Meat, Fish & Poultry NEWSLETTER

May 2016

Welcome to the latest Meat, Fish & Poultry Newsletter.

The first quarter of the year has seen some really interesting trends in the market and continuing changes in the market dynamics. We've been out and about in the client base and presenting on the wider trends affecting your markets. I recently presented at the Pig & Poultry awards and it was great to get closer to some of the producers, suppliers and innovators in our market and to hear their thoughts about the future in the market. One of the conference pieces we presented recently was at Seafish focusing on how we can drive growth in fish. Seafish have kindly allowed us to replicate some of this information here, so if you'd like more information on this specific piece, please let us know and we can put you in contact with Seafish.

In this newsletter, we will look into one of the rising themes in the market – events. The retailers are increasingly embracing the event as a way to showcase the best of the market, with Easter and Meal Deals a great example of these. We will also address two hot topics that we are often asked about – the effect of removing 3 for £10 and a focus on the growing breakfast occasion.

I hope that you find these articles interesting and thought provoking, this is your newsletter, so we would welcome your feedback, so let us know your thoughts or any future topics you'd like to focus on through your account team or directly to me at nathan.ward@kantarworldpanel.com.

Best regards,
The Worldpanel Meat, Fish & Poultry Team

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Easter performance 2016

Easter was worth an incremental £264m this year, with Easter Eggs unsurprisingly being the crucial category despite a rise in price. Promotions were the key to winning performance this year as Easter fell slightly earlier. Morrisons and Lidl were strong performers as they encouraged shoppers through offering a wider breath of promotions on key categories. However, despite strong growth, Morrisons and Lidl still under-trade when it comes to Easter categories, something that could be exploited next Easter by traditional retailers defending their position to drive conversion.

This Easter was one of mixed fortunes for our key proteins, with disappointment for lamb, strong performance for pork and limited growth for beef. Lamb Roasting Joints have had a poor Easter this year in comparison to last, seeing both value and volume decline (-9%, -16%). Price inflation and a general move away from promotions could have contributed to shoppers moving out of the Lamb Roasting category. Morrisons was the only retailer to have achieved positive growth in Lamb, particularly in Leg Joints, driven in part by a greater level of volume sold on promotion.

Conversely, Beef and Pork roasting joints, saw healthy volume growth this Easter, (+3% and +12% respectively), with both declining in value driven by promotions and price deflation. The increase in volume for Beef Roasts has been driven by shoppers buying more often over the Easter period, whilst Pork has seen an influx of shoppers into the category this Easter, a positive turnaround for a category which has been struggling for growth over the last year. Tesco and Asda have performed well in both Beef and Pork Roasts with solid volume growth.

Poultry performed well over Easter, with Chicken seeing improved volumes, up 3% on last year, despite value remaining stable. Turkey was a stand out performer over the Easter, seeing sales grow in another event, as more shoppers chose a Turkey this Easter. Fish continued to resist the deflationary tide to an extent, with strong value (5%) and volume growth (6%) over the Easter period, a trend consistent with other events in the last year, in particular Christmas.

Shopper behaviour has certainly changed this Easter, with shoppers choosing to buy Beef and Pork Roasting Joints rather than the traditional Lamb, perhaps a reflection of the higher price point and the availability of cheaper alternatives.

Helena King
Category Analyst

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Shoppers 'love' meal deals

There's been a lot of discussion in recent months around meal solutions, and the need for decreased effort and ease when it comes to preparing and cooking our delicious dinners. Has this translated into shoppers purchasing behaviour around meal deals? And do special occasions such as Valentine's Day impact our behaviour?

At a total grocery level we're seeing negative contribution from meal deals, however when we isolate meat we see a more positive story. In the last 52 weeks we've seen growth of 2% in meal deals containing meat. The top 3 proteins with the highest purchases on a meal deal are beef, chicken and fish, and it's chicken that has contributed most to overall growth, given the size vs other proteins and the 7% increase since last year. There's also good news for pork; although we've seen significant decline for the protein overall, pork as part of a meal deal has grown by 6% in the last year.

Interestingly what we saw during February, the month of love, was a love of meal deals, well at least over the weekend of Valentine's. Meal deals jumped from 1.6% share of total grocery sales at the beginning of the week of Valentines, to 34% share on the night before Valentine's Day. Despite our professed efforts, convenience is more relevant than ever, even when it comes to romance. Pre-prepared fish meals are four times as likely to appear at a Romantic meal as other moments and chilled ready meals two and half times more likely to be on the table.

