

Market Insight Factsheet

Chilled Seafood in Multiple Retail (2018)

This factsheet provides a summary of the performance of the chilled seafood sector in the multiple retail seafood market up to June 2018.

The chilled seafood sector continues to take the largest share of the multiple retail seafood market with a wide range of segments and species. It is unique in being the only seafood sector in consistent growth from 2007 to 2017. However, pressure from falling shopper confidence and reduced spending power has seen chilled volume continue to decline in 2018. Unusually, the decline is driven by the normally robustly performing chilled natural segment and farmed species such as salmon and warm water prawns. Conversely, wild caught species such as cod and haddock, which have struggled with volume growth over the long term, have remained in growth.

This document examines the detail behind the performance of the chilled seafood sector including historic and current chilled retail seafood sector trends, chilled seafood key performance indicators (KPIs) and chilled segment and species performance.

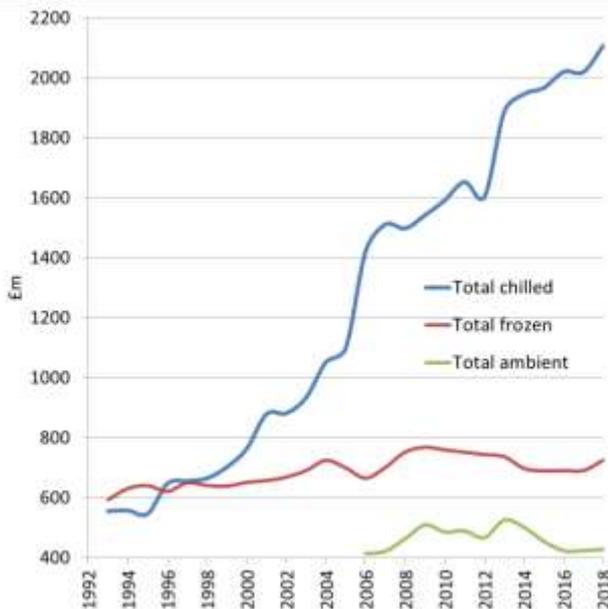
Historic Retail Seafood Sector Trends

Chilled seafood has grown in popularity with British retail shoppers over the past 20 years. In the late 1990's both the volume and value of chilled seafood began to rise faster than that of frozen seafood. By 2005, chilled seafood had overtaken frozen seafood in volume sales. Overall GB seafood consumption had been growing slowly but steadily until recession hit in 2007, when the relatively high price of seafood meant it struggled to compete with cheaper proteins.

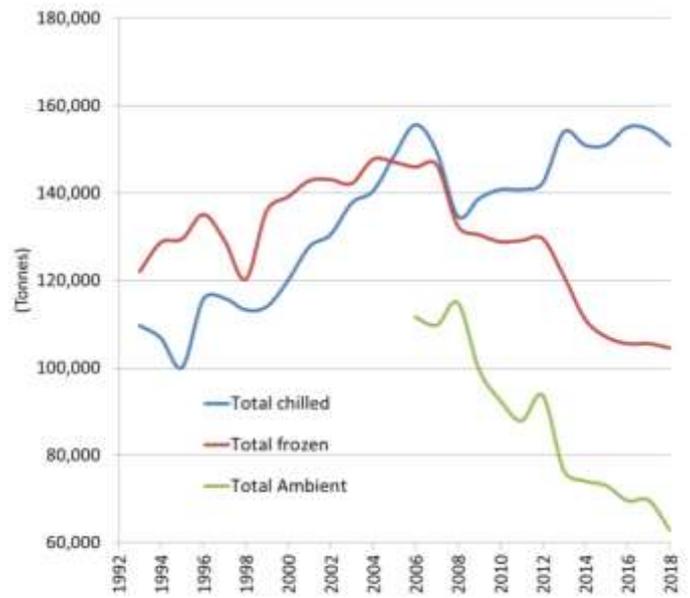
From 2007, seafood in multiple retail experienced a sustained period of inflation and price driven growth, resulting in falling consumption. Around 2009, retail shoppers became polarized, saving money where possible on basics, but not averse to spending more on quality. Austerity focused shoppers prioritised 'value for money', and the perceived 'superior freshness, health and quality' of chilled seafood resulted in renewed growth of the chilled sector at the expense of frozen and ambient, despite it being typically double their average price.

