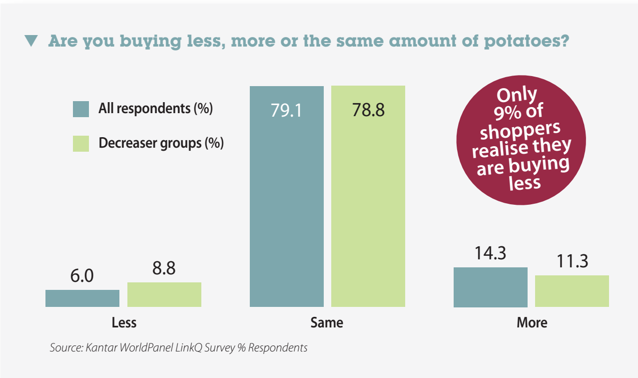
Collaborate
Understand
Promote
Educate
Inform
Manage

A fresh challenge

Addressing the volume decline

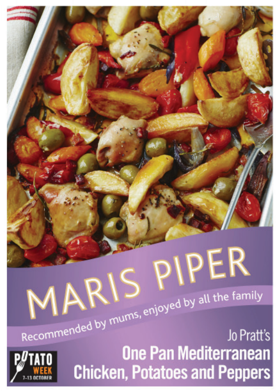
New research with an action plan to halt the decline:

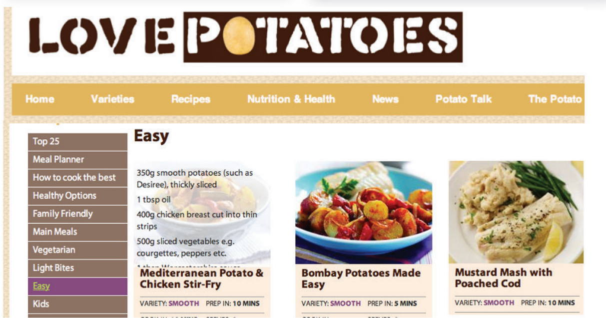
- Reducing purchase is an unconscious decision



- Need to fight for relevance against competitors and convenience is the main area to focus on
- Important to become more than a base for healthy meals
- Need to play harder at the fixture and when shoppers are planning meals
- Increase meal and purchase repertoires
- Value and price are a concern for a minority

Fighting back...





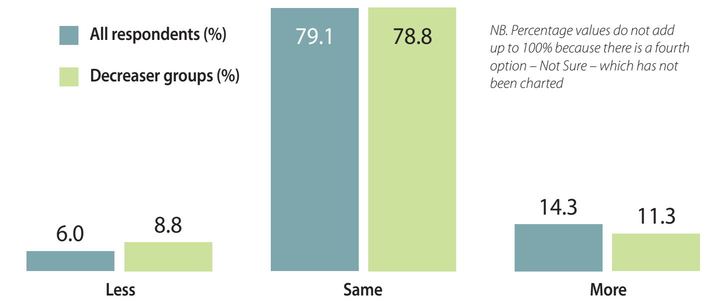
Why are shoppers buying less?

Potato Council has funded new research by Kantar WorldPanel LinkQ to understand the volume decline and ways to drive positive change. The research compared recorded purchasing behaviour with how consumers think and feel about potatoes. It sought to understand what was driving those who had decreased their purchase (buying at least 20% less year-on-year) and comparing their view with those buying the same or more. The research used statistical analysis (CHAID) to group shoppers and identified three groups which are much more likely to contain decreasers.

Reducing purchase is an unconscious decision

90% of those who are buying a fifth less potatoes than a year ago think they are buying the same or more potatoes. This means the decision to purchase is largely unconscious and there is no specific 'problem' that needs to be addressed. When comparing their answers to the whole sample all groups are most likely to think they're buying the same.

▼ Are you buying less, more or the same amount of potatoes?



