Potato Retail Report

(Data to 30 September 2012) *October 2012*

Market Summary

52 w/e 30 September 2012				
Produce Type	**Value (£000s)**	**% Chg YOY**	**Volume (Tonnes)**	**% Chg YOY**
Total Fresh	1,075,530	-2.5	1,637,832	-0.3
Pre-packed	880,652	-1.6	1,499,432	0.2
Loose	194,714	-6.5	138,077	-5.2
Total Organic	13,968	-20.0	15,388	-20.0
Total Frozen	638,737	12.9	486,752	4.0
Frozen Chips	399,904	9.3	336,459	1.7
Frozen Potato Products	238,833	19.6	150,293	9.3
Chilled Potatoes	200,619	7.4	56,964	4.9
Canned Potatoes	11,148	1.8	15,190	1.6
Crisps	905,049	6.0	135,349	0.5
Savoury Snacks	836,988	9.9	117,759	5.9
Recon. & Conv.	24,396	-0.4	11,695	-8.5

12 w/e 30 September 2012				
Produce Type	**Value (£000s)**	**% Chg YOY**	**Volume (Tonnes)**	**% Chg YOY**
Total Fresh	249,391	8.0	345074	0.3
Pre-packed	203,251	7.7	313,442	0.0
Loose	45,975	8.7	31,309	1.7
Total Organic	2,923	-12.1	2,923	-19.1
Total Frozen	140,160	9.7	106,954	6.8
Frozen Chips	88,676	4.4	74,486	3.2
Frozen Potato Products	51,484	20.2	32,467	15.9
Chilled Potatoes	41,937	9.2	11,944	7.5
Canned Potatoes	2,509	9.5	3,777	12.6
Crisps	211,358	4.7	31,350	1.3
Savoury Snacks	182,913	12.3	24,862	8.0
Recon. & Conv.	5,298	2.1	2,409	-6.4

Fresh

Volume sales of fresh potatoes are now fairly static, although loose potato volumes have continued to decline over the last year. There is some indication that consumers are switching to cheaper economy variants. This, combined with price decreases across loose and pre-packed (including economy varieties), means that value (£) sales are down on the year for all fresh potatoes. However, in the latest 12 weeks, the story has been more positive. Volumes are up for loose potatoes, due to more households purchasing. Price rises for loose and pre-packed have resulted in growth in value sales for both types. Volume sales of organic potatoes continue to decline, down 20% YOY and in the latest quarter, driving value sales down by similar proportions.

Frozen

The total frozen category continues to perform well. Frozen chips have seen some volume growth and price inflation has led to value sales growth of 9.3%. However, the non–chip frozen product category has seen much stronger growth, with total volume sales up 9.3%. This growth has been driven mainly by branded products, in particular new product developments such as frozen jacket potatoes, which have proved very popular with consumers. The growth has come from new households buying into the category as well as consumers buying more.

Chilled potatoes

The chilled potato market continues to see volume and value growth, with volumes up 4.9% and values up 7.4% on the year. Volume growth is being driven by shoppers purchasing chilled potatoes more frequently, while average price increases of 2.3% are helping to drive value sales. In the latest quarter, there has been even stronger growth, driven by an increase in the number of people purchasing. Over a quarter of households bought chilled potato products in the last 12 weeks.

Crisps and savoury snacks

Crisps, and savoury snacks in particular, continue to see growth in both value and volume sales over the latest 52 weeks. Average price rises are above inflation and are helping to drive value sales. Savoury snacks are approaching crisps in terms of volume sales, driven by increases in purchase frequency.

