

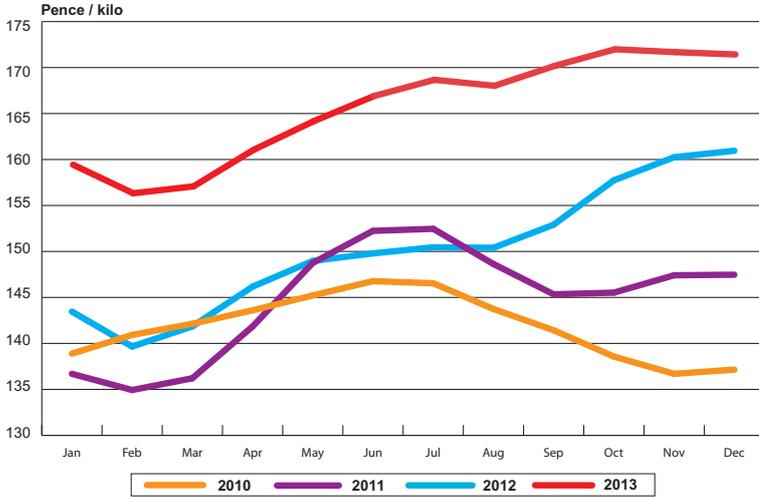
BPEX Quarterly Category Report



Including data up to 5 January 2014

DAPP to EU Specification

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



- GB pig prices were firm but broadly stable during the final quarter of 2013, albeit at near record levels. Ongoing strong retailer demand for British pigs and positive export markets have been met by relatively tight supplies. Prices remained well above year earlier levels but the gap narrowed somewhat as there was no repeat of last year's rising prices
- The cost of pig production has remained well below the pig price since June. This has allowed producers to pay back some of the losses incurred over recent years. However, the current pig price is still lower than the peak level of costs last January, so producers are still vulnerable to any future shocks in feed market

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

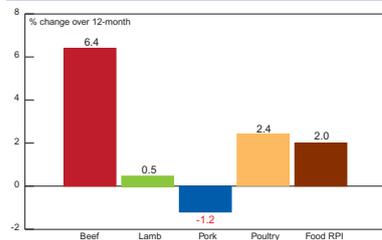
FRESH MEAT 52 WEEKS TO 5 JANUARY 2014

Source: KANTAR Worldpanel



- Pork has seen reduced volume purchases over the past year, led by the fall in leg and shoulder joints but with frying/grilling chops also down. Lamb has been the only meat to show sales growth in volume purchases, with most of the growth coming from leg roasting joints (+18.9%)
- Despite the fall in volume sales, overall expenditure has increased for all meats. The 2.0% increase in expenditure on pork has been dominated by sales for pork chops/steaks, loin joints and mince, which have compensated for the loss in sales for leg roasting joints (-8.6%).
- EU pig prices have fallen back sharply from their peak in early September, losing over €30 per 100kg (15%) by the end of the year. A combination of higher than expected supplies (albeit still relatively tight) and subdued demand (despite robust export markets) is to blame. As a result, the gap between EU and UK prices was the largest in nearly a decade around the turn of the year.

Category Inflation / Deflation



- In December, the food retail price index rose by 2.0% compared to the previous year and by 0.2% compared to the previous month
- Retail lamb prices in December fell over the 12-month period by 0.5% and by 3.5% on the previous month
- Domestic lamb prices rose by 4.0% during December while imported lamb prices rose by 2.9% during the same period. Over the 12-month period domestic lamb has risen by 8.1% while imported lamb has fallen by 6.9%
- Retail prices for pork were 1.2% lower over the 12-month period but were 0.7% up on the previous month. Retail bacon prices were 3.9% higher over the 12-month period and up 1.0% on prices in November
- Beef prices were 6.4% higher over the 12-month period and 0.5% lower than the price in November
- Retail prices for poultry were 2.4% higher over the 12-month period and down 0.8% on the previous months price.

