SEAFISH

Market Insight Factsheet

Ambient Seafood in Multiple Retail

(2018)

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

The ambient seafood sector, although the smallest in terms of value of market share in the multiple retail seafood market, is seeing strong value growth +5.0%. However, when compared with the chilled and frozen sectors, ambient is seeing bigger volume declines (-5.0%) largely driven by the high increases in price per kg to £6.39 (+10.4%).

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

Historic Retail Seafood Sector Trends

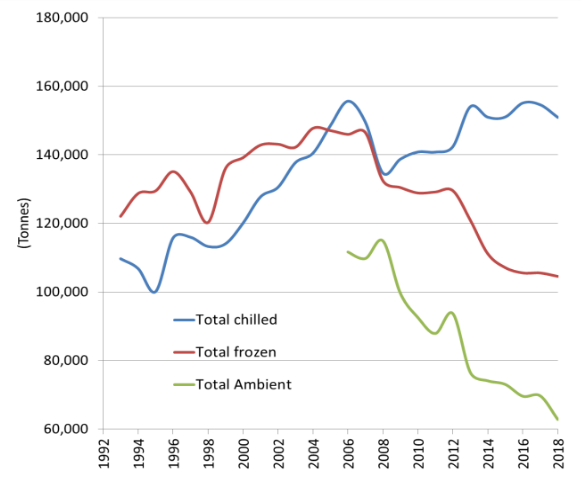
Popularity of ambient seafood has declined with British retail shoppers over the past 12 years. In 2006 both the volume and value of ambient seafood took a sharp increase before seeing steady declines from 2008 onwards.

Overall Great Britain (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'; 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.

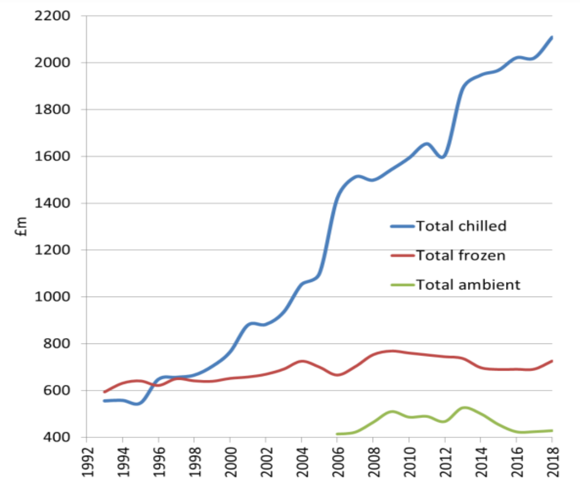
In October 2016, total seafood, which includes chilled, frozen and ambient, finally returned to full growth for a short period, In 2017, signs began to emerge that building pressure from economic & political uncertainty, along with rising inflation and reduced spending power were are all beginning to 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 Trends

Volume Trends



Value Trends

