Prepared by AHDB Market Intelligence

Potato Retail Report - July 2012

(Data to 10 June 2012)

Market Summary

52 w/e 10 June 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	1,052,753	-5.9	1,632,686	-1.0
Pre-packed	861,269	-3.3	1,494,578	+0.1
Loose	191,483	-16.0	138,108	-12.2
Total Organic	14,375	-26.4	16,141	-26.8
TOTAL FROZEN	620,729	+13.5	476,969	+2.1
Frozen Chips	394,815	+13.2	333,227	+1.5
Frozen Potato Products	225,914	+14.1	143,742	+3.5
CHILLED Potatoes	191,770	+7.4	54,700	+5.0
CANNED Potatoes	10,917	-4.3	14,733	-2.6
CRISPS	892,117	+8.0	134,583	+0.6
SAVOURY SNACKS	813,744	+7.6	116,182	+3.5
RECON. & CONV.	24,240	-1.2	11,949	-7.7

12 w/e 10 June 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	268,591	-6.4	386,789	-1.0
Pre-packed	216,086	-5.4	353,428	n/c
Loose	52,505	-10.1	33,361	-10.2
Total Organic	3,591	-15.6	3,590	-20.1
TOTAL FROZEN	150,048	+13.0	113,602	+6.4
Frozen Chips	94,087	+7.4	78,979	+3.7
Frozen Potato Products	55,961	+23.8	34,623	+13.3
CHILLED Potatoes	43,999	+3.9	12,505	+0.5
CANNED Potatoes	2,590	-2.0	3,589	n/c
CRISPS	218,323	+6.5	32,519	+0.4
SAVOURY SNACKS	191,859	+11.5	26,423	+7.0
RECON. & CONV.	5,477	-0.2	2,574	-10.6

FRESH

- The decline in volume sales of fresh potatoes has deepened to -1% in the latest 52-week period vs. the -0.7% previously reported. Pre-packed volumes saw slight growth of +0.1% with loose down by 12.2%. Value sales were down by 5.9% with both pre-packed and loose declining as overall average price per kg decreased by 4.9% YOY. In the latest quarter, the sales trends continue with pre-packed volumes remaining unchanged YOY. Organic sales continue to decline in terms of both value and volume.

FROZEN

- The total frozen category continues to perform well. Looking at the latest 52-week period, the volume sales of both frozen chips and frozen potato products are in growth due to an increase in market penetration and shoppers purchasing more frequently. Value growth is being driven by an 11.5% price increase for frozen chips and a 10.3% price increase for frozen potato products - average price is currently £1.18 for frozen chips and £1.57 for frozen potato products.

CHILLED POTATOES

- Chilled potatoes saw volume and value growth once again. A YOY price increase of 2.3% is driving value growth - average price currently stands at £3.51. Volume growth is being driven by shoppers buying more chilled products on a more frequent basis.

CRISPS & SAVOURY SNACKS

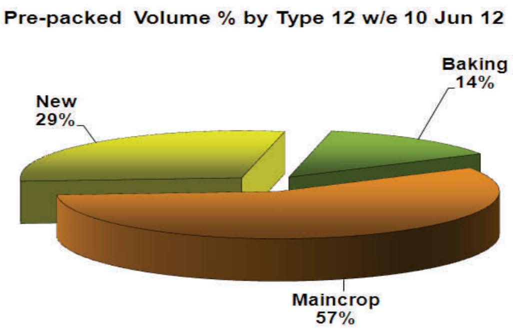
- In the latest quarter, both crisps and savoury snacks saw value and volume sales growth. Volume growth was driven by an increase in market penetration for both crisps and savoury snacks with the latter also benefiting from shoppers purchasing more frequently. For both product categories, average price increases supported value growth - crisps average price increased by 7.4% YOY with the average price of savoury snacks up by 4% YOY.

