

# Meat & Poultry Newsletter

January 2015

**Welcome to the Christmas edition of the Meat & Poultry Quarterly Newsletter.**

Within this edition we cover the performance of the total grocery market, as well as looking at who won the protein battle both in store and on the plate. We've also included some other information on the other Christmas meat categories this year which we hope you find of interest.





# Total Grocery Christmas Performance



## Online shopping crucial to growth and shoppers treat themselves this Christmas.

An extra day of trading in the Christmas week, coupled with the good weather meant shoppers could rely on online shopping for their Christmas food this year. There were 6.4 million online transactions, up 20% on last year. Online shopping also appealed to a wider audience as the number of households using the internet for Christmas food shopping went up from 7% of the population in 2010, to 12%. Although this is consistently increasing, there is still plenty of headroom. The flip side to this was that the convenience channel struggled as the last minute shop was not as vital, a big driver of the poorer Co-Op performance this year.

Shoppers were the main winners this Christmas as lower prices and increased promotional activity allowed us to get more bang for our buck. We've seen shoppers buying in larger quantities and also trading up to premium tiers over the Christmas period. Retailers appear to have invested more heavily in in-store promotional activity rather than the couponing and voucher schemes which have become more popular in recent years. Couponing levels were flat but the discount offered to shoppers was reduced. Even in Aldi and Lidl, who have traditionally stayed away from aggressive in-store price cuts, got in on the act this year.

Aldi and Lidl had another particularly good Christmas and delivered more incremental sales than all other Grocers put together. This Christmas we saw Aldi and Lidl continue to press home the premium message

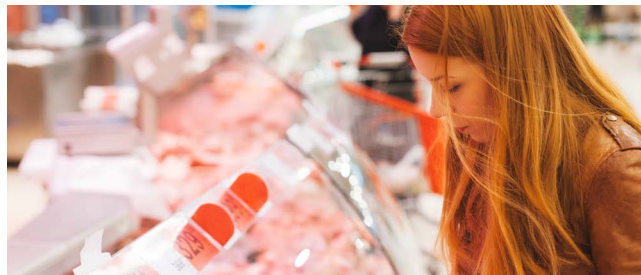
which has resulted in significant market share in higher ticket categories such as lobster, smoked salmon and sparkling wine.

At the other end of the spectrum, Waitrose and M&S continue to reap the benefits of shoppers trading up at Christmas. Both stores were successful in persuading shoppers to switch from the mainstream retailers whilst fending off the threat of the Discounters more successfully than most.

Tesco won the race of the Big 4 helped by record on-line sales at Christmas as the scale of their dotcom platform continues to deliver growth and provide a clear point of difference to the competition.

The trends we have seen are important for Christmas 2015 planning. The inflationary environment may well be different next Christmas but an extra day of trading in the Christmas week should help sales, especially through on-line outlets.

By Tom Baxter





# Christmas Protein Performance



**From a volume perspective, Fresh Meat and Poultry had a good Christmas this year, up 1.8% as a whole. The main winners here were Fresh Turkey and Beef, which saw growth of 4% and 3.5% respectively, on top of strong years for both last year.**

Fresh Beef grew in both spend and volume this Christmas as more households bought beef, more often, with over half of households buying Fresh Beef over the 4 weeks of Christmas. Some of this success came from switching gains from all of the other proteins, predominantly Lamb and Pork. Strong TPRs, such as the Tesco half price joints campaign, led to volume growth but spend decline in roasting joints. Beef Stewing saw both volume and value growth, following a decline at the end of 2014.

Fresh Turkey sales were static while volume grew, the net effect of price cuts alongside an influx of new shoppers. Frozen Turkey had a particularly strong year with spend and volume growth of 2% and 6.3% respectively, driven by more shoppers and those shoppers buying larger quantities. The ongoing trend towards crowns and joints has continued, possibly reflecting a consume shift towards convenience. With switching from whole bird to crowns and joints in both fresh and frozen products, they drove the growth for Turkey.

