Prepared by AHDB Market Intelligence

Potato Retail Report - March 2012

(Data to 19 Feb 2012)

Market Summary

52 w/e 19 Feb 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,038,559	-0.5	1,650,088	-0.9
Pre-packed	916,855	+0.8	1,555,643	-0.6
Loose	121,486	-9.4	94,072	-5.7
Total Organic	15,165	-23.9	17,200	-24.5
TOTAL FROZEN	603,890	+11.9	476,668	+0.7
Frozen Chips	390,491	+14.9	336,274	+1.7
Frozen Potato Products	213,399	+6.7	140,394	-1.4
CHILLED Potatoes	187,414	+11.7	53,867	+7.8
CANNED Potatoes	10,876	-6.1	14,765	-6.0
CRISPS	888,015	+9.1	136,917	+1.4
SAVOURY SNACKS	819,227	+8.3	118,535	+3.1
RECON. & CONV.	23,873	-1.1	12,057	-5.1

12 w/e 19 Feb 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	228,525	-8.2	400,461	-1.2
Pre-packed	206,815	-7.7	381,584	-1.1
Loose	21,493	-13.5	18,504	-5.7
Total Organic	3,018	-32.8	3,855	-23.7
TOTAL FROZEN	156,863	+16.0	118,422	+1.5
Frozen Chips	95,641	+13.6	80,010	-0.8
Frozen Potato Products	61,221	+19.9	38,412	+6.6
CHILLED Potatoes	50,938	+15.7	13,895	+9.1
CANNED Potatoes	2,613	-1.7	3,118	-11.1
CRISPS	204,430	+7.9	31,024	+2.0
SAVOURY SNACKS	212,968	+13.9	31,506	+13.8
RECON. & CONV.	5,759	+0.4	2,912	-6.3

FRESH

- In the latest 52-week period sales were down by 0.9% vs. the decline of 1.7% reported in the previous period. Value sales have also fallen in the latest period. Both pre-packed and loose saw volumes down with loose value sales also lower than the previous year. Pre-packed value sales continue to see growth although this has slowed.
- Results for the latest quarter show the decline in both volume and value sales of fresh continuing although to a lesser extent than in the previous period. Sales are down for both pre-packed and loose. Volume sales of beef and lamb are also down which may have impacted fresh potato sales. Examples of categories that are seeing growth are ready meals and fresh pizzas which is likely to be due to heavy promotional activity and their convenience proposition.
- Organic sales continue to decline YOY when looking at figures on both an annual and quarterly basis. In the latest quarter, organic volume sales accounted for 1% of the fresh market.

FROZEN

- In the 52-week period growth in the frozen category continues to be particularly strong in terms of value with the 0.7% volume sales growth ahead of the 0.3% growth seen in the previous results. Frozen chips continue to give a strong performance with other frozen potato products seeing value growth. Volumes are down once more for other frozen potato products although the decline has slowed vs. the previous results.
- The latest quarter was strong for frozen with 16% value growth overall and volume growth of 1.5% - this compares to the 1.4% volume decline seen in the previous report. The growth is being driven by other frozen potato products which could be as a result of new product launches with supporting promotional activity.

CHILLED POTATOES

- Chilled potatoes continues to be one of the consistent strong performers in the potato market in terms of YOY growth. In the latest 52-week period volume sales increased 7.8% YOY, while value sales increased 11.7%. Strong growth is seen once again in the lastest 12-week period with the volume growth rate rising to 9.1% YOY.

CRISPS & SAVOURY SNACKS

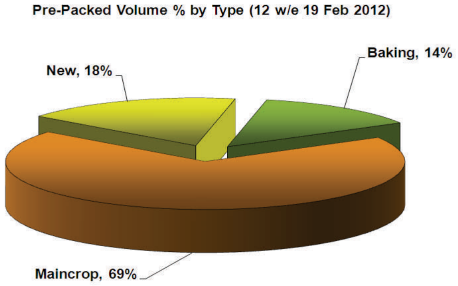
- In the latest 52-week period the crisp category continues to see growth in terms of value and volume. The latest quarter sees both volume and value growth for the category after the volume decline seen in the previous period.
- Savoury snacks performed well particularly in the latest quarter with value and volume double-digit growth.

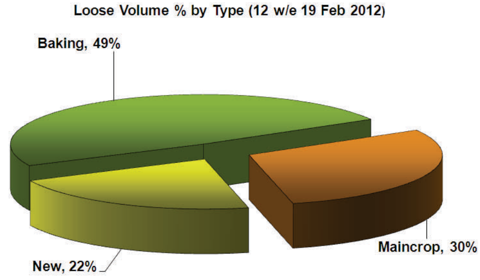
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- Canned potatoes saw sales down YOY both on an annual and quarterly basis. Reconstitutable and convenience saw value growth in the latest quarter as volumes continued to decline YOY.

