Prepared by AHDB Market Intelligence

Potato Retail Report - July 2011

(Data to 12th June 2011)

Market Summary

52 w/e 12th June 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,070,112	+5.6	1,653,922	-1.8
Pre-packed	931,647	+6.1	1,551,324	-1.4
Loose	138,222	+2.5	102,242	-7.3
Total Organic	19,299	-7.9	21,873	-9.5
TOTAL FROZEN	551,423	+2.5	473,290	+0.7
Frozen Chips	351,378	+4.6	332,759	+1.5
Frozen Potato Products	200,044	-0.9	140,531	-1.1
CHILLED Potatoes	171,842	+8.3	50,831	+5.7
CANNED Potatoes	11,215	-3.7	15,044	-8.8
CRISPS	832,954	+7.8	135,229	+3.0
SAVOURY SNACKS	771,603	+7.6	114,785	+1.5
RECON. & CONV.	23,881	-9.3	12,561	-7.3

12 w/e 12th June 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	275,677	+7.5	391,755	-1.9
Pre-packed	236,713	+6.9	365,131	-2.4
Loose	38,720	+10.7	26,268	+3.5
Total Organic	4,153	-7.3	4,416	-8.7
TOTAL FROZEN	134,517	+8.6	108,758	+0.5
Frozen Chips	88,611	+13.0	77,592	+2.5
Frozen Potato Products	45,906	+0.9	31,166	-4.2
CHILLED Potatoes	41,629	+9.8	12,323	+7.1
CANNED Potatoes	2,567	-9.4	3,535	-11.5
CRISPS	205,504	+6.8	32,523	n/c
SAVOURY SNACKS	176,760	+6.3	25,436	-1.6
RECON. & CONV.	5,309	-1.0	2,787	-2.3

FRESH

- The fresh potato sector achieved value growth of 5.6% over the past year and 7.5% growth over the last 12 week period. During the past year volume sales of Fresh Potatoes are down 1.8%, in the last 12 weeks this was down 1.9%. Pre-packed potatoes achieved value sales growth of 6.1% over the past year and 6.9% in the last 12 weeks. Volume sales of pre-packed Potatoes are down 1.4% over the past year and sales were down 2.4% in the last 12 weeks.
- Loose Potatoes had value growth of 2.5% over the last 12 months however in the same time period there was a volume decline of 7.3%. The last 12 weeks saw YOY value sales growth accelerate to 10.7% and also volume growth of 3.5%.
- The warm/dry weather over the 12 weeks to the 12th June has continued to help sales of new potatoes, total volume sales of new potatoes rose 1.2% and in particular loose new potatoes had a volume increase of 16.1% YOY.

FROZEN

- The Frozen potato segment has seen a 2.5% increase in value sales in the past year, this rate has magnified in the last 12 weeks achieving 8.6% value growth YOY. There was volume growth of 0.7% in the past year and a YOY volume increase of 0.5% in the last 12 weeks. The main driver for this is Frozen Chips which continues to record strong growth with 4.6% value growth over the past year and 13% value growth in the last 12 weeks.

CHILLED POTATOES

- Chilled Potatoes has seen strong value and volume growth in the last 12 months with 8.3% and 5.7% growth rates respectively, this trend continued in the last 12 weeks with strong growth rates for volume and value sales.

CRISPS & SAVOURY SNACKS

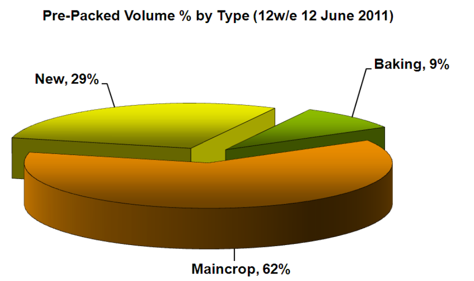
- The Crisps segment has seen 7.8% value and 3% volume growth in the last 52 week period, with value growth continuing in the last 12 weeks with a 6.8% value increase, however there was no change in volume sales in the last 12 weeks.
- Over the past year Savoury Snacks achieved a 7.6% value increase and a 1.5% volume increase, in the latest 12 week period Savoury Snacks value sales increased 6.3% however there was a 1.6% drop in volume sales YOY.

