

BPEX Quarterly Category Report

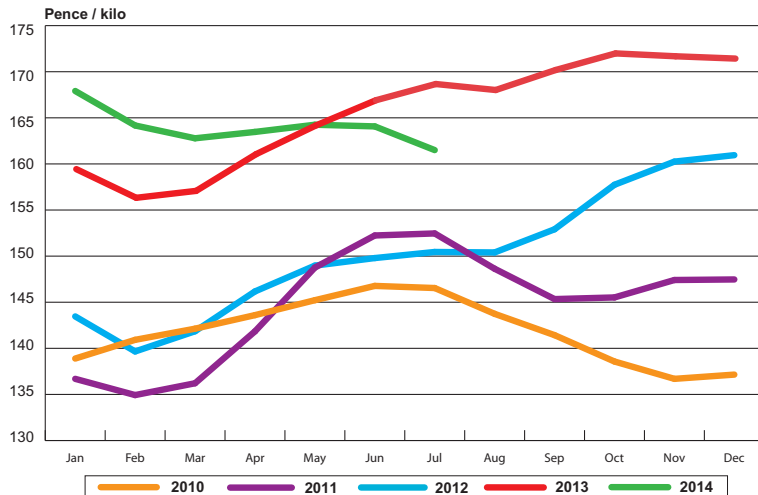
BPEX

Including data up to 20 July 2014

DAPP to EU Specification

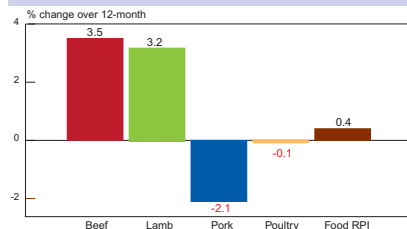
Source: BPEX/AHDB

(DAPP = Deadweight Average Pig Price)



- GB finished pig prices have been under pressure this spring, with the normal seasonal rise in prices less apparent than normal and finishing earlier. Prices peaked in late May at just under 165p/kg, when they were close to their level last year. Since then, they have fallen back and, by early August, had dropped below 160p/kg for the first time since April 2013. The number of pigs being finished has been slightly higher this year, following a mild winter, and this has been met by subdued consumer demand. Lower EU prices, partly due to the stronger pound, have also meant somewhat higher pig meat imports
- EU pig prices have been suppressed by Russia's ban on EU pork imports, despite quickly recovering from their initial fall. They have remained below year earlier levels, despite tighter pig supplies. Nevertheless, strong demand from other export markets, particularly in Asia, has

Category Inflation / Deflation



- The food retail price index for June rose by 0.4% compared to the previous year and by just 0.2% compared with the previous month. Compared to last year, food price inflation has been less than 2% since January and even turned negative in May
- Retail prices for pork were 2.1% lower over the 12-month period and almost 3% lower compared with May
- Retail prices for bacon were more than 2% down over the 12-month period but slightly higher than retail prices recorded during May
- The retail price indices for beef and lamb both increased by more than 3% over the 12-month period. The retail price index for domestically-produced lamb was more than 5% higher over the year. Retail prices for poultry during June showed little change compared with a year earlier.

Retailer Overview

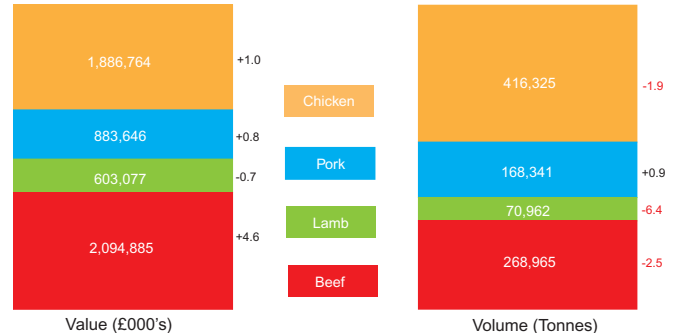
SHARE OF FRESH MARKET VALUE		Total Fresh Meat and Poultry		Pork		Bacon		Sausages		Ham	
52 weeks to 20 July 2014				% Value		% Value		% Value		% Value	
Retailers	RST**	MAT*	MAT*	Change	MAT*	Change	MAT*	Change	MAT*	Change	
TOTAL MARKET	100	100	100	0.8	100	-1.0	100	5.2	100	3.7	
Tesco	26.3	23.7	24.9	0.1	23.9	-5.5	26.5	2.6	27.1	-2.3	
Sainsbury's	15	16.8	15.1	-0.1	14.8	-2.6	14.6	3.2	15.5	2.1	
Asda	14.5	13.4	14.2	-2.3	14.8	-0.9	13.3	0.4	16.4	3.4	
Morrisons	10.6	12	14.2	-1.2	11.5	-7.9	10.5	3.9	12.6	2.7	
Waitrose	4.6	4.9	3.4	-10.1	3.9	10.2	5	9.3	4.7	12.7	
The Co-operative	5.3	4.1	4.1	-16.2	5.6	-8.2	4.5	6.4	5.8	4	
Marks & Spencer	3.1	2.5	0.7	-29.6	4.2	3.5	3	11.5	3.5	9.2	
Hard Discounters	6.5	8.4	9.3	44.8	9.4	24.1	4.8	40.4	6.9	37.7	
Other Multiples	0.5	0.4	0.2	-13.2	0.3	-16.4	0.3	3.8	0.1	16.4	
Butchers	0.6	8.4	8.7	-5.7	3.7	-8.8	8.3	1.1	1	-3.4	

