

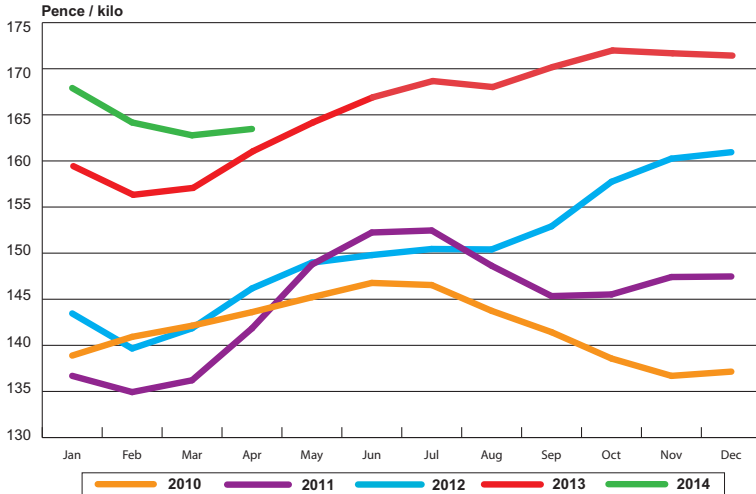
BPEX Quarterly Category Report



Including data up to 27 April 2014

DAPP to EU Specification

Source: BPEX/AHDB (DAPP = Deadweight Average Pig Price)

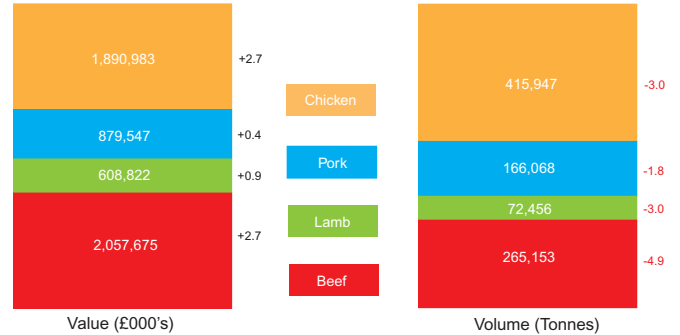


- Having reached record levels in autumn 2013, GB finished pig prices have fallen since the turn of the year. This is normal at this time of year, as consumers tighten their belts after Christmas, but low EU prices have meant the downturn has lasted a little longer this year. Nevertheless, the DAPP averaged just under 163p/kg in March, 6p more than in March 2013. Prices began to rise again in April and remained a little higher than a year earlier into May, although the gap has narrowed further
- Since last summer, EU pig prices have been falling steadily. With pig numbers declining in the New Year and better demand in the offing, prices were starting to edge upwards. However, the Russian ban on imports from the EU, following cases of African Swine Fever in Poland and

The BPEX Category Report provides market data and insight from AHDB, KANTAR Worldpanel and other sources

FRESH MEAT 52 WEEKS TO 27 APRIL 2014

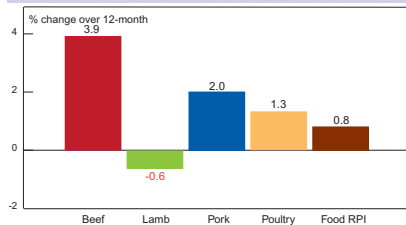
Source: KANTAR Worldpanel



- There has been a fall in the amount bought for each meat over the last year, although volume purchases for pork have fallen by a lower proportion than beef, lamb or poultry. Sales of fresh pork have been supported by consumers switching away from the relatively more expensive beef and lamb in favour of cheaper sources of protein. However, sales have been affected by households switching to frozen chicken, while there has also been growth in volume sales of wet/smoked fish
- Despite the fall in volume sales, overall household expenditure for pork increased. This was driven by increased spend on shoulder roasting joints (+2%) and other products, such as mince, marinades and diced/cubed pork, (+11%), which have more than compensated for lower sales of leg joints (-9%).

