Prepared by AHDB Market Intelligence

Potato Retail Report - June 2011

(Data to 15th May 2011)

Market Summary

52 w/e 15th May 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,072,531	+6.3	1,651,993	-1.7
Pre-packed	932,852	+6.8	1,549,284	-1.2
Loose	139,679	+3.1	102,708	-8.3
Total Organic	19,605	-6.9	22,214	-8.7
TOTAL FROZEN	545,851	+1.3	471,737	+0.4
Frozen Chips	346,287	+2.9	331,023	+0.8
Frozen Potato Products	199,564	-1.2	140,714	-0.7
CHILLED Potatoes	171,792	+9.3	50,843	+6.6
CANNED Potatoes	11,331	-2.5	15,248	-7.4
CRISPS	831,365	+8.6	135,673	+4.8
SAVOURY SNACKS	764,580	+6.7	114,280	+0.7
RECON. & CONV.	23,735	-10.6	12,518	-7.8

12 w/e 15th May 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	263,622	+12.2	392,294	-3.3
Pre-packed	230,663	+11.3	368,251	-3.7
Loose	32,959	+18.4	24,043	+2.9
Total Organic	4,126	-3.8	4,434	-7.8
TOTAL FROZEN	134,025	+4.6	110,474	-1.3
Frozen Chips	86,806	+7.9	78,059	+0.3
Frozen Potato Products	47,219	-0.8	32,415	-5.1
CHILLED Potatoes	43,254	+10.2	12,951	+7.1
CANNED Potatoes	2,545	-9.2	3,453	-11.9
CRISPS	204,530	+9.2	32,335	+2.0
SAVOURY SNACKS	171,473	+4.9	24,758	-2.6
RECON. & CONV.	5,504	-6.9	2,890	-6.1

FRESH

- The total fresh potato sector achieved value growth of 6.3% over the past year and 12.2% growth over the last 12 week period. During the past year volume sales of Fresh Potatoes are down 1.7% and 3.3% down over the last 12 weeks. The average price of Potatoes during the last 4 week period rose to 74p/kg from 66p/kg and value sales continue to grow despite volume declines. The traditional strong roasting occasion of Easter suffered because of the hot weather and increased BBQ opportunities over the past month.
- Loose Potatoes had value growth of 3.1% over the last 12 months however in the same time period there was a volume decline of 8.3%. There was a strong value increase of 18.4% and also volume growth of 2.9% over the past 12 week period. This is driven by new potatoes which had a value increase of 35% in the last 12 week period YOY.
- New Potatoes saw volume share increases across both pre-packed and loose categories. During the past 12 weeks the market share of New Potatoes within pre-packed and loose segments increased by 5% and 8% respectively. The rise in popularity during the last 12 week period was helped by the stronger weather, Bank Holidays, Easter and the Royal Wedding leading to increased BBQ opportunities and rise in complementary lighter food items such as salad & new potatoes.

FROZEN

- During the past 12 months there has been volume and value growth in the Frozen segment, this is mainly driven by Frozen Chips where there has been 2.9% value growth and 0.8% volume growth, this trend has continued in the last 12 week period as consumers are eating out less and consuming more in-home.

CHILLED POTATOES

- Chilled Potatoes had volume and value increases over the past year, this growth rate accelerated over the last 12 week period with value growth of 10.2% and volume growth of 7.1%.

CRISPS & SAVOURY SNACKS

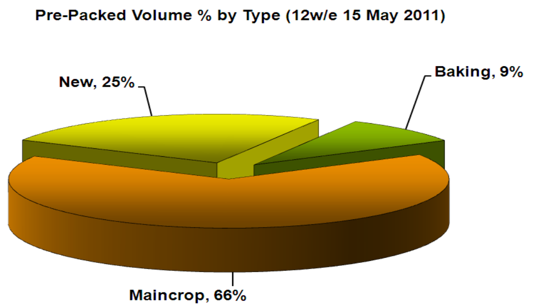
- There has been volume and value growth within the Crisps segment over the past year with 8.6% value growth and 4.8% volume growth. The rate of value sales has increased to 9.2% in the last 12 weeks. While volume sales are growing at a more steady pace with 2% growth in the last 12 weeks.
- Savoury Snacks have seen value growth over the last 52 weeks and 12 week periods with increases of 6.7% and 4.9% respectively. The value growth in the last 12 week period has not been driven by volume as sales have declined by 2.6%.

