Prepared by AHDB Market Intelligence

Potato Retail Report - August 2012 (2)

(Data to 5 August 2012)

Market Summary

52 w/e 5 August 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	1,062,266	-4.2	1,640,058	-0.4
Pre-packed	870,674	-2.3	1,502,222	+0.4
Loose	191,592	-11.8	137,836	-8.4
Total Organic	13,995	-26.7	15,436	-28.9
TOTAL FROZEN	630,838	+13.3	482,008	+2.8
Frozen Chips	397,118	+10.8	334,434	+1.0
Frozen Potato Products	233,719	+17.8	147,573	+7.1
CHILLED Potatoes	192,667	+5.9	54,781	+3.4
CANNED Potatoes	11,106	-0.5	15,000	+0.5
CRISPS	899,199	+7.0	135,280	+0.9
SAVOURY SNACKS	822,652	+8.3	116,269	+3.8
RECON. & CONV.	24,412	-0.9	11,861	-8.0

12 w/e 5 August 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	266,846	+2.3	362,296	+0.1
Pre-packed	212,752	+3.7	328,180	+0.6
Loose	54,094	-2.9	34,116	-5.3
Total Organic	3,301	-11.5	3,200	-20.5
TOTAL FROZEN	141,013	+10.1	107,166	+5.4
Frozen Chips	88,814	+2.8	74,552	+0.9
Frozen Potato Products	52,199	+25.2	32,613	+17.3
CHILLED Potatoes	40,314	+6.6	11,353	+2.7
CANNED Potatoes	2,676	+6.6	3,773	+6.5.
CRISPS	214,811	+6.4	32,048	+2.8
SAVOURY SNACKS	187,641	+6.0	25,592	-0.1
RECON. & CONV.	5,143	--0.3	2,297	--12.3

FRESH

- The latest quarter has seen value sales of fresh potatoes increase by 2.3% year-on-year (YOY) with volumes up slightly by 0.1%. This performance is due to an increase of 2.2% in average price and an increase in the number of people buying fresh potatoes. Pre-packed is driving the overall performance with volumes up by 0.6% and a value increase of 3.7%. In the latest year the decline in sales of fresh potatoes has also slowed. Both pre-packed and loose saw value sales decline with pre-packed seeing volume growth of 0.4% year on year.

FROZEN

- The results for the latest year saw value and volume growth for frozen chips and potato products remain broadly in-line with results seen in the previous report. The total category continued to see double-digit value growth with both chips and potato products supporting this; chips saw an average price increase of 9.7% YOY with potato products seeing average price growth of 10%. In terms of volume, Chips saw 1% growth as potatoes products saw growth ahead of this at +7.1%. In the latest quarter frozen potato products continue to see a very strong performance. Frozen chips also continue to see growth, however, volume growth has slowed to +0.9%.

CHILLED POTATOES

- Figures for the latest year and quarter see chilled potato products continuing to perform well with growth figures fairly consistent with the previous results. An increase in the average price paid and market penetration has driven growth in the latest period.

CRISPS & SAVOURY SNACKS

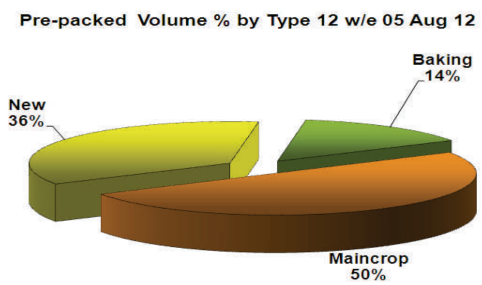
- In the latest 52 and 12-week period crisps continue to perform well with growth figures remaining broadly consistent with the previous results. Performance is being driven by an average price increase of 3.5% YOY and an increase in market penetration. Savoury snacks saw strong sales growth in the latest 52-week period while volume sales were, once again, negative in the latest quarter. Drivers continue to be a decline in market penetration and in the volume purchased per shopping trip.

