Potato trends in a Modern Market
Cliona Lynch - Kantar Worldpanel
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

Source: Kantar Worldpanel Ireland (ROI)
Grocery inflation across 38,000 items
Shoppers relaxed the purse strings this Christmas

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Trips?</td>
<td>+0.8 trip</td>
<td>-0.2 trip</td>
</tr>
<tr>
<td>Average spend</td>
<td>+2.2%</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Volume Bought</td>
<td>+2%</td>
<td>+1%</td>
</tr>
<tr>
<td>Trip Spend</td>
<td>-2.3%</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Price Paid</td>
<td>NC</td>
<td>+2.6%</td>
</tr>
</tbody>
</table>

Source: Kantar Worldpanel, data to 3rd Jan 2016
We paid more for Fresh Food this year…

Chart Footnote

© Kantar Worldpanel
Battle between treat and health categories...

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

Source: Kantar Worldpanel, 4 w/e 3rd Jan 2016
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

<table>
<thead>
<tr>
<th>Retailer Value Share</th>
<th>% Sales Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SuperValu</strong></td>
<td>25.0 4.7</td>
</tr>
<tr>
<td><strong>Tesco</strong></td>
<td>25.6 1.3</td>
</tr>
<tr>
<td><strong>DUNNES</strong></td>
<td>23.7 5.1</td>
</tr>
<tr>
<td><strong>Lidl</strong></td>
<td>7.7 12</td>
</tr>
<tr>
<td><strong>Aldi</strong></td>
<td>7.7 3.4</td>
</tr>
</tbody>
</table>

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.
% of households buying (penetration)...

<table>
<thead>
<tr>
<th>#</th>
<th>Category</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>#2</td>
<td></td>
<td>99%</td>
</tr>
<tr>
<td>#3</td>
<td></td>
<td>99%</td>
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<tr>
<td>#4</td>
<td></td>
<td>99%</td>
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<tr>
<td>#5</td>
<td></td>
<td>98%</td>
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<tr>
<td>#6</td>
<td></td>
<td>97%</td>
</tr>
<tr>
<td>#7</td>
<td></td>
<td>97%</td>
</tr>
<tr>
<td>#8</td>
<td></td>
<td>97%</td>
</tr>
</tbody>
</table>

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

Source: Kantar Worldpanel, Jan 2016
Potatoes and Frozen Potato Products together account for 84% of main meal carbs

Main Meal Carbohydrates

- 72% Potatoes
- 12% Frozen Potato Products
- 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.
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.
What are the opportunities for Potatoes?

Recruit back lost shoppers & improve volumes per trip

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

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

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

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 products.
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.

Source of Potatoes Packs (000s) Change - year ending 03 Jan 2016

- Total Switching: -862
- Shoppers Held: 3,051
- Shoppers Lost: -41
- Category Arrivals: 0

Category Level Changes
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

Eating purple potatoes could help people beat cancer, experts say

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.
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

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