In October 2016, total seafood, which includes chilled, frozen and ambient, finally returned to full growth for a short period, In 2017, signs began to emerge that building pressure from economic & political uncertainty, along with rising inflation and reduced spending power were all beginning to impact on the seafood retail market. Total seafood volume returned to decline in January 2017 and notably, the chilled sector fell into volume decline in September 2017, which has continued to date (June 2018).

Long Term GB Seafood Sector Value Trends.



Long Term GB Seafood Sector Volume Trends.



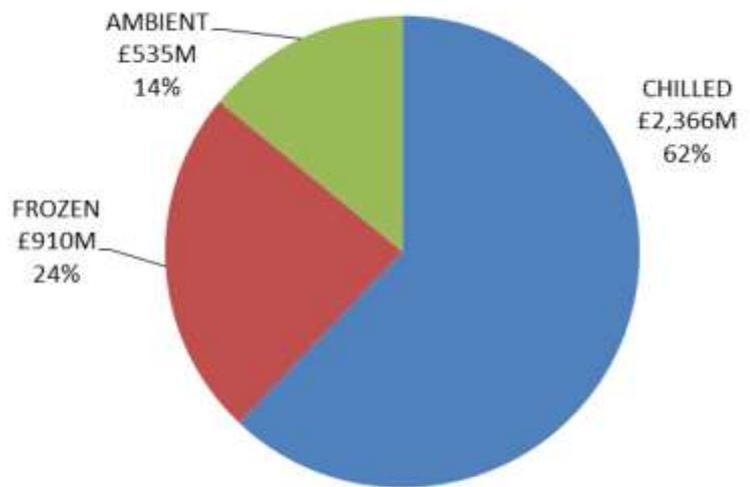
Nielsen GB Scantrack/TNS

Current Seafood Retail Performance

Seafish has detailed GB EPOS data (Electronic Point of Sale) available for the past ten years, which can be used to get a long-term picture of the changes in the seafood sectors, segments and species. In addition, data from the main discounters, Aldi and Lidl, along with Northern Ireland is now available, covering the last 3 years. When combined with GB data, this allows a more complete UK snapshot of the current seafood retail market.

Total seafood continues the long term pattern, of price driven growth, In June 2018, total UK retail seafood sales were worth £3.81bn (+4.1%), with a volume of 397,831 tonnes (-1.6%) and an average price of £9.58/kg (+5.8%) (Nielsen Scantrack: 52 weeks to 16.6.18).

UK Seafood Sector Share by Value 2018



Nielsen Scantrack YE 16.06.18

Impact of the Discounters on Seafood Sales

Since opening UK stores in 1990, Aldi and Lidl have strongly grown grocery share. Both discounters over trade in seafood particularly frozen and ambient, proving popular with shoppers due to price, quality and regional sourcing messaging. Discounters are projected to be fastest growing channel to 2021 (IGD). In June 2018, Aldi and Lidl combined took a 19.6% volume share of the total UK seafood. Combined seafood sales were worth £478m (+9%), with a volume of 76,769 tonnes (3.7%) and an average price of £6.23/kg (+6.4%)

Chilled Seafood

Chilled seafood continues to dominate UK multiple retail. But, after consistent long term growth; chilled seafood growth stalled in September 2017, exhibiting uncharacteristic volume decline. It is yet to recover.

In the year ending June 16th 2018, chilled seafood had a value and volume worth £2,366m (+4.1%) and 178,305 tonnes (-1.6%) respectively; with an average price of £13.27/kg (+4.8%). This represents a 62% share of the seafood UK retail market by value and 45% by volume. Chilled lost value share (-0.5 percentage points) to frozen and ambient, but only just continued to grow volume share (+0.1 percentage points).

Although normally associated with frozen and ambient seafood, chilled seafood has grown quickly in the Discounters (Aldi and Lidl). In June 2018, chilled seafood in the combined discounters had a value and volume of £233.3m (+9%) and 25,576 tonnes (-2.5%) respectively; with an average price of £9.12/kg (+11.6%). Despite this significant average price increase, the discounters currently take a 9.9% value share and 14.3% volume share of UK chilled seafood.

