Prepared by AHDB Market Intelligence

Potato Retail Report - October 2011

(Data to 02 Oct 2011)

Market Summary

52 w/e 02 Oct 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,064,416	+3.8	1,656,150	-1.2
Pre-packed	936,056	+5.2	1,559,934	-0.8
Loose	128,360	-5.3	96,216	-7.1
Total Organic	17,386	-14.4	19,238	-18.4
TOTAL FROZEN	572,413	+6.9	476,235	+1.0
Frozen Chips	370,035	+10.8	336,884	+2.9
Frozen Potato Products	202,360	+0.4	139,351	-3.2
CHILLED Potatoes	176,754	+8.4	52,230	+7.1
CANNED Potatoes	10,853	-6.8	14,942	-7.8
CRISPS	863,356	+9.4	136,368	+1.9
SAVOURY SNACKS	779,822	+5.9	114,224	n/c
RECON. & CONV.	23,972	-5.9	12,463	-6.5

12 w/e 02 Oct 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	223,384	-1.3	347,708	+0.3
Pre-packed	197,063	+1.9	326,826	+1.0
Loose	26,320	-20.2	20,882	-9.5
Total Organic	3,289	-33.2	3,602	-39.9
TOTAL FROZEN	130,077	+13.2	102,702	+1.3
Frozen Chips	86,427	+17.7	74,147	+2.7
Frozen Potato Products	43,650	+5.3	28,554	-2.1
CHILLED Potatoes	37,487	+7.7	10,904	+7.2
CANNED Potatoes	2,353	-9.9	3,457	-1.3
CRISPS	205,991	+14.3	31,605	+5.1
SAVOURY SNACKS	167,585	+4.4	23,814	-1.0
RECON. & CONV.	5,155	-0.8	2,530	-5.2

FRESH

- The fresh potato market recorded a value sales increase of 3.8% year-on-year (YOY) while volume sales declined 1.2% YOY. During the last 12-week period, value sales declined 1.3% YOY and volume sales increased 0.3% YOY. Pre-packed potatoes helped drive overall value sales growth over the past year, recording a value sales growth of 5.2% YOY. However, during the same period, volume sales declined 0.8% YOY.
- Over the past year, loose potatoes saw volume and value sales decline 7.1% and 5.3% respectively. Loose potatoes recorded a higher rate of decline in the past 12-week period, with value sales declining 20.2% and volume sales declining 9.5%.
- Organic Potatoes have continued to see volume and value sales decline over both 52-week and 12-week periods, with volume sales declining 18.4% YOY and value sales declining 14.4% YOY in the past 52 weeks. This rate of decline intensified in the last 12-week period with volume and value sales declining 39.9% YOY and 33.2% YOY respectively.
- In the last 12-week period the average price per kg for loose potatoes was £1.26 per kg and Organic was 91p per kg compared to the total market average of 64p per kg. In the wider market loose and organic products are struggling, these higher price points might be proving a barrier to price sensitive consumers at this time.

FROZEN

- Frozen potatoes have continued to record strong value sales increases over both 52-week and 12-week periods. This category has been driven by the strong performance of Frozen Chips which has recorded strong value increases over both the 52-week and 12-week periods. The average price of frozen chips has risen 7.1% over the past year which has helped drive overall value sales growth.

CHILLED POTATOES

- Over the past year chilled potatoes recorded a value sales increase of 8.4% YOY and volume sales increase of 7.1%. These increases were also consistent over the past 12 weeks recording both volume and value sales increases.

CRISPS & SAVOURY SNACKS

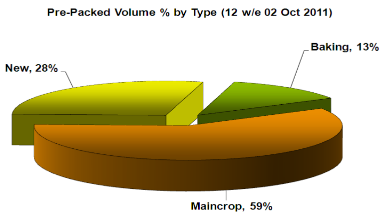
- Crisps saw value sales increase 9.4% YOY and volume sales increase 1.9% YOY. A 6.9% increase in the average price of Crisps over the past year helped drive this value sales increase. Over the past 12 weeks value sales increased 14.3% YOY and volume sales increased 5.1% YOY.
- Savoury snacks recorded a 5.9% increase in value sales over the past year which was driven by a rise in the average price paid rather than volume sales, which remains flat. During the past 12 weeks value sales increased 4.4% YOY, while volume sales declined 1%YOY.

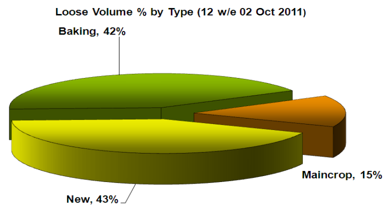
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- During the past year, canned potatoes saw value and volume sales decline, recording a decline of 6.8% YOY and 7.8% YOY respectively. This value and volume decline continued during the latest 12-week period.

PRE-PACK VS. LOOSE

- Over the past 12-week period, maincrop potatoes continued to hold the majority share of pre-packed potato volumes with a 59% share. New potatoes recorded a 28% share and baking potatoes 13%. For loose potatoes, new potatoes recorded a 43% share and baking potatoes a 42% share, these are significantly higher compared to the share of maincrop potatoes which was 15%.



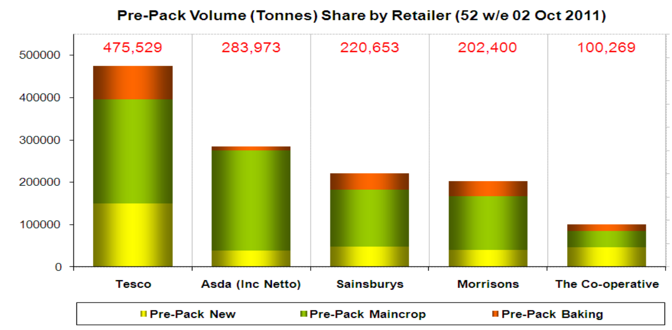


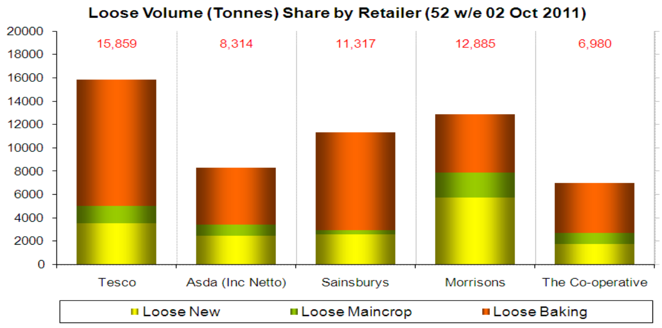
Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 02 Oct 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	8,408	+24.3	6,080	+51.8	25,450	-12.6	14,313	+9.8	142,395	+2.5
Volume (Tonnes)	20,513	+17.4	9,985	+69.6	38,481	-20.2	23,737	+24.5	233,696	+1.1

White potatoes achieved the largest volume and value share within the pre-packed market. During the past 12 weeks volume sales of white potatoes increased 1.1% YOY and value sales increased 2.5% YOY. King Edward potatoes recorded the largest volume increase over the past 12-week period with a increase of 69.6% YOY. In the last 12 weeks an extra 4097 tonnes was added, however this growth is from a small base and it remains the smallest variety in terms of volume. Reds and Economy potatoes both recorded strong volume increases of 24.5% and 17.4% YOY respectively. Maris Piper was the only pre-packed variety to recorded declines in volume and value sales in the last 12-week period.

Retailer Performance - Fresh Potatoes





TESCO:
- Tesco held the majority volume and value share within the fresh potato sector recording a 29.7% volume share and a 28.5% value share over the past 52-week period.
- Pre-packed volume share for Tesco's was 30.5% and over the past year pre-packed volume sales increased 3.6% YOY. Tesco's pre-packed new potatoes volume share was 39%, however, in the past year, volume sales of pre-packed new potatoes declined 9.5% YOY. Tesco's recorded a pre-packed maincrop volume share of 25.3%; pre-packed baking share of 40.3%.
- Tesco's loose potato volume share over the past year was 16.5% and value share 17.3%. In the past year Tesco's volume share of loose new potatoes was 10.3%; loose maincrop 7.6% and loose baking 25.6%.

SAINSBURY'S:
- Sainsbury's recorded a total fresh potato volume share of 14% and value share of 15.3% over the past 52 weeks. In this period, volume sales declined 2.2% YOY, while value sales increased 0.6% YOY. Sainsbury's recorded a pre-packed volume share of 14.1%; pre-packed new potato 12.3%; pre-packed maincrop 13.9% and pre-packed baking 19.5%.
- Over the past year, Sainsbury's total loose volume share was 11.8% and value share was 12.5%. During this period, Sainsbury's loose new potato volume share was 7.5%; loose maincrop 1.8% and loose baking share 19.8%.

MORRISONS:
- During the past year, Morrisons recorded a fresh potato market share of 13% and value share of 12.3%. Overall fresh potato volume sales declined 0.8% YOY while value sales increased 2.1% YOY.
- In the last 52-week period, Morrisons recorded a loose potato volume share of 13.4%, in this period volumes sales declined 11.3% YOY. Morrisons' loose new potato volume share was 16.6%; loose maincrop share 11% and loose baking share of 11.9%.
- Morrisons achieved a pre-packed volume market share of 13% over the past year; pre-packed new potatoes 10.4%; pre-packed maincrop 13% and pre-packed baking 18.1%.

CO-OPERATIVE:
- The Co-operative's fresh potato volume share over the past year was 6.5%, while Co-operative's value share was 7.2%. In the past 52-week period, volume sales for fresh potatoes at the Co-operative declined 12% YOY, value sales also declined 5.5% YOY.
- The past year has seen the Co-operative record a pre-packed volume market share of 6.4%; pre-packed new potatoes 12.1%, pre-packed maincrop 4% and pre-packed baking 7.4%.
- The overall loose volume share for the Co-operative over the past year was 7.3%, in this period volume sales decreased 10.2% YOY. Loose new potatoes recorded a 5% share; loose maincrop 4.9% and loose baking 10.2%.

OTHER:
- Waitrose has seen volume and value increases over the past 52 weeks. The discounters value growth continues to match the wider grocery market with Aldi and Lidl both recording strong growth in value sales. Lidl also recorded strong volume growth, while Aldi recorded a volume sales decline of 27.2% YOY. While it remains a small base, independents also recorded volume and value growth over the past year.

52 w/e 02 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)	49,403	+9.4	32,738	+3.0	33,793	+11.8	29,174	+37.6	10,455	+2.6	7,370	+3.7	60,498	+1.8
Volume (Tonnes)	50,940	+10.4	27,274	-2.1	67,516	-27.2	61,524	+20.3	21,348	-8.5	9,421	+5.7	79,818	+9.4

Share of Trade : Potato volume sales by type 52 week ending 02 Oct 2011

- White potatoes recorded the largest volume share of potato sales over the past year with a 69.9% volume share, Maris Piper recorded a 11.4% share; Red 9.1%; Economy 5.7% and King Edward a 3.8% share.
- The average price for White potatoes has increased from 64p/kg to 67p/kg over the past year, within this category Tesco achieved the largest volume share with 25.2%. Asda recorded a white potato volume market share of 19.5% at a lower average price of 56p per kg.
- Maris Piper potatoes share of overall volume sales reduced from 12.4% (52 w/e 03 Oct 2010) to 11.4% in the past year. During that period the average price for Maris Piper potatoes rose from 58p/kg to 65p/kg.
- The table below shows the volume share across the main potato varieties, it also highlights how this is distributed across the five large multiples and the average price paid per kg.

Potato volume shares by variety 52-week ending 02 Oct 11	**Total Market**		**Economy**		**King Edward**		**Maris Piper**		**Red**		**White**	
Top 5 Retailers	**Volume Share%**	**Average Price (£) paid per KG**	**Volume Share %**	**Average Price (£) paid per KG**	**Volume Share %**	**Average Price (£) paid per KG**	**Volume Share %**	**Average Price (£) paid per KG**	**Volume Share %**	**Average Price (£) paid per KG**	**Volume Share %**	**Average Price (£) paid per KG**
Tesco	29.7%	0.62	75%	0.41	29.4%	0.65	31.6%	0.61	34%	0.60	25.2%	0.67
Asda	17.6%	0.57	0.8%	0.36	8.5%	0.67	19.8%	0.67	15.6%	0.58	19.5%	0.56
Sainsburys	14%	0.70	0%	n/a	12%	0.71	13.7%	0.70	13.4%	0.66	15.4%	0.70
Morrisons	13%	0.61	24.2%	0.38	18.9%	0.42	9.5%	0.62	12.5%	0.63	12.4%	0.65
Co-operative	6.5	0.71	0%	n/a	8.7%	0.65	8.4%	0.69	5.8%	0.66	6.6%	0.73

What's been in the News?

Retailers - Latest price-focused developments

IGD - 17 Oct 2011

In recent weeks we have seen lots of development in the UK as the largest retailers look to establish their price and value credentials. Three weeks ago, Tesco launched its £500 million 'Big Price Drop' campaign, reducing the cost of 3,000 products. Waitrose is currently running a three-week campaign named '1,000's of ways to great value', while last week Sainsbury's launched its 'Brand Match' programme, where it is matching the price against key competitors on some 14,000 branded products.

McCain shares love

The Grocer and CampaignLive.co.uk - 01 Oct 2011

McCain Foods has launched an integrated campaign to showcase the "loving care and attention" that goes into its chip production. The ad, which launched with a 40-second version during The X Factor on Saturday 1 October, showcases the loving care and attention that goes into making McCain chips, from planting seeds to testing the product for qualities such as "desirability".