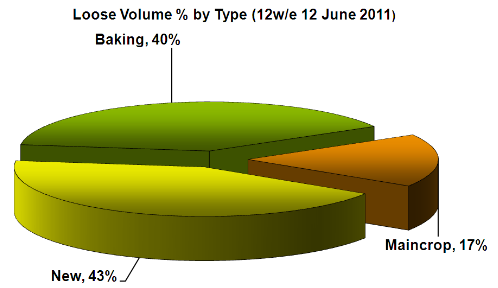
CANNED POTATOES + RECONSTITUTABLE & CONVENIENCE

- Canned Potatoes continued to see dips in volume and value sales over the past year, this intensified in the last 12 weeks with a 9.4% value sales decrease and an 11.5% volume sales decline YOY.

PRE-PACK VS. LOOSE

- Overall pre-packed volume sales were down 2.4% YOY in the last 12 weeks, pre-packed maincrop potatoes achieved a market share of 62.1% and remains the majority share in the pre-packed market despite a 2.8% decline in volume sales YOY. Loose potato volume sales were up 3.5% over the past 12 weeks, the start of the summer months has helped boost Loose New Potatoes volume sales. In the last 12 weeks Loose New Potatoes rose 16.1% YOY and recorded a 43% market share placing it above that of loose baking potatoes which recorded a 39.6% volume share in the last 12 weeks.



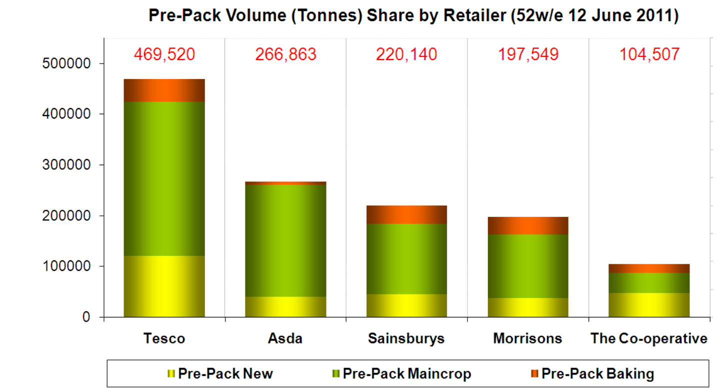


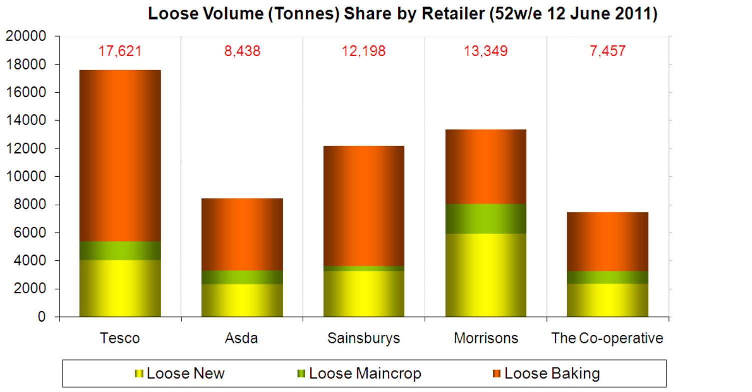
Pack Type and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 12 June 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	9,050	+40.0	7,496	-4.8	24,760	-4.2	19,797	+13.7	154,017	+4.5
Volume (Tonnes)	21,924	+22.7	11,778	-18.9	36,150	-19.8	33,979	+16.6	240,249	-3.5

White Potatoes remain the most popular segment despite a 3.5% volume sales decline in the last 12 weeks, however value sales did increase by 4.5% YOY as a result of higher prices. Economy potatoes saw the largest value and volume growth YOY with a 40% and 22.7% increase respectively, however it still remains one of the smaller segments in the market.

Retailer Performance - Fresh Potatoes





TESCO:
- Tesco held the largest market share for fresh potatoes with a 29.5% volume share and 28.4% value sales share. In the past year Tesco recorded a 1.5% volume sales increase and a 6.4% value sales increase. Their volume share of the pre-pack market is 30.3% and have seen a 2% volume increase in sales over the last year. Tesco recorded a volume market share of 17.2% for Loose Potatoes.

