Potato trends in a Modern Market

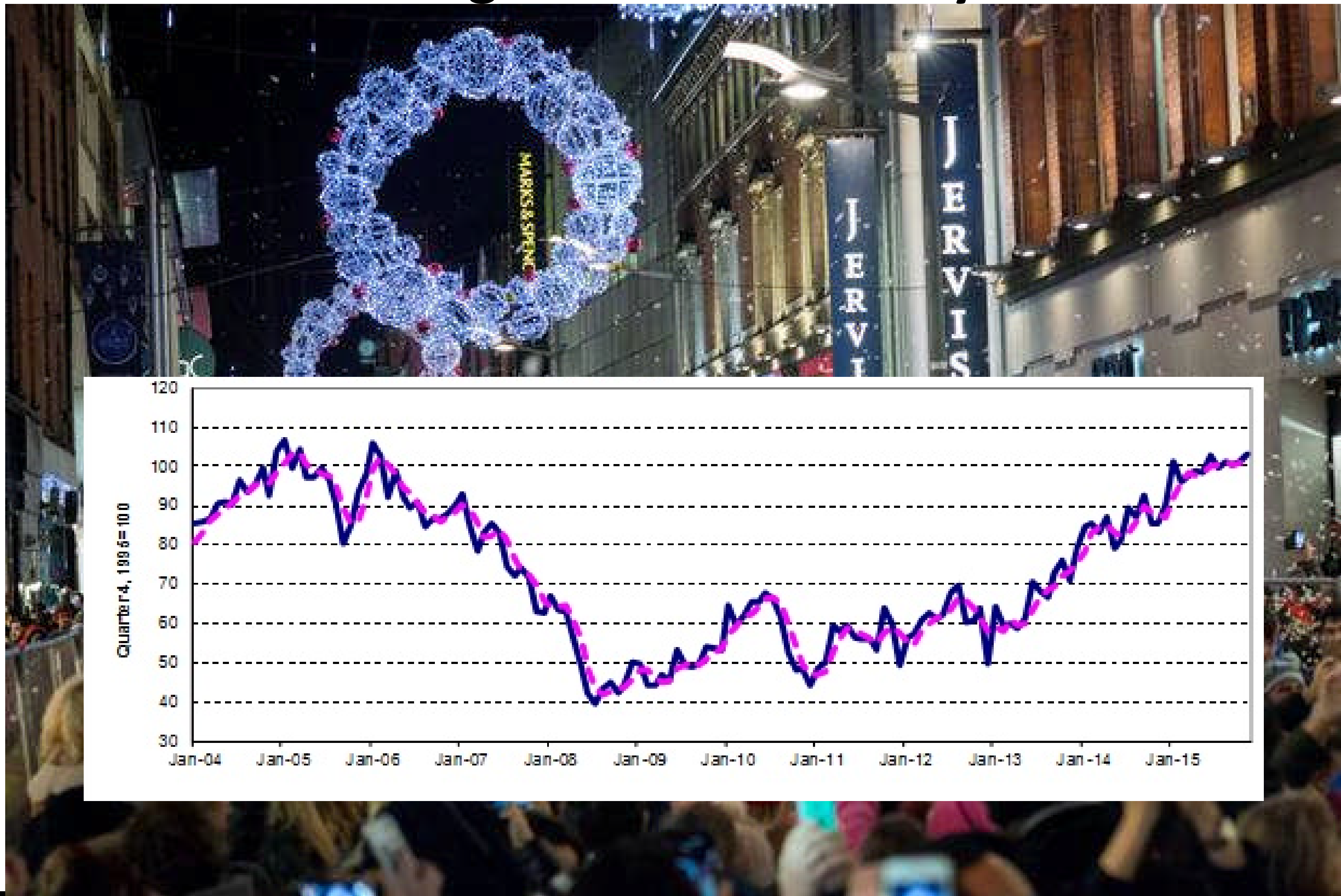
Cliona Lynch - Kantar Worldpanel

KANTAR WORLDPANEL High definition inspiration

Agenda

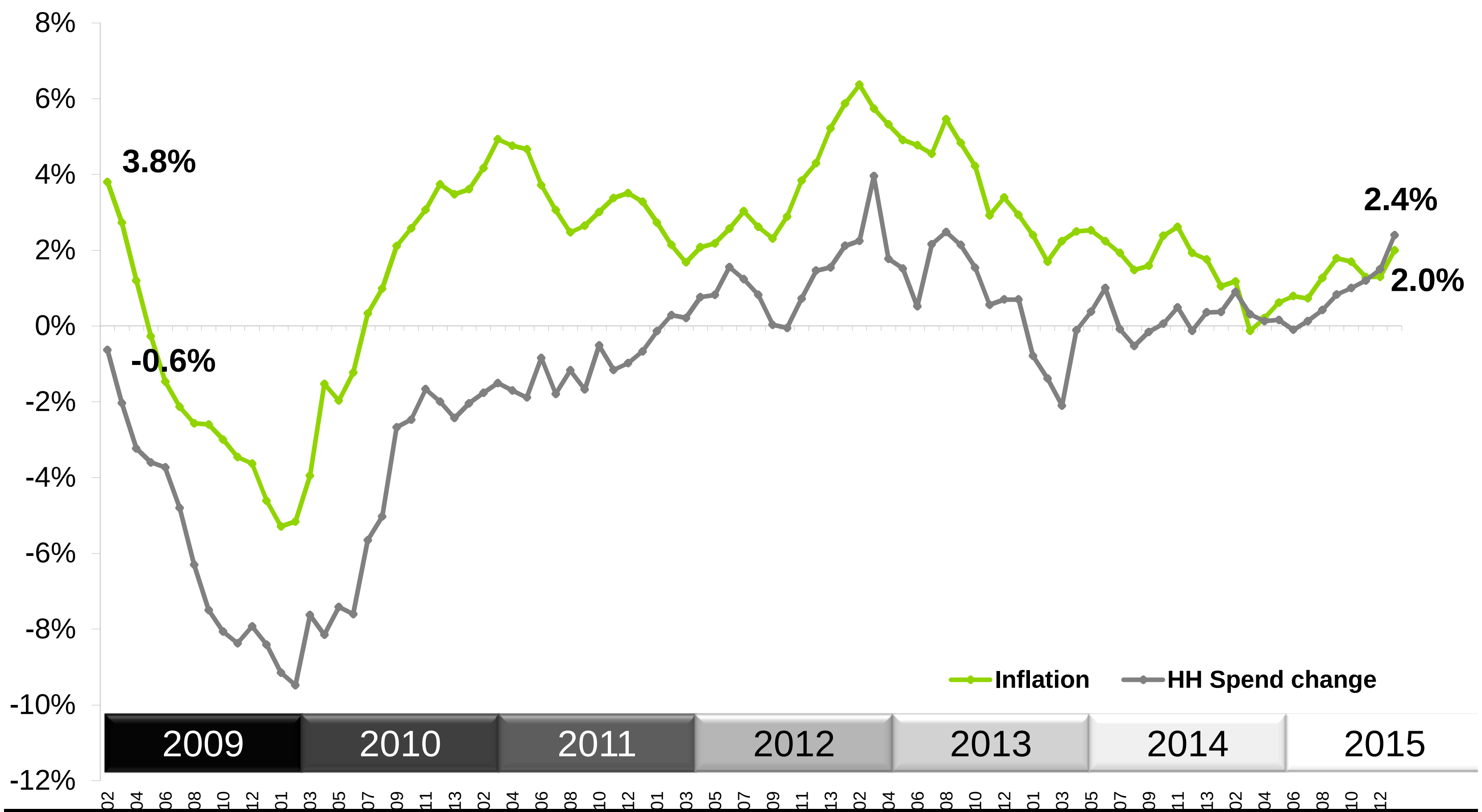
1. Close up on a Modern Consumer
2. Potatoes still central to Irish meals
3. How are Potatoes performing?
4. Where can we address challenges?

Sentiment at its highest since January 2006



Source: ESRI Consumer Sentiment Index

ROI market growth vs. inflation



KANTAR WORLDPANEL High definition inspiration

Source: Kantar Worldpanel Ireland (ROI)
Grocery inflation across 38,000 items

Shoppers relaxed the purse strings this Christmas

	2015	2016
More Trips?	**+0.8 trip**	**-0.2 trip**
Average spend	**+2.2%**	**+3.6%**
Volume Bought	**+2%**	**+1%**
Trip Spend	**-2.3%**	**+5.5%**
Price Paid	**NC**	**+2.6%**

KANTAR WORLDPANEL High definition inspiration **Source: Kantar Worldpanel, data to 3rd Jan 2016**