Looking more closely at the mechanics of the ever increasingly romantic meal deal, roughly two thirds of spend comes from meal deals of £10 or more. Unsurprisingly, when we dig into demographics we see a higher level of more affluent shoppers buying into these higher priced deals, and more so fish based than beef or chicken.

Sadly, kids do have an effect, and 42% of romantic occasions are in pre family households. When we do manage to fit in some romance though, consumers are twice as likely to have gone to the butcher as at other occasions (M&S leads the multiples pack, with Asda not far behind), and when cooking fresh proteins lamb is perceived as more romantic than beef.

So all in all, the significance of a meal deal within the MFP category is not something to be dismissed. The more effort we put in to make shoppers' lives easier, the more they are likely to respond to our products, and ultimately drive up value in MFP. If the last few years are anything to go by, it's also vital to make the most of occasions such as Valentine's Day which we're increasingly relying upon to create a memorable, yet convenient, occasion.

Jacqui Nunns
Client Manager
and
Tom Roberts
Business Development Manager – Usage

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What should Fish Marketeers be focussing on to drive growth?

Mind-set and mission: Chilled shoppers are engaged and knowledgeable on the category, but there's still headroom to target with regards to species knowledge, and being perceived as a family favourite to get on the shopping list regularly. Targeting larger trips is key but geared around immediate consumption and specific occasions: they are making meal decisions and need to be offered inspiration. Frozen Fish also needs to work on being positioned as a favourite, being supported by taste credentials and being fit for a special occasion. Shoppers are less engaged, less knowledgeable, see fish as less key in diet whilst favouring price over quality. They require education around benefits to increase relevance, being on the list and value perception. Stocking up is more of the intention so messaging around importance of stocking up (don't run out / freezer essential) is more important.

In-store Triggers: Chilled shoppers are driven by product specifics encompassing size so it's important to give them clear ideas on what to do with different species to drive specific requirements. They expressed desire for more inspiration and responsibly sourced fish – look to introduce new ideas on how to use and prepare. Frozen shoppers have more immediate and practical requirements to bring to the fore such as ease of cook and value. They want to see better quality and more ideas around quicker preparation. There is scope for education on perception of Frozen generally.

Consumption: Chilled Fish is featured predominantly in adult occasions with other meal times like lunch more likely, whilst Frozen is more Child orientated with presence at dinner more likely. Positive scores on flavour and taste correlate with higher spend, which could be dialled up in Frozen to improve the value perception.

With the unique ability to link actual purchasing behaviour with attitudes and usage through our LinkQ service, we quantified and prioritised the opportunities along the path to purchase for the Seafood industry body. Please contact your account team if you'd like to learn more.

