Prepared by AHDB Market Intelligence

Potato Retail Report - September 2011

(Data to 4 Sept 2011)

Market Summary

52 w/e 4 Sept 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,062,311	+3.6	1,655,735	-1.5
Pre-packed	932,689	+4.8	1,559,135	-1.1
Loose	129,621	-4.5	96,599	-7.8
Total Organic	18,521	-8.0	21,283	-6.8
TOTAL FROZEN	567,931	+6.1	476,511	+1.3
Frozen Chips	366,352	+9.6	337,159	+3.1
Frozen Potato Products	201,580	+0.2	139,352	-2.9
CHILLED Potatoes	176,120	+9.2	51,970	+7.4
CANNED Potatoes	10,833	-7.1	14,759	-9.6
CRISPS	854,455	+8.6	135,714	+1.4
SAVOURY SNACKS	778,862	+6.5	114,853	+1.0
RECON. & CONV.	24,054	-6.4	12,500	-6.6

12 w/e 4 Sept 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	230,385	-3.3	346,811	+0.6
Pre-packed	199,776	n/c	323,895	+1.4
Loose	30,609	-20.4	22,917	-10.2
Total Organic	3,279	-23.0	3,645	-17.8
TOTAL FROZEN	129,222	+14.7	102,741	+3.3
Frozen Chips	87,102	+20.8	75,038	+6.3
Frozen Potato Products	42,119	+3.8	27,702	-4.0
CHILLED Potatoes	37,710	+12.7	10,928	+11.2
CANNED Potatoes	2,339	-14.1	3,366	-7.8
CRISPS	206,301	+11.6	31,776	+1.5
SAVOURY SNACKS	173,231	+4.5	25,063	+0.3
RECON. & CONV.	4,945	+3.6	2,442	-2.4

FRESH

- The total fresh potato market recorded a value sales increase of 3.6% year-on-year (YOY), while volume sales declined 1.5%. The last 12-week period saw value sales declining 3.3% YOY and volume sales recording a 0.6% increase. The main driver for the overall growth in value sales is attributable to pre-packed potatoes, where value sales recorded a increase of 4.8% YOY despite volume sales declining 1.1% YOY.
- Loose potatoes have seen volume and value sales decline over both 52-week and 12-week periods. This trend has intensified in the last 12-week period where value sales have declined 20.4% YOY and volume sales have declined 10.2%.
- New potatoes have seen volume sales decline 2.2% YOY over the past year, this rate accelerated to 12.8% YOY in the last 12 weeks. Value sales of new potatoes increased 0.7% YOY over the past 52 weeks, however, in the last 12 weeks value sales were down 14.1% YOY. The relatively cooler weather over the past 12 weeks has reduced the number of BBQ occasions and could have impacted new potato sales.

FROZEN

- Frozen potatoes have seen value sales increase over both 52-week and 12-week periods with increases of 6.1% and 14.7% respectively. This has mainly been driven by the performance of Frozen Chips which has continued to record significant value sales increases over the past 52-week and 12-week periods. The rate of value sales growth has intensified over the last 12 weeks. The average price per kg of Frozen Chips has risen 6.3 % over the past year, which has contributed to these large value sales increases. One influential factor remains the reduction in the volume % on promotion versus the same time last year.

CHILLED POTATOES

- There have been continued volume and value increases over both 52-week and 12-week time periods for chilled potatoes. The last 52 weeks has seen volume sales of chilled potatoes increase 7.4% YOY and value sales increase 9.2% YOY. In the last 12 weeks these volume and value growth rates have increased to 11.2% YOY and 12.7% respectively.

CRISPS & SAVOURY SNACKS

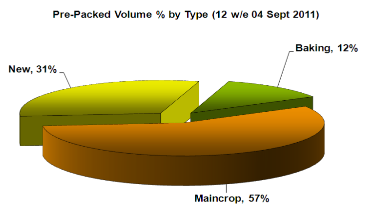
- Crisps have seen value sales increase 8.6% YOY and volume sales increase 1.4% YOY over the past year. This value and volume sales growth continues over the last 12 weeks, where value sales have increased 11.6% YOY and volume sales have increased 1.5%. In the past 52-week period the average price per kg of crisps has increased 7.1% YOY which has contributed towards this strong value sales growth.
- Savoury snacks have also seen value and volume increases over the past 12 months, value sales rose 6.5% YOY over the past year while volume sales increased 1% YOY. The category has also seen the average price per kg rise 5.5% YOY, which has been a significant driver of the value sales increase.

