Seafood Industry Factsheet

Ambient Seafood in Multiple Retail 2016

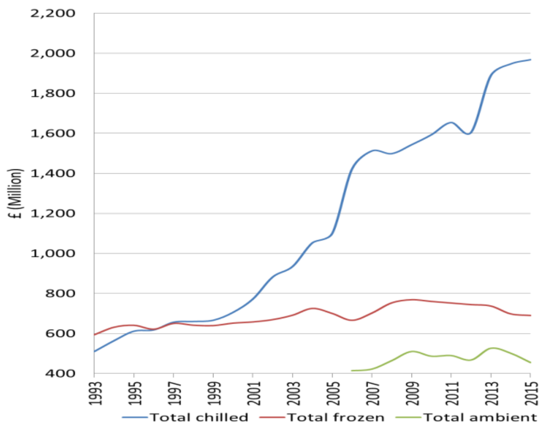
A significant increase in price (+58.2% May 2008 to May 2016) has driven a sizable decline (-37%), in the consumption of retail ambient seafood over the past 8 years. But, in the 52 wks to May '16 it is the indulgent species like roe, caviar and oysters and new exciting packaging and meal formats, appealing to young affluent seafood shoppers, which are leading the return to growth.

October 2016

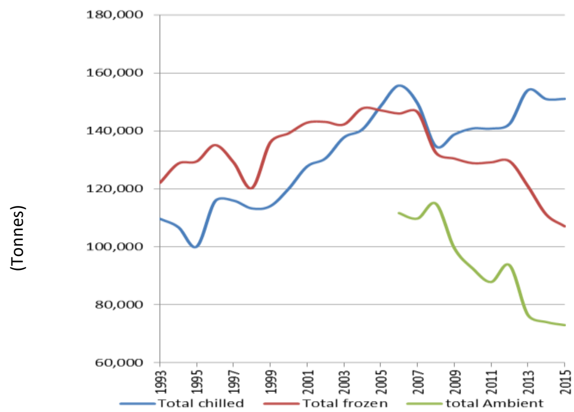
Historic Seafood Sector Trends

Ambient products include tins, jars and retorted pouches or trays which are stable at room temperature. Ambient seafood has experienced price driven growth in multiple retail over the past 10 years or so, with sales values remaining flat compared with the strong growth of chilled seafood. Ambient seafood volumes have fallen by almost 40% in GB retail; driven by average price increases of 58% in the 8 year period to May 21st 2016 (AC Nielsen excludes discounters). In the late 1990's both the volume and value of chilled seafood began to rise faster than that of frozen and ambient seafood. By 2005, chilled seafood had also overtaken frozen seafood in volume sales. Seafood volumes had been growing slowly but steadily until recession hit the UK in 2007. The relatively high price of seafood meant it struggled to compete with cheaper everyday proteins. Initially, frozen saw a brief period of growth as shoppers reined in their spending and again in 2012 as the UK fell further into recession. But a couple of years into austerity, retail shoppers became polarized, saving money where possible on basics, but not averse to spending on treats. Austerity focused shopper priorities on value for money, and the perceived 'superior freshness, health and quality' of chilled seafood resulted in continued growth of the chilled sector whilst frozen and ambient have fallen into decline. In 2015, total tuna (predominantly ambient) was displaced from the number one species by volume in multiple retail, by total salmon.

Long Term Seafood Sector Value Trends



Long Term Seafood Sector Volume Trends



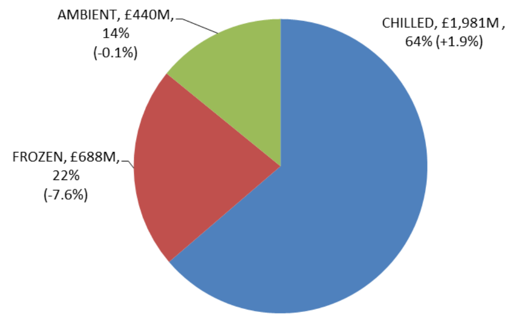
(Data: Nielsen Scantrack)

