

**IMPORTANT**  
Pre-packed  
potatoes – pack  
size restrictions  
relaxed

See page 4

# BPC Retail Report

Issue 54

February 2008



## Potato Statistics

### Highlights

Overall, total frozen value shows a year on year increase of 8.9% but a decrease of 1.8% by volume

In value terms, all categories again show an increase. The largest increase is seen by frozen chips up 11.1%, followed by chilled potatoes up 11%

In volume terms, recon. & convenience potatoes, chilled potatoes, crisps and frozen chips show an increase, up 9.1%, 4.4%, 3.1% and 0.3% respectively

<b>POTATO PRODUCTS</b> 52 wks to 30 Dec 2007	<b>VALUE (£000s)</b>	<b>VALUE CHANGE % Yr on Yr</b>	<b>VOLUME (Tonnes)</b>	<b>VOLUME CHANGE % Yr on Yr</b>	<b>AVERAGE RETAIL PRICE (£ per kilo)</b>
<b>Frozen Chips</b>	307,473	11.1	306,548	0.3	1.0
<b>Frozen Potato Products</b>	181,816	5.5	128,996	-1.8	1.41
<b>TOTAL FROZEN</b>	<b>489,289</b>	<b>8.9</b>	<b>435,543</b>	<b>-0.4</b>	<b>1.12</b>
<b>Recon. &amp; Conven. Potato</b>	27,960	2.2	14,138	9.1	1.98
<b>Chilled Potatoes</b>	19,170	11.0	6,100	4.4	3.14
<b>Canned Potatoes</b>	14,543	-1.0	21,146	-12.0	0.69
<b>Crisps</b>	620,111	7.3	120,723	3.2	5.14

### Highlights

Total fresh potatoes show growth of 13.2% by value and 1.7% by volume. Within this, total pre-packed shows a value increase of 14.5% and a volume increase of 3.2%, while total loose shows a value increase of 7.9% but a volume decrease of 8.9%

In terms of value growth, all categories show an increase but with organic showing the highest growth of 16.3%, followed by pre-packed maincrop and loose baking with 15.8% and 14.6% respectively

Organic is the category showing the highest volume growth of 10.9%, with pre-packed new at 9.8% and pre-packed baking at 8.7%. Loose maincrop and loose new both at 12.9% show the highest rate of decrease

<b>POTATOES by PACK TYPE</b> 52 wks to 30 Dec 2007	<b>VALUE (£000s)</b>	<b>VALUE CHANGE % Yr on Yr</b>	<b>VOLUME (Tonnes)</b>	<b>VOLUME CHANGE % Yr on Yr</b>	<b>AVERAGE RETAIL PRICE (£ per kilo)</b>
<b>Pre-packed New</b>	266,288	13.7	340,750	9.8	0.78
<b>Pre-packed Maincrop</b>	427,092	15.6	896,105	N/C	0.47
<b>Pre-packed Baking</b>	114,173	12.3	174,584	8.7	0.65
<b>TOTAL PREPACKED</b>	<b>807,570</b>	<b>14.5</b>	<b>1,411,446</b>	<b>3.2</b>	<b>0.57</b>
<b>Loose New</b>	66,845	0.8	76,732	-12.9	0.87
<b>Loose Maincrop</b>	24,877	4.6	32,632	-12.4	0.76
<b>Loose Baking</b>	86,552	15.3	74,252	-2.4	1.16
<b>TOTAL LOOSE</b>	<b>178,273</b>	<b>7.9</b>	<b>183,616</b>	<b>-8.9</b>	<b>0.97</b>
<b>Organic</b>	29,086	16.3	33,966	10.9	0.85
<b>Conventional</b>	956,757	13.1	1,561,095	1.5	0.62
<b>TOTAL FRESH (Retail)</b>	<b>985,843</b>	<b>13.2</b>	<b>1,595,062</b>	<b>1.7</b>	<b>0.62</b>

