KANTAR WORLDPANEL

THE GREENGROCER

Newsletter

October 2015

WELCOME

Welcome to the latest edition of the Greengrocer. We hope you are enjoying a successful summer season both in the office and off on holiday. In this edition we have looked at three key topics which have been prominent in conversations recently; Promotions, Health and Organics. As always any feedback you do have, we'd love to hear it.

The Produce Team

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PROMOTE THE PRODUCT NOT THE PRICE IN PRODUCE

Promotions are important to nearly every category within grocery, with about 35% of volume going through on one deal or another. We know that in some markets promotions help stimulate additional demand, while in others they can actually have a detrimental effect on category value. Identifying the best promotional offering is the 'holy grail' in gaining a competitive edge with retail customers and driving category growth.

As we've seen over the last few years, promotions are changing in produce. Aggressive price activity has evolved into a greater focus on everyday value for a number of 'hero' categories across retailers. Price is still the key message we use to try and sell fruit and vegetables to shoppers, despite the commoditised nature of many of the different products on offer. When products move to an everyday low price, we typically see a short-term uplift (a buzz about the fixture) but this is followed by a quick re-setting of expectations and then a struggle when annualising against the initial boost.

So why should we think about going beyond just price? Some of the most heavily promoted markets still see long-term volume decline. If we pick one example – potatoes – we see relative price inelasticity; the recent lower prices haven't stimulated great volume yields for the category and we still see produce's biggest category struggling in volume terms against where it was 5 years ago. However, what is setting some of the industry's key players aside is their understanding of motivations to buy a category and, equally, barriers. After all, do we actually know which produce lines are in 'true' competition on the plate? Do we know how much of a role routine can play versus snap decisions made in-store?

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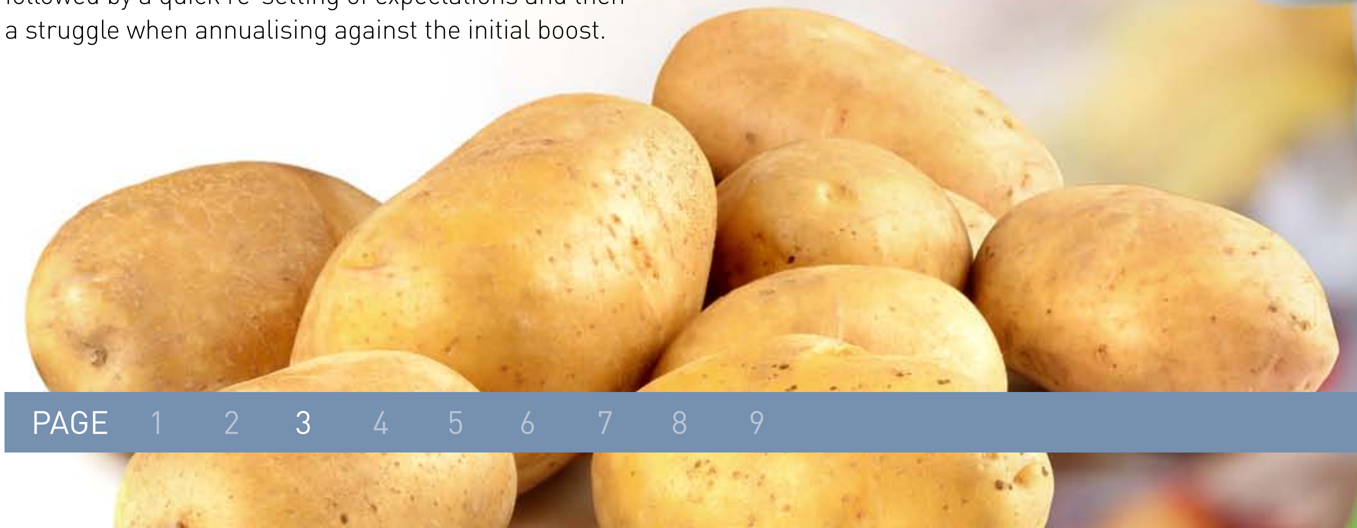

PROMOTE THE PRODUCT NOT THE PRICE IN PRODUCE

This last point, about engagement, has been brilliantly exploited by the Meat, Fish & Poultry (MFP) fixture in recent years. Classically people would have been in the mind-set of either creating a dish from scratch or having a ready meal. However, the MFP category has been successful through offering solutions – but at a premium. The complexity of these solutions runs in parallel to what is currently done within produce, from simple processing through to options that only need the final cooking.

