Meat, Fish & Poultry MARKET UPDATE

No deal! Promotion changes hold back category growth

In the latest figures from Kantar Worldpanel for the 12 weeks ending 16 July 2017, primary Meat, Fish and Poultry (MFP) all see volume losses despite the great weather in late June. None of the primary meat or poultry categories are seeing volume growth, with the long term growth of chicken stunted in the latest period.

Nathan Ward, Business Unit Director for MFP explains: "These are tough times for primary meat and poultry, with shoppers making 3.5 million fewer trips to the category compared with last year. In previous updates, the push of inflation was offset by promotional pull, but as we see the power of promotions wane, all primary markets have moved into volume decline. The big change we've seen is promotional volumes falling 42% on last year as both price cuts and meal deals become less prevalent. Roasts are a big factor behind volume decline across all of the markets, with roasting joints and whole birds (and crowns) all performing behind the market. Chicken has been a long term success story but previous volume growth has turned into slight decline this period, driven by promotional changes and the poor performance of roasts. Chicken is no different to primary meat, seeing promotional volumes down 41%, with straight price cuts impacting the volume of sales on promotion. The important growth sectors, breast and legs, continue to see volume growth, but this is no longer offsetting losses from roasting products."

Ward continues "Red meats are even more reliant on roasting joints and are seeing the strongest volume declines, with lamb attracting 360,000 fewer shoppers this year and pork 154,000 fewer. Mince and steak have been the long term areas of strength for beef, but both are seeing fewer shoppers and significantly less trips compared to last year. Promotions for both cuts are down, with steak seeing volumes on promotion reduce by a third, prompting price rises of 22p per kilo. Mince continues to see promotional decline to a lesser extent, but experiences a higher increase in prices, up 26p per kilo."

The processed markets are seeing a much stronger performance, but this isn't completely driven by BBQ staples – sausages and burgers – as might be expected. Fresh processed poultry remains the best performing market adding 890,000 more shoppers this year and seeing 9.2 million more trips to the category. This is one case where BBQ deals have helped to drive sales.

Chilled fish is one of the categories seeing highest inflation in grocery, with base prices up significantly and promotional volumes falling by a third compared with last year. These changes are holding down volumes, but driving value growth as prices increase rapidly. Natural fish is the largest category and a significant driver of price rises in chilled fish. With average prices up £1.92 per kilo and promotional volumes down 60%, half a million fewer shoppers are purchasing the category. Smoked fish has seen prices rise by £1.42 per kilo and promotional volumes halve, driving similar shopper losses. Added value fish continues to show a strong performance in value and volume terms as 470,000 more shoppers buy the sector with promotions increasing and prawn, cod and haddock dishes particularly driving the growth.

We've seen a massive change in promotions over the last few months and inflation finally take hold in the category, will the next update see these trends continue? Find out in our next update in four weeks' time.

	12 weeks to 16/07/17	Year on Year Change	12 weeks to 16/07/17	Year on Year Change
	£ millions	%	000's Tonnes	%
Fresh Primary Meat & Poultry	1198.1	-1.5	218.4	-3.3
Beef	441.2	-2.3	54.6	-5.5
Lamb	110.6	-6.1	12.5	-8.3
Pork	168.3	2.5	35.6	-4.7
Chicken	435.2	0.1	108.8	-0.3
Turkey	25.6	-9.1	4.2	-10.4
Other Red Meat	3.1	-27.2	0.4	-37.2
Other Poultry	14.0	-10.3	2.4	-9.1
Fresh Processed Meat & Poultry	892.8	5.0	149.0	2.2
Bacon	244.2	0.7	43.6	-0.7
Sausages	148.0	1.6	32.7	-1.0
Burgers & Grills	96.1	2.2	15.2	0.8
Fresh Processed Poultry	404.5	9.9	57.6	6.8
Sliced Cooked Meats	511.4	1.2	56.0	1.4
Chilled Fish	425.3	5.1	36.2	-1.1
Added Value Products	106.4	10.5	11.0	7.9
Battered	4.0	11.4	0.4	12.1
Breaded	29.1	9.0	3.8	2.9
Natural	157.8	5.4	11.6	-9.5
Shellfish	53.7	-3.5	4.7	5.2
Smoked	74.3	2.2	4.8	-7.1