

# BPEX Quarterly Category Report

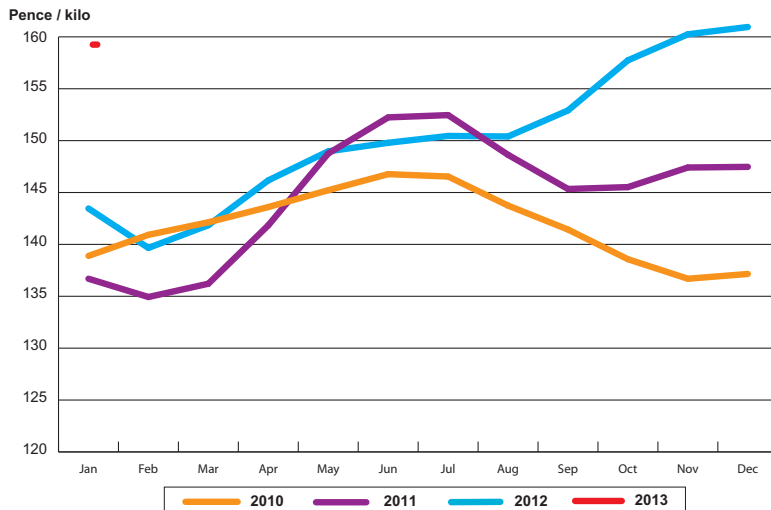
# BPEX

Including data up to 20 January 2013

## DAPP to EU Specification

Source: BPEX/AHDB

(DAPP = Deadweight Average Pig Price)

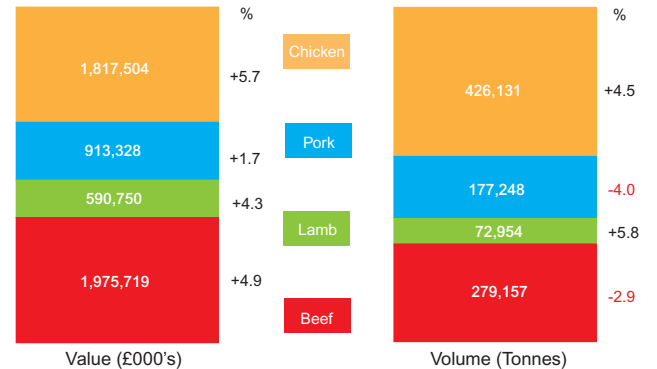


- The DAPP rose steadily through the final quarter of 2012, reaching a record level of just over 161p per kg in the run up to Christmas. The rally was initially driven by high import prices but was maintained by Christmas demand. With consumer spending constrained post-Christmas, prices have eased back, falling to 157.30p per kg by week ended 9 February. Nevertheless, this was more than 17p higher than a year earlier, which represents the largest year-on-year increase since August 2008. High slaughtering, estimated to be 7% up on the year so far in 2013, also contributed to the fall, although this was partly offset by the strengthening euro which increased import prices

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

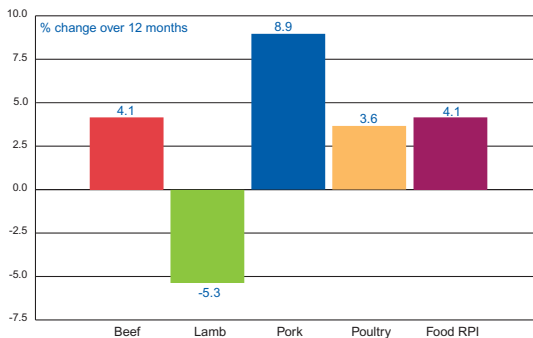
## FRESH MEAT 52 WEEKS TO 20 JANUARY 2013

Source: KANTAR Worldpanel



- Volume purchases of pork and beef both declined compared to last year. Impacted by reduced purchase frequency and volume per trip over the past year
- In contrast, lamb and chicken have seen positive volume and expenditure growth. With lamb being boosted by the strong performance of lamb leg roasting joints.
- Despite pig prices remaining close to record levels, high costs mean that producers remain in a loss-making position. According to AHDB's provisional estimates, the cost of pig production in January was just under 169p per kg. Based on the current level of the DAPP, this means that producers were losing an estimated £7 per pig, equivalent to a weekly loss of over £1 million for the industry as a whole. Losses for 2012 as a whole are estimated at around £60 million. Forward feed quotes suggest that production costs are likely to remain at or above their current level until next summer, at least.