PRE-PACK VS. LOOSE

- In terms of pre-packed, there was no change in volume share by type in the latest quarter. With maincrop accounting for the most significant share.
- Baking now accounts for just under half of the loose volumes with share being taken from maincrop which now accounts for 30% vs. 32% in the previous quarter.





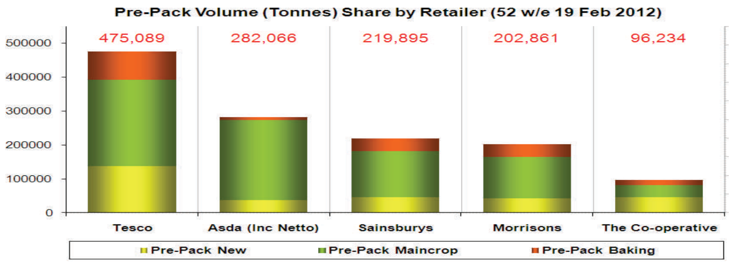
Pre-packed and Variety

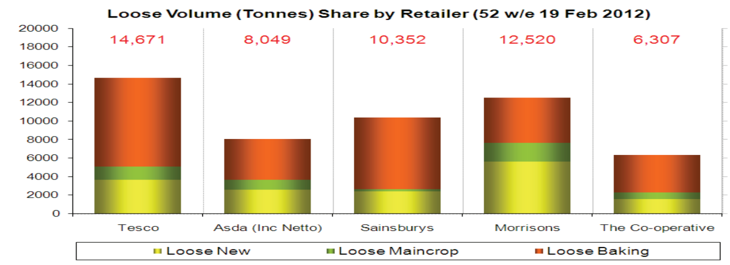
Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 19 Feb 2012	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	10,788	+14.8	12,757	-6.4	27,473	-20.5	21,517	-8.1	133,885	-6.1
Volume (Tonnes)	29,313	+21.7	23,374	-2.1	41,251	-19.8	35,526	+1.3	251,268	+0.2

- Economy continues to see strong growth figures in terms of both volume and value while King Edward and Maris Piper saw sales down YOY.
- Reds are down in terms of value but volumes are up by 1.3% YOY. Whites saw value sales decline 6.1% YOY, while volume sales remained fairly static.

Data Source: KANTAR Worldpanel 52 & 12 w/e 19 February 2012

Retailer Performance - Fresh Potatoes





TESCO:

- Tesco currently has a 29.7% volume share of the potato market with a 28.4% value share. Volume sales are up by 1% YOY with value staying fairly stable with just a 0.1% decline.
- Looking at pre-packed sales the retailer has a 30.6% volume share which represents an increase of 1.7% YOY. Growth is being driven by maincrop and baking. Loose volumes in Tesco account for 15.6% of the total loose market. Volume sales of loose are down by 17.9% driven by new and baking.

ASDA (inc. Netto):

- Asda has a 17.6% volume share of the total market with 18.1% of the pre-packed market and 8.6% of loose. Total volume sales have declined by 1.7%. In terms of value, Asda accounts for 15.8% of sales overall with 16.7% of the pre-packed market and 8.9% of loose. Overall, value sales are up by 0.4% YOY.
- Looking at pre-packed, volumes are down by 1.6% YOY with value sales up by 1.2% - new and baking are driving the decline in volumes. In terms of loose, volumes are down by 6.7% with value down by 10.6% - maincrop and baking are driving the volume decline.

SAINSBURY'S:

- Sainsbury's maintains a 14% volume share of fresh potatoes with a value share of 15.1%. Volume sales were down by 2.6% overall with value down by 3.9%.
- The retailer has a 14.1% volume share of the pre-packed market with sales down by 1.8% YOY driven by new and baking. Value share of pre-packed is 15.5%, with sales down by 2.1% YOY driven by all types. In terms of loose, volume share is 11% with value share of 11.9%. Loose volumes are down by 17.5% YOY with value down by 18.9%. Sales have declined for loose new, maincrop and baking.

