

BPEX Quarterly Category Report

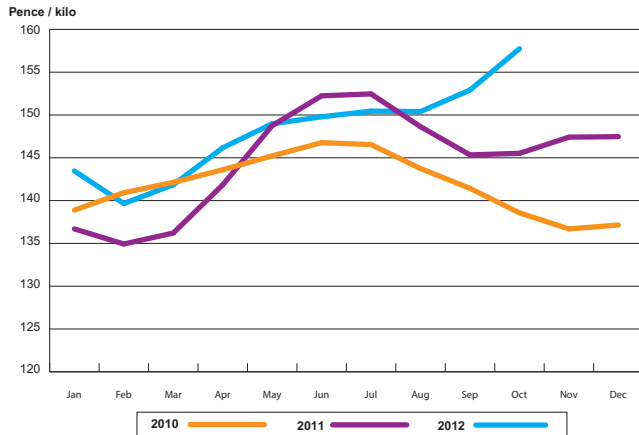
BPEX

Including data up to 28 October 2012

DAPP to EU Specification

Source: BPEX/AHDB

(DAPP = Deadweight Average Pig Price)

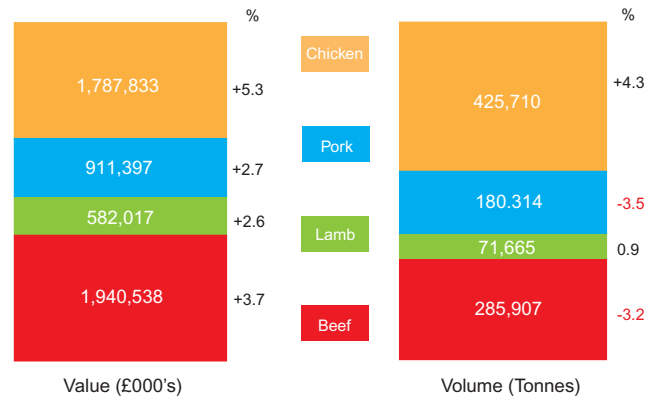


- Following an unusually long period of stability between May and August, GB pig prices began to move upwards against the normal seasonal trend. This was in response to high EU prices caused by supply shortages during August and September. By October, the DAPP had reached a new record level, with the monthly average hitting 157.74p per kg, nearly 5p up on the September average and more than 12p higher than last October. Despite some easing of EU prices, the GB price was still on an upward trend in early November
- Despite higher pig prices, pig producers are still in a loss-making position according to AHDB/BPEX estimates of the full cost of production. Feed prices remain high as a result of poor harvests in several global regions, notably the US. Although soya prices have eased a little on encouraging news from South America, feed wheat prices remain at record levels. The latest provisional estimate for the cost of production in October was over 167p per kg, meaning an average loss of around £7 per pig, although this is only around half the losses being recorded over the summer

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

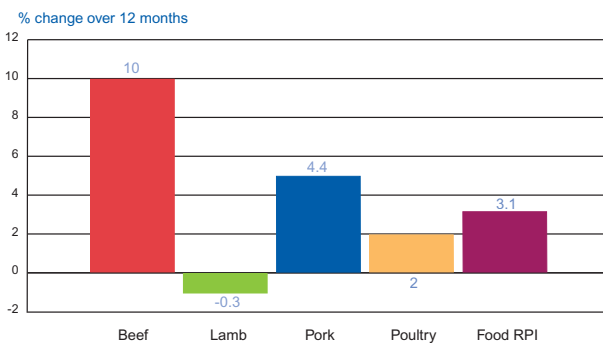
FRESH MEAT 52 WEEKS TO 28 OCTOBER 2012

Source: KANTAR Worldpanel



- Pork and Beef have both recorded volume declines compared to last year. Lamb has seen volume growth over the 52-week period
- Chicken has recorded strong volume and value growth over the past year.
- The average EU pig reference price began to rise sharply at the start of August, about a month before the GB price, in response to a marked tightening of supplies. By late August, the EU average had passed the UK reference price and remained above it for seven weeks, an unusually long period. The monthly average for September was over €190 per 100kg, a level only previously seen during the 2001 FMD outbreak. The EU price dropped back below the UK in mid-October and by early November had fallen below €183, although this was still €25 higher than a year earlier.