- For total meat sales, the top four retailers have seen falling share of the market in value terms, down to 65.9% of total market expenditure from 68.3% last year
- Three of the top four retailers saw a fall in market expenditure on fresh pork sales compared with last year. The top four account for 68.4% value share for fresh pork; down from 69.3% last year
- The hard discounters continue to grow in market share, accounting for 9.3% of market expenditure on fresh pork; up from 6.5% last year. The hard discounters have seen the most significant sales growth of all retailers, recording an increase in spend on fresh pork of 44.8% on last year
- Sausage sales grew by 5.2%, with the top four multiples accounting for 64.9% of sales. None of the top four retailers, however, grew ahead of the market. The hard discounters, with 4.8% of market share for sausages, recorded a 40.4% increase in sales compared with last year.

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

FRESH MEAT 52 WEEKS TO 20 JULY 2014

Source: KANTAR Worldpanel



- For the 52-week period, there was a fall in the amount of fresh beef, lamb and poultry bought compared with a year earlier. Sales of fresh pork recorded a small increase in volume purchases, up less than 1% on the year. 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, fresh meat sales have also been affected by households switching to frozen chicken
- Despite the fall in volume sales, household spending on fresh chicken and beef increased on the year. Fresh beef recorded the largest increase in household spending, largely as a result of price inflation. Lamb was the only fresh meat category to show a fall in expenditure on the year, largely due to falling purchases of leg joints. Household spending on fresh pork was only marginally higher than year earlier levels.

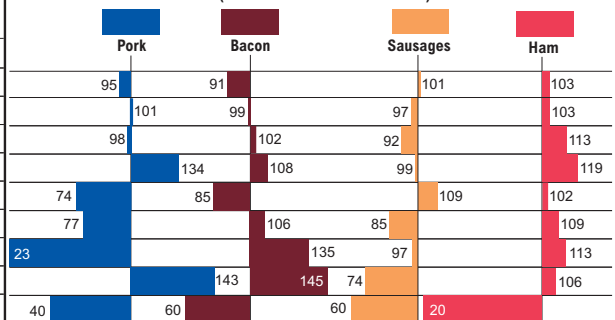
helped ensure that prices remain firm by historic standards. By the early summer, prices were close to last year's levels, peaking at around €1.75/kg in late June. However, unlike the last two years, prices then fell as the holiday season began, hitting demand, and by early August were 20 cents lower than a year before at around €1.65/kg (130p/kg).

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

Source: AHDB/ONS

OVER/UNDERTRADE INDEX vs RST** 52 weeks w/e 20 July 2014 (FRESH)

(index >100 indicates overtrade)



- The hard discounters trade more than their overall share of the grocery market in pork and bacon
- All of the top four multiples overtrade in ham, while the hard discounters trade less than their relative share of the overall grocery market
- Three of the top four multiples trade less than their relative share of the overall grocery market 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

