



Agriculture & Horticulture
DEVELOPMENT BOARD

Sustaining Consumers

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Head of Marketing, BPEX

2 July 2011, Leeds

Agenda

- **UK Grocery market overview**
- **Recession and its effects**
- **Sustaining long-term trends**

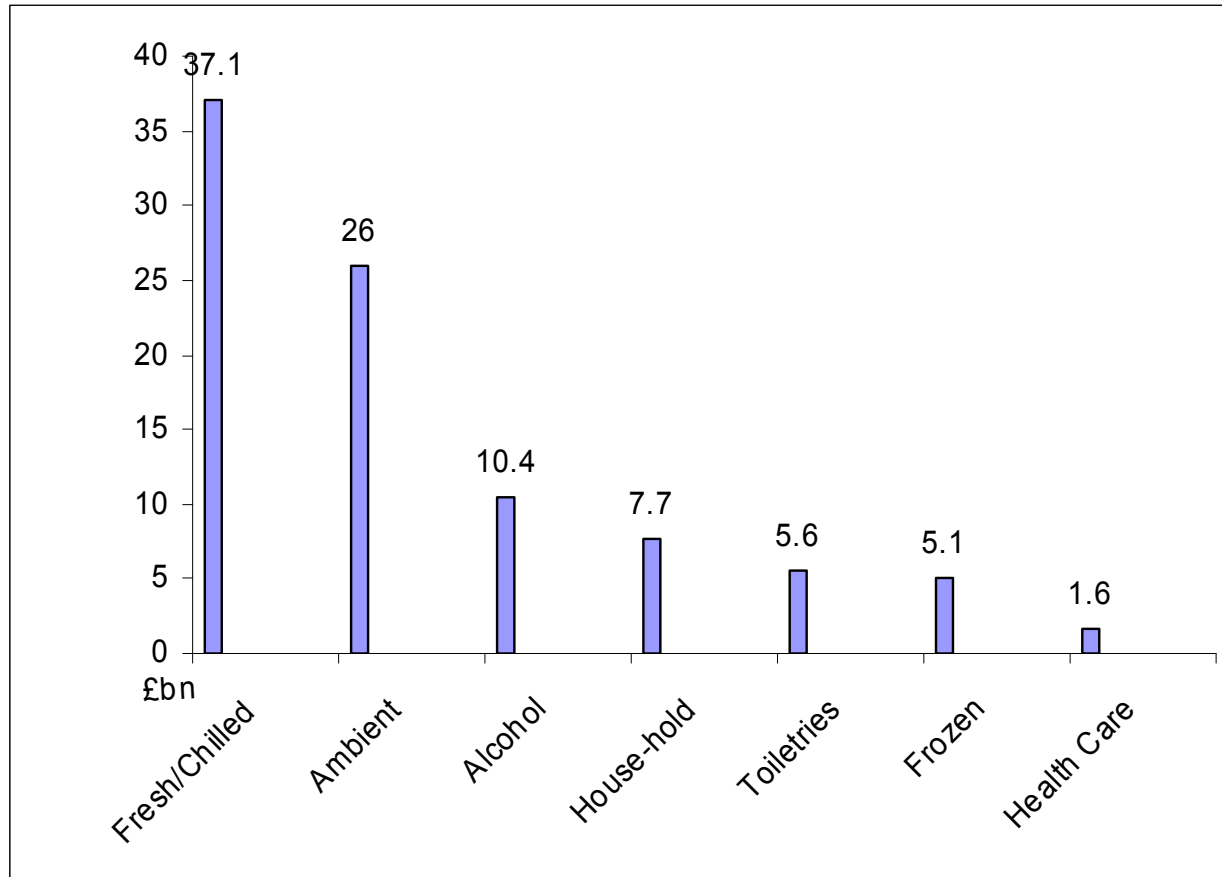
How can we measure the food market?

- **Consumer surveys “Omnibus” market research**
 - 1000+ adults
- **Diary data: continuous research**
 - e.g. Family Expenditure Survey. HM Government
- **Panel data: large-scale sample**
 - e.g. Kantar Worldpanel
 - 25,000 households. Download all barcode data
 - Upweight to represent whole UK population