DATA SOURCE—TNS

All potatoes—GB & Imports

## Retail Detail



RETAILER SHARE OF FRESH POTATO MARKET 52wks to 30 Dec 2007	VALUE %			VOLUME %		
	Total Potatoes	Prepack Potatoes	Loose Potatoes	Total Potatoes	Prepack Potatoes	Loose Potatoes
Tesco	28.3	29.6	22.6	30.0	31.2	20.9
Sainsbury	16.2	16.3	15.6	14.5	14.4	14.5
Morrisons	12.0	12.2	11.0	12.8	12.9	11.5
Asda	13.6	14.6	9.2	16.0	16.9	9.3
Somerfield	4.4	4.0	6.2	3.7	3.6	4.7
Co-Op Grocers	4.7	4.9	3.6	4.4	4.5	3.1
Marks & Spencer	3.5	3.7	2.6	1.5	1.5	1.5
Waitrose	4.1	3.5	6.9	2.7	2.4	5.5
Aldi	2.1	2.6	0.1	3.0	3.4	0.1
Lidl	1.9	2.1	0.9	2.8	3.0	1.0
All others	9.2	6.5	21.3	8.6	6.2	27.9
<b>TOTAL MARKET</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

DATA SOURCE—TNS

## Retail News

### British sauces bounce back

Sales of British cooking sauces rose 13% last year to £47.4m in the year to 4<sup>th</sup> November 2007 – a dramatic reverse in fortunes on the previous year when sales fell 2.5% according to the Grocer. This growth outperformed the market as a whole, which was up 5.1% to £467m. British sauces also grew faster than any other kind of sauce. Increasing consumer interest in provenance also allowed smaller suppliers with products focused at the premium end of the market to flourish.

*Good news for potatoes as we know that they are more likely to be chosen as the side-of-plate accompaniment to British dishes.*

*'British sauces increase 13%'*

### Household spending almost doubled in 50 years

The average British family is now spending £456 a week according to the latest data from the Office for National Statistics, this compares with £238 (calculated at 2006 prices) in 1957. Fifty years ago families were spending one third of their total weekly spend on food and non alcoholic drink, with fresh milk and 'undefined meat', including rabbit and tongue, joining cigarettes and bus fares in the top ten most bought items. The proportion spent on food and non alcoholic drink in 2006 had dropped to 15%, with half of that consisting of meals and takeaways – a new category introduced in the 1970's.

The survey shows that rising disposable incomes mean modern households now devote almost 20 per cent of their weekly spending on leisure goods and services, such as trips to the cinema, internet links and satellite television, compared with just 9% spent on entertainment including 'admission to dances' in 1957.

The other main differences are that housing costs now account for 19% of household spending compared with 9% fifty years ago, transport and vehicle costs have doubled to 16%, while fuel and power have halved to 3% (despite rising energy costs), clothes and shoe spending has also halved to 5%. Tobacco spending has dropped from 6% to 1% while spending on alcohol has stayed at 3%.

*'% spend on food and non alcoholic drink halved'*

### Morrisons gaining share

Latest grocery market share figures from TNS show strengthening growth for Morrisons who now have an 11.5% share. Aldi, Lidl and Iceland also posted strong growth figures.

## Potato – ‘the safest food in Britain’

The potato is well tolerated by more than 99 per cent of people, according to a study by YorkTest which has dubbed the potato, the ‘safest food in Britain’.

Food intolerance has become a major theme for manufacturers, who are increasingly catering to niche market consumers who follow a lactose, gluten, or wheat free diet, for instance. Sufferers of food intolerance report symptoms such as irritable bowel syndrome, migraines, eczema and fatigue.

According to Euromonitor International, the UK is the third-largest market for gluten-free foods (after the US and Italy), amounting to £47m in 2006. Sales of lactose-free products (dairy products, ice cream, baby foods) have increased by 29 per cent since 2002, reaching £23m in 2006.

