Market size and industry structure

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BPC Market Information & Statistics

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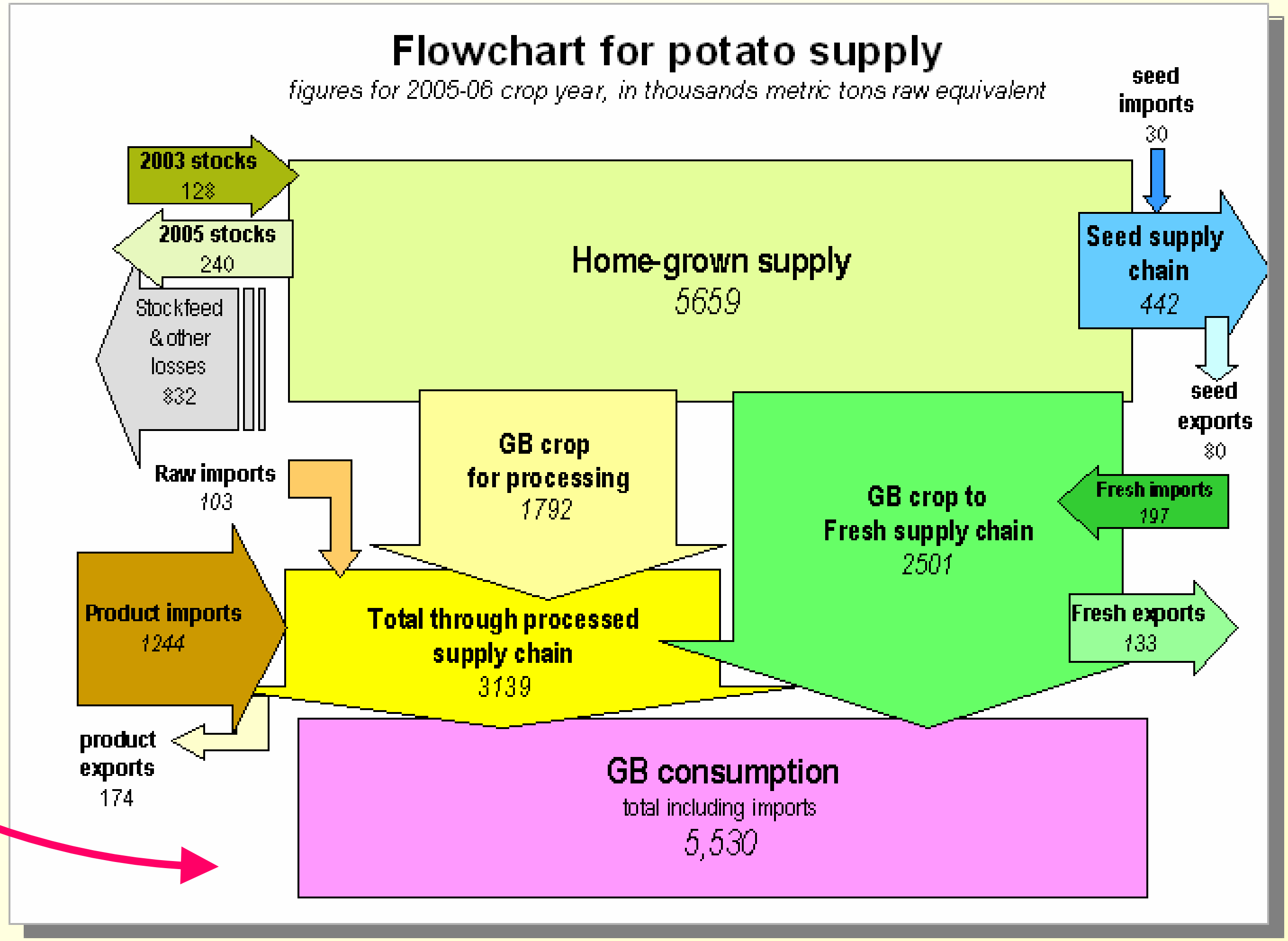
An overview: Supplies and disposals in GB

This presentation will focus on GB consumption, in terms of product types, market size, and supply chains



Full statistics on supplies and disposals in GB, updated for 2005, are available on the BPC website at http://www.potato.org.uk/department/market_information/annual_trends/

GB population and total consumption

- Projected GB population has increased from 55 million in 1990 to 58 million today.
- By 2020 it is estimated it will be 62 million, a growth of 7%. *(Source: ONS Population Trends Aug 2006)*
- Total potato consumption has average close to 6 **million tonnes** for last 2 decades, with a slightly rising trend.
- This rising trend is driven by population growth. Average annual per capita consumption has declined from 107 kg in 1988 to 105 kg (raw equivalents).
- The last 3 years have show atypically low demand. Is this the result of a new (and worrying) trend in eating habits or is simply a statistical blip?

Figure 1

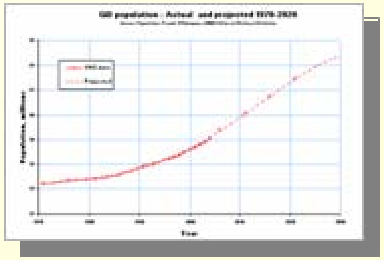
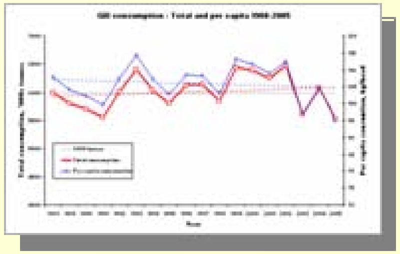


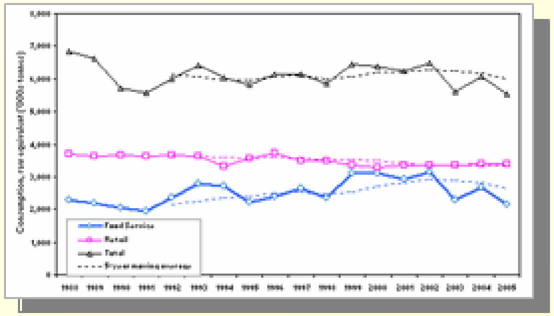
Figure 2



Retail and food service trends

- Total retail demand is relatively stable over the longer term, although with a slight decline.
- Food service demand is more complex. It rose steadily in 1990s, but last 3-4 years has seen a decline.
- Overall raw demand fluctuates with food service pattern.
- The short-term fluctuations may not be real – *the calculation method tends to accrue all uncertainties into food service, which is calculated as a difference figure from all other factors.*
- The retail figure suggests overall demand, though subject to long-term trends, is relatively stable from year to year.

Figure 3



Retail fresh and processed sales

- TNS SuperPanel data summarised annually[1] shows steady trends from 1999 (Figure 4)
- Total potato volume has declined slightly, mainly due to a decline in fresh sales. Most products have shown slight gains.
- Looked at on a quarterly basis (Figure 5), the large and regular in season fluctuations can be seen. Sales are lowest during summer, and peak around December-January.
- Figure 5 also emphasises that for the last three years, fresh sales have strengthened slightly, with growth of products levelling off.
- Figure 6 shows raw-equivalent volume and value market share. Fresh sales are nearly 50% of volume and value. Dehydrates (instant mash) are nearly 12% of volume, but only 1% of value. Crisps are also 12% of volume, but 26% of value.

Figure 4

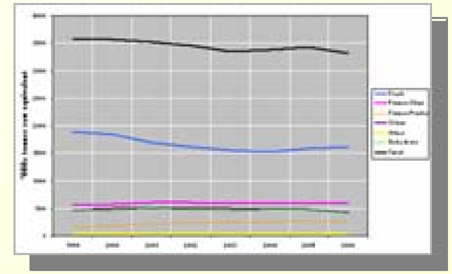


Figure 5

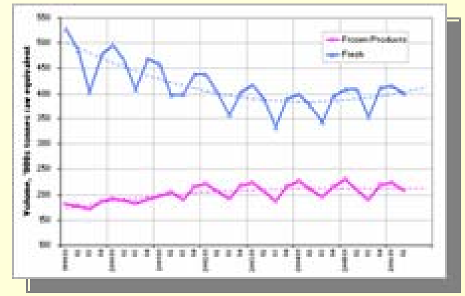
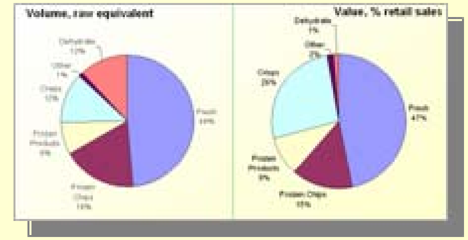


Figure 6



[1] *January to December. 2006 results are extrapolated from data January-July.*

Retail fresh seasonality

- These figures show the monthly pattern of sales volume,value and prices based on average data 1999-2006.
- The dominant pattern in volume (Fig 7) is of strong demand during spring and summer for new potatoes, and lower demand for old crop potatoes. Demand for bakers is steady through the year.
- Value sales on the other hand peak strongly in spring, with early crop sales, and lowest in late summer (Fig 8).
- The pattern of prices is shown in Fig 9. New prices peak sharply in May. Bakers are the premium product per kg for most of the year. *Prices shown are monthly averages for 1999-2006.*
- Product sales show similar seasonality, with lowest general demand during summer. (see Fig 5)