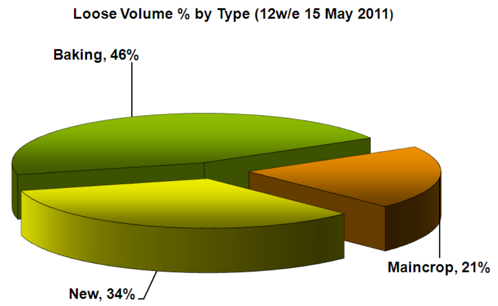
CANNED POTATOES + RECONSTITUTABLE & CONVENIENCE

- There were year on year dips in value and volume sales for canned potatoes, this was magnified during the last 12 week period where there was a 9.2% drop in value sales and 11.9% drop in volume sales.

PRE-PACK VS. LOOSE

- The hot weather / BBQ opportunities helped new potatoes increase market share, within pre-packed potatoes share grew by 5% representing a 25% share over the last 12 weeks, with baking potatoes down 1% share and maincrop down 4%. There were also increased shares for loose new potatoes by 8% to 34% share in the last 12 weeks.





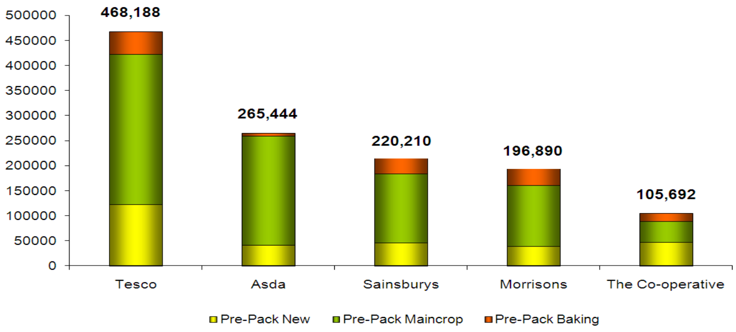
Pack Type and Variety

	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 15 May 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	9,196	+45	9,263	-0.5	26,872	+1.4	18,669	-9.0	147,187	+11
Volume (Tonnes)	22,428	+26.8	15,123	-11.6	38,697	-16.1	27,580	-28.0	244,723	-1.6

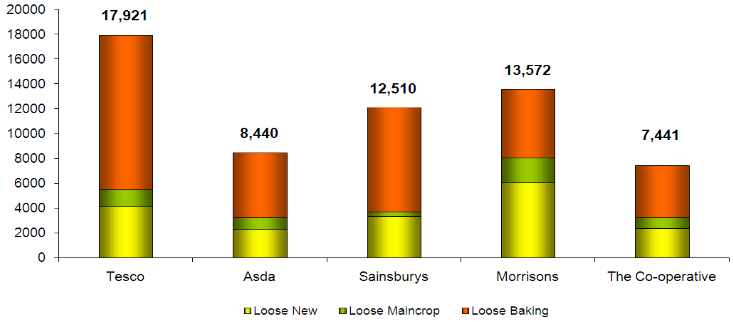
White Potatoes remain the most popular potato segment, during the last 12 week period white potatoes recorded an increase in value but this was not reflected in volume which declined by 1.6%. Economy potatoes remained one of the smaller segments but did record the largest % increase during the past 12 weeks with a 26.8% increase in volume and a 45% increase in value. Reds recorded the largest % drops in value and volume sales with 9% and 28% drops respectively.

Retailer Performance - Fresh Potatoes

Pre-Pack Volume Share by Retailer (52w/e 15 May 2011)



Loose Volume Share by Retailer (52w/e 15 May 2011)



TESCO:
- Tesco continue to hold the largest market share for fresh potatoes with 29.4% volume share and 28.4% value share sales. In the past year Tesco recorded a 1.3% volume sales increase and a 7.6% value sales increase. Their volume share of the pre-pack market is 30.2% and have seen a 1.8% volume increase in sales over the last year. Tesco held a volume market share of 17.4% for Loose Potatoes.

ASDA:
- Over the past year Asda have had a 5.6% increase in value sales and a 1.9% decline in volume sales. Despite the decline in volume sales they have maintained their volume market share of 16.6% and recorded a value market share of 14.8%.
- Asda's volume market share in the pre-packed market is down 0.1% at 17.2%, but held a pre-pack maincrop share at 21.2% and recorded a 4% market share for pre-pack baking.
- Loose potato volumes have declined by 10.2% and Asda's market share was down 0.2% to 8.2% over the last year. Asda recorded a market share of 6.3% for loose new potatoes and, 5.2% for loose maincrop, and 10.8% for loose baking potatoes.