The UK Grocery Market

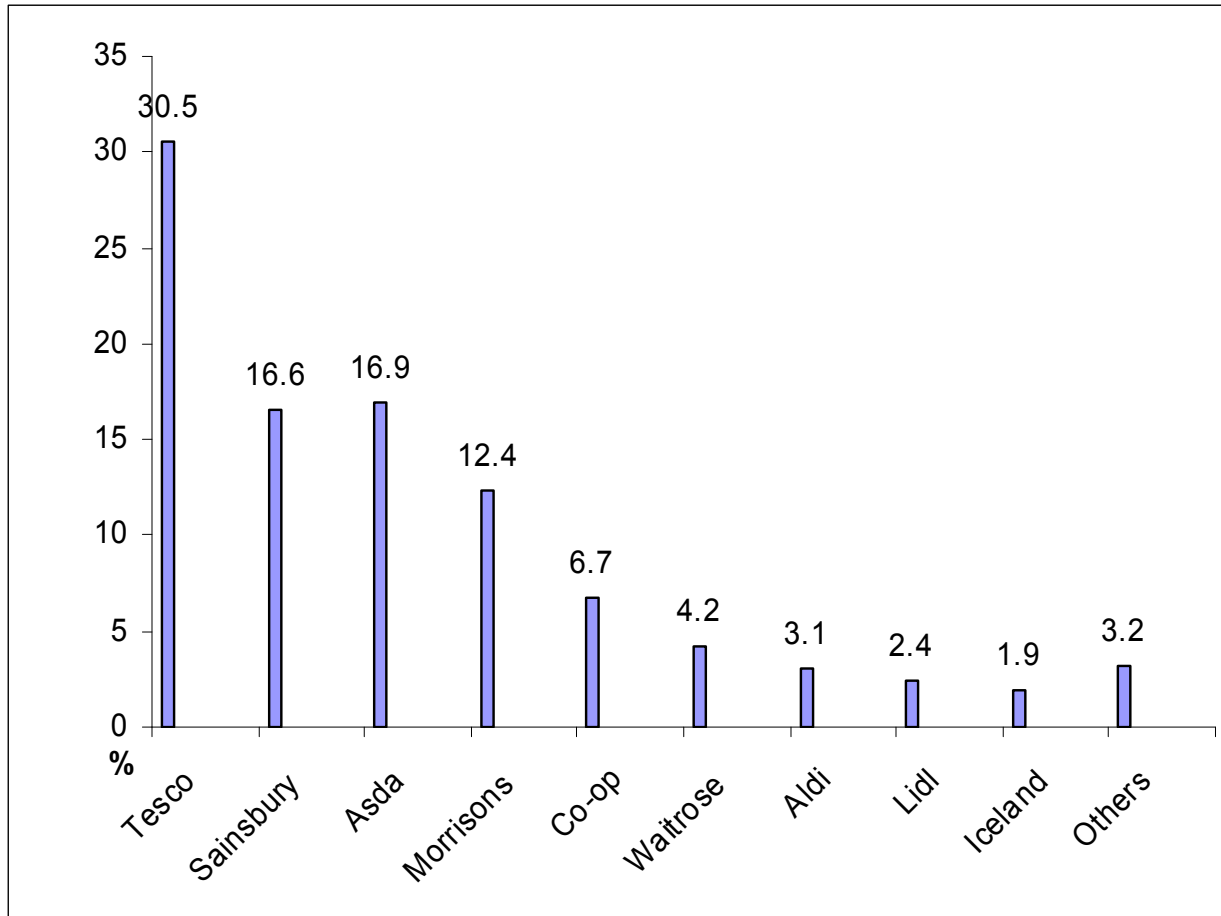
- **Expenditure c. £94bn**
- **Households c. 25.3m**
- **Frequency of purchase average 257 times p.a.**
- **Average trip spend £14.31**
- **Average spend per buyer £3,687 p.a.**

UK 'Grocery' Market



Retailer Shares (quarter to Feb 2011)

Share of till roll



Retailer Development (1990-2011)

- **Centralised off-site packing under contract**
- **Regional distribution centres**
- **IT development and loyalty cards**
- **Store formats (e.g. Extra, Superstore, Supermarket, Express)**
- **Range tiering**

Best	Finest	Taste The Difference	Extra Special
Better	Standard	Standard	Standard
Good	Value	Basics	Smart Price

Tiering

- **Lettuce**

Iceberg lettuce, 600g

80p

→ **Prepared Caesar salad, 200g lettuce
plus added ingredients**

£2.00

Tiering

- **Pork**

Standard bone in, rind on pork chops

£3.99/kg

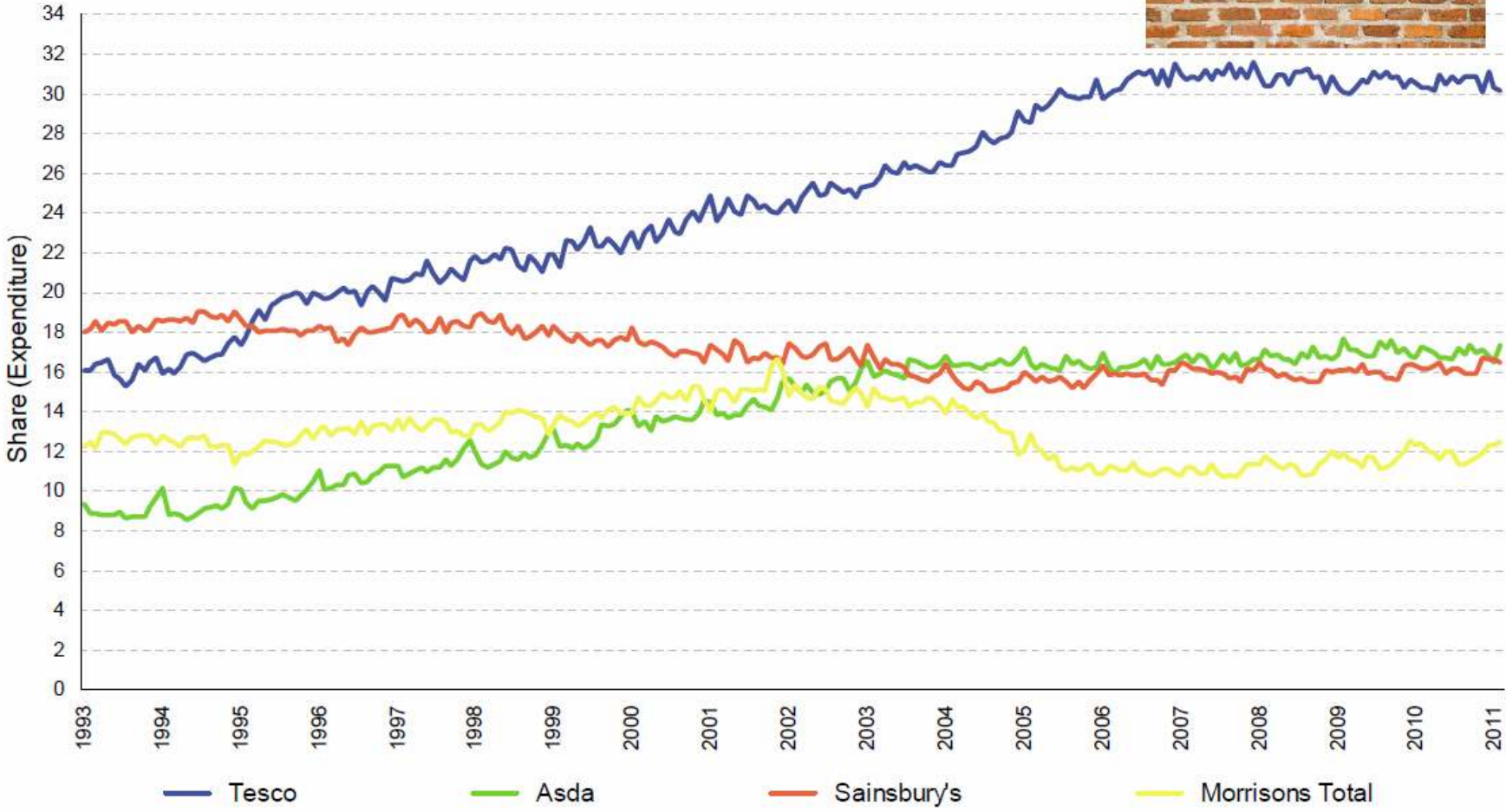
→ **Boneless pork loin steaks, trimmed and bone removed**

