KANTAR WORLDPANEL

# MEAT, FISH & POULTRY

**NEWSLETTER** – Summer 2017


The march of the flexitarians...

Love is in the air

The growth of snacking

Lamb gets a roasting this Easter

The growth of premium own label

Meat the team


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# WELCOME TO THE LATEST MEAT, FISH AND POULTRY NEWSLETTER

**We've been busy in 2017 helping you navigate the choppy waters we foresaw in our previous newsletters! We've seen long term trends driving some big changes in the market. And in the short term, changing promotions, the impact of inflation and worries about Brexit have all been at the forefront of your questions. Since the Christmas data was delivered, we've seen more changes in the market, some of which we will be exploring in more detail in this edition of our quarterly newsletter.**

There has been a growing trend for event-led marketing in grocery retail and we will be focusing on how Valentine's Day is working for MFP. We know that Easter has traditionally been a huge event for our markets as people come together and have more big meals at home. We will explore what happened this year and whether Easter is losing relevance. While big calendar events are important, wider trends continue to impact the market. Health and snacking are two big trends that continue to increase in importance and we are looking at these in more detail to see the impact on the wider MFP competitive universe. The retail market is getting increasingly competitive with the big 4 squeezed as the discounters and premium retailers find their own path to growth. Something we are seeing as a reaction to this dynamic market and an attempt to differentiate the core offer is a return to own label tiering. A return to a good, better, best tier structure aims to give consumers a great choice whatever their budget and we will explore whether these tiers are achieving their aims and who is driving their growth.

One of our aims as a team is to meet with clients as often as possible to hear all your questions, understand your challenges and help deliver value to your business. We've spent a lot of time out and about since Christmas and want to catch up with everyone over the next few months. A great opportunity to do that is our upcoming conference, so I hope you've all had invites to the Fixture To Fork event on 14th June in Leeds. We've got a great set of speakers lined up and will be covering some of the pressing issues in the market today! We'd love to see you there, so if you've not yet received an invite, please talk to your client service team.

We welcome your feedback and if you have anything you'd like to share with us, or any themes you'd like us to explore in the future, please get in touch with me at nathan.ward@kantarworldpanel.com.

We hope you enjoy the newsletter and welcome your feedback.

Thanks,
**Nathan and the Kantar Worldpanel MFP Team**

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# Agenda


4 **The march of the flexitarians...**
"Flexitarianism" has been a growing trend for the last couple of years, but has more recently picked up momentum and gained traction in the media. With a growing number of consumers citing health as a reason for reducing their meat consumption, does the trend pose an opportunity as well as a threat to the sector?

5 **Love is in the air**
Love was certainly in the air this Valentine's Day, with retailers and consumers all getting involved this year. Grocery was in growth, driven from the retailer side by Marks & Spencer, as well as the discounters, and from chilled ready meals on the category side. Within MFP, it was the most valuable Valentine's Day ever, as new shoppers arrived in the ready to cook sector.

6 **The growth of snacking**
We're increasingly eating food carried out of the home, and this in turn is having an impact on the snacking category. Fruit now features in the most carried out occasions, but the volume of snacking foods sold containing meat has also grown. This has been driven by pork products such as sausage rolls and pork pies, whereas the volume of chicken snacking products per trip has dropped.

7 **Lamb gets a roasting this Easter**
Easter remains one of the most important events in the retail calendar, and as well as splurging on Easter Eggs, it's also a time when families get together and have an "event" meal. But with promotions in decline across all of the proteins, how did the traditional roast fare this year?

8 **The growth of premium own label**
Standard tier own label products account for 84% of the MFP market. However, premium own label products have been in growth for the past 5 years. The bulk of this growth has come from the discounters and the premium retailers, which have launched new lines in a bid to attract new shoppers. The big 4, meanwhile, have responded to the rise of the discounters by launching new economy lines.

9 **Meat the team**




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# The march of the flexitarians...

**We're buying less fresh and frozen meat across the board, and the news seems littered with stories about eating less meat and the takeover of vegetarians and vegans.**

However, 91% of GB households still bought fresh or frozen meat in the past year and that number has not changed – so is it that we are simply cutting back? Compared with five years ago, on average we are each making one less fresh and frozen meat trip a year. So are people replacing this trip with something else?

"Flexitarianism" has been a growing trend for the last couple of years, but has more recently picked up momentum and gained traction in the media. The idea is not to cut meat out of your diet completely, but rather to cut down, and the trend is driving an increase in the number of people only having meat a few times a week. This is primarily motivated by health – 36% of consumers now cite health as the reason for cutting down their meat consumption in comparison to 29% in 2015.

Examples of flexitarianism becoming more prominent include events such as 'Veganuary' and 'Meat-Free Monday'. There has also been a surge of innovative new product development to meet the needs of this growing trend, such as Heck's expanding vegetarian range, Samworth's new MOR range and retailers tapping into private label minced beef alternatives and bean products, particularly Aldi and Asda.