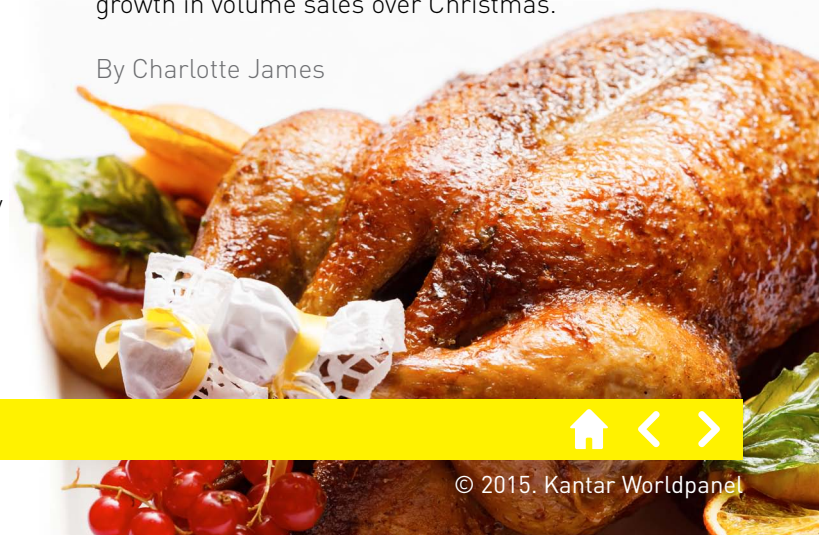
Following a successful Christmas last year, Pork saw a value decline of 8.9%, driven by a decline in pork

roasting, as less people bought it, less often and at lower prices. However, this trend is not surprising considering how much harder it is to grow following a good year. Chicken also suffered this year, even though larger quantities were sold, price cuts and promotions caused an overall decline in the value of chicken sales.

Promotions played a particularly important part this Christmas as there was competitive pricing between both the retailers and the proteins bringing many new shoppers into the market. However, these price cuts were possibly too large as they contributed to the overall value decline. Lamb Roasting was heavily promoted with 87.3% (£) sold on promotion and Beef Roasting promotions increased from 38.1% to 76.3% year on year.

Following a volume decline last Christmas, it is encouraging that this Christmas the Fresh Meat and Poultry market saw volume growth. Due to competitive pricing shoppers were able to put more on their plates for the same amount of cash and the main beneficiaries have been Beef and Turkey with positive growth in volume sales over Christmas.

By Charlotte James





# Christmas Retailer Performance in the Meat Aisle



From January to November, the average amount being spent on Meat and Poultry over a 4 week period is £23.14. Over the 4 weeks of Christmas this increases to £27.98, meaning there's a lot more at stake for retailers as they attempt to rein in the festive shoppers at this crucial time of year.

Sainsbury's performance this Christmas reinstates them as Britain's second largest grocer; however this encouraging performance did not extend to the meat aisle. Sainsbury's decline of -8% in fresh meat and poultry was the most noticeable among the Big 4; with fresh pork and beef experiencing a drop in value of -14% and -13% respectively.

Tesco was alone among the Big 4 in increasing its fresh meat and poultry value share; growing off a poor performance last Christmas. With effective promotional campaigns such as the 'half price' deal on joints and a focus on quality meat in their advertising, Tesco beef reached double digit growth at 13% with Lamb performance slightly behind at 9%. Tesco's performance online was encouraging too at 26%, whilst Ocado and Asda experienced a decline. The appeal of the online shop is becoming ever more popular with an extra two hundred and sixty thousand households buying their Christmas Meat and Poultry online vs last year. This spells good news for Tesco, who took home over half of the spend in this channel.

Encouraging growth from Tesco was, however, unable to compete with 17% growth from both the discounters, who now hold a combined 7.5% share of the Christmas shop, compared with 6.3% last Christmas.

Both retailers have consistently shown growing shopper numbers over this crucial period with Lidl managing to grow average spend per buyer each year. Promotional activity changed dramatically within the discounters this Christmas; both increasing their promotional participation primarily through price cuts. This record growth within the discounters once again indicates that they are increasingly becoming an key destination for the Christmas shop.

By Michelle Coggin



# Additional Christmas Categories

**Nestled amongst the meaty superstars of the Christmas plate are a collection of smaller proteins that have long been a festive staple for many UK households, almost all of which saw steady growth this year when compared to the previous Christmas.**

The value of sausages grew at a modest 1.2%, kept at bay by lower prices despite a higher growth in volumes sold. An increase in shoppers buying sausages at this time of year, and the amount that those shoppers bought were key to this volume growth, which was seen most prominently in the Thick and Thin Sausage categories; +2% and +24% respectively. However, the categories most commonly associated with Christmas, Chipolatas and Cocktail, were in decline this year, most notably in volume.

Bacon Rashers, whether laid over the turkey or involved in a Christmas breakfast, stayed relatively flat in value this year, again struggling to grow at 0.1% with prices much lower than last year. Aldi and Lidl continued their rise amongst the retailers, in turn growing value at 30% and 17%, whilst the Big 4 collectively declined.

Gammon and Ham, commonly a feature on Boxing Day but also sometimes a substitute for turkey on the 25th, had mixed results this year being two of the few categories that weren't involved in the extensive price wars seen between retailers. Higher prices of Gammon

Joins meant that value was able to grow at 1.7% this Christmas, despite a sharp 17% decline in volume. Tesco were particularly successful in this category, growing at nearly 8% after a TV and print campaign advertised a ½ price offer on Finest Joints. However shoppers looking for a ready to eat, cooked Ham Joint were in short supply, with both value and volume in decline, driven almost entirely by a drop in penetration throughout UK households.