ANNUAL CHANGE IN RETAIL MEAT PRICES AND THE ALL ITEMS RETAIL PRICE INDEX – DECEMBER 2013

Source: AHDB/ONS

Retailer Overview

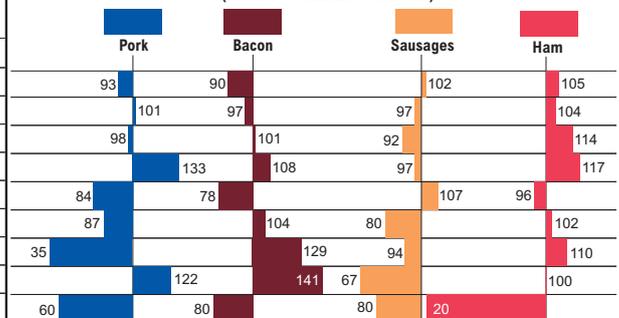
Source: KANTAR Worldpanel

SHARE OF FRESH MARKET VALUE 52 weeks to 5 Jan 2014	RST**	Total Fresh Meat and Poultry MAT*	Pork		Bacon		Sausages		Ham	
			MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change
TOTAL MARKET	100	100	100	2.0	100	-0.7	100	8.7	100	3.8
Tesco	26.8	25	24.9	-2.8	24.2	-3.9	27.4	8.6	28.2	-1.3
Sainsbury's	15.1	17.1	15.3	4.4	14.7	-0.2	14.7	7.9	15.7	2.4
Asda	14.5	13.2	14.2	-3.4	14.6	0.7	13.4	6.4	16.5	4.7
Morrisons	10.9	12.3	14.5	4.9	11.8	-5.4	10.6	6.4	12.8	6.5
Waitrose	4.5	4.9	3.8	-1.3	3.5	5.6	4.8	5.0	4.3	8.3
Co-op (inc Somerfield)	5.4	4.5	4.7	-9.1	5.6	-10.8	4.3	-2.7	5.5	-7.8
Marks & Spencer	3.1	2.9	1.1	23.5	4.0	3.4	2.9	15.5	3.4	11.5
Hard Discounters	5.8	6.6	7.1	26.0	8.2	14.9	3.9	22.7	5.8	27.7
Other Multiples	0.5	0.4	0.3	28.1	0.4	-24.3	0.4	36.5	0.1	-3.1
Butchers	0.6	8	9.1	-0.9	3.8	0.6	8.7	11.1	1.1	-1.3

- Two of the top four retailers have seen above market growth for fresh pork, while the other two recorded falls in expenditure compared to last year. The top four account for 68.9% value share for fresh pork; down from 70.2% compared to last year
- The top four retailers have seen falling value share for all meats, down to 67.6% of total market expenditure from 68.9% last year
- The hard discounters continue to grow in market share, accounting for 6.6% of meat expenditure; up from 5.3% last year. The hard discounters have recorded increased shares across all pig meat categories
- Sausage sales grew by 8.7%, with the top four multiples accounting for 66.1% of sales. None of the top four retailers, however, grew ahead of the market. The hard discounters, with 3.9% of market share for sausages, recorded growth in sales of 22.7%

OVER/UNDERTRADE INDEX vs RST** 52 weeks w/e 5 Jan 2014 (FRESH)

(index >100 indicates overtrade)



- The hard discounters significantly overtrade in pork and bacon
- All of the top four multiples overtrade in ham
- 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