We paid more for Fresh Food this year…

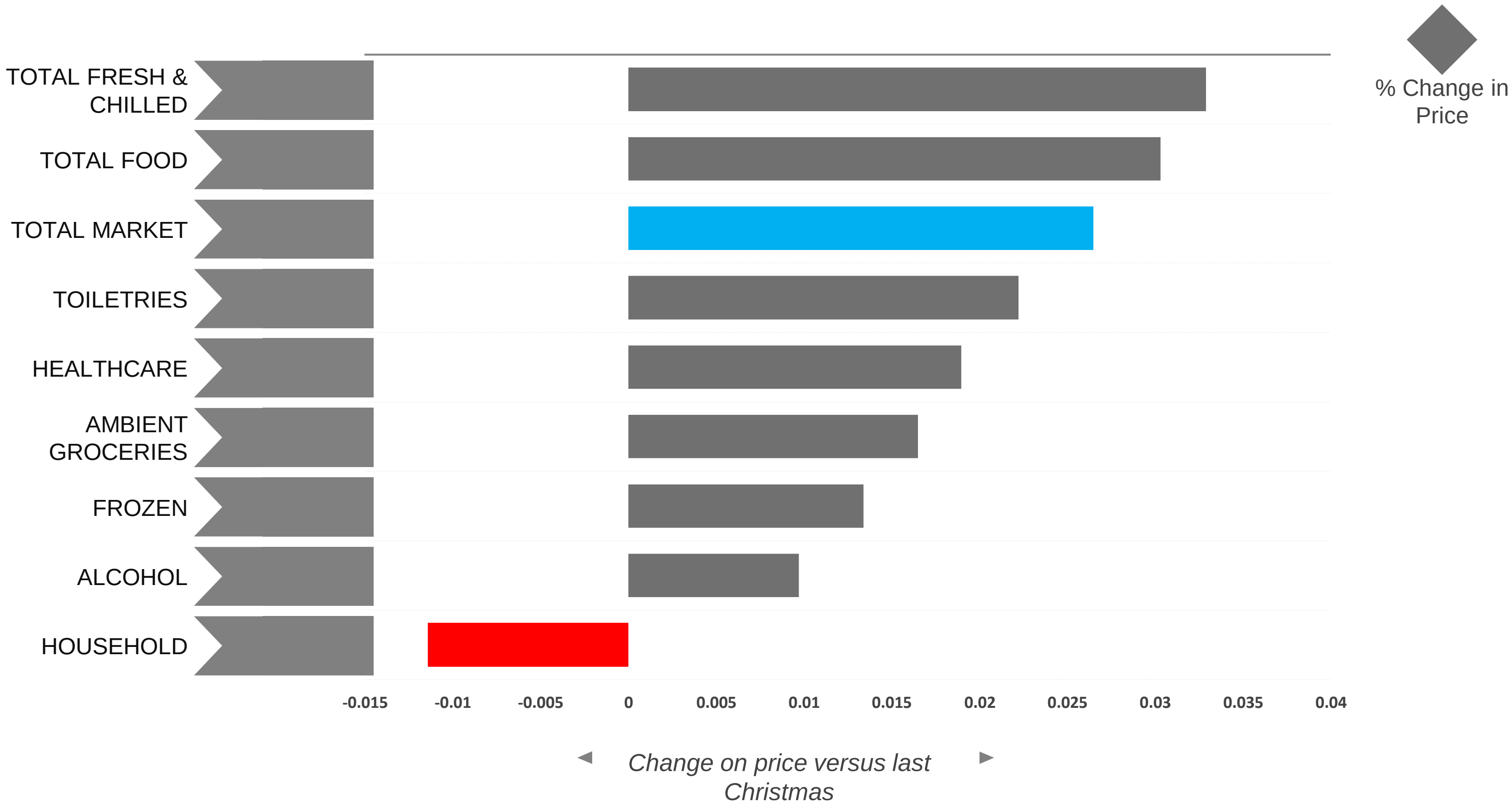
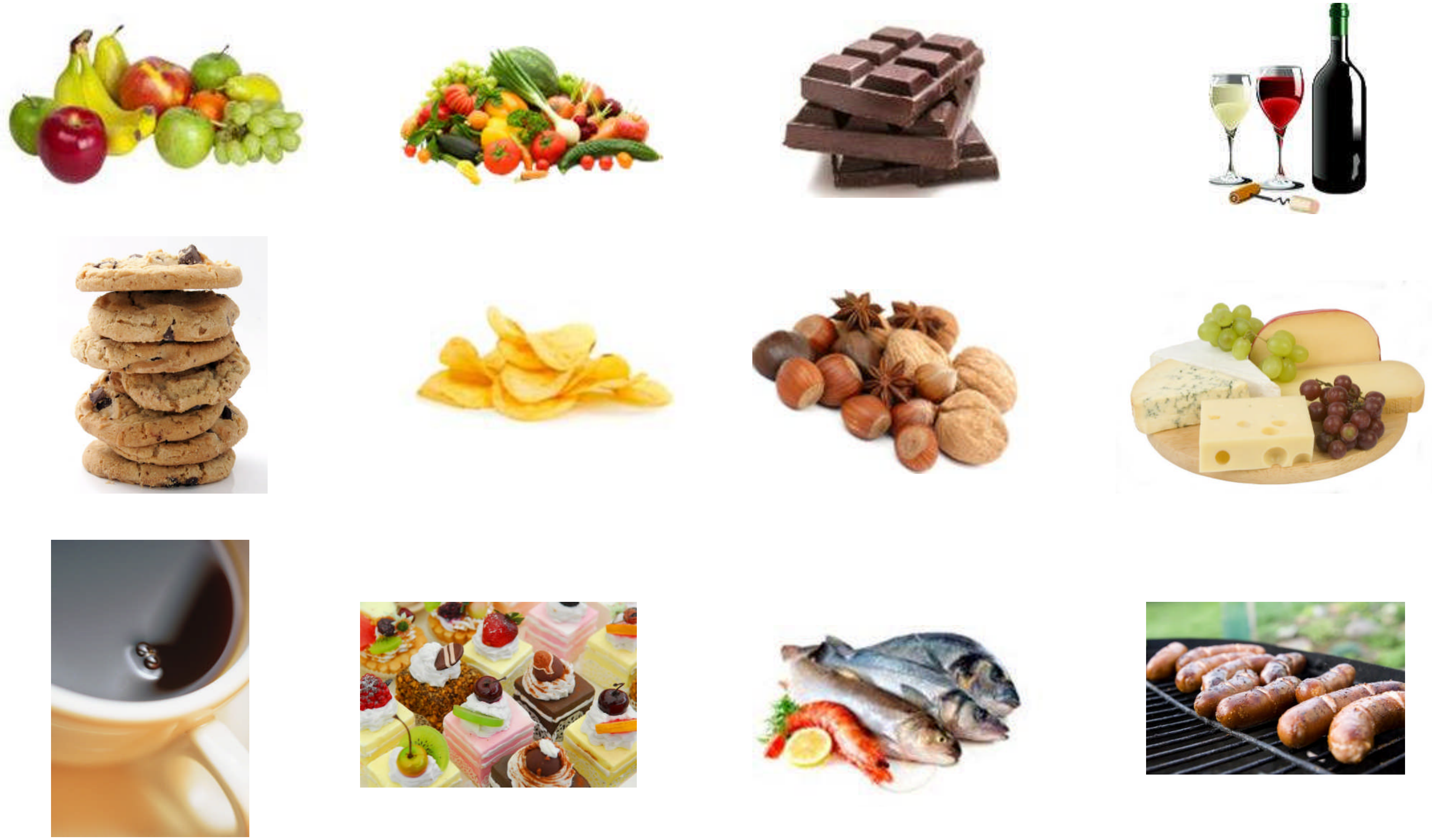


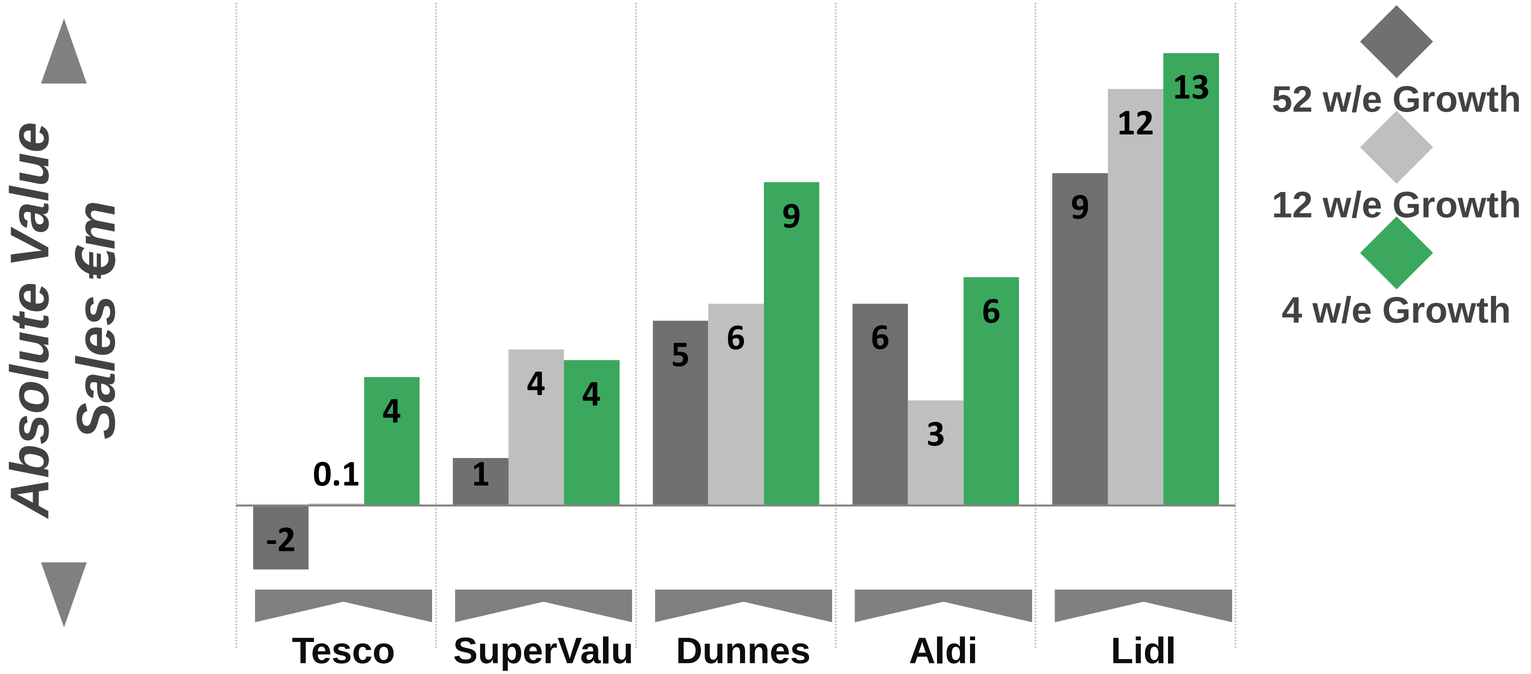
Chart Footnote

Battle between treat and health categories…



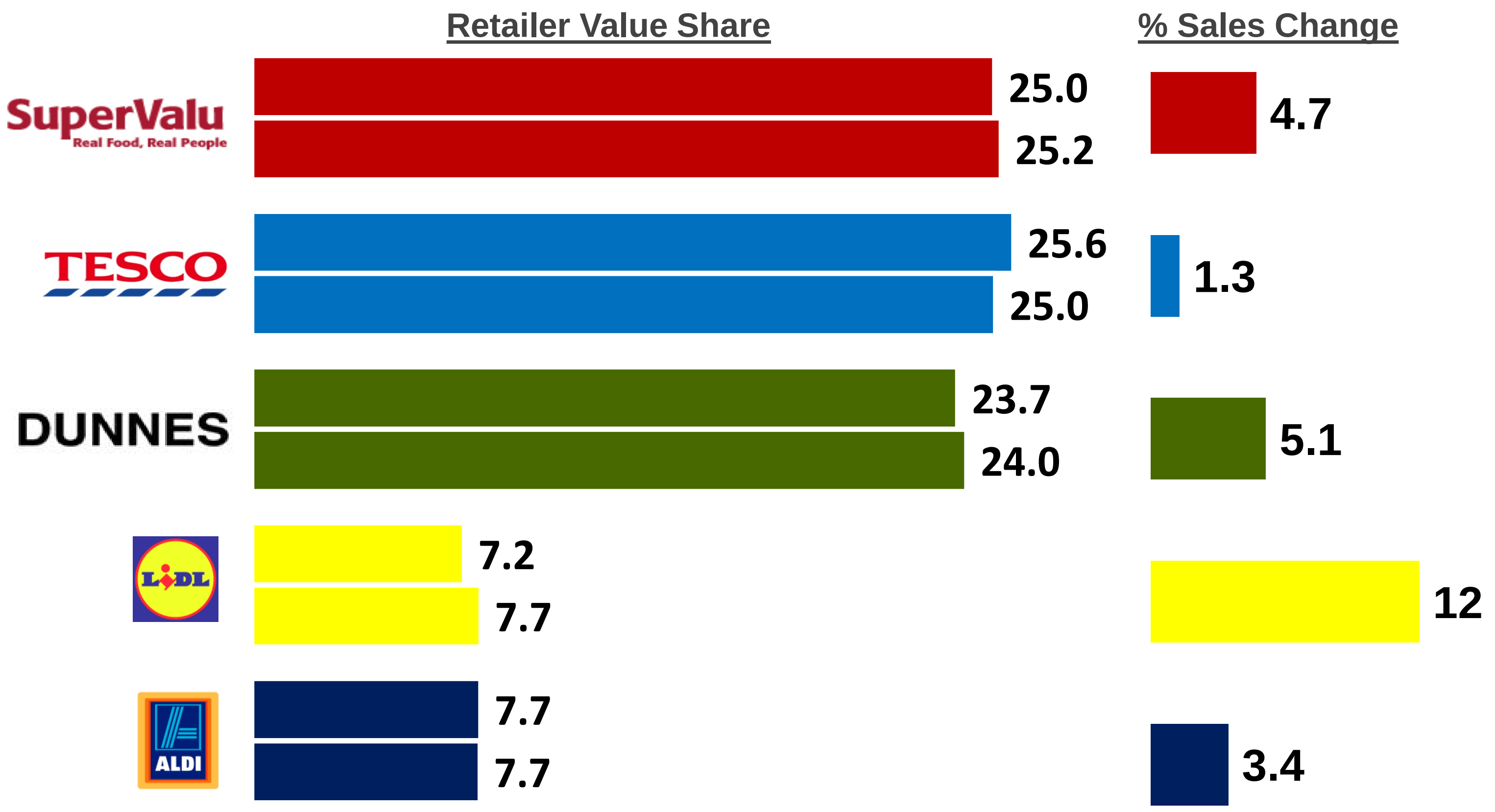
KWP Total Grocery Data 4 weeks to 4th Jan 2015 – growth +5% within Top Markets