Chilled Seafood KPIs

In 2018, chilled seafood KPIs (key performance indicators), show penetration for chilled seafood remains high at (81.4%). Compared with the previous year, fewer shoppers bought chilled seafood less often, with smaller more expensive baskets. Chilled seafood shoppers bought on average 0.39kg of chilled fish per trip spending £4.67; and bought chilled seafood 20 times per year, spending a total of £92.23, equating to 7.64kg/yr.

GB Chilled Seafood KPI's 2018

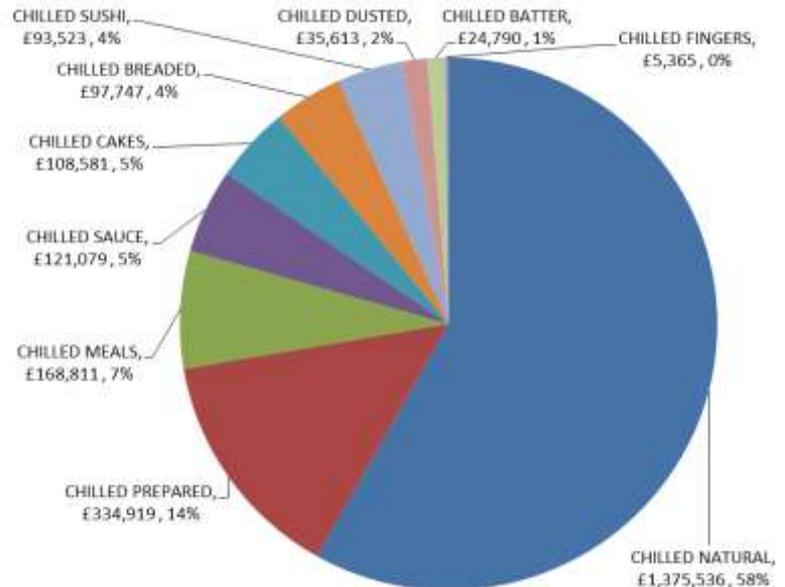
		Pen %	Freq	AWOP (Kg) 52w	Avg Spend (£) 52w	Trip Spend (£)	Price per Kg	Avg Trip Kg
TOTAL FISH	17-Jun-17	96.90	30.90	15.12	125.49	4.07	8.30	0.49
	16-Jun-18	96.80	30.40	14.76	129.66	4.27	8.78	0.49
	% Change	-0.1	-1.6	-2.4	3.3	5.0	5.8	-0.8
CHILLED	17-Jun-17	82.00	20.20	7.78	89.65	4.43	11.53	0.38
	16-Jun-18	81.40	19.80	7.64	92.23	4.67	12.07	0.39
	% Change	-0.6	-2.2	-1.8	2.9	5.2	4.7	0.4
FROZEN	17-Jun-17	87.10	10.80	5.88	35.61	3.30	6.06	0.54
	16-Jun-18	86.80	10.90	5.88	37.46	3.44	6.37	0.54
	% Change	-0.4	0.8	0.0	5.2	4.3	5.2	-0.8
AMBIENT	17-Jun-17	79.90	9.40	3.95	21.46	2.29	5.43	0.42
	16-Jun-18	78.40	9.40	3.78	22.82	2.43	6.04	0.40
	% Change	-1.9	0.3	-4.3	6.3	6.0	11.2	-4.6

Nielsen Homescan YE 16.06.18

Chilled Seafood Segments

It is the chilled natural segment (i.e. includes no additional ingredients), which continues to take the largest share by both volume (44%) and value (58%) of the chilled seafood sector. In the 52wks to 16th June 2018, chilled natural was worth £1.38bn (+3.9%), with 78,071 (-4.1%) tonnes.