Current Seafood Sector Performance

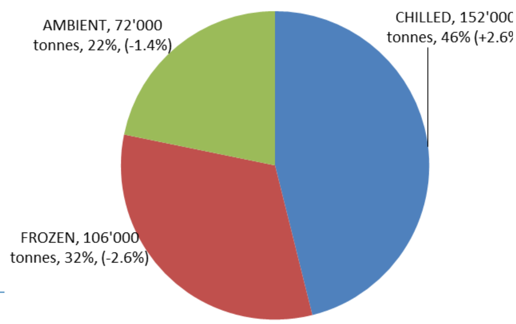
In 2016, total GB seafood sales in multiple retail were worth £3.11bn (-0.2%), with a volume of 329,096 tonnes (-0.8%) and an average price of £9.45/kg (+0.6%) (AC Nielsen Scantrack: 52 weeks to May 21st excluding discounters). Over the 8 years from May 2008 to May 2016, total seafood has been in price driven growth, with volume down by -15% and value up by 15%, pushing up average price by 35.9%.

In the 52 wks. to May 16, ambient seafood took the smallest share of both value and volume worth £440m (-0.1%) and a volume of 72,000 tonnes (-1.4%); with an average price of £6.13./kg (-5.8%). In comparison, chilled volume grew by 10% and value grew by 29%, average price up by 18%. In 2016, ambient seafood took a 14% share of the seafood retail market by value and 22% by volume. Over the past 8 years, frozen and ambient have decreased volume share by -8.4% and -26%

Sector Value Share of Seafood 2016



Sector Volume Share of Seafood 2016



(Data: Nielsen Scantrack – 52wks to 21.5.16)

respectively, whilst chilled has increased retail volume share by 29%.

Ambient Seafood KPI's

In the 52wks to 18th June 2016, slightly fewer shoppers bought ambient seafood less often. Penetration remained close to that of chilled seafood, with 80.2% of shoppers buying ambient. Although shoppers bought ambient seafood less often, the basket size increased. On average, ambient shoppers bought 0.4kg of ambient seafood per trip spending £2.30; buying ambient seafood, 9.4 times per year, spending a total of £21.70, equating to 4.1kg a year.

Ambient Seafood Segment Performance

It is the ambient prepared (simple tinned seafood in oil or brine) segment which takes the largest share by both volume (91%) and value (92%) of the total ambient seafood sector. In the 52wks to 21st May 2016, ambient prepared was worth £402.7m, with 65,133 tonnes and an average price of £6.18/kg. Ambient prepared has the highest average price of all the ambient segments. Ambient sauce takes an 8% share of ambient, followed by ambient meals, a relatively new segment with 0.02% value share in growth.

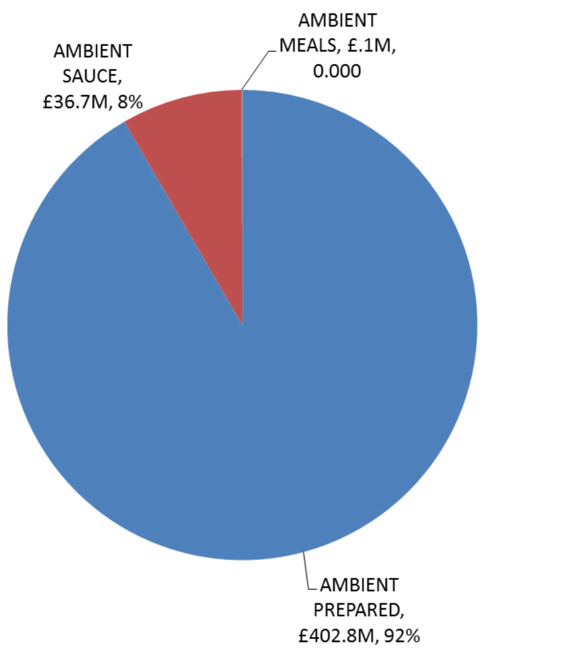
Over the 8 years to May 2016, neither ambient prepared or ambient sauce segments were in growth. Ambient prepared was the hardest hit with volume down -38% and value down -8%.