Strong momentum across the retail sector



Source: Kantar Worldpanel Data To 3rd Jan 2016

SuperValu claimed top spot at Christmas with a slight edge over Tesco



Source: Kantar Worldpanel 8 w/e 3rd Jan 2016

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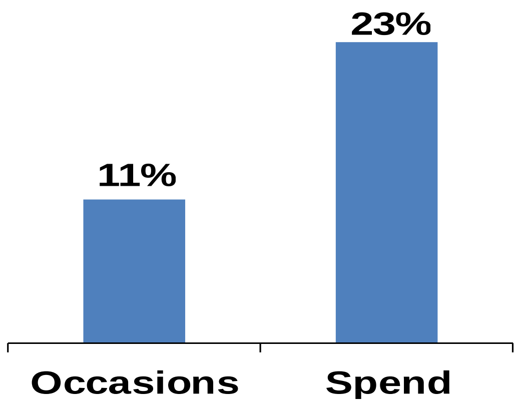
143 million* packs of potatoes sold in 2015

Potatoes are bought once
every 2 seconds
in Irish Retailers

1.65 million households purchasing annually

11% of all shopping trips feature potatoes. These trips contribute 23% of all sales. When potatoes are included in the basket, these grocery trips are worth more than average highlighting the importance of the potato category to retailers



€19.80

€46.70

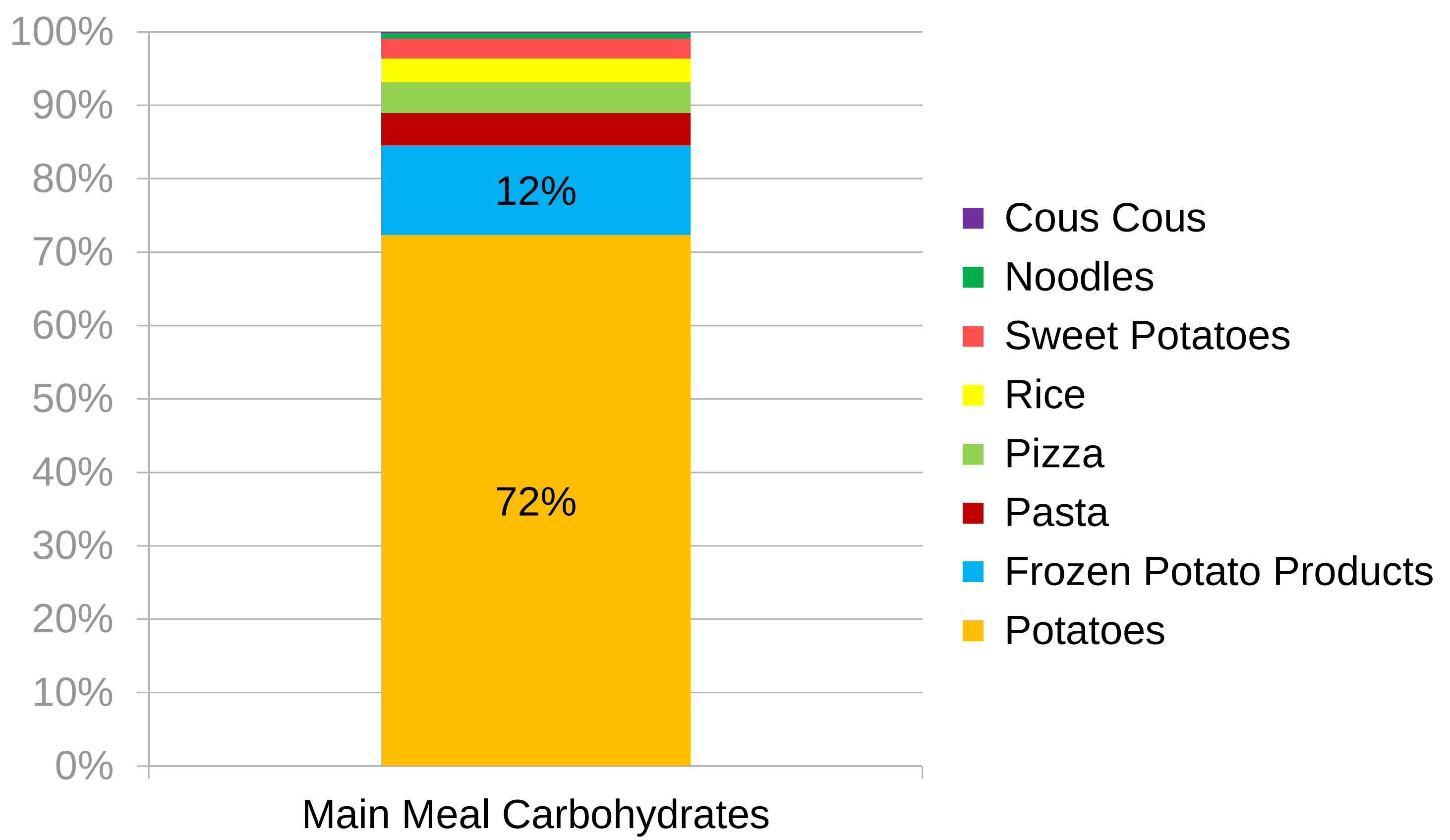
% of households buying (penetration)…

#1	100%
#2	99%
#3	99%
#4	99%
#5	98%
#6	97%
#7	97%
#8	97%

From a shopper perspective Potatoes are the 8th most important category in store

Potatoes and Frozen Potato Products together account for 84% of main meal carbs

52 w/e | % Volume Share (kgs)



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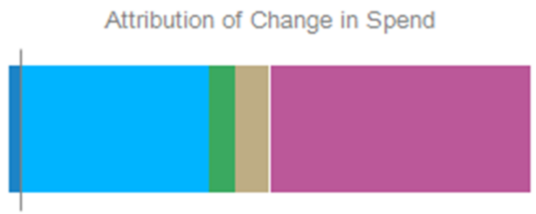
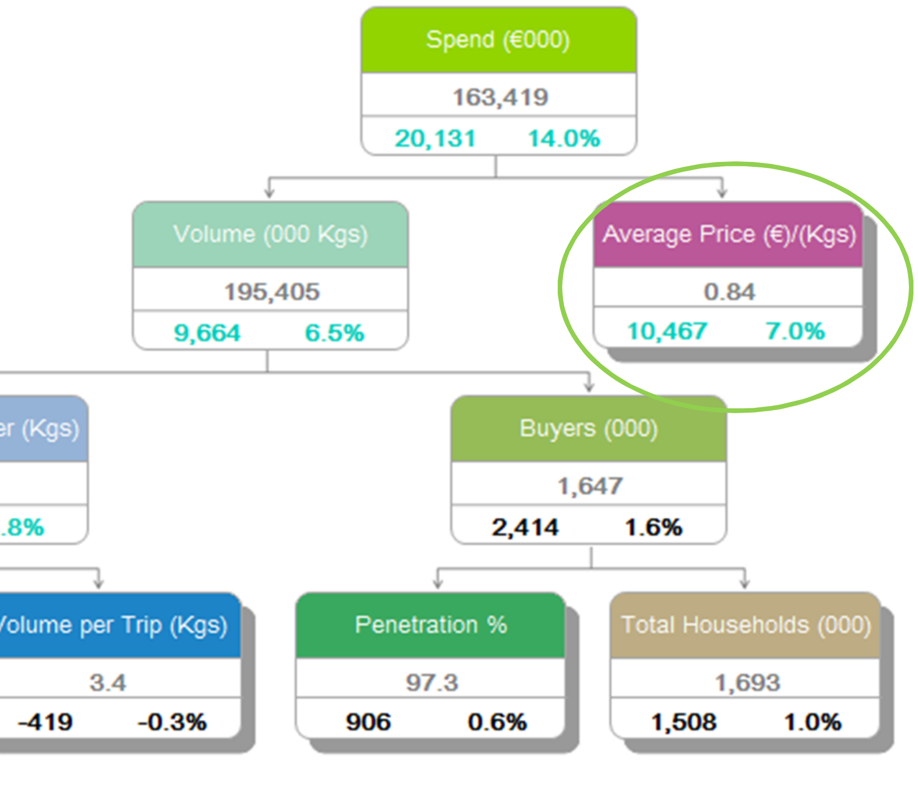
Potato sales are up from last year as a result of price increases and shoppers making more trips to buy.