## Category Inflation / Deflation



## ANNUAL CHANGE IN RETAIL MEAT PRICES AND FOOD PRICES AND THE ALL ITEMS RETAIL PRICE INDEX – JANUARY 2013

Source: AHDB

- In January, the food retail price index rose by 4.1% compared to the previous year and marginally compared to the previous month
- Retail prices for pork were 8.9% higher over the 12-month period, recording a larger increase compared to beef, lamb and poultry
- Retail prices for bacon were 3.3% higher over the 12-month period, and up 0.7% on the previous month
- Retail lamb prices in January fell over the 12-month period by 5.3% but were 0.5% up on the previous month. While domestic lamb prices have risen by 3.3% during the past month, imported lamb prices have fallen by 2.5%.

## Retailer Overview

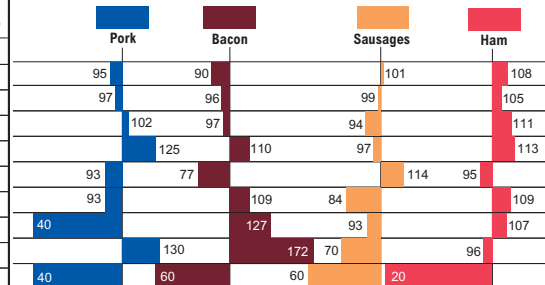
Source: KANTAR Worldpanel

SHARE OF FRESH MARKET VALUE			Pork		Bacon		Sausages		Ham	
52 weeks to 20 Jan 2013			% Value		% Value		% Value		% Value	
Retailers	RST**	MAT*	MAT*	Change	MAT*	Change	MAT*	Change	MAT*	Change
TOTAL MARKET	100	100	100	1.8	100	3.6	100	1.9	100	1.7
Tesco	27.3	26.1	25.9	1.6	24.7	5.6	27.6	-0.8	29.6	1.2
Sainsbury's	15	16.8	14.6	-1.3	14.4	-2.6	14.9	6.8	15.8	0.2
Asda (inc Netto)	14.7	13.3	15	2	14.2	-0.5	13.8	1.9	16.3	1.8
Morrisons	11.1	12.5	13.9	-4.5	12.2	0.6	10.8	-0.9	12.5	0.5
Waitrose	4.3	4.7	4	0.6	3.3	-1.3	4.9	3.6	4.1	2.5
Co-op (inc Somerfield)	5.6	5	5.2	5.9	6.1	0.1	4.7	-15	6.1	2.6
Marks & Spencer	3	2.7	1.2	-10.8	3.8	-8.5	2.8	-0.4	3.2	6.1
Hard Discounters	5	5.6	6.5	32.8	8.6	39.2	3.5	43.3	4.8	19.8
Other Multiples	0.5	0.3	0.2	45	0.3	21.5	0.3	11.3	0.1	-32.9
Butchers	0.6	8	9	-2.6	3.7	-5.6	8.4	-2.8	1.2	-8.7

- The top four multiples account for 69.4% value share for fresh pork - down from 70.9% compared to last year. Notably none of the top four retailers made value share gains over the past year
- The hard discounters continue to make value share gains across red meat categories. With their value share of fresh pork increasing from 5% to 6.5% during the past 12 months
- The top four multiples account for 67.1% of sausage sales and 74.2% of ham sales. Both down slightly due to strong performance of the hard discounters.

## OVER / UNDER-TRADE INDEX vs RST\*\* 52 weeks w/e 20 January 2013 (FRESH)

(index >100 indicates overtrade)



\*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.

- Two of the top four multiples overtrade in fresh pork
- There remains an under-trade in bacon and pork within the largest retailer
- The discounters notably overtrade in bacon and pork but remain behind the market for sausages and ham
- There is a continued overtrade in ham across the top four multiples.

