Prepared by AHDB Market Intelligence

Potato Retail Report - February 2012

(Data to 22 Jan 2012)

Market Summary

52 w/e 22 Jan 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,040,714	+0.4	1,642,285	-1.7
Pre-packed	918,651	+1.8	1,548,084	-1.4
Loose	122,063	-9.1	94,201	-6.5
Total Organic	15,712	-21.5	17,734	-22.7
TOTAL FROZEN	593,014	+10.1	474,318	+0.3
Frozen Chips	386,452	+14.2	336,659	+1.9
Frozen Potato Products	206,562	+3.1	137,659	-3.6
CHILLED Potatoes	184,472	+11.0	53,274	+8.0
CANNED Potatoes	10,797	-7.8	14,784	-7.2
CRISPS	881,216	+8.9	136,275	+1.2
SAVOURY SNACKS	813,552	+8.2	117,947	+2.8
RECON. & CONV.	23,640	-3.8	12,061	-6.3

12 w/e 22 Jan 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	223,951	-9.3	396,449	-3.6
Pre-packed	203,263	-8.4	377,728	-3.4
Loose	20,688	-17.5	18,721	-7.6
Total Organic	3,217	-34.5	4,000	-30.3
TOTAL FROZEN	150,604	+11.1	116,040	-1.4
Frozen Chips	94,600	+14.0	79,403	-0.4
Frozen Potato Products	56,004	+6.5	36,637	-3.5
CHILLED Potatoes	49,053	+15.5	13,262	+7.9
CANNED Potatoes	2,599	-3.9	3,278	-8.3
CRISPS	205,069	+6.3	31,231	-0.4
SAVOURY SNACKS	230,602	+15.8	34,169	+14.3
RECON. & CONV.	5,822	-4.3	2,906	-9.3

FRESH

- The latest results for the 52-week period show that fresh potato volume sales continue to decline year-on-year (YOY), however, this decline has slowed from -2.1% in the previous report to -1.7% currently. The fall in volume relates to shoppers buying less in terms of frequency of shopping trip and volume purchased per trip. Value sales growth also slowed to +0.4% YOY - value growth is being driven by a +2.1% increase in average price per kg. Both pre-packed and loose saw volumes decline YOY. Loose value sales also declined with pre-packed seeing value growth.
- In the latest quarter both volume and value sales continue to decline with the figures accelerating vs. the previous report. Both loose and pre-packed have seen sales decline in terms of value and volume with the performance of pre-packed being the main contributor to overall market performance.
- Organic sales continue to see double-digit sales decline with the latest quarter seeing sales down by over 30% vs. the same period last year.

FROZEN

- In the latest year, growth in the frozen category continues to be strong in terms of value with sales up by 10.1% YOY. Volume growth remained fairly stable at +0.3% YOY. An increase in average price has contributed to growth, the average price per kg currently stands at £1.25 vs. £1.14 in the previous year.
- Performance in the latest quarter is not as strong for frozen. The last report saw volumes down by 0.4% with the decline accelerating to -1.4% in the current quarter. Both frozen chips and frozen potato products have contributed to this performance.

CHILLED POTATOES

- Chilled potatoes continue to be one of the consistent strong performers in the category. Volume growth in the latest quarter has accelerated vs. the previous results to +7.9%. The average price per kg for chilled potatoes currently stands at £3.46.

CRISPS & SAVOURY SNACKS

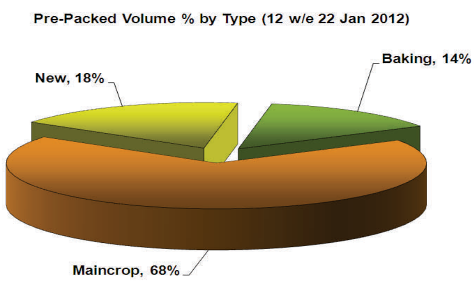
- In the latest year the crisps sub-category saw strong value growth of +8.9% with volumes up by 1.2%. The latest quarter was also strong in terms of value, however, volume declined by 0.4%. This mirrors the trend seen in last month's report.
- Savoury snacks also continued to perform well over the 52-week period with value and volume growth. Sales in the latest quarter saw growth accelerate vs. the previous results with double-digit growth in terms of both value and volume.

