POTATO COUNCIL

AHDB Agriculture & Horticulture DEVELOPMENT BOARD

Potato Retail Report

November 2013

Market Summary

(*These figures are retail purchases taken back into the home)

52 w/e 13 October 2013				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
Total Fresh	1,338,511	24.4	1,493,421	-8.1
Loose	223,835	14.2	134,206	-2.7
Pre-pack	1,114,676	26.6	1,359,215	-8.6
Total Organic	12,497	-8.6	10,461	-29.6
Total Frozen	703,569	9.9	489,871	0.6
Frozen Chips	438,601	9.9	331,116	-1.3
Frozen Potato Products	264,968	10.0	158,755	4.8
Chilled Potatoes	200,594	0.1	54,831	-3.8
Canned Potatoes	10,441	-5.3	17,840	17.2
Crisps	936,199	3.7	134,117	-0.6
Savoury Snacks	903,387	8.3	121,438	3.4
Recon. & Conv.	27,000	10.6	13,168	12.1

12 w/e 13 October 2013				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
Total Fresh	296,909	18.7	304,800	-11.1
Loose	52,039	15.2	29,719	-2.3
Pre-pack	244,869	19.4	275,081	-12.0
Total Organic	2,827	-1.4	2,321	-18.1
Total Frozen	157,162	10.6	105,060	-2.9
Frozen Chips	99,028	11.1	71,038	-4.9
Frozen Potato Products	58,134	9.9	34,022	1.5
Chilled Potatoes	40,531	-4.6	11,094	-8.4
Canned Potatoes	2,434	0.8	4,272	13.5
Crisps	212,346	0.4	30,034	-3.7
Savoury Snacks	203,075	11.0	26,787	7.6
Recon. & Conv	5,701	4.1	2,725	5.8

Fresh

In the last 12 weeks, volume sales of fresh potatoes were 11.1% behind last year, with pre-packed potatoes in particular driving the decline. Pre-packed maincrop and baking potatoes have recorded the largest reduction in volume sales. The trend for shoppers to buy smaller volumes of fresh potatoes per trip has continued. Volumes have also been impacted by fewer shoppers buying than this time last year and shoppers purchasing fresh potatoes less frequently. However, the value of the market continues to grow, with expenditure up 18.7% over the quarter, due to the increases in average price.

Frozen

Total frozen potato sales are up 9.9% over the 52 weeks, with volumes up 0.6% over the same period. In the latest 12 weeks, however, volumes have dipped slightly, driven by chips in particular which are 4.9% below last year. This is mainly due to shoppers buying less per trip. Meanwhile, other frozen potato products saw volume growth, boosted by shoppers buying products more frequently (three times in an average 12-week period).

Crisps and savoury snacks

The crisp market is currently worth £936 million, up 3.7% year-on-year (YOY). Volume sales of crisps have dipped slightly (-0.6%) over the year, mainly due to shoppers buying less per trip. In the most recent 12-week period, volumes are 3.7% behind last year, as a result of people buying crisps less often. Savoury snacks, meanwhile, have made volume gains of 7.6%, with more shoppers buying more frequently.

Chilled potatoes

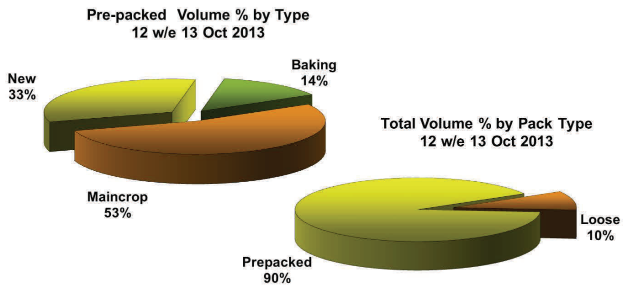
Chilled potato sales have posted a fall in value sales over the quarter, driven by a decline in volumes sold. This has been caused by a reduction in the number of shoppers and remaining shoppers buying less frequently than this time last year.

Reconstituted, convenience and canned potatoes

Volume sales of canned potatoes continue to grow, supported by new shoppers and an increase in the average amount bought per trip. In the latest 12 weeks, expenditure has also shown slight gains. Reconstituted and convenience potatoes have also continued to perform well this quarter.

Pre-pack and Loose - Share of type

In the last 12 weeks, new potatoes made up 33% of pre-packed volumes, up from 31% this time last year, highlighting the share gains new potatoes have made. The majority of potatoes are sold pre-packed; in the last 12 weeks, loose potatoes made up 10% of total potato volumes, up from last year.



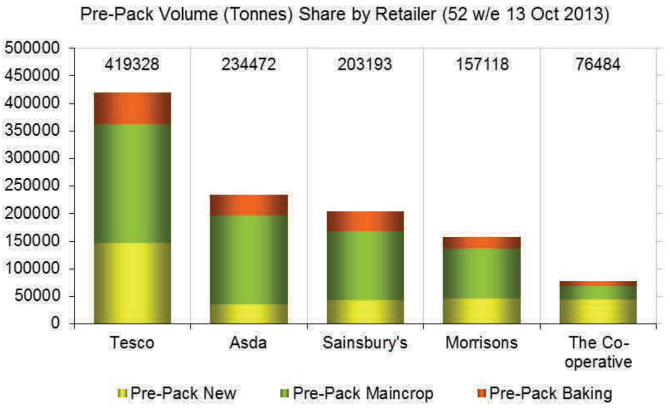
Package type

Pre-pack	Maris Piper		King Edward		Reds (Inc. Desiree)		Desiree		Whites (Exc. Maris Piper)		Economy (Exc. Maris Piper)	
12 w/e 13 Oct 2013	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	%Chg	Actual	% Chg
Value (£000's)	31,979	20.5	8,771	51.6	17,061	23.3	5,389	18.4	176,936	21.6	10,048	-24.4
Volume (Tonnes)	34,131	-4.3	9,486	20.6	18,299	7.5	5,555	-13.8	192,706	-10.9	20,369	-42.9