Figure 7

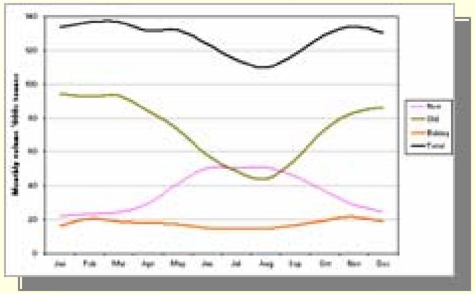


Figure 8

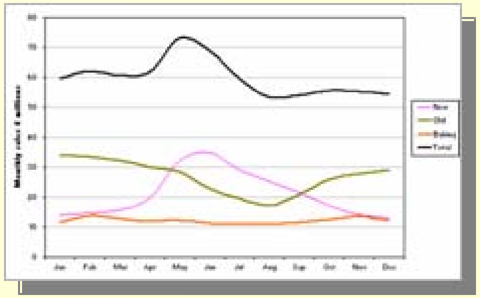
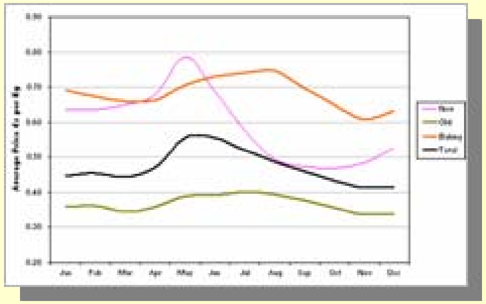


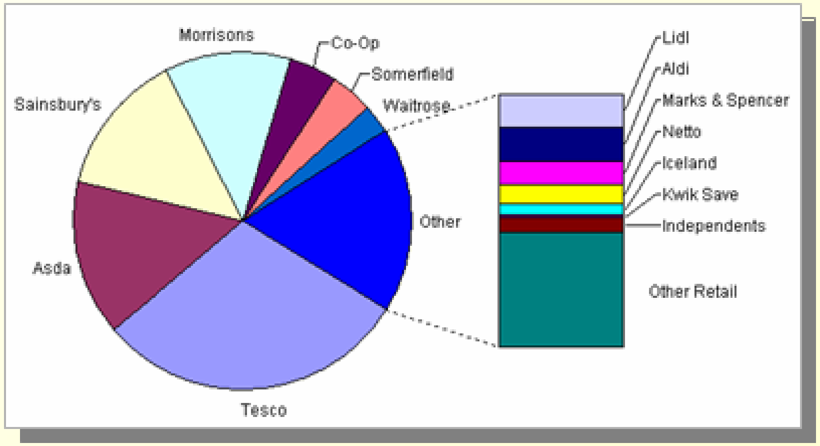
Figure 9



Retail Fresh market share and suppliers

- Total fresh retail sales are about 1.6 million tonnes per annum, worth £ 825 million.
- Tesco, Asda, Sainsbury's and Morrisons have 71% of the market by volume
- Small retail outlets (greengrocers, markets) account for 8% of the market.
- The main suppliers for the major supermarkets and product brands are shown in Annex A.

Figure 10



Food service volumes and products

- TNS Family Food Panel (FFP) provides some insight into the food service sector. *It is less complete than the TNS SuperPanel data, but when combined with BPC supply side data gives a picture of volumes and product preferences in food service.*
- Potatoes are eaten on average on 5.42 days per week, or 26% of all meals (this excludes crisps). Potatoes are eaten with 44% of out-of home meals, but only 18% of in-home meals.
- In-home and out-of-home meal preferences are different.
  - In-home, at least 67% of meals use fresh potatoes (mashed, boiled, baked, roasted).
  - Out-of-home, 78% of all potato meals are with chips.
- Based on analysis of supply-side data with average 180 g portion sizes, it is estimated that 16,462 million potato meals were eaten in GB from June 2005 to May 2006.
- Figure 13 shows the numbers and proportions of meals eaten out of home by type of outlet.
  - The profit sector accounts for 73% of the market.
  - Schools are the main cost-sector outlet, accounting for 683 million meals.

Figure 11

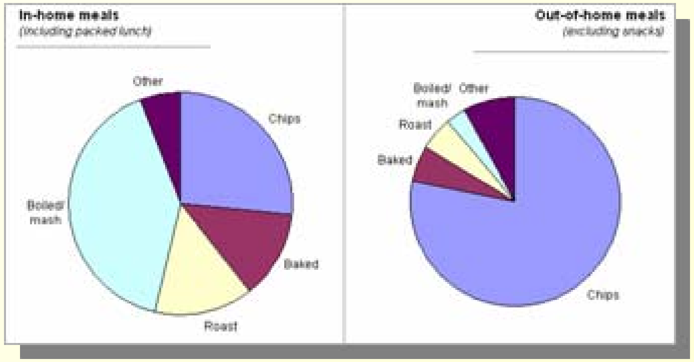


Figure 12

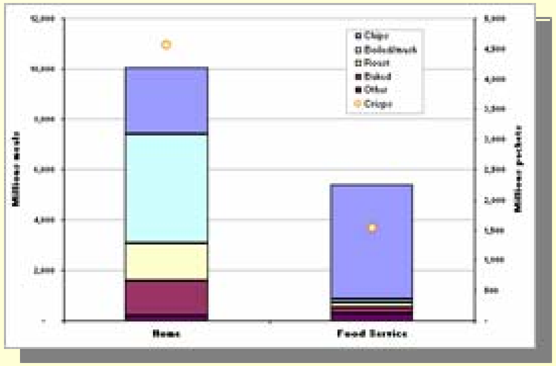
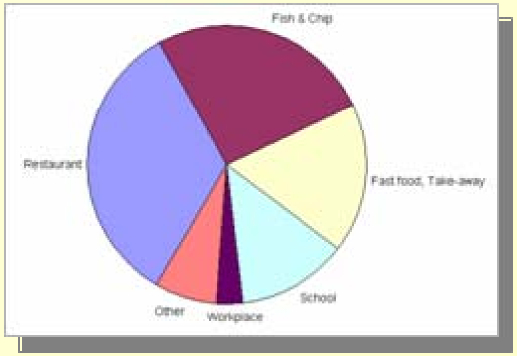


Figure 13



Key facts on market size

- Total GB market about 5.5 million tonnes raw equivalent (RE) in 2005.
- Total retail RE volume is 3.4 million tonnes, and food service 2.1 million tonnes.
- Per capita consumption 105 Kg raw equivalent – 51 kg on the plate.
- GB population is 58.4 million (UK 60 million).
- 50% of retail market is fresh, 20% frozen chips, 12% crisps by RE volume.
- Tesco(30%), Asda(15%), Sainsbury's(14%), Morrisons(12%) have 71% retail fresh volume share
- Total fresh retail sales are about £825 million, on 1.8 million tonnes annual RE volume (including imports).
- In-home potato meals are 67% fresh, 27% frozen chips; out of home are 78% served as chips.
- 16,500 million potato meals are served annually in GB, 65% in-home.
- Potatoes are eaten at 26% of all meals, or on 5.4 days per week (excluding crisps).
- 6,100 million bags of crisps (30 g) are consumed, 65% in home, 35% in food service outlets.

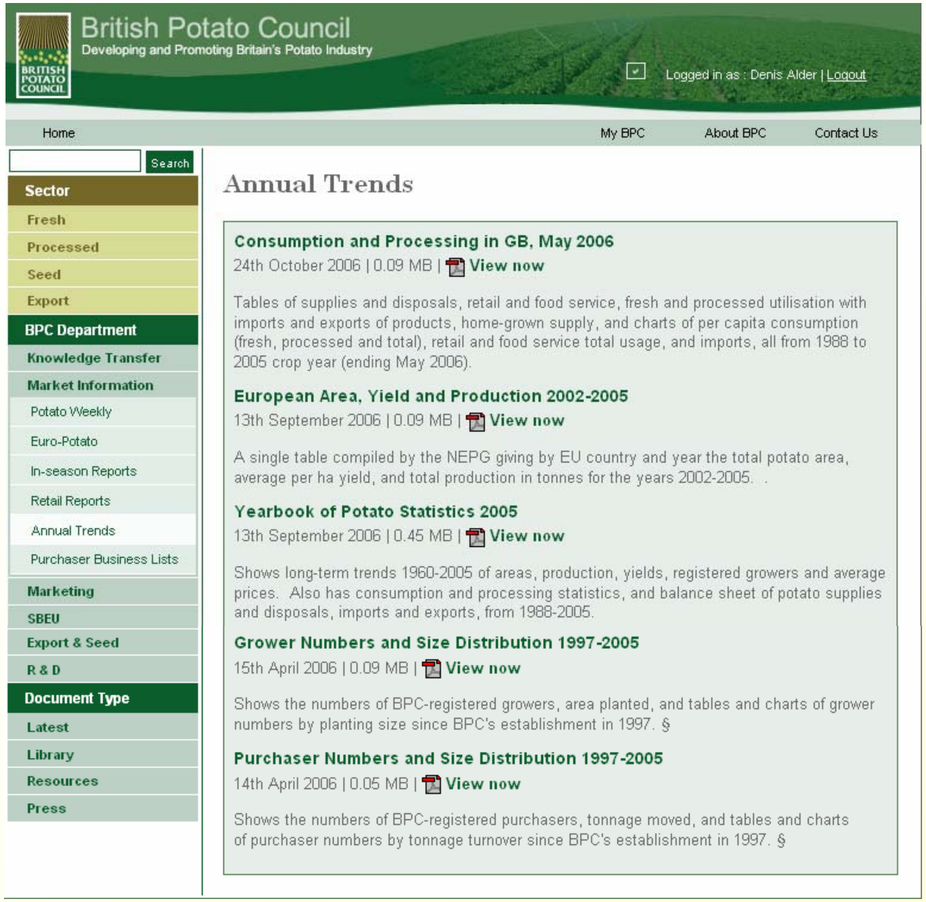
Conclusions

- Year on year fluctuations of about 7% due to inherent uncertainties in:
  - Trade data – may not all be captured in official statistics, especially in Europe
  - Dry matter, conversion factor variations from year to year – we assume fixed values

  These fluctuations concentrate in food service and processed statistics due to method of estimation – real year-on-year changes in these sectors unlikely to be as large as those shown in the charts.