The meat free market has also been in strong growth, driven by 114,000 more shoppers. This market is dominated by brands such as Quorn, whose portfolio has expanded into vegan options, as well as meat free fish. Nearly 60% of meat free alternatives are eaten by non-vegetarians, which means that NPD shouldn't be solely targeted at vegetarians and should rather try to appeal to the wider, flexitarian audience. With only 5% of the population claiming to be vegetarian and 16-54 year olds being more likely to be vegetarian, the trend has gained as much impetus through people who do also eat meat.

The emergence of meat free alternatives isn't only being seen in the UK. In Germany, the leading sausage producer, Ringwalder Muhle, revolutionised the market by offering meat free options in their range and giving people wider options in the market. This was a success for their brand, driving 14% growth and incremental sales to their business.

Whilst meat free and the rise of flexitarianism continue to pose a threat to meat, fish and poultry, they can also be an opportunity for manufacturers who are able to tap into the trend. However, there are other factors which also feed into the choices we make, with shoppers putting more emphasis on the provenance of ingredients, time-saving, and easy mealtime solutions. For example, the 'Lean in 15' recipes by Joe Wicks, the celebrity "Body Coach" promote quick, easy and tasty meals, and meat as an important part of a balanced diet. This new perception of health is an area where meat, fish and poultry can take centre stage and capitalise on.

**Helena King**, Client Executive



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# Love is in the air

**Love was certainly in the air this Valentine's Day, with retailers and consumers all getting involved this year. Shoppers spent +2.3% more in grocers over the four week period including Valentine's Day, putting spend ahead of inflation.**

This proved to be extremely valuable, with shoppers spending an additional £43m in the two weeks leading up to Valentine's Day compared with an average fortnight. It seems Dutch courage may have also been the order of the day, as alcohol was the fastest growing sector over this time, as people recreated the restaurant experience at home.

Marks & Spencer continued to be the big winner in the Valentine's Day categories (ready meals, chilled desserts, chocolate boxes and wine), accounting for 13.4% of spend – an astonishing over trade on their grocery share. As ever, it was the discounters who showed the strongest growth and their share of Valentine's Day categories is now very close to matching their overall share of grocery. Wine was an especially strong growth area for the discounters this year, showing that any stigma in buying your Valentine's meal from a discounter has now dissipated.

Meal deals were particularly popular this year and added an additional 357,000 shoppers, leading to +27% growth in sales using this mechanic. Marks & Spencer's 'Valentine's Dine In for Two' was the most popular meal deal, driving +£4.9m of growth, but Tesco's 'Finest Valentine's Dine In for 2' was not far behind, with +£3.7m growth.

With meal deals now ubiquitous among retailers, they need to look well beyond just meat and vegetables to capture shoppers' imaginations. Chilled desserts are becoming a key component of meal deals, now part of 60% of deals compared with 48% last year. That said, chilled ready meals are still the driving force of Valentine's Day, present in 85% of meal deals and accounting for half of all Valentine's spend.

Within meat, fish and poultry, it was the biggest ever Valentine's week, with shoppers spending £290m in the week ending 19th February alone. Although Saturday remained the biggest day of the week in terms of spend, the Monday (before Valentine's Day) brought in £4.7m more to the category than the average Monday, showing more people were making the trip just one day before. The ready to cook (RTC) category played an important role in the growth of MFP over the Valentine's Day period, bringing in 482,000 shoppers who hadn't bought the category the rest of the year. This was at the expense of fresh primary chicken, as a great deal of spend switched in from that category. The gain in shoppers added £3.5m to the RTC category over this period, making Valentine's Day the second most valuable time of the year for RTC after Christmas and delivering a second consecutive year of growth.

Despite the enduring idea of a romantic candlelit dinner for two and a growing food service market, the rise in meal solution options available has made it a lot easier to bring food back into the home for Valentine's Day. With weakening consumer confidence and the propensity to indulge in treats still relatively high, this could be a pattern we see continue in 2018.

**Alan Creswell**, Client Manager

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# The growth of snacking

**With consumers spending more and more time on the go, and the number of eating out occasions involving food brought from home increasing, it is no surprise to see that the snacking category is in its fourth consecutive year of growth. This year, this area grew at +5.3%, driven by an increase in trip frequency and accelerating over the last quarter.**

Another shift in this area is the reason behind our snacking choices. Health is a growing motivation behind our choices of snack foods, up by 10% since 2013, and fruit has become the single biggest item in the carried out market, now purchased more often than sandwiches. Alongside this, pork and fish snack products have seen very strong growth.

Pork has ridden on the back of a fine 12 months for savoury pastry, with strong performance from sausage rolls, pork pies, scotch eggs and pigs in blankets more than counteracting the decline in cooked sausages. Bacon and cheese straws were especially popular, almost doubling value on last year. Meanwhile, spend on pasta salad bowls containing fish have grown by over a third over the past year.

Despite the growth of ready to eat chicken pieces, chicken snacks have lost share this year. A drop in volume per trip has been the key driver behind this, as well as reduced promotional activity – this is the first year the majority of sales were not on promotion. And this has lessened the incentive for shoppers to put as much in their basket.