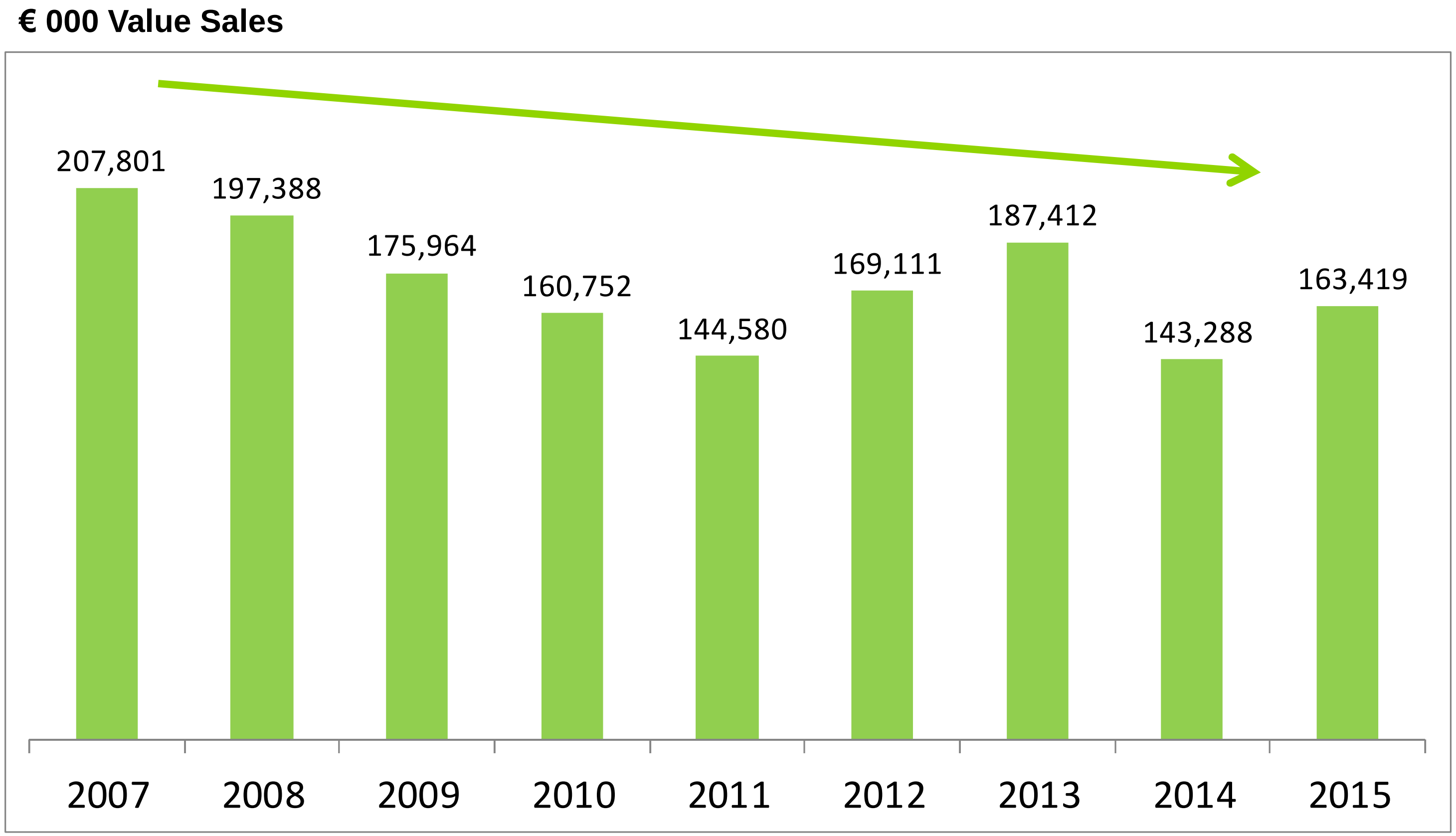
03-Jan-16 vs. Previous Year

Potatoes | Total Outlets | 52 w/e | Previous Year

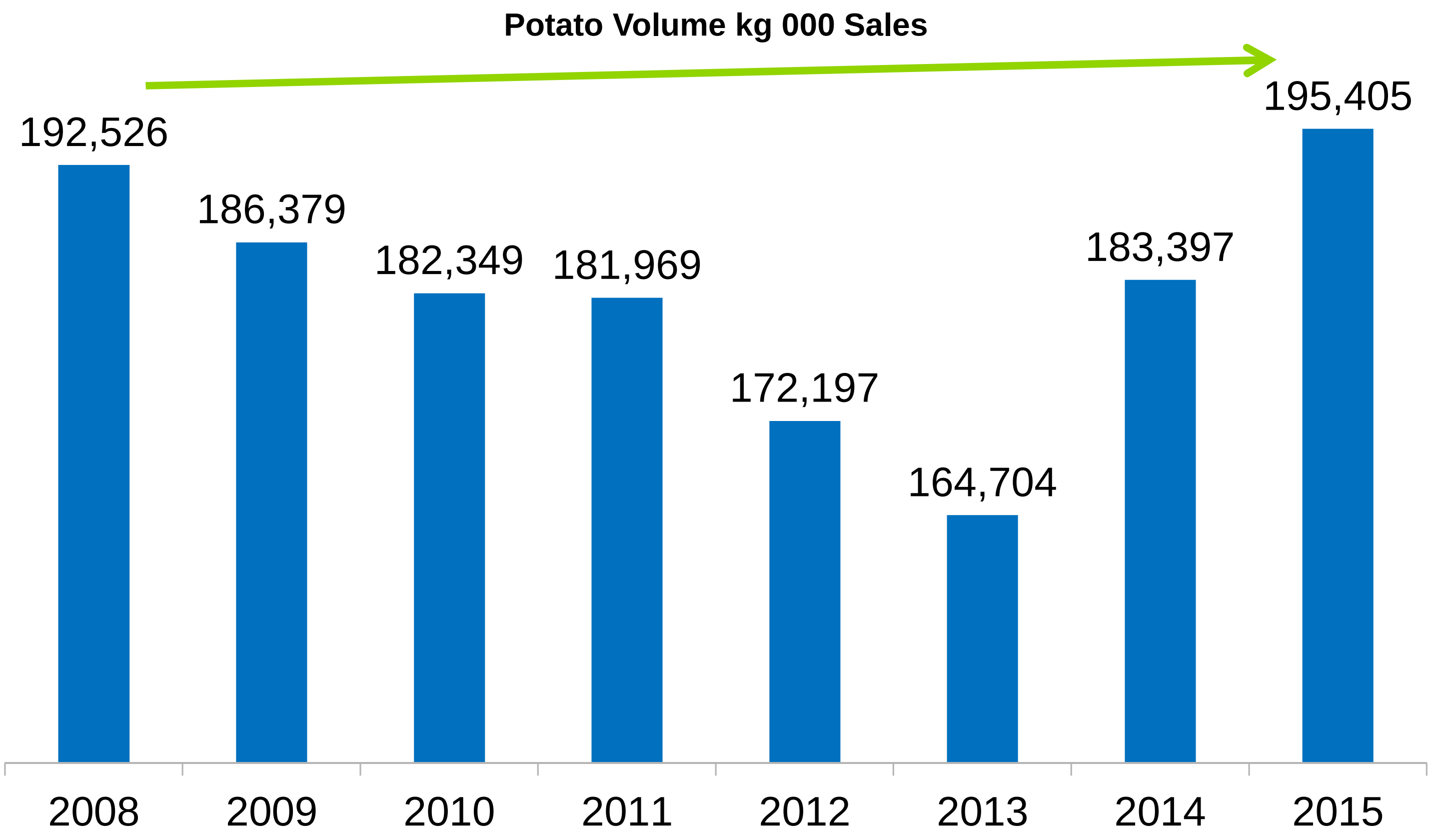




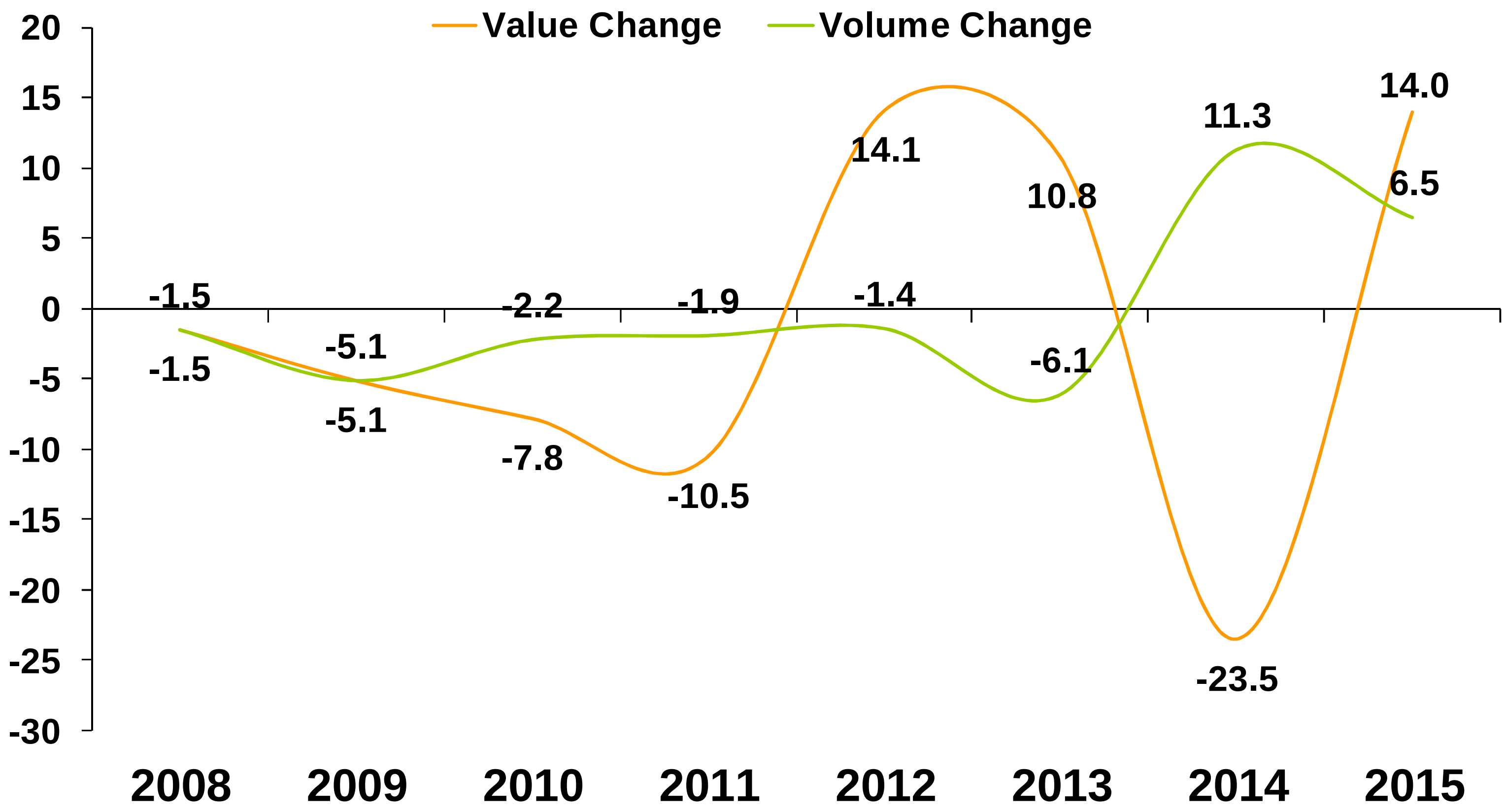
After a drop in 2014 Potato sales have recovered again in 2015 but are still below 2007/8 levels