Lithuania, stopped that recovery in its tracks. This means that prices in early 2014 were well below their level a year earlier, averaging €156 per 100kg in March, around 10% down on March 2013. However, strong consumer demand and good orders from Asian markets mean prices had recovered to around €165 per 100kg in early May, close to their level a year before.

Category Inflation / Deflation



- The food retail price index for April rose by 0.8% compared to the previous year, but was down by 0.5% compared to the previous month
- Retail prices for pork were 2.0% higher over the 12-month period. According to the ONS, retail prices in April were 6% higher compared with the previous month, but prices recorded in March were the lowest recorded since October 2012. The latest data shows a return of the retail price index to levels recorded in February
- Retail prices for bacon were 1.7% higher over the 12-month period, but slightly down on the previous month
- Lamb was the only meat to show a fall in the retail price index over the 12-month period, down by 0.6%. Retail prices for beef were almost 4% higher on the year, while poultry prices rose by 1.3%.

ANNUAL CHANGE IN RETAIL MEAT PRICES AND THE ALL ITEMS RETAIL PRICE INDEX – APRIL 2014

Source: AHDB/ONS

Retailer Overview

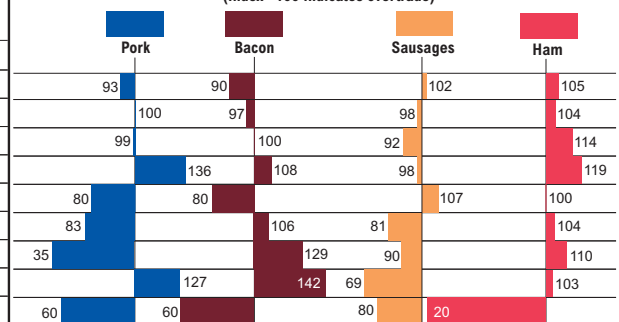
Source: KANTAR Worldpanel

SHARE OF FRESH MARKET VALUE 52 weeks to 27 Apr 2014	Total Fresh Meat and Poultry		Pork		Bacon		Sausages		Ham	
	RST**	MAT*	MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change
TOTAL MARKET	100	100	100	0.4	100	-2.1	100	8.8	100	5.2
Tesco	26.6	24.1	24.8	-2.4	23.9	-5.5	27.1	8.6	27.6	-0.6
Sainsbury's	15	16.9	15	-1.9	14.6	-2.8	14.7	8.1	15.6	3.4
Asda	14.5	13.4	14.3	-2.9	14.5	-2.1	13.3	3.4	16.5	5.5
Morrisons	10.7	12.1	14.6	1.8	11.6	-6.3	10.5	6.1	12.7	6.9
Waitrose	4.6	5	3.7	-4.0	3.7	6.4	4.9	9.8	4.6	14.7
Co-op	5.3	4.3	4.4	-11.6	5.6	-9.6	4.3	1.3	5.5	-2.8
Marks & Spencer	3.1	2.8	1.1	19.6	4	-5.0	2.8	12	3.4	9.8
Hard Discounters	6.2	7.4	7.9	30.3	8.8	17.7	4.3	31.5	6.4	35.5
Other Multiples	0.5	0.4	0.3	6.5	0.3	-25.3	0.4	32.3	0.1	24.5
Butchers	0.6	8.2	8.9	-4.5	3.7	-6.7	8.5	7.4	1.1	-2.2

- Only one of the top four retailers has seen growth in fresh pork sales compared with last year. The top four account for 68.7% value share for fresh pork, down from 70.1% last year
- The top four retailers have seen falling value share for all meats, down to 66.5% of total market expenditure from 68.5% last year
- The hard discounters continue to grow in market share, accounting for 7.4% of meat expenditure; up from 5.6% last year. The hard discounters have seen the most significant sales growth of all retailers, recording an increase in spend of 33.9% on last year
- Sausage sales grew by 8.8%, with the top four multiples accounting for 65.6% of sales. None of the top four retailers, however, grew ahead of the market. The hard discounters, with 4.3% of market share for sausages, recorded growth in sales of 32.3%.