Seafood Key Performance Indicators (KPI's)

		Penetration %	Freq	AWOP (Kg) 52w	Avg Spend (£) 52w	Trip Spend	Price per Kg	Avg Trip Kg
TOTAL	20 JUN 2015	96.9	29.2	14.9	116.2	4.0	7.8	0.5
	18 JUN 2016	96.7	29.9	15.1	119.2	4.0	7.9	0.5
	% Change	-0.2	2.3	1.9	2.7	0.4	0.7	-0.4
CHILLED	20 JUN 2015	80.4	18.1	7.4	78.8	4.3	10.7	0.4
	18 JUN 2016	80.3	19.2	7.6	82.6	4.3	10.8	0.4
	% Change	-0.1	6.0	3.7	4.9	-1.0	1.2	-2.2
FROZEN	20 JUN 2015	87.3	11.0	6.1	35.4	3.2	5.8	0.6
	18 JUN 2016	86.7	11.0	6.1	36.4	3.3	6.0	0.6
	% Change	-0.7	0.1	-0.2	3.0	2.9	3.1	-0.3
AMBIENT	20 JUN 2015	80.4	9.5	4.0	22.8	2.4	5.8	0.4
	18 JUN 2016	80.2	9.4	4.1	21.7	2.3	5.3	0.4
	% Change	-0.2	-1.2	2.8	-4.8	-3.7	-7.4	4.0

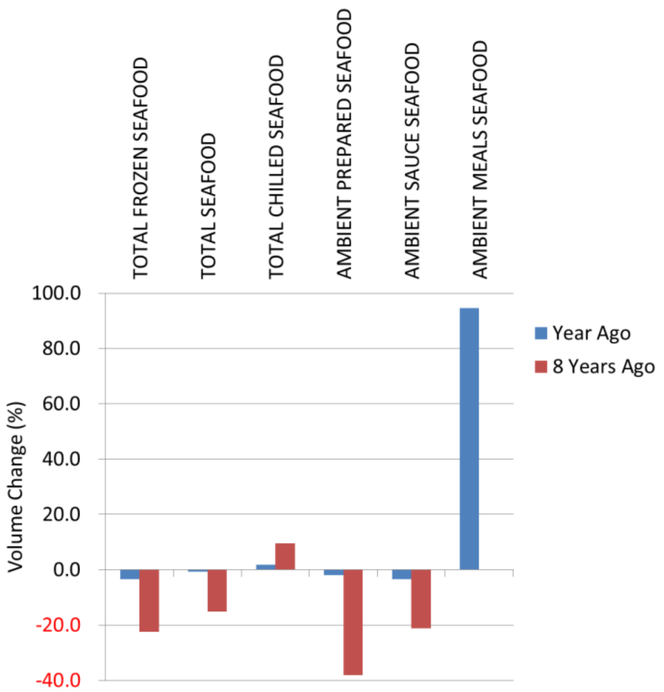
(Data: Nielsen Homescan – 52wks to 18.06.16)

Segment Share of Ambient 2016 (value £'000)



Long & Short Term Ambient Segment Volume Trends (2016 vs 2008)

(Data: Nielsen Scantrack – 8yrs/52wks to 21.5.16)



Ambient Segment Performance

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2014	2015	2016	% Chg YA	% Chg 2008 vs 2016 (8YA)	2014	2015	2016	% Chg YA	% Chg 2008 vs 2016 (8YA)	£/Kg 2016	% Chg YA	% Chg 2008 vs 2016 (8YA)
TOTAL SEAFOOD	3,145,194	3,114,909	3,109,330	-0.2	15	341,208	331,599	329,096	-0.8	-15	£9.45	0.6	35.9
TOTAL CHILLED	1,917,487	1,947,933	1,981,338	1.7	29	151,310	149,055	151,750	1.8	10	£13.06	-0.1	18.0
TOTALFROZEN	718,627	690,298	688,406	-0.3	-5	116,475	109,248	105,622	-3.3	-22	£6.52	3.1	22.3
TOTAL AMBIENT	509,080	476,678	439,586	-7.8	-0	73,423	73,296	71,724	-2	-37	£6.13	-5.8	58.2
AMBIENT PREPARED	467,097	437,825	402,763	-8.0	-2	66,225	66,481	65,133	-2.0	-38	£6.18	-6.1	58.3
AMBIENT SAUCE	41,981	38,796	36,711	-5.4	27	7,198	6,799	6,560	-3.5	-21	£5.60	-1.9	61.3
AMBIENT MEALS	2	56	113	101.3	n/a	0	16	32	94.5	n/a	£3.56	3.5	n/a

(Data: Nielsen Scantrack – 8yrs/52wks to 21.5.16)

Ambient Seafood Species

In 2016, tuna dominated the ambient seafood sector with a 63% value share, selling over four times its nearest competitor, salmon, by value. In the 52wks to 21st May 2016, ambient tuna was worth £275.6m, with 50,319 tonnes and volume increasing by 9.3% and value down -2.3%. In the 52wks to 21st May 2016, none of the top 10 ambient species were in true growth, with only mackerel and crab in price driven growth. Species in growth during the period were the caviar and roes, with cod roe, lumpfish roe caviar and oysters.