UK Chilled Seafood Segment Value Share 2018



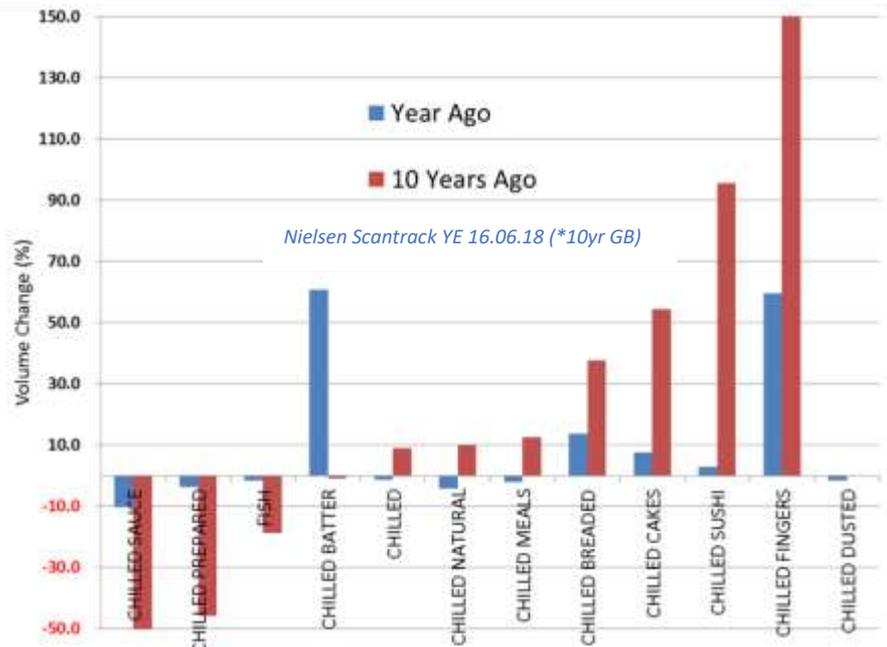
Nielsen Scantrack YE 16.06.18

Chilled prepared (14%), chilled meals (7%) and chilled sauce (5%) are ranked second, third and fourth, respectively by value share. Chilled natural, meals and breaded have lost share vs a year ago whilst chilled prepared and cakes have grown share.

Over the long term (10yrs to 16th June 2018) chilled natural, meals, breaded, cakes, sushi and fingers have all been in full (volume and value) growth; chilled fingers achieving a 394% increase in volume, albeit starting from a small base. Chilled sectors in decline over the same period included chilled prepared, and sauce.

Chilled Seafood Segment Volume Performance 2018

Over the short term (52 wks. to 16th June 2018), chilled cakes (+7.5%), breaded (+13.8%), and sushi (+2.9%) have been in growth; although, chilled fingers and batter segments showed the highest growth of around 60%. Chilled sauce, natural, prepared, meals and dusted segments were in decline.



Nielsen Scantrack YE 16.06.18 (*10yr GB)

Chilled Seafood Segment Performance to 2018

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2016 52wks to 16.6.16	2017 52wks to 16.6.17	2018 52wks to 16.6.18	% Chg '17 vs '18	% Chg 2008 vs 2018 (10YA)*	2016 52wks to 16.6.16	2017 52wks to 16.6.17	2018 52wks to 16.6.18	% Chg '17 vs '18	% Chg 2008 vs 2018 (10YA)*	Avg Price 2018	Avg Price % Chg '17 vs '18	£ % Chg 2008 vs 2018 (10YA)*
FISH	3,542,359	3,660,887	3,810,504	4.1	21.7	396,644	404,268	397,831	-1.6	-18.7	£ 9.58	5.8	49.8
CHILLED	2,176,474	2,289,908	2,365,965	3.3	37.6	172,686	180,920	178,305	-1.4	9.0	£13.27	4.8	26.2
FROZEN	847,715	861,764	909,997	5.6	1.9	134,208	135,449	135,980	0.4	-24.0	£ 6.69	5.2	33.9
AMBIENT	518,171	509,215	534,541	5.0	-1.1	89,750	87,901	83,546	-5.0	-46.2	£ 6.40	10.4	83.8
CHILLED NATURAL	1,284,496	1,324,128	1,375,536	3.9	50.1	81,698	81,407	78,071	-4.1	10.0	£17.62	8.3	36.5
CHILLED PREPARED	329,560	340,225	334,919	-1.6	-33.0	27,162	28,717	27,644	-3.7	-45.9	£12.12	2.3	23.9
CHILLED MEALS	143,015	167,982	168,811	0.5	27.4	20,335	23,790	23,312	-2.0	12.6	£ 7.24	2.6	13.1
CHILLED SAUCE	123,741	132,960	121,079	-8.9	-19.7	11,607	12,528	11,227	-10.4	-55.2	£10.78	1.6	79.3
CHILLED CAKES	95,722	99,442	108,581	9.2	47.5	13,210	14,316	15,393	7.5	54.3	£ 7.05	1.6	-4.4
CHILLED BREADED	80,530	85,955	97,747	13.7	77.5	9,388	9,607	10,932	13.8	37.8	£ 8.94	-0.1	28.8
CHILLED SUSHI	71,853	84,863	93,523	10.2	136.9	5,001	5,735	5,901	2.9	95.5	£15.85	7.1	21.1
CHILLED DUSTED	31,259	35,183	35,613	1.2	n/a	2,776	3,085	3,039	-1.5	n/a	£11.72	2.8	n/a
CHILLED BATTER	12,326	15,703	24,790	57.9	59.4	1,028	1,341	2,155	60.7	-0.9	£11.50	-1.8	60.8
CHILLED FINGERS	3,971	3,469	5,365	54.7	393.9	481	394	629	59.6	350.5	£ 8.53	-3.1	9.6