SAINSBURY'S:
- Sainsbury achieved a volume market share of 14.1% and a value share of 15.4% over the past year, during this period volume sales declined by 0.6% and value sales increased 4.1%.
- Focusing on the pre-packed market, Sainsbury achieved a 14.2% volume market share, 12.8% share of pre-packed new potatoes, 23.9% share of the pre-packed baking potatoes and 13.4% pre-pack maincrop.
- For Loose potatoes Sainsbury recorded the following volume market shares; 12.2% all loose potatoes, 9.3% New Potatoes, 1.9% maincrop and 18.4% loose baking potatoes.

MORRISONS:
- Morrisons recorded a volume market share of 12.7% and a value market share of 12.5% for all fresh potatoes. Volume sales for Morrisons are down 4.2%, while value sales have increased 6.8% compared to the previous year.
- Pre-pack volume market share for Morrisons stands at 12.7%, and 10.9% for pre-packed new potatoes, 11.9% for pre-pack maincrop and 23.3% pre-pack baking potatoes.

CO-OPERATIVE:
- Co-op achieved a volume market share of 6.8% and value market share of 7.5%, over the past year volume sales have increased by 13.3% and value sales have dropped by 3.3%.
- Co-op have a pre-packed volume market share of 6.8%, 13.3% pre-packed new potatoes, 4% pre-packed maincrop and 11% pre-pack baking share
- Focusing on loose volumes Co-Op achieved a volume market share of 7.2%, and 6.7% new potatoes and 4.5% maincrop and 8.8% baking share.

OTHER:
- Waitrose and Lidl have recorded strong value and volume growth over the past year, there was also volume growth for M&S and Iceland. Aldi recorded increases in value sales, however there were declines of 19.3% in volume sales.

52 w/e 15th May 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)	49,565	+18.6	33,700	+12.3	33,471	+10.2	25,886	+29.7	10,288	+5.9	7,068	-6.7	61,281	+7
Volume (Tonnes)	50,917	+16.7	28,304	+3.8	74,933	-19.3	55,920	+17.7	21,618	+2.2	8,464	-16.1	78,751	+9.4

Price Per Kg Fresh Potatoes (12 w/e 16 May 2010 vs. 12 w/e 15th May 2011)

PRE-PACKED	2010	2011
TOTAL	54p per kg	63p per kg
NEW	76p per kg	85p per kg
MAINCROP	47p per kg	54p per kg
BAKING	55p per kg	67p per kg

LOOSE	2010	2011
TOTAL	£1.19 per kg	£1.37 per kg
NEW	£1.51 per kg	£1.81 per kg
MAINCROP	78p per kg	89p per kg
BAKING	£1.18 per kg	£1.27 per kg

What's been in the News?

Sainsbury's new potatoes rival Jerseys
The Grocer 4th June
Sainsbury's has launched a UK-grown baby new potato variety that's similar to Jersey Royals but sold outside the traditional May season. Taste the Difference British Gems (rsp: £3) are grown in East Anglia and the West Country, and will be available until late summer. Packs started going into stores on 1 June.

Retail Sales Monitor May 2011 – Reluctance to spend no clear to see
BRC—KPMG 7th June
Food sales slowed markedly after April's strong growth and non-food sales were also much weaker. As the weather cooled, consumers' underlying uncertainty about jobs and incomes resurfaced, hitting clothing, footwear and homewares. Big-ticket purchases suffered most and were often promotion-led

UK Convenience enjoys another strong year:
IGD Analysis—3rd June
Forces Behind a Changing Landscape reveals that the sector grew at a faster rate than the total grocery market in the last year, despite a decline in total store numbers. Currently worth £32.4bn, the sector has increased in value by 4.9% over the last 12 months.

Waitrose unveils Love Life healthy range
The Grocer – 6th June 2011
Waitrose has launched its largest sub-brand range of products since the Essential range, dubbed Love Life. The 270-strong range of "nutritionally balanced" products will reach stores on the 30th June. Love Life was introduced to meet demand from Waitrose customers to boost wholefood ingredients and avoid saturated fats in their diets