BRITISH POTATO 2009
POTATO COUNCIL
NOVEMBER 25 & 26

TICKET HOTLINE
0844 5572808
WWW.POTATO.ORG.UK/BP2009

Retail Report

Issue 74 October 2009

POTATO COUNCIL

Potato Statistics – 52 wks to 6 Sep 2009

This month we are catching up with potato statistics by giving two sets of data to make up for the fact that the data is produced every 4 weeks but the Retail Report every calendar month

Highlights

Overall, total frozen value shows a year on year increase of 4% but o decrease of 0.6% by volume

In value and volume terms, all categories show an increase except canned and recon. & convenience potatoes. The highest growth is seen with chilled potatoes - up 31.2% in value and 51.6% in volume

POTATO PRODUCTS 52 wks to 6 Sep 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Frozen Chips	339,287	7.3	327,134	2.7	1.04
Frozen Potato Products	200,294	4.0	137,785	-0.6	1.45
TOTAL FROZEN	**539,581**	**6.1**	**464,920**	**1.7**	**1.16**
Recon. & Conven. Potato	29,591	-4.6	14,367	-9.4	2.06
Chilled Potatoes	34,580	31.2	13,019	51.6	2.66
Canned Potatoes	11,714	-12.6	17,722	-12.6	0.66
Crisps	752,880	13.0	127,028	1.6	5.93

Highlights

Total fresh potatoes show a slight decrease in growth of 0.4% by value but an increase of 1.7% by volume. Within this, total pre-packed shows a value increase of 2.2% and a volume increase of 4.1%, while total loose shows a value decrease of 13.1% and a volume decrease of 21.6%

In terms of value growth, the largest increase is shown by pre-packed baking at 5.6% with organic showing the largest decrease of 22.2%

Pre-packed baking is the category showing the highest volume growth of 9.5%. Loose new and loose baking show the highest rate of decrease – 32.3% and 19% respectively

POTATOES by PACK TYPE 52 wks to 6 Sep 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Pre-packed New	281,610	1.6	389,911	6.1	0.72
Pre-packed Maincrop	520,552	1.8	1,038,803	2.5	0.50
Pre-packed Baking	82,536	5.6	121,526	9.5	0.68
TOTAL PREPACKED	**886,131**	**2.2**	**1,553,726**	**4.1**	**0.57**
Loose New	60,389	-12.9	43,029	-32.3	1.40
Loose Maincrop	21,098	-4.4	25,512	-2.4	0.82
Loose Baking	74,240	-15.4	56,011	-19.0	1.32
TOTAL LOOSE	**155,727**	**-13.1**	**124,552**	**-21.6**	**1.25**
Organic	22,385	-22.2	27,334	-18.9	0.82
Conventional	1,019,469	0.2	1,650,922	2.1	0.61
TOTAL FRESH (Retail)	**1,041,857**	**-0.4**	**1,678,279**	**1.7**	**0.62**

DATA SOURCE—TNS

All potatoes—GB & Imports

Retail Detail

RETAILER SHARE OF FRESH POTATO MARKET 52wks to 6 Sep 2009 % change year on year	VALUE %				VOLUME %			
	Total Potatoes		Prepack Potatoes	Loose Potatoes	Total Potatoes		Prepack Potatoes	Loose Potatoes
Tesco	28.3	0.7	29.6	20.5	29.3	-2.0	30.2	18.1
Sainsbury	15.7	-0.5	16.1	13.9	14.1	1.1	14.3	12.6
Morrisons	12.0	-1.6	11.8	13.4	12.0	0.5	11.9	12.7
Asda	14.7	4.8	15.6	9.6	17.3	6.7	18.0	8.8
Somerfield	3.6	-18.3	3.4	4.6	3.0	-19.5	3.0	3.5
Co-Op Grocers	5.5	0.2	5.5	5.2	5.0	2.0	5.1	4.4
Marks & Spencer	2.9	-14.7	3.0	2.3	1.5	0.7	1.5	1.7
Waitrose	3.8	-4.2	3.2	7.2	2.4	-5.2	2.1	5.6
Aldi	3.2	22.8	3.8	0.1	5.3	44.9	5.7	0.1
Lidl	1.8	7.1	1.9	1.2	2.5	10.3	2.6	1.4
All others	8.5		6.1	22.0	7.6		5.6	31.1
TOTAL MARKET	100.00		100.00	100.00	100.00		100.00	100.00