Nielsen Scantrack YE 16.06.18 (*10yr GB)

Chilled Seafood Species

Salmon dominates the UK chilled seafood sector with a 44.7% value share of the top species, selling nearly four times its nearest competitor in both volume and value. Smoked salmon makes up 35% of total chilled salmon sales by value. Chilled Cod (10.6%) has the second highest share followed by warm water prawns (9.9%) and haddock (8.4%)

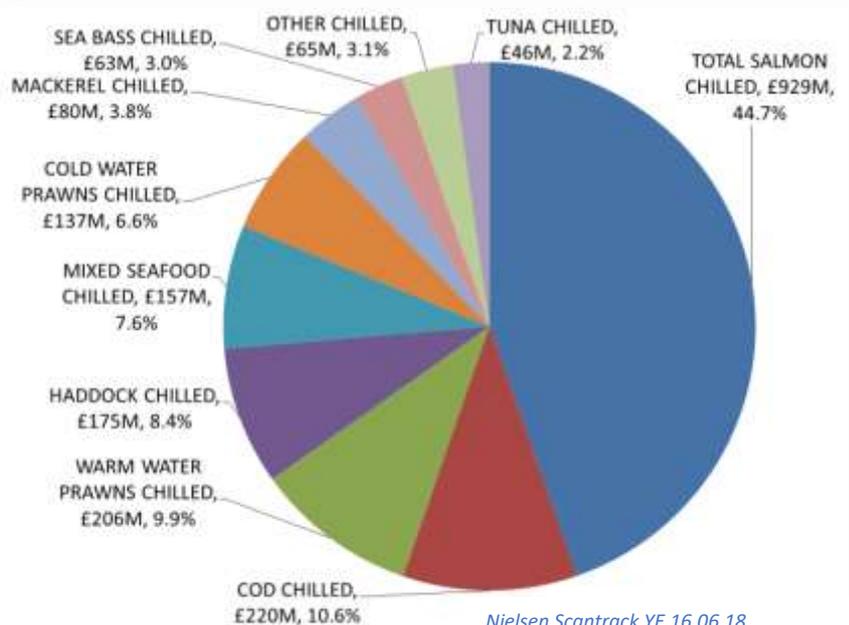
The consumption of traditional whitefish species has been in steady decline since the 1980s, whilst salmon and other aquaculture

Seafood species have grown in popularity. Chilled salmon sales continued to grow through the recession despite being over 67% more expensive per kg than cod in June 2018. However, recently salmon sales volume has declined, shoppers perhaps sensitive to the significant price inflation (at 13.9% the highest out of the top 10 species), tipping the value for money equation in favour of other species and proteins. Lower prices and improved availability have driven cod and haddock consumption in recent years.

In the 52wks to 16th June 2018, chilled cod was worth £220m, with 19,183 tonnes. Since 2008, its volume and value increased by 31.9% and 46.3% respectively.