With roughly 5% of the UK population claiming to be vegetarians, and meat-cutting flexitarians on the rise, there has also been an increasing demand for vegetarian alternatives across all categories. Despite the growth of meat snacking over the last year, we can expect this demand for meat-free alternatives to continue.

**Alan Creswell**, Client Manager

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# Lamb gets a roasting this Easter

**Easter remains one of the most important events in the retail calendar, which sees some big changes in store as retailers look to effectively merchandise for the festival. Clearly, Easter eggs are in high demand over the period, but it is also a time when families get together and have an "event" meal. Promotions play a hugely important part in our protein choices at key seasonal events such as Easter and Christmas and this year saw a major decline in promotions across all of the proteins – so what was the impact of this dynamic on the market?**

Easter is always an interesting event to look at, as it is not at a fixed time each year, meaning a range of different factors such as weather and other events can impact performance. When comparing the four weeks leading up to Easter Sunday this year with the four weeks to Easter Sunday last year, the picture looks pretty bleak for our roasting proteins*. Across the board, volumes were down, with only fresh chicken bucking the trend – predominantly driven by shoppers switching spend from all other proteins.

Saturday was the biggest trading day for roasting meats, suggesting shoppers left it to the last minute to pick out their roast. Overall, red meat roasting joints were down 10% in value and 16% in volume – a significant decline during such an important event. Whilst shoppers bought less, the key driver of this decline was 918,000 fewer people buying into the market, perhaps deterred by an 8% rise in prices.

The traditional Easter classic roast, fresh lamb joints, struggled the most this Easter, with an 18% volume decline and losing £3m to all of the other proteins. We know that shoppers left the roasting category across the board, but lamb was worst hit losing 805,000 households compared to last year. So who were these households? They were more likely to be pre-family, younger and from smaller households; highlighting the importance of promotions in driving engagement in younger shoppers. Inflation and the rising cost of imports may have also played a part, as prices rose 11%. Lamb shoulder was the most expensive cut per kilo and only 6.7% of volume was sold on deal, whilst chicken roasts were the cheapest, shortly followed by pork shoulder.

With the exception of pork leg, promotions were down across all roasting cuts and with nearly all categories seeing a decrease in performance, there seems to be a clear correlation. Fish and pork loin roasting joints were the only areas where sales grew despite decreasing promotions, although fish's performance relied heavily on inflation as prices rose in key species. Last Easter around 55% of all pork volume was sold on deal, but that fell to nearly 30% this year. Pork loin saw an even bigger drop to under 20%, but for its third consecutive year it continued to see growth in value and volume, after attracting more affluent shoppers. In a similar story, fresh beef joints saw reduced promotions (from 62% to 42%) and as a result lost shoppers – predominantly those from bigger but younger households.

Overall it appears that the knock-on effect of declining promotions was that fewer people bothered with their Easter roast this year. Better value options such as chicken performed well, whilst lamb, the classic Easter staple, perhaps became too much of a luxury. The stripping back of promotions is a trend that has been seen across grocery, but we can see that within some categories, especially at key events, they are vital at attracting shoppers and driving volumes.

**Charlotte James**, Client Manager



*(*Roasting Proteins = Beef, Lamb & Pork Joints, Poultry Crowns & Whole birds & Gammon)*

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# The growth of premium own label

**Within the world of Meat, Fish and Poultry, private label dominates, and within private label, standard tiers rule. With standard tier currently accounting for 84% of the market this does not look likely to change any time soon.**

As is often the case when a market is so heavily skewed, there's not much headroom for the bigger player to grow, which is why it's not surprising to see growth coming from another direction. In this case, premium own label is the dynamic area. In the latest 52 weeks, standard tier has remained flat; whilst premium own label grew at +11% year on year.

This is not just a recent trend; over the past five years, premium own label has grown in value by +35% and in volume by +32%. This equates to shoppers spending an additional £414m on premium own label since April 2013.

Some 76% of that growth has come from four retailers: Aldi, Lidl, Waitrose and Marks & Spencer. Combined, they now command 29% of the premium own label market, compared to their 25% share of total MFP.

Now settled as a force within the market, the discounters have turned their attention towards premium products, and with good reason. This premiumisation has allowed Aldi and Lidl to strategically target new shoppers – a tactic which has worked for them, as both retailers continue to show growth.

A relaunch of Morrisons' The Best aside, the big 4 have, so far, not been particularly inclined to follow suit. The growing force of the discounters is a worry for the big 4, and the launch of economy own label products such as Tesco's Farm Brands will only contribute to the average price drop brought on by the industry's move towards EDLP.

The premium retailers, however, have their niche and are not worried about changing their strategy to compete with the likes of Aldi and Lidl. Like the discounters, Waitrose too has added new premium products, with the launch last April of Waitrose 1, as well as its continued and growing support of premium brands. Marks & Spencer too has seen growth through its premium lines.

When household budgets are squeezed, one of the coping strategies used by shoppers is to trade down. With inflation on the rise across total grocery, it remains to be seen if the growth of premium own label will continue, or whether shoppers will start to return to the economy own label products to which the big 4 are turning their attention.

**Lucy Chapman**, Consumer Insight Director
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