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

# BPEX Quarterly Fresh Pork

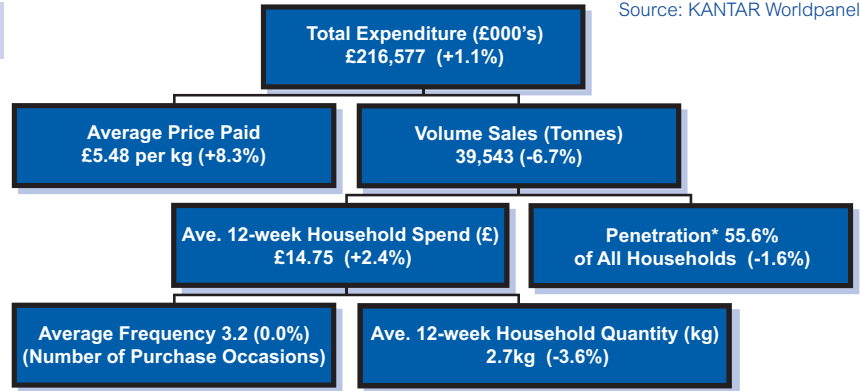


Including data up to 20 January 2013

## Fresh Pork 12 weeks to 20 January 2013

- Volume sales of pork have continued to struggle, impacted by reduced trip volume and household penetration
- The average price per kg rose 42p to £5.48, this price rise was the main driver of increased expenditure
- GB households spent an average of 42p less on fresh pork compared to the same 12-week period last year.

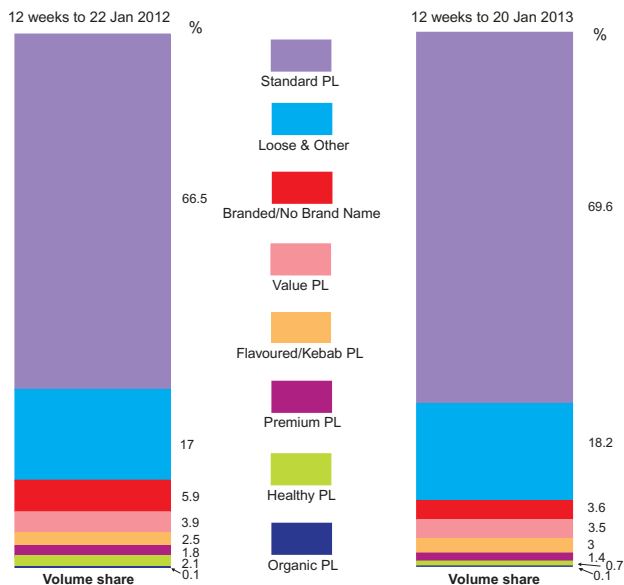
Source: KANTAR Worldpanel



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

## Fresh Pork by Tier

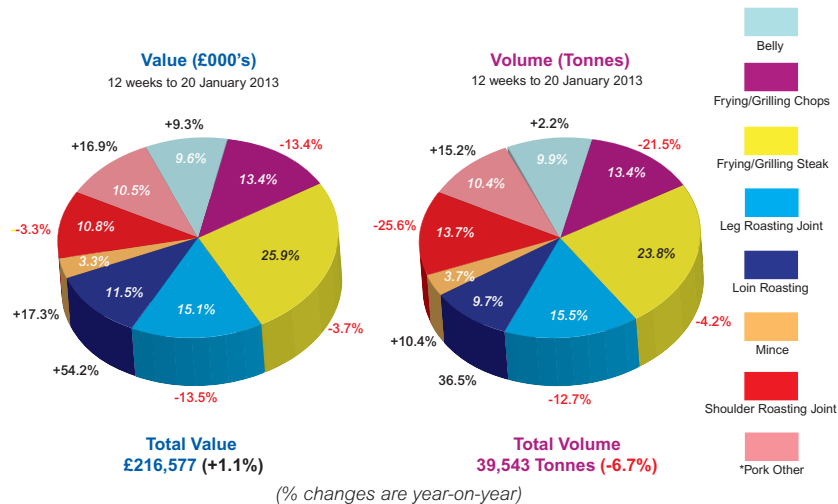
Source: KANTAR Worldpanel



- Standard private label remains the largest fresh pork tier with 69.6% share, this has increased year-on-year
- Premium and value tiers remain smaller segment and both have seen a reduction in volume share
- Healthy PL has seen a drop in volume share, impacted by lower trip volume/frequency.