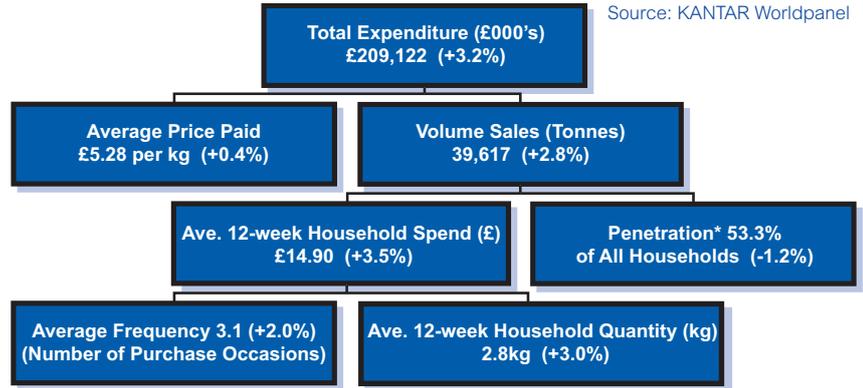
Including data up to 5 January 2014

Fresh Pork 12 weeks to 5 January 2014

- Fresh pork has seen expenditure growth of 3.2%, driven by an increase in volume sales (+2.8%) and a slight increase in the average price per kg (+0.4%)
- In comparison to the small increase in the average price of fresh pork, the average price for fresh beef and fresh lamb increased more steeply, rising 9.6% and 6.1% respectively
- Despite the increase in sales, there has been a drop in the number of households buying pork. Compared with the same 12-week period last year, all fresh meats recorded a drop in the number of households buying
- Fresh pork has benefited from shoppers switching in from fresh beef and also chicken.

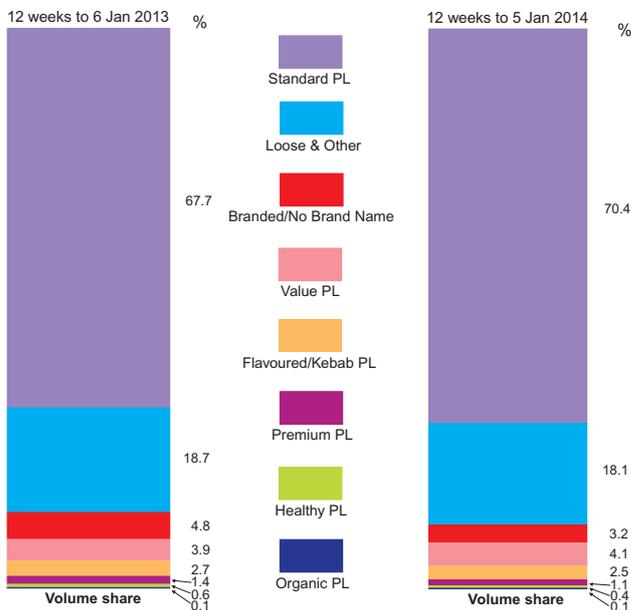
*Penetration = Number of GB households that bought fresh pork in latest 12 weeks.
(% changes are year-on-year)

Source: KANTAR Worldpanel



Fresh Pork by Tier

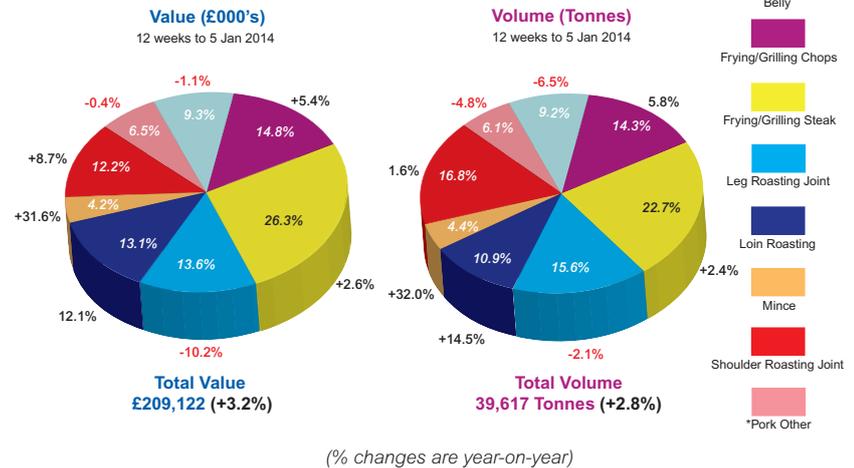
Source: KANTAR Worldpanel



- Standard PL represents a 70.4% share of pork volume, up from 67.7% last year. This has been driven by the increase in leg and loin roasting joints for the 12-week period
- The Value tier's share of pork volume increased to 4.1%, while Premium PL fell to 1.1% of market share. The increase in the Value tier has been dominated by a rise in pork shoulder roasting joints and chops/steaks.