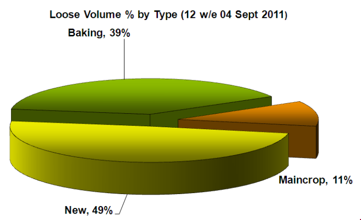
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- There have been value and volume sales declines for canned potatoes over both 52-week and 12-week periods. This trend has continued in the last 12 weeks with a 14.1% YOY decline in value sales and a 7.8% YOY volume sales decline.

PRE-PACK VS. LOOSE

- Pre-packed potatoes have seen volume sales increase 1.4% YOY over the past 12 weeks, maincrop potatoes continue to have the majority share with a 57% volume share. New potatoes recorded a 31% volume share of the pre-packed market, while baking potatoes recorded a 12% volume share. Volume sales of Loose potatoes declined 10.2% YOY over the past 12 weeks.





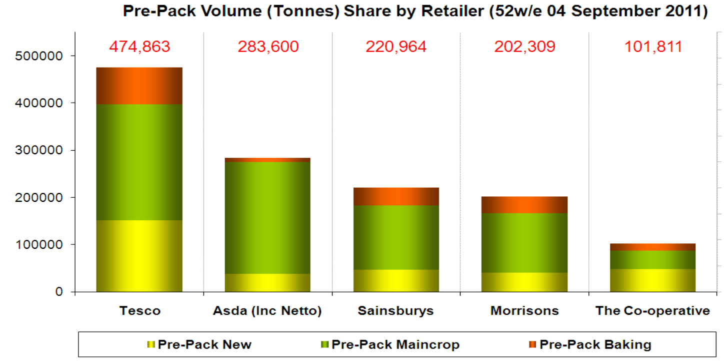
Pack Type and Variety

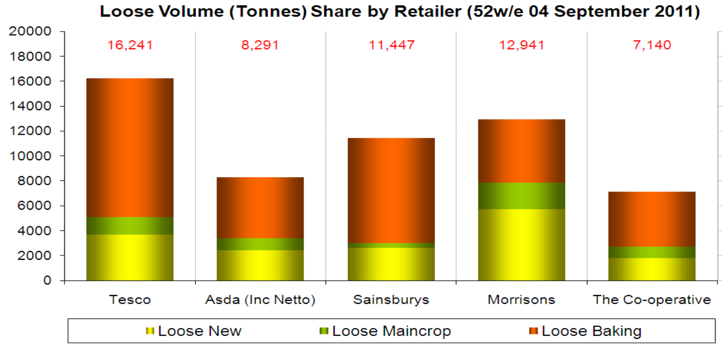
Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 4 Sept 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	7,694	+12.7	4,825	+33.6	22,723	-9.7	17,154	+41.1	146,970	-2.2
Volume (Tonnes)	18,132	+2.0	7,211	+34.5	32,962	-14.7	32,793	+89.3	232,420	-2.5

Within the pre-packed market white potatoes remain the largest share however in the last 12 weeks the variety saw volume and value sales declines. Reds have continued to record the largest volume increase with a 89.3% increase YOY. King Edwards also saw strong volume and value sales increases over the past 12 weeks, while Maris Piper potatoes have seen volume and value sales decline in the last 12 weeks. The rise in the average price paid for Economy potatoes has helped drive value sales growth of 12.7% YOY.

Data Source: KANTAR Worldpanel 52 & 12 w/e 04 September 2011

Retailer Performance - Fresh Potatoes





TESCO:

- Tesco continued to hold the largest volume and value market share within the fresh potato sector, with a 29.7% volume share and a 28.5% value share over the past year. Tesco's pre-packed volume market share was 30.5% and they recorded a 3.5% YOY increase in pre-packed volume sales over the past year. Tesco recorded a pre-packed new potatoes volume share of 39.2%; pre-pack maincrop 25.2% and pre-pack baking 40.1%.
- Tesco's loose volume market share over the last 52-week period was 16.8%; loose new potatoes 10.6%; loose maincrop 7.4% and loose baking 26%.

ASDA (inc Netto):

- Asda recorded a fresh potato volume share of 17.6% over the past 52 weeks and value sales share of 15.7%. Asda's 52-week pre-packed volume share was 18.2%; pre-packed new potatoes 9.8%, pre-packed maincrop 24.3% and pre-packed baking share of 4.7%.
- Asda's loose potato volume share over the last 12 months was 8.6%; loose new potatoes share 7%; loose maincrop 5% and loose baking 11.5% share.

SAINSBURY'S:

- Sainsbury's recorded a fresh potato volume market share of 14% over the past year and a value sales share of 15.3%. Sainsbury's total pre-pack market volume share was 14.2%. Sainsbury's recorded a pre-packed new share of 12.2%, pre-packed maincrop 14% and pre-packed baking share 19.5%.
- In the past year Sainsbury's loose potato volume share was 11.8%; loose new share 7.6%; loose maincrop 2% and loose baking share 19.7%.