£8.99/kg

→ **Outdoor reared pork loin steaks, trimmed and bone removed**

£9.99/kg

Long-Term Share of Till Roll Grocers



TESCO

Every little helps

Contact us

TESCO direct



DOUBLE CLUBCARD POINTS *

Groceries & Wine



UP TO 50% OFF SELECTED WINE AND CHAMPAGNE**

Entertainment & Digital



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SEX AND THE CITY

Finance & Insurance



TESCO Compare

Phones & Broadband



Great New Range!

More Online Stores



triple clubcard points
www.tescodiets.com

BRITAIN'S BIGGEST DISCOUNTER IS NOW OPEN.

100s of discount brand products

100s of new price cuts

[Go to groceries >](#)

Offers:



Clubcard:



Health:



Community:



Environment:



Baby:



TESCO magazine

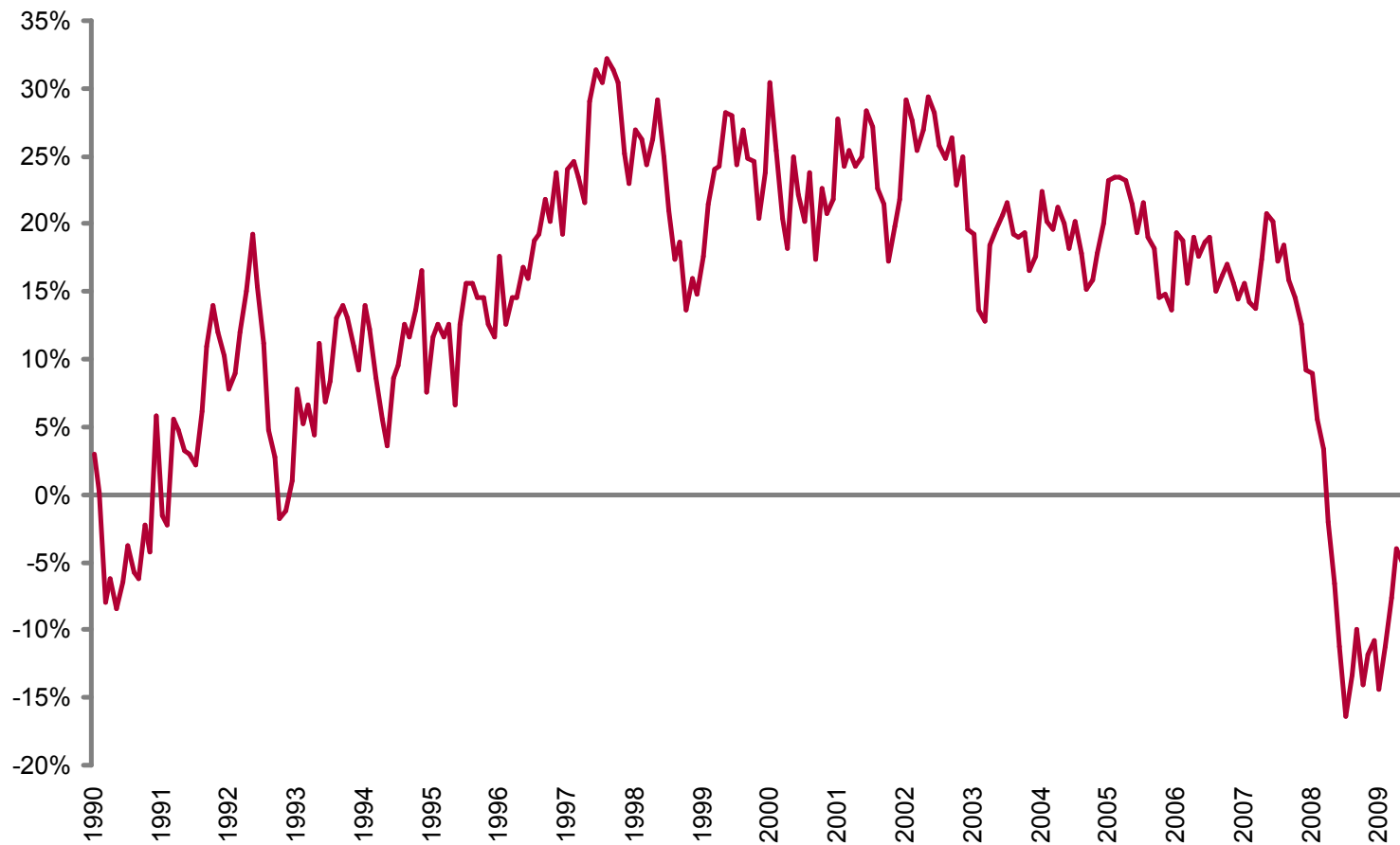
Store Locator

PRICE CHECK

Recession: The Mess We Are In

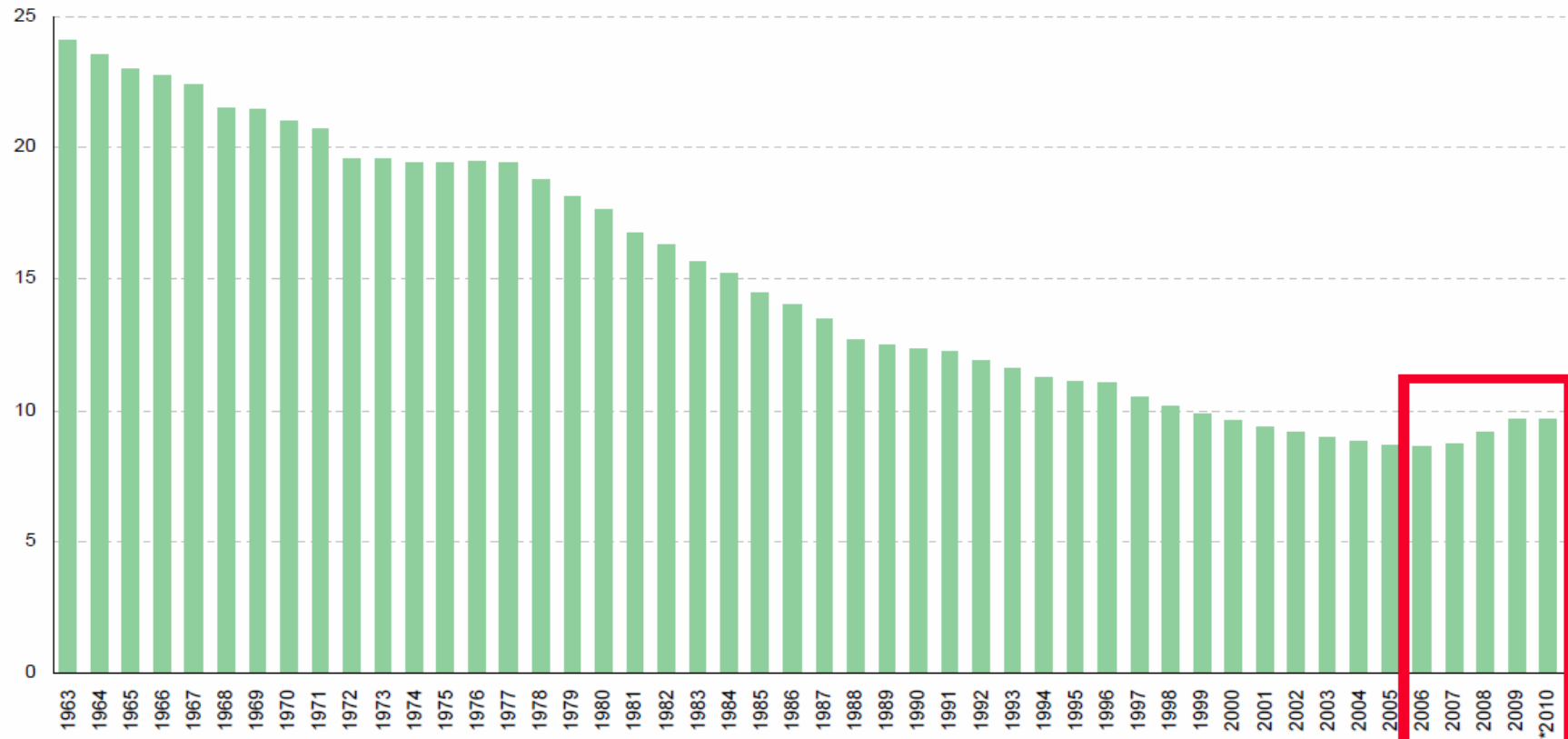
- **09/10** **Expenditure** **£671bn**
 Income **£496bn**
- **We borrow around £450m every day**
- **Government debt about £1.1trillion**
(that's 1.1 million millions)
- **Interest on our debt is c. £45bn p.a.**