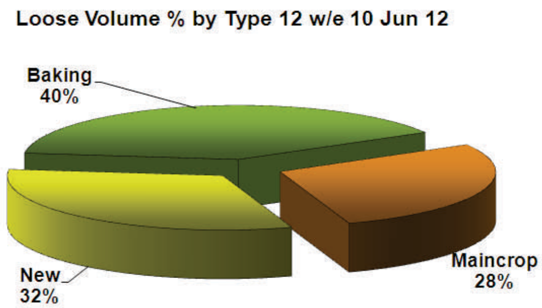
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- Both canned and reconstitutable and convenience saw value and volume sales down in the latest 52-week period. This trend continues in the latest quarter with the exception of unchanged volume sales for canned potatoes YOY. In the latest year, the decline in sales for both product types has been driven by a reduction in market penetration - down by 6.2% to 16.9% for canned potatoes and down by 4.5% to 19.9% for reconstitutable and convenience.

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

- Once again, pre-packed new continue to gain share even with the wet weather! Baking share has reduced slightly with new gaining most from maincrop.
- In loose, new also continues to gain share and now accounts for over a third of the loose market. New share gains have come from both baking and maincrop.





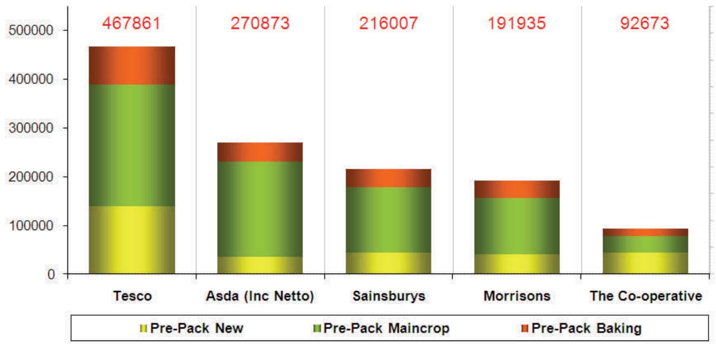
Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 10 June 2012	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	8,665	-5.9	8,234	+6.4	22,246	-11.4	18,992	-2.0	150,794	-6.9
Volume (Tonnes)	23,890	+7.1	14,434	+19.1	31,290	-14.7	31,974	-4.3	236,975	-1.2

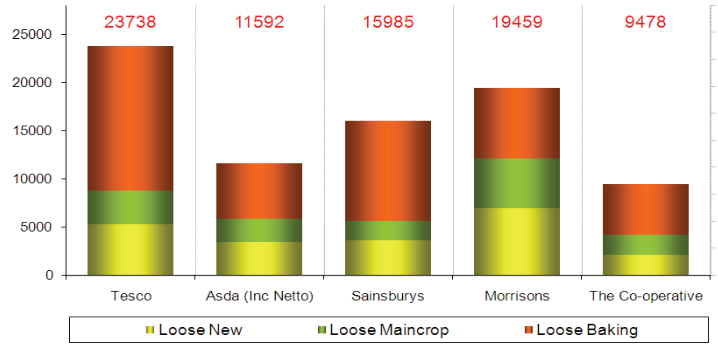
- Both Economy and King Edward continue to benefit from an increase in shopper numbers while a decline in average price is impacting economy value sales. Maris Piper continues to see sales down, driven predominantly by a reduced number of buyers - an average price increase for Maris Piper could be a factor.
- Both whites and reds have seen sales down in the latest quarter. The decline in reds is being driven by a decline in shopper numbers.

Retailer Performance - Fresh Potatoes

Pre-Pack Volume (Tonnes) Share by Retailer (52 w/e 10 June 2012)



Loose Volume (Tonnes) Share by Retailer (52 w/e 10 June 2012)



TESCO:

- Tesco total volume sales of fresh potatoes were down by 1.5% YOY as value sales fell by 6.8%. Pre-packed volume sales were down by 0.2%, driven by a -13.7% decline in new. In contrast, pre-packed maincrop and baking saw growth of 7.5% and 4.8%, respectively. The retailer currently holds a 30.1% volume share of fresh potatoes, down slightly from the 30.2% share held over the same period last year.

ASDA (inc. Netto):

- In the latest year, Asda has seen volume sales fall by 4.1% YOY with value sales also down (-5.6%). Pre-packed volumes are down by 3.4% in the retailer, however, pre-packed maincrop did see growth of 1%. The retailer currently has a 17.3% volume share of fresh potatoes, down from 17.9% last year.