DATA SOURCE—TNS

Potato Statistics – 52 wks to 9 Aug 2009

POTATO PRODUCTS 52 wks to 9 Aug 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Frozen Chips	339,193	7.9	327,034	3.0	1.04
Frozen Potato Products	200,044	4.7	137,990	0.3	1.45
TOTAL FROZEN	539,237	6.7	465,025	2.2	1.16
Recon. & Conven. Potato	30,176	-2.3	14,554	-8.4	2.07
Chilled Potatoes	33,462	30.0	12,542	50.2	2.67
Canned Potatoes	11,863	-11.7	18,001	-11.6	0.66
Crisps	748,562	13.6	126,391	1.5	5.92

Highlights

Overall, total frozen value shows a year on year increase of 6.7% and an increase of 2.2% by volume

In value and volume terms, all categories show an increase except canned potatoes down 11.7% and 11.6% and recon. & convenience potatoes down 2.3% and 8.4%. The largest increase is seen with chilled potatoes up 30% by value and 50.2% by volume

Highlights

Total fresh potatoes show growth of 6.8% by value and 2.6% by volume. Within this, total pre-packed shows a value increase of 8.6% and a volume increase of 5.6%, while total loose shows a decrease of 0.9% by value and 19.5% by volume

In terms of value growth, the largest increase is shown by pre-packed maincrop at 12.4% with loose maincrop showing the largest decrease of 12.1%

Pre-packed new is the category showing the highest volume growth of 11.4%. Loose new and loose maincrop show the highest rate of decrease – 24.4% and 18.4%

POTATOES by PACK TYPE 52 wks to 9 Aug 2009	VALUE (£000s)	VALUE CHANGE % Yr on Yr	VOLUME (Tonnes)	VOLUME CHANGE % Yr on Yr	AVERAGE RETAIL PRICE (£ per kilo)
Pre-packed New	284,906	3.2	393,322	7.7	0.72
Pre-packed Maincrop	522,623	3.3	1,037,797	2.6	0.50
Pre-packed Baking	82,474	6.7	121,293	10.6	0.68
TOTAL PREPACKED	**891,239**	**3.7**	**1,555,613**	**4.7**	**0.57**
Loose New	62,209	-8.9	44,641	-31.7	1.39
Loose Maincrop	21,290	-4.1	25,852	-0.9	0.82
Loose Baking	75,587	-13.8	56,521	-18.8	1.33
TOTAL LOOSE	**159,086**	**-10.7**	**127,014**	**-21.1**	**1.25**
Organic	22,789	-21.2	27,896	-18.0	0.81
Conventional	1,027,532	1.9	1,654,707	2.6	0.62
TOTAL FRESH (Retail)	**1,050,325**	**1.3**	**1,682,627**	**2.1**	**0.62**

Retail Detail

RETAILER SHARE OF FRESH POTATO MARKET 52wks to 9 Aug 2009 % change year on year	VALUE %				VOLUME %			
	Total Potatoes	% change	Prepack Potatoes	Loose Potatoes	Total Potatoes	% change	Prepack Potatoes	Loose Potatoes
Tesco	28.4	2.6	29.7	20.6	29.4	-1.1	30.3	18.2
Sainsbury	15.7	0.4	16.0	13.9	14.2	2.2	14.3	12.5
Morrisons	11.9	-0.9	11.7	13.4	11.9	-1.1	11.8	12.6
Asda	14.7	7.4	15.6	9.8	17.3	7.9	18.0	9.0
Somerfield	3.7	-15.1	3.5	4.8	3.1	-16.9	3.1	3.6
Co-Op Grocers	5.4	1.3	5.5	5.1	5.0	2.2	5.1	4.3
Marks & Spencer	2.9	-12.4	3.0	2.3	1.5	1.5	1.5	1.6
Waitrose	3.8	-4.0	3.2	7.0	2.4	-4.6	2.1	5.6
Aldi	3.2	25.1	3.8	0.1	5.2	42.7	5.6	0.1
Lidl	1.8	7.4	1.9	1.1	2.5	9.5	2.6	1.3
All others	8.5		6.1	21.9	7.5		5.6	31.2
TOTAL MARKET	**100.00**		**100.00**	**100.00**	**100.00**		**100.00**	**100.00**

Is the age of rapid discounter growth over?