Consumer Confidence Index - Monthly



Source: nVision

Food and Drink as a Proportion of UK Household Expenditure %



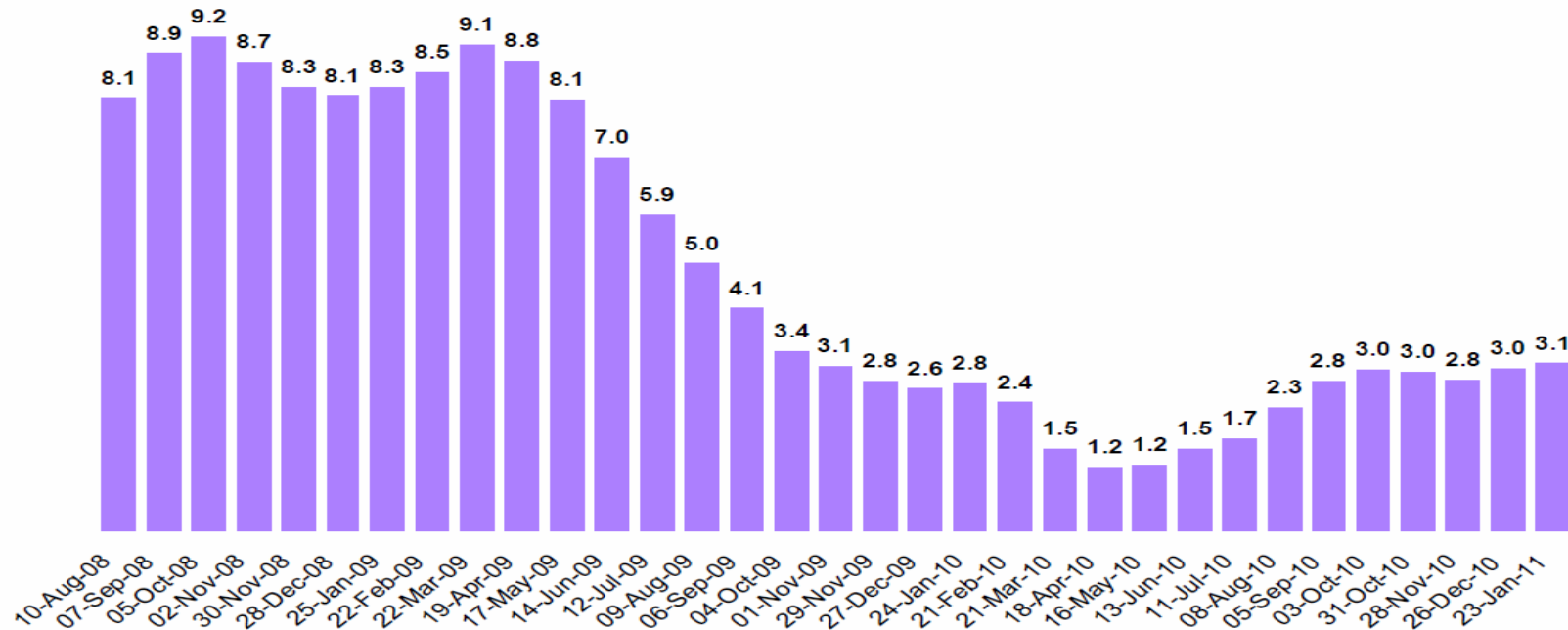
Source: ONS Series ABQI/ ABZV

*MAT to September

Grocery Price Inflation

Kantar Worldpanel Calculation

12 w/e periods year-on-year



Based on year-on-year comparisons of price paid for over **90,000** identical products including promotions and in the proportion that British households are purchasing them

**Offer
ends Monday**
sign up for free text alerts*
18X1 FOOD2 to 65006

Dine in for two

£10



New menu now being served.

This weekend, you can choose from delicious summer mains like British steak, and desserts like our Prosecco Rosé summer fruit puddings. All complemented with a side dish and lovely bottle of wine. Enjoy restaurant quality food for a tasty £10.

YOUR **M&S**
Quality worth every penny

Offer runs Thursday 27th to Monday 31st August. Subject to availability. Selected products and stores only. Excludes the Channel Islands and overseas, M&S outlet stores and Simply Food stores at BP Connect, rail/motorway services, hospitals and airports. Excludes M&S Café, Restaurant, Kitchen, Deli Bar, Hot Food to Go, Food Ordering and Frozen. See in-store for details. Enjoy wine responsibly. Drinkaware.co.uk
*Text alert service – terms and conditions: The cost of each sign up text will be that of a standard rate message. M&S is not liable for mobile operator errors. Signing up to this service will allow you to receive text alerts on offers, promotions and discounts. To opt out just text STOP to 65006. Receipt of texts sent by M&S as part of the M&S text alert service are free unless a roaming charge is incurred or a data download charge is made by your network. Data will only be supplied to third party processors to enable service to be provided. By signing up to this service you confirm that you are 18 years of age or older.



Family Meal for 4

Simply choose from the section

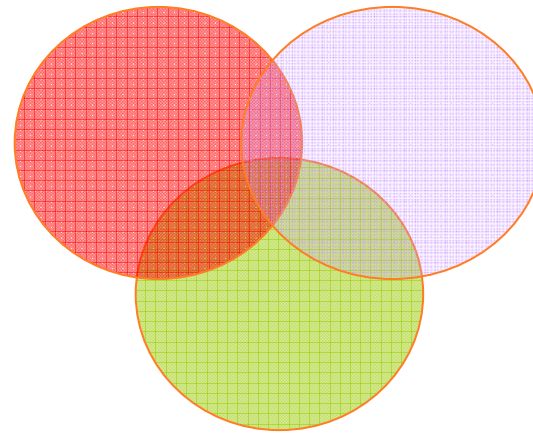
1 Main Course

1 Side Dish

& 1 Dessert

What Motivates Food Purchasing?