Emily Swann
Client Consultant – Expert Solutions

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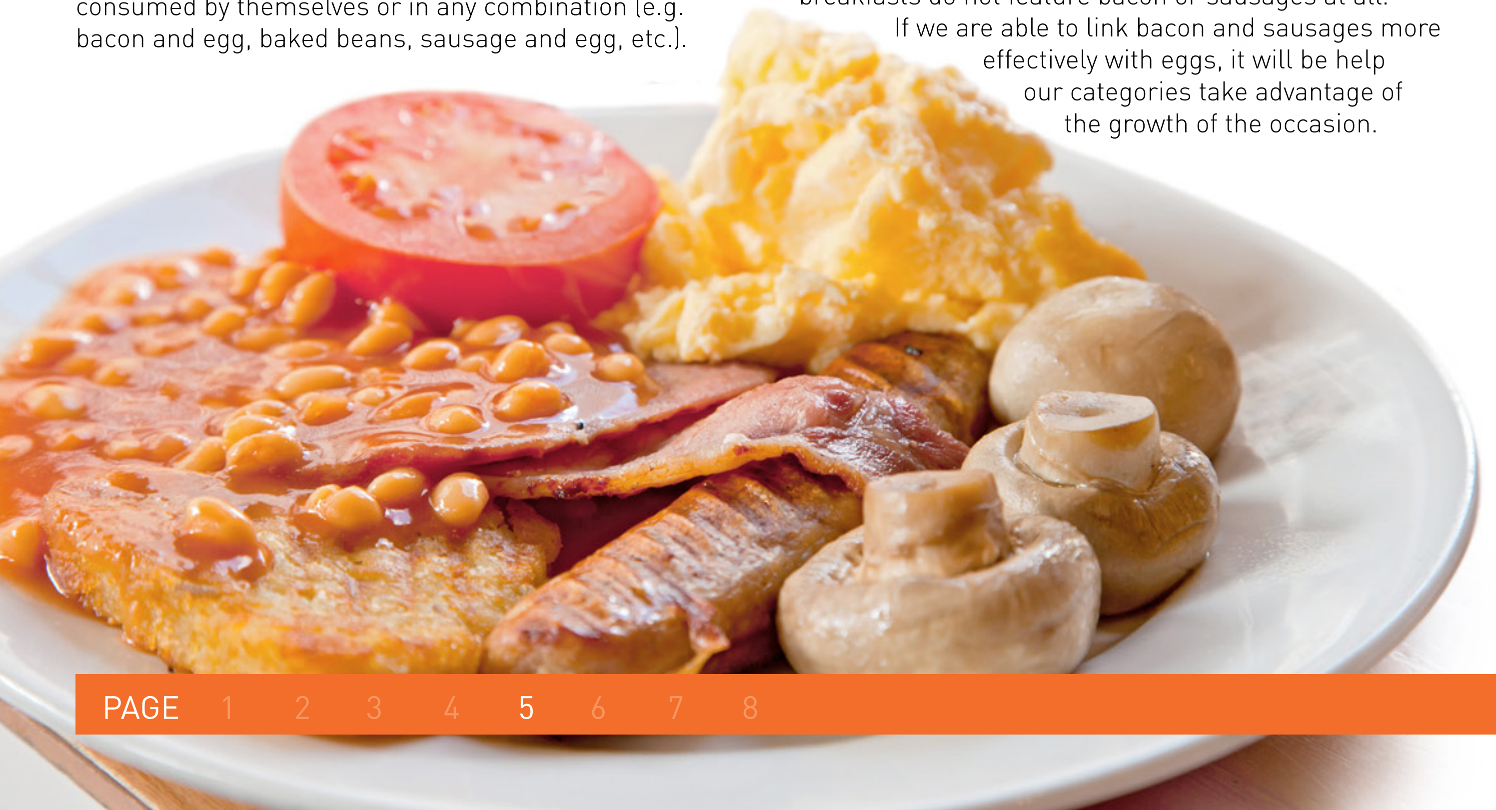
The Full English

Breakfast remains one of the most important occasions in the home and throughout the last year, breakfast has been the only in home occasion to consistently grow year on year.

The biggest breakfast foods are breakfast cereals which dominate the occasion, but have been losing share of the occasion in the long term. The decline in breakfast cereals can be partially attributed to the on-going sugar debate and increased competition from cooked breakfasts. The winner in this occasion is the cooked breakfast, which is defined as an occasion where eggs, bacon, sausage and baked beans are consumed by themselves or in any combination (e.g. bacon and egg, baked beans, sausage and egg, etc.).

Cooked breakfasts have grown well above the average occasion, growing at over 8% year on year, accounting for over 1 in 8 breakfasts consumed in the GB. Whilst the cooked breakfast occasion is growing, there is been mixed news for meat at this occasion! Bacon has been faring well and growing ahead of the total occasion and sausages have declined.

Consumers prefer simple cooked breakfasts, with almost three quarters of these occasions including just one of the key components, although other foods like toast can be present. The most popular cooked breakfast just contains an egg and half of cooked breakfasts do not feature bacon or sausages at all. If we are able to link bacon and sausages more effectively with eggs, it will be help our categories take advantage of the growth of the occasion.



Unsurprisingly, cooked breakfast is most likely to be consumed at the weekend and this is when half of all cooked breakfasts are eaten. The typical consumer is very much in line with the stereotypical view of a cooked breakfast, with Males are much more likely to consume them and females and children under indexing on the occasion. Addressing the missed mouths in the occasion will be an important way to drive additional consumption and sales.

Cooked Breakfasts are growing, but still have a slight image problem. The whole image of the cooked breakfast is of indulgence and against prevailing health trends. Treating oneself is the key driver of cooked breakfast consumption and whilst indulgence is a great image for the occasion, if we want to help drive the occasion forward, we will need to make it a treat for the whole family to limit the missed mouths on the occasion. So targeting of communications around the treat is important, but making that accessible for all the family will help drive wider growth.

Marcelina Fedczyszyn
Client Manager – Usage Service

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Saying goodbye to 3 for £10 in MFP?