YorkTest, which supplies home testing kits for food intolerance, came to its conclusion after assessing data from more than 8000 patients who took their test in 2007. Less than one per cent of the patients had potatoes listed in the high intolerance bracket. Other foods seen to be



well tolerated were grapefruit, with 0.44 per cent of patients showing a positive intolerance; apricot, with 0.61 per cent intolerance, apple with 0.61 per cent, barley with 0.65 per cent and lemon with 0.68 per cent intolerance.

The company said that while some foods showed up fewer reactions than potatoes, these would significantly increase if they were eaten in the same quantities.

On average, 20 per cent of a British person’s entire intake of food is potato, and each person consumes some 96kgs of potatoes per year.

Euromonitor said last year that the food intolerance market in the UK holds ‘massive growth potential’, and was encouraging to manufacturers looking at further investments into products that can be labelled as free from wheat, gluten, cows milk, lactose, egg, soya, nuts and additives like sulphites. Some retailers, such as Sainsbury’s, have been quick to seize the opportunity with the introduction of its Free From range of products.

## Irish consumers eating less potatoes

Irish people are abandoning potatoes and opting for pasta and rice instead to accompany their dinner, according to a report on RTE News recently.

A conference marking the International Year of the Potato in Dublin heard that the sale of potatoes in the Republic fell by 14% last year alone. There are now only 600 commercial growers, about half the number a decade ago. Research shows that potatoes have an image problem: they are seen as unfashionable, difficult to prepare, and fattening. But nutritionalist Paula Mee points out that potatoes are not as fattening as other foods and are good sources of carbohydrates and vitamin C.

Padraig Walshe, President of the Irish Farmers’ Association, said it would be unforgivable if the potato

industry in the Republic was wiped out. There needs to be a return to the basic habits of growing and consuming more of natural foods such as potatoes, commented the Minister of State for Horticulture, Trevor Sargent.

*Sound familiar? The issues facing the Irish potato market are very similar to those facing our own domestic market.*

*The potato industry in the UK has reacted strongly by changing the product offering, introducing smaller pack sizes, adding variety messages and introducing brands. In the last BPC tracking research those thinking potatoes were the healthiest carb had risen from 22% to 29%, with the message that potatoes are low in fat also seeing a sharp rise from 14% to 24%, proof that a clear, focused strategy can alter opinions.*

## You are what your mother ate!

A visit to the recent Lifestage Nutrition conference produced a number of interesting presentations and papers but really only served to illustrate that despite huge leaps forward in science, how little we still know about the effect of nutrition on the body during its various lifestages. Lifestages here meaning the biological stages – pre natal, infancy etc - and not the social stages that the BPC use – pre family, retired etc.

The overall scientific conclusions are that we know beyond doubt that the body needs certain nutritional elements to function at its best. The issue is one of what are they; in what quantities are they needed; and when?

One thing the scientists seem pretty clear on is that, to a large degree, you are what your mother ate, if she had a nutritionally balanced diet then it bodes well for you.

One key fact to emerge is the scale of growth and the predicted potential of the ‘Health Giving food market.’ Previously known as functional foods, probiotics, nutraceuticals, mood foods, wellness foods etc., this market has now consolidated under one title – health giving foods and is currently worth €13bn across the EU, and predicted to reach €18.2bn in 2012 with the UK leading the way in terms of sales.



Dairy based foods are the largest sector of the market at 45 per cent followed by soft drinks, but the market seems to be expanding across all areas of food.

Perhaps the most important issue at present is the lack of clear legislation over health claims – it is currently a mine

field. If you make specific claims about health it takes you into the realms of drugs, requiring prolonged testing and licencing. Thus you can only make vague claims such as, ‘may help as part of healthy diet’, and even then the claim can be open to contesting. Under new EU law – Nutrition and Health Claims Regulations – claims may be made but only with supporting scientific evidence and controlled research data.

Another consensus view among the speakers, and one that the BPC’s experience and research bears out, is that consumers have a poor understanding of nutrition and how it affects them, this is not helped by the plethora of confusing and often conflicting media messages.