- A long-term decline in per capita consumption has been balanced by population growth.
- But last 3 years show average 10% decline in total market volume
  - This could be start of demographic trend highlighted by consumer research
  - Or it may just be a ‘statistical blip’ (see 4 year downward trend 1988-91)
- Life style changes towards more processed products and more eating out in 1990’s have both levelled off.
- There is a slight retail trend over the last 3 years towards more fresh produce.

Statistics resources on BPC website



- Current statistical reports on www.potato.org.uk
- Select Market Information ▶ Annual Trends
- All reports download as Adobe PDF files
- Reports marked § are confidential: Log-in required.
- The BPC 'Redbook' Consumption and Processing in GB has now been updated and is available on the BPC website.

Fig 1: GB population trends

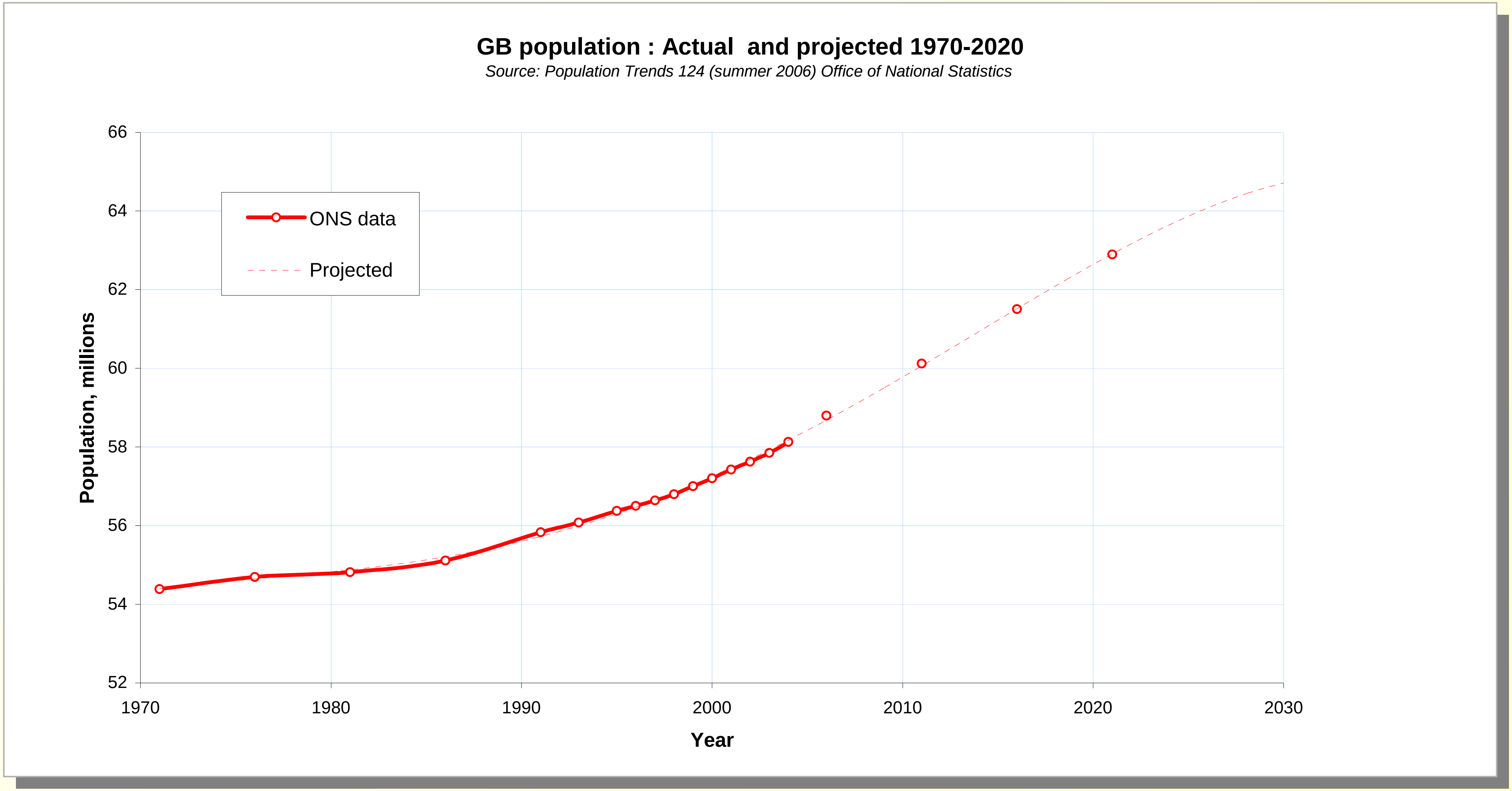


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Fig 2: Total and per capita consumption

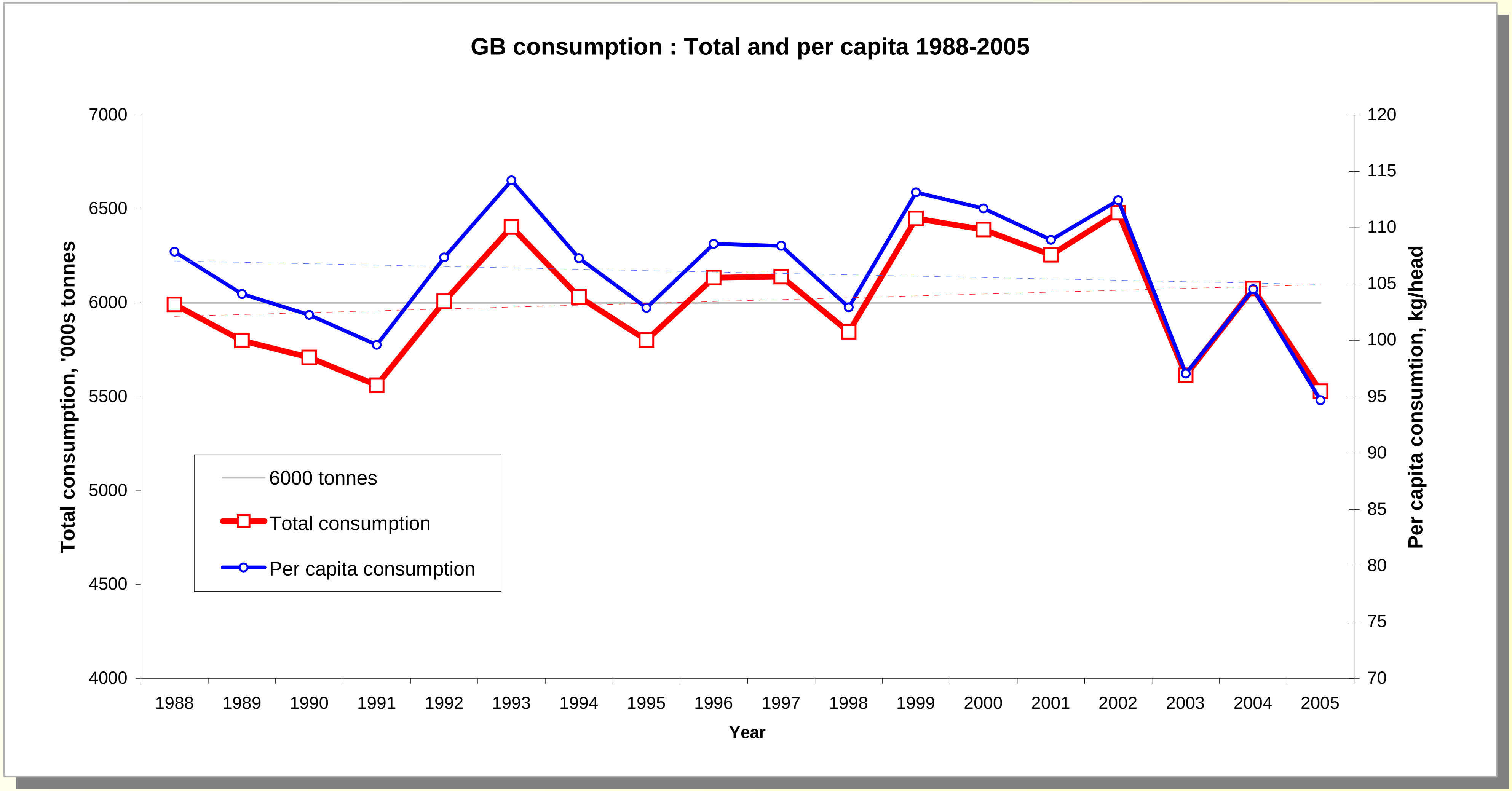

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Fig 3: Retail and food service consumption