OVER/UNDERTRADE INDEX vs RST** 52 weeks w/e 27 Apr 2014 (FRESH)

(index >100 indicates overtrade)



- Only one of the top four multiples overtrades in fresh pork, but all four overtrade in ham
- The hard discounters significantly overtrade in pork and bacon
- Three of the top four multiples undertrade in sausages.

* MAT = Moving Annual Total. ** RST = Retailer Share Track.

A consolidation of data for all key commodity products, 237 markets in total.

Markets fall into five key trading sectors: Packaged Groceries • Fresh Foods • Toiletries Healthcare • Alcohol.

Top four multiples = Tesco, Sainsbury's, Asda and Morrisons

BPEX Quarterly Fresh Pork



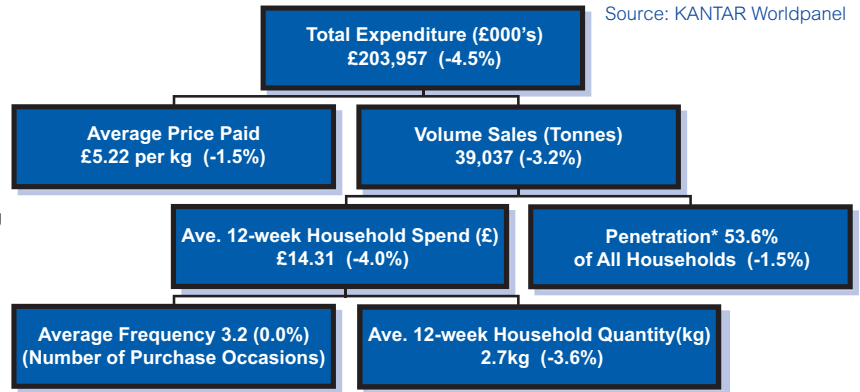
Including data up to 27 April 2014

Fresh Pork 12 weeks to 27 April 2014

Source: KANTAR Worldpanel

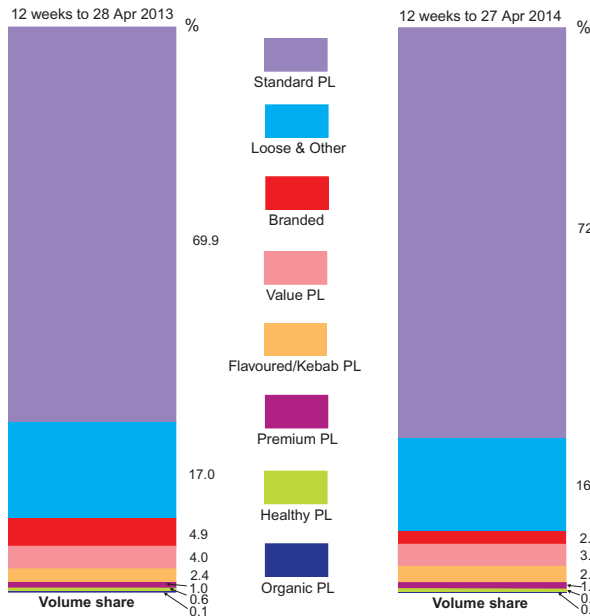
- For the 12-week period, expenditure on fresh pork fell by 4.5%, driven by a fall in volume sales (-3.2%) and a fall in the average price per kg (-1.5%)
- While the average price of fresh pork fell, average prices of beef and lamb were both up by almost 8% on last year
- There was a drop in the number of households buying pork (-1.5%). In comparison, there was an 8% drop in the number of households buying fresh lamb compared with last year. There was only a marginal drop in the number of households buying beef
- Sales of fresh pork have been supported from shoppers switching in from fresh beef but have also seen shoppers moving away from pork in favour of chilled ready meals and frozen chicken.