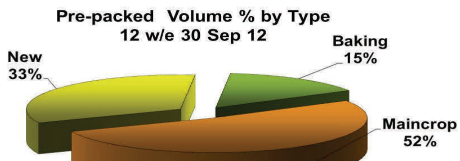
Canned potatoes + reconstitutable and convenience

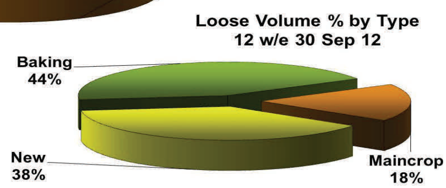
Canned potatoes have had a strong quarter, seeing volume sales up 12.6%, driven by an increase in the percentage of households purchasing in the last 12 weeks. Reconstituted and convenience potato products, however, have seen declines in volumes over the last 52 & 12-week periods.

Pre-pack VS. Loose (12-week data)

Pre-packed new potatoes have grown their volume share of the pre-packed market compared to the previous year, while maincrop share has declined.

New potatoes make up 38% of total loose potatoes, up from 36% this time last year. Around 10% of all new potatoes are sold loose, compared to 20% of all baking potatoes.





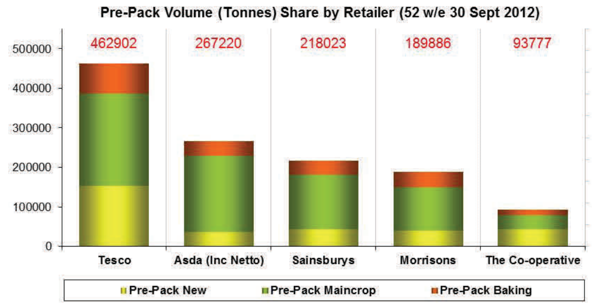
Package type

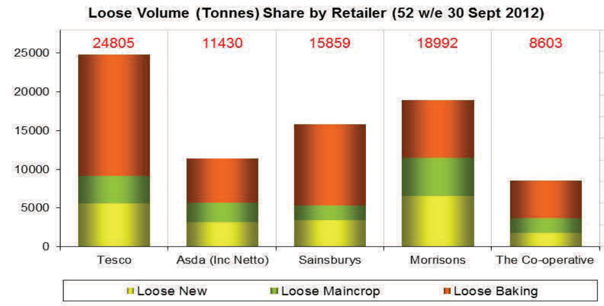
Pre-packed	Economy		King Edwards		Maris Piper		Reds		Whites	
12 w/e 30 September 2012	**Actual**	**% Chg**	**Actual**	**% Chg**	**Actual**	**% Chg**	**Actual**	**%Chg**	**Actual**	**% Chg**
Value (£000's)	13,284	-1.1	5,022	-15.5	24,633	-2.6	13,555	0.0	146,922	12.6
Volume (Tonnes)	36,911	12.1	6,810	-30.1	32,709	-14.5	17,115	-22.6	220,220	4.7

N.B. Some products have been recoded in line with Kantar Worldpanel definitions.

Maris Pipers have seen a decline in volume sales, as consumers are trading down to white or economy packs. As a result, there has been growth in volume sales for these pack types, with economy volumes up 12.1%. Value sales (£) of economy potatoes however are down slightly compared to last year, due to retail price decreases. Price rises for white potato packs have led to value growth for this pack type.

Retailer Performance - Fresh Potatoes





Tesco

Total volume sales of fresh potatoes are down 2.5% on the year. Pre-packed potatoes make up the majority of the sales, with loose potatoes seeing a steeper decline, at -5.4%. Value sales for pre-packed potatoes are down 4.8% and loose potatoes are down 5.4%. Tesco currently represents 30.9% of the pre-packed market (by volume) and 18.0% of the loose market.

ASDA (inc. Netto):

Both volume and value sales of fresh potatoes have declined YOY, with pre-packed volumes down 4.8%. However, pre-packed new potatoes have bucked the trend and have seen volume growth of 1.2% YOY. Total loose potato sales are down but loose maincrop volumes have increased.

Sainsbury's:

Pre-packed maincrop has seen volume growth of 3.2% over the last 52 weeks, however, declines in pre-packed new and baking potatoes over the same period have meant a reduction in total pre-packed volumes sold. As a result, total pre-packed value sales are also down, by 2.1%.