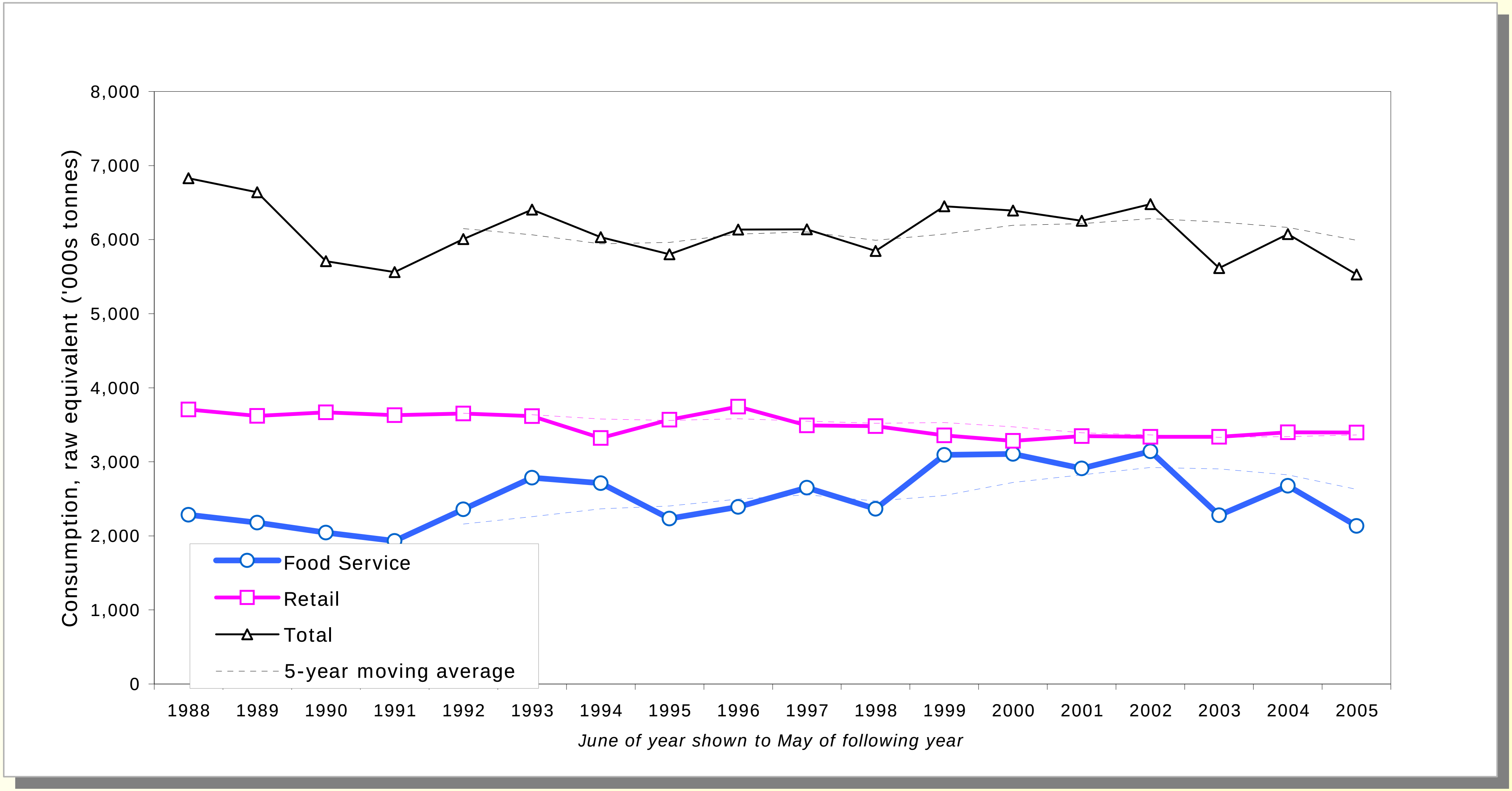

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Fig 4: Retail fresh and product trends

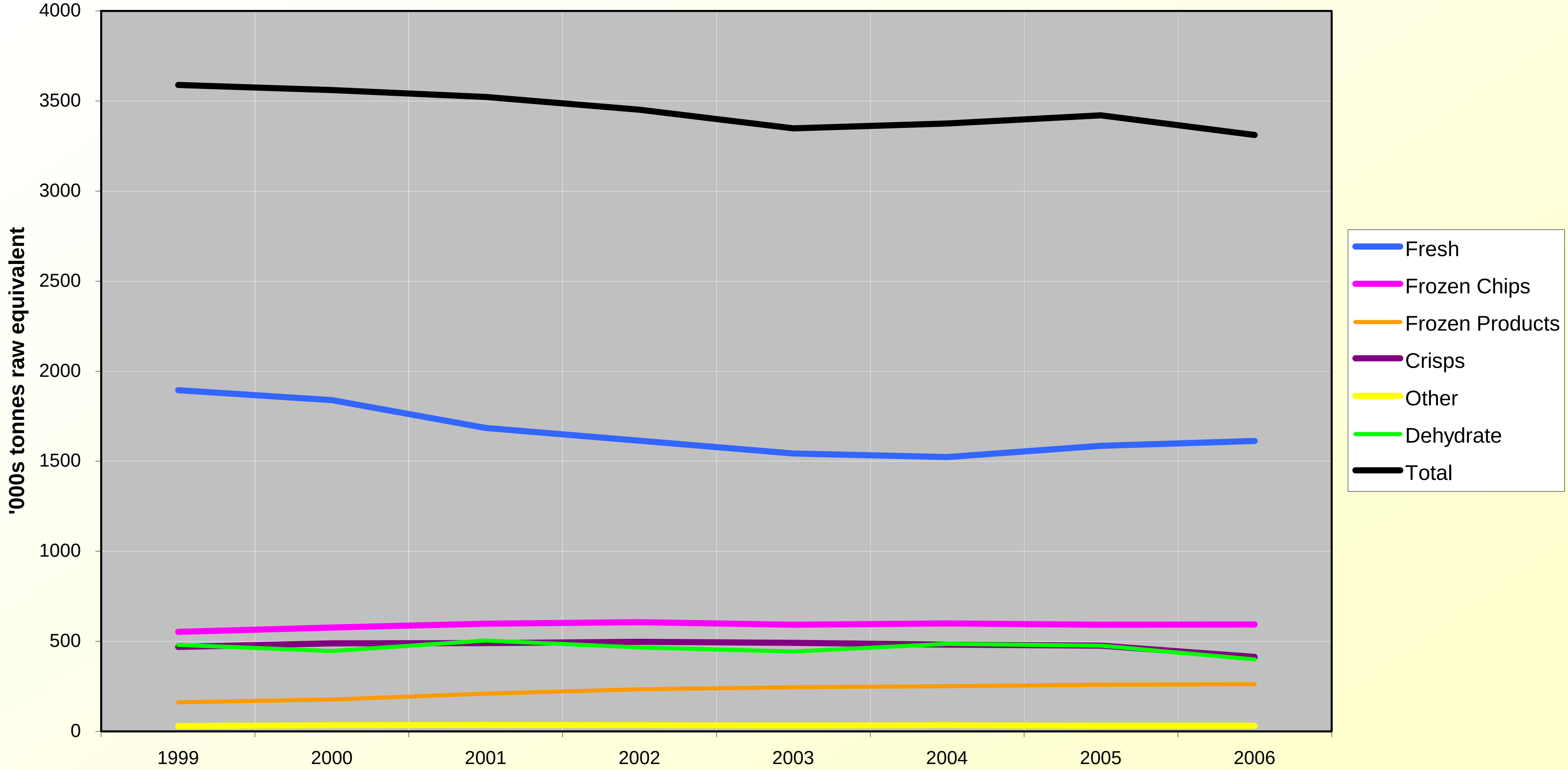

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Fig 5: Quarterly trends, fresh & frozen