Category Inflation / Deflation



ANNUAL CHANGE IN RETAIL MEAT PRICES AND FOOD PRICES AND THE ALL ITEMS RETAIL PRICE INDEX – OCTOBER 2012

Source: AHDB

- In October, the food retail prices index rose by 3.1% compared to the previous year, in September it was just 1.9%
- Retail lamb prices in October fell marginally over the 12-month period and were 2.3% up on the previous month
- Retail prices for pork were 4.4% higher over the 12-month period but 1.0% down on the previous month
- Beef prices were 10.0% higher over the 12-month period and 0.6% higher on the previous month.

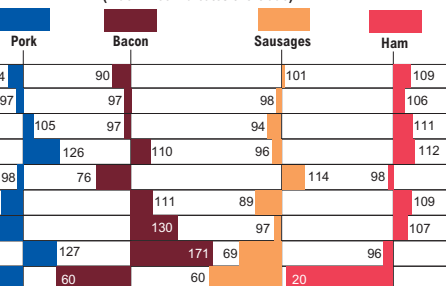
Retailer Overview

Source: KANTAR Worldpanel

SHARE OF FRESH MARKET VALUE		Pork		Bacon		Sausages		Ham	
52 weeks to 28 Oct 2012	RST**	MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change	MAT*	% Value Change
TOTAL MARKET	100	100		100		100		100	
Tesco	27.2	26.1	-0.1	24.5	4.4	27.6	-2.3	29.7	2.9
Sainsbury's	15	16.8	-2.6	14.5	-2.3	14.7	5	15.9	4.1
Asda (inc Netto)	14.7	13.5	1.2	14.3	0.3	13.8	3.7	16.3	5.2
Morrisons	11.3	12.7	-1.4	12.4	0.4	10.8	-1.1	12.6	5
Waitrose	4.2	4.7	-0.5	3.2	-0.6	4.8	1.9	4.1	2.8
Co-op (inc Somerfield)	5.6	5.1	0.5	6.2	-2.3	5	-11.6	6.1	-0.4
Marks & Spencer	3	2.6	0.4	3.9	-7.3	2.9	3.6	3.2	11
Hard Discounters	4.8	5.4	-0.6	8.2	34	3.3	44.1	4.6	19.3
Other Multiples	0.5	0.3	0.2	87.9	0.3	16.1	0.3	5.5	0.1
Butchers	0.6	8	-7.4	3.8	-5.1	8.5	-2.3	1.2	-12.2

- The top 4 multiples account for 69.9% value share for fresh pork – down from 71.4% compared to last year
- The hard discounters continue to gain value share across pork products. In particular, their value share of fresh pork increased from 4.6% to 6.1%
- The top 4 multiples account for 66.9% of sausage sales and 74.5% of ham sales.

OVER / UNDER-TRADE INDEX vs RST** 52 weeks w/e 28 October 2012 (FRESH)



*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
 - The leading retailer under-trades in bacon and pork
 - Discounters continue to overtrade in bacon and pork, but are under-trading in sausages and ham
 - Ham overtrades within all of the top four multiples.
- Top four multiples = Tesco, Sainsbury's, Asda and Morrisons

