BRITISH POTATO 2009
November 25&26

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Retail Report

Issue 70 June 2009

POTATO COUNCIL

Potato Statistics

Highlights

Overall, total frozen value shows a year on year increase of 6.3% and an increase of 3.2% by volume

In value terms, all categories show an increase except canned potatoes – down 12%. The largest increase is seen with chilled potatoes up 23.7% followed by crisps up 15.3%

In volume terms, chilled potatoes show the largest increase, up 41% , while canned potatoes are down 9.5%

POTATO PRODUCTS 52 wks to 19 Apr 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Frozen Chips	329,351	6.8	320,883	3.2	1.03
Frozen Potato Products	195,670	5.3	137,129	3.1	1.43
TOTAL FROZEN	525,021	6.3	458,012	3.2	1.15
Recon. & Conven. Potato	30,748	4.4	15,061	-0.5	2.04
Chilled Potatoes	31,085	23.7	11,239	41.0	2.77
Canned Potatoes	12,087	-12.0	18,588	-9.5	0.65
Crisps	722,696	15.3	125,237	3.6	5.77

Highlights

Total fresh potatoes show growth of 5.6% by value and 2.2% by volume. Within this, total pre-packed shows a value increase of 7.2% and a volume increase of 4.8%, while total loose shows a value decrease of 2.3% and a volume decrease of 19.8%

In terms of value growth, the largest increase is shown by pre-packed baking at 9.5% with loose maincrop showing the largest decrease of 9.3%

Pre-packed new is the category showing the highest volume growth of 9.8%. Loose new and loose baking show the highest rate of decrease – 26.6% and 16.1% respectively

POTATOES by PACK TYPE 52 wks to 19 Apr 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Pre-packed New	280,504	4.7	385,899	9.8	0.73
Pre-packed Maincrop	475,960	8.2	938,409	2.4	0.51
Pre-packed Baking	123,728	9.5	188,444	7.1	0.66
TOTAL PREPACKED	880,196	7.2	1,512,782	4.8	0.58
Loose New	67,653	5.2	52,863	-26.6	1.28
Loose Maincrop	20,839	-9.3	24,259	-11.8	0.86
Loose Baking	81,399	-6.1	60,660	-16.1	1.34
TOTAL LOOSE	169,890	-2.3	137,782	-19.8	1.23
Organic	26,411	-8.3	32,117	-4.7	0.82
Conventional	1,023,670	6.0	1,618,416	2.3	0.63
TOTAL FRESH (Retail)	1,050,086	5.6	1,650,564	2.2	0.64

DATA SOURCE—TNS

All potatoes—GB & Imports

Retail Detail

RETAILER SHARE OF FRESH POTATO MARKET 52wks to 19 Apr 2009 % change year on year	VALUE %				VOLUME %			
	Total Potatoes		Prepack Potatoes	Loose Potatoes	Total Potatoes		Prepack Potatoes	Loose Potatoes
Tesco	28.8	8.4	30.1	21.9	30.2	2.4	31.2	20.0
Sainsbury	15.7	3.4	16.0	14.3	14.3	1.9	14.4	13.6
Morrisons	12.0	4.6	11.8	12.9	11.8	-4.4	11.8	12.3
Asda	14.6	11.1	15.5	10.1	17.2	8.0	17.9	9.3
Somerfield	4.2	-0.9	3.9	5.6	3.5	-6.6	3.5	4.3
Co-Op Grocers	4.4	1.3	4.4	4.1	4.0	-2.8	4.0	3.4
Marks & Spencer	2.9	-12.2	3.1	2.2	1.4	-4.2	1.4	1.5
Waitrose	3.9	-1.0	3.2	7.1	2.4	-6.4	2.1	5.7
Aldi	3.1	38.3	3.7	0.1	5.0	46.3	5.5	0.1
Lidl	1.8	3.2	1.9	1.1	2.5	-0.2	2.6	1.2
All others	8.6		6.4	20.6	7.7		5.6	28.6
TOTAL MARKET	100.00		100.00	100.00	100.00		100.00	100.00

DATA SOURCE—TNS

Retail News

Big plans at Sainsbury's

In addition to their recently announced 11% increase in annual profits to £543m on sales of £20.4bn, Sainsbury's last week announced like-for-like sales for the three months to June 13 were up 7.8%. But the strong sales were just one side of the story. The company has also raised over £400m to fund an ambitious expansion plan. Sainsbury's aim to take advantage of the low property valuations to increase its UK space by 15% by 2011 – twice the rate of growth it is currently experiencing.

'is Sainsbury's doing to Tesco what Tesco did to Sainsbury's in the 90's?"