Two categories very much celebrated throughout the Christmas period are Fresh Gravy and Stuffing, both of which saw strong growth this year as more households bought into these as an alternative to ambient or even homemade options. Fresh Gravy and Stock value grew 6%, with volume not far behind at +5%, largely owing to higher penetration and a slight increase in average price. Fresh Stuffing was the biggest winner in terms of growth, with value up 27% and volume up a huge 40% compared to last Christmas. Again, a growing number of shoppers within this category was the key to these results, despite lower prices YoY.

By Sophie Barter





# Meet the Team



## **Nathan Ward** – Strategic Insight Director

**Joined Kantar:** 2000

**Favourite Meat Dish:** Bavette Steak  
Nathan heads the new expanded Meat, Fish & Poultry Team which now covers the whole fixture as the retailer sees it. Nathan

has 14 years' panel experience and has spent the last five years heading up the Alcohol team and will bring a wealth of experience in understanding shoppers and consumers.

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## **Tom Baxter** – Consumer Insight Director

**Joined Kantar:** 2009

**Favourite Meat Dish:** Fillet Steak  
Tom heads up half of the Meat & Poultry Team working with a range of suppliers in the UK. Tom has 2 years' experience in the meat industry, having previously spent his

time at Kantar working with Tesco and in the Dairy team.

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## **Rachel Cook** – Consumer Insight Director

**Joined Kantar:** 2012

**Favourite Meat Dish:** Fillet of Venison  
Rachel heads up the other half of the team, alongside Tom. Rachel has been at Worldpanel for over 2 years working across a wide variety of categories and brands and

joined the Meat team in July 2014. Previously, Rachel spent 4 years working in the Research and Marketing team within the Cabinet Office.

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## **Charlie McGregor** – Client Manager

**Joined Kantar:** 2012

**Favourite Meat Dish:** Crispy Pork Belly  
Charlie has been at Worldpanel for over a year having previously worked for a Branding Agency. He is the day-to-day contact for a diverse portfolio of clients

working across multiple markets.

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## **Hayley Lomax** – Client Executive

**Joined Kantar:** 2013

**Favourite Meat Dish:** Lamb Shank  
Hayley graduated with a degree in Psychology from The University of Manchester in 2011. After working for two years in Research and Insight Recruitment, she joined Kantar Worldpanel in September 2013.

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## **Charlotte James** – Category Analyst

**Joined Kantar:** 2014

**Favourite Meat Dish:** Hog Roast  
Charlotte graduated with a Biology degree from Queen Mary University of London in 2014 and has joined Kantar's Graduate Scheme. As a keen foodie she can't wait to

develop her meat awareness.

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## **Sophie Barter** – Client Executive

**Joined Kantar:** 2014

**Favourite Meat Dish:** Steak Pie  
Previous to joining Kantar, Sophie worked for Sainsbury's, co-ordinating their seasonal and promotional displays, before travelling throughout South and Central

America. Her client portfolio ranges from major UK trade boards to leading meat manufacturers.

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## **Michelle Coggin** – Category Analyst

**Joined Kantar:** 2014

**Favourite Meat Dish:** Sausage and Mash  
Michelle graduated from Loughborough University in 2013 with a degree in Human Biology. She joined the Graduate Scheme in September after travelling around the USA.

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## **Andrew Eagle** – Usage Business Development Manager

**Joined Kantar:** 2011

**Favourite Meat Dish:** Spaghetti Bolognese  
Andrew joined Kantar's Usage division after ten years of experience as an information and insight provider to the paper,

packaging and print industries at Pira International. Andrew works with dairy companies as well as suppliers throughout the meat category.

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## **Simon Hulbert** – Consumer Insight Consultant

**Joined Kantar:** 2005

**Favourite Meat Dish:** 12 hour (minimum!) Slow Smoked BBQ Beef Brisket  
Simon has worked across several leading clients, spending 4 years in the Fresh Foods

division, before a 3 year spell on the Unilever account. During his time there, Simon moved to specialise more directly in Analysis and Insight, and Expert Services Project delivery, a role he now holds back within the Fresh Foods division since the start of 2013.

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## **Joe Puddifoot** – Business Development

**Joined Kantar:** 2014

**Favourite Meat Dish:** Steak (Blue)  
Joe graduated with a degree in Politics from The University of Portsmouth in 2013 and after a brief stint in recruitment before he joined Kantar in January 2014. Part of a

big team expansion, Joe is solely focussed on clients within the meat category.

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