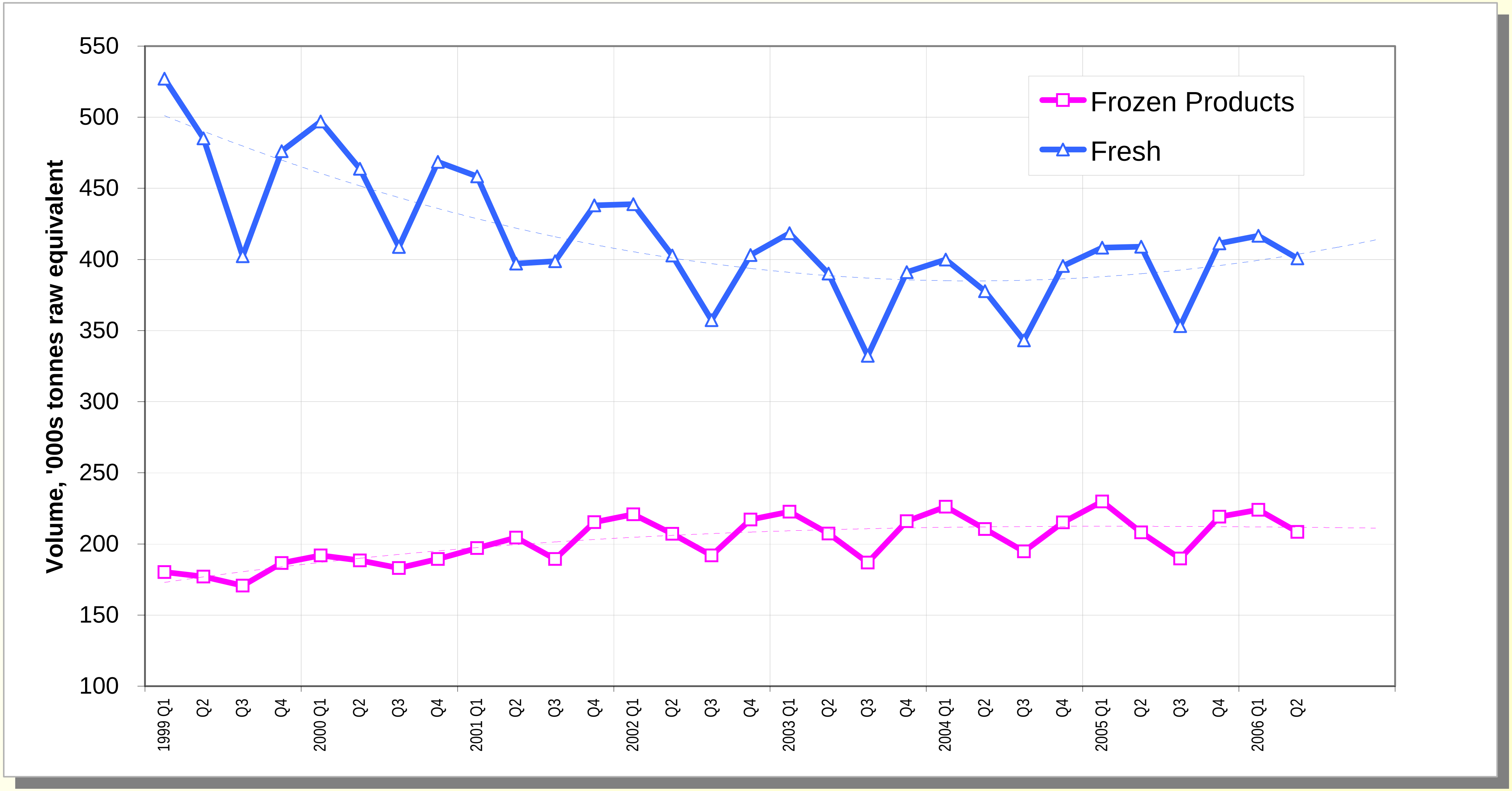

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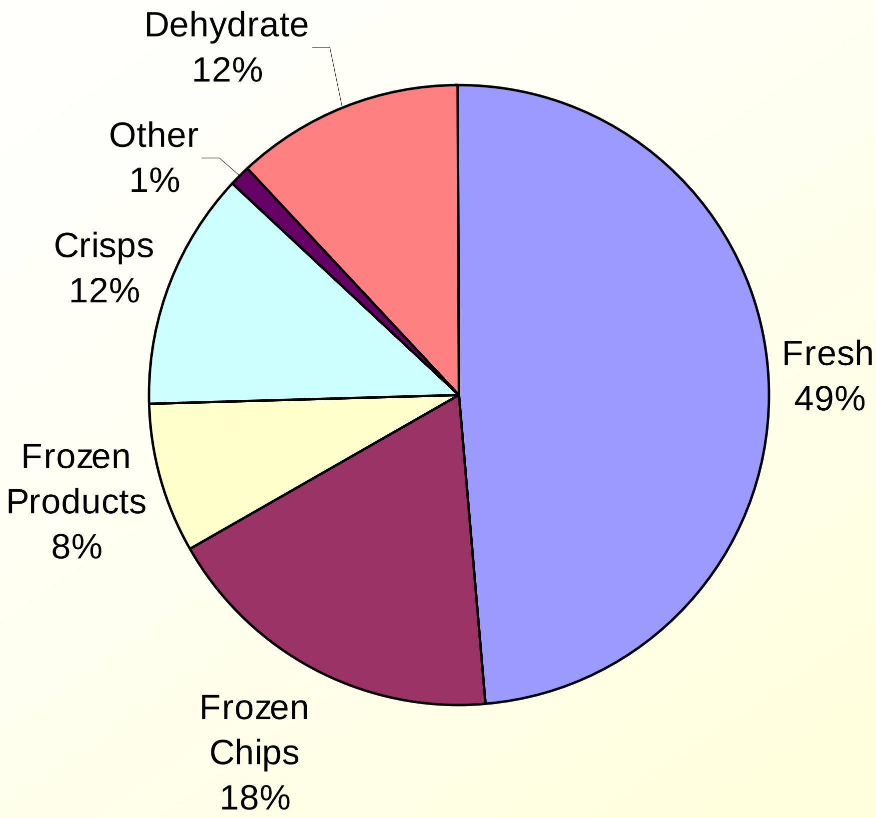
Fig 6: Retail volume and value shares

Volume, raw equivalent



Value, % retail sales

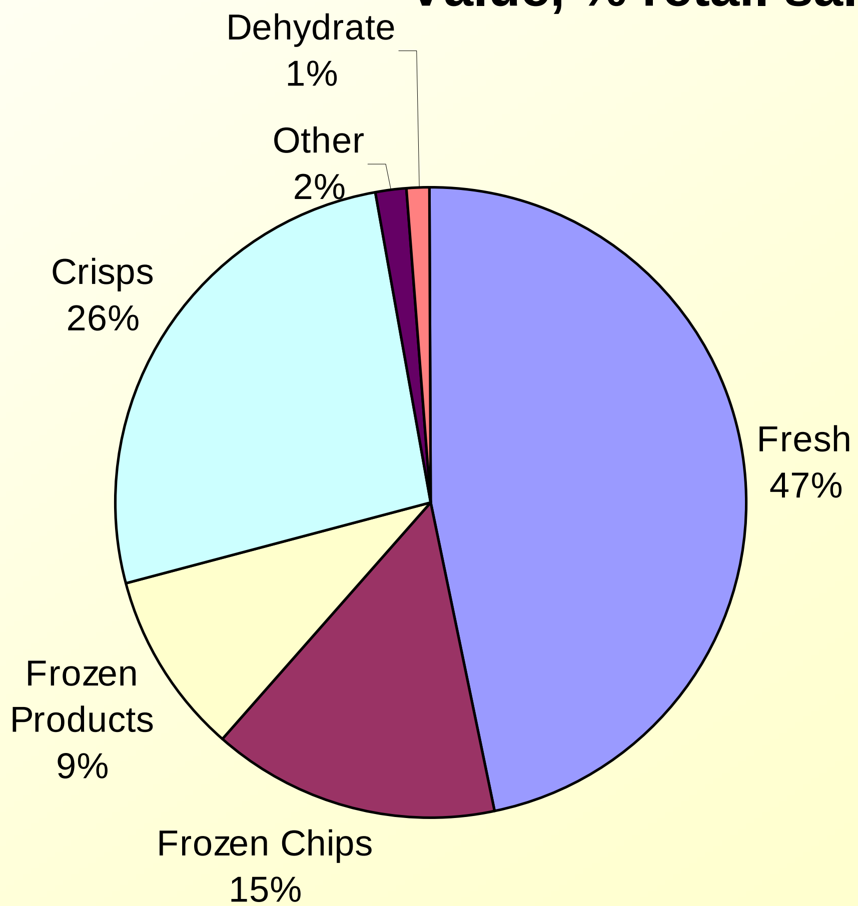


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Fig 7 : Seasonality of fresh sales - Volume