The Daily Telegraph says that seasoned supermarket watchers are talking of the tide turning. After a decade and a half of Tesco's dominance, power among the big grocers appears to be subtly shifting. It was 1995 when Tesco overtook Sainsbury's as the UK's biggest grocer after a massive growth spurt. Tesco has not looked back since. But after 14 years of dominance, is Tesco now on the back foot while Sainsbury's is on the front foot?

A long-time former Tesco executive gives his take on the situation. "It is fascinating. Sainsbury's is doing to Tesco what Tesco did to Sainsbury's in the early 1990s," he said.

Sainsbury's new space will comprise around 50 store extensions and around 50 large new shops in areas in which it is currently under represented.

The value of hindsight

'£4m loss'

If ever there was a bad time to launch a premium priced, organic food-focused supermarket in the UK, then the summer of 2007 was probably it. Unfortunately, the US chain Whole Foods Market did exactly that, accompanied by a PR flourish. Two years on and Whole Food's Kensington flagship store has posted losses of nearly £4m and their original plans to open up to 70 stores across Britain appear to be put on hold.

Recessional shopping habits to stay?

Three quarters of shoppers who have made changes to their food and grocery shopping due to the recession say that they will stick with their new habits even when the economy recovers.
A spokesperson for IGD said, "As shoppers increasingly scrutinise every penny they spend, they are shopping around more, wasting less, seeking out promotions, planning meals better and taking time to find the best deals."
"In such a vibrant marketplace, in which new shopper loyalties are emerging, UK retailers and food manufacturers are responding very rapidly to the challenges presented by the recession. They are vying to excel at delivering value – and the most effective are reaping the rewards."
The research highlights a number of winners emerging:-
• Brands with a strong heritage have a number of consumer trends in their favour
• Investment in the quality and variety of supermarket own-label is paying off
• Shoppers are visiting discount supermarkets more often
The IGD spokesperson went on to say, "Almost a third (31%) of people have yet to make major changes to their grocery shopping during the recession, but expect to if conditions worsen. So there could be further transformation ahead with a great deal still to play for.

Organic food sales hit by the economic downturn

The Soil Association's Organic Market Report 2009 has recently been published and shows that organic food sales have been hit across all sectors, as consumers tighten their belts in the face of the economic downturn. Although overall UK sales of organic products increased by 1.7% in 2008 to over £2.1 billion, this statistic should be seen in the context of overall food price rises rather than sales volume increases.
There has been a sharp fall in sales of certain products, including fruit, bread and bakery products, soft drinks and prepared foodstuffs, although even in these sectors, some brands are bucking the recessionary trend. In tandem there has been dynamic growth in sales of organic food through farmers' markets where figures increased an estimated 18.6% to £23.7 million last year.
Asda showed the strongest growth of the multiple retailers, increasing sales of organic products by 25% in 2008 and its share of the market from 8% to around 10%. Tesco is still the market leader in terms of value despite a fall in organic sales of 9.9% in 2008.
Organic shoppers, like all consumers, have been buying fewer premium products and prepared foods, and switching to lower-cost retailers. There is also a focus on cutting waste and cooking from scratch - sales of organic home cooking ingredients increased by a remarkable 13.5% in 2008, while sales of organic prepared foods dropped sharply.
The report shows that there is a core of consumers who may be cutting back but are determined to stick to their organic principles. Thirty-six per cent of these committed organic consumers say they expect to spend more on organic food in 2009, and only 15% expect to spend less. Animal welfare issues attracted a high public profile in 2008 and sales of organic milk, cheese, some meat and poultry grow by 10.6%, 11.5%, 13.3% and 17.7% respectively, demonstrating that where the benefits of organic production are understood commitment remains firm among ethical consumers.
Research shows that over a quarter of consumers who do not currently buy organic food 'would like to know more about organic products than they do' suggesting potential to broaden the market still further in the future.

Whilst volatility in the organic market looks set to remain in 2009, environmental and political challenges to our current food and farming systems will demand that we develop sustainable production methods in the future. The government has agreed to cut greenhouse gas emissions by 80% by 2050. The report says such cuts can only be achieved in agriculture by deriving fertility from sunshine and organic matter – as organic farmers do – rather than from fossil fuel-based chemical fertilisers.
Additionally, rising fossil fuel costs now and in the long term mean the price differential between organic and non-organic products is diminishing (and in some cases is non-existent, where consumers buy directly from producers), offering further strong potential for future growth in the organic market.

WRAP research highlights avoidable food waste

We may all have seen the headline that one third of the food we buy, we throw away, a sobering statistic when considering the plight of so many in the world. The data comes from research by WRAP (Waste and Resources Action Programme) and not only highlights the total amount of food that is wasted in the UK but within that the proportion accounted for by potatoes.
The key points from the WRAP research include the following.