This sense of occasion, both literally and figuratively, has led to trading up within protein categories; encouraged by, but not dependent upon, promotions.

So what's my point? Produce still plays a critical role in many meals that we have and even though each category can mean different things to different people, there are enough commonalities to have a few, clear messages that resonate with shoppers. Reminding shoppers that they can still get their staple items, as well as something fitting for a special occasion, could mean multi-million pound opportunities to the retailers, suppliers and categories bold enough to take this standpoint first. It's not a case of 'more promotions', but rather better targeting when and how they are run based on shopper and consumer needs.

Chris Cowan
Consumer Insight Director

IS HEALTH STILL IMPORTANT IN PRODUCE?

With the increasing emphasis on health related initiatives from the government and the recessionary pressures steadily fading away, consumers have started to put health back on their agenda. Yet while consumption for health reasons has increased year on year by 1.7% at the total food level, this growth has not been mirrored by the most obvious suspect – fresh vegetables. Here consumption for health has actually declined by 1.6% which equates to almost £30m loss to the category. By comparison, fresh fruit saw a 1% increase in health related consumption.

Looking at the more specific reasons for consumption, 'to get portion of fruit or veg' continues to be the top health reason for vegetable consumption despite a slight decline compared to previous year. Health benefits (e.g. fibre or vitamins) and being more natural/less processed are the only health reasons growing year on year; while being a part of a varied diet and being lower in fat/salt/sugar are less important to consumers and account for the majority of the decline.

One way to counteract the decline of health is to remind consumers of the health benefits of eating vegetables. Health communications in the produce aisle have been shown to have a real impact on consumer behaviour as demonstrated by kale. Recently, kale has been hailed a superfood and received a lot of positive press. This has resonated with consumers who choose kale for health in 9 out of 10 occasions making it the healthiest food in the vegetable aisle. Spinach and broccoli are not far behind with over three quarters of consumers actively thinking about health when eating them.

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IS HEALTH STILL IMPORTANT IN PRODUCE?

But have these health messages transferred into sales for these superfood products. Broccoli has entered decline over the past year predominantly driven by the low price placed on it. However if we look to Tenderstem we have seen growth of 17.6% over the last year. This product sits with Kale (+45.6%) and Spinach (+24.5%) in the 'fashionable' basket; they are vegetables which are seen in countless recipes, on cookery shows and in restaurants, driving popularity across the country. Penetration has been the major driver of growth for these 3 products; however shoppers are not just coming in, trying them and returning to their past shopping habits, they are coming back to purchase more often than last year.

With price being a major theme in Produce at the moment, do these superfoods follow that trend or actually is health something shoppers are willing to spend more on? Spinach (+3.7%) and Tenderstem (+7.3%) have been able to buck the trend of price deflation, whilst Kale (-0.6%) has remained relatively flat. So simply answered, yes!

There will always be changes and fluctuations in all aspects of the Produce Industry; it wouldn't be the sector it is without this. However it's important to know that new and old products can light up the industry by something as simple as reminding shoppers of the health benefits they possess. A benefit which can often be forgotten or so drilled in that it becomes too forced rather than being for enjoyment too.

Lauren Webb
Client Executive and
Marcelina Feczyszyn,
Client Executive

THE ORGANIC FARMERS AND GROWERS CONFERENCE

In July, we were involved with the National Organic Combinable Crops 2015 which aimed to highlight the latest industry developments, challenges and complexities involved in growing organic produce, including the nuances of organic regulations.