While Aldi has experienced phenomenal growth during the recession, recent figures from Nielsen show its growth to have slowed to as little as 3.3%

Year on year the figures still look good with sales growing at 35% in the 12 months to 5th September, but the discounter only managed 3.3% growth for the four weeks to 5th September year on year.

Aldi and other discounters have suffered "the end of the age of rapid discounter growth", according to Mike Watkins, Nielsen's senior manager of retail services. Nielsen figures reveal the big four have all but closed the gap on Aldi, Lidl and Netto in terms of growth. In December, the discounters were showing sales growth of 31% compared with 5.8% by the top four multiple retailers.

"The main reason the discounters' growth has slowed is that it's hard to continue showing sales increases on such huge growth," said Watkins.

"The discounters will need to raise their game if they are to maintain the loyalty of increasingly fickle UK customers."

The supermarkets had done an "excellent job" of highlighting their value credentials, he added. Tesco had launched its discounter ranges, Sainsbury's launched its Switch and Save campaign to drive customers to its own label rather than brands, and Waitrose had launched the Essentials Waitrose range.

The Neilsen figures, however, indicate 43% of consumers have visited a discounter in the past 12 weeks compared with 40% at this time last year. The rise in shopper numbers was partly down to an increase in store numbers, said Watkins, but it proved consumers were not abandoning discounters. "As a retail format, they are better understood by the public than a year ago."

Figures reported by Aldi recently confirm its impressive growth in 2008 with turnover and pre-tax profits both rising 32%, to £2bn and £92.7m respectively, in the year to December 2008.

Shoppers' future spending intentions

Fifty four per cent of shoppers say they will be more careful about spending money in the future than they are currently, regardless of economic recovery, according to new consumer research published by grocery analysts IGD. Only 5% predict that they will be more frivolous, while 39% do not think they will change.

When asked how they anticipated grocery shopping in 2012, looking beyond the recession, many shoppers said they would make a number of changes:-

- 29% shopping at discounters more (and 5% say less)
- 26% shopping more at farmers' markets
- 23% more at specialist stores
- 22% shopping more online
- 16% shopping more at neighbourhood stores
- 15% say they will shop less on the high street
- And 17% think they will visit premium stores less

Joanne Denney-Finch, chief executive IGD, said: "Shoppers expect to be more careful in making their choices than today. That doesn't mean trading down – at least according to shoppers. Almost half expect to enjoy a better quality of food by 2012, with only 7% expecting it to be worse. So shoppers intend to keep changing their habits, seeking more from less, and they expect the food and grocery industry to keep delivering better value."

"Shopper predictions don't always come to pass and companies can always redirect trends by responding in new ways to consumer needs, but shoppers are saying that the tide of change is only just underway. It's a challenge for the food industry but also a big opportunity. The more value companies can add, the stronger shopper loyalty will be."

By 2012 nearly a fifth (37%) of shoppers expect to be buying more local and regional food, while 34% will be looking for more food that meets high animal welfare standards and 31% expect to buy more Fairtrade products. Shoppers are showing greater support for all three of these areas than at the same time last year.

Other findings from the research are shown below.

- 77% expect food prices to be "a bit" or "much" more expensive in 2012
- 37% expect to be buying more local and regional foods by 2012
- 34% expect to be buying more foods with high animal welfare standards
- 31% expect to be buying more Fairtrade products
- 15% expect to be buying more organic foods by 2012 (and 11% say they will buy less)
- 36% think they will eat more fruit and vegetables in the future
- 21% think they will eat less meat
- 26% say they will eat more fish

Organic sales continue to suffer

Falling organic sales has led Tesco and Asda to cut the number of organic lines stocked by at least 30%, according to market intelligence provider Brand View. Tesco has reduced its number of organic SKUs by 30% year on year while Asda has cut its range by 35%. The move comes in response to falling sales across the organic sector. Year on year sales in the multiple retailers have fallen 14% according to Nielsen data (52w/e 5 September).