- Total food wasted in the UK amounts to 6.7 million tonnes a year
- Of that most could have been eaten – 61% was avoidable
- The most common reason for food being wasted is that it's left unused – 2.5 million tonnes
- Of this, 40% - almost 1 million tonnes isn't even touched
- We also cook too much, resulting in an additional 1.6 million tonnes of food waste a year
- 35% - 463,000 tonnes – of total potentially avoidable food waste is accounted for by potatoes making it the top food item wasted by weight
- Every day in the UK we throw away 5 million potatoes

Fresh Produce briefing

'potatoes beat the market average value and volume growth'

The value of the fresh produce market grew 4.4%, down slightly on the same period last year. Volumes fell 0.4% during the same period, however, reversing the growth seen last year. Potatoes beat this average - for value with an increase of 5.5%, and for volume with an increase of 2.2%.

Fruit was largely responsible for the decline, having seen volumes slip 3.5%, possibly as a consequence of higher prices. Bananas and tropical fruit fell the most, down 5.6% and 9.7%.

Despite the continued efforts of the government and retailers to promote 5-a-day, only 10% of the population eat that amount (15% eat less than one portion a day) with disparity in consumption levels by age, group and social class. Over 65's are the most likely to have 5-a-day, while males aged 17 to 44 are least likely. Upmarket consumers are most likely to eat the full quota, whilst lower social classes are least likely. Women eat an average of three portions a day, while consumption by children has grown the most, up 14% since 2005.

The success of organic products has stalled as the recession has begun to change buying behaviour. After successive years of high growth, in the latest period both value and volume declined by 14%. As a result the proportion of spend accounted for by organic fresh fruit and vegetables declined from 2.9% to 2.3% and 4.5% to 3.7% respectively.

FRESH PRODUCE TNS 52w/e 22 March 2009	Value £m	YOY Change (%)
Soft Fruit	1,459	3.7
Salads	1,409	6.5
Potatoes	1,046	5.5
Apples	710	3.5
Root Crops	702	8.8
Other Vegetables	660	5.5
Bananas	588	2.9
Citrus	564	5.8
Brassicas	465	1.0
Tropical Fruits	319	-5.5
Pears	189	11.0
Legumes	170	-4.7
Rhubarb	6	-3.7
Total Category Value	8,287	4.4

British Potato 2009

British Potato 2009, takes place at the Yorkshire Event Centre, Harrogate, on November 25-26. Plans are now coming together for the industry's biggest biennial gathering. Stand space is already filling up fast, with some exhibitors increasing their event presence and some new companies joining the trusted favourites.

Taking place over two days, the two halls of the Yorkshire Event Centre will be bustling with trade stands, while bigger machinery will be on display outside. Aside from the trade show there will be the industry dinner, on the evening of November 25, during which the industry awards will be presented. The latest research-related news and developments from the country's leading authorities will be delivered from the heart of the Potato Council stand in Hall Two.

For more information, go to www.potato.org.uk/bp2009

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POTATO COUNCIL
NOVEMBER 25 & 26
YORKSHIRE EVENT CENTRE, HARROGATE
SPONSORED BY
BRANSTON

AHDB have announced Sandra Ziles as the new Director of the Potato Council. See the press release at www.ahdb.org.uk/Article.aspx?ID=298676.

It must be true, it's in the media

Spotted on Reuters:-

Consumption of foods containing acrylamide does not increase the risk of lung cancer in men, and in women, it may actually reduce the risk. Prior research has linked intake of acrylamide, formed in some starchy foods cooked at high temperatures, with various cancers but other studies have not found a link. The association, if any, with lung cancer was unclear, Dr. Janneke G. F. Hogervorst, from Maastricht University, the Netherlands, and colleagues note.

Spotted in the Daily Mail:-

Food price inflation in Britain is running almost four times higher than the rest of Europe as the biggest supermarkets have enjoyed a profits bananza. New figures from the OECD put the annual figure in Britain at 8.6% in the year to April, compared with an average of 2.2% for the EU as a whole. The increase in the cost of food looks worse when comparing the UK to similar economies like Germany who have seen a decrease of 0.7%, while the figure for France rose just 0.8%. The increase in the US was just 2.3%

Spotted in the Guardian:-

The runaway growth of the discount grocers, which has been a feature of the recession as shoppers have reined back their spending, has slowed dramatically, according to the latest TNS figures.

Sainsbury's and Morrisons are now showing sales growth higher than the so called hard discounters, Aldi and Lidl. Frozen food specialist Iceland, which had also been outpacing its larger rivals, has been eclipsed too.

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