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Retail Report

Issue 59

July 2008



Potato Statistics

Highlights

Overall, total frozen value shows a year on year increase of 7.8% and an increase of 4.7% by volume

In value terms, all categories show an increase except canned potatoes – down 10.2%. The largest increase is seen with chilled potatoes up 14.4% followed by recon. and convenience potatoes up 10.1%

In volume terms, recon. & convenience potatoes and chilled potatoes show the largest increase, up 18.3% and 11.4% respectively, while canned potatoes are down 11.5%

Highlights

Total fresh potatoes show growth of 6.4% by value and 4.1% by volume. Within this, total pre-packed shows a value increase of 8.4% and a volume increase of 6.9%, while total loose shows a value decrease of 2.3% and a volume decrease of 15.1%

In terms of value growth, the largest increase is shown by pre-packed main at 10.8% with loose new showing the largest decrease of 12%

Pre-packed new is the category showing the highest volume growth of 10.8%, with pre-packed baking at 9%. Loose new and maincrop show the highest rate of decrease – 19.9% and 15.3% respectively

POTATO PRODUCTS 52 wks to 18 May 2008	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Frozen Chips	310,776	7.3	313,574	4.1	0.99
Frozen Potato Products	187,401	8.6	134,009	6.0	1.40
TOTAL FROZEN	498,177	7.8	447,583	4.7	1.11
Recon. & Conven. Potato	30,003	10.1	15,496	18.3	1.94
Chilled Potatoes	20,427	14.4	6,493	11.4	3.15
Canned Potatoes	13,570	-10.2	20,396	-11.5	0.67
Crisps	635,677	6.5	122,752	4.1	5.18

POTATOES by PACK TYPE 52 wks to 18 May 2008	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Pre-packed New	266,587	6.2	350,788	10.8	0.76
Pre-packed Maincrop	443,584	10.8	922,887	5.2	0.48
Pre-packed Baking	113,071	4.6	175,504	9.0	0.64
TOTAL PREPACKED	823,258	8.4	1,449,185	6.9	0.57
Loose New	62,808	-12.0	69,978	-19.9	0.90
Loose Maincrop	22,840	-7.1	28,862	-15.3	0.79
Loose Baking	86,614	7.8	69,606	-9.6	1.24
TOTAL LOOSE	172,262	-2.3	168,447	-15.1	1.02
Organic	28,877	4.7	34,148	3.7	0.85
Conventional	966,644	6.5	1,583,484	4.1	0.61
TOTAL FRESH (Retail)	995,520	6.4	1,617,632	4.1	0.62

DATA SOURCE—TNS

All potatoes—GB & Imports

Retail Detail

Following several requests, we have now included the percentage change year on year for the totals.

RETAILER SHARE OF FRESH POTATO MARKET 52wks to 18 May 2008 % change year on year	VALUE %			VOLUME %		
	Total Potatoes	Prepack Potatoes	Loose Potatoes	Total Potatoes	Prepack Potatoes	Loose Potatoes
Tesco	28.2 6.3	29.5	22.0	30.5 5.3	31.7	20.3
Sainsbury	16.1 4.2	16.3	15.6	14.4 2.0	14.3	14.6
Morrisons	12.2 6.0	12.3	11.7	12.6 4.1	12.7	11.7
Asda	13.8 8.8	14.7	10.0	16.3 8.3	17.0	9.7
Somerfield	4.5 5.5	4.2	5.9	3.9 -0.2	3.8	4.6
Co-Op Grocers	4.5 9.1	4.7	3.7	4.2 0.7	4.3	3.3
Marks & Spencer	3.5 8.6	3.7	2.6	1.5 8.0	1.5	1.6
Waitrose	4.1 8.4	3.5	7.1	2.6 -1.2	2.3	5.8
Aldi	2.4 28.8	2.9	0.1	3.6 36.6	4.0	0.1
Lidl	1.8 22.3	2.0	1.0	2.4 1.9	2.6	1.2
All others	8.9 8.9	6.2	20.3	8.0 -21.0	5.8	27.1
TOTAL MARKET	100.00 6.4%	100.00	100.00	100.00 4.1%	100.00	100.00

DATA SOURCE—TNS

Retail News

Co-op clinches Somerfield

The Co-op has finally bought Somerfield for £1.57bn, giving it a combined market share of 8.1% (TNS).

Waitrose to take on the convenience sector

Waitrose are about to launch into the convenience retailing sector with a wave of small shops, the first of which could be open early next year. Trial stores are scheduled to open within six to nine months time with others to follow if these are successful. The stores are likely to have an area of between 3,000 and 4,000 sq.ft., but the company is keeping quiet with regard to how many and where they will be located.

The initiative will push them into the same arena as Marks & Spencer's Simply Food, Tesco Express, Sainsbury's Local as well as other players, but according to some industry analysts they have made the right decision.

