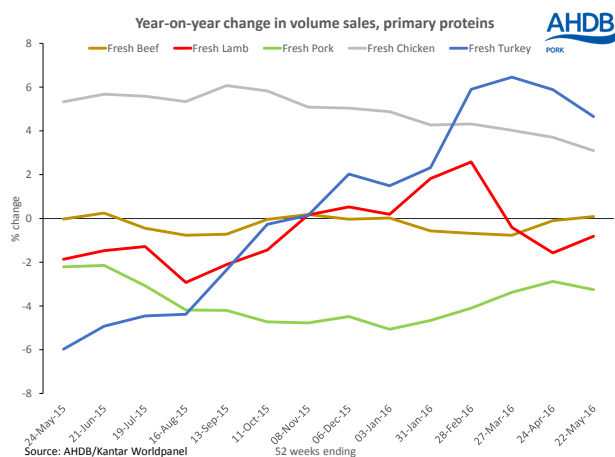


2016: The year so far for retail sales of meat

Now that we are almost halfway through 2016, it is possible to take a look back at the year so far and see what trends have been emerging in the retail market for different proteins. Performance has been varied across the different meats and a clear difference can be seen between primary meat cuts and pre-prepared chilled convenience products. In order to eliminate any short-term fluctuations, analysis is based on the 52-week period to 22 May 2016.

Pork has been in a challenging position for some time. However, the decline in sales has eased slightly this year so far, to be trending around three per cent down year on year. There may be several reasons that have helped to mitigate against a sharper decline this year. The AHDB Pulled Pork campaign ran in two waves in 2016, around Valentine's Day and Mother's Day. Initial data would suggest that these campaigns resulted in an increase in volume of sales of shoulder roasting joints. There was also a halo effect on other pork cuts, although initial figures suggest that this may not be to the same extent as that observed during the first wave of the campaign. Further analysis into the efficacy of these campaigns is being undertaken, and will be published in due course.

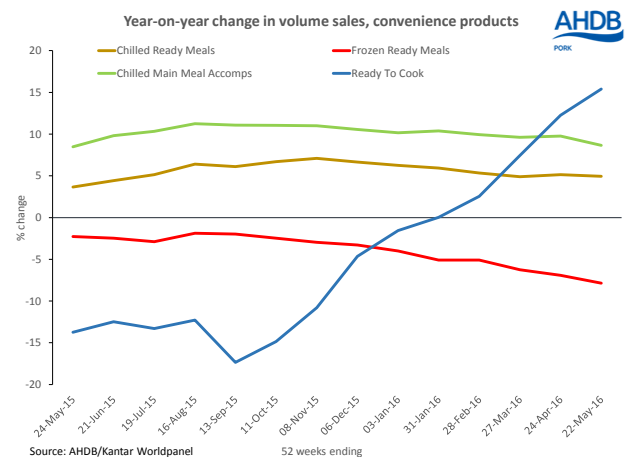
Beef sales have also been in decline but to a lesser extent and have never been more than one per cent down year-on-year for any 52-week period in 2016 so far. Lamb has had a more mixed performance, shifting from slight growth to slight decline, meaning that the current overall effect is that sales are generally steady year on year.



In terms of primary poultry sales, volumes have been in growth of around four per cent. While reduced prices are driving this, it does mean that the value of sales is lower. Turkey sales have slowly worked out of year-on-year declines through 2015, returning to sales growth in volume terms in November last year, and in value terms in February 2016. Wet/smoked fish has also performed better, moving from fairly flat volume sales last year to three per cent year-on-year growth in May. In value terms, sales have been consistently growing through late 2015 into this year, with

the latest figures indicating three per cent growth year on year for the 52 weeks ending 22 May.

In contrast to the performance of primary meat, chilled ready meals (CRM) and main meal accompaniments (CMMA) have seen consistent year-on-year growth of between five and ten per cent over the past 12 months. However, sales of frozen ready meals are in decline. Sales of ready-to-cook (RTC) products have had a very varied performance over the last five years, fluctuating between strong growth and strong decline. In March this year, sales of RTC products moved back into growth after a period of decline. The current volume of sales is similar to 2014 but still below the last peak in late 2013. Pork RTC products have shown a decrease in both value and volume in the 52 weeks to 22 May.



It is important to take stock of how the different meats fare in convenience products. Chicken certainly features the most, with a third of the market. However, although they do not have such large shares, beef, pork and lamb all currently have strong year-on-year sales growth in the chilled main meal accompaniments category and more modest growth in ready meals. Pork CRM's and CMMA's have shown growth in both categories, particularly main meal accompaniments, although the volumes are much smaller.

Perhaps the key trend behind the growth in convenience is the long-term decline in the average time taken to make a meal, just 30 minutes in 2016. With less time to spend on meal preparation, consumers look towards convenient options. Data from Kantar Worldpanel indicates that almost half of dishes are now bought pre-prepared instead of being made from scratch.

So what about the rest of the year? Pricing strategy in the big four supermarkets is continuing to shift away from promotional activity towards everyday low prices, with Y for £X deals in particular being scaled down. This could prove a challenge for primary meat, fish and poultry, where 3 for £10 deals have driven volume sales substantially. However, convenient meal options that feature proteins are well-performing categories, which have a clear added value element. Consequently, they represent an area of opportunity for pork, as well as other proteins.