In the latest quarter, expenditure on Maris Piper potatoes increased 20.5%. King Edward potatoes have performed particularly well, on the back of poor volume sales last year. Red potatoes have also made encouraging gains this quarter, with volumes up 7.5%. This has been due to an increase in promotional activity, with a number of the major retailers running TPR (temporary price reduction) promotions for red potatoes over the last twelve weeks. The fall in economy is heavier than the total market, suggesting that consumers who bought economy packs last year may now be buying standard or named packs instead.

In the latest 12 weeks, pre-packed 'Medium Standard Plus' potatoes (Maris Piper, King Edward and Desiree) saw volumes dip 1.6%, despite strong King Edward sales. Value sales are up 25.1%, with price rises for this tier smaller than the total fresh price rises.

Retailer Performance - Fresh Potatoes



Tesco

Expenditure on fresh potatoes has increased 21.2% at Tesco over the year. However, volume sales have fallen 9.5% and this decline has accelerated in the latest 12 weeks. Over the year, pre-packed baking and maincrop potatoes have driven this trend. On the other hand, pre-packed new potato volumes were down just 1.9% compared to last year. Pre-packed baking potatoes have seen volumes fall 23.5%, with fewer shoppers buying this year compared to last year and shoppers buying smaller volumes per trip.

ASDA:

Volume sales fell 10.5% at Asda, with expenditure up 27.3% as a result of price increases. Baking and new potato volumes are up slightly compared to last year; pre-packed maincrop potatoes have been the cause of the downward volume trend. Volumes have been impacted by shoppers buying less per trip, as well as fewer shoppers buying less frequently.

Sainsbury's:

Over the year, volume sales were 6.2% below last year. Although shoppers buying less per trip remains the key factor in the volume reduction, fewer shoppers buying and a fall in the average purchase frequency have also contributed. As at other retailers, pre-packed maincrop potatoes were the driver of the decline, although white potatoes have shown volume growth year-on-year, as have Maris Piper potatoes.

Morrisons:

Value sales of fresh potatoes grew 17.7% YOY, while volumes declined 15.7%. Pre-packed baking potatoes suffered the largest reduction in volumes, resulting in expenditure falls despite price rises. Pre-packed new potatoes, however, performed well with volumes up 12.1% on the year.

Co-operative:

Volume sales fell 16.1% at the Co-op, with baking, new and maincrop potatoes all posting volumes below last year. Shoppers buying smaller amounts per trip has been evident across all pre-packed types, with a reduction in the number of shoppers also impacting sales. New potatoes, which account for a larger share at the Co-op compared to other retailers, have posted the smallest decline compared to other types, with volumes down 5.4%.

Other:

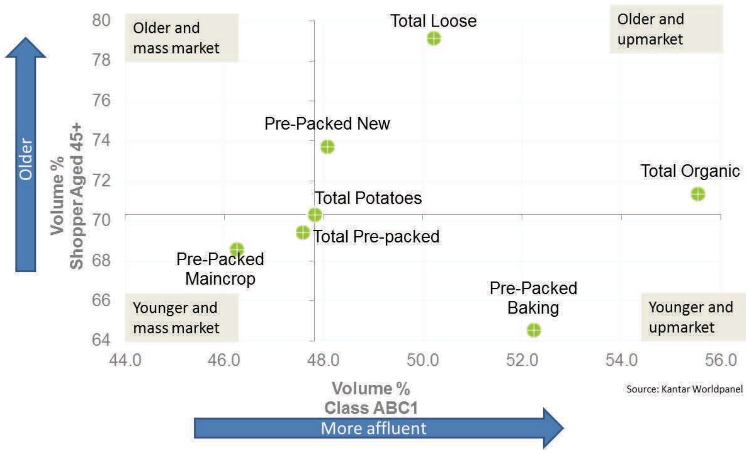
Marks & Spencer and Aldi continue to record volume gains, mainly due to an increase in the number of shoppers. Waitrose has kept volumes in line with last year, with baking potatoes performing strongly, compensating for other types. Volumes at Iceland are ahead of last year, with volume per trip falling just 0.6%.

52 w/e 13 October 2013	Marks & Spencer		Waitrose		Iceland		Aldi		Lidl		Tot. Independents		All Others	
Total fresh potatoes	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%
Value (£000s)	34,409	20.7	57,058	22.1	18,864	51.6	49,581	87.8	46,168	36.1	12,295	30.3	81,473	18.9
Volume (Tonnes)	26,915	10.3	46,668	0.1	29,853	2.0	62,269	3.0	71,537	-3.3	10,628	14.6	74,657	6.1

Focus on: Demographic differences

On average, 70% of potato volumes are bought by those over 45, with 48% of volumes bought by those who are more affluent (Classes ABC1). However, different potato types have different shopper demographics.

As expected, more affluent shoppers buy a larger proportion of organic potatoes. Nearly 80% of loose potatoes are bought by those over 45 years of age, while pre-packed baking potatoes are more likely to be bought by younger and more affluent consumers. Older shoppers are key consumers of new potatoes, accounting for nearly three quarters of volumes sold.



What's been in the News?

Walker's Red sky crisps are delisted - The Grocer, 10 November

The crisps, which are aimed at the premium end of the market, were launched in 2009 but have recently been de-listed at three of the major multiples.