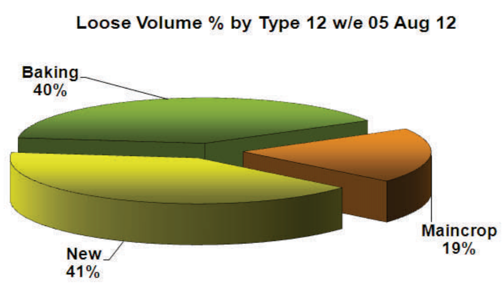
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- Canned potatoes saw an increase in both value and volume sales in the latest quarter with volume also up for the year. The increase in volumes was driven by uplifts in purchase frequency and the amount purchased per shopping trip. The sales of reconstitutable and convenience potatoes continue to be negative YOY with an average price increase of 13.7% likely to be detrimental to shoppers purchasing these products.

PRE-PACK VS. LOOSE (12-week data)

- Compared to the previous period, in pre-packed, new continue to gain share at the expense of maincrop. In loose, both new and baking have lost share to maincrop.



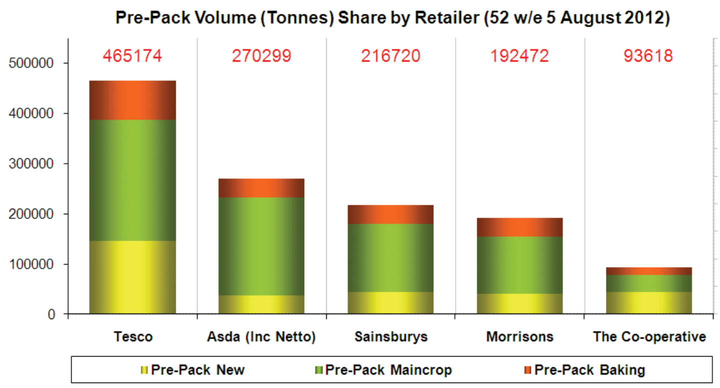


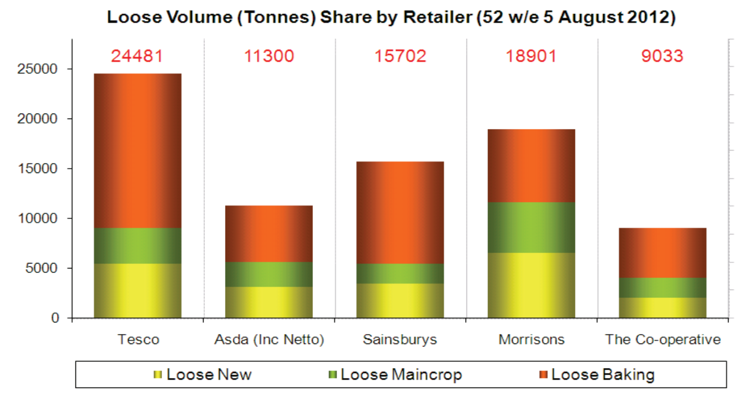
Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 5 August 2012	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	7,708	-2.2	4,711	-3.6	21,507	-1.0	14,289	-26.9	156,247	+6.4
Volume (Tonnes)	22,602	+21.8	6,930	-1.8	29,226	-6.3	20,250	-49.2	233,672	+5.5

- Economy continues to see value sales decline YOY although the decline has slowed compared to the previous results. Volume is very strong, indicating that cheaper products are available in-store, at the expense of Reds. Both Maris Piper and King Edward saw sales down vs. the same period last year. While King Edward has seen a fall in average price, Maris Piper has seen average price increase.
- Reds continue to see sales down YOY. In contrast, whites saw a positive performance for both value and volume sales.

Retailer Performance - Fresh Potatoes





TESCO:

- In the latest 52-week period, Tesco saw volume sales of fresh potatoes fall by 2.3% YOY as value sales fell by 5.7%. Pre-packed volumes were down by 1.7% as value sales declined by 4.4%. This performance was driven by YOY declines for new and maincrop as baking saw sales increase. The retailer currently holds a 29.9% volume share of the fresh potato category.

ASDA (inc. Netto):

- In Asda, Volume sales of fresh potatoes were down by 4.4% YOY once again as value sales declined by 5.3%. Pre-packed volumes declined by 3.8% as pre-packed value sales were down by 2.5% with performance driven by new, maincrop and baking. Asda currently holds a 17.2% volume share of the fresh potato category.

