Prepared by AHDB Market Intelligence

Potato Retail Report—November 2011

(Data to 30 Oct 2011)

Market Summary

52 w/e 30 Oct 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,063,750	+3.8	1,656,948	-1.1
Pre-packed	937,289	+5.5	1,561,214	-0.7
Loose	126,461	-7.0	95,734	-7.3
Total Organic	17,408	-12.9	19,473	-15.7
TOTAL FROZEN	577,978	+8.0	475,994	+0.8
Frozen Chips	374,852	+12.3	337,018	+2.7
Frozen Potato Products	203,126	+0.9	138,976	-3.4
CHILLED Potatoes	177,903	+8.3	52,301	+6.5
CANNED Potatoes	10,902	-6.5	15,081	-6.0
CRISPS	868,999	+9.5	136,401	+1.7
SAVOURY SNACKS	781,968	+5.3	113,681	-1.2
RECON. & CONV.	23,905	-5.5	12,360	-7.0

12 w/e 30 Oct 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	220,875	-0.8	361,862	+0.2
Pre-packed	197,538	+2.2	341,813	+0.7
Loose	23,337	-20.7	20,050	-8.6
Total Organic	3,209	-33.3	3,646	-38.6
TOTAL FROZEN	134,069	+13.4	105,375	+0.4
Frozen Chips	88,461	+17.6	75,590	+1.2
Frozen Potato Products	45,608	+5.9	29,785	-1.6
CHILLED Potatoes	39,864	+7.4	11,563	+5.1
CANNED Potatoes	2,446	-1.6	3,541	+8.7
CRISPS	204,381	+11.4	31,179	+2.9
SAVOURY SNACKS	173,295	+3.4	24,354	-4.5
RECON. & CONV.	5,425	-2.4	2,666	-6.7

FRESH

- In the year ending 30 October 2011, the fresh potato market continues to see strong year-on-year (YOY) value growth, while volume sales declined 1.1% YOY. Pre-packed is driving the overall performance in the fresh category. Loose saw their decline in value sales accelerate to -7% vs. -5.3% in the previous 52-week period with the volume decline remaining fairly steady. Organic sales continue to see double-digit declines in terms of both value and volume.
- Looking at Fresh performance in the latest quarter we can see that the decline in value sales continues but has slowed slightly to -0.8% vs. -1.3% in the previous quarter. Volume growth remains steady at +0.2%. Organic sales saw volume and value sales decline over the past year, this rate accelerated in the last 12-week period.
- The average price paid per kg for both Loose and Pre-packed potatoes is 58p for Pre-pack and £1.16 for Loose in the latest quarter.

FROZEN

- Value growth in Frozen potatoes accelerated to +8% in the 52-week period to 30 October 2011 vs. the +6.9% seen for the 52 weeks to 2 October 2011. Volumes also continue to see positive YOY growth. Frozen chips is driving growth in this category.
- In the latest quarter, Frozen continues to see strong double-digit value growth with volumes also seeing a slight increase YOY. As in the 52-week ending period, Frozen Chips is driving growth. Frozen potato products are also seeing strong value growth with a contrasting decline in volume.

CHILLED POTATOES

- Chilled potatoes continue to see consistent value and volume growth when looking at the latest 52 weeks. This trend also applies to the latest quarter as value growth remains steady. Strong volume growth is also recorded for the latest quarter (+5.1%) although this has slowed vs. the 12-week period to 2 October (+7.2%).

CRISPS & SAVOURY SNACKS

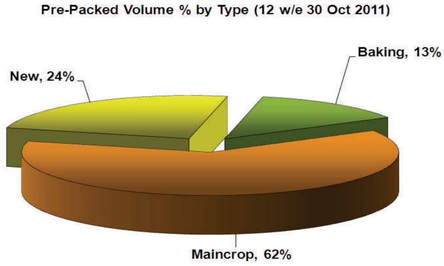
- Crisps and savoury snacks continue to see strong value growth when looking at the latest 52-week period. In contrast to volume growth for Crisps (+1.7%), savoury snacks saw a volume decline of -1.2%.
- Looking at the latest quarter the sales trend for both crisps and savoury snacks corresponds with that seen for the year. Crisps continue to see strong value growth at +11.4% YOY with volumes also seeing an increase YOY. Savoury snacks also record value growth, however, volume sales continue to decline with the latest sales figures showing sales down by 4.5% for the latest quarter which has accelerated from the -1% reported for the previous period.