*Penetration = Number of GB households that bought fresh pork in latest 12 weeks. (% changes are year-on-year)



Fresh Pork by Tier

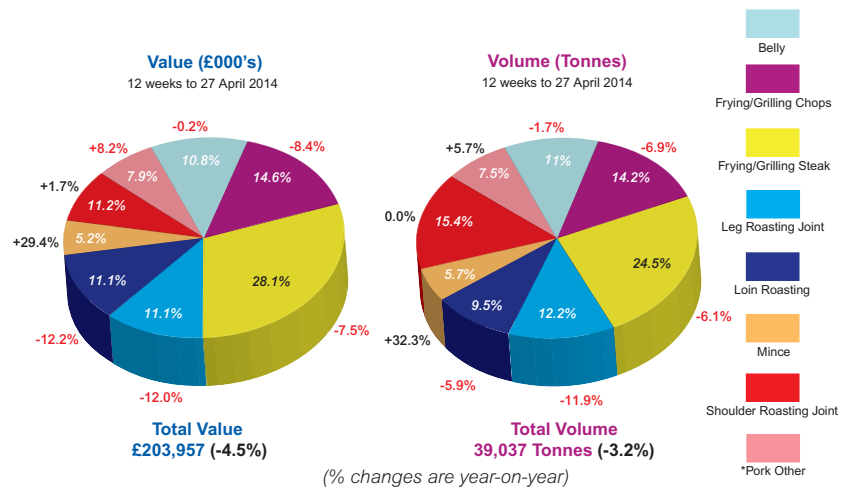
Source: KANTAR Worldpanel



- Standard Private Label (PL) represents 72.9% share of pork volume, up from 69.9% last year. This has been driven by the increase in standard-tier leg roasting joints and other pork products (eg marinated pork and ribs) for the 12-week period, compensating for lower volume sales of pork chops/steaks
- The Value tier's share of pork volume fell to 3.8% while Premium PL maintained a 1.0% of market share. The fall in the Value tier has been led by lower sales of pork chops/steaks, despite an increase in sales of pork belly.

Fresh Pork by Cut

Source: KANTAR Worldpanel



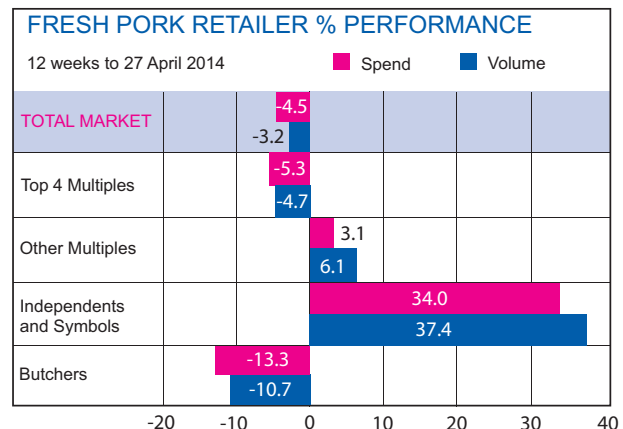
- Pork mince, diced/cubed pork, and marinated pork all recorded an increase in volume sales over the year. Pork mince recorded an increase in sales of 32.3%, while other pork cuts (including marinated pork) recorded growth of over 8% on last year
- All roasting joint categories recorded a fall in volume sales, with leg roasting joints recording the largest drop of 11.9%. Sales of loin roasting joints fell by almost 6%, while shoulder joints maintained similar sales levels to last year
- Household expenditure on loin roasting joints fell by more than 12% on last year, more than double the fall in volume sales. This was driven by an increase in sales bought on promotion, resulting in a drop in the average price
- Overall, there was an increase in the proportion of pork bought on promotion, resulting in expenditure falling by more than the drop in volume sales.

