ringing, despite the growing pressure on household incomes, and the unstoppable rise of the discount supermarkets

Tesco said it expects to post retail-adjusted operation profits of between £2.4 billion and £2.5 billion as a result of its performance.

Sophie Lund-Yates, lead equity analyst at [Hargreaves Lansdown](#), said: “Tesco has followed in Sainsbury’s footsteps to record an exceptional set of results over the Christmas and third quarter period.

“The group’s dominant market share has also helped keep tills ringing, despite the growing pressure on household incomes, and the unstoppable rise of the discount supermarkets.”

[Shares](#) in Tesco were 0.7% lower at 242p in early trading.