Health



Convenience

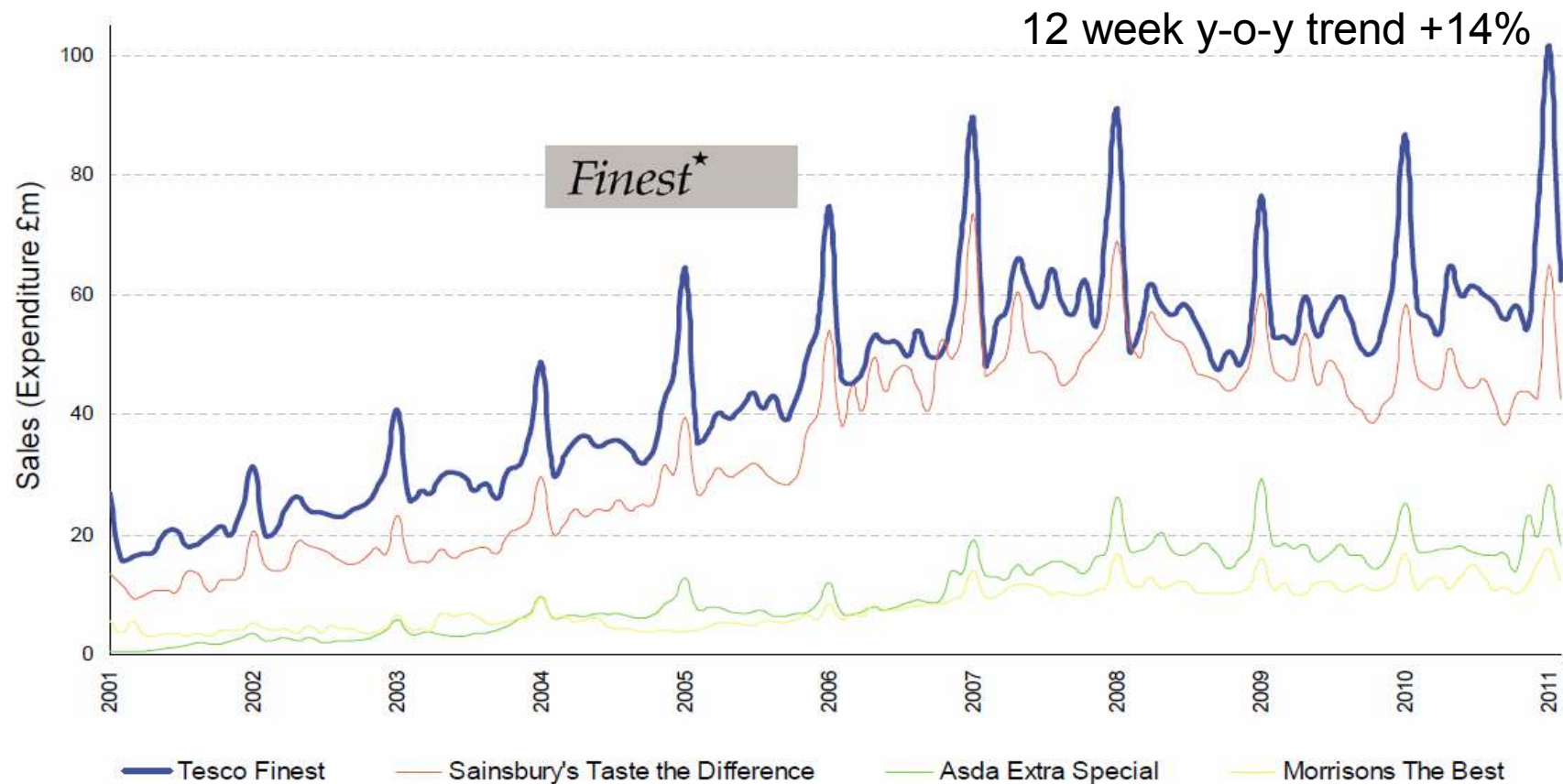
Indulgence

Household Purchasing

	2009 000 tonnes	2010 000 tonnes	% Change 000 tonnes
Fresh & frozen beef	298	306	+2.6
Processed beef	360	375	+3.9
Total beef	658	681	+3.5
Fresh & frozen lamb	93	85	-9.1
Processed lamb	34	34	-2.0
Total lamb	127	119	-6.3
Fresh & frozen pork	176	180	+2.2
Processed pork	602	622	+3.3
Bacon	203	215	+5.7
Total pork	981	1017	+3.7
TOTAL	1746	1817	+4.1

Source: Kantar data

Premium Own-Label Sales Trends





At Asda we are passionate about food, serious about taste. Extra Special delivers our best tasting food through the quality and provenance of our ingredients and the way the product is made ...