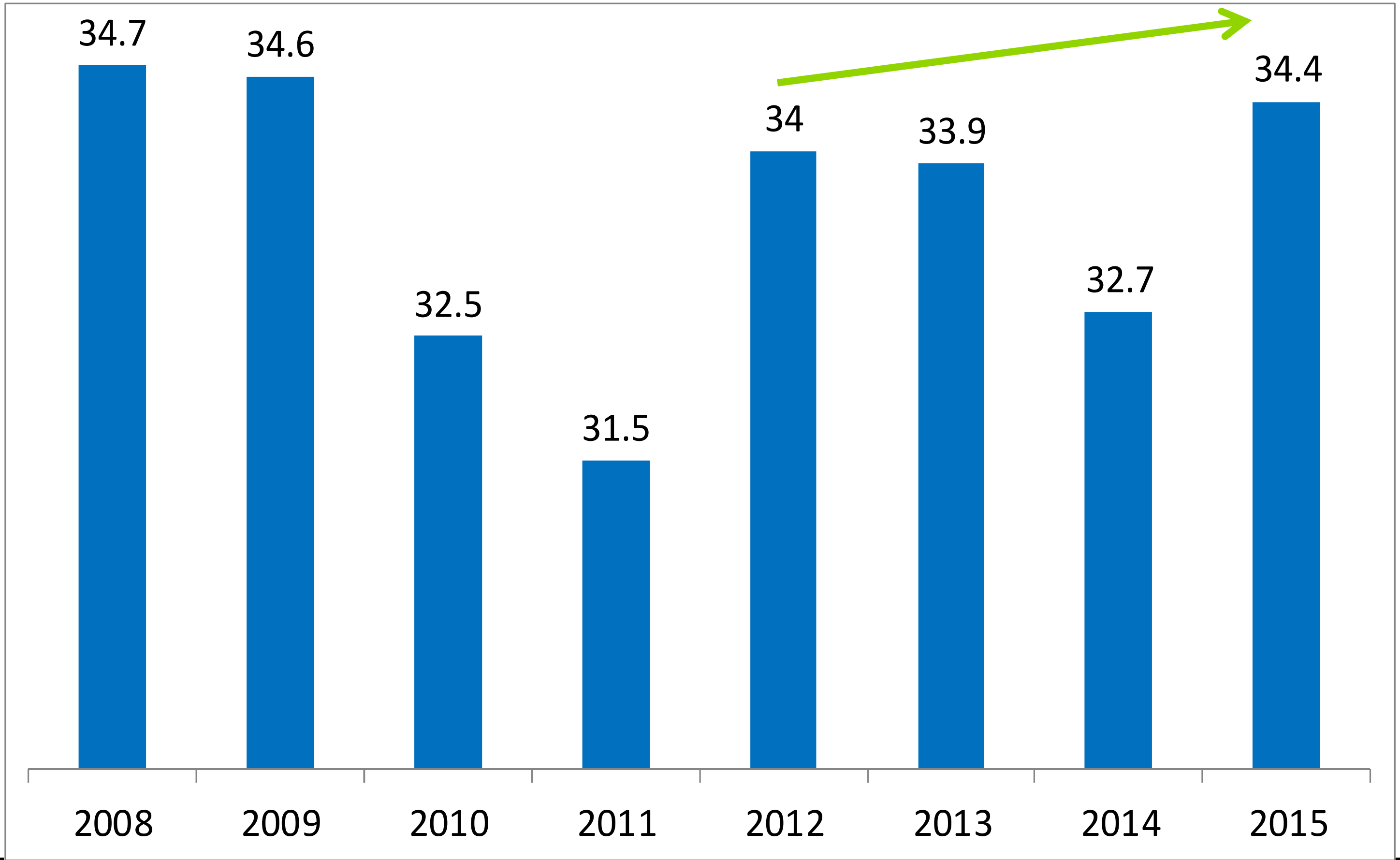
In volume terms however, Potatoes are back to 2008 levels with a strong recovery in the last two years



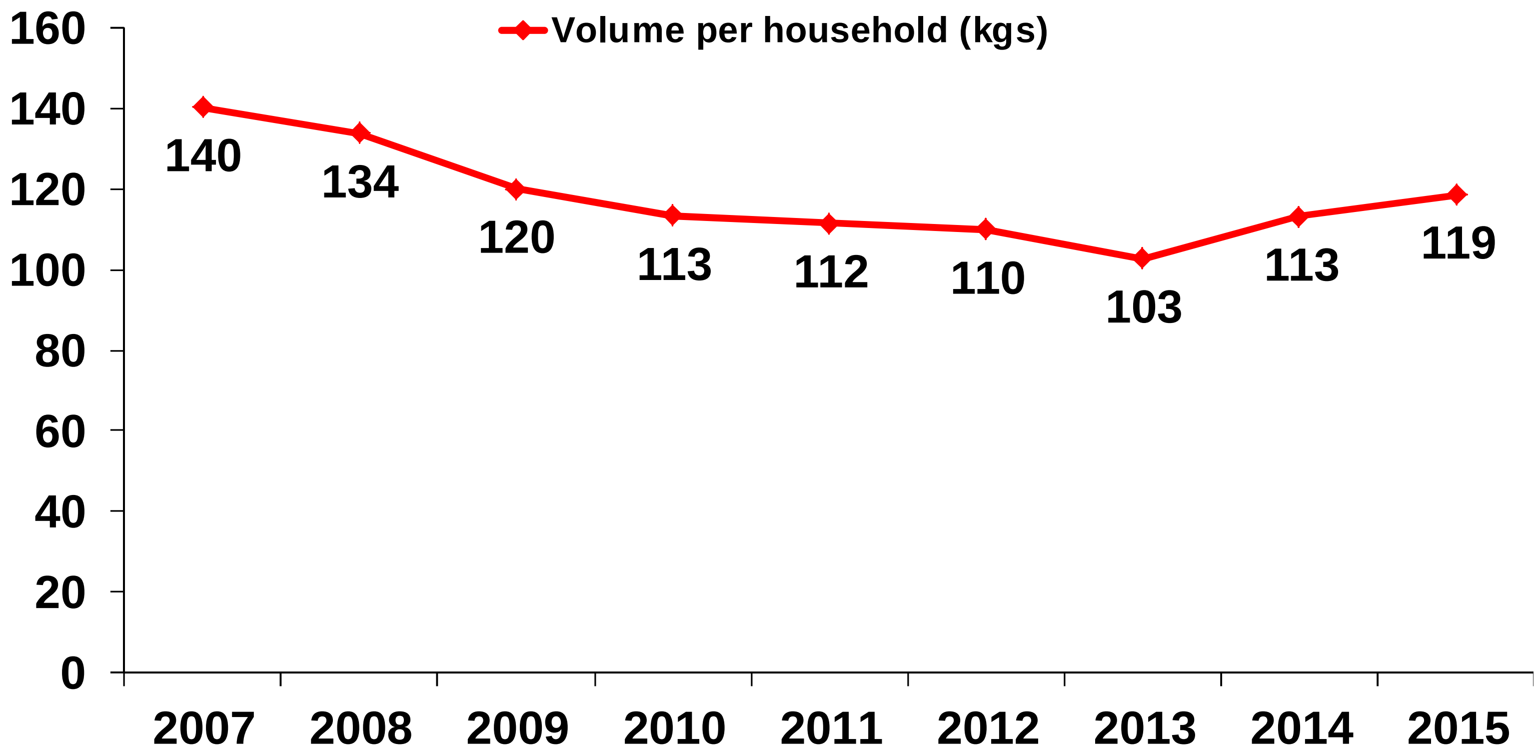
For the first time in 7 years, Potatoes saw growth in both Value and Volume terms in 2015



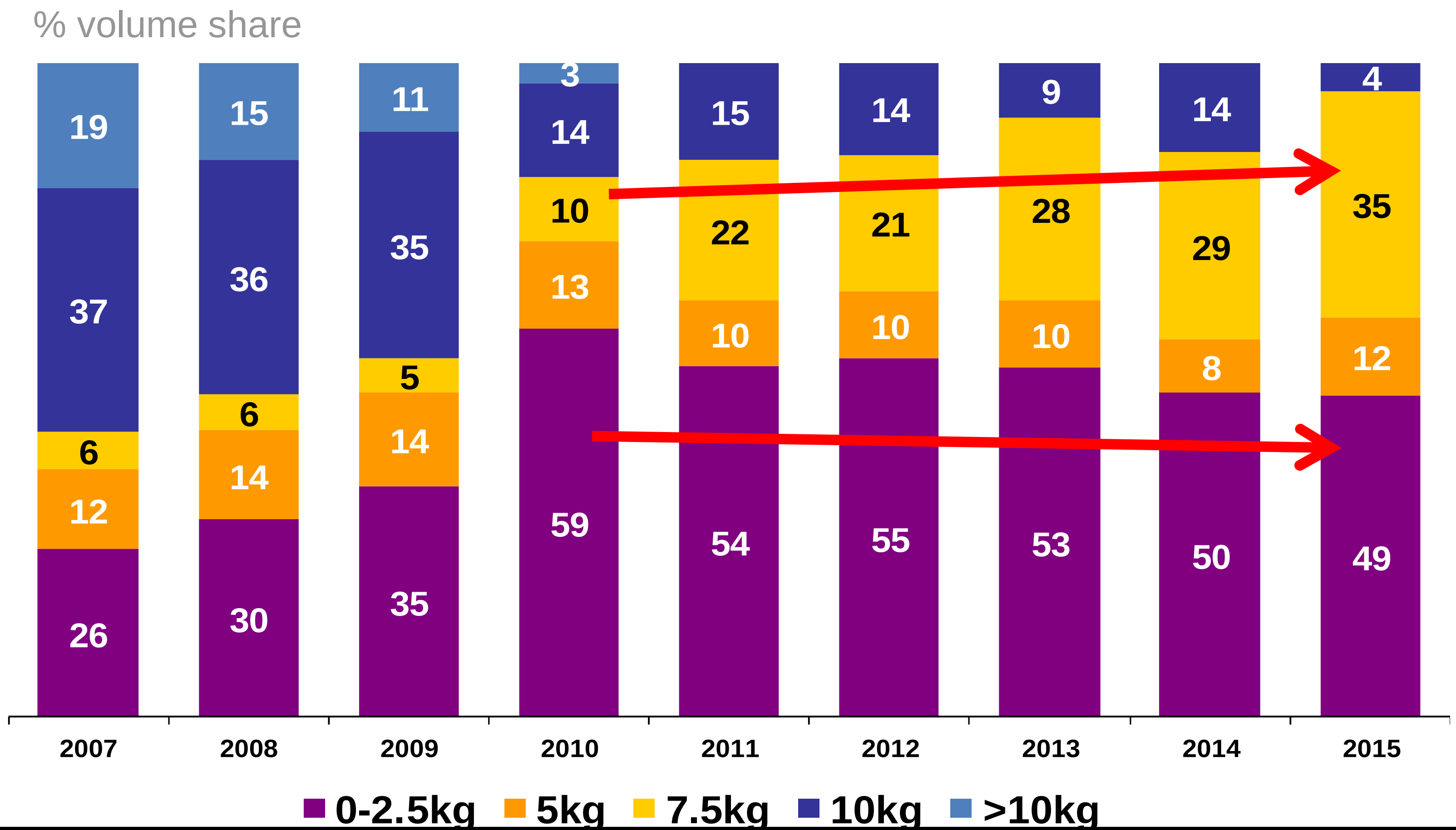
Frequency of purchase has recovered since lows of 2011 and last year’s dip with shoppers now buying Potatoes more than 34 times a year – in line with 2008/9 levels



Since 2013 we have also seen recovery in the volumes that households buy – as they are willing to purchase more potatoes on each trip but this remains much lower than 2007/8 levels