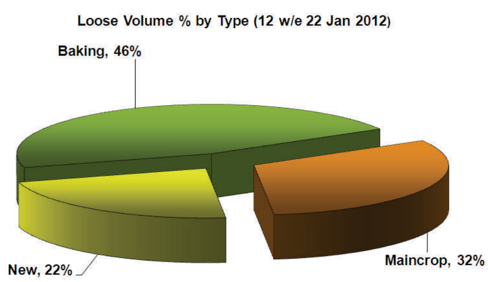
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- Both canned and reconstitutable and convenience potatoes continue to see value and volume sales decline when looking at both the 12 and 52-week periods.

PRE-PACK VS. LOOSE

- In terms of pre-packed volumes, new, baking and maincrop have maintained a fairly stable share in the latest quarter.
- In comparison to the last results, loose new have lost share to loose baking.



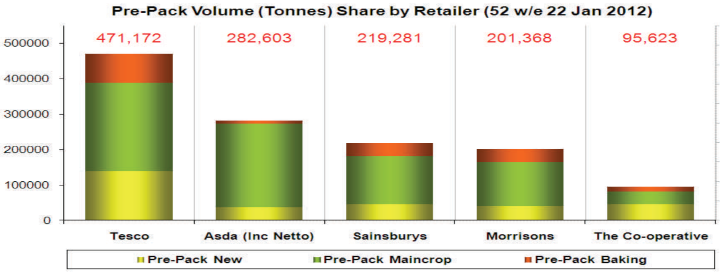


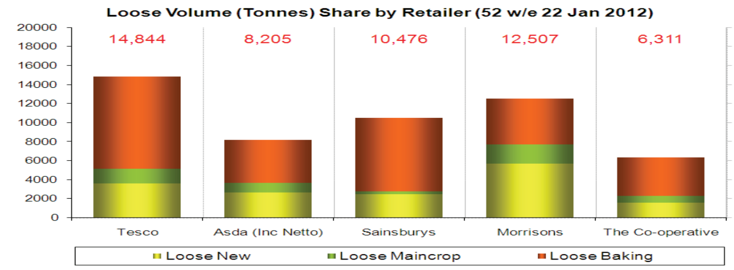
Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 22 Jan 2012	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	10,603	+13.5	11,710	-13.5	28,034	-16.0	19,792	-16.7	132,609	-6.2
Volume (Tonnes)	28,518	+16.9	21,528	-11.1	44,175	-13.2	31,729	-11.9	250,836	-1.5

- King Edward and Maris Piper continue to see sales decline in terms of both value and volume sales in the latest quarter. In contrast, economy continues to see a strong performance in terms of YOY growth.
- Reds continue to see sales decline in terms of both volume and value. After volume growth recorded in the previous results, whites are now also seeing volume and value sales down YOY.

Retailer Performance - Fresh Potatoes





TESCO:

- Tesco maintains a 29.6% volume share and 28.4% value share of the fresh potato market. In the latest 52-week period volume sales have seen a very slight decline of -0.1% as value sales have increased by 0.6%.
- The retailer maintains a 30.5% volume share of pre-packed and a 29.9% value share. Volume sales of pre-packed have increased by 0.6% overall, driven by growth in maincrop and baking. Value growth in pre-packed stands at +2.8% YOY. Loose volume sales declined by 17.9% YOY driven by new and baking. Value sales of loose declined by 21.7% in Tesco.

ASDA (inc. Netto):

- Asda maintains a 17.7% volume share of the fresh potato market with a 15.8% value share. Volume sales were down by 1.5% YOY while value sales increased by 1.9%.
- The retailer has a 18.3% volume share of pre-packed with overall volumes down by 1.4% YOY. This decline was driven by a 14.8% decline in pre-packed new volumes. In terms of value, Asda has a 16.7% share of pre-packed with growth of 2.7% YOY driven by maincrop and baking.
- Asda has a 8.7% volume share of the loose category with sales down by 4.7% YOY driven by maincrop and baking. In terms of value, share is 9.1% with sales down by 7.3% YOY also driven by maincrop and baking.

SAINSBURY'S:

- Sainsbury's maintains a 14% volume share of fresh potatoes and a 15.1% value share. Total volume and value sales are down by 3.1% YOY.
- Pre-packed volume share is currently 14.2% with sales down by 2.4% while value share stands at 15.6% with sales down by 1.3% YOY. This performance was driven by a decline in sales for new and baking. In terms of loose, the retailer has an 11.1% volume share and a 12% value share. Volumes were down by 16.8% YOY with value down by 18% YOY driven by a sales decline for new, maincrop and baking.