SAINSBURY'S:

- In the latest year, Sainsbury's has seen volume sales of fresh potatoes decline by 2.6% YOY with value sales down by 7.6%. Pre-packed volumes were down by 1.4% YOY driven by new and baking as maincrop saw growth. Pre-packed value sales declined by 4.8% YOY driven by new, maincrop and baking. The retailer currently has a 14.2% volume share of the category.

MORRISONS:

- The retailer saw volume sales decline by 1.2% with value down by 1.7% over the period. Pre-packed volume sales were down by 0.4% YOY while Morrisons continues to be the only top-5 retailer to see a pre-packed value increase; however the growth rate has slowed to +0.1%. Pre-packed maincrop and baking saw value sales down YOY as pre-packed new saw a +7.6% increase. Pre-packed maincrop also saw volumes down YOY as new and baking saw growth of +6.8% and +10% respectively. The retailer currently has a 12.9% volume share of the fresh potato category.

CO-OPERATIVE:

- The Co-operative saw a double-digit decline in value sales of fresh potatoes once again (-10.9%) with volumes down by 9.3%. Pre-packed value sales were down by -8.8% driven by new, maincrop and baking. Pre-packed volume sales were also down overall but pre-packed baking did see a volume increase of +3%. The retailer currently holds a 6.3% volume share of the fresh potato category.

OTHER:

- Waitrose and Marks & Spencer saw value sales down once again. Marks & Spencer also saw a volume decline, whereas Waitrose saw a slight increase in volume sales. Majors suffered whilst Lidl, Aldi and Iceland continue to see sales growth.

52 w/e 5 August 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)	48,276	-3.9	29,008	-10.7	31,196	+22.0	32,986	+15.7	12,007	+13.9	9,090	-10.5	66,725	+1.1
Volume (Tonnes)	48,158	+0.1	24,720	-11.7	66,374	+20.5	73,887	+25.9	29,034	+36.4	9,327	-0.9	70,860	+9.6

What is driving sales performance - Fresh Potatoes

	Total Market	Total Pre-packed	Pre-packed New	Pre-packed Maincrop	Pre-packed Baking	Total Loose
Value Sales (YOY Chg)	+2.3%	+3.7%	+10.6%	-2.7%	+3.1%	-2.9%
Volume Sales (YOY Chg)	+0.1%	+0.6%	+13.6%	-7.3%	+2.1%	-5.3%
Market Penetration						
Volume per trip						
Average Price						
Purchase Frequency						

- The table indicates what is contributing to overall sales performance both on a total market level and by type. Green indicates that the measure is having a positive impact and orange indicates a detrimental impact on sales. For example, at total market level, an increase in average price has added value sales whereas a decline in market penetration, volume purchased per trip and purchase frequency have taken sales away from the market. [Please note: the actual level of impact of each of the measures varies across the board].
- Average price has increased for the majority of product types listed with the exception of pre-packed new. The performance of pre-packed new has benefitted from increased market penetration, an increase in the amount purchased per shopping trip and an increased purchase frequency.
- Loose sales performance is being driven by reduced purchase frequency and market penetration. However, those shoppers that are buying loose potatoes are buying more per shopping trip.

What's been in the News?

Morrisons to sell `ugly´ fruit and vegetables
The Grocer - 31 July 2012
Morrisons is to sell `ugly´ fruit and vegetables in its stores to support British growers affected by the recent bad weather. The venture will also enable consumers to continue buying British produce.

Spar to launch round-pound fruit and vegetable deals
The Grocer - 28 July 2012
Spar is set to launch a series of fruit and vegetable deals in response to consumer demand for better fresh produce.

New small 'Jazzy' potatoes unveiled in the UK
Food and Drink Network - 6 August 2012
Jazzy is the all new small potato launched by Preva Produce and the Jazzy grower group to wholesale, hospitality and retail this summer. Jazzy is a waxy, set-skinnned potato packaged in brightly coloured red and green packaging, which is also echoed on the website and newsletter. The potato will be available in 10kg boxes from the 1 August for the major wholesale markets.