BPEX Quarterly Fresh Pork

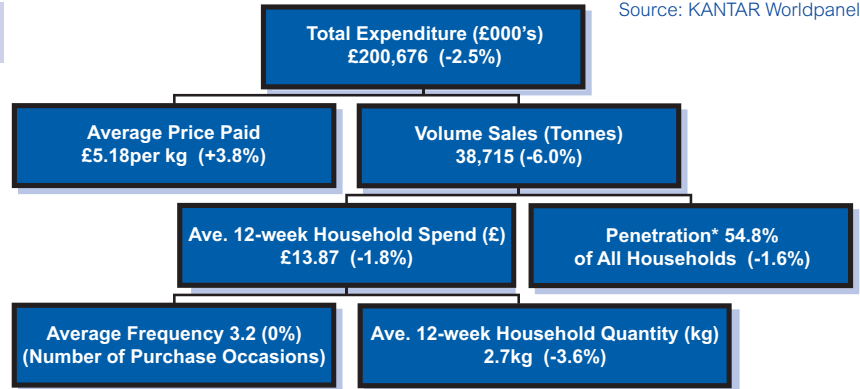


Including data up to 28 October 2012

Fresh Pork 12 weeks to 28 October 2012

- There has been a notable decline in volume sales over the past 12-week period, expenditure remained down despite average price rise
- 12-week average price per kg increased 19p to £5.18 per kg
- GB households spent on average 25p less on fresh pork compared to the same 12-week period last year.

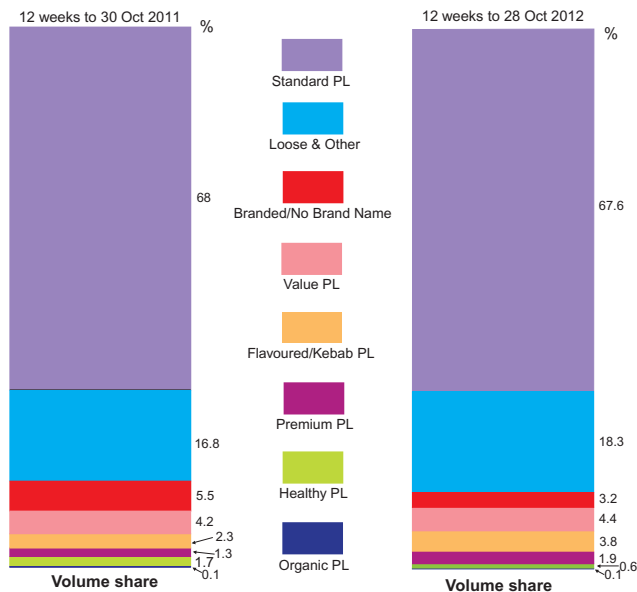
Source: KANTAR Worldpanel



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

Fresh Pork by Tier

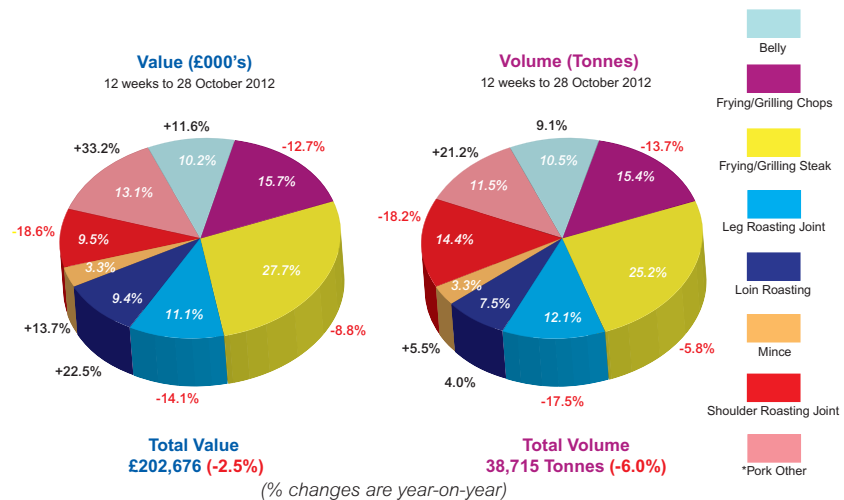
Source: KANTAR Worldpanel



- Majority of pork remains in standard PL tier, representing 67.6% share, down 0.4%. Tiers either side are seeing share growth
- Loose fresh pork has gained 1.5% volume share compared to last year. Flavoured/Kebab PL have also gained share, driven by growth of marinades
- Healthy PL and Standard PL have both lost share.