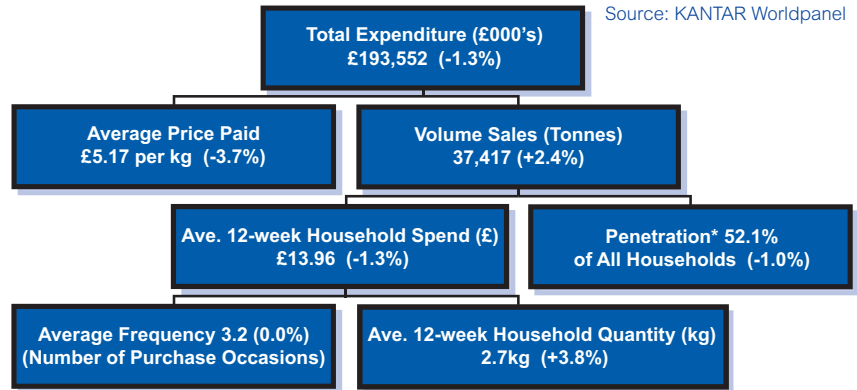


Including data up to 20 July 2014

Fresh Pork 12 weeks to 20 July 2014

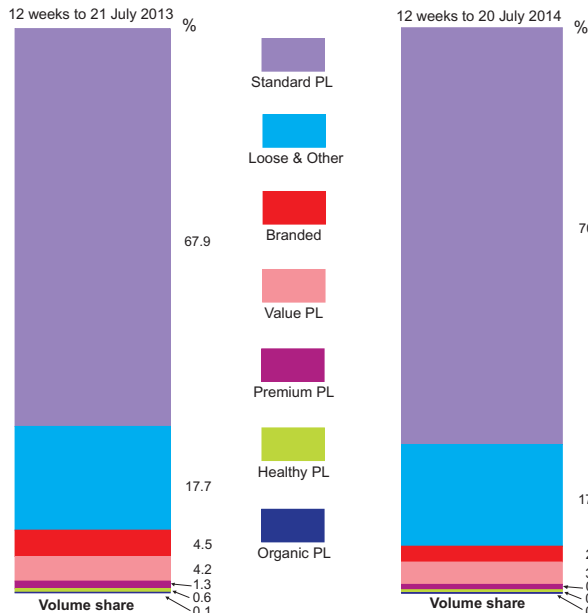
- For the 12-week period, expenditure on fresh pork fell by 1.3%, despite a 2.4% increase in volume sales. The average price per kg was 3.7% down on last year
- In comparison, the average price of beef was 2.4% up on last year. The average price of lamb was 9% higher year-on-year, largely due to limited supplies of cheaper New Zealand product
- There was a drop in the number of households buying pork (-1.0%) compared with last year. The number of households buying lamb fell by 11.0%, while those buying beef increased by 1.7%
- Sales of fresh pork have been supported by consumers switching from fresh lamb, but have also been affected by shoppers moving away from pork in favour of fresh beef and chicken.

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



Fresh Pork by Tier

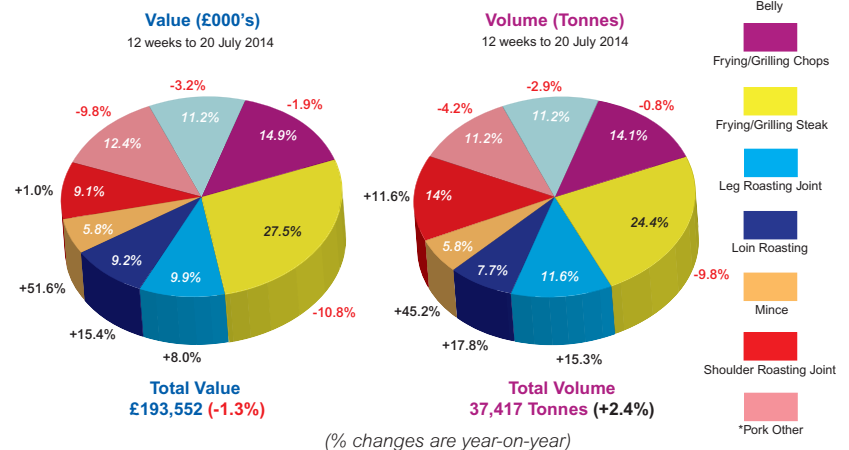
Source: KANTAR Worldpanel



- Standard Private Label (PL) represents 70.9% share of pork volume, up from 67.9% last year. This has been driven by the increase the amount of standard-tier roasting joints and pork mince bought in the 52-week period, compensating for lower volume sales of pork chops/steaks and pork belly
- The Value tier's share of pork volume sales fell to 3.8% while Premium PL fell to 0.9% of market share. The fall in both the Value and Premium tiers have been led by lower sales of roasting joints and pork chops/steak in these categories.