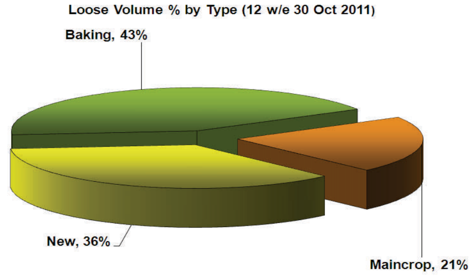
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- The canned and reconstitutable potato sectors continue to see both volume and value sales decline in the latest 52-week period. Looking at the quarter to 30 October, we can see that while Canned saw a value sales decline, volumes did increase by 8.7% YOY.

PRE-PACK VS. LOOSE

- In the latest quarter, Pre-pack new potatoes have seen their share of sales decline to 24% while Maincrop increased to 62%. This is to be expected as new potatoes move out of their main season. This trend can also be seen for Loose, with Baking still maintaining the largest volume share.



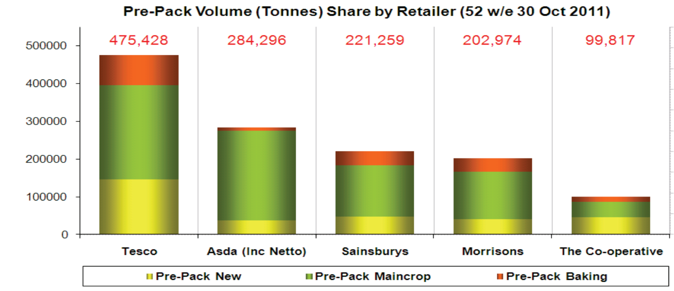


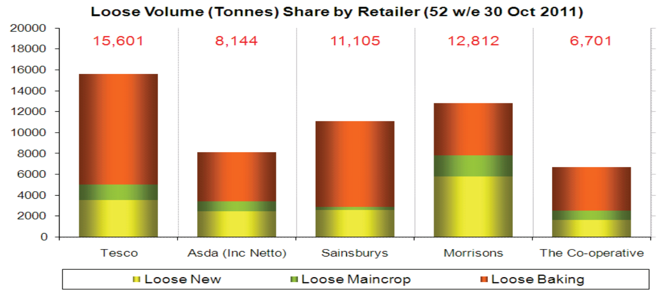
Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 30 Oct 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	9,543	+40.6	7,049	+35.9	28,528	-9.1	14,163	-14.8	137,799	+4.3
Volume (Tonnes)	24,423	+38.7	12,223	+50.3	48,148	-16.5	21,007	-24.1	235,554	+4.0

- Both Economy and King Edward potatoes continue to record strong value and volume growth in the latest quarter. This is in contrast to Maris Piper where value and volume sales are seeing a significant decline YOY.
- Overall, Whites value sales remained relatively stable YOY with volume growth of 4%. Reds saw a significant double-digit decline in value and volumes.

Retailer Performance - Fresh Potatoes





TESCO:

- In the year to 30 October 2011, Tesco volume share of the fresh potato market stands at 29.6% with a value share of 28.6%. Total volume sales increased by 2% while value increased by 5.1%.
- Tesco's overall performance is driven by Pre-packed. The retailer currently holds a 30.5% volume share with both Pre-packed Maincrop (+14.7) and Baking (+6.9) seeing growth in contrast to a volume decline for New (-14.4%). In terms of value, Tesco has a 30.1% share with Maincrop (+15.3%) and Baking (+18.7) seeing strong YOY increases in contrast to a decline of 4.7% for New.
- Loose volume share for Tesco is currently 16.3% with value share at 17.1%. Both value (-20.1%) and volume (-17.7%) sales of Loose have declined YOY driven by declines in New and Baking.

ASDA (inc. Netto):

- Asda (inc. Netto) currently holds a volume share of 17.6% with value share at 15.7%. Overall, volume sales are down by 1.7% driven by Netto. If you exclude Netto, Asda saw its volume sales increase by 1.6% YOY. Value sales, overall, were up by 5.1% YOY.
- The retailer holds a 18.2% volume share of the Pre-packed market and a 8.5% volume share of Loose. In terms of value, pre-packed share is 16.6% with loose at 9%.
- Pre-packed volume sales were down YOY by 1.4% driven by New and Maincrop. In contrast, Pre-packed value sales increased by 6.1%. Loose saw a decline in both volume and value with only Loose New seeing a positive performance.