*Pork Other = Diced/Cubed, Mixed Cuts Pack, Marinades

Retailer Share and Performance

Source: KANTAR Worldpanel

FRESH PORK – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 28 Apr 2013	12 weeks to 27 Apr 2014	£ % Change
TOTAL MARKET	100	100	-4.5
Top 4 Multiples	69.6	69	-5.3
Other Multiples	17.6	19	3.1
Independents and Symbols	0.4	0.5	34.0
Butchers	9	8.2	-13.3



- None of the top four retailers recorded an increase in expenditure on fresh pork compared to last year
- The hard discounters were the only retail group to record growth, with spend up 32.7% for the 12-week period. Combined with the overall fall in expenditure on fresh pork, the hard discounters now account for 9.4% value share of the market, up from 6.8% last year
- Butchers have seen a drop in both volume and value share. The number of households buying fresh pork from butchers fell by almost 12% on last year.

BPEX Quarterly Bacon & Sausages

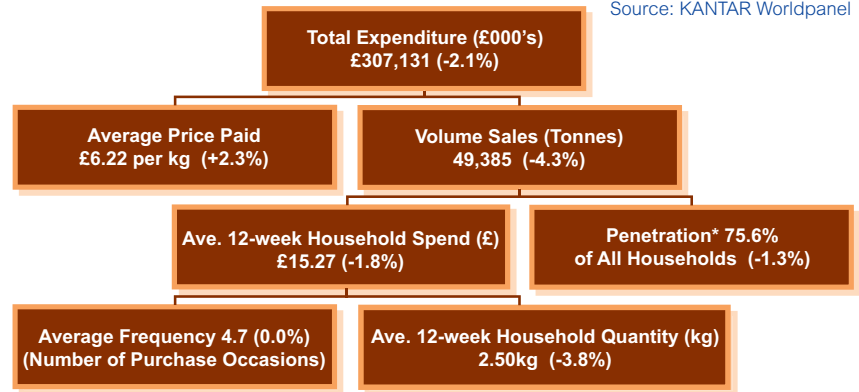


Including data up to 27 April 2014

Bacon 12 weeks to 27 April 2014

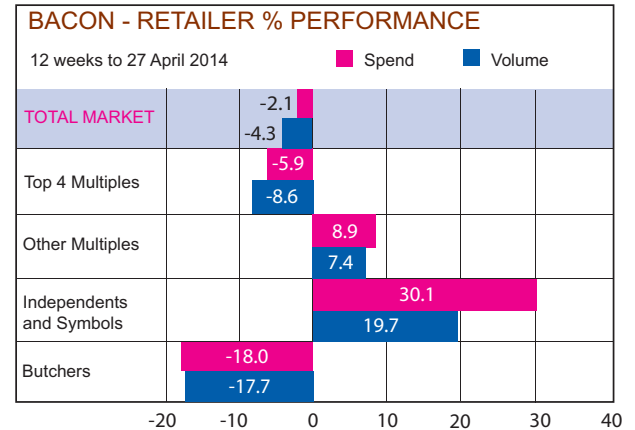
- The amount of bacon bought fell by more than 4% for the 12-week period compared with last year
- Although the amount spent on bacon also fell, the rate of decline was less than the fall in volume sales. This was due to a 2.3% increase in the average price of bacon, driven by a slight fall in the amount bought on promotion
- All of the top four retailers have seen a fall in the amount spent on bacon. For all four, expenditure fell by a greater degree than the reduction in the overall market
- The hard discounters saw household expenditure on bacon increase by 24.1%. The hard discounters now account for 10.2% of the market, up from 8% last year
- Year-on-year, there has been a fall in both volume sales and household expenditure on bacon bought from butchers. Butchers account for 3.4% value share of the market, down from 4% last year.

Source: KANTAR Worldpanel



*Penetration = Number of GB households that bought bacon in latest 12 weeks.
(% changes are year-on-year)