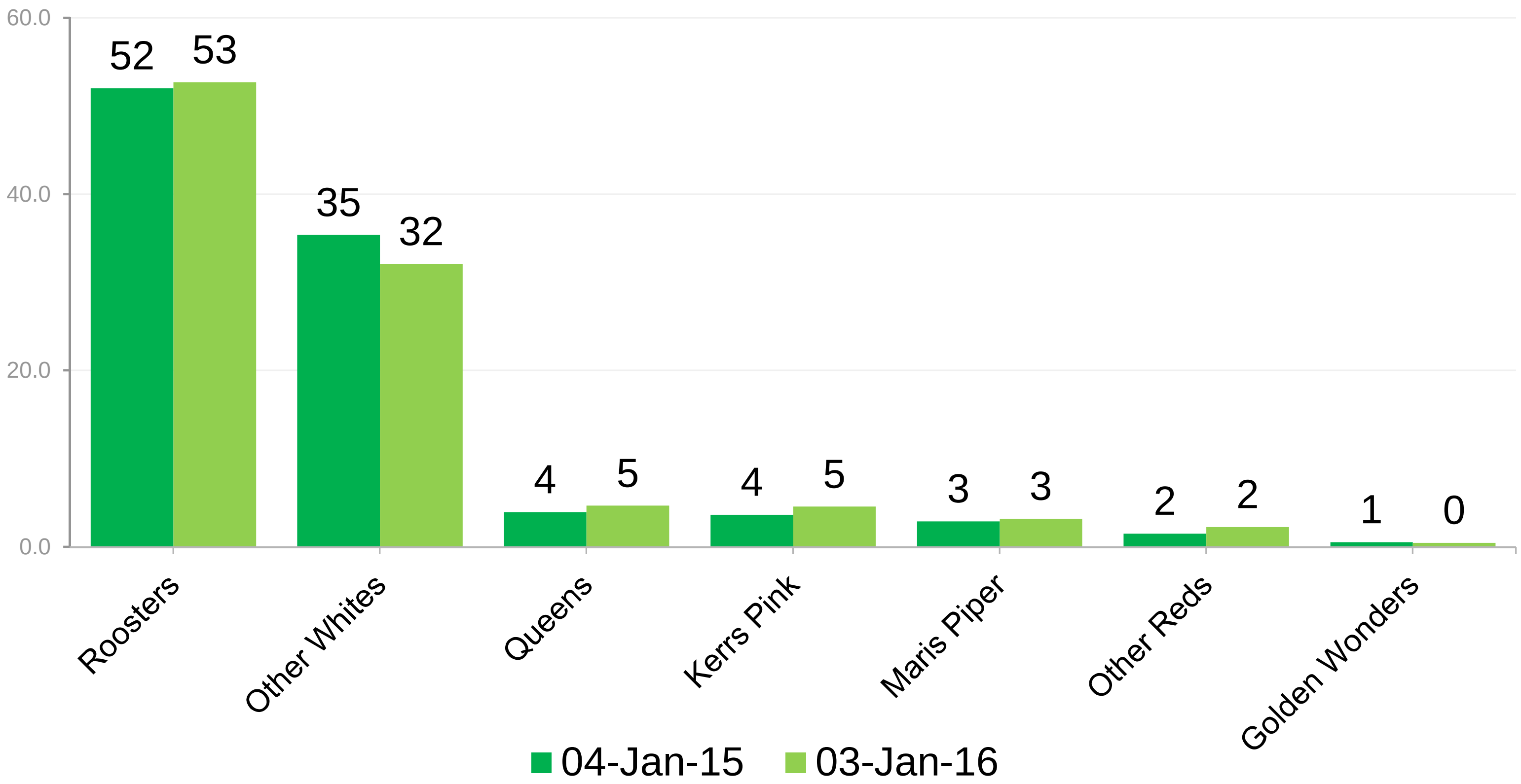


The trend towards less than 2.5kg packs has reversed with 7.5kg packs now at 35% share and growing steadily



In volume terms Roosters have a clear lead and over 50% of the category sales. Queens & Kerr Pinks are also growing share

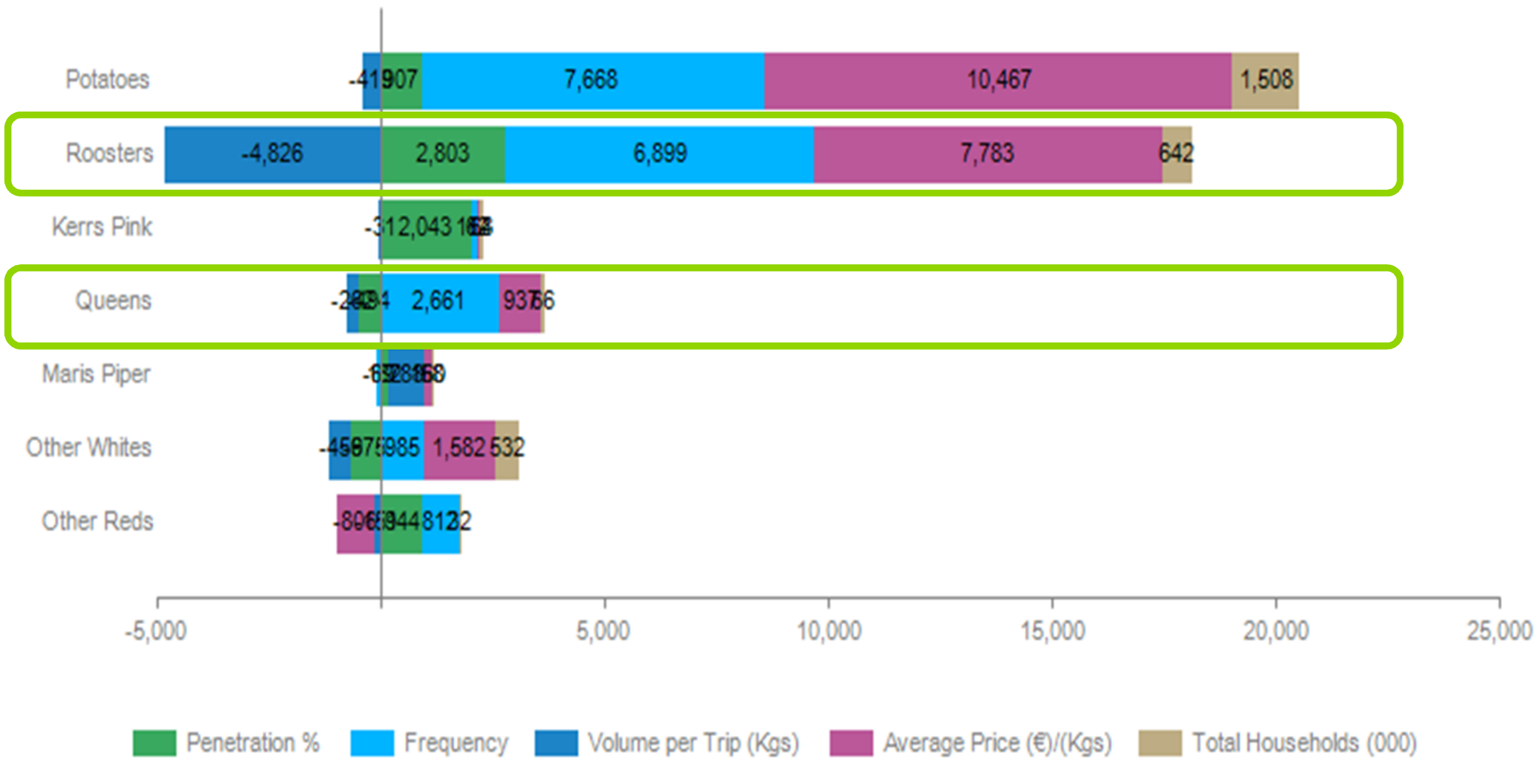
Product % of Category Volume | Actual | Total Outlets | 52 w/e



Roosters and Queens are winning more trips, this along with price increases for these types is driving market growth

03-Jan-16 vs. Previous Year

Total Outlets | 52 w/e | Previous Year



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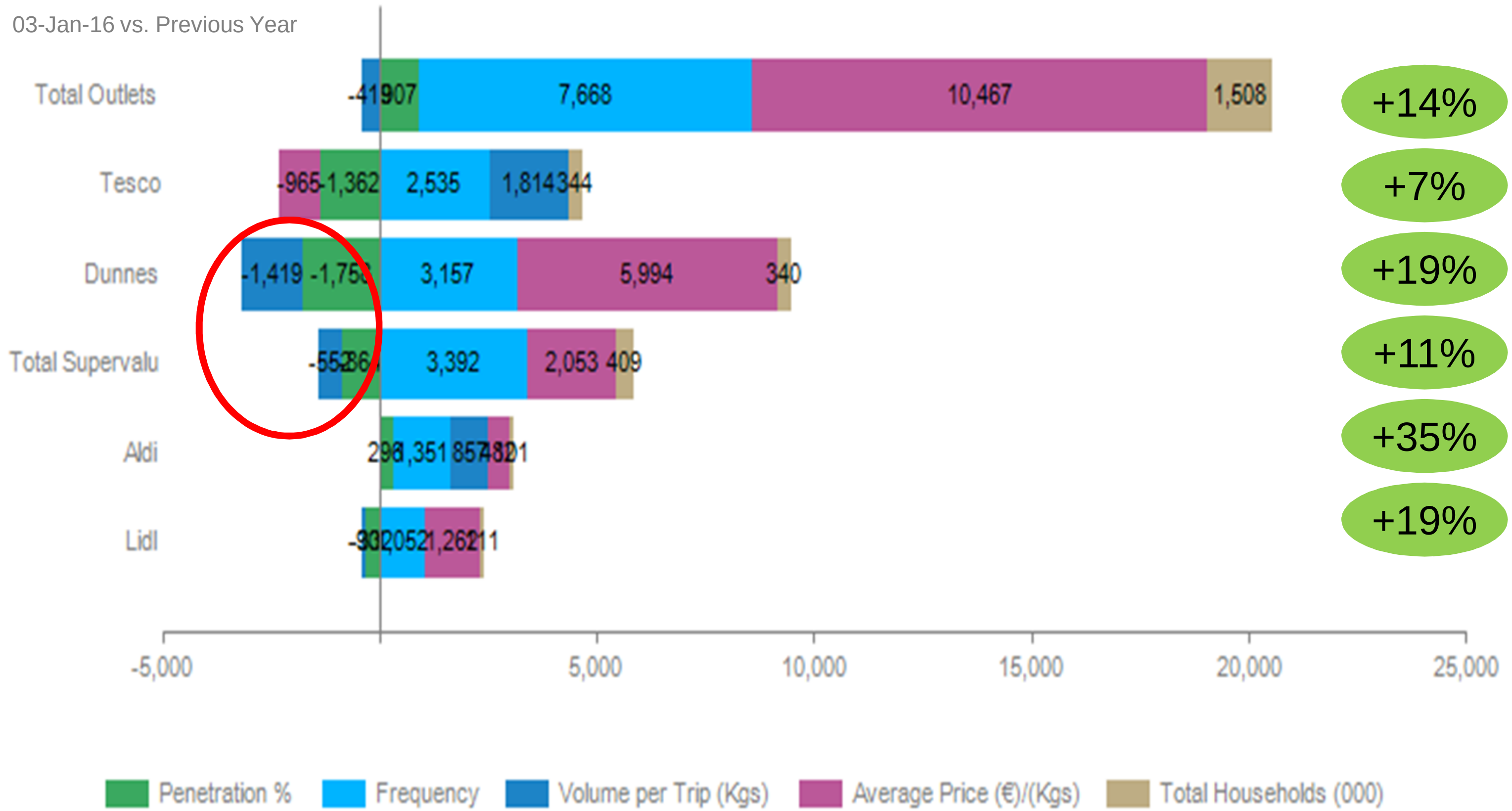
Where are the retailer opportunities?