Over the long term (10yrs to 16th June 2018) the top four chilled species; salmon, cod, warm water prawns, and haddock were in full growth. Crab, seabream and seabass showed the strongest volume growth, with seabass volumes by up by nearly 500%, from a relatively small base. Over the same period, traditional species like chilled coldwater prawns, tuna and trout, were in full decline. Price changes have typically influenced the majority of species trends since

UK Chilled Seafood Species Value Share 2018



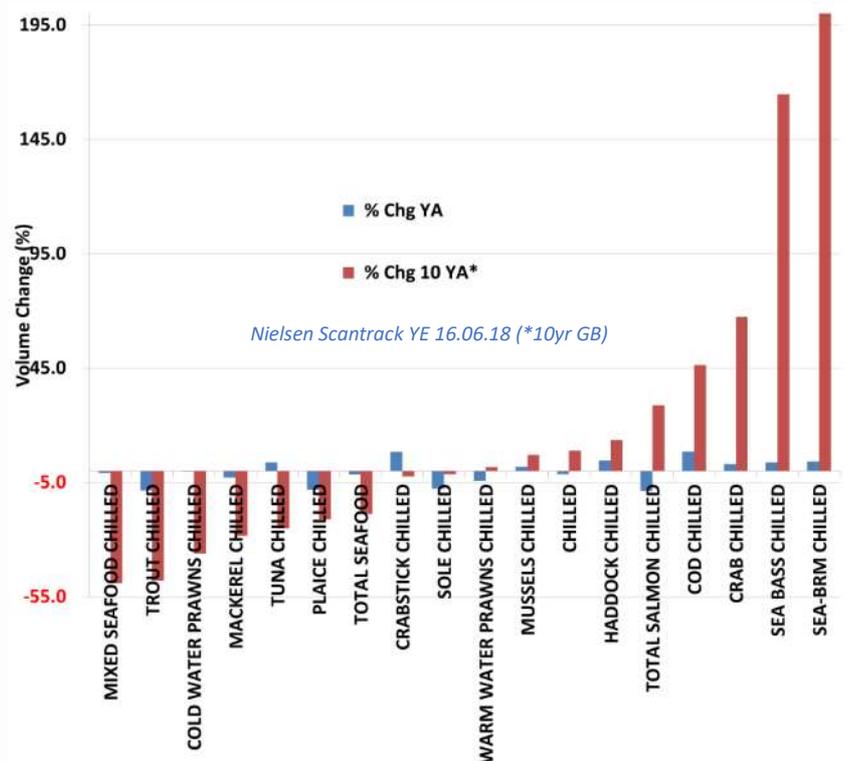
Nielsen Scantrack YE 16.06.18

2008, where significant price increases have impacted negatively on volume sales. The main exceptions to this are chilled salmon and warm water prawns where consumption has continued to increase despite double-digit price increases.

Most of the top 10 chilled species have experienced double digit inflation when compared to 10 years ago, notably mixed seafood (+90%) and cold water prawns (+47.4%). Only cod and haddock continue to show a decrease in average price.

In the short term, (52 wks. to 16th June 2018), the run of full growth for most chilled species ended, with a return to price driven growth. Notably only chilled cod, haddock, tuna and seabass continued in full growth.