Most of the top 10 ambient species, with the exception of anchovy, have experienced a dramatic average price increase in the 8years to 21st May 2016. Tuna and salmon experienced an average price increase of 64.9% and 87.1% respectively. Price increases are reported to be down to the increases in fuel prices, energy costs and the raw material costs associated with catching and canning. The impact in a price conscious shopper resulted in ambient tuna and salmon volumes falling by -34% and -63%, respectively. Over the 8 years to May 2016, ambient anchovy, squid, sprat and scallop were the key species in growth.

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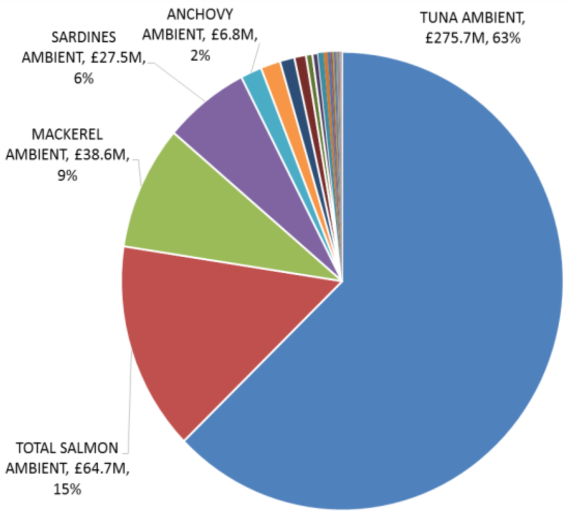
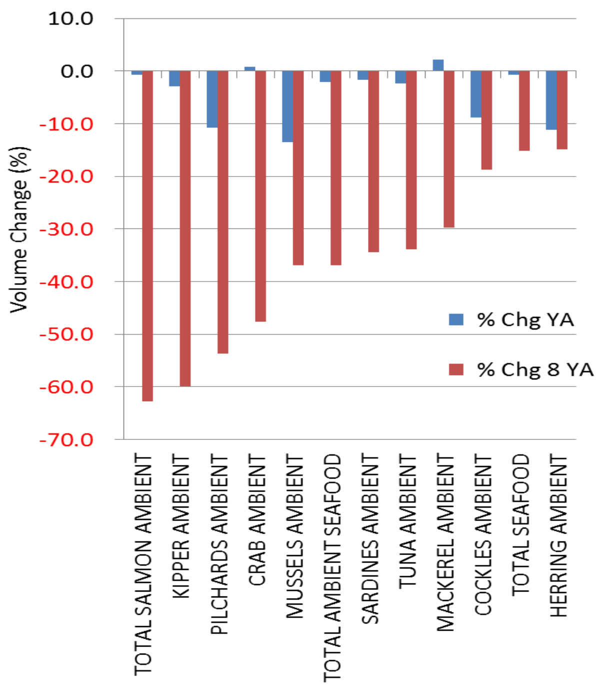
Top 5 Species Share of Ambient (value) 2016



Long & Short Term Ambient Species Volume Trends (2016 vs 2009)



(Data: Nielsen Scantrack – 8yrs/52wks to 21.5.16)