Fresh Pork by Cut

Source: KANTAR Worldpanel



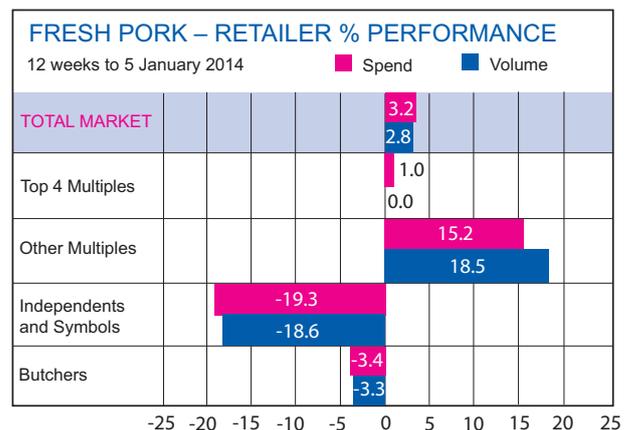
- Sales volumes of pork loin, mince, chops and steaks have all increased on the year, while pork belly and leg roasting joints fell
- Volume sales of shoulder roasting joints increased but shoulder's overall volume share of the market fell on the year
- Falling expenditure in leg roasting joints has exceeded the fall in volume sales, driven by an increase in sales on promotion, resulting in lower prices.

*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 6 Jan 2013	12 weeks to 5 Jan 2014	£ % Change
TOTAL MARKET	100	100	3.2
Top 4 Multiples	70.3	68.8	1.0
Other Multiples	16.3	18.2	15.2
Independents and Symbols	0.5	0.4	-19.3
Butchers	10.2	9.6	-3.4



- Two of the top four retailers have seen increases in fresh pork expenditure compared to last year. However, only one recorded above market growth to make share gains on last year
- The hard discounters continue to see increases in their value share for fresh pork, now representing 7.2%
- Butchers have seen a drop in both volume and value share, with fewer households purchasing.

BPEX Quarterly Bacon & Sausages

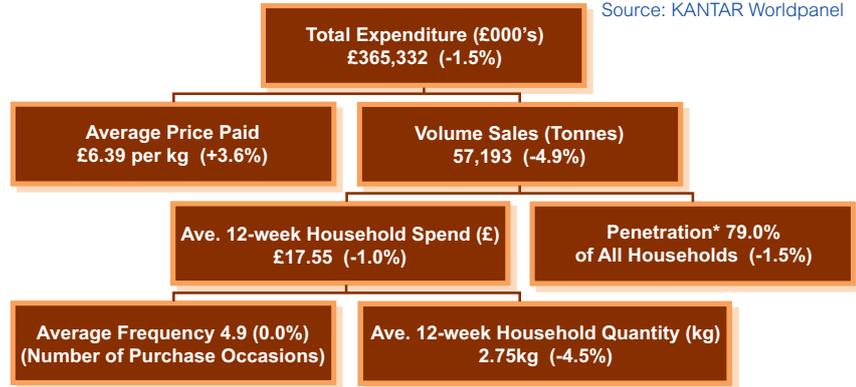


Including data up to 5 January 2014

Bacon 12 weeks to 5 January 2014

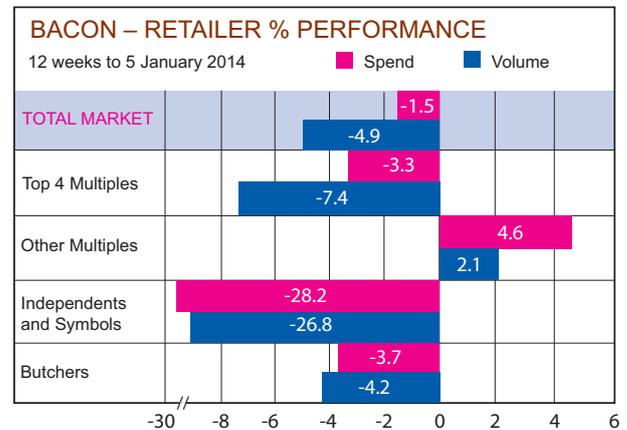
- Bacon recorded a decline in volume, led by the fall in rashers but volumes of all other cuts also fell over the 12-week period compared to last year
- The average price of bacon increased by 3.6%, with steaks increasing by 12.2%. The number of promotions on bacon for the 12-week period fell on the previous year, a trend seen across most cuts
- All of the top four retailers have seen reductions in bacon expenditure. Three of the top four have seen bacon expenditure fall by a greater degree than the reduction in the overall market
- The hard discounters saw an increase in household expenditure on bacon by 15.6% and a rise in their share of total market expenditure
- Year-on-year, butchers have seen a fall in both bacon volumes and value, resulting in a fall in market share. There has been growth in the number of households purchasing bacon compared to the previous year but this has been affected by a fall in the frequency of trips and fall in both spend and volume per trip.