Discounters are making strong gains in the market. Tesco, Dunnes and SuperValu are all losing Potato shoppers. Dunnes and SuperValu are also losing volumes per trip

Potatoes | 52 w/e | Previous Year

03-Jan-16 vs. Previous Year



<u>What are the opportunities for Potatoes?</u>

DUNNES STORES — **Recruit back lost shoppers & improve volumes per trip**

SuperValu — **Under-trading vs Fruit & Veg overall – win back shoppers & increase volume per trip**

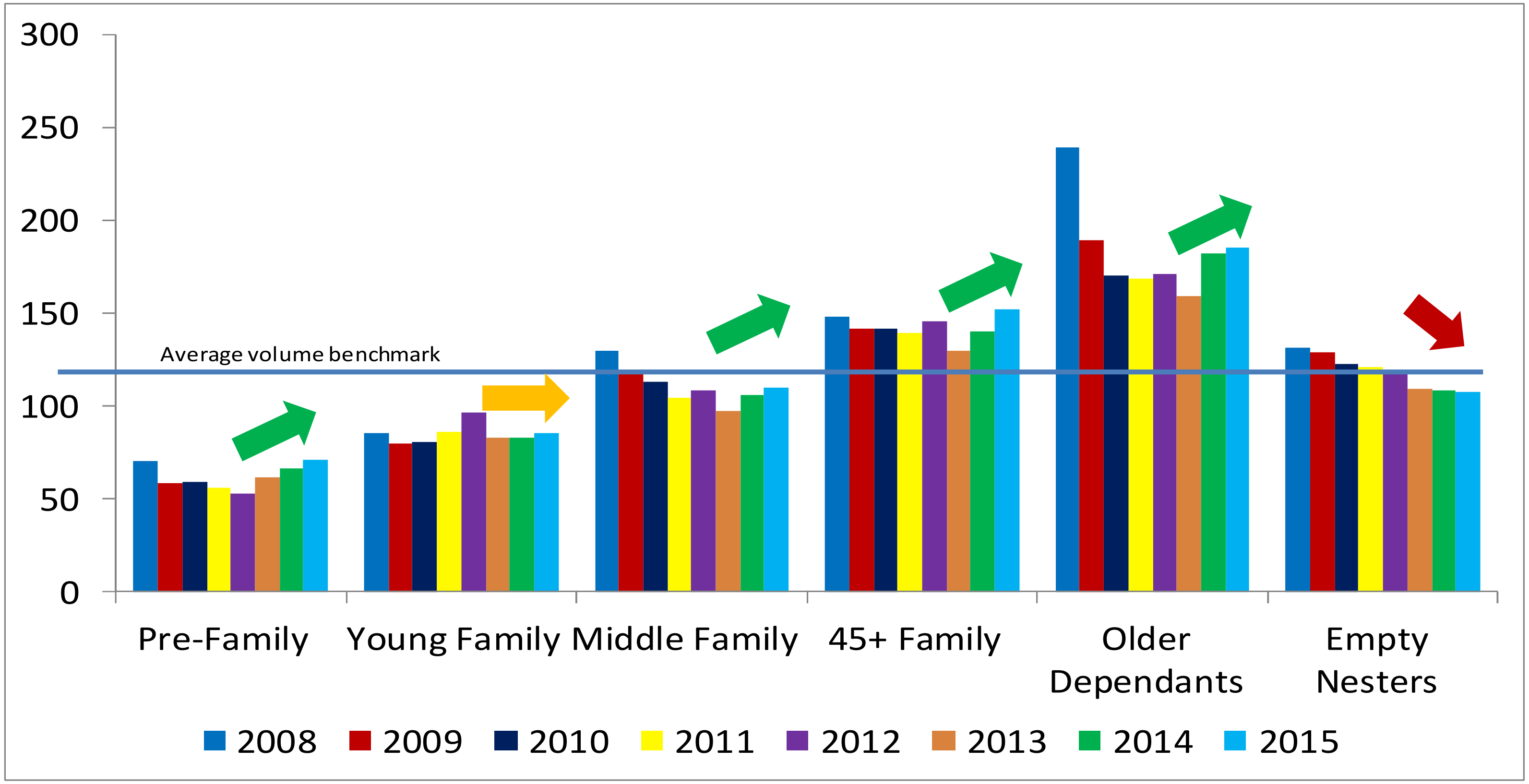
TESCO — **Under-trading vs Total Grocery – win back shoppers & look at increasing prices**

LIDL — **Under-trading vs Fruit & Veg – focus on shopper conversion**

ALDI — **Under-trading vs Fruit & Veg – focus on shopper conversion**

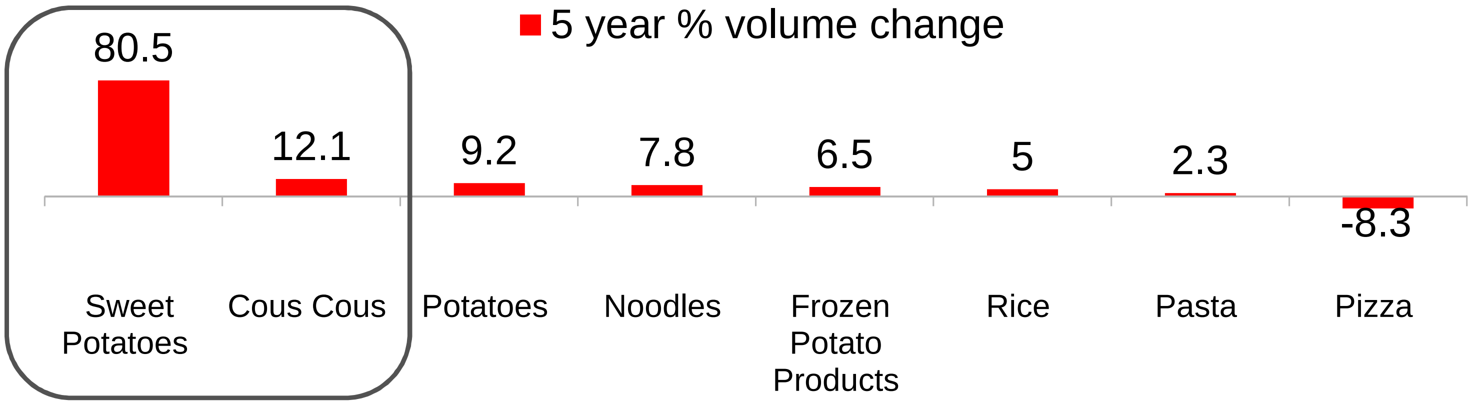
Which shoppers should we focus on?

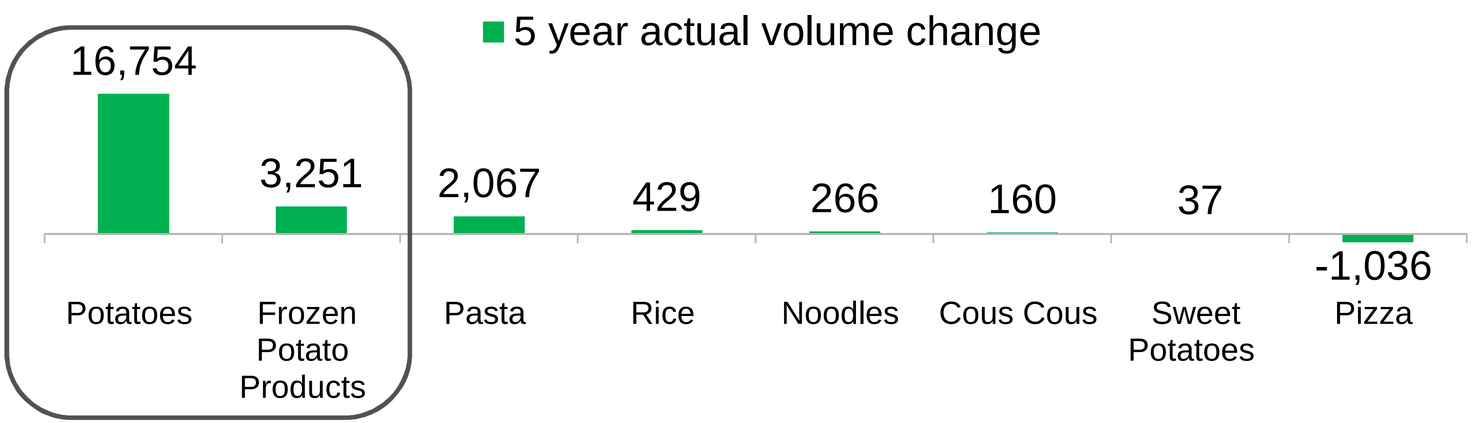
Pre-Family households have increased their volumes since 2012 but are still below the market benchmark. Young Families remain flat while Empty Nesters are decreasing



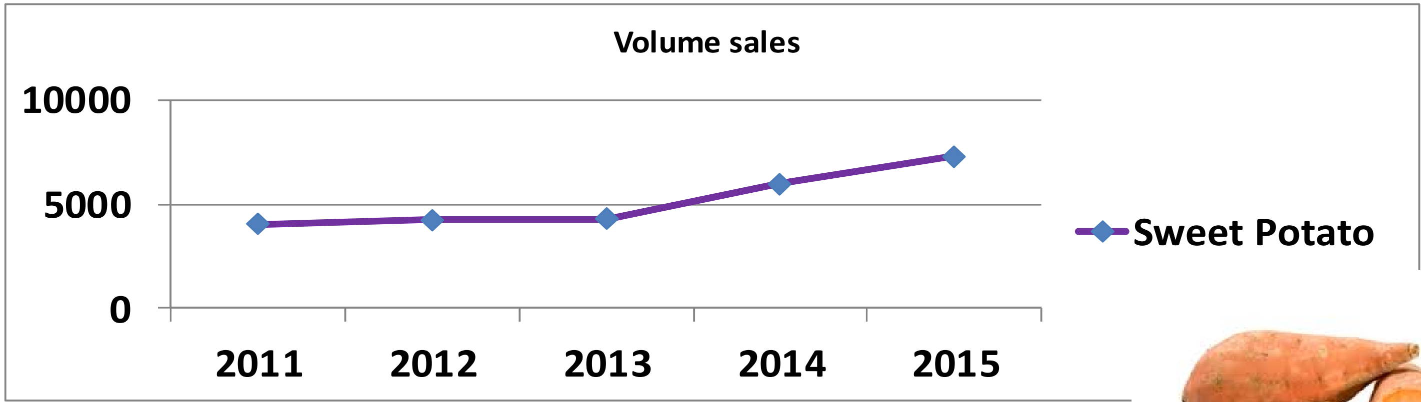
Are other carbs stealing share from Potatoes?