Long and Short Term Ambient Species Performance

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2014	2015	2016	% Chg YA	% Chg 2008 vs 2016 (8YA)	2014	2015	2016	% Chg YA	% Chg 2008 vs 2016 (8YA)	Avg Price 2016	Avg Price % Chg vs 2015	Avg % Chg 2008 vs 2016 (8YA)
FISH	3,145,194	3,114,909	3,109,330	-0.2	15.2	341208.0	331599.0	329096.3	-0.8	-15.2	£9.45	0.6	36.0
TOTAL AMBIENT	509,080	476,678	439,586	-7.8	-0.1	73423.1	73295.6	71723.9	-2.1	-36.9	£6.13	-5.8	58.3
TUNA AMBIENT	321,594	302,169	275,670	-8.8	9.0	50932.8	51521.9	50319.3	-2.3	-33.9	£5.48	-6.6	64.9
TOTAL SALMON AMBIENT	75,996	69,184	64,722	-6.5	-30.3	6201.5	5906.8	5868.4	-0.7	-62.7	£11.03	-5.8	87.1
MACKEREL AMBIENT	42,477	40,824	38,575	-5.5	36.3	5517.0	5670.5	5795.9	2.2	-29.7	£6.66	-7.6	34.6
SARDINES AMBIENT	31,491	28,787	27,477	-4.6	-8.9	5663.4	5501.2	5408.3	-1.7	-34.4	£5.08	-2.9	38.9
ANCHOVY AMBIENT	7,854	7,443	6,816	-8.4	3.9	420.1	405.2	398.1	-1.8	10.5	£17.12	-6.8	-5.9
PILCHARDS AMBIENT	8,459	7,307	6,344	-13.2	-5.1	2619.7	2298.2	2052.2	-10.7	-53.7	£3.09	-2.8	104.8
CRAB AMBIENT	5,194	4,739	4,672	-1.4	-26.6	359.3	309.6	311.9	0.8	-47.7	£14.98	-2.1	40.2
COCKLES AMBIENT	3,798	4,008	3,742	-6.6	-7.4	399.5	419.1	382.1	-8.8	-18.7	£9.79	2.4	13.9
HERRING AMBIENT	2,457	2,330	2,072	-11.1	21.5	365.9	326.9	290.4	-11.2	-14.8	£7.13	0.1	42.6
KIPPER AMBIENT	1,804	1,891	1,809	-4.3	-24.8	200.5	211.2	205.2	-2.9	-59.9	£8.82	-1.5	87.3
MUSSELS AMBIENT	1,738	2,012	1,717	-14.7	-22.3	202.3	226.4	195.8	-13.5	-36.9	£8.77	-1.3	23.2
COD ROE AMBIENT	1,602	1,319	1,332	1.0	0.9	216.0	174.0	194.9	12.0	-36.5	£6.83	-9.9	59.0
SILD AMBIENT	1,083	1,038	891	-14.2	62.2	98.4	97.9	83.2	-15.1	-3.3	£10.71	1.0	67.6
LUMPFISH ROE AMBIENT	517	542	618	13.9	n/a	12.8	13.6	16.8	23.5	n/a	£36.78	-7.8	n/a
CAVIAR AMBIENT	457	461	544	18.1	-29.9	8.8	10.9	12.3	13.4	-52.1	£44.13	4.1	46.3
OYSTERS AMBIENT	434	486	526	8.4	-14.8	18.8	20.7	22.6	9.1	-26.7	£23.27	-0.6	16.2
SALMON ROE AMBIENT	339	385	375	-2.5	n/a	3.1	3.6	4.0	11.3	n/a	£93.37	-12.4	n/a
SQUID (CALAMARI) AMBIENT	435	339	323	-4.6	55.0	25.1	21.2	22.7	7.0	25.2	£14.23	-10.8	23.8
SPRATS AMBIENT	359	366	320	-12.6	430.6	56.2	60.1	48.5	-19.3	232.1	£6.60	8.4	59.9
LOBSTER AMBIENT	248	234	188	-19.7	-30.7	11.0	10.2	8.3	-19.0	-35.9	£22.76	-0.8	8.1
COD AMBIENT	84	161	157	-2.7	75.1	7.1	13.6	12.6	-7.8	-2.3	£12.51	5.6	79.1
CLAMS AMBIENT	117	124	137	10.5	-40.9	21.2	22.5	22.4	-0.3	-58.8	£6.13	10.9	43.7
WARM WATER PRAWNS AMBIE	174.7	94.5	92.5	-2.1	-73.8	30.1	13.9	13.5	-2.7	-77.1	£6.84	0.6	-18.7
HERRING ROE AMBIENT	118.3	103.4	77.7	-24.8	-65.1	12.0	9.6	7.2	-25.1	-80.2	£10.80	0.3	76.0
SCALLOPS AMBIENT	66.8	54.7	66.5	21.6	141.7	3.4	3.0	3.5	15.2	138.4	£19.11	5.6	1.4
SEA-BRM AMBIENT	n/a	25.5	59.7	134.5	n/a	n/a	1.1	2.6	134.0	n/a	£23.39	0.2	n/a
TROUT AMBIENT	0.8	37.4	59.7	59.6	n/a	0.0	1.8	2.9	63.2	n/a	£20.78	-2.2	n/a
GEFILTE AMBIENT	37.3	30.0	30.7	2.3	-21.1	4.7	4.0	3.8	-5.9	-32.4	£8.06	8.8	17.0
CRAYFISH AMBIENT	4.5	22.6	29.4	30.5	-78.8	0.1	1.8	2.6	42.1	-69.1	£11.50	-8.2	-31.5
CATFISH AMBIENT	0.0	10.7	21.4	99.0	n/a	0.0	0.4	0.7	101.3	n/a	£29.63	-1.2	n/a
TILAPIA AMBIENT	n/a	4.5	18.3	306.2	n/a	n/a	0.3	1.6	506.4	n/a	£11.21	-33.0	n/a
OCTOPUS AMBIENT	8.9	2.5	5.8	134.4	-98.6	0.5	0.2	0.1	-23.7	-99.6	£45.51	207.0	242.8

