Prepared by AHDB Market Intelligence

# Potato Retail Report - January 2012

(Data to 25 Dec 2011)

## Market Summary

| 52 w/e 25 Dec 2011 | | | | |
|---|---|---|---|---|
| **Produce Type** | Value (£000s) | % Chg YOY | Volume (Tns) | % Chg YOY |
| **TOTAL FRESH** | 1,048,882 | +1.0 | 1,648,484 | -2.1 |
| Pre-packed | 925,548 | +2.5 | 1,553,675 | -1.8 |
| Loose | 123,335 | -8.8 | 94,809 | -7.1 |
| Total Organic | 16,149 | -19.7 | 17,984 | -22.6 |
| **TOTAL FROZEN** | 588,862 | +9.0 | 475,727 | +0.2 |
| Frozen Chips | 383,481 | +13.3 | 337,585 | +2.0 |
| Frozen Potato Products | 205,381 | +1.9 | 138,142 | -3.9 |
| **CHILLED Potatoes** | 183,834 | +11.4 | 53,089 | +8.4 |
| **CANNED Potatoes** | 10,819 | -8.3 | 14,893 | -7.7 |
| **CRISPS** | 878,643 | +9.0 | 136,377 | +1.3 |
| **SAVOURY SNACKS** | 808,759 | +7.4 | 117,426 | +1.8 |
| **RECON. & CONV.** | 23,688 | -5.4 | 12,193 | -7.2 |

| 12 w/e 25 Dec 2011 | | | | |
|---|---|---|---|---|
| **Produce Type** | Value (£000s) | % Chg YOY | Volume (Tns) | % Chg YOY |
| **TOTAL FRESH** | 225,619 | -6.4 | 398,272 | -1.9 |
| Pre-packed | 204,568 | -4.9 | 378,508 | -1.6 |
| Loose | 21,051 | -19.3 | 19,763 | -6.6 |
| Total Organic | 3,440 | -26.5 | 4,225 | -22.9 |
| **TOTAL FROZEN** | 148,066 | +12.5 | 115,596 | -0.4 |
| Frozen Chips | 94,137 | +16.6 | 79,621 | +0.9 |
| Frozen Potato Products | 53,929 | +5.9 | 35,976 | -3.3 |
| **CHILLED Potatoes** | 49,100 | +16.8 | 13,260 | +6.9 |
| **CANNED Potatoes** | 2,604 | -1.3 | 3,472 | -1.4 |
| **CRISPS** | 213,575 | +7.7 | 32,281 | n/c |
| **SAVOURY SNACKS** | 238,512 | +13.7 | 35,151 | +10.0 |
| **RECON. & CONV.** | 5,839 | -4.6 | 2,911 | -8.5 |

**FRESH**

- In the year to 25 December 2011, the fresh potato market saw value growth of 1% with volumes down by 2.1% overall. Value sales growth is being driven by pre-packed with growth of 2.5% year-on-year (YOY) as loose sales continue to decline. Volume sales are down across the board. The Organic market continues to see double-digit declines for both value and volume sales.
- In the latest quarter, we continue to see a YOY decline for both value and volume sales in the fresh potato market. December 2010 was a particularly cold month and was very strong in terms of potato sales - as a result, the YOY decline has accelerated this year in the latest quarter. The month of December 2011 saw fresh potato volumes down by 4.6% which will have been, in part, an effect of the strong YOY comparison. Volume sales in the total meat, poultry and bacon market will also have had an impact on potato sales. Volumes for this market were down by 1.3% in the latest quarter with the month of December seeing sales decline by 3.8%. Red meat sales in December were down by 8.7%. Organic value and volume sales also declined in the latest 12-week period.

**FROZEN**

- In the latest year, growth in the frozen category remains consistent with strong value growth of 9% and volumes up by 0.2% YOY. Chips are driving overall growth with frozen potato products also seeing value growth.
- Volume sales for the latest 12-week period continue to be down vs. the same period last year. However, the volume decline has slowed compared to the previous results (-0.4% vs. -1.4%). Chips performed well with strong value growth once again, with potato products also seeing value growth while volumes declined.

**CHILLED POTATOES**

- Chilled potatoes continue to be one of the consistent growth categories in the potato market. In the latest year and quarter, value sales continue to see double-digit growth with volumes also remaining strong.

**CRISPS & SAVOURY SNACKS**

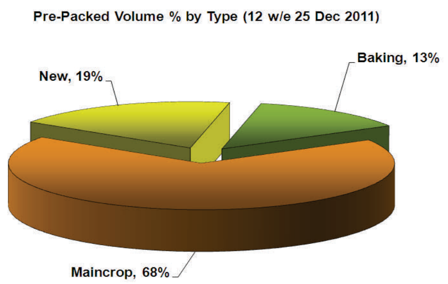
- Crisp value sales in the latest year saw strong growth of 9% and volume growth of 1.3%. In the quarter, growth slowed slightly with value up by 7.7% and no change in volumes vs. the same period the previous year.
- Savoury snacks performed well over the 52-week period with value and volume growth. The latest quarter looks particularly strong with value growth of 13.7% and a 10% volume uplift.