TNS figures on page one of this report show that organic potato sales have fallen 22% by value and nearly 19% by volume in the 52weeks to 6 September.

Pasta, rice and noodles gain ground

'a combined 41% increase over the past five years'

Carb haters look away now – sales of pasta, rice and noodles are going through the roof, with further growth predicted for the next five years.

Sales of the three products have risen by a combined 41% over the past five years to £1.4bn, with a 22% increase coming in the last two years alone, according to new data from Mintel. The market is expected to grow a further 25% to £1.8bn by 2014.

Although global shortages in 2008 and weak sterling exchange rates partly explained the increases, the versatility and adaptability of rice, pasta and noodles was still encouraging consumers to buy in greater volumes, said senior consumer analyst Vivianne Ihekweazu.

A greater interest in home cooking and the move towards more eating-in during the recession has helped boost sales," she said. "The market has also benefited from the influence of global cuisines and demand for convenience."

Innovations such as rice pouches and microwaveable noodles had brought new shoppers to the category, she said.

Some 92% of Britons eat pasta. Over three-quarters (77%) eat dry pasta, with 46% consuming fresh pasta. Dry noodles are eaten by 49% of consumers, with instant options such as Pot Noodle favoured by 33%.

Long-grain rice is the nation's favourite, chosen by 59% of the country, edging out second-placed Basmati (57%).

Potatoes have also benefited from a greater interest in home cooking and more eating-in. PCL marketing campaigns target the consumers that currently eat the largest shares of rice, pasta and noodles; highlighting that potatoes do not just belong in British meals, as well as giving quick and easy recipe options.

BP2009 MARKETING SEMINARS

In the current, rapidly changing climate, where will the opportunities for your business lie?

Consumer Insight

Through exploring how industry can turn 'insight' into 'foresight', discover how your business can take advantage of emerging markets by understanding consumer behaviour

Foodservice Market

New research into the foodservice market has identified opportunities for industry to increase competitiveness in foodservice – a sector in which potatoes are estimated to be worth £2.51bn. A dedicated report containing the research, market insights and the opportunities on which the potato industry can capitalise, will be unveiled.

For more information or to book tickets for BP2009, go to www.potato.org.uk/bp2009

BRITISH POTATO 2009
POTATO COUNCIL
NOVEMBER 25 & 26
YORKSHIRE EVENT CENTRE, HARROGATE
SPONSORED BY
BRANSTON

It must be true, it's in the media

Spotted in the Grocer:-

An over-reliance on price promotions is damaging brands, according to an Institute of Sales Promotion study, which has found more than half of all promotional spend is now spent on cutting prices and offering deals such as bogofs.

Suppliers spent £14.4bn on price promotions last year, according to author Colin Harper. This is out of a total spend of £25.6bn on sales promotion, which includes agency fees and promotions other than price cuts, such as giveaways.

Harper claimed price promotions benefited retailers more than manufacturers, and the over-use of price cuts was "like being addicted to drugs. They give an immediate good feeling, but do long-term damage to the brand. They also typically lead to a drop in sales after the activity and a permanent change for the worse in shopper attitudes to that brand."

The percentage of fmcg products sold on price promotion at retail has increased year-on-year from just under 30% of all products sold, to nearly 35%. Manfacturers expected the trend for more price promotions to continue, the ISP said, predicting 40% of the total grocery market being sold on deal within 12 to 18 months.

Spotted in the Times:-

The population of the United Kingdom is projected to rise at its fastest rate since at least the 1890s, according to new figures from the Office for National Statistics (ONS). Figures show that it will take just 24 years to increase by 10 million to 70 million compared with the 57 years it took to rise from 50 million to 60 million. The projected increase in the population by 2029 is about 425,000 people a year — the equivalent of a city the size of Bristol.

Two thirds of the population increase will be driven by migration — either directly through newcomers arriving in the country or indirectly through births to immigrants.

In addition to the likely increase in population, life expectatncy is also on the increase. A report from The Lancet medical journal, says that more than half of babies born in affluent homes today can expect to live to celebrate their 100th birthday based on current life expectancy trends.

POTATO COUNCIL

Potato Council
AHDB
Stoneleigh Park
Kenilworth
Warks. CV8 2TL

AHDB – 0247 669 2051
cevans@potato.org.uk