(Data: Nielsen Scantrack – 8yrs/52wks to 21.5.16)

The Seafood Shopper

Seafish recently commissioned Kantar to carry out two studies to determine why, how and where people buy seafood. Combined with previous Seafish shopper research and the Institute of Grocery Distribution IGD benchmarking of the seafood shopper, the insight can be used to guide NPD, marketing and sales strategy.

For seafood the shopper is usually also the consumer, although, there are some disconnects around seafood products aimed at children, for example, coated fish shapes. Shopper misconceptions are at the heart of continued growth of chilled seafood and the decline of frozen and ambient seafood. Shoppers and consumers perceive chilled seafood very differently to frozen and ambient. Chilled seafood is seen as 'healthier', 'fresher', 'better tasting', 'higher quality' and 'easier to cook' than frozen and ambient; and is typically bought with a treat or special occasion in mind. Chilled seafood shoppers are generally more engaged and knowledgeable about seafood and the surrounding issues like sustainability. In comparison, frozen and ambient seafood is seen as a 'convenient' cupboard and shopping list staple; whilst shoppers comment on 'mushy texture' loss of flavour with frozen and struggle with presence of bones in some ambient products. The concept of how frozen and ambient seafood can still be 'fresh' and being unable to see the product through the packaging is also of concern. Many of these misconceptions or issues can be addressed through consumer education.

Some Benefits of Ambient Seafood:

- Heat processing is a natural, preservative free way of locking in the quality and flavor of seafood products for long periods of time
- Convenient and versatile 'stand up' microwavable pouches can be used to heat seafood products straight from the cupboard.
- Microwavable pouches and tubs can be easily opened without a can opener. Expanding the number of occasions for food on the go.

The Ambient Seafood Shopper

In general, ambient and frozen seafood shoppers are a little less engaged, viewing seafood as less key in the diet. Nielsen has the average ambient seafood shopper as slightly less affluent compared with the average chilled fish shopper. The ambient shopper is predominantly C1 and AB, with 2 household members. Ambient shoppers are typically aged over 45, in adult only, older couples, post or maturing family households. Where children are present they are typically in the age group of 5-10 years. Ambient tuna follows a similar profile but is more popular with maturing families and larger households. The demographic is much younger.

The demographics of the ambient species in growth are quite different to that of ambient tuna. Ambient caviar shoppers for example are predominantly much younger, affluent (AB) and living in two person households. Buyers are, typically aged 16-24 and 35 to 44, post family, or in families with children aged 11-15 years.

Ambient Shopper Missions

The Shopper 'Mission' is simply the reason for the shopping trip. The 'main shop' and replenishment are the key missions for ambient seafood shoppers; (52.2%), followed by top up shop (37.3%) with the purchase much more geared towards replenishment. The decision to buy is usually made before going to store, rather than in the fish section. Typically there is no immediate meal in mind and no other ingredients for the meal are bought at the same time. The opportunity is to position ambient as a quality, convenient, stock, versatile essential. It is important to 'speak' to shoppers in the home before they draw up their shopping list as well as at fixture.