## Fresh Pork by Cut

Source: KANTAR Worldpanel



- Collectively, steaks/chops and leg roasting remain the majority volume within fresh pork – standing at 52.7%
- Loin roasting remains the only cut with a notable increase in volume (+36.5%). Belly and mince have both seen slight uplifts, with mince from a smaller base
- Volume sales of Belly and Leg have been impacted by reduced HH penetration and shoulder by reduced trip volume
- Despite a rise in average price, chops/steaks recorded dips in volume and value, with a significant drop in HH penetration.

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

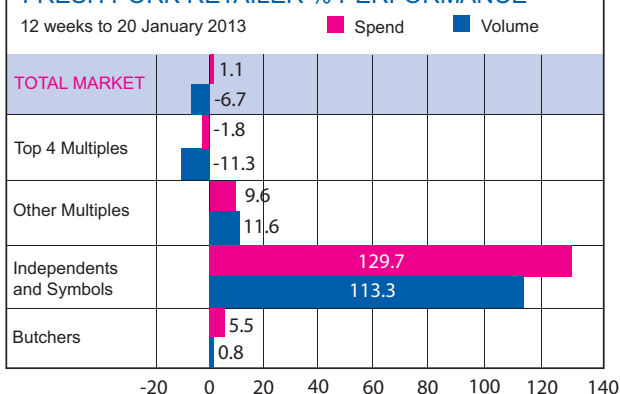
## Retailer Share and Performance

Source: KANTAR Worldpanel

### FRESH PORK – RETAILER % SHARE 12 WEEK

Value %	12 weeks to 22 Jan 2012	12 weeks to 20 Jan 2013	£ % Change
TOTAL MARKET	100	100	1.1
Top 4 Multiples	70.9	68.9	-1.8
Other Multiples	16.9	18.3	9.6
Independents and Symbols	0.2	0.4	129.7
Butchers	9.4	9.8	5.5

### FRESH PORK RETAILER % PERFORMANCE



- Two of the top four retailers recorded declines in fresh pork expenditure compared to last year
- The hard discounters continue to see increases their value share for fresh pork
- Butchers performance in the last 12 weeks has been more positive gaining 0.4% value share compared to last year.

# BPEX Quarterly Bacon & Sausages

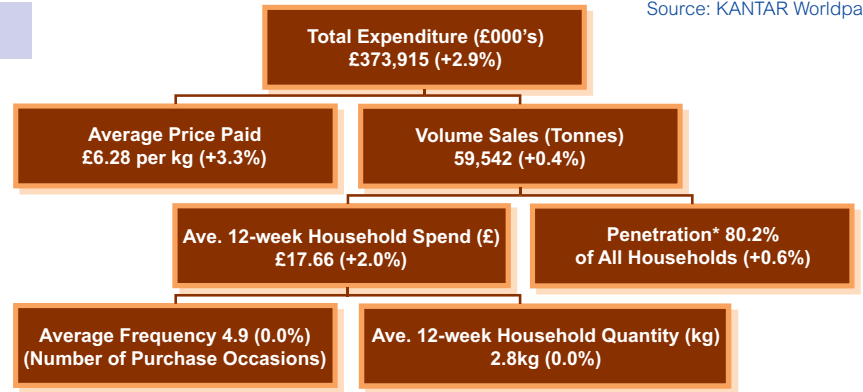


Including data up to 20 January 2013

## Bacon 12 weeks to 20 January 2013

Source: KANTAR Worldpanel

- Overall bacon volumes remained fairly static compared to last year, with expenditure driven more by average price rises
- There was a mixed performance within category, with rashers recording a volume increase of 3.4% and joints down 11.8%
- Average spend per GB household increased slightly to £17.66 compared to last year
- Three out of the top four retailers have seen a reduction in bacon value share
- Similar to other categories, it was hard discounters who recorded the largest increase in value share over the past 12 weeks
- Butchers' value share has reduced when compared year-on-year and also when compared to the previous quarter.