MORRISONS:

- Morrisons currently has a 13% volume share of the fresh potato market with a value share of 12.4%. Volumes saw growth of +2.3% YOY with value up by 0.9%. Morrisons is the only top 5 retailer to record both volume and value growth.
- Pre-packed volume share currently stands at 13% with value share at 12.2%. Pre-packed volumes saw growth of 3.2% with value up by 2.9% YOY. Loose volumes were down by 10% with value down by 9.9% with volume share now at 13.3% and value share at 14.3%. The decline in loose is driven by new and baking.

CO-OPERATIVE:

- The Co-operative has a 6.2% volume share and a 6.9% value share of the fresh market. Volume sales have declined by 14.7% with value sales down by 10.6%.
- The retailer has a 6.2% volume share of pre-packed and a 6.7% value share. Pre-packed volume sales have declined by 14.5% with value down by 10%. Loose volume share is currently 6.7% (-17.4% YOY) with value share at 8.3% (-13.7%).

OTHER:

- Waitrose continues to see growth in terms of both value and volume sales with figures having slowed vs. the last report. Iceland also saw volume and value growth in the latest 52-week period. The trend for Marks & Spencer continues to be value growth vs. volumes decline. The discounters both saw value growth, with Aldi continuing to see volumes decline. The independents continue to see a fall in value sales with volumes on the increase.

52 w/e 22 Jan 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)	47,211	+0.6	32,925	+1.5	33,504	+5.7	30,873	+36.3	11,019	+8.0	6,742	-3.1	59,774	-0.4
Volume (Tonnes)	48,574	+0.2	27,291	-2.7	62,053	-28.4	67,506	+28.3	23,436	+3.3	8,848	+2.4	81,942	+6.9

What is driving value sales performance in the market - Fresh Potatoes

	Value Sales YOY Change	Market Penetration	Volume per trip	Average Price	Purchase Frequency
TOTAL MARKET	+0.4%				
Tesco	+0.6%				
Asda	+1.9%				
Sainsbury's	-3.1%				
Morrisons	+0.9%				
Co-operative	-10.6%				
Waitrose	+0.6%				
Marks & Spencer	+1.5%				
Aldi	+5.7%				
Lidl	+36.3%				
Iceland	+8.0%				
Independents	-3.1%				

- The table indicates what is contributing to the overall value sales performance both on a total market level and by individual retailer. Green indicates that the measure is having a positive impact and orange indicates a detrimental impact on value 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 value sales away from the market. It shows how all of the elements contribute to the overall value sales increase of +0.4%. Please note: the actual level of impact of each of the measures varies across the board.
- Looking at the top 5 retailers, Tesco, Asda and Morrisons have all seen positive sales growth over the latest year. Tesco is seeing a positive impact on value from shoppers buying more per trip and an increase in average price. Asda is also benefiting from an average price increase with Morrisons seeing positive results from an increase in market penetration and purchase frequency.
- The Co-operative and Sainsbury's have both seen value sales decline YOY. Sainsbury's performance has been impacted negatively by all of the key consumer measures with the Co-operative seeing a decline in market penetration and volume purchased per trip.
- Lidl is the only retailer to see a positive performance driven by all of the key measures.
- Waitrose, Marks & Spencer, Lidl and Iceland are all seeing a positive impact on value sales from an increase in market penetration.

What's been in the News?

What's This Flavour? Crisps

The Grocer - 21 January 2012

Snack giant Walkers is introducing three mystery flavoured crisps under the What's This Flavour? banner. The new mystery crisps, which will be labelled A, B and C, are inspired by popular British ingredients and recipes but Walkers is not telling exactly what flavours they are. Instead, the snack giant is offering consumers the chance to win £50,000 by correctly identifying a flavour. Walkers will reveal the flavours of the three crisps on 12 March 2012.

New identity and packaging for Pipers Crisp Co.

Design Week - 27 January 2012

Strategic design agency BrandOpus has created a new identity and packaging for Pipers Crisp Co, developing the name, logo and colour palette to be used across the brand. The brand was previously called Pipers Crisps. BrandOpus creative director Paul Taylor says: 'The "crisp" element was very generic so changing it to "Crisp Co." gave it a bit more of an idea of what the brand was about.' A piper figure is used to reference the crisps´ natural, rural qualities.