Fresh Pork by Cut

Source: KANTAR Worldpanel



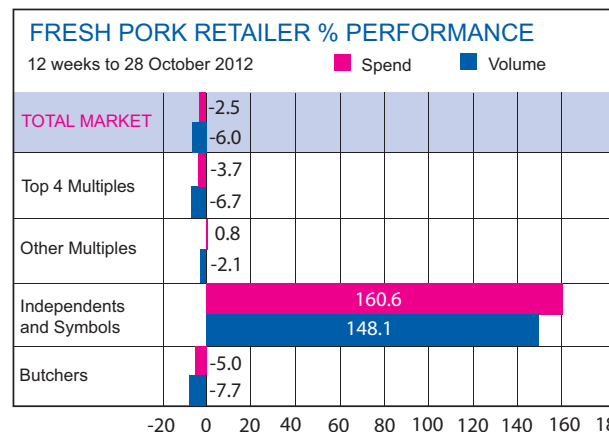
- Steaks/chops and leg roasting retain the majority share, accounting for 52.7% volume share – however, this is down from 55.7% last year
- Belly, loin and mince have all recorded volume growth in the latest 12-week period
- Overall, expenditure declined 2.5%, driven by reduced expenditure for shoulder, chops and steaks.

*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 30 Oct 2011	12 weeks to 28 Oct 2012	£ % Change
TOTAL MARKET	100	100	-2.5
Top 4 Multiples	70.2	69.4	-3.7
Other Multiples	17.8	18.4	0.8
Independents and Symbols	0.2	0.5	160.6
Butchers	9.4	9.2	-5



- Three of the top four retailers recorded declines in fresh pork expenditure compared to last year
- The hard discounters have seen a notable increase in value share for fresh pork – now accounting for 6.3% value share
- Butchers' pork value share has dipped slightly from last year.