Ambient Seafood Channels

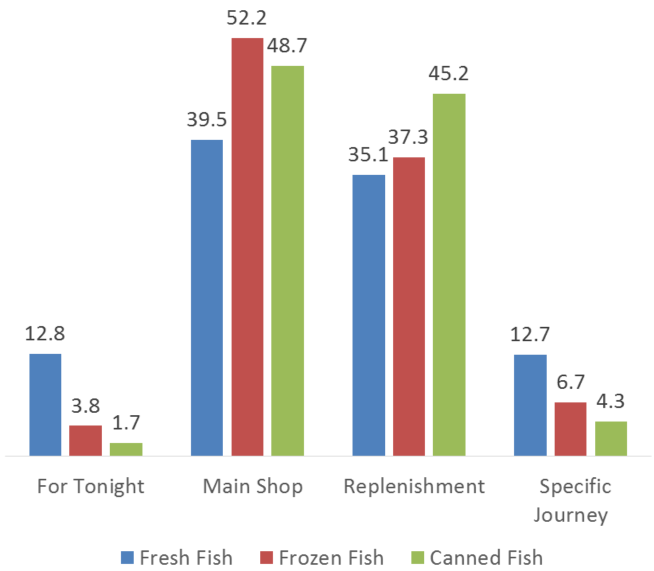
In recent years there has been a general shift away from main estate (supermarkets) to online, discounters and convenience. Tailoring a seafood product to the key mission and channel is key to growth. Main estate is still the key channel for seafood, this is true for ambient which also has a strong presence in convenience. The nature of the ambient of seafood products means it is ideally suited to online, where it currently under trades.

Ambient Seafood Demographics 2016 (Shopper numbers)

	TOTAL AMBIENT	AMBIENT TUNA	AMBIENT SALMON	AMBIENT LUMPFISH ROE	AMBIENT CAVIAR
CLASS AB	20,178,011	13,362,526	1,801,530	11,257	5,782
CLASS C1	25,044,461	17,175,535	2,244,434	9,065	3,560
CLASS C2	17,009,063	11,827,430	1,530,335	5,144	631
CLASS D	12,855,626	9,358,203	1,098,290	1,218	842
CLASS E	10,628,298	6,110,549	1,692,850	2,168	825
SIZE 1 MEMBER	17,330,376	10,418,141	2,281,544	7,015	1,404
SIZE 2 MEMBERS	31,788,439	19,267,833	4,069,656	10,453	7,263
SIZE 3.4 MEMBERS	28,437,571	21,700,748	1,731,495	10,841	2,459
16 TO 24 YEARS	2,094,182	1,817,919	41,051	NA	3,715
25 TO 34 YEARS	12,462,700	10,209,927	441,698	5,332	1,332
35 TO 44 YEARS	17,415,797	13,346,541	761,637	5,488	3,551
45 TO 64 YEARS	32,907,470	22,386,466	3,066,826	10,609	1,495
CHILDREN YES	26,392,199	21,180,049	932,293	5,924	10,146
CHILDREN NO	59,323,259	36,654,194	7,435,146	22,928	1,495
CHILD 0 TO 4 YEARS	8,879,867	7,178,400	231,973	1,385	845
CHILD 5 TO 10 YEARS	15,058,179	11,994,153	526,114	3,589	578
CHILD 11 TO 15 YEARS	12,537,800	10,078,573	473,035	2,041	2,286
PRE FAMILY	5,132,597	4,160,301	233,894	1,389	471
NEW FAMILY	5,075,290	4,030,519	197,973	952	564
MATURING FAMILIES	14,328,563	11,485,757	475,769	3,836	1,831
ESTABLISHED FAMILIES	9,674,994	7,640,652	426,455	1,284	1,066
POST FAMILIES	16,020,598	11,257,537	1,195,545	8,717	4,348
OLDER COUPLES	24,812,332	13,782,127	3,985,112	10,510	1,075
OLDER SINGLES	10,671,084	5,477,350	1,852,691	2,164	2,164

