

Meat & Poultry Newsletter

August 2014

Welcome to the World Cup edition of the Meat & Poultry Newsletter.

In this edition of the Meat & Poultry Newsletter we've included 5 articles that not only cover the Meat & Poultry markets but also wider categories so we really hope you enjoy the read.

We would love to hear your thoughts on any of our articles within this newsletter. If you have any comments please do get in contact with your Client Service personnel, contact details can be found in [Meet the Team](#).

Enjoy!



Retailer Final Score



In true English style, the run up to the World Cup saw a lot of hype and buzz around the England team and the question on everyone's lips was whether they would make it through to the knock out stages and possibly, just maybe, go the whole way. One report published by VoucherCodes.co.uk estimated that every England goal in the World Cup could be worth £198.5 million to the UK economy with retailers, pubs and restaurants could be set to make £1.3 billion if England made it through to the second round.

With all the excitement and earning potential, it is no surprise that the retailers tried to focus shopper's attention on their offering and away from their competitors. There were big in store displays focusing on Coca Cola and Budweiser (two of the main sponsors) in many of the retailers, as well as various televised campaigns run.

Despite the additional in-store support around the World Cup sales growth has been restricted by falling inflation. Grocery price inflation fell for the tenth successive period for the 12 week period ending 20 July 2014 to 0.4%. Competitive pricing among the big grocers and deflation in the price of staple items such as vegetables, milk and bread drove inflation to the lowest level since October 2006 when Kantar Worldpanel began this



measure. As a result, market growth fell to 0.9% – the lowest figure for 10 years.

Within the Big 4, Sainsbury's was the winner seeing growth of 1% at a Total Grocery level (8 w/e 20 July 2014). Their World Cup promotion focused around the slogan 'Come together for the Football', something that immediately associates itself with the World Cup event. This campaign focused around three main elements; Watch, Get Involved and Play and it appears that the in store noise around these messages, as well as the focus on Budweiser and Coca-Cola may well have resulted in this growth ahead of the Total Market (0.4%).

It wasn't such a great story for Tesco, who saw a decline of 4.4% at a Total Grocery level over the 8 week period. Their promotional message of 'The Big Event' was perhaps slightly less obvious message for shoppers. However, that being said, further in store messages around 'Get Ready for The Game', 'Win with Clubcard' and the Match Attax trading cards which were exclusive to the retailer did further focus attention. Continuing pressure from the Discounters is likely to have attributed to the decline here.

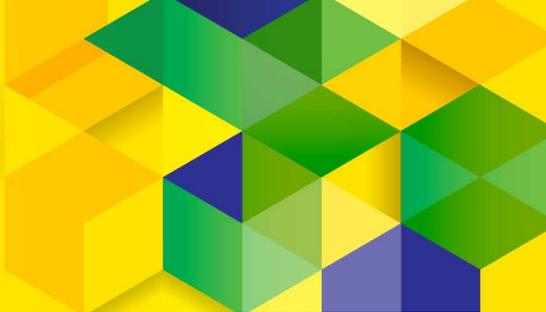


Moving outside of the Big 4, it is no real surprise that Aldi, Lidl and The Bargain Stores saw strong growth and gained share over the World Cup period. However, Aldi's televised cider campaign starring Ex-Football Manager and football pundit Graham Taylor may well have contributed to their 18.8% growth seen in the Alcohol category. At the other end of the spectrum we have Waitrose, who saw 0.9% growth at Total Grocery level. There was less of an emphasis seemed to be on World Cup focused campaigns, perhaps in another effort to further differentiate their offering from the rest of the market.

All in all, England's earliest exit from the World Cup since 1958 seemed to leave us all feeling a bit disappointed. Many of the retailers shifted focus to other events like Wimbledon and Ramadan and therefore the question remains how much of the proposed £1.3 billion would have been realised had England made it through. Grocery retailers took £407m on Saturday 14th June when England played Italy. 7 days later England had already been eliminated and Saturday 21st June sales fell by 16% to £341m. The effect of the departure does seem to have had a negative effect on shopper behaviour.

by Hayley Lomax

Category Shoot Out



Anticipating a nail biting Summer of football, millions of us will have stocked up on food and drink in the run up to the World Cup 2014 – but which categories scored and won the grocery game? Pizzas, sharing crisps, ready meals, sparkling wine and canned drinks have all seen strong growth over this year's world cup season. Surprisingly beer, lager and cider have all seen decline; did the warm weather draw people into the pubs as opposed to watching and consuming at home? Deflation has resulted in a 0.6% decline in fresh and chilled sales and shoppers buying less per trip has hindered ambient growth in the latest 8 weeks.