Supersized brands for online shoppers

Big name brands are considering manufacturing bulk packs of household products for sale exclusively online. The plans could see manufacturers producing packs of 50 or more toilet rolls and supersize packs of nappies to appeal to internet shoppers in search of bargains and home delivery, according to David Buckingham, the commercial director of the company that manages the data collected by the Sainsbury's Nectar loyalty scheme. He said that shopping habits were different online than in-store and identified Kimberly-Clark, which owns Andrex, as a company considering such a move. He also predicted that as the online grocery market matured, manufacturers would tailor their products specifically for either online or in-store.

Keep it simple

We know all about the recent success of the discounters – see issue 57 – but what is it that makes them so successful? Aldi's boast is that it carries a limited range – just 1,000 products compared with the 25,000 in a supermarket – but buys in huge numbers and gets top quality. Only about 15 brand names are on the shelves. Privately, rival supermarket bosses marvel at the quality of Aldi's own label, evidenced by number of awards and citations on display at head office. At the same time the chain rigorously controls costs and the stores are pretty basic. There are no fancy floorings or fixtures. The lighting is definitely not designed to enhance the products but purely to be functional. Simplicity appears to be the key.

'new convenience stores set for roll out'

'bulk buying online'

'only 1000 products'

Foodie or fuelie?

Long working hours mean that half of all Britons now eat ready meals every week, compared with 25% five years ago. The UK has become a nation of 'fuelies', reliant on quick and convenient food.

But research carried out by the Future Foundation for Kellogg's has revealed that we become 'foodies' at the weekends, cooking meals from scratch as a way to unwind. They also say that food experience and knowledge will become increasingly important to consumers – quality ingredients cooked properly will have social significance, with the meal seeming to say something about you. Rising food

prices and higher restaurant bills will mean consumers will seek out cheaper, top-quality ingredients to create fantastic meals at home.

The worry for potatoes in the weekday versus weekend cooking debate is that they are in danger of becoming a weekend item, not used much during the week because of their perception of being inconvenient and taking too long to prepare – rice and pasta scoring better here. The challenge is to make them relevant to both weekday meals and weekend meals – convenience being the key to one and indulgence to the other.

Regaining the art of potato peeling

Taken from an article in the Grocer by Joanna Blythman, food journalist

"Have you noticed how supermarket supremos have stopped talking about cash rich/time poor shoppers of late? These were people who would pay exorbitant prices for an aspirational-looking ready meal that came in three layers or pricey packaging because they were convinced they had no time to cook.

Supermarkets talked up and cultivated this now rapidly disappearing breed because they stumped up for all the gimmicky added value products that feed corporate profits. There's only so much you can charge for spuds, even hand scrubbed, heirloom varieties. But process them into Louisiana style crispy skins, or microwaveable jacket potatoes and you have created a licence to print money.

But in the current difficult economic climate many more people will start considering themselves more flush with time than money. The aisles of Lidl and Aldi are full of customers who always made the time to peel a carrot, people who daily cook up a basic meal, more or less from scratch. Why? Because it saves them money

It's no wonder that the car parks of Lidl and co are filling up



with Volvos and Hondas as well as old bangers. The indigenous middle classes are looking hard at discounters' prices and asking themselves why, when they shop at Tesco et al, they are paying significantly more for everything from parmesan to peas.

Deep discounters are becoming more popular, yet they offer precious little convenience food. Most notably, they stock almost nothing by way of chilled, ready-to-cook food, a category that has been a huge revenue booster for the big supermarkets in recent years. This is because many of their core customers come from foreign countries that, unlike Britain, understand that cooking for yourself is the best way to control your food spending budget.

Retailing reactionaries predict that as we tighten our belts, all the niceties, such as organic, higher-welfare, more ethical food will be struck off our shopping lists.

But an alternative formula is emerging for making fairly spectacular savings: ditch over-priced supermarket chains, keep buying the free-range eggs, organic milk and fair-trade coffee by using a mix of discounters, farmer's markets, farm shops, greengrocers and high street butchers and last but not least: cook more!"

Which 'food gang' do you belong to?

A new shopper segmentation from The Future Laboratory splits shoppers into ten distinct categories or 'food gangs'. Are you a Food Thrift or a Food Medic?

Zeno Youth – The core demographic of tomorrow – proudly urbanite and digitally native, they are 16 to 24 years old and like their food synthetic and vitamin laced. Eat – Wall's sausages, Lucozade sport, vitamin infused water

Extreme Connoisseurs – Obscure ingredients and a complex cooking process is fulfilling for this gang. They are predominantly 35 years plus and male, work hard and play hard and in a comfortable financial position. Eat – luxury foods and anything unusual.

Food Thrifts – They use the concept of thrift as a metaphor for how they want to run their lives. Ranging in income, age and occupation, they have a deep knowledge of food and quality. Eat – cheap, full of flavour cuts

Armchair Explorers – One of the largest groups, they have left the couch and are spending more time at restaurants and in the kitchen. They tend to see cooking as a leisure activity and are hungry for global food knowledge. Masterchef more than Jamie Oliver. Eat – gourmet fast food, authentic sauces, premium ready meals

Ethical Eaters – For this group, food is a political issue. They were early adopters of Fairtrade, organic, and locally

produced foods. Usually students or in their 30's or 40's and low to middle earners. Eat – organic fruit and veg, fairtrade **Cultural Chasers** – Include second generation Asians, Africans and West Indians. Home is the UK but their culinary heart is halfway between this country and the country of their parents' birth. Eat – local takeaways, anything from specialist, ethnic supermarkets.