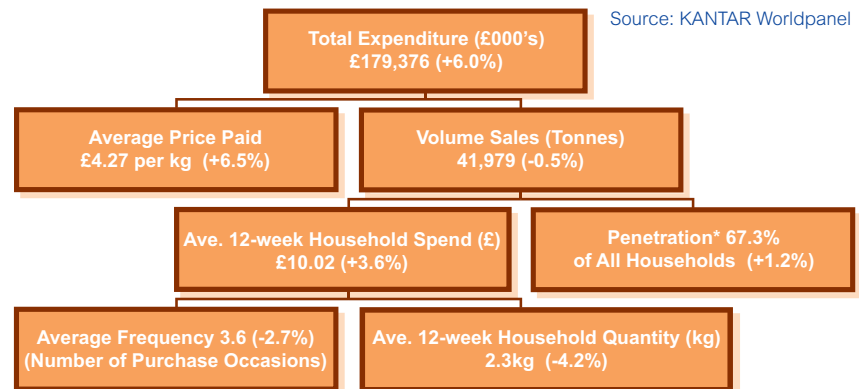
BACON – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 28 Apr 2013	12 weeks to 27 Apr 2014	£ % Change
TOTAL MARKET	100	100	-2.1
Top 4 Multiples	65.3	62.7	-5.9
Other Multiples	26.5	29.5	8.9
Independents and Symbols	0.6	0.9	30.1
Butchers	4	3.4	-18.0



Sausages 12 weeks to 5 January 2014

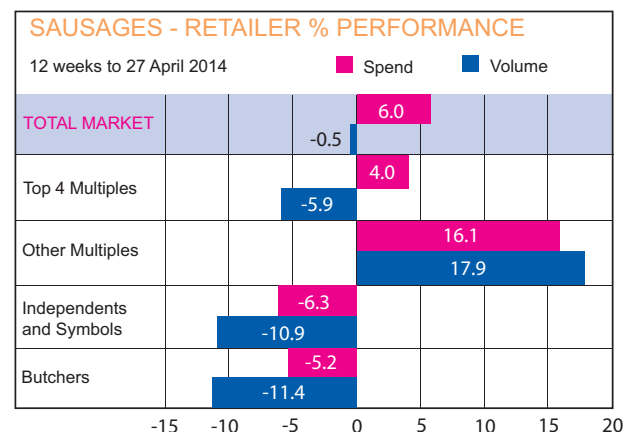
- Despite only a small decline in the volume of sausage sales, household expenditure increased by 6% year-on-year
- The volume of Premium sausages bought fell by 4%, but household expenditure increased by 5% due to an increase in the average price. This was in part due to a fall in the amount of Premium sausages bought on promotion
- Economy range sausages recorded a fall in both the amount bought and the amount spent, by 2% and 3%, respectively. Although volume sales of Standard sausages increased by 1.7%, household expenditure increased by almost 7%, driven by an increase in the average price per kg
- All of the top four retailers recorded growth in value sales for the 12-week period, though only one saw above market growth
- The hard discounters saw growth of 51.3% in value sales. The hard discounters now account for 5% of the market value share, up from 3.5% last year
- Butchers were one of the only groups to record a fall in household expenditure, down by 5.2% on last year. This resulted in a fall in the market share to 8.2%, down from 9.2% last year.

Source: KANTAR Worldpanel



*Penetration = Number of GB households that bought sausages in latest 12 weeks.
(% changes are year-on-year)

SAUSAGES – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 28 Apr 2013	12 weeks to 27 Apr 2014	£ % Change
TOTAL MARKET	100	100	6.0
Top 4 Multiples	66	64.8	4.0
Other Multiples	20	22	16.1
Independents and Symbols	1.2	1.1	-6.3
Butchers	9.2	8.2	-5.2