The official partners, Coca Cola, dominated the supermarket floors in the run up to the World Cup but failed to find growth. Sales of Coca Cola Zero soared, seeing growth of 13% but regular Coca Cola fell by 4%, driven by a loss of half a million shoppers. The winners in this category were Pepsi, seeing double digit growth in both cans and plastic bottles, who attracted their shoppers to buy more often through increasing promotional activity.

NPD launches within pizza appeared to pay off as sales grew by 7%. Asda's Brazilian inspired pizzas, created by Facebook fans, have helped their own label chilled range grow by 11%. Both chilled and frozen performed well over the World Cup, seeing growth of 6% and 9% respectively. Frozen outperformed chilled for the first time in 2 years, driven by an influx of shoppers into Chicago Town. However this success hasn't been widespread across the frozen brands, Goodfella's and Dr Oetker Ristorante have experienced decline of 17% and 18% respectively.

Perfect for get-togethers around the TV, sharing snacks and crisps have performed well in the latest 8 weeks, but it's Kellogs Pringles who have really seen sales climb in the last 8 weeks. Pringles, who were heavily engaged in World Cup activity both in store and on social media are up 66% on last year and attracted an additional 1.8m shoppers. Walkers Sensations didn't share this success despite increasing promotional activity.

With the exception of beer, lager and cider, all of the categories we would expect to benefit have come out on top. However, it appears to have been a mixed result for brands as those who have heavily invested in World Cup activity haven't necessarily seen the gains we would expect. As proven by Pepsi and Pringles, it is vital to support above the line activity with in-store promotions.

by Rachel Cook



Mixed Fortunes on the Meat Aisle



With the World Cup coming round every 4 years on the dot, retailers and manufacturers alike see it as a key opportunity to take on the competition. Brazilian cuisine lends itself well to the summer season so expectations were high. Over the 8 weeks encompassing the World Cup we have seen plenty of promotional noise around the store. Plenty of new pack designs and feature store displays came out, hoping to encapsulate the anticipation of the upcoming tournament. The meat aisle poses some problems in these kinds of display based promotions. For starters, a vast number of core lines have transparent packs, meaning that any changes have to either cover it up or change other parts of it. Added value products had more opportunity to innovate with Fridge Raiders Brazilian flag pack being an example of World Cup signage.

Early weather reports with predictions of the hottest summer in years came to fruition with temperatures up for June and July on previous years. Alongside the weather came an increase in promotions up 1.2% on the year before.

However, the weather, World Cup and promotion combination failed to deliver the volume growth that many had hoped for. Red meat volume was up on last year but this was countered by a decline in poultry.

The success story of the world cup is Burgers who, unlike their BBQ partner sausage, grew both sales by 6% and volume by 2%. A host of new shoppers entering the category whilst paying a higher price drove this performance. Promotions in the category were up to 55% on deal, well above the average grocery basket. This growth wasn't reflected across all the retailers with major multiples finding it difficult to grow their shopper base or increase AWP. Tesco mirrored their 2013 sales, with Asda having a hard time, declining 19%.

Aldi continued their strong macro performance gaining share with a whopping 46% sales boost.

Unlike burgers, sausages volumes were down as shoppers bought in smaller quantities driven by a change in mechanic from Y for £X to price reductions. Promotional levels were still high at 47% although none of the Big 4 grew their sales, Tesco suffering the most posting an 11% decline. The surprise performer was Co-Op, who grew share with growth well ahead of the market. Lidl saw the biggest hike in sales at nearly 80% YOY, Aldi having a comparatively subdued time 19%.

Fresh Red Meat sales grew 4.5% driven by shoppers buying more frequently, whilst also paying a higher price per kilo. Beef gained in sales and volume, Pork in volume alone with lamb declining heavily after last year's promotionally driven oversupply. The Big 4 suffered with Asda the only one to remain at 13.3% SOT, having grown in-line with the market at 4.5%. Tesco, JS and Morrisons declined 0.9%, 1% and 1.8% respectively.

Marks & Spencer were the surprise performer with 40% yoy growth.