Raw Foodists – Not just confined to vegan hippies but now including pollution sensitive and health conscious consumers as well. Eat – the Läribar, an energy bar made from pure whole ingredients, raw vegetables

Microsizers – Waist and waste conscious they are highly attuned to the obesity debate, bored with current diet fare and looking for smaller portions. Eat – TGI Friday's with its 'right portion, right price' menu, mini magnums

Securivors – motivated by anxiety over food security and concerns over G.M. More interested in provenance than some of the groups. They want to see more transparency in the food chain and take greater control by producing their own food. Eat – home grown produce, organic

Food Medics – The mother of Zeno Youth, the Food Medic wants food with added health, beauty or energy benefits. They are into self diagnosis and are early adopters of new super or functional foods. Eat – Food Doctor bread, anything with Omega-3

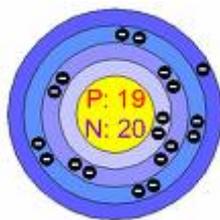
Do we have potato products to offer each segment?



Nutritional Nugget – Potassium

'Potassium- what is it and why do we need it?'

This month we take a look at another mineral found in abundance in potatoes – potassium. We ask the questions - what is it and why is it



chloride) the normal balance of water throughout the body. It helps maintain normal blood pressure, makes your heart and muscles work properly, keeps the intestines moving and works with sodium to transmit nerve impulses.

How much do we need?

Potassium is not stored in the body, but as much as 90% of the potassium in food is easily absorbed. In general you should be able to get all the potassium you need from eating a varied and balanced diet. Adults need approximately 3500 mg a day

There is no Recommended Daily Amount or RDA for potassium in this country. Potatoes, however, contain ten times more potassium than pasta, a key message in the Potato Council's 'Love Potatoes' campaign – see www.britishpotatoes.org.uk for more details.

good for us?

Potassium is a chemical element with the symbol K and the atomic number 19. It is a mineral found in many types of food. Good sources other than potatoes include fruit but particularly bananas, vegetables, pulses, nuts and seeds, milk, fish, shellfish, beef, chicken and bread.

What does it do?

Potassium has many important functions, in fact all the cells, nerves and body fluids in your body rely on potassium to function properly. It regulates (along with sodium and

Direction through dialogue

This is YOUR opportunity to comment on whether we have the right focus, emphasis and approach. Your feedback will form the Potato Council's first business plan in the new Agriculture and Horticulture Development Board (AHDB) structure. Don't miss this important chance to help shape the future of your industry. There's more information in the Direction through Dialogue book.

There are many ways to give your feedback and join the many other levy-payers who already have given their opinion. You can email Helen Priestley (hpriestley@potato.org.uk); you can fill in the electronic form at www.potato.org.uk/dialogue; or you can call a familiar voice at the organisation on 01865 714455.

It must be true, it's in the media



Spotted on Potato Reporter:-

A marked drop in fresh potato consumption in France and Spain has led to collaboration between the two organisations responsible – the French CNIPT (French Interprofessional Potato Association) and the Spanish CIP (Iberian Club of Potato Professionals). The close relationship between French production and the Spanish market – France is Spain's main potato supplier with annual sales of around 650,000 tonnes – has led the organisations in both countries to work jointly on a study looking into the issue, the results from which will be out soon.

Spotted on Fruit Today:-

The Dutch company HZPC has developed a low calorie potato that it hopes will be available in Spanish supermarkets soon. The potato is called 'Sunlite' which is a 'light' potato containing fewer than 60 calories compared with a medium size potato (5oz) which, on average, contains just over 100 calories.

Spotted on FoodEast:-

British consumers are more disloyal than ever before with the retailers they use, according to new research from Verdict Consulting. Across retail as a whole, some 10.8m shoppers are disloyal to the stores they use; and, across every retail sector more consumers are saying that they would prefer to use an alternative store to the one they currently use most. The findings demonstrate the extent of the challenge retailers now face in holding on to shoppers, especially in the face of the credit crunch when every customer counts.

Spotted in the leader column of the Guardian:-

In praise of the potato - "As for cattle, sheep or hogs, this is the worst of all the green and root crops," thought William Corbett, and the potato has sometimes struggled to command affection. Even as famine struck Naples in 1770, locals refused to touch a boatload of the tubers sent as a gift – while it was only on Frederick the Great's orders that potatoes were grown by the Prussians, who feared that they might cause rickets and tuberculosis. Other accusations were made too, although they were less grave: in his Encyclopédie, Denis Diderot reported that eating the root vegetables could lead to flatulence, although he added: "What matters windiness for the vigorous organisms of peasants and labourers?" Well quite, but now is the potato's moment once again with the International Year of the Potato, a chance to celebrate and promote the spud.



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