

Market Summary

52 w/e 2nd September 2012					12 w/e 2nd September 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY	Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	1,068,572	-3.1	1639,995	-0.3	TOTAL FRESH	254,954	6.6	352,452	2.1
Pre-packed	875,246	-1.8	1502,155	0.4	Pre-packed	205,328	7.3	319,481	2.4
Loose	193,326	-8.8	137,838	-7.0	Loose	49,625	3.9	32,969	-0.8
Total Organic	13,997	-24.5	15,452	-27.1	Total Organic	2,983	-11.2	2,991	-18.7
TOTAL FROZEN	633,801	12.9	483,663	3.1	TOTAL FROZEN	139,876	10.3	106,669	6.7
Frozen Chips	397,933	9.8	334,993	1.1	Frozen Chips	88,528	3.7	74,522	2.4
Frozen Potato Products	235,868	18.4	148,670	8.0	Frozen Potato Products	51,348	24.0	32,147	18.1
CHILLED Potatoes	192,935	5.4	54,840	3.1	CHILLED Potatoes	39,072	3.0	11,092	1.3
CANNED Potatoes	11,178	1.8	15,191	2.4	CANNED Potatoes	2,618	11.1	3,843	13.5
CRISPS	899,477	6.4	134,682	0.4	CRISPS	210,046	3.6	31,259	0.3
SAVOURY SNACKS	831,797	9.2	117,173	4.7	SAVOURY SNACKS	186,388	10.7	25,280	4.5
RECON. & CONV.	24,388	-0.8	11,801	-7.9	RECON. & CONV.	5,063	3.0	2,298	-6.1

FRESH

Over the year, fresh potato volume sales are flat although there has been a fall of 3.1% in value. Pre-pack has been the most buoyant area although it has seen a small value decline. The bigger falls have been in Loose and Organic where value sales have fallen by 8.8% and 24.5%, respectively. Over the more recent 12-week period, the picture is very positive, value sales across all formats except Organic are growing. Although volume increases are driven purely by Pre-packed, Loose has managed to stem its annual fall and is reasonably flat. Organic continues to be a price step too far for many consumers and 12-week performance is poor year-on-year.

FROZEN

The frozen potato market continues to perform strongly in volume terms, over 3% up in the year and 6.7% in the 12 weeks this has translated into value growth of 12.9% and 10.3% in the same periods. In a market worth over £633 million in a year this is an impressive performance. Growth has come through both the frozen chip market and, importantly, the frozen product market which has included a number of new product developments.

CHILLED POTATOES

The prepared chilled potato market has been one area of growth as more new products are developed and growth has continued during 2012 with the market now starting to approach a value of £200 million. This is about 20% of the size of fresh potatoes in value but a mere 3% in volume reflecting the benefits that are available in the added value market.

CRISPS & SAVOURY SNACKS

Crisp sales are showing flat volume but increases in retail price have led to a much stronger value performance. The savoury snack market has also seen growth through increased prices but volume increases are really driving the market.

CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

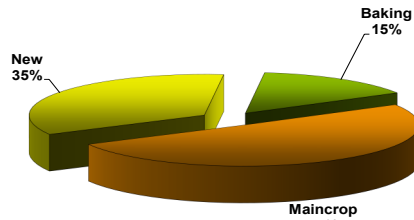
The canned potato market has enjoyed a very strong summer with value sales up 11.1% and volume 13.5% over the quarter. Annual sales are not quite this strong but are still ahead year-on-year in both value and volume terms.

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

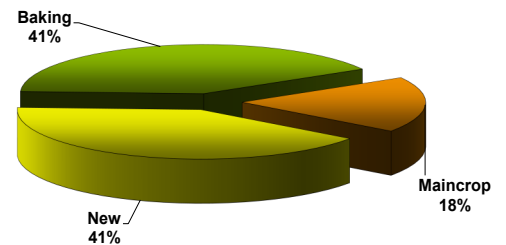
As a share of Loose potato sales, baking potatoes are the same size as new potatoes with a 41% share as many consumers like to select individual potatoes for baking rather than purchasing per pack. With the strength of new potatoes in the summer months, Maincrop at this time of year represents only 18% of volume sales.