Fruit & Veg

Meat & Fish

Dairy, Eggs & Chilled

Bakery

Tins, Jars & Packets

Biscuits & Snacks

Drinks

Frozen

Fresh Fruit & Veg



> View Offers

Fresh Meat & Fish



> View Offers

Dairy Eggs & Chilled



> View Offers

Bakery



> View Offers

Tins, Jars & Packets



> View Offers

Biscuits & Snacks



> View Offers

Drinks



> View Products

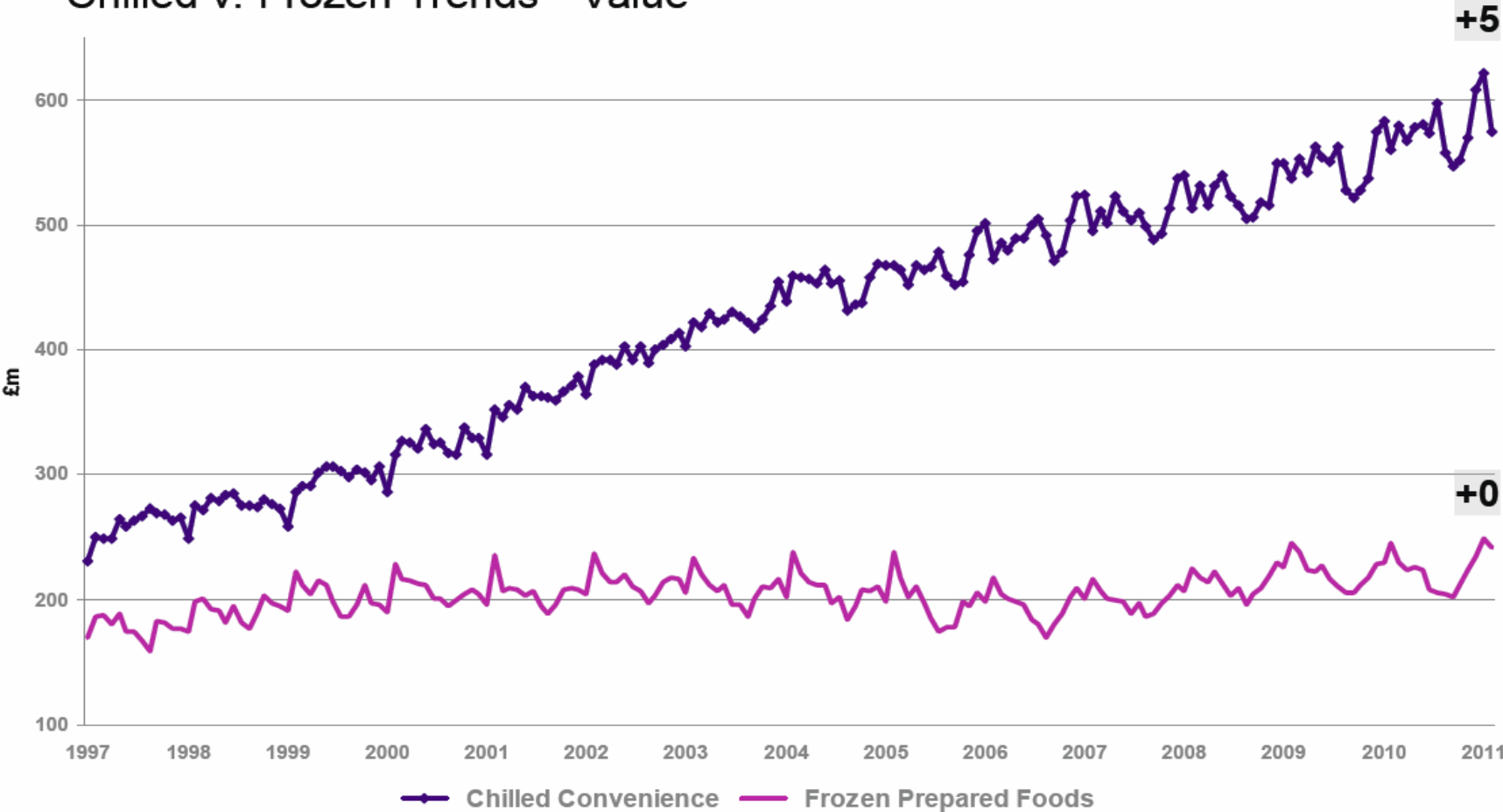
Frozen



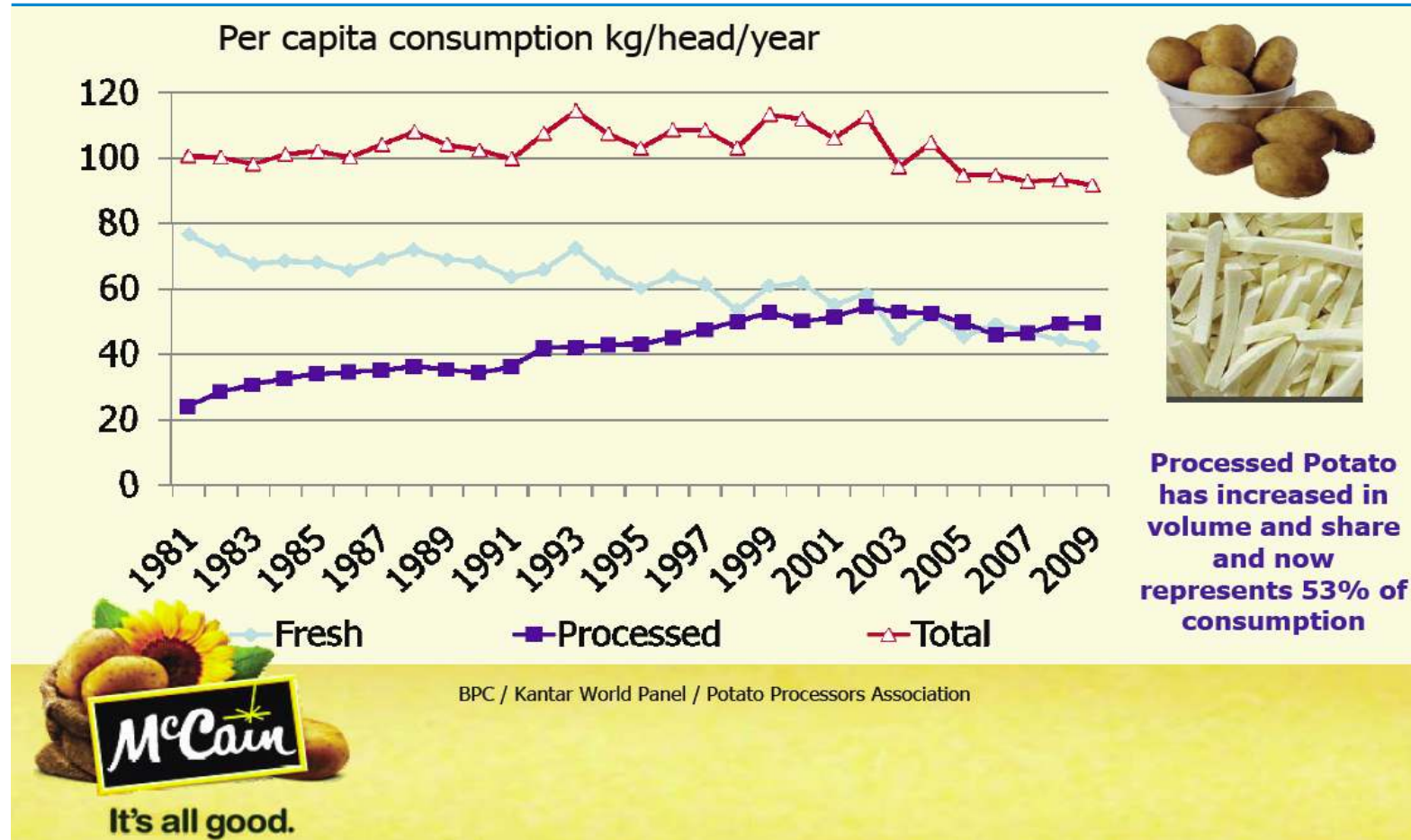
> View Products

Latest 52-wk % Change

Chilled v. Frozen Trends - Value



Processed Growth Through Insight and Innovation



Other Growth Trends

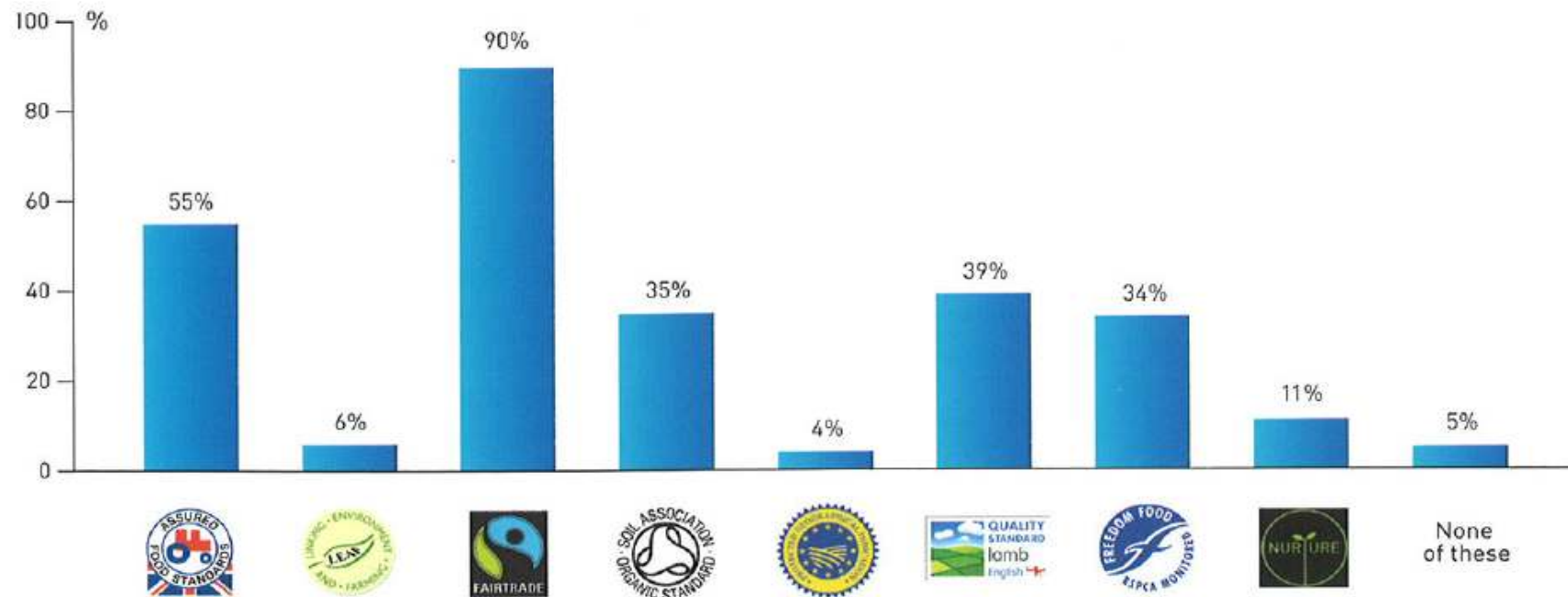
Consumer ethics (some becoming mainstream)