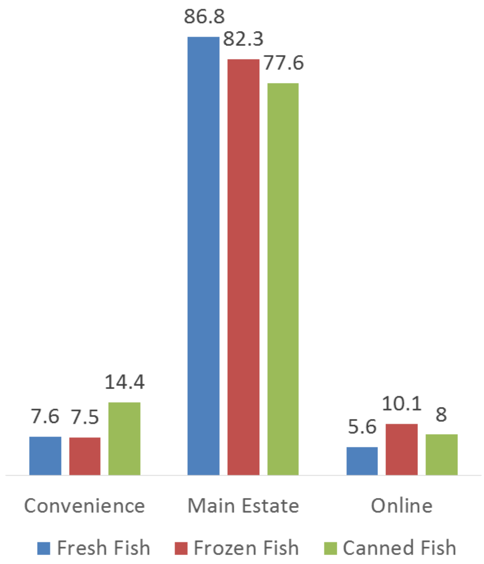
(Data: Nielsen Homescan – 52wks to 21.5.16)

Shopper Missions by Seafood Sector 2015 (Value)



Kantar World Panel June 2016

Channel by Seafood Sector 2016 (Value)



Kantar World Panel 2015

To be expected, the convenience channel over indexes in seafood that is ready to eat or ideal for 'meal for tonight' mission. Convenience purchasing is heavily skewed towards less affluent, retired and smaller households. To effectively target convenience fish occasions, communicate not only about health/convenience/practicality, but also focus on providing 'something different' with innovative flavours and formats.

Ambient Purchase Triggers

The key to engaging ambient seafood shoppers is with products that offer ease of opening, versatility in recipes and usage cooking, value for money, favorite species and portion sizes as well as preferred flavours/coatings. American, South American, especially Mexican, and Far Eastern flavours are currently trending in foodservice. Shoppers will be looking for these flavours in retail.

The future trend for polarization in household size towards single households and larger households could be used to steer pack size strategy. In general, seafood shoppers want more recipe inspiration at fixture.

Recently, the grocery landscape has been shifting to a position of simplicity. Number of SKUs at fixture being pared down to the core lines that perform well; and the complexity of the multitude of different types of promotions are being cut and simplified in favor of total price reduction (TPR).

More significant will be the future move to a mission based store layout. To be successful, ambient will have to compete effectively with the other proteins. Cross-siting ambient seafood and promotions with wraps/ bread/ rice and other key ingredients will be vital.

Over the past few years there has been a substantial investment in ambient NPD, delivering new exciting ambient seafood formats and flavours including pouches, pots and meals. Position in store is key to meet the food on the go and 'meal for tonight' shopper missions

HOW TO GROW THE FISH CATEGORY BY CHANNEL?

Online	Convenience	Main Estate
Target **family weekday evening meals** with **large formats** suitable for the whole family. Be part of **tasty, filling, healthy and practical meals** where you focus on **fish pies, pasta dishes** and link with **potatoes, chips, pies and ice cream.**	Target **small HHs with small formats** with a focus on the **weekend evening meals** . Aim to increase the value of the fish occasion **by providing products that are practical and healthy in one go**. Link with fish pies, baked potatoes, fresh veg and wine.	Accommodate with **a wide range of formats for all occasion sizes**. Focus on the evening meal and **communicate about the biggest fish needs; taste, quick/easy, filling and healthy**. Link with the biggest fish dishes and accompaniments.
Family packsizes and/or multibuy deals are vital to grow the trip spend in the online marketplace. Frozen, which trades well on line is generally promoted on price, however, online this is less of an issue.	Added value is largely the only area achieving sustained growth. Assisting retailers with innovation and current flavour trends will be vital to category growth.	Shoppers are exposed to many more areas within the main estate. Ensuring the fish gets its fair share of the shelf is important to offer variety…However, there is a still a growing market, even in main estates for added value.

Kantar World Panel 2016

Data:

- 2016 Retail data (AC Nielsen Scantrack/Homescan: (Scantrack excludes discounters and seafood sandwiches - Homescan 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
- Defra Family Food Survey

Further Reading –

- Seafish Factsheet: Frozen Seafood in Multiple Retail 2016
- Seafish Factsheet: Chilled Seafood in Multiple Retail 2016
- Seafish Factsheet : Seafood Consumption 2015
- Seafish Factsheet: Cod 2016
- Seafish Factsheet: Tuna

Individuals working full time for a Seafood businesses can apply to access Seafish Retail, Foodservice, Shopper and Trade Reports directly. Click here *subscribe*

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