Source: KANTAR Worldpanel



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

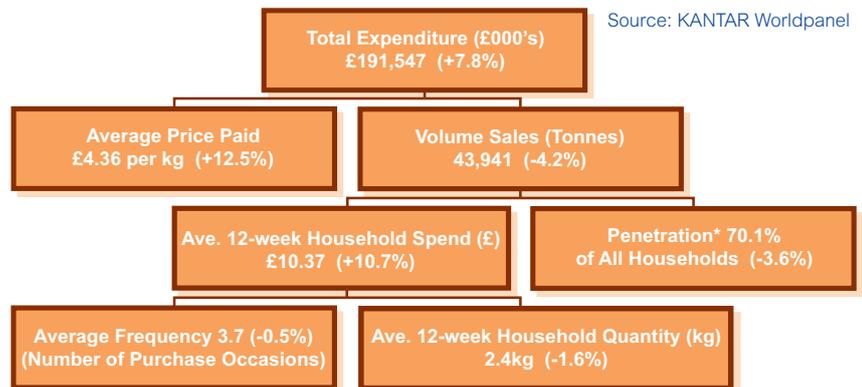
BACON – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 6 Jan 2013	12 weeks to 5 Jan 2014	£ % Change
TOTAL MARKET	100	100	-1.5
Top 4 Multiples	66.3	65.1	-3.3
Other Multiples	26.7	28.3	4.6
Independents and Symbols	1.1	0.8	-28.2
Butchers	3.7	3.6	-3.7



Sausages 12 weeks to 5 January 2014

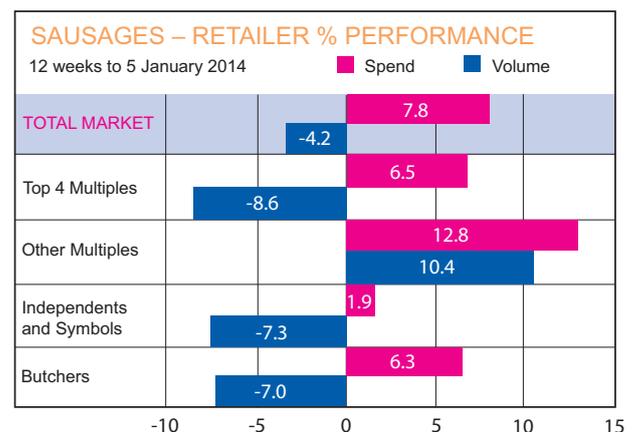
- Sausages have continued to show an increase in value sales but a fall in volumes in the latest 12-week period
- Economy and Standard ranges have both seen a fall in volume sales but Premium sausages have grown by 1.5%, with a number of shoppers trading up to premium away from standard and economy lines
- Both Standard and Premium sausages have seen an increase in value. The increase in value sales for Standard sausages has been supported by a fall in product promotions
- The past year has seen notable price increases on sausages, up by 12.5%
- All of the top four retailers have seen growth in value sales for the 12-week period. Only one of the top four saw above market growth
- The hard discounters saw growth of 38.0% in value sales, resulting in an increase in value share of the market, to 4.1%
- Butchers saw a steeper than average fall in volumes but maintained growth in value sales.