Fresh Pork by Cut

Source: KANTAR Worldpanel



- All pork roasting joints recorded an increase in volume sales over the 12-week period of more than 10% compared with last year. The amount of mince bought increased by over 45% on the year, albeit from a relatively small base
- Pork steaks recorded the largest fall in volume sales, down almost 10% on last year. The amount of marinated pork products bought fell by 3.7%
- Household expenditure on roasting joints also increased on last year, but by a lesser degree than the relative increase in volume sales. This was due to an increase in the amount of roasting joints bought on promotion, resulting in a drop in the average price
- Overall, there was an increase in the amount of pork bought on promotion from three of the top four retailers, as well as an increase in the amount of pork bought from the hard discounters. This resulted in a fall in the average price and a fall in the total amount spent on fresh pork over the period compared with last year.

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

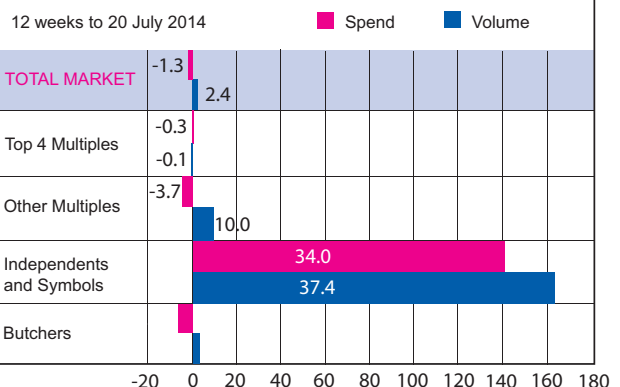
Retailer Share and Performance

Source: KANTAR Worldpanel

FRESH PORK – RETAILER % SHARE 12 WEEK

Value %	12 weeks to 21 July 2013	12 weeks to 20 July 2014	£ % Change
TOTAL MARKET	100	100	-1.3
Top 4 Multiples	67.7	68.4	-0.3
Other Multiples	20.1	19.6	-3.7
Independents and Symbols	0.3	0.8	140.7
Butchers	8.8	8.4	-5.9

FRESH PORK RETAILER % PERFORMANCE



- For the 12-week period, two of the top four retailers recorded an increase in expenditure on fresh pork compared to last year.
- The hard discounters recorded growth in household expenditure of 41.3%. The hard discounters now account for 10.7% of the market, up from 7.5% last year.
- There was a 2.9% increase in the amount of pork bought from butchers, despite a 5.9% fall in spending and a 6.8% fall in the number of households buying fresh pork from butchers' shops.