Fresh Chicken didn't fare so well seeing sales fall 1.1% on last year. Despite the shopper numbers growing, fewer visits to the fixture cost the sector overall. Promotions in the protein were up (but still below red meat levels) with swing from last summer's volume based Y for £X deals replaced with a balance of price reductions.

Tesco saw an 11% decline in sales resulting in a share this year of 22.7%. JS and Morrisons posted growth ahead of the market, improving their share. The hard discounters continued their long running success posting growth of over 30% in both fresh red meat and poultry, bucking the wider sector trends.

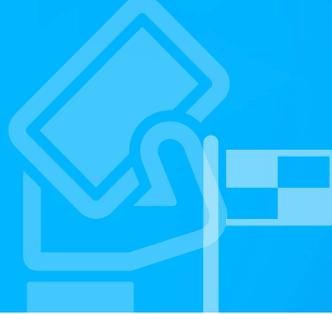
There really wasn't a discernable effect from the World Cup in any of the summer categories. Even when adding in the effect of better weather and more promotions, the market failed to deliver the volume growth many were expecting.

Let hope that the Rugby World Cup in 2015, for which we are the host nation, will give us some more success!

by Charlie McGregor

¹Kantar Worldpanel Usage, January 2014. ²Kantar Worldpanel Usage, March 2014. ³Kantar Worldpanel Usage, March 2014. ⁴Kantar Worldpanel Usage March 2014. ⁵Kantar Worldpanel Purchase, March 2014. ⁶Taste is recorded as a need state for over 70% of beef consumption occasions, Kantar Worldpanel Usage, February 2014.

England's Early Exit Impacts World Cup



After Christmas, the summer is the next most important time of year for the Alcohol market. This year, manufacturers and retailers would have been confident of strong summer performance due to it being a World Cup year. Alongside the World Cup, there was also the opportunity to exploit the hottest June since 2006 so unlike England's chances at the World Cup, hopes were high...



When we focus on the 8 w/e 20 July 2014, the period of the World Cup, we see that Alcohol outperformed the grocery market growing at almost three times the rate of the market (+1.2%) with only household goods growing faster in value terms over the same period.

Walking into the major grocers it was difficult to avoid the World Cup with so much activity. As always the retailers battled it out for number one spot, with JS (+6.5%) and Morrisons (+9.8%) coming out on top of Tesco (-3%) and Asda (-0.9%) despite price cuts – introduced in time for the World Cup – which meant that shoppers could, if newspaper reports are led to believe, drink more than their daily recommended alcohol limit for less than £1 – with Beer cheaper than water in some cases, continuing to stoke the debate around responsible Alcohol sales.

We also saw large scale activity from AB Inbev, with Budweiser being the official beer sponsor of the 2014 FIFA World Cup with varying promotional activities including the 'Rise as One' theme which was launched in the weeks leading up to the World Cup. Under the 'Rise as One' theme we saw the limited edition 'Trophy' bottle launched which aided the Budweiser brand to grow in both value (+7.7%) and volume (+10.6%). The sole driver of their performance was the gain of 258,900k HH's versus the same 8 weeks last year, however even despite major above the line spend, we saw Fosters perform stronger with aggressive below the line activity winning.

Unfortunately for Budweiser and for the Beer category overall, volumes were down versus the previous World Cup, with over 30m litres less sold as England's early exit after just eight days dealt a huge blow not just to the fans. Alcohol volume did grow overall, by 1%, but with England bowing out 9 days sooner than in 2010 there is evidence to suggest that there is a correlation between their performance and Alcohol sales.

Growth this time round was achieved with shoppers making less frequent but larger shopping trips, with average price, a key driver of value sales over the last few years in Alcohol playing a much smaller role – with low inflation and retailer market activity to lower costs impacting the market, especially in Beer where price has stagnated. In fact, we saw volume grow ahead of value over the World Cup period as the basket size decline we have seen in Beer since before 2010 was halted.

In the press it has been reported that the World Cup had a 'broadly neutral' impact on the on trade with higher drinks sales offset by weaker food performance in pubs – with some complaints that the 11pm England kick off versus Italy disrupted Sunday lunch bookings!

by Pete Christou
Consumer Insight Director



How important is eating in front of the television as a meal occasion?