The first half of the day consisted of speeches from some of the leading industry figures in Organics, skilfully chaired by BBC Radio 4's Farming today, Charlotte Smith. Following on from that, delegates were taken around Shimpling Park Farm and given a tour of the vast species of organic wheat, barley and oats. The tour demonstrated the complexities inherent in the organic growing process, including the number of factors that play a part.

Talks were held on seed breeding, practical soil science and cutting farm carbon. CO_2 emissions play a big part in any farm and education on what contributes to those emissions – bar the expected equipment and machinery, highlighted how organic farms can play a significant role in helping the UK reduce its greenhouse emissions. Organic farming practices such as mulch tilling (where 100% of the soil surface is distributed by tillage) and seasonal crop rotations can help capture the majority of a farms carbon emissions. The question remains if the average consumer is aware of this and if so, could it be something that organic growers and supermarkets leverage as a way to boost the overall perception of organics?

A particularly interesting debate was around the impact of overproduction on both bottom line and damage to soil quality.

Organic farming can play a significant role in reducing our countries CO_2 emissions but the economic benefits of sustainable farming were also discussed; it was made clear how increasing farm energy resilience could in doing so improve a farmer's business in the future.

Olivia Cole, Client Executive and
James Foti, Client Executive

MEET THE TEAM

Sapna Sejpal

Strategic Insight Director

Sapna has been part of Kantar Worldpanel for ten years, starting on the graduate programme in 2004 after gaining a degree in Business Management and Marketing. She has previously worked in a large range of markets, including meat, chilled products and bakery, but now has a specialist focus on produce, heading the team at Kantar Worldpanel for the past five years.

Sapna's favourite produce dish is tenderstem stir fired with a crunch.

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Chris Cowan

Consumer Insight Director

Chris has been with Kantar for nearly 5 years – working across a broad mix of ambient and fresh categories. He's focused on produce in the last 2, which has taken him from the apple orchards and packhouses in the UK to the Big Apple itself, New York, last year.

Chris' favourite produce dish is Potato Dauphinoise.

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Amir Jalaly

Consumer Insight Director

Amir joined Kantar Worldpanel in 2010. Having worked on convenience markets in the past, Amir had been in the Produce Team for almost a year, overseeing one half of the team.

Amir makes sure he gets his 5 a day through his daily Kale Nutriblast.

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Amy Stratton

Client Manager

Amy works within the New Business team, previously working across multiple fresh areas, she is now dedicated to Produce!

Her favourite vegetable is currently courgette having recently discovered a love for it.

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Olivia Cole

Client Executive

Having worked in Greengrocers for much of her formative years, Olivia spent much of her youth polishing apples. She joined the team in 2013 having studies Business at Imperial College, and is our resident Aldi Super 6 expert.

Her favourite veg dish is baked aubergines

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Stefano Del Giudice

Client Executive

Stefano joined Kantar and the produce team five months ago, having previously worked at a loyalty card and epos data agency in Italy. Before this Stefano studied Economics at Universita' Cattolica of Milan.

He loves his Mum's Aubergine Parmigiana.

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Marcelina Fedczyszyn

Client Executive

Marcelina works within the Usage team and is an expert in understanding consumption/usage trends in Produce.

Her favourite produce meal is Hungarian Lesco – a thick vegetable stew.

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Annabelle Gough

Client Executive

Annabelle joined the Produce Team at Kantar Worldpanel recently, after spending 2 years at a printing and publishing company as a Sales and Marketing Executive. Prior to that, she studied German and History at the University of Nottingham.

Her favourite produce dish is anything involving mushrooms; stuffed mushrooms being a particular favourite.

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Lauren Webb

Client Executive

Lauren has been in the Produce Team for just over a year now having studied Classical Studies at Edinburgh University. She has previous experience in the retail industry.

Lauren's favourite produce dish is courgette fries, although her sweet tooth means she also loves fruit dipped in chocolate.

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James Foti

Client Executive

James joined in 2014 having studied Marketing at Lancaster University, and after spending a year in a start-up as a Product Manager.

Since joining the team James has been inspired to try a wider range of produce and his favourite dish is now roasted peppers and olives.

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CONTACT US

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