Chilled Seafood Species Volume Performance 2018



Chilled Seafood Species Performance to 2018

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2016 52wks to 16.6.16	2017 52wks to 16.6.17	2018 52wks to 16.6.18	% Chg '17 vs '18	% Chg 2008 vs 2018 (10YA)*	2016 52wks to 16.6.16	2017 52wks to 16.6.17	2018 52wks to 16.6.18	% Chg '17 vs '18	% Chg 2008 vs 2018 (10YA)*	Avg Price 2018	Avg Price % Chg '17 vs '18	£ % Chg 2008 vs 2018 (10YA)*
TOTAL SEAFOOD	3,542,359	3,660,887	3,810,503	4.1	21.7	396,644	404,268	397,831	-1.6	-18.7	£9.58	5.8	49.8
CHILLED	2,176,474	2,289,908	2,365,965	3.3	37.6	172,686	180,919	178,305	-1.4	9.0	£13.27	4.8	26.2
TOTAL SALMON CHILLED	850,711	892,884	928,628	4.0	72.0	53,247	53,292	48,654	-8.7	28.8	£19.09	13.9	33.5
COD CHILLED	188,386	199,676	219,869	10.1	31.9	15,735	17,680	19,183	8.5	46.3	£11.46	1.5	-9.8
WARM WATER PRAWNS CHILLED	194,908	209,273	206,480	-1.3	34.6	12,008	13,660	13,066	-4.3	1.7	£15.80	3.2	32.3
HADDOCK CHILLED	154,289	165,637	175,495	6.0	11.8	13,611	15,025	15,720	4.6	13.5	£11.16	1.3	-1.4
MIXED SEAFOOD CHILLED	134,055	151,313	157,017	3.8	-3.2	15,817	17,444	17,298	-0.8	-49.1	£9.08	4.6	90.3
COLD WATER PRAWNS CHILLED	137,387	139,248	137,072	-1.6	-1.8	10,401	10,334	10,303	-0.3	-36.1	£13.30	-1.3	53.8
MACKEREL CHILLED	76,307	77,963	79,786	2.3	-0.1	9,791	10,018	9,729	-2.9	-28.4	£8.20	5.4	39.4
SEA BASS CHILLED	52,451	59,627	62,851	5.4	169.5	3,355	3,658	3,796	3.8	164.8	£16.56	1.6	1.7
TUNA CHILLED	41,742	43,970	46,063	4.8	-10.2	2,955	3,230	3,353	3.8	-25.1	£13.74	0.9	19.9
TROUT CHILLED	34,753	34,860	35,997	3.3	-21.0	3,075	2,915	2,666	-8.5	-48.0	£13.50	12.9	51.9
CRABSTICK CHILLED	25,911	30,367	33,297	9.6	31.3	5,961	4,654	5,043	8.4	-2.4	£6.60	1.2	34.6
CRAB CHILLED	22,320	22,420	21,885	-2.4	106.4	1,143	1,182	1,218	3.0	67.4	£17.97	-5.3	23.3
PLAICE CHILLED	22,178	21,840	21,229	-2.8	-17.3	2,014	2,106	1,933	-8.2	-21.0	£10.98	5.9	4.7
SOLE CHILLED	22,337	22,022	20,449	-7.1	-16.4	1,790	1,684	1,554	-7.7	-1.4	£13.16	0.6	-15.2
MUSSELS CHILLED	19,782	21,355	21,664	1.4	9.7	3,652	3,951	4,025	1.9	7.1	£5.38	-0.4	2.5
SEA-BRM CHILLED	14,792	17,022	17,086	0.4	488.2	995	1,117	1,164	4.2	488.9	£14.68	-3.7	-0.1
BASA CHILLED	13,215	12,817	16,707	30.4	n/a	1,268	1,219	1,633	34.0	n/a	£10.23	-2.7	n/a

Nielsen Scantrack YE 16.06.18 (*10yrs GB)

The Chilled Seafood Shopper

Nielsen demographics describe the chilled seafood shopper as more affluent than the average seafood buyer but in all other respects are very similar. Chilled seafood shoppers are predominantly older (45-64) couples and singles, typically in two person households without children present. Where children are present they are typically aged 5-10 yrs. IGD surveys suggest chilled seafood shopper as being unique compared to other chilled proteins in being predominantly male and more affluent than buyers of other chilled proteins. Where living in a household with young children, the seafood is usually eaten by the shopper only. This unique profile of the chilled seafood shopper opens up a whole host of male targeted flavours, cross-site promotions and marketing opportunities.

Quality is important to all seafood shoppers, but is paramount to chilled seafood shoppers. Seafood has the highest average price of the mainstream proteins, and with seafood prices rising over twice as fast as that of meat, seafood has to offer 'value for money' to remain attractive to shoppers. Fortunately seafood shoppers especially (chilled) are unique in that they are prepared to pay more for higher quality.

In a recent IGD survey, seafood came second for categories with the lowest availability satisfaction score. With 30% (double the category average) of fresh fish shoppers claiming that they would 'go without' if they can't find the quality they want, improving availability is vital to avoid shoppers trading out of seafood.