After a hard week in the office, there is nothing that I like more than to go home and unwind with a plate of cheese and biscuits and a bottle of wine in front of the TV. This habit of eating in front of the TV, which would probably have felt alien to most families 30 years ago, is becoming much more prevalent. In an average week 40% of the GB population eat or drink in front of the TV.ⁱ This equates to 6.7 billion occasions over the course of a year, making this a large and growing occasion for manufacturers and retailers to target.ⁱⁱ However year-on-year, there are actually fewer individuals eating in front of the television (decreasing from 45% to 40% in an average week.ⁱⁱⁱ), indicating that the consumers who are eating in front of the television are doing it more frequently.

If you suspect that children and young adults are driving this trend, you would be very much mistaken – the over 65s account for more than a quarter of all occasions in front of the TV. Broadly speaking, the trend is for consumers to eat in front of the television more as they get older. So if eating in front of the television is something that consumers grow into, it will become a much more important occasion in the future.

With many households having multiple TVs^{iv}, gut instinct might be to say this is driven by watching TV at breakfast in the kitchen. However, the data shows that only 11% of meals eaten in front of the television occur at breakfast – this is reinforced by breakfast cereals under indexing significantly when eaten in front of the television. It is the end of the day where food and drink consumption is most likely to occur in front of the television - 40% are evening snacking occasions alone. This is reflected in some of the top over indexing food and drink – fortified wine, spirits, popcorn and confectionery.

However, it's not just snacking that is an important occasion in front of the TV – Evening meal accounts for 25% of the total, driven by weekday consumption. This occasion is driven by convenience. Frozen foods are significantly more likely to be consumed at this occasion than their chilled counterparts. For example, frozen pizza has an index of 234, whereas chilled pizza has a smaller over index of 178. This is true for most meats as well – frozen sausage indexes at 145 whereas fresh sausage is at 114.^{vi}

So what does this mean for the meat industry? The good news is that older consumers, who are most likely to eat traditional meat cuts, are driving consumption. The popularity of frozen food, probably driven by convenience, shows that the meat industry must take into consideration the changing nuances of each occasion if it is to continue to perform ahead of the market at growing occasions such as this.

by Andrew Eagle



[All Data based on 52we 02 Mar 14]

Meet the Team



Simon Parnell – Strategic Insight Director

Joined Kantar: 2005

Favourite BBQ item: Butterflied leg of lamb

World Cup Sweepstake Pick: South Korea
Simon has 9 years' experience working with leading processors and trade boards

across the UK meat & poultry industry. Now heading up the Worldpanel Meat & Poultry team Simon is the senior contact for operators in this industry.

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Tom Baxter – Consumer Insight Director

Joined Kantar: 2009

Favourite BBQ item: Cumberland sausage

World Cup Sweepstake Pick: Iran

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 BBQ item: Lamb Koftas

World Cup Sweepstake Pick: Brazil

Rachel is new to the Meat & Poultry team and heads up the other half of the team,

alongside Tom. Rachel has been at Worldpanel for 2 years working across a wide variety of categories and brands.

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

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Chris Hogan – Client Manager

Joined Kantar: 2011

Favourite BBQ item: BBQ sea bass

World Cup Sweepstake Pick: Netherlands

Chris is now entering his 4th year with Kantar after joining from P&G in 2011, with a background in Category planning. Chris

works across a variety of different meat clients, including Levy boards and leading Meat suppliers.

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Charlie McGregor – Client Executive

Joined Kantar: 2012

Favourite BBQ item: BBQ sticky ribs

World Cup Sweepstake Pick: Belgium

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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Dominic Bath – Client Executive

Joined Kantar: 2013

Favourite BBQ item: Chorizo burger

World Cup Sweepstake Pick: Spain

Dom previously worked in qualitative research for a packaging Research Agency.

During his 2 years, he conducted studies in over 20 countries for clients such as Unilever, Nestle and Kraft. He speaks French having spent a year in France as part of his University degree.

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Hayley Lomax – Client Executive

Joined Kantar: 2013

Favourite BBQ item: Piri piri chicken skewers

World Cup Sweepstake Pick: Argentina

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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Andrew Eagle – Usage Business Development Manager

Joined Kantar: 2011

Favourite BBQ item: Beer butt chicken

World Cup Sweepstake Pick: Algeria

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 BBQ item: 4.5 hour smoked baby

back ribs with "Sweet Baby Rays" BBQ sauce

World Cup Sweepstake Pick: Colombia

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 BBQ item: Steak (blue)

World Cup Sweepstake Pick: Japan

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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