Average retail sales per month 1999-2006, '000s tons

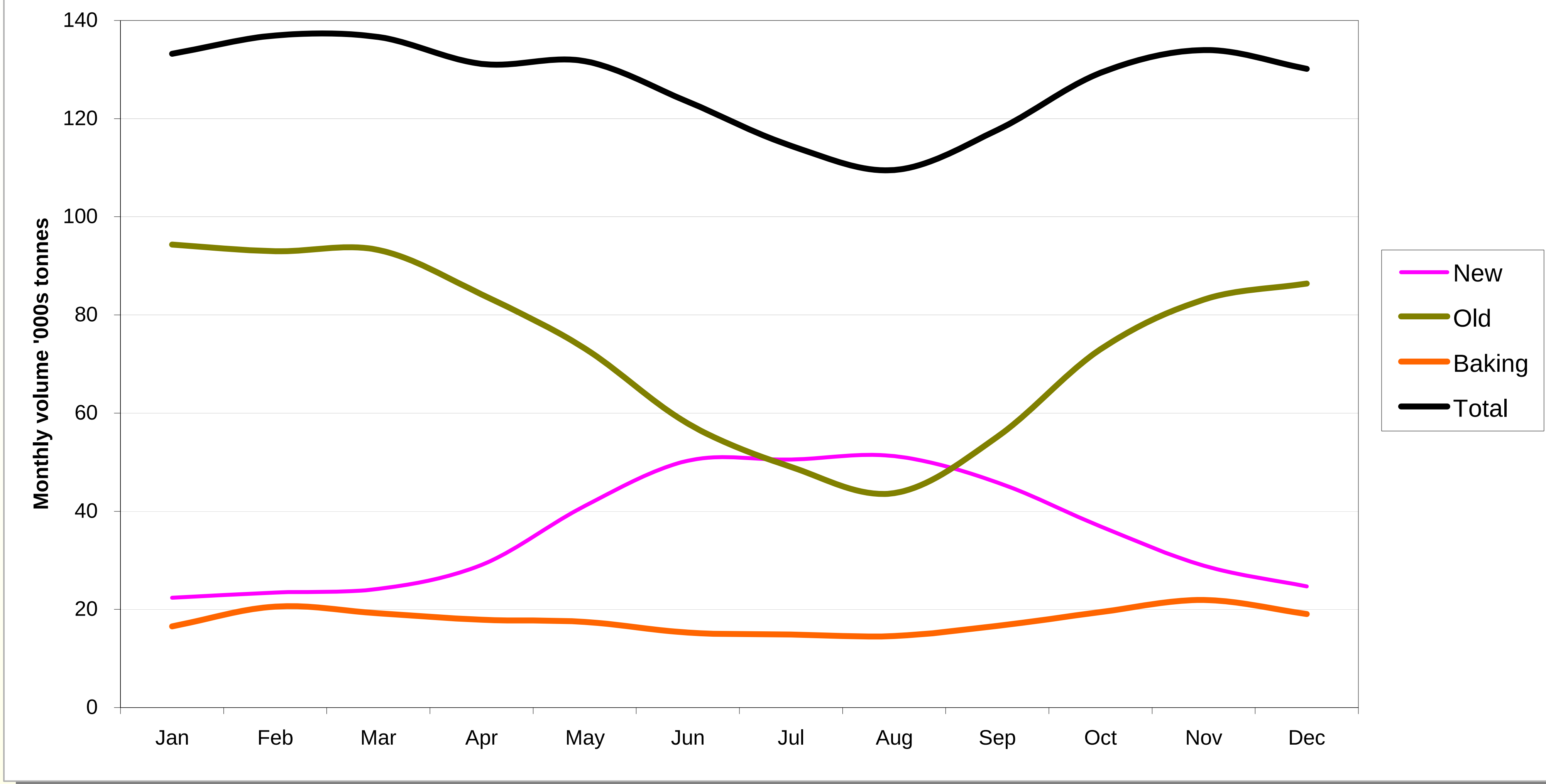

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Fig 8 : Seasonality of fresh sales - Value

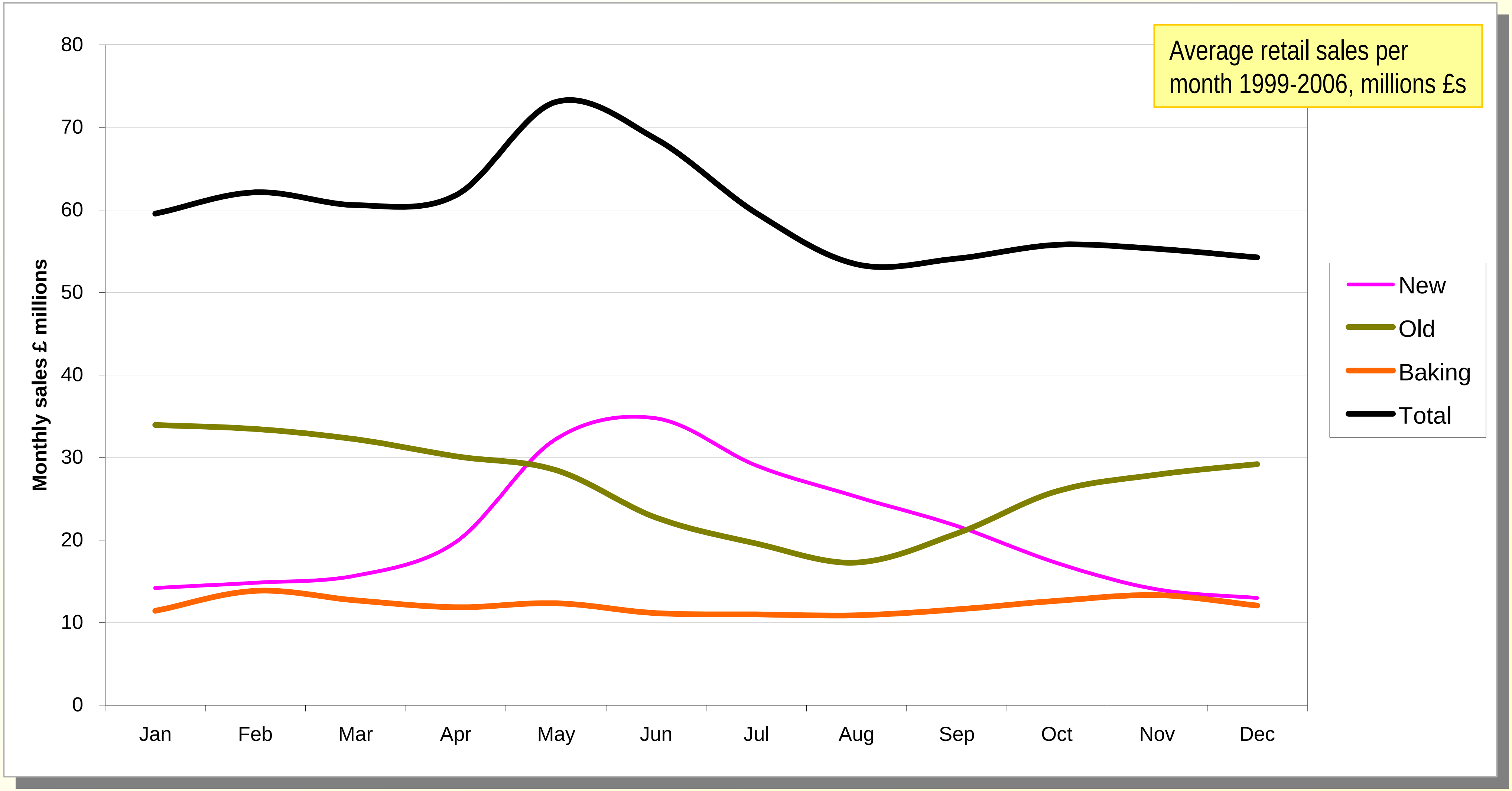

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Fig 9 : Seasonality of fresh sales - Prices

Average retail prices per month 1999-2006, £ per Kg

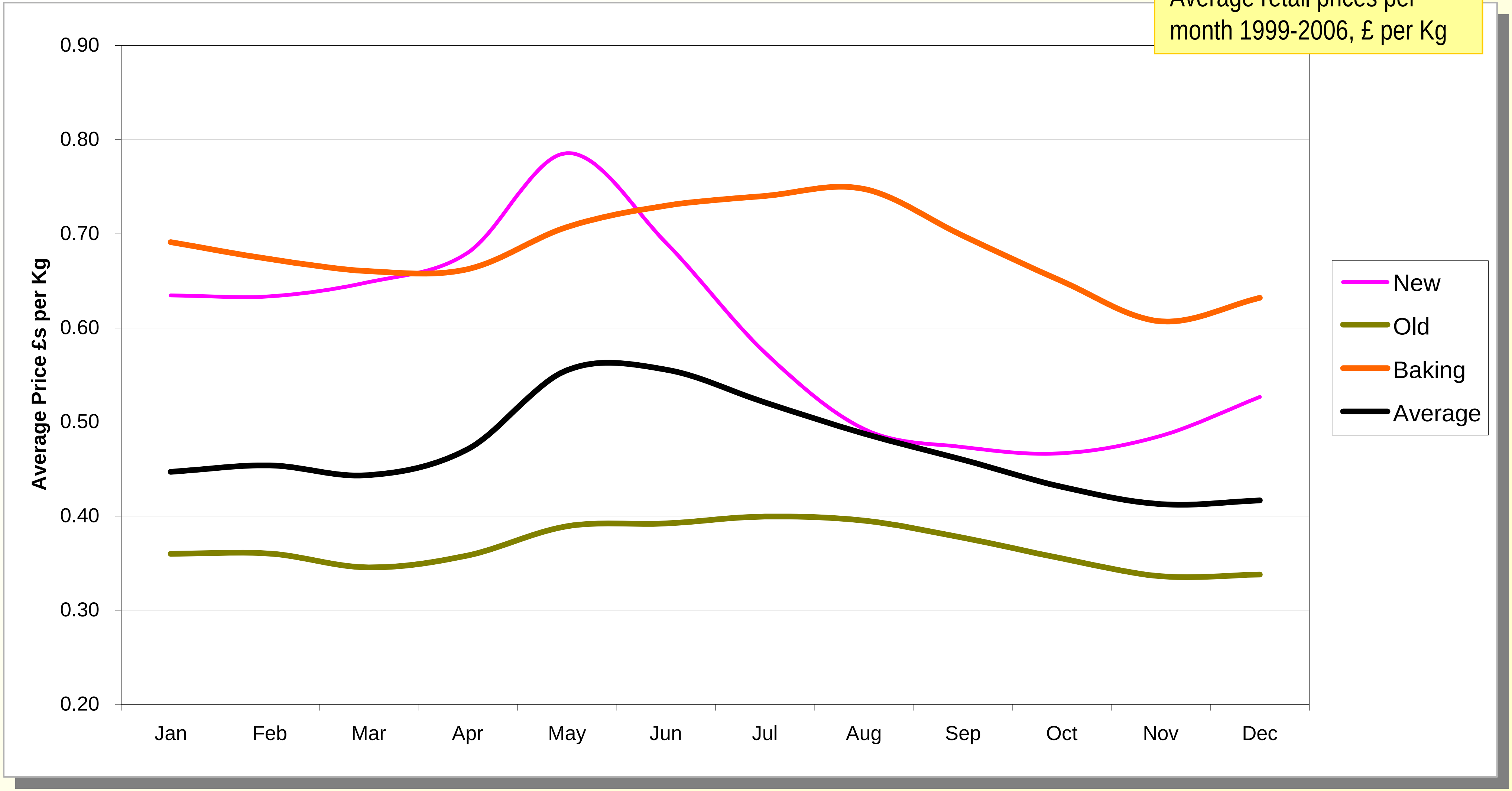

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Fig 10 : Fresh market share - Supermarkets

Market share by volume, all fresh potatoes, for 52 weeks to 16th July 2006. Source: *TNS SuperPanel*. Total volume over period 1.59 million tonnes.