BPEX Quarterly Bacon & Sausages

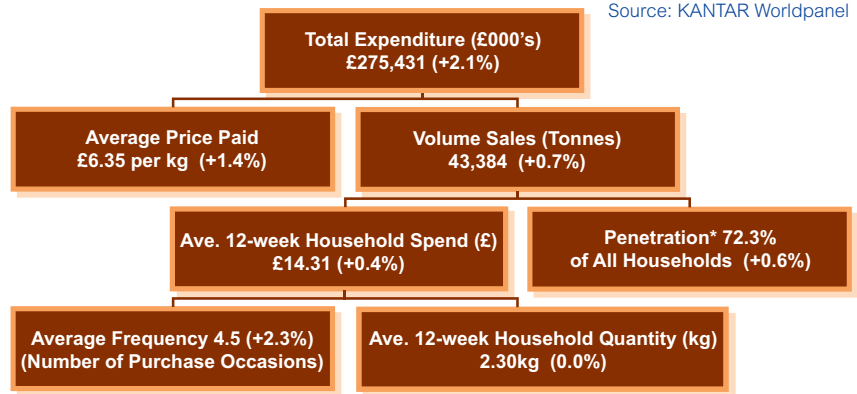


Including data up to 20 July 2014

Bacon 12 weeks to 20 July 2014

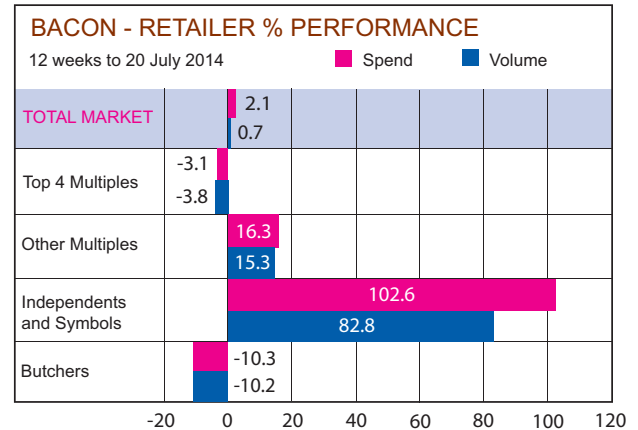
- The amount of bacon bought increased by 0.7% for the 12-week period compared with last year, while household expenditure increased by 2.1%. This was driven by a 1.4% increase in the average price of bacon
- Two of the top four retailers recorded a fall in the amount spent on bacon over the 12-week period compared with last year
- Only one of the top four retailers recorded above market growth
- The hard discounters saw value sales of bacon increase by 33.9%. The hard discounters now account for 10.5% of the market, up from 8.0% last year
- Year-on-year, both volume and value sales of bacon bought from butchers fell by more than 10%. Butchers account for 3.6% of the value market share, down from 4.1% last year.

Source: KANTAR Worldpanel



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

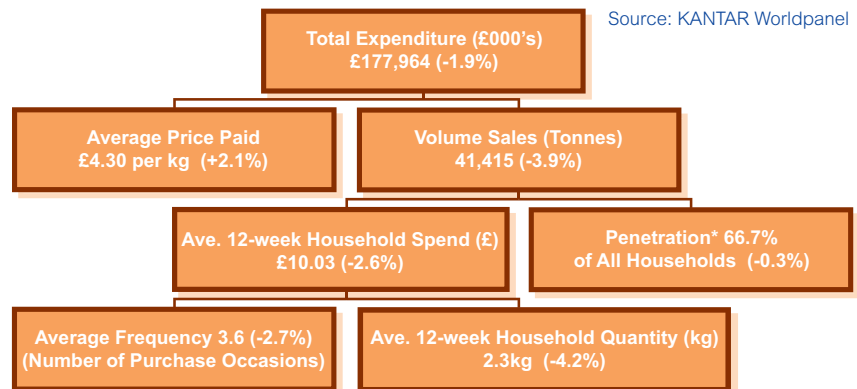
BACON – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 21 July 2013	12 weeks to 20 July 2014	£ % Change
TOTAL MARKET	100	100	2.1
Top 4 Multiples	68	64.5	-3.1
Other Multiples	23.8	27.1	16.3
Independents and Symbols	0.7	1.4	102.6
Butchers	4.1	3.6	-10.3



Sausages 12 weeks to 20 July 2014

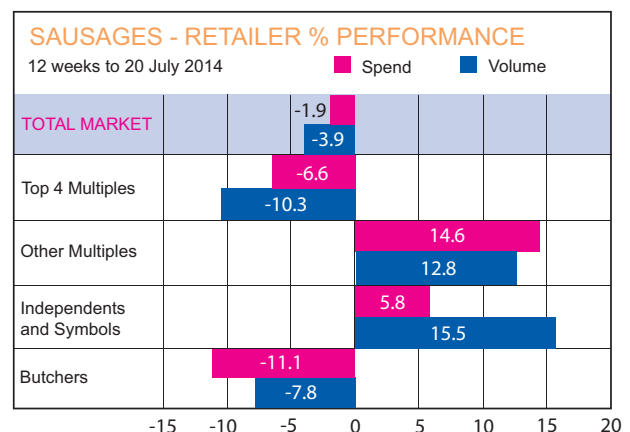
- Despite a 3.9% fall in the amount of sausages bought, total spending increased by 1.9% year-on-year, driven by a 2.1% increase in the average price
- The amount of Premium sausages bought fell by 13.7%, while household expenditure fell by 8.2%
- The quantity of Economy range sausages bought over the 12-week period fell by 5.5% year-on-year, while household spending increased by 5.2%, driven by an 11.4% increase in the average price
- Volume sales of Standard range sausages increased by 3%, while value sales increased by 2.6% on last year
- All of the top four retailers recorded a fall in household spending on sausages for the 12-week period. Three of the top four retailers saw value sales fall by more than the market average
- The hard discounters saw growth of 43.8% in value sales. The hard discounters now account for 5.7% of the market value share, up from 3.9% last year
- Consumers spent 11.1% less money on sausages bought from butchers than they did last year. This resulted in a fall in the market share held by butchers to 7.7%, down from 8.5% 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 21 July 2013	12 weeks to 20 July 2014	£ % Change
TOTAL MARKET	100	100	-1.9
Top 4 Multiples	66.8	63.6	-6.6
Other Multiples	20.2	23.6	14.6
Independents and Symbols	1	1.1	5.8
Butchers	8.5	7.7	-11.1