Following Sainsbury's' bold move to cut all of their 3 for £10 deals across MFP from January 2015, time would only tell when the other retailers would follow suit. Within MFP, the 3 for £10 deal is currently worth £557m, which is a 30.5% decline compared to the previous year. Waitrose is stepping outside of the trend, being the only retailer to see an increase in sales through the 3 for £10 mechanic, showing growth of 9% year on year. Over the last year, Tesco has been moving away from 3 for £10 and diverting slots into other promotions within the store, whilst looking to drive value to the shoppers through a wider strategy of EDLP. Sainsbury's bold move on the mechanic has contributed to a decline in MFP, as shoppers are buying less per trip an area which 3 for £10 provided consistent volumes over time.

The 3 for £10 deal has historically given shoppers the opportunity to shop across the Meat, Fish and Poultry fixtures and choose three products that suit their needs. In many cases we observed that the promotion drove some shoppers to focus on a protein/cut rather than spread their spend across categories. The most common combinations for the 3 for £10 mechanic were three of the same protein/product, with Chicken Breasts, Frying/Grilling Meats and Beef Mince the key cuts where three of the same product were shopped.

When we look at the impact of reducing 3 for £10, particularly using Sainsbury's as an example, we see that Fish and Primary Red Meats have suffered the most. In Sainsbury's, the two key product lines suffering have been Salmon and Beef Mince, where the change of promotions has culminated in a significant volume decline for the key lines in those areas.

At the same time, Bacon has also suffered as the mechanic has been removed or reduced, compounding challenging market trends and driving an overall volume decline of 42% through the mechanic. All retailers have seen volume losses for Bacon through the 3 for £10 mechanic, with M&S and Asda driving the decline.

The sectors that are performing well in the 3 for £10 deal are primary poultry and Ready to Cook, which are being driven through Waitrose's renewed focus on the mechanic. 3 for £10 on primary poultry in Waitrose has driven double digit growth through new shoppers. In Waitrose RTC, the same mechanic has helped drive double digit growth as existing shoppers buy into the value of the mechanic shopping the category more often and driving bigger baskets each trip.

3 for £10 has historically been a key promotion within the MFP fixture, however with Sainsbury's and now Tesco moving away, we are clearly moving into a different promotional landscape for MFP.

The performance of Waitrose shows that 3 for £10 can still work, so what is the best route forward? We believe that it clearly depends on the category and your shopper's needs, so please talk to your account team to find out what this means for you and your categories.

Rosie Owen
Client Executive

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Please get in touch with any feedback on the articles you have read or with any questions you may have.

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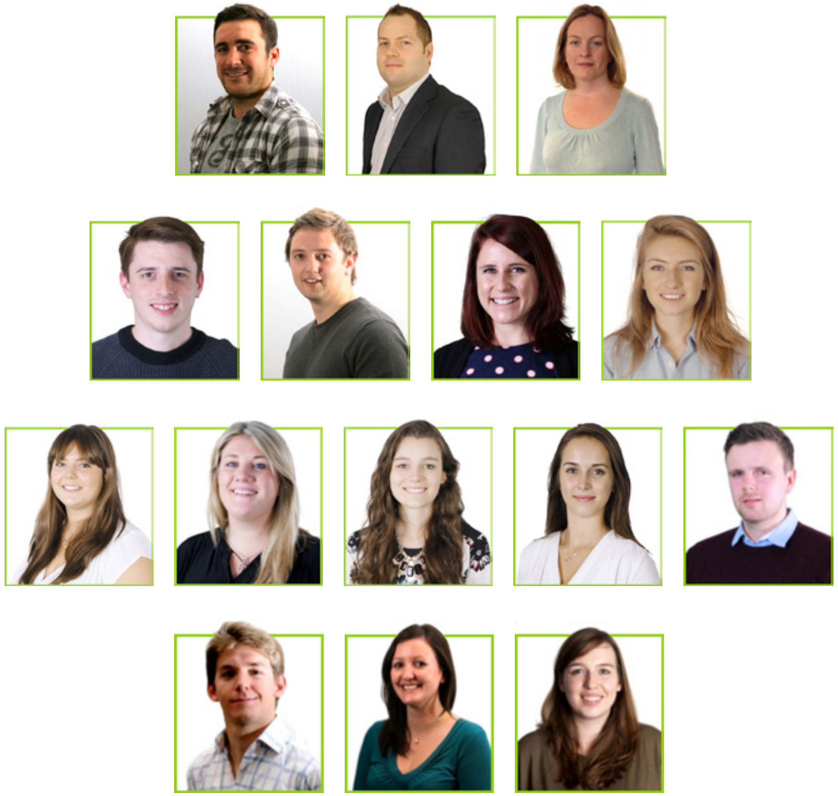

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