Morrisons:

Morrisons has also seen declines in volumes of total fresh potatoes but value sales are up on the year. Pre-packed new and pre-packed baking potatoes have seen volume growth, helping to drive value sales up YOY. Morrisons accounts for 12.8% of the pre -packed potato volumes and 13.8% of loose potato volumes sold.

Co-operative:

Total expenditure on fresh potatoes has declined compared to last year, driven by declines in volumes bought for both fresh and pre-packed. Pre-packed potato sales are down 9.1%, while loose potato sales are down 22.6%.

Other:

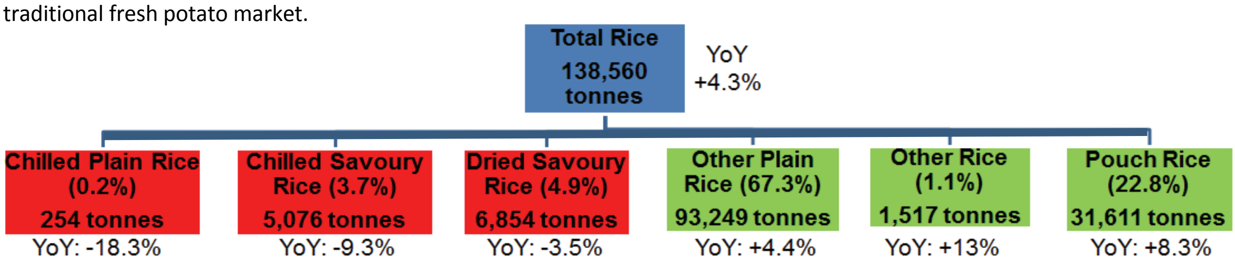
Iceland, Lidl and Aldi continue to see the most growth in the potato retail market, with annual volume increases of 34%, 28% and 20%, respectively. These retailers sell a much smaller percentage of loose potatoes than most of the larger retailers. The average fresh potato price is just over 20p cheaper per kg than the total market average.

52 w/e 30 September 2012	Waitrose		Marks & Spencer		Aldi		Lidl		Iceland		Tot. Independents		All Others	
	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%
Value (£000s)	48,853	-2.9	28,348	-11.2	31,801	21.3	33,714	13.1	12,190	13.9	9,347	-7.5	67,703	4.8
Volume (Tonnes)	48,873	1.9	24,296	-11.8	69,817	27.9	73,755	20.5	28,981	34.2	9,340	-3.6	71,220	11.6

Growth in convenient products seen also seen in the rice market

The rice market has shown good growth over the last year, with volume sales up 4.7%. Value sales are up by similar proportions, as continued promotions have kept prices fairly static. Increases in purchase frequency and the number of households buying have been the key drivers of volume growth.

The increasing popularity of pouch rice has been a key contributor to the retail rice market, seeing volume sales up 8.3% YOY. Pouch rice now accounts for 23% of the rice market (by volume). Rice pouches can be prepared (heated) in 90 seconds in a microwave and so the product really taps into consumers' desire for quick, convenient products. This echoes the trends seen within the potato market, where frozen and chilled potato products, which generally are quicker and more simple to prepare, are seeing much stronger growth than the more traditional fresh potato market.



What's been in the News?

Co-operative Group backs farmers with 'ugly fruit' listing, *The Grocer- 16 October 2012* .

- Misshapen and skin-blemished goods will be sold in the retailer's Simply Value produce range to maximise use of available crops.

Tesco launches organic veg boxes in London, *FDIN– 23 October 2012*

- Soil and Seed, Tesco's new organic veg box brand, will be available in the London area for delivery, rivalling similar veg box schemes.

Early autumn grocery sales nudge up, *Nielsen– 24 October 2012*

- Latest Nielsen data for the four weeks ending 13 October shows sales for the UK's leading supermarkets were up 2.9% vs. last year, while volumes were also up, by 0.9%.