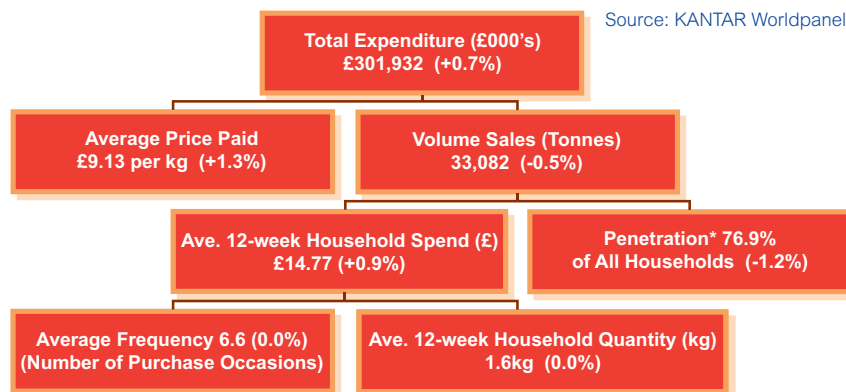
BPEX Quarterly Ham



Including data up to 20 July 2014

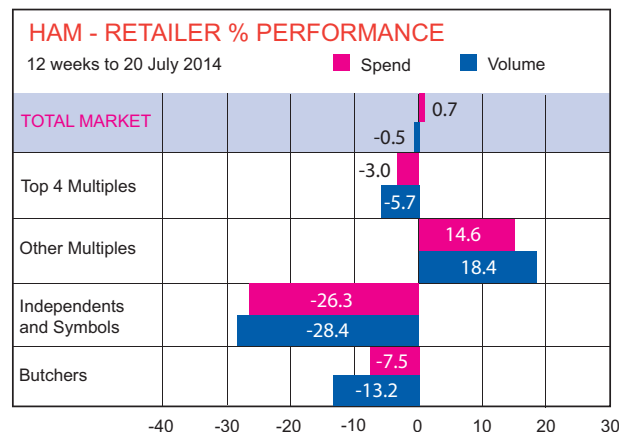
Ham 12 weeks to 20 July 2014

- Household expenditure on ham increased marginally for the 12-week period, while the amount bought fell slightly. This was due to a 1.3% increase in the average price of ham, partly as a result of a fall in the amount of ham bought on promotion
- Consumers have switched away from both loose and pre-packed ham in favour of pre-packed continental meat and pre-packed beef
- Although market expenditure on ham increased marginally on the year, none of the top four retailers recorded growth. This resulted in a fall in the relative market shares for each of the top four retailers
- The hard discounters recorded the highest growth in value sales, up 34.8% compared with the previous year, resulting in an increase in their value market share, to 7.6%
- Butchers saw both a fall in volume and value sales over the year. Butchers account for less than 1% of the value share of the market.



*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 21 July 2013	12 weeks to 20 July 2014	£ % Change
TOTAL MARKET	100	100	0.7
Top 4 Multiples	73.2	70.4	-3.0
Other Multiples	22.6	25.7	14.6
Independents and Symbols	0.8	0.6	-26.3
Butchers	1	0.9	-7.5



Putting pulled pork on the menu

BPEX is embarking on a major new marketing campaign to rejuvenate the image of fresh pork with under 50s shoppers. We believe that the dish than can kick-start this rejuvenation is pulled pork.

Pulled pork has never been more popular or fashionable and our research has shown consumers are keen to know more about pulled pork and how to cook it at home.

The pulled pork campaign, due to launch in early 2015 will aim to:

- Change perceptions of pork
- Sell more pork shoulder via a strong call to action to try pulled pork at home
- Pave the way for increased use of other pork cuts.

Activity will include:

- Heavyweight above the line advertising
- A creative PR campaign, led by high profile lovers of pulled pork
- Digital/social media activity.



Contacts

Jane Chapman • Business Sector Manager 07810 658741
Simon Brookes • Business Sector Manager 07748 110959
BPEX • Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL
Websites: www.bpex.org.uk • www.lovepork.co.uk
BPEX is a division of the Agriculture and Horticulture Development Board

