

the holidays, as customers trade up to its higher-end Taste the Difference mince pies and bronze free-range turkeys. This didn't happen to the same extent this year. Although the volume of sales held up, lower food price inflation and a trend of shoppers trading down to cheaper products meant the average value per item fell. # Like-for-like grocery sales were slightly positive. However, Argos's sales were below expectations, and that's despite the removal of capacity from the market during 2018 as some rivals either disappeared or closed stores. # The report on Wednesday is a worrying sign. # Here's why: When food-price gains are accelerating, all of the big four supermarkets can prosper at the same time. # When inflation moderates, or there is deflation, grocers need to sell more tins of beans or loaves of bread to generate the same value of sales. That's a tall order, particularly when the U.K. arms of Aldi and Lidl are taking much of the oxygen out of the market. # In a low growth environment, the big four need to steal sales from a weaker player. In the past, that has been Tesco Plc and Wm Morrison Supermarkets Plc. Now, it looks increasingly like Sainsbury is about to step into the role. # On top of this, the risks are rising. # Firstly, its 7 billion pound (\$8.9 billion) takeover of Walmart Inc.'s U.K. grocer, Asda, is undergoing scrutiny by competition authorities. Approval hangs in part on whether regulators break with tradition and class the German discounters as a decent alternative for a significant number of shoppers. Unless officials fall in step with the times, and recognize the threat from Aldi