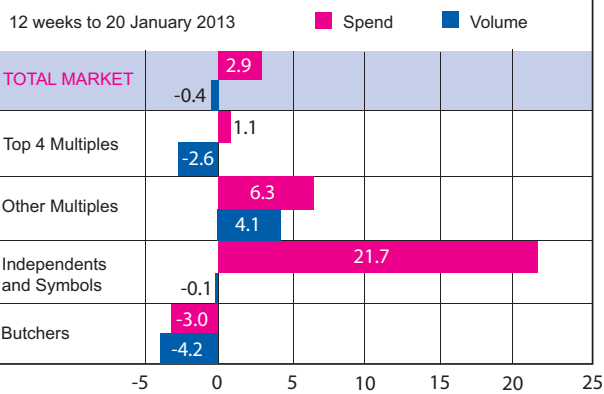


\*Penetration = Number of GB households that bought bacon in latest 12 weeks.  
(% changes are year-on-year)

### BACON – RETAILER % SHARE 12 WEEK

Value %	12 weeks to 22 Jan 2012	12 weeks to 20 Jan 2013	£ % Change
<b>TOTAL MARKET</b>	<b>100</b>	<b>100</b>	<b>2.9</b>
Top 4 Multiples	66.8	65.6	1.1
Other Multiples	26.5	27.4	6.3
Independents and Symbols	0.9	1.1	21.7
Butchers	3.9	3.7	-3.0

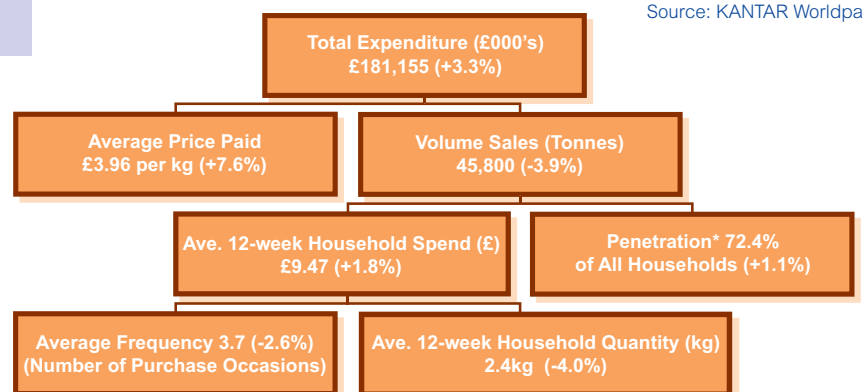
### BACON - RETAILER % PERFORMANCE



## Sausages 12 weeks to 20 January 2013

Source: KANTAR Worldpanel

- Expenditure levels grew compared to last year, however, this was mainly driven by rises in average price, as overall volumes declined
- The promotional mix in sausages changed slightly during 2012, with fewer YforEX deals in the market which will have had a slight impact on trip volume
- Standard tier has seen the most notable volume decline (-8%), with growth either side in premium (+1.2%) and economy (+5.4), both from smaller bases
- Only one retailer in the top four retailers increased their value share of the market compared to last year
- Outside of this, it was the hard discounters who increased value share, however, this was behind the growth seen in pork and bacon
- Butchers recorded a decline in value share, impacted by reduced shopper frequency and trip volume.

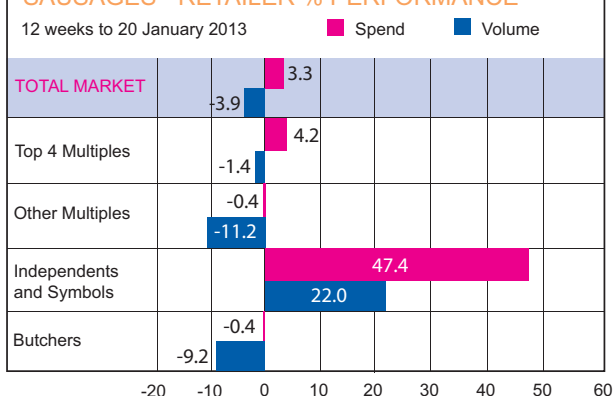


\*Penetration = Number of GB households that bought sausages in latest 12 weeks.  
(% changes are year-on-year)

### SAUSAGES – RETAILER % SHARE 12 WEEK

Value %	12 weeks to 22 Jan 2012	12 weeks to 20 Jan 2013	£ % Change
<b>TOTAL MARKET</b>	<b>100</b>	<b>100</b>	<b>3.3</b>
Top 4 Multiples	66.9	67.5	4.2
Other Multiples	21.3	20.6	-0.4
Independents and Symbols	0.8	1.1	47.4
Butchers	8.7	8.4	-0.4