BPEX Quarterly Ham

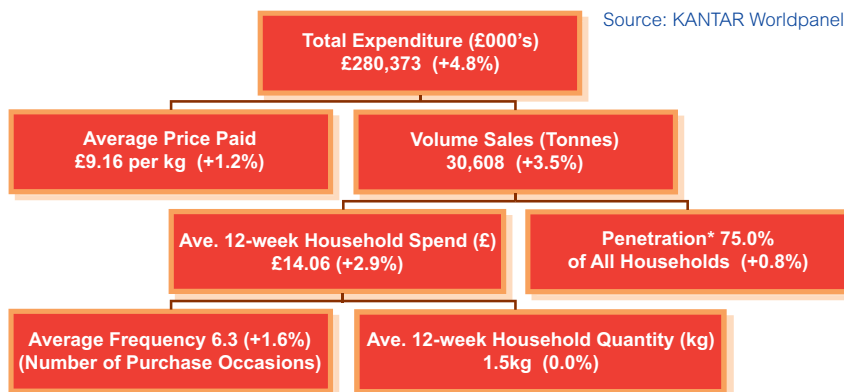


Including data up to 27 April 2014

Ham
12 weeks to 27 April 2014

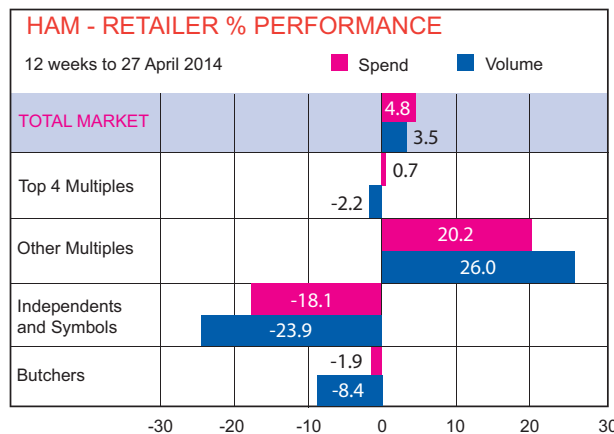
Source: KANTAR Worldpanel

- Volume and value sales of ham increased for the 12-week period, but with the increase in household expenditure outstripping growth in the amount bought. This was partly due to a fall in the amount of ham bought on promotion
- Shoppers have switched into pre-packed ham from pre-packed chicken. However, there has been some switching from pre-packed ham to pre-packed continental meat, which will have limited the overall volume growth
- Three of the top four retailers recorded growth in value sales, although none of these was above the market average. The hard discounters recorded the highest growth in value sales, up 45.6% compared with the previous year, resulting in an increase in their value market share, to 7.3%
- Butchers saw both a fall in volume and value sales over the year. Butchers account for just 1.1% of the market share.

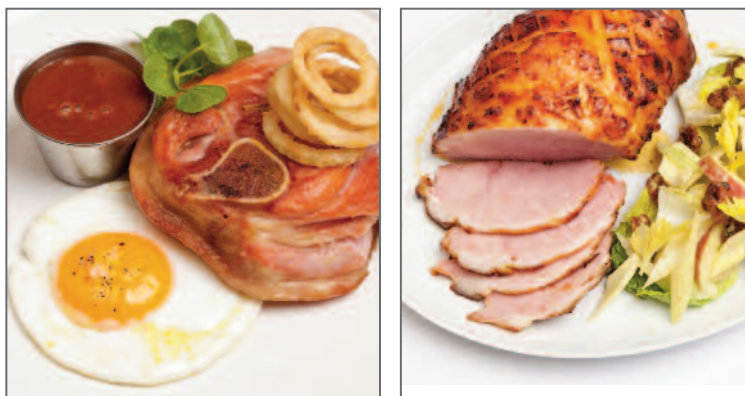


*Penetration = Number of GB households that bought ham in latest 12 weeks.
(% changes are year-on-year)

HAM – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 28 Apr 2013	12 weeks to 27 Apr 2014	£ % Change
TOTAL MARKET	100	100	4.8
Top 4 Multiples	73.9	71.1	0.7
Other Multiples	21.5	24.7	20.2
Independents and Symbols	0.8	0.6	-18.1
Butchers	1.1	1.1	-1.9



New campaign to promote gammon



- BPEX has been working with Great British Chefs to develop a range of new recipes utilising quality assured gammon
- The recipes have been specifically developed to inspire consumers to look at new ways of cooking with gammon and range from terrines, salads and breads to slow-cooked, braised and highly spiced roasts
- A booklet featuring 10 of these recipes is now available
- Check out lovepork.co.uk/pork-products-cuts/gammon-ham/glorious-gammon for all the new recipes and ideas.



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