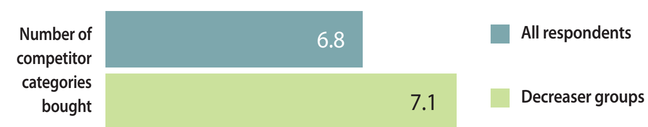
Source: Kantar WorldPanel LinkQ Survey % Respondents

Fight for relevance against competitors

Shoppers who are buying fewer potatoes have a wider consideration set – basically they like a wider variety of carbohydrates/meals. They are aware they are buying more alternative carbohydrates. This is also supported by their actual purchase behaviour where they are more likely to be buying alternative carbohydrates than the total sample.

▼ Do you like to have a wider variety of carbohydrates in your diet?

▼ How many alternative carbohydrates do you buy?



Source: Kantar WorldPanel LinkQ Survey % Respondents & Purchase data 52 w/e 30 Mar 2014

Expect the fight to be around connotations of convenience

There is a consistent issue for fresh potatoes around not being viewed as convenient, which is even worse amongst those decreasing their purchasing. Bread, pasta, rice and frozen/prepared potatoes all saw higher rankings with one of the groups. Understanding what convenience means to shoppers is essential. The main unifier is easy to cook, while ease and speed of preparation are also major considerations.

Important to become more than a base for healthy meals

Potatoes are seen as healthy by the decreaser groups with them all most likely to rank potatoes as the healthiest carbohydrate choice. There is collective recognition that potatoes are a good source of energy and filling, the challenge is getting them to recognise the tangible and overt health benefits – for example, source of fibre and potassium. This would benefit all potato shoppers.

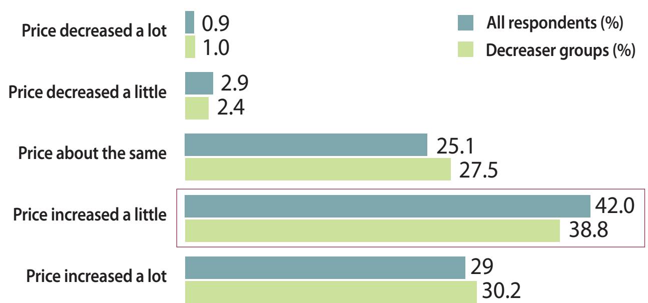
▼ Do you rank potatoes in your top 3 healthy carbohydrates?

Source: Kantar WorldPanel LinkQ Survey % Respondents

Value and price are a concern for a minority

Price always ranks as an important purchase consideration and comes out as the most important for around 20%, with a slightly larger proportion of decreasers (21.4% versus 19.6%). That said, there is a greater likelihood they think that price has stayed the same and the majority view is that the price has increased a little. For two of our decreaser groups price is not the main issue, for the third group they are more aware of price and more likely to buy on promotion.

▼ Has price increased or decreased compared to last year?

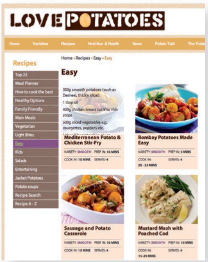


Source: Kantar WorldPanel LinkQ Survey % respondents

How can we gain back volume sales?

The new Kantar WorldPanel research looking at decreasers shows what needs to be addressed to halt the decline and start to gain back volume sales.

Boost relevance with convenience focus



Convenience is the area where potatoes are scoring poorly against competitors. A combination of product innovation to deliver against benefits sought and the communication of messages to shoppers is needed to connect potatoes with the key triggers, e.g. easy-to-cook, ease and speed of preparation. Research shows 30-minute meal ideas can help convince shoppers.

Above: Potato Council shows consumers potatoes can be easy.

Play harder in store with shopper signposting

There is a large degree of decision-making which takes place in front of the fixture – particularly considering the type of potato to buy. Shoppers who are buying less are more likely to decide to buy in-store and more needs to be done to interrupt them and encourage them to reconsider potatoes. Research shows that shoppers see little appeal in the raw product and that pack imagery as well as promotional material should focus on the end meal. 75% of decreasers think shopper signposting would encourage them to purchase potatoes.