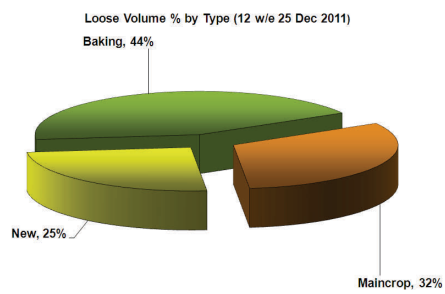
**CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE**

- Both canned and reconstitutable and convenience potatoes saw a value and volume sales decline in the year ending 25 December 2011. Recon. and convenience potatoes also saw sales decline in the latest quarter as did canned after positive results in the previous period.

**PRE-PACK VS. LOOSE**

- In the latest quarter, share of new and baking has declined as maincrop has increased volume share. In loose, baking has maintained share as new loses out to maincrop.



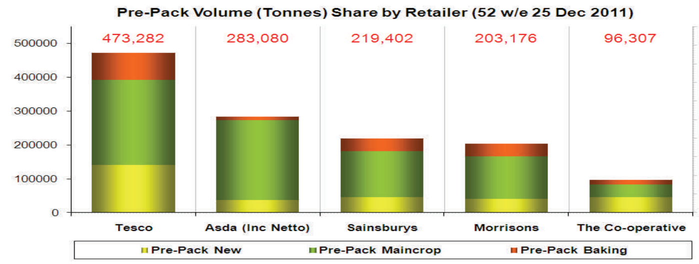



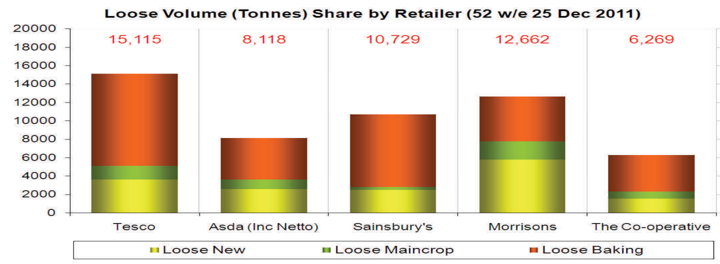

## Pre-packed and Variety

| Pre-packed | Economy | | King Edward | | Maris Piper | | Reds | | Whites | |
|---|---|---|---|---|---|---|---|---|---|---|
| 12 w/e 25 Dec 2011 | Actual | % Chg | Actual | % Chg | Actual | % Chg | Actual | % Chg | Actual | % Chg |
| Value (£000's) | 10,902 | +23.5 | 11,276 | -8.1 | 29,940 | -12.1 | 18,766 | -22.7 | 133,031 | -1.6 |
| Volume (Tonnes) | 29,451 | +27.4 | 20,992 | -3.1 | 51,494 | -11.8 | 29,532 | -26.5 | 245,977 | +2.2 |

- Economy potatoes continue to see strong growth YOY with Maris Piper looking to be losing out to this variety. The availability of good quality material may have also been an issue for Maris Piper. After a strong quarter previously, King Edward once again saw value and volume sales decline in the latest quarter.
- Once again, Reds saw sales decline as whites saw volume growth of 2.2%. After value growth for whites in the previous quarter, this quarter saw a value sales decline of 1.6% as volumes were up YOY once again.

# Retailer Performance - Fresh Potatoes




**TESCO:**

- Tesco volume share of the fresh potato market currently stands at 29.6% with value share of 28.4%. Volume sales increased by 0.3% with value sales up by 1.4%.
- The retailer currently has a 30.5% volume share of pre-packed and a 29.9% value share. Volumes have increased by 1.1% YOY as value sales have grown by 3.7%. Maincrop and baking are driving growth in pre-packed. Loose share is currently 15.9% in terms of volume and 17% in terms of value. Both value and volume loose sales have declined overall with maincrop being the only type of loose potato to see growth.

**ASDA (inc. Netto):**

- Asda currently has a 17.7% volume share of the fresh potato market with a 15.8% value share. Volumes are down by 2.4% YOY while value sales have increased by 2.2%.
- Pre-packed volume share is 18.2% with value share of 16.7%. Pre-packed volumes are down by 2.3% YOY with only pre-packed baking seeing any growth. Value sales are up by 3.1% with growth in both maincrop and baking.
- In the loose category, Asda has a 8.6% volume share and a 9% value share. Both volume and value sales have fallen YOY. Asda is seeing growth in loose new potatoes.

**SAINSBURY'S:**

- Sainsbury's has a 14% volume share of fresh potatoes and a 15.1% value share. Volumes are down by 3.7% YOY as value sales decline by 2.7%.
- Pre-packed volume sales are down by 3.1% in Sainsbury's with value down by 1.1%. Pre-packed volume sales are down across the board with YOY declines for new, maincrop and baking. Loose volume share currently stands at 11.3% with value share at 12.1%. Loose volume is down by 15.3% with value down by 16.2%.