SAINSBURY'S:

- Sainsbury's currently holds a 14% volume share and a 15.3% value share. Volume share of the pre-packed category is 14.2% with loose at 11.6%. In terms of value, Sainsbury's has a Pre-packed share of 15.6% and a Loose share of 12.4%.
- Overall, the retailer has seen volume sales decline by 2.4% with value seeing slight growth of 0.4%. The volume decline is being driven by both Pre-packed and Loose with sales down across the board. Value growth is being driven by Pre-packed.

MORRISONS:

- Morrisons recorded a Fresh potato volume market share of 13% and value share of 12.3%. Overall, volume sales were up by 1.1% with value sales up by 2.9% YOY.
- The retailer has a 13% volume share of Pre-packed and a 13.4% volume share of Loose-they are the second largest retailer in terms of Loose. Their value share of pre-packed and loose is 12.1% and 14.1% respectively.
- Despite being the second largest retailer of Loose, volume sales are seeing a double-digit decline, down by 11.1% YOY driven by New and Baking. The same is true for their value sales which are down by 9.1% YOY.
- Pre-packed volume sales increased by 1.9% YOY driven by both New and Baking. Value sales also increased, up by 5% YOY driven by growth for Baking and Maincrop.

CO-OPERATIVE:

- The Co-operative currently has a 6.4% volume share of the Fresh potato market and a 7.1% value share. Sales continue to see a decline YOY in terms of both volume (-12.1%) and value (-6.3%).
- The retailer has a 6.4% volume share of Pre-packed and a 6.9% value share. Pre-packed volumes are down by 11.9% YOY with value down by 6% YOY. Looking at Loose, the Co-operative has a 7% volume share and 8.5% value share. As in Pre-packed, the retailer is seeing both volume and value decline for Loose of -14.2% and -8.3% respectively.

OTHER:

- Waitrose maintains a strong performance in terms of both value and volume sales. The discounters continue to see strong value growth with both Marks & Spencer and Iceland also seeing positive figures. In terms of volumes, Marks & Spencer are slightly down YOY, with Aldi and Iceland also seeing volumes down YOY. While the independents are seeing a decline in value, volumes are growing in this channel.

52 w/e 30 Oct 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)	49,147	+7.5	32,940	+3.9	33,962	+12.0	29,542	+36.9	10,706	+5.9	7,064	-4.2	60,491	+1.3
Volume (Tonnes)	50,300	+7.2	27,540	-0.4	65,518	-29.4	62,696	+21.4	22,005	-4.9	9,337	+4.6	81,243	+11.2

Regional Update : Fresh Potato volume sales (52 wks ending 30 Oct 2011)

- The regions that purchase the largest amount of potatoes are London and the Midlands as may be expected in terms of the size of the population in these areas.
- Looking at the latest year, the South West and the North East are the two regions where there has been an increase in the amount of Fresh potatoes purchased. There has been no change in volume sales in Scotland. The remaining regions have all seen a decline in potato volume sales.
- In terms of price, as with many purchases, the highest average price paid for potatoes is in London where a kg of potatoes costs an average of 4p more to buy than anywhere else in the country. The next regions with the highest average cost per kg are the South, Scotland and the East of England. Potatoes have the lowest average price per kg in Yorkshire and the South West.

	Yorkshire	Wales & West	South West	South	Scotland	North East	Midlands	London	Lancashire	East England
Volume (Tonnes)	165,927	148,086	57,788	177,443	148,405	83,748	260,148	305,062	190,516	119,825
YOY Chg	-2.3%	-1.4%	+4.2%	-2.7%	n/c	+4.6%	-2.4%	-0.8%	-2.4%	-0.3%
Ave. Price per kg	61p	63p	61p	65p	65p	63p	64p	69p	62p	65p

What's been in the News?

Economy Tracker-CPI Index

ONS- BBC News—15 November 2011

The rate of Consumer Prices Index (CPI) inflation in the UK fell slightly to 5% during October, down from a rate of 5.2% the month before.

Online grocery market to double in five years

Mintel—18 Oct 2011

The online grocery market will almost double in value to £11.2bn by 2016, according to industry analysts IGD.

Shoppers suspicious of BOGOFs

The Daily Mail—20 Oct 2011

Hard-up shoppers are turning their backs on supermarket buy-one-get-one-free deals, according to a Bank of England report. The revelation comes after such bulk-buy offers were criticised by the Office of Fair Trading for offering `bogus´ bargains and luring shoppers into buying more than they need and not always saving them money.