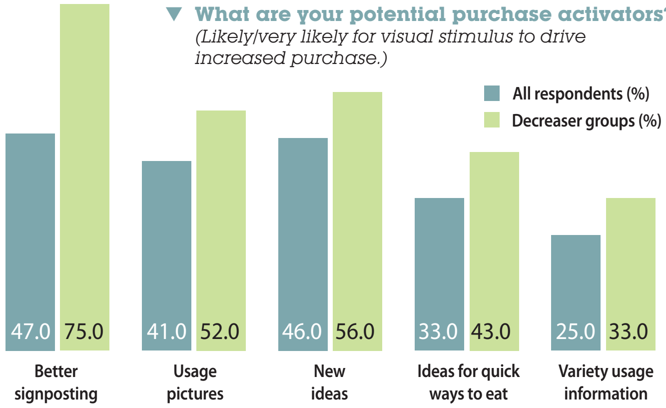
Shopper signposting inspires with pictures, describes their eating properties and gives suggestions on how to use them.

POTATO COUNCIL WORKING WITH RETAILERS AND THEIR SUPPLIERS

Nine retailers account for 91.7%* of fresh potato sales to shoppers, with four adding up to 70.9%*. With shoppers buying from a number of different retailers and with limited ways to communicate the message, using the same message across all retailers is the ideal solution. Potato Council is uniquely placed to meet the nine retailers and present the research that shows how they can move the category forward. Successes to date include colour blocking packaging on display, branded BDUs in store and stickering on pack to support campaigns by four major retailers. This really delivers for the industry – evaluation of the autumn campaign showed a four to six percentage point increase in young families and older families who are willing to pay more for Maris Piper with nearly half remembering seeing the message on a potato pack.

**Source: Kantar WorldPanel Retailer % of Volume Total Market 52 w/e 27 Apr 2014*

▼ What are your potential purchase activators?
(Likely/very likely for visual stimulus to drive increased purchase.)



Source: Kantar WorldPanel LinkQ Survey % Respondents

Drive their potato meal and purchase repertoire

Those who are buying fewer potatoes are generally making less different formats. There is a desire for new recipes and innovative ideas which need to be encouraged among consumers who plan weekly meals and also among those who get the ingredients home and then decide what to make.

Potato Council marketing activity to support the signposting project includes campaigns to encourage shoppers to trade up into named varieties.

Make potatoes more than a base for healthy meals

Most shoppers see potatoes as healthy without understanding the added nutritional punch they pack. Consistent nutrition claims on potato packs, combined with promotional campaigns can help to enhance shoppers' perceptions and give them an additional reason to buy.

The Natural Goodness campaign promotes potatoes as a source of fibre and potassium.

What else is impacting on the market?

Potato Council works with other AHDB teams to access data from a wider range of sources to monitor wider trends. In addition, projects are commissioned to fill gaps in industry knowledge, such as using Kantar WorldPanel data to look at where shoppers were substituting other products for potatoes.

A move to dish-based cuisine

When looking at the nation's top 20 meals there is an increase of dish-based cuisines, such as curry or fajitas, rather than more traditional ingredient or protein-centred meals. This means thinking in terms of dishes and solutions rather than offering meal ingredients, such as potatoes, will become increasingly important.