**MORRISONS:**

- Morrisons has a 13.1% share of the market with a value share of 12.5%. The retailer has seen volume growth of 2.2% with value growth of 1.9%.
- Pre-pack volume sales are up by 3.1% YOY with value growth of 4%. New and baking pre-packed are seeing YOY volume growth with maincrop seeing a decline. Value sales have increased across the board. Loose volume sales are down by 10.8% with value sales down by 9.6% YOY. Both loose new and baking are seeing volume and value sales decline with maincrop seeing growth.

**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 16.1% with value sales down by 10.9%.
- Pre-packed volumes are down by 15.8% YOY with value down by 10%, with losses across all types. In term of loose sales, volumes are down by 19.9% with value down by 16%. As in pre-packed, loose sales are down for new, maincrop and baking.

**OTHER:**

- Waitrose continues to see growth in terms of both value and volume sales. Marks & Spencer also saw value growth as volume sales continue to decline in the retailer. Aldi saw double-digit volume losses once again while still taking value from the market. Lidl saw the strongest volume growth in fresh potato sales with the retailer currently having a 4% market share. The independents saw both their value and volume sales down YOY.

| 52 w/e 25 Dec 2011 | 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) | 47,952 | +3.1 | 33,097 | +2.2 | 33,852 | +8.0 | 30,443 | +35.0 | 10,891 | +6.4 | 6,753 | -7.1 | 60,586 | +1.2 |
| Volume (Tonnes) | 49,178 | +2.3 | 27,547 | -2.2 | 63,052 | -29.1 | 65,866 | +24.2 | 22,787 | -0.9 | 8,818 | -3.2 | 82,872 | +9.6 |

# Christmas Update - Fresh Potatoes

- By looking back to 2009, we can see that the sales levels in 2011 have been more in line with that year than 2010.
- Looking at the volumes by month for the final quarter of 2009, 2010 and 2011, we can see that December 2010 was a particularly strong month in terms of fresh potato sales. Reasons for this could relate to what we know was a very cold/snowy December in which shoppers are likely to have been stocking up on food items.
- Average price over the quarter was 57p per kg in 2009 and 2011 and 59p in 2010.
- Looking at the 5-year average for the quarter Oct to Dec, the total average volume is 397,016 tonnes - 2011 performance is ahead of this figure.

| Volume (Tonnes)* | October | November | December | Total Quarter | % Chg YOY |
|---|---|---|---|---|---|
| **2009** | 127,760 | 135,651, | 134,734 | **398,146** | |
| **2010** | 127,526 | 134,465 | 143,947 | **405,938** | **+2.0** |
| **2011** | 128,324 | 132,651 | 137,297 | **398,272** | **-1.9** |
| | | | | **2009 vs. 2011 % Chg** | **n/c** |

| Value (£000s)* | October | November | December | Total Quarter | % Chg YOY |
|---|---|---|---|---|---|
| **2009** | 74,716 | 76,592 | 76,273 | **227,582** | |
| **2010** | 74,058 | 79,200 | 87,895 | **241,153** | **+6.0** |
| **2011** | 73,391 | 74,493 | 77,734 | **225,619** | **-6.4** |
| | | | | **2009 vs. 2011 % Chg** | **-0.9** |

* Figures have been rounded to the nearest tonne

# What's been in the News?

**Beefeater introduces bottomless chips**
Morning Advertiser - 22 December 2011
Whitbread's Beefeater brand has introduced 'bottomless chips' on the menu across all sites.

**Frozen foods sales boom**
The Grocer - 22 December 2011
The frozen food retail market was up by 5.2% on 2010, according to the latest sales figures released by Kantar Worldpanel. Volume sales of frozen meat and poultry are up 5.5%. Volume sales of Pizza are up 3.6% on 2010 with a value increase of 4.9%. Frozen fish has seen a 4.7% increase in value and a 3.4% increase in volume on 2010. Director general of British Frozen Food Federation Brian Young said of the sales surge: "I believe this can be explained by great investment in products and processes from manufactures over the last year - giving consumers even more choice and better value than ever on quality products." He added: "In times of economic uncertainty, choosing frozen meat and poultry allows consumers to make their favourite meals and foods at a much lower price point. The sector has increased in volume by almost 2% in just 12 weeks."

**McCain launches frozen Ready Baked Jackets**
The Grocer - 7 January 2012
McCain has launched frozen Ready Baked Jackets and is hoping it will have the same impact on jacket potatoes that its Oven Chips did in 1979.

**Tyrrells buys Glennans**
The Grocer - 7 January 2012
Tyrrells has purchased Staffordshire vegetable crisps maker Glennans, including the custom-built manufacturing site in Uttoxeter, for an undisclosed fee.