- **Fair Trade**
- **Animal Welfare**
- **Sustainability**
- **Provenance**
- **Quality schemes (use of Red Tractor)**

Which, if any, of the following logos are you aware of/have you seen before?

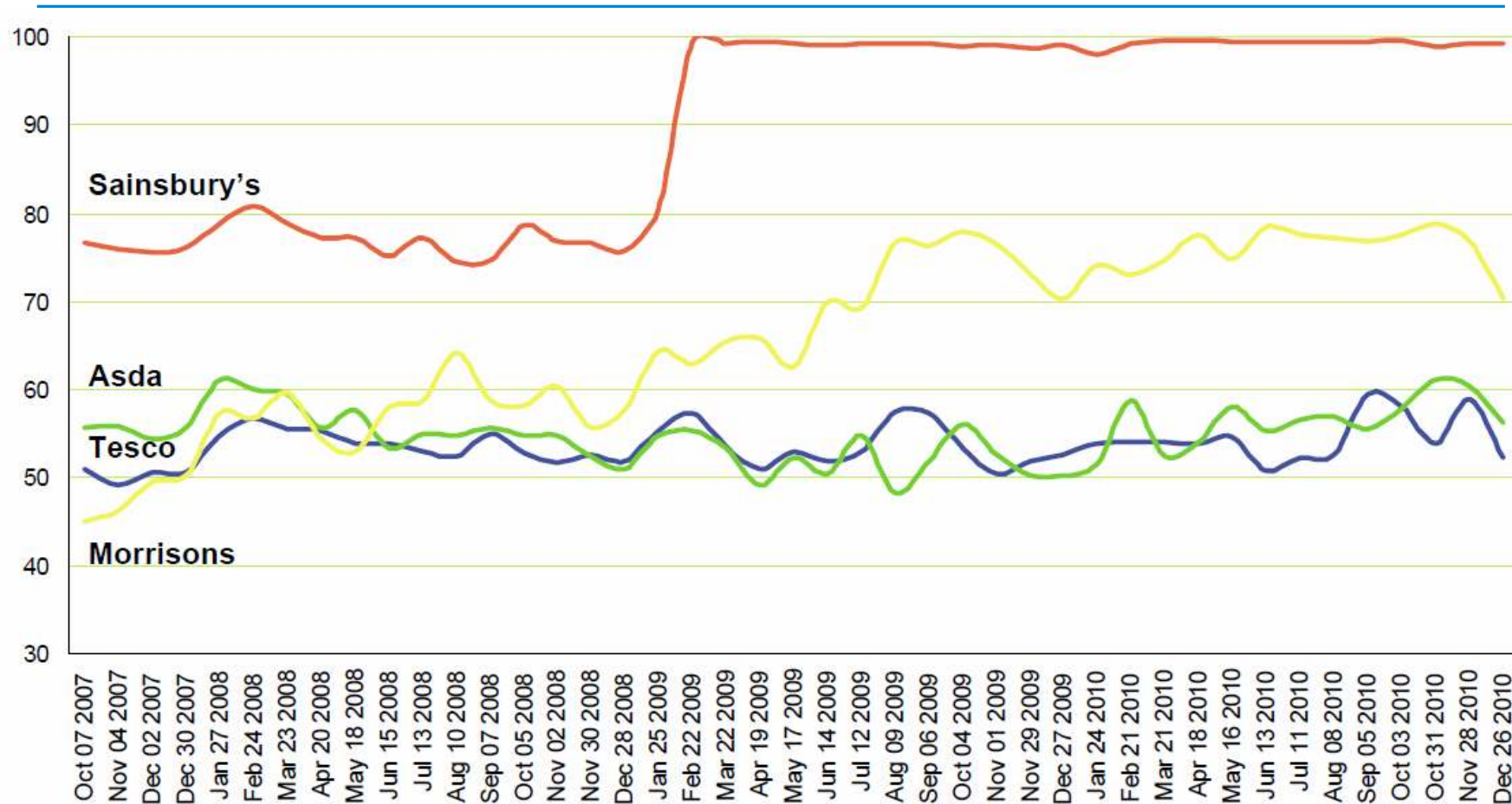
Chart 1

Which, if any, of the following logos are you aware of/have you seen before?



Source: YouGov research March 2011

Not Caged Eggs Market Share



Summary

- **UK grocery market continues to consolidate**
- **Consumer spending constrained for next few years**
- **Long-term trends will drive product development**
 - Convenience
 - Health
 - Taste/indulgence