### SAUSAGES - RETAILER % PERFORMANCE



# BPEX Quarterly Ham

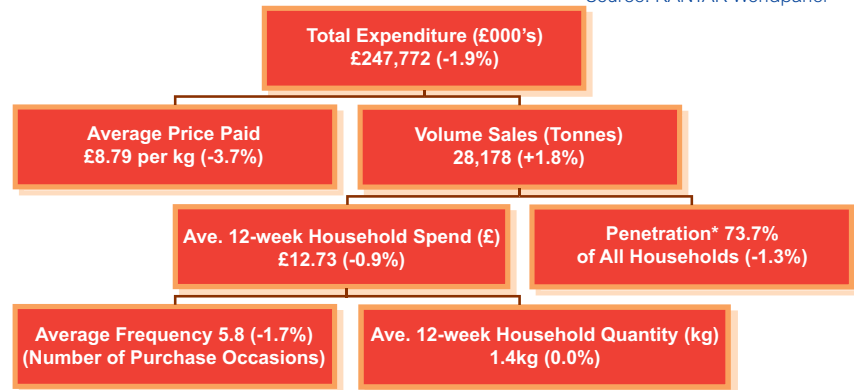


Including data up to 20 January 2013

Source: KANTAR Worldpanel

## Ham 12 weeks to 20 January 2013

- Volume sales of ham increased 1.8% compared to last year, however, reductions in avg price resulted in a dip in expenditure
- In the 12 weeks, growth in pre-packed ham has been driven by existing shoppers buying more rather than switching from other sliced meats
- Looking at the 52-week data – pre-packed ham has made switching gain from pre-packed turkey
- Three of the top four retailers have seen a reduction in value share compared to last year
- However, 74.4% of the ham market is covered within the top four retailers
- Hard discounters now represent a 5% value share of the ham.



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

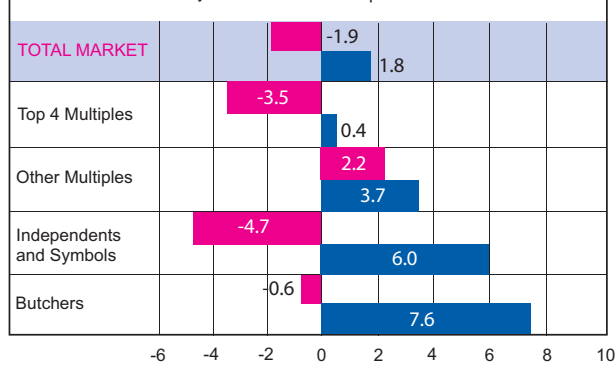
### HAM – RETAILER % SHARE 12 WEEK

Value %	12 weeks to 22 Jan 2012	12 weeks to 20 Jan 2013	£ % Change
<b>TOTAL MARKET</b>	<b>100</b>	<b>100</b>	<b>-1.9</b>
Top 4 Multiples	75.7	74.4	-3.5
Other Multiples	21.2	22.1	2.2
Independents and Symbols	0.8	0.8	-4.7
Butchers	1.2	1.2	-0.6

### HAM - RETAILER % PERFORMANCE

12 weeks to 20 January 2013

■ Spend ■ Volume



## Red Tractor Campaign has got off to a great start

- The Red Tractor 'Give a Fork about your Pork' campaign commenced January 13
- The campaign was kicked off with a series of online videos presented by Jimmy Doherty. The three films were hosted on a dedicated Channel 4 microsite as well as Lovepork, YouTube and Facebook pages. They conveyed the story of Red Tractor Pork production, outlining the schemes core values, such as full chain assurance, responsible farming and stringent production standards
- Consumer engagement has involved a competition hosted on the Lovepork facebook page, which has recorded over 4,000 entries from nearly 9,000 unique users. The Lovepork facebook page now has over 82,000 fans
- Jimmy Doherty took part in a series of 16 regional radio interviews which aired during February, reaching a total of 4.6 million listeners
- Additional coverage will be gained from a group of lifestyle bloggers that recently took part in a lunch and butchery event held with Jimmy to find out more about the campaign
- The next activity will include Jimmy looking for 'hambassadors' who will help support the campaign.



## Contacts

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 BPEX is a division of the Agriculture and Horticulture Development Board