SAINSBURY'S:

- Volumes sales of fresh potatoes in Sainsbury's have declined by 2.9% YOY overall with pre-packed volumes down by 1.5%. Within pre-packed, new has declined by 9.2% with baking down by 3.4%. Maincrop pre-pack has seen growth of 1.8%. Value sales have declined by 8.3% overall. The retailer currently holds a 14.2% volume share of market, down from 14.5% in the same period last year.

MORRISONS:

- Morrisons has seen fresh potato volumes down by 0.5% overall with pre-packed seeing growth of 0.5%. This growth is being driven by a 10% increase in new and an 8% increase in baking volume sales. Value sales are down by 4.4% overall, with pre-packed value sales down by 2.7%. The retailer has a 12.9% share of the fresh potato market in volume terms - a share that has been maintained YOY.

CO-OPERATIVE:

- The retailer has seen both value and volume sales decline YOY by 14.2% and 11.7%, respectively. The co-operative is seeing pre-packed volumes decline YOY (-10.6%) and is the only top-5 retailer to see pre-packed volumes down across new, maincrop and baking. The retailer currently holds a 6.3% volume share of the market, down from 7% in the same period last year.

OTHER:

- Once again, both Waitrose and Marks & Spencer have seen volume and value sales down YOY. In contrast, Lidl, Aldi and Iceland continue to see sales growth.

52 w/e 10 June 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)	47,283	-7.5	29,456	-11.4	29,127	+12.8	32,042	+15.1	11,613	+8.6	9,245	-9.5	65,474	-3.0
Volume (Tonnes)	47,271	-2.9	25,087	-12.2	62,338	+12.1	71,971	+24.0	28,022	+28.9	9,431	+0.2	68,964	+2.4

Average price update - 52-week period (Pre-packed potatoes)

	Average Price per kg				Average Price per kg		
	2011	2012	Difference		2011	2012	Difference
TOTAL MARKET	0.60p	0.58p	-0.02p	Marks & Spencer	1.15p	1.18p	+0.03p
Tesco	0.59p	0.57p	-0.02p	Waitrose	0.87p	0.85p	-0.02p
Asda	0.54p	0.54p	n/c	Iceland	0.48p	0.40p	-0.08p
Sainsbury's	0.66p	0.64p	-0.02p	Aldi	0.46p	0.47p	+0.01p
Morrisons	0.57p	0.55p	-0.02p	Lidl	0.44p	0.41p	-0.03p
The Co-operative	0.64p	0.63p	-0.01p	Total Independents	0.60p	0.60p	n/c

- The table looks at the change in average price of pre-packed fresh potatoes between June 2011 and June 2012.
- The overall average price per kg of fresh pre-packed potatoes is 58p - this is a 2p decrease YOY.
- Looking at the top-5 retailers, the majority have seen a 1p or 2p reduction in price, with Asda maintaining its 54p per kg YOY as it continues to retail the lowest priced pre-packed fresh potatoes of the top-5.
- As you may expect, the most expensive pre-packed fresh potatoes are in Marks & Spencer at £1.18 per kg followed by 85p per kg in Waitrose. Along with Aldi, Marks and Spencer is among the only multiples to increase their average price YOY.

What's been in the News?

Tesco launches new online portal for suppliers
Mintel - 6 June 2012
Tesco launched a new online portal for its suppliers on 31 May 2012, which will combine forecasts with information on how quickly a product is selling to ensure better product availability.

Goodfella's launches new takeaway pizza wedges range
FDIN - 11 June 2012
Goodfella's is launching a limited edition takeaway pizza and wedges range; the first branded sharing pack offering to reach shelves in the UK. The new product will comprise a Goodfella's take away pizza and pack of potato wedges all in one box, providing the consumer with a bought-in takeaway experience. The brand's recent research shows that the pizza and sides concept is popular among consumers as they look for a product that meets a multitude of sharing occasions.

The Co-operative completes roll-out of replenishment system
Mintel - 21 June 2012
The Co-operative Food has completed a major transformation of its store replenishment system to improve stock availability.

McCain launches mature cheddar and red onion wedges alongside new campaign
FDIN, 26 June 2012
McCain Foods is launching a 'Summer of Sharing' campaign to encourage consumers to get together with friends and family and celebrate the British summer with McCain wedges. As part of the campaign McCain Foods is giving away a McCain wedges sharing bowl for free with packs of wedges.