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 6 Jan 2013	12 weeks to 5 Jan 2014	£ % Change
TOTAL MARKET	100	100	7.8
Top 4 Multiples	67.0	66.2	6.5
Other Multiples	20.7	21.6	12.8
Independents and Symbols	1.1	1.1	1.9
Butchers	8.6	8.5	6.3



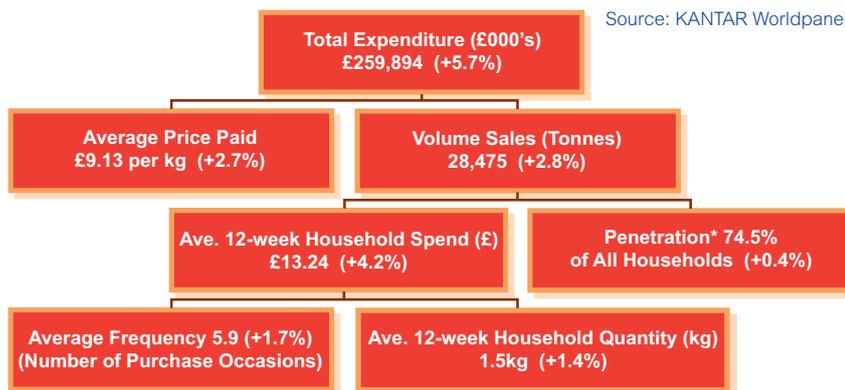
BPEX Quarterly Ham



Including data up to 5 January 2014

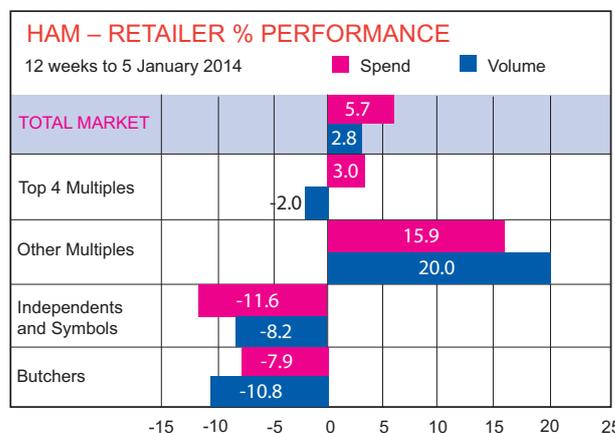
Ham 12 weeks to 5 January 2014

- Volume and value sales of ham have increased for the 12 week period. There was a slight increase in the number of households buying ham, as well as an uplift in the frequency of purchases
- Shoppers have switched into pre-packed ham from pre-packed chicken, with this trend boosting volume growth
- The top four retailers have all seen growth in value sales but none above the market average. The hard discounters recorded the highest growth in value sales, up 37.9% compared with the previous year, resulting in an increase in their value market share, to 6.4%
- Butchers were the only retail group to see a fall in both the volume and value of sales.



*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 6 Jan 2013	12 weeks to 5 Jan 2014	£ % Change
TOTAL MARKET	100	100	5.7
Top 4 Multiples	74.5	72.6	3.0
Other Multiples	22.0	24.1	15.9
Independents and Symbols	0.9	0.7	-11.6
Butchers	1.2	1.0	-7.9



Red Tractor Pork Advertising Campaign on Channel 4



- This advertising campaign has been developed to engage with consumers about, and increase awareness of, the Red Tractor pork logo
- Following its initial success the campaign was broadcast on terrestrial television – a first for BPEX – between 19 January and 23 February 2014. Aired on Channel 4, 4oD, More4 and the Good Food channel the advert featured Jimmy Doherty asking audiences to 'Trust The Tractor'. It provided a context around the Red Tractor mark giving consumers an understanding of its importance in order for them to purchase responsibly produced pork with confidence
- The 30-second 'Trust The Tractor' TV ad was supported by a host of online content, in which Jimmy credibly articulated the benefits of the Red Tractor pork assurance scheme
- A series of 3 online videos were also hosted on a Channel 4 microsite and several 30-second ads also ran on 4oD, appearing before food and documentary programmes, all with prompts to click through to the full length versions
- Additional online banner advertising is supporting the campaign until 9 March throughout the 4oD website
- To view all the videos go to www.channel4.com/explore/givefork
- Early indications are that the advert is proving successful with high click-through rates from the advert to over 1,000 views of the full-length videos on www.channel4.com/explore/givefork

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 BPEX is a division of the Agriculture and Horticulture Development Board