MORRISONS:

- Fresh potato volumes share for Morrisons was 13% over the past year and volume sales were down 1.8% YOY. In the same time period, value sales increased 2% YOY and recorded a value sales share of 12.4%.
- Morrisons recorded a pre-packed volume share of 13%; pre-packed new 10.4%; pre-packed maincrop 13% and pre-packed baking share 18.6%.
- Loose potato volume share for Morrisons over the past year was 13.4%; loose new potatoes share 16.5%; loose maincrop 11.2%; loose baking 11.8%.

CO-OPERATIVE:

- The Co-operatives fresh potato volume share over the past 12 months was 6.6% and value sales share of 7.3%. Over the past year volume sales for fresh potatoes at the Co-operative declined 11.1% YOY and value sales declined 5.1% YOY.
- Pre-packed volume market share for the Co-operative was 6.5%; pre-packed new potatoes 12.2%; pre-packed maincrop 4.1% and pre-packed baking 7.3%.
- The Co-operative's loose volume share over the past year was 7.4%; loose new potatoes 5.2%; loose maincrop 4.7% and loose baking share 10.3%.

OTHER:

- Waitrose has seen fresh potato value and volume increases of 10.3% and 12.1% respectively over the past year. While Marks & Spencer saw value sales increase 4.6%, volume sales declined 0.6%.
- The discounters have seen strong value sale performances, Lidl recorded a value sales increase of 34.6% YOY and a volume increase of 16.4% YOY. Aldi recorded a value sales increase of 12.9%, however, value sales declined 26.3% YOY. This is reflective of the wider grocery market, with consumers increasing top-up shopping in an effort to reduce food waste.

52 w/e 4 Sept 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)	49,187	+10.3	32,634	+4.6	33,898	+12.9	28,399	+34.6	10,292	+1.3	7,209	-1.6	60,059	+0.9
Volume (Tonnes)	51,048	+12.1	27,236	-0.6	69,471	-26.3	59,677	+16.4	20,870	-9.9	8,953	-3.9	78,806	+8.3

Share of Trade : Fresh Potatoes by packtype 52 week

Pre-pack Maincrop recorded the largest volume market share of the total fresh potato market, recording a 58.9% volume market share over the past year. Pre-packed new potatoes had a 23.5% volume market share and pre-pack baking a 11.7% volume share.

The average retail price has risen 5% (61p/kg to 64p/kg) over the past year. There is a wide variation in the retail price from £1.56p/kg for loose new potato to 52p/kg for pre-pack maincrop but even this 52p/kg figure is 6% higher than a year ago.

The highest household penetration recorded was for pre-pack maincrop, with 87% of households having purchased it at least once in the last year. As you would expect the lowest household penetration was for the pack type with the lowest market share: loose maincrop, where 12% of households purchase at least once over the past 12 months. The overall market penetration for fresh potatoes was 96.3% of households in the last year.

The main share gains have been in pre-pack new and pre-pack-baking which have seen volume share increases of 3.1% and 2.5% YOY respectively. Pre-pack maincrop has seen a volume share point decline of 5%, but continues to have the majority share of the market at 58.9%. Pre-pack maincrop has also lost 2% market penetration, while pre-packed new and baking have gained 2% & 3% YOY.

Fresh Potatoes by pack type	52 w/e 04 September 2011		
	Volume Market Share %	Average Price paid per KG	Market Penetration %*
Pre-pack Maincrop	58.9	0.52	87%
Pre-pack New	23.5	0.77	83%
Pre-pack Baking	11.7	0.64	64%
Loose Maincrop	1.2	0.95	12%
Loose New	2.1	1.56	18%
Loose Baking	2.6	1.34	25%

*Market Penetration– the % of households that have purchased that potato pack type at least once in the last year

What's been in the News?

Midweek Meals-Aunt Bessie

The Grocer - 5 September 2011

The Aunt Bessie's frozen potato brand is expanding. Homestyle Chips are now available in a 1.81kg family bag (£2.99) and it has added three new products. Midweek Mini Roasties Garlic & Herb (rrp £1.69) are aimed at the weekday meal market, while Rustic Mini Rostis (£1.99) are designed to offer an alternative to chips. In the weekend breakfast category Homestyle Hash Browns (£1.99) also join the portfolio.

Campaign Trail-Gary Chips in on Walkers Ad

The Grocer -10 September 2011

A tongue-in-cheek whistlestop tour of the life of a Walkers crisp will be told in a new TV ad designed to flag up how it is made from British potatoes, Sunseed oil and seasonings free from artificial colours or preservatives. The ad which will air from 12 September shows a potato being plucked from the ground before it is chipped, seasoned and eaten by Gary Lineker, who appears only at the end of the advert.