*It does perhaps remind us that educating consumers on the health and nutritional benefits of potatoes is an important element of our communications strategy. If consumers can gain the nutrition they require from a fresh, unadulterated product like a potato they might choose it over a health giving food.*

## Carb watch - rice

**'the rice sector will see 24% growth over the next four years'**

As Chinese, Thai and Indian cuisine has grown rapidly in popularity among UK consumers, so too have rice sales. Whether for a novice in the kitchen or a cooking connoisseur, rice companies have strived to provide a variant to suit everyone, resulting in ranges that can be boiled in the bag or cooked in the microwave, as well as premium dry variants such as basmati rice to appeal to more affluent consumers whose concerns focus on tradition and provenance. This expansion has led Mintel to predict value growth of the rice sector of 24% over the next four years to £334m in 2012 up from £269m in 2007. The big success within the sector is undoubtedly the micro pouch which has gained popularity by banishing the problem of working out rice to water ratios, cooking too much or too little rice, and overcooking it. Such is the growth of the ambient microwave format that it is

expected to account for the lion's share of the total rice market, overtaking dry rice sales in value terms. A key feature of the rice sector over the last year has been a fall in global rice stocks to a 30 year low which in turn has driven up prices – rice is now at its most expensive for 10 years. The main competitors of rice are pasta and potatoes. While rice remains a small market compared with potatoes, it has overtaken pasta in terms of value, as the latter has suffered from extensive price deflation. However, penetration of rice is high - two out of three adults eat it at least once a week - but as the population ages, their growth is likely to come from the over 65's, the largest eaters of potatoes, so it is more important than ever for potatoes to defend their stronghold.



### Relaxed rules for changing pack sizes

As previously reported in Issue 50, a new EU Directive is out which will lead to deregulation of prescribed quantities of pre-packaged foods, including potatoes. There are some foods (e.g. butter, milk and coffee) where the deregulation may be implemented over a number of years but that is not the case with potatoes. The Directive will be implemented into UK law in April 2009. However, since December 2007, the guidance of LACORS, the national co-ordinating body for Trading Standards Offices, had been not to enforce the existing size restrictions. We now know that it is, in effect, permissible to sell pre-packed potatoes in any quantity, so long as these are accurately marked.

Any queries relating to UK enforcement should be addressed to Rob Kidd, LACORS Policy Officer – [rob.kidd@lacors.gov.uk](mailto:rob.kidd@lacors.gov.uk)

## It must be true, it's in the media



### Spotted in the Grocer:-

UK consumers now prefer a banana or an orange a day to an apple and count carrots as their favourite vegetables rather than potatoes, a poll to discover the nation's favourite fruit and vegetables has revealed. The survey – Healthy Nation 2008 – by the Health Food Manufacturers' Association shows that bananas have knocked oranges off the top spot while in vegetables, carrots have toppled potatoes to be number one. The survey also showed that many consumers were confused about what counted towards the government's recommended 5-a-day campaign.

### Also spotted in the Grocer:-

Increased demand from China and India, and record high freight costs, have resulted in the lowest global stocks of rice for nearly thirty years. World consumption is at 423 million tonnes a year, according to the Rice Association, yet only 420 million tonnes a year are produced. India and Vietnam both banned exports last year exacerbating the problem, and China has now restricted exports to favour supplying its own domestic market. As a result, the price of rice has gone up 60% over the past two years and is set to continue rising.

The price of Basmati rice has risen particularly sharply – up 120% since 2006 – as a result of soaring demand in Western and Asian markets.

### Spotted in the Daily Mail:-

Letter – My granddaughter came home after school and was excited to tell us they had Farmer Bob in class telling the children all about potatoes; where they come from, how to grow them. Each child was given a test after the talk, the question being; name three varieties of potato. My granddaughter answered, 'Mash, boiled and chips.' Sam, Milton Keynes.

BPC Marketing



British Potato Council  
4300 Nash Court  
John Smith Drive  
Oxford Bus. Park South  
Oxford OX4 2RT

Phone 01865 782256  
Fax 01865 782254  
[krace@potato.org.uk](mailto:krace@potato.org.uk)