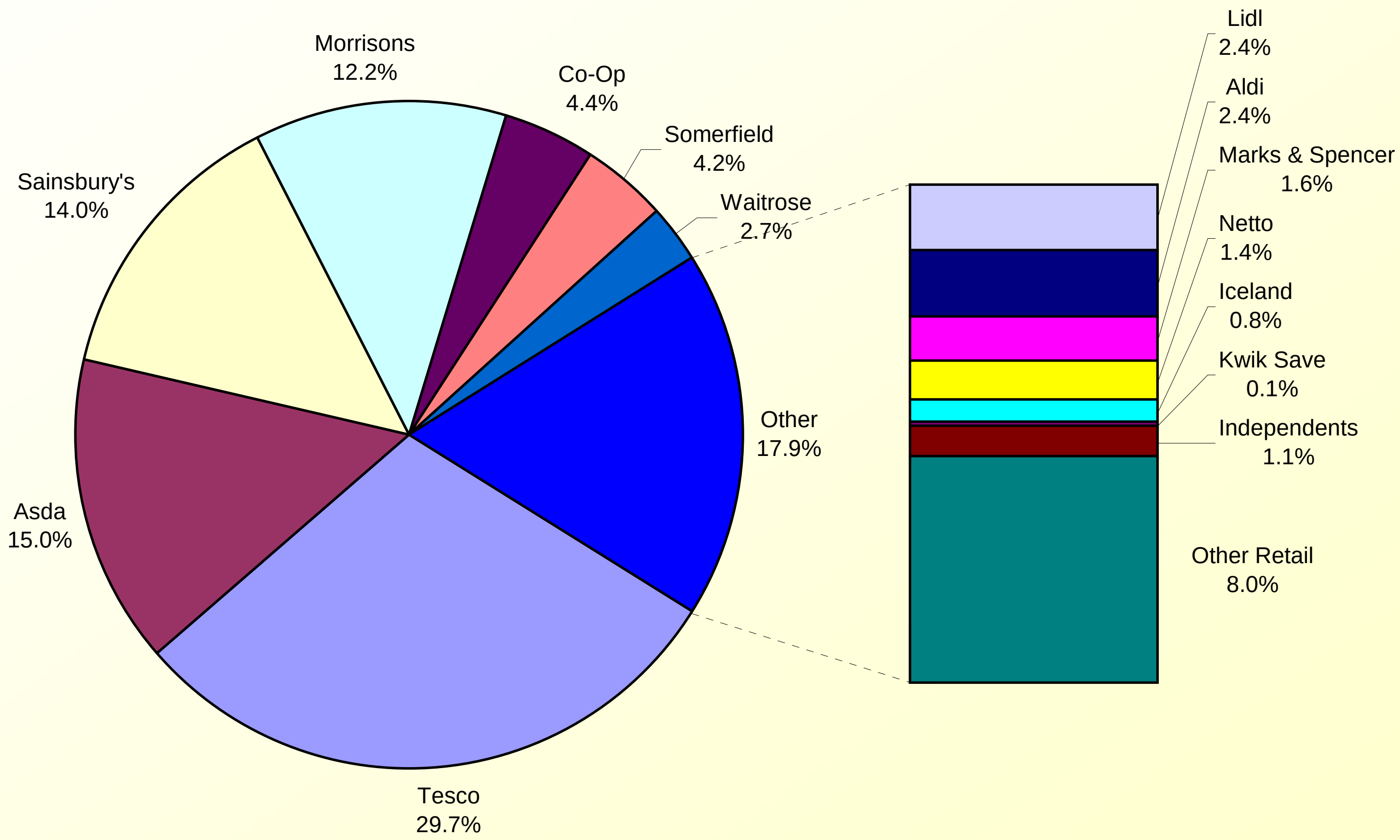

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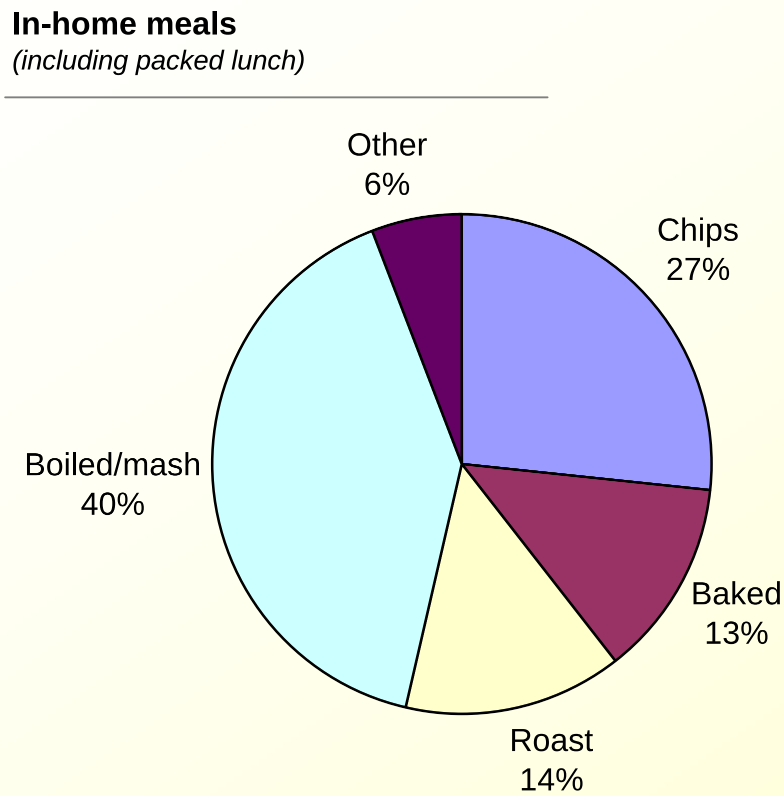
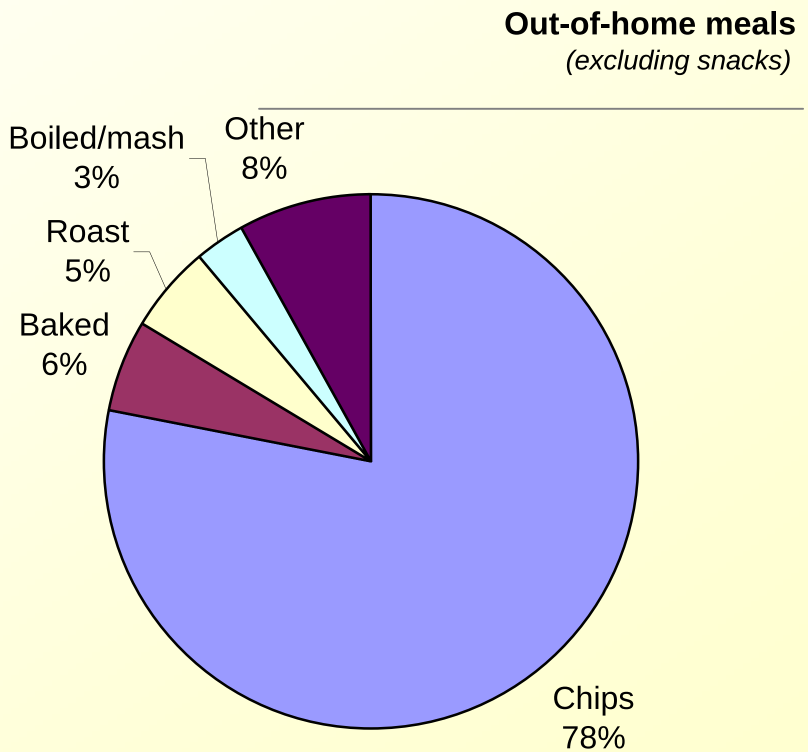
Fig 11 : Potato meal types in and out of home