MORRISONS:

- Morrisons has a 13.1% volume share of the total market with sales up by 3.3% YOY. Value sales have also increased, up by 0.3% to an overall 12.4% share of the market.
- The retailer has a 13% share of pre-packed volume sales and a 12.2% share in terms of value. Pre-packed volumes are up by 4% YOY driven by increases across all types. In terms of value, Morrisons pre-packed sales are up by 1.8% YOY.
- Looking at loose, Morrisons has a 13.3% volume share and a 14.3% value share. Loose volumes are down by 7.4% in the retailer with value sales down by 8.4%. Loose new and baking are driving the decline.

CO-OPERATIVE:

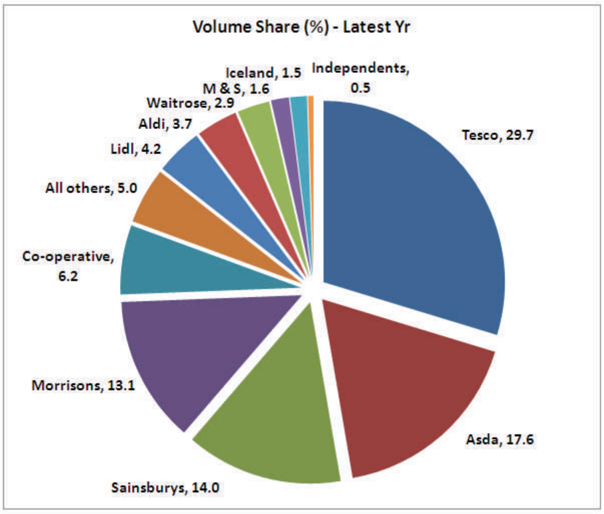
- The Co-operative maintains a 6.2% volume share and a 6.9% value share of the fresh market. Overall, volume sales are down by 12.1% with value sales down by 10.1% YOY.
- Looking at pre-packed, the Co-operative has a 6.2% volume share and a 6.7% value share. Pre-packed volumes have declined by 11.8% YOY with value down by 9.5%. The retailer has a 6.7% volume share of loose and a 8.3% value share. Loose volume sales are down by 16.5% YOY with value sales down by 13.6% YOY.

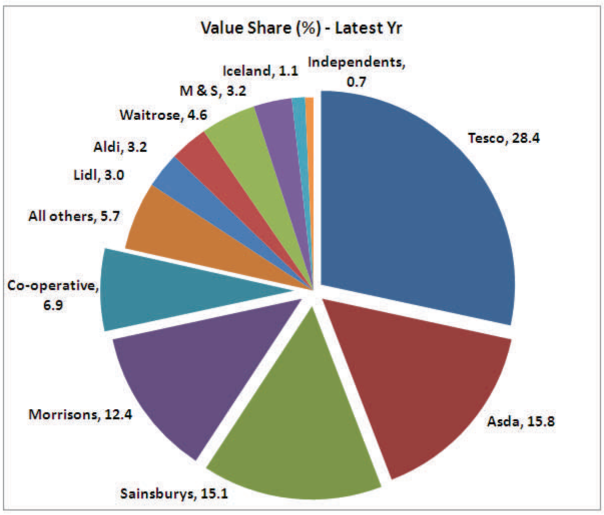
OTHER:

In the latest 52-week period, Waitrose has seen sales down in terms of both volume and value after a period of growth. Both Marks & Spencer and Aldi continue to see volumes decline while value is in growth. Lidl and Iceland saw growth in terms of value and volume once again. The independents also continue their trend of value decline and volume growth.

52 w/e 19 Feb 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)	47,313	-0.4	32,954	+0.7	33,241	+1.6	31,382	+35.7	11,098	+8.7	6,804	-1.1	58,883	-2.4
Volume (Tonnes)	48,465	-1.9	27,174	-3.1	60,839	-28.9	69,104	+30.7	24,246	+8.4	9,026	+6.6	82,531	+7.6

Overview of volume and value share in the fresh potato market





- When looking at share of fresh potato sales by retailer, Tesco currently has clear market leadership.
- The top 5 retailers account for 80.6% of volume sales. In terms of value the figure is 78.6%.
- The discounters Lidl and Aldi have become more prominent in the category with a combined volume share of 7.9% and value share of 6.2%. Lidl, in particular, continues to see strong growth.
- Iceland is currently also seeing a strong performance in terms of growth and accounts for 1.5% of volume sales in the market and 1.1%

What's been in the News?

Walkers price-marks single packs for the first time
The Grocer - 24 February 2012
Walkers has launched its first price-marked packets on standard bags to help independents boost sales.
Morrisons plans for 300 convenience stores
Mintel - 13 February 2012
Morrisons is understood to be targeting 300 'M Local' convenience store openings by 2014.
The Co-op set to launch in-store food magazine
Mintel - 14 February 2012