▼ The nation's Top 20 meals

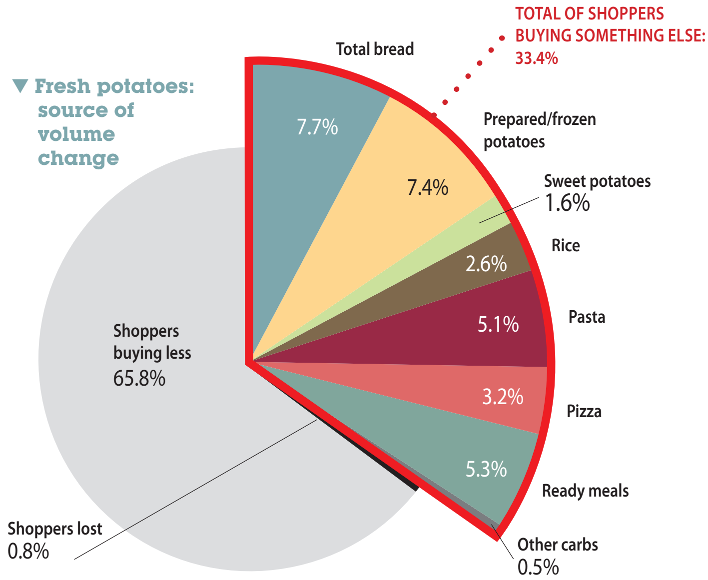
1 Sandwich
2 Roast dinner
3 Pizza
4 Assembled pasta
5 Soup
6 Spaghetti Bolognese
7 Soup & bread
8 Curry & rice
9 Curry
10 Stew
11 Chinese
12 Chinese & rice
13 Cheese on toast
14 Chicken, potatoes & vegetables
15 Shepherd's Pie
16 Pizza & chips
17 Lasagne
18 Beans on toast
19 Sausage, potatoes & vegetables
20 Pork chops, potatoes & vegetables

Source: Kantar WorldPanel Usage Individual Meal Occasions - Lunch, Teatime and Evening Meal 52 w/e 10 Nov 2013

Time-saving substitutes and shoppers buying less

Looking at gains and losses from the fresh potato category, two-thirds of shoppers are buying fewer potatoes without having increased their purchasing of other carbohydrates. This may be driven by a range of wider trends such as reducing waste in home or smaller packs. The other third have seen increases in other areas; mainly moving away from potatoes and often substituting them for time-saving solutions.

▼ Fresh potatoes: source of volume change

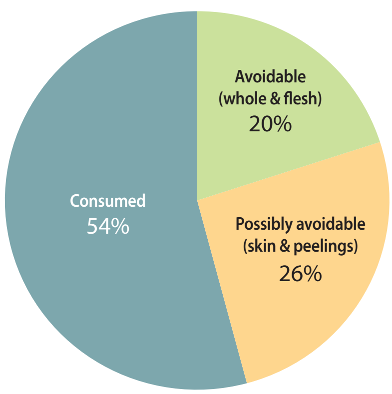


Source: Kantar WorldPanel Fresh Potatoes Type - Source of Change (Volume) 52 w/e 5 Jan 2014

Shoppers wasting potatoes at home

WRAP figures suggest that one in five potatoes is thrown away when you look at avoidable food waste e.g. whole potatoes or leftovers. This is largely because they are not used in time or people cook or serve too much. Food waste is becoming top of mind for shoppers, with many claiming to be looking to reduce the amount they waste.

▼ Source of potato waste



Source: Household Food and Drink Waste in the United Kingdom, WRAP 2012

Smaller packs may be playing a role

Research suggests that shoppers don't look closely at pack weight, rather they look at the size of potatoes. Small shifts from 2.5kg to 2kg packs can have an impact on volume sold, with the trend showing a small decline in average pack size. Another factor in this may be some shoppers moving into new and salads from main crop and baking, which has been driven, in part, by promotion and product placement during 2013.

Warmer weather

Modelling sales over time shows that potato volumes drop when the weather is warmer and based on industry intelligence they do significantly better when there is extremely cold weather forecast. In 2013, there was an exceptionally hot summer, followed by a warm winter and autumn. Over this time period there was a significant decline in meals like roasts and stews, which are mainly accompanied by potatoes.

Potato Council
Agriculture and Horticulture Development Board
Stoneleigh Park, Warwickshire CV8 2TL
Telephone: 0247 669 2051
www.potato.org.uk
Potato Council is a division of the Agriculture and Horticulture Development Board