Source: *TNS Family Food Panel data from June 2004-May 2005*

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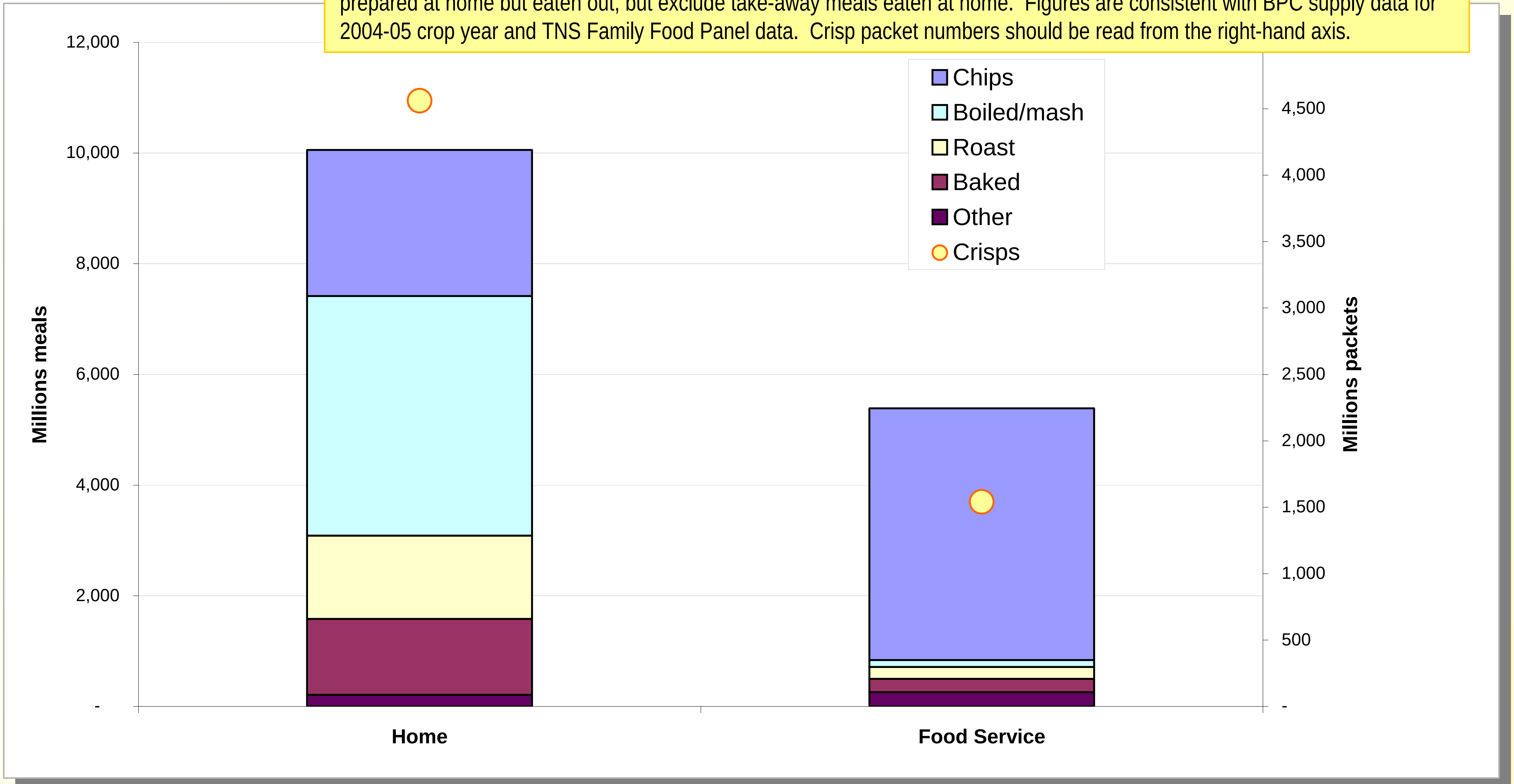
Fig 12 : Potato meals – Supply side analysis

Numbers of Meals are based on standard 180 g portions, crisp packets on 30 gm portions. Home meals include packed lunches prepared at home but eaten out, but exclude take-away meals eaten at home. Figures are consistent with BPC supply data for 2004-05 crop year and TNS Family Food Panel data. Crisp packet numbers should be read from the right-hand axis.



Source: BPC supply-de data with *TNS Family Food Panel data from June 2004-May 2005*

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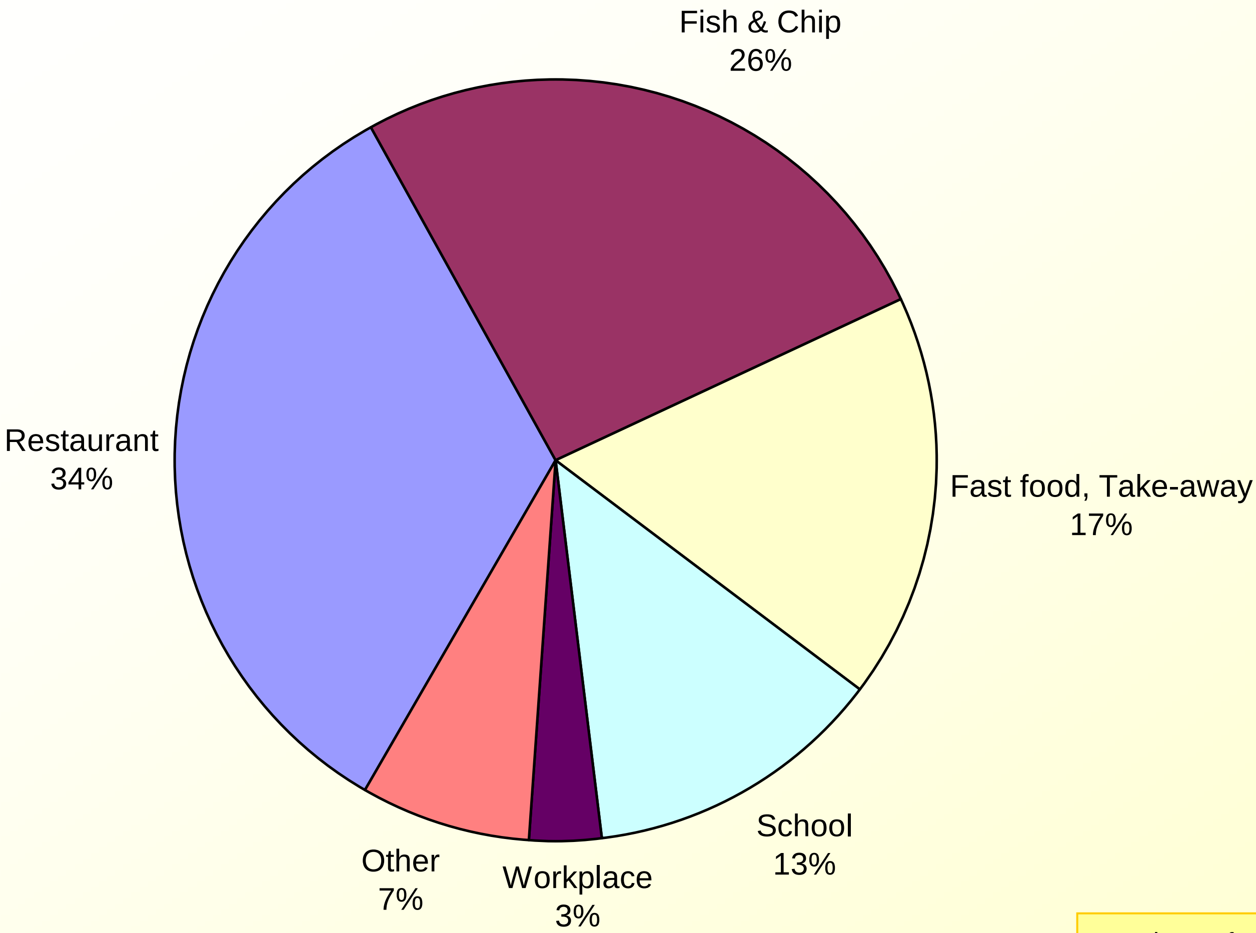
Fig 13 : Where potato meals are eaten



	Millions of meal occasions
Restaurant	1,807
Fish & Chip	1,409
Fast food, Take-away	931
School	683
Workplace	174
Other	385
Total	**5,389**

Numbers of Meals are based on standard 180 g portions with raw to plate conversion averaging 1.87. Figures are consistent with BPC supply data for 2004-05 crop year and TNS Family Food Panel data. School meal numbers based on Scottish school meals census factored to GB.

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Annex A : List of main suppliers

Supermarket fresh suppliers	
Tesco	Branston, Greenvale, QV
Sainsbury's	Greenvale, Naturally Best, QV, MBM
ASDA	Fenmarc, Taypack, Puffin Produce, E Park & Son
Morrison's	Wm Morrison Produce, MBM, Greenvale
Co-Op	E Park & Son, Farmcare, Heather Pre-Pack, Solanum
Somerfield	Albert Bartlett & Sons
Aldi	Ibbotsons Potatoes

Product lines/brands	
McCain	McCain, MBMG, Greenvale, Grower groups
Walkers	Frito-Lay, Walkers Snack Foods, RS Cockerill, Grower groups
Golden Wonder	TAYTO, MBMG, John Alcock
Kettle Crisps	Kettle Produce, MBMG

Product lines/brands	
Heinz	HJ Heinz, Higgins, QV Foods
Birds Eye	Unilever IC&FF, MBMG
Chilled Products (*Tesco, Morrisons, Sainsbury, Somerfield*)	Simply Fresh Foods, Greenvale, QV Foods
Frozen own brands (*Tesco, M&S, Waitrose, Morrisons, Youngs*)	PAS Grantham, Lamb Weston, Coates Brothers, Spalding Potatoes, Naturally Best, Higgins, Solanum
Other crisps (*McCoys, Aunt Bessie, Seabrook*)	KP Foods, HJ Heinz, Tyrells, Seabrook, Higgins, MBMG
M&S Ready meals	Cavaghan & Gray, Bartletts, Greenvale
Other chilled & ready meals	Geest, Northern Foods Parripak Foods, Scott & Newman

Processors are underlined, suppliers to them in plain text. Order of companies and products is arbitrary and does not imply market share or size. Lists may be incomplete. Market is complex and dynamic so information is necessarily provisional and simplified.

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