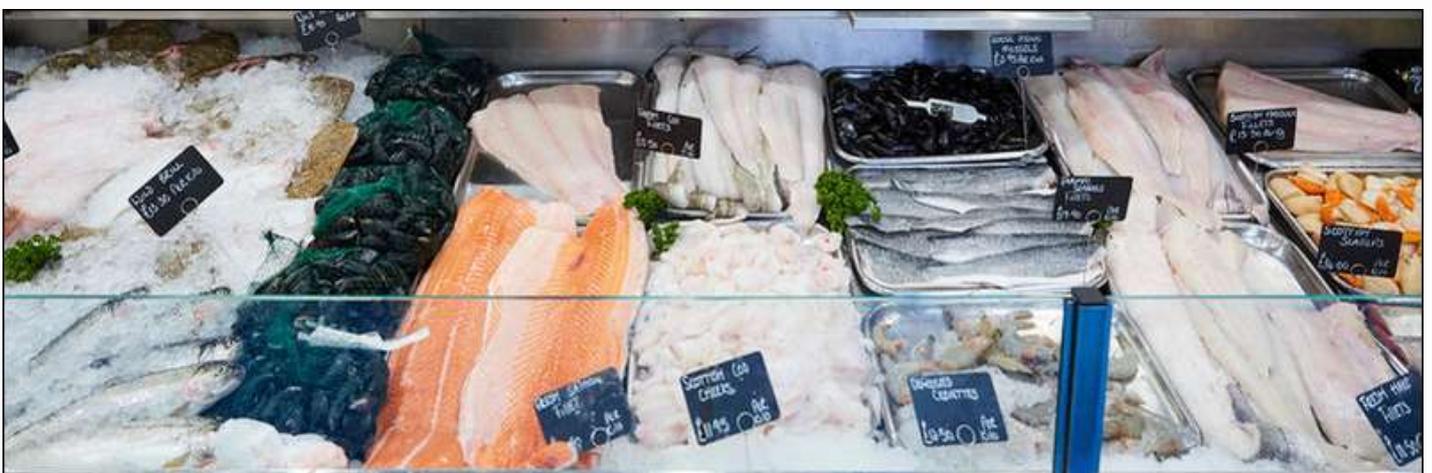


Quality is very important when purchasing fresh fish

"The main reason to choose the fish was for its quality and freshness"

With quality being more important to fresh fish shoppers than price and promotions, point of sale and communication at shelf should inspire and educate shoppers giving them reasons to spend more (IGD N)Nov '17)

Lower than average satisfaction with availability of fresh fish



Key Facts:

- Chilled seafood continues to dominate UK multiple retail. But, after consistent long term growth; chilled seafood growth stalled in September 2017, exhibiting uncharacteristic volume decline and is yet to recover.
- Unusually the decline is driven by normally robustly performing chilled natural segment and chilled farmed species such as salmon and warm water prawns. Conversely, wild caught species like cod and haddock which have struggled with volume growth over the long term, remained in growth
- In 2018, chilled seafood had a value and volume worth £2,366m (+4.1%) and 178,305 tonnes (-1.6%) respectively; with an average price of £13.27/kg (+4.8%). This represents a 62% share of the seafood UK retail market by value and 45% by volume.
- Salmon dominates the UK chilled seafood sector with a 44.7% value share of the top species, selling nearly four times its nearest competitor in both volume and value
- Traditional whitefish species have recently regained popularity with shoppers: In the 52wks to 16th June 2018, chilled cod was worth £220m, with 19,183 tonnes. Since 2008, its volume and value increased by 31.9% and 46.3% respectively.
- Over the long term (10yrs to 16th June 2018):
 - Top performers include:
 - Segments; chilled natural, meals, breaded, cakes, sushi and fingers.
 - Species; salmon, cod, warm water prawns, and haddock which showed full growth. Crab, seabream and seabass showed the strongest volume growth.
 - Struggling sectors and segments include:
 - Segments; prepared, and sauce
 - Species; coldwater prawns, tuna and trout, mackerel, tuna, plaice
- Over the short term (52 wks. to 16th June 2018);
 - Top performers include;
 - Segments; sushi, cakes, breaded, fingers and batter
 - Species; cod, haddock, tuna and seabass
 - Struggling sectors and segments include:
 - Segments; natural, sauce, prepared, meals and dusted
 - Species; salmon, trout, mackerel, plaice, sole, warmwater prawns.

Data Sources:

Nielsen:

- Scantrack – UK EPOS from key retailers (including composite data from discounters Aldi & Lidl and N. Ireland) excludes seafood sandwiches
- Homescan – GB (including discounters) consumer panel of 15,000 households excludes seafood sandwiches
- (%) values represent change from the previous year unless otherwise stated
- Kantar World Panel Seafood Shopper Journey Report 2015
- Kantar World Panel Seafood Channel Report 2016
- IGD 2016 Category Benchmarks
- IGD Identifying challenges and opportunities within fresh fish 2017

More Information:

For the full range of market insight factsheets, covering different sectors of the seafood industry go to the Seafish website –

<http://www.seafish.org/research-economics/market-insight/market-insight-factsheets>

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