BPEX Quarterly Bacon & Sausages

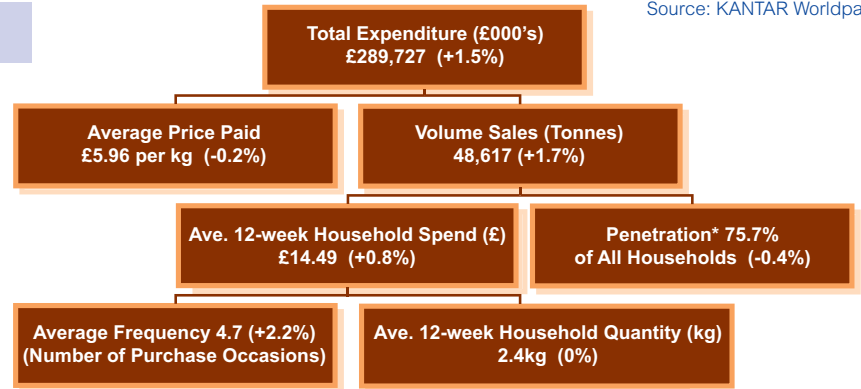


Including data up to 28 October 2012

Bacon 12 weeks to 28 October 2012

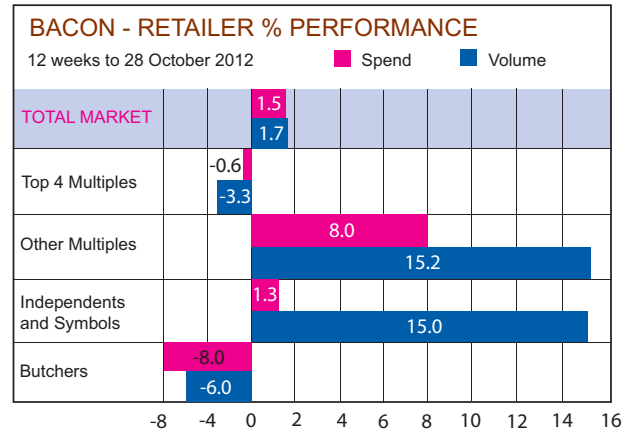
Source: KANTAR Worldpanel

- Bacon recorded positive volume and value growth compared to the same 12-week period last year
- The average price per kg remains fairly static at £5.96
- Average spend per GB Household increased slightly to £14.49 compared to last year, but is lower than July's update
- 2 out of the top 4 retailers have seen dips in their bacon value share
- Discounters recorded the largest increase in value share over the past 12 weeks (+2.1%)
- Butchers currently have a 3.8% share, down from last year.



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

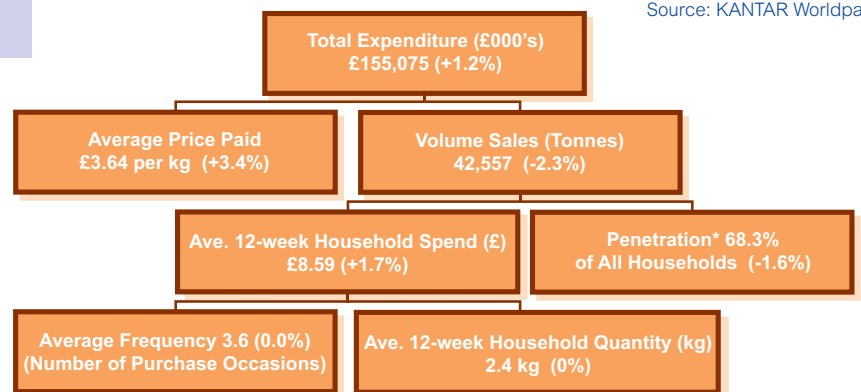
BACON – RETAILER % SHARE 12 WEEK			
Value %	12 weeks to 10 Jul 2011	12 weeks to 8 Jul 2012	£ % Change
TOTAL MARKET	100	100	1.5
Top 4 Multiples	66.9	65.5	-0.6
Other Multiples	25.9	27.6	8.0
Independents and Symbols	1	1	1.3
Butchers	4.2	3.8	-8.0



Sausages 12 weeks to 28 October 2012

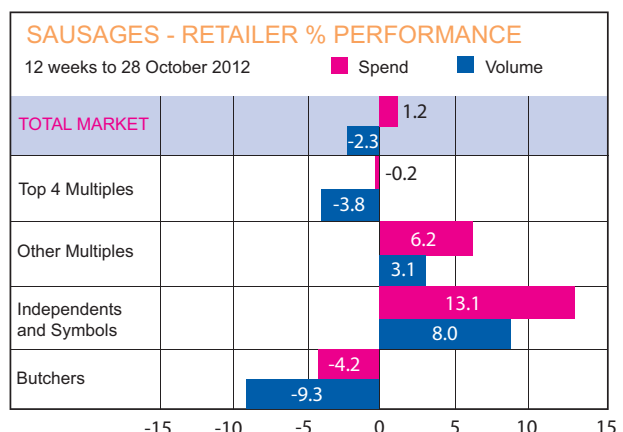
Source: KANTAR Worldpanel

- Volume sales of sausages declined 2.3%, the increased expenditure was mainly driven by the rise in average price
- Premium and standard tiers have seen declines in volume purchases, while economy is showing growth (from a smaller base)
- Compared to last year the average price per kg increased by 12p to £3.64 per kg
- Two of the top four retailers recorded increased expenditure for sausages
- Butchers recorded a decline in expenditure and market share
- Discounters have seen strong growth in expenditure and market share gains.