As would be expected in Pre-packed terms, Baking and Maincrop change places in share terms with Maincrop being about half of all sales. Baking represents 15% of pre-pack sales and, although this represents a smaller share than in loose, in actual volume sales many more Baking potatoes are purchased in a pre-packed format than loose.

Pre-packed Volume % by Type 12 w/e 02 Sept 12



Loose Volume % by Type 12 w/e 02 Sept 12

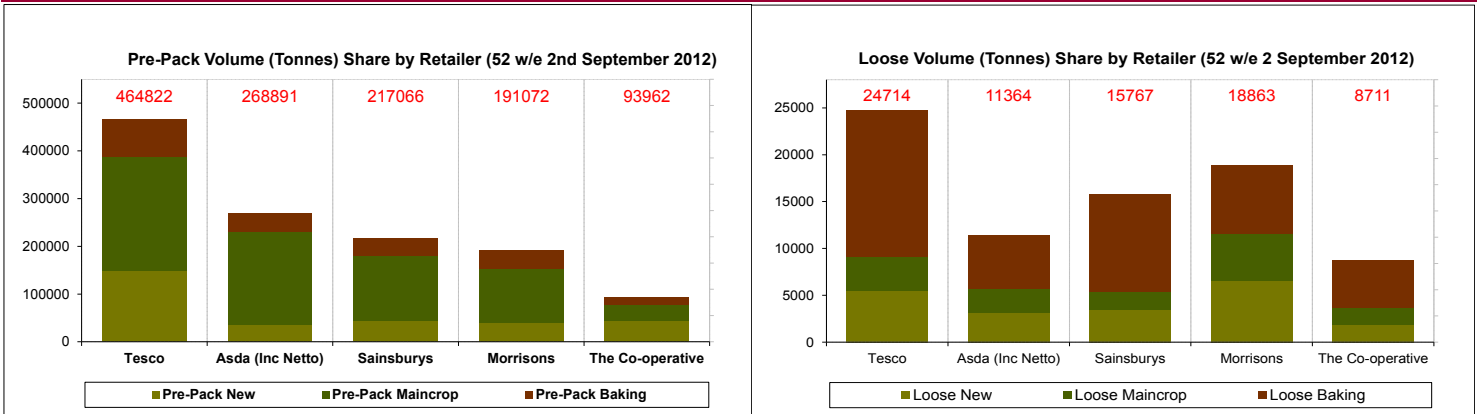


Pre-packed and Variety

Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
12 w/e 2nd September 2012										
Value (£000's)	7,742	-1.6	4,245	-10	22,945	-0.9	13,728	-17.5	149,851	+10.6
Volume (Tonnes)	21,786	+22.6	5,953	-14.8	30,749	-8.6	17,843	-43.3	227,777	+6.2

- In the 12 weeks to 2 September, Economy potatoes has shown growth of 22% in volume terms, however, value has seen a small fall and this would suggest that average year-on-year retail price has fallen significantly in the quarter. This will be driven by consumers' desire for cheaper product and also by some reduction in quality. Whites dominate the market with volume and value growth over the period and the difference between the two figures would suggest average price has increased by around 4%.

Retailer Performance - Fresh Potatoes



TESCO:

Tesco's dominance of the grocery market is reflected in their strong hold of potato sales with a 31% share of pre-packed sales. This, however, is not carried through to Loose potatoes where their share is only 17.9%. Other retailers outside of those named in this report do see small improvements in loose volumes, and it is this "all other retailers" category which dominates the loose market with a 29% volume share but hold only 2% volume share of pre-pack.

ASDA (inc. Netto):

Overall, Asda has a volume fall of 4.6% as some of their customers defect to Aldi and Lidl. A positive area is the performance of King Edwards with growth of over 115% to 11,000 tonnes in the year. This growth is counterbalanced by a fall in Maris Piper of 10% and Whites of 4.3%.