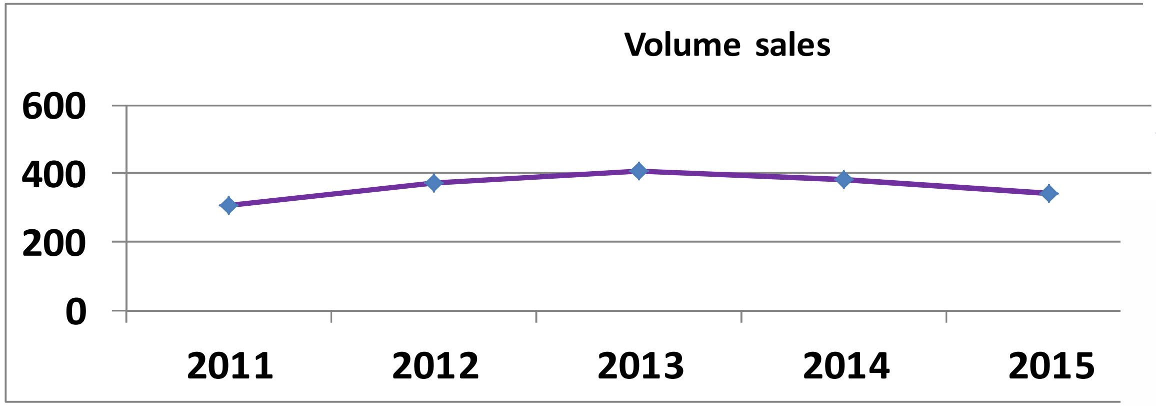
In % terms Sweet Potatoes and Cous Cous see strong growth but if we look at actual volumes Potatoes are contributing the most growth both in fresh & frozen processed



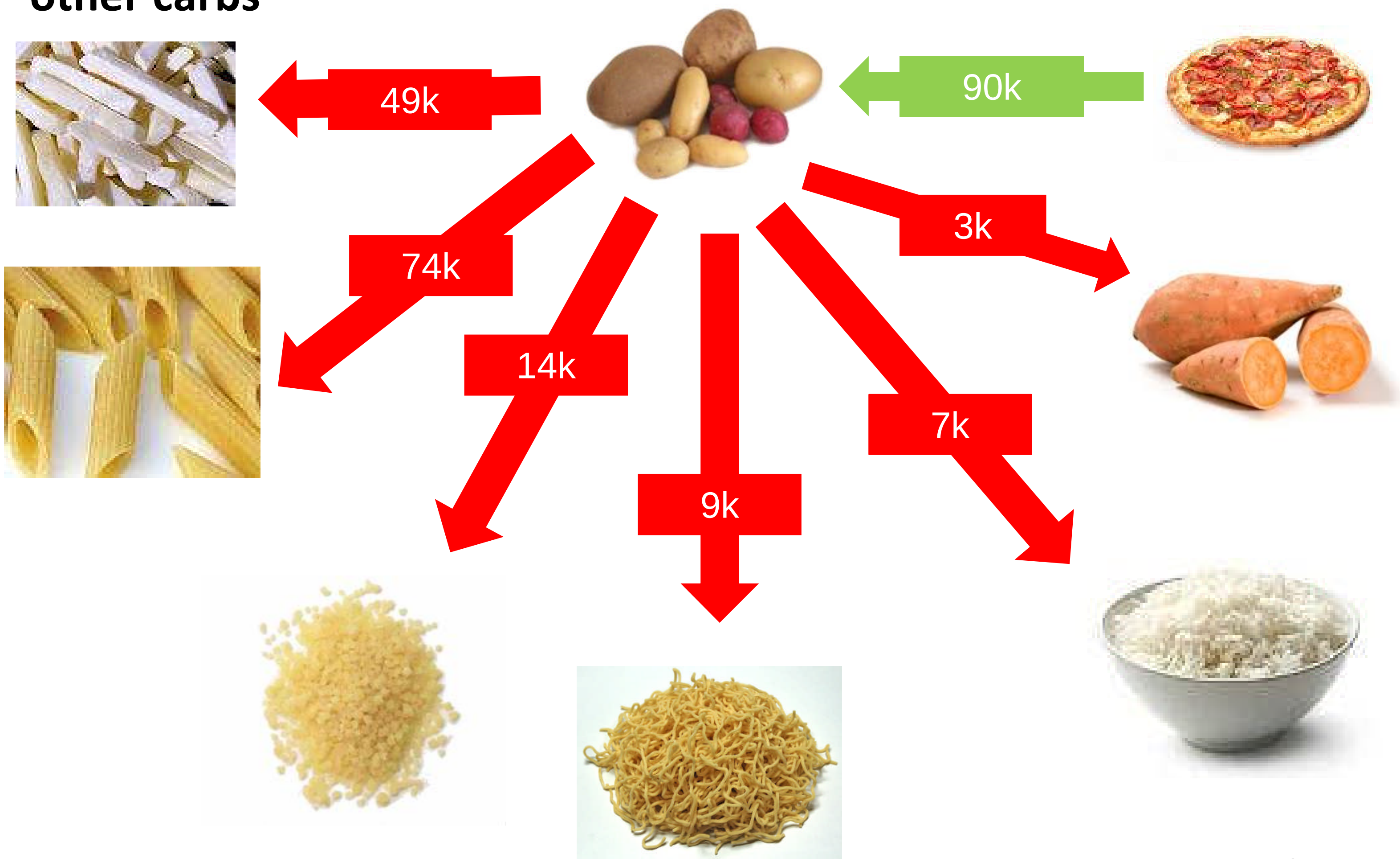


While Sweet Potato growth has accelerated since 2013, Cous Cous has started to lose volumes in the same period



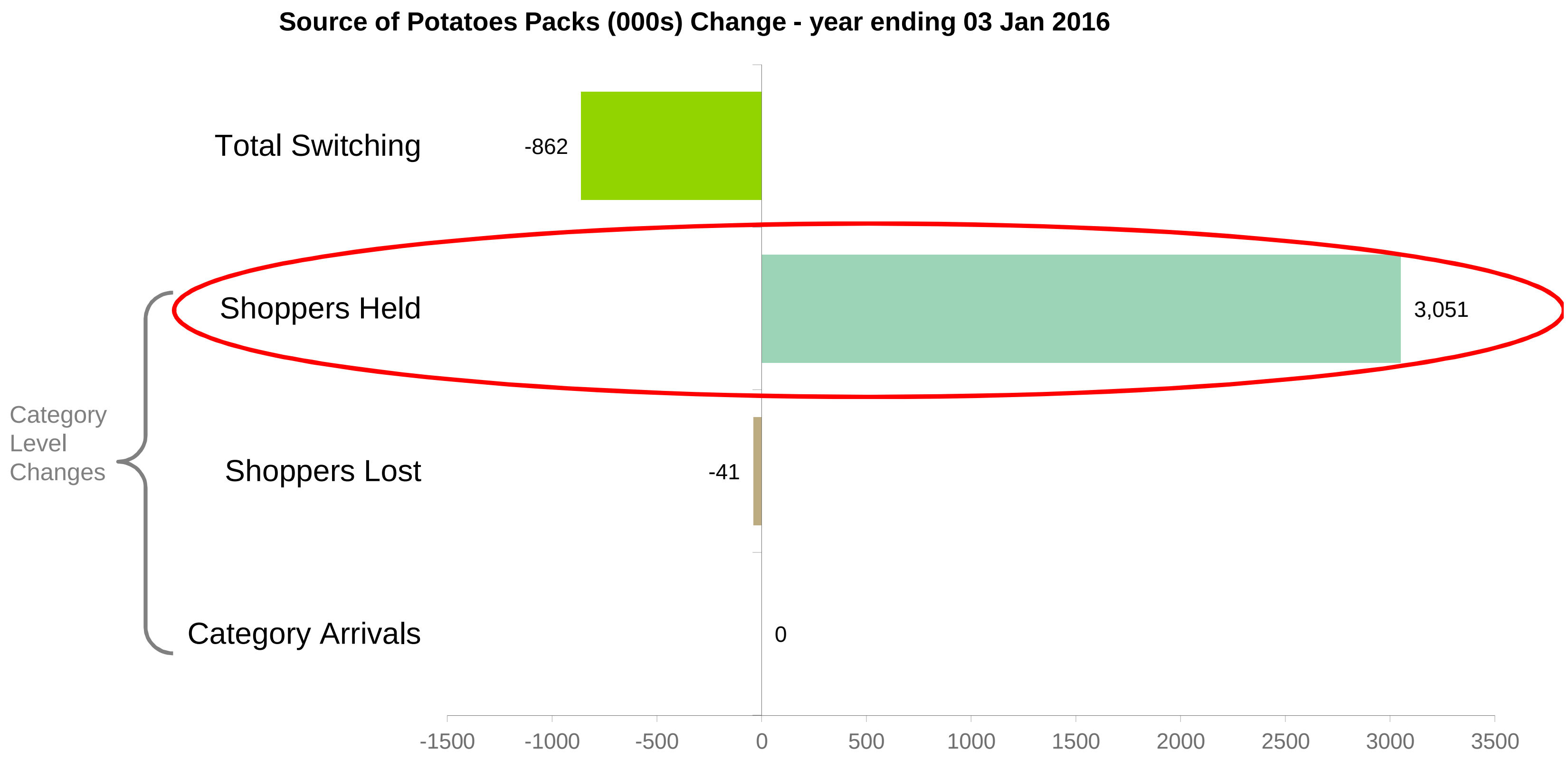


Volume switches show shoppers moving less spend directly to other carbs



Pack switch 52we 3rd Jan 2016

Although Potato sees some switching losses spend with existing shoppers has increased as more packs are purchased YoY



An eye on trends

Health remains high on shoppers' agenda

Coeliac cases in children triple in UK over 20 years

Children from less well-off backgrounds only half as likely to be diagnosed, study finds

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WE ARE 100% GLUTEN-FREE!

Exciting news for gluten allergy/intolerance sufferers...

O'Donnells, Ireland's number one hand cooked crisps are now gluten free!

Our range of natural flavours, Mature Irish Cheese and Red Onion, Irish Cider Vinegar & Sea Salt, Sweet Chilli Flavour, Hickory Barbeque Flavour, and Irish Sea Salt are available now as Gluten Free and were created to cater for those suffering from wheat intolerance, coeliac disease or simply those who prefer a wheat-free diet. The range contains no MSG nor GM ingredients and no artificial colours or flavours.

News · Technology & Science · Cancer

Eating purple potatoes could help people beat cancer, experts say

19:29, 27 AUG 2015 | BY JON LIVESEY

Staying in touch with your consumer

Birds Eye launches social media inspired Potato Shapes

February 19th, 2014 by FDIN | Newsdesk

Share

UK food brand Birds Eye is launching Mashtags this month, a new product inspired by social media.

McCain leads the pack on NPD

An eye on the competition

Where to from here?

Key take aways

Vital Category

Drive Footfall

Key to high € trips

Back in Value & Volume growth – prices up and shoppers returning more often

Sweet Potato in strong % growth but Potato growing more in actual volume

Potatoes now also growing ahead of Rice, Noodles & Pasta

Gaining switched volumes back from Pizza

Shopper frequency now driving growth – next step = grow volume on each trip

Growing younger shopper interest – increase focus on young families

Ensure we continue to engage older generation

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