*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 30 Oct 2011	12 weeks to 28 Oct 2012	£ % Change
TOTAL MARKET	100	100	1.2
Top 4 Multiples	67.3	66.4	-0.2
Other Multiples	20.1	21	6.2
Independents and Symbols	1.1	1.2	13.1
Butchers	9.4	8.9	-4.2



BPEX Quarterly Ham

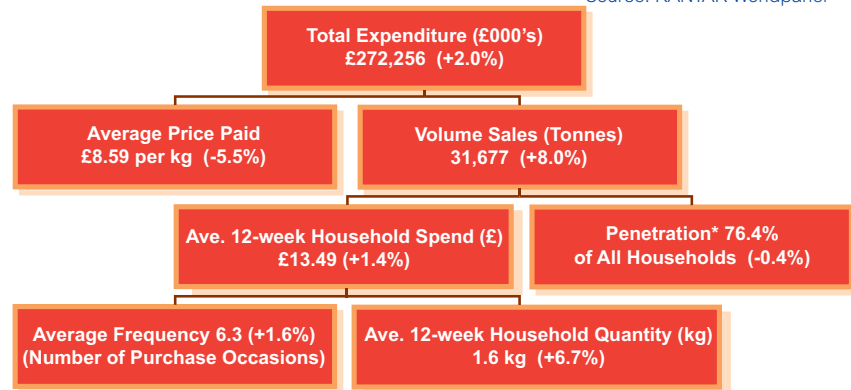


Including data up to 28 October 2012

Source: KANTAR Worldpanel

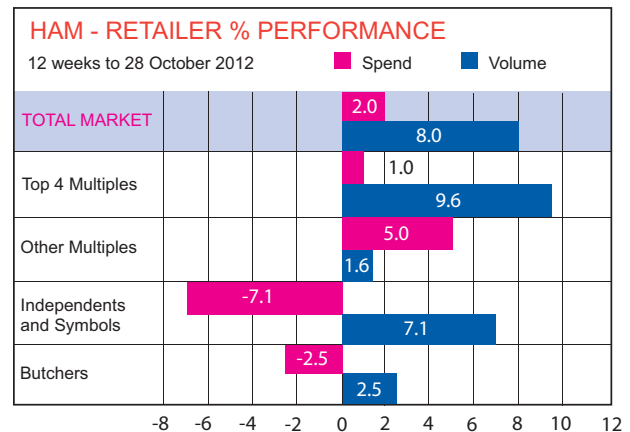
Ham 12 weeks to 28 October 2012

- Ham recorded strong volume growth of 8% YOY – expenditure is slightly behind this due to a reduction in average price per kg
- The average price reduced by 50p and now stands at £8.59 per kg
- Volume uplift in ham has been driven mainly by existing ham shoppers purchasing more compared to last year
- Two of the top four retailers increased expenditure on ham in the latest 12 weeks
- Discounters continue to gain value share, attracting a larger share of GB households compared to last year
- Butchers have held market share compared to last year.



*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 30 Oct 2011	12 weeks to 28 Oct 2012	£ % Change
TOTAL MARKET	100	100	2
Top 4 Multiples	74.4	73.6	1
Other Multiples	22.4	23.1	5
Independents and Symbols	0.8	0.8	-7.1
Butchers	1.2	1.2	-2.5



‘Thanks for sticking with us’ Campaign



- A new BPEX campaign launched on Wednesday 24 October in central London, bacon sarnies were given out by producers to London businesses supported by Phil Vickery, Celebrity Master Chef winner and ex-rugby player
- Phil Vickery gave regional radio interviews talking about the issues facing pig farmers and building up the momentum for The Tour. Twitter and Facebook also played a huge part in the promotion of the campaign
- The regional Tour commenced on 12 November visiting 18 towns around the country, commencing in Hull and Leeds and ending with Southampton and Oxford on 22 November, the tour was promoted by social media with local businesses invited to request bacon or sausage sandwiches via the Lovepork Facebook Tour app
- A further burst of activity promoting the Red Tractor Pork scheme will take place at the beginning of 2013. Jimmy Doherty will be used as our campaign spokesperson – more details to follow shortly.

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 BPEX is a division of the Agriculture and Horticulture Development Board