ASDA:
- Asda achieved a volume market share of 16.6% despite recording a 1.3% volume sales decline, Asda's value sales increased 5.9% YOY and recorded a market share of 14.9%
- Asda's pre-packed volume market share is 17.2%, with a pre-pack maincrop share of 21.3%, pre-pack new share of 11.3% and 4.2% pre-pack baking share.
- Volume share of Loose Potatoes was 8.3% while loose new potatoes was 6.5%, loose maincrop 5.1% and loose baking potatoes 10.9%

SAINSBURY'S:
- Sainsbury's recorded a fresh potato volume share of 14% and value share of 15.4%, in the last 12 months Sainsbury's volume sales declined by 1.2% and value sales increased by 3.2%.
- The pre-pack volume market share for Sainsbury's was 14.2% over the past year pre-pack volumes sales dropped 0.6% YOY. Pre-packed new potatoes recorded a 12.6% volume share, pre-pack maincrop 13.5% and pre-pack baking at 23.7%.
- Sainsbury's volume share of loose potatoes was 11.9%; loose new potatoes 9%, loose maincrop 1.9% and loose baking.18.2%

MORRISONS:
- Morrisons fresh potato volume market share was 12.8%, and volumes declined 4.1% over the past 12 months. Value sales at Morrisons did however increase at a rate of 5.1% YOY and recorded a value market share of 12.4%.
- Morrisons pre-pack volume market share was 12.8% ; Pre-pack new 10.7%, pre-pack maincrop 12% and pre-pack baking 23.1%
- Loose Potatoes saw a volume share of 13.1% and value share of 13.9%. The volume share of loose new potatoes was 16.5%, loose maincrop 11% and loose baking 11.3%

CO-OPERATIVE:
- Co-op achieved a 6.8% fresh potato volume market share and 7.4% value market share. Co-op's volume share of pre-packed potatoes was 6.7%; pre-pack new 13.4%, pre-pack baking 11% and pre-pack maincrop share of 3.9%.
- Co-op recorded a loose volume share of 7.3%, loose new potatoes 6.6%, loose maincrop 4.7%, loose baking 8.9%

OTHER:
- Waitrose continue to see strong volume and value sales increases over the past year. M&S recorded a 2.9% growth in volume sales and a value increase of 10.2%.
- Lidl and Aldi have both recorded strong value sales growth over the past year, reflecting the wider growth discounters are making in total grocery market. Lidl recorded 19.7% volume growth over the past year while Aldi's volume sales dropped 23.7% over the last 52 weeks.

52 w/e 12th June 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)	50,049	+17.5	33,403	+10.2	33,819	+11.4	26,906	+34.7	10,282	+5.6	7,156	-4.0	60,869	+5.0
Volume (Tonnes)	51,536	+17.3	27,953	+2.9	72,677	-23.7	57,813	+19.7	21,308	-0.8	8,628	-12.4	78,931	+9.4

Consumer update - Fresh Potatoes

Where are they shopping?

Market Penetration*

Total Market	Tesco	Asda	Sainsbury's	Morrisons	The Co-Operative
96.6%	63.5%	44.1%	41.1%	39.1%	22.3%
(-0.1% YOY)	(+2% YOY)	(n/c YOY)	(+2.1% YOY)	(-1.0%YOY)	(-11.8%YOY)

What are they spending?

Price per Kg

65p per kg	62p per kg	58p per kg	71p per kg	63p per kg	71p per kg

*Market Penetration– the % of households that have purchased potatoes from that retailer at least once in the last year

What's been in the News?

Shop Price Inflation

British Retail Consortium—6th July 2011

Overall shop price inflation increased to 2.9% in June from 2.3% in May. Food inflation accelerated to 5.7% in June from 4.9% in May. Non-food inflation rose to 1.3% in June from 0.8% in May. Director general quote "Household budgets are under pressure. Real disposable incomes have dropped the most in 34 years but increasing petrol and energy bills plus low wage rises are the main causes"

End of an era for Sainsbury's after Jamie Oliver twist

The Grocer—12th July 2011

Jamie Oliver is to film his last TV ad campaign for Sainsbury's this Christmas. The festive ads will mark the end of an 11-year partnership between the celebrity chef and the supermarket. Chief executive Justin King added: "Jamie has been an excellent ambassador for the Sainsbury's brand over the past 11 years, spearheading our goal to offer our customers fresh and tasty food, whilst maintaining strong ethical standards. It has been one of the most successful and mutually rewarding partnerships in our industry ever."

Waitrose outlines new ambitions for convenience stores

IGD News—29th June 2011

Waitrose's Managing Director Mark Price outlined new ambitions for the retailer's convenience store estate and online operations The new target of up to 500 convenience stores by the end of the decade is substantially higher than the retailer's initial goal of 300, with strong trading at recently opened stores contributing to the retailer's increased ambition. The news follows the January opening of the retailer's new Little Waitrose format in affluent Kensington with its strong focus on fresh counters and varying merchandising by time of day. The retailer currently has 20 stores in its convenience store division.