SAINSBURY'S:

Sainsbury's has declined by 2.1% over the 52 weeks with the major varieties all showing some volume falls. August has seen improved performance with volume up 2.7% and value 11% higher, indicating a greater return per kilo than August 2011.

MORRISONS:

Morrisons has seen a strong performance in economy with volume in the year up 6%, however, this is slightly behind the growth for Reds at 8.6% and Maris Piper at 7.3%. The less positive note is for King Edwards which are 30% down.

CO-OPERATIVE:

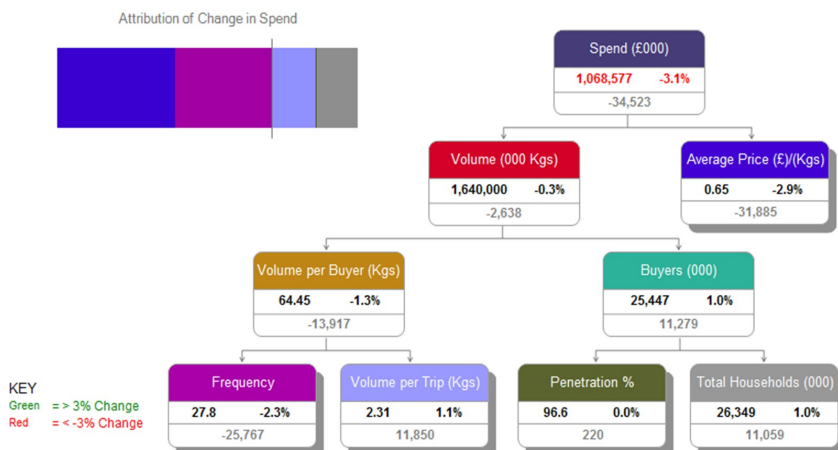
Co-operative sales are down year-on-year with Reds showing the only positive with 11% volume growth. Latest four-week data shows a flat volume performance with value sales up 3.4% against the four-week period last year.

OTHER:

Iceland, Lidl and Aldi are the real stars of potato retail growth with annual volume increases of 37%, 23.5% and 24%, respectively. Although this growth is following the trend of other grocery products, the actual performance of potatoes in these outlets is stronger. The consumer drive to save money and the comparative similarity of product make potatoes an ideal product for this type of retailer.

52 w/e 2 September 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)	48,463	-3.2	28,869	-9.6	31,220	20.1	33,296	14.5	12,017	13.9	9,270	-7.3	67,634	3.8
Volume (Tonnes)	48,295	0.4	24,728	-10.6	67,992	23.5	74,051	24.4	29,022	36.9	9,420	0.2	71,254	11.2

What is driving sales performance - Fresh Potatoes



- The growth elements in the potato market result from an increased volume purchased by consumers per shopping trip, which is up 1.1% at 2.31 kilograms, together with the general increase in the population, i.e. more people live here so more people eat potatoes. This accounts for an additional £26.3m of sales over the last year.
- The negative impacts on the market are the volume purchased per buyer and average price. The volume per buyer is made up of frequency of purchase and the amount they purchase each time. Although consumers are buying slightly more when they go shopping, they are purchasing potatoes less frequently and this is 2.3% down at 27.8 times a year. Overall, this means that volume per buyer has fallen.
- The other major negative is average price which is down 2.9% at 65p per kilo, this small movement accounts for a significant percentage of the fall in value sales.

What's been in the News?

Olympics help boost UK grocery sales

Nielsen - 3 September 2012

Consumers bought more snacks, crisps and confectionery during the four-week period as they enjoyed watching events on TV, resulting in a 6% increase in volume sales for the Crisps/Snacks category.

Special K has entered the UK crisp market with the launch of its Cracker Crisps

The Grocer, 22 September.

The new range is popped rather than deep fried, in an attempt to encourage women to buy more crisps. The launch follows the product's success in the US and Canada.

Bird's Eye launches new hash brown waffles

FDIN - August 30 2012

The waffles will be launched this month, and are the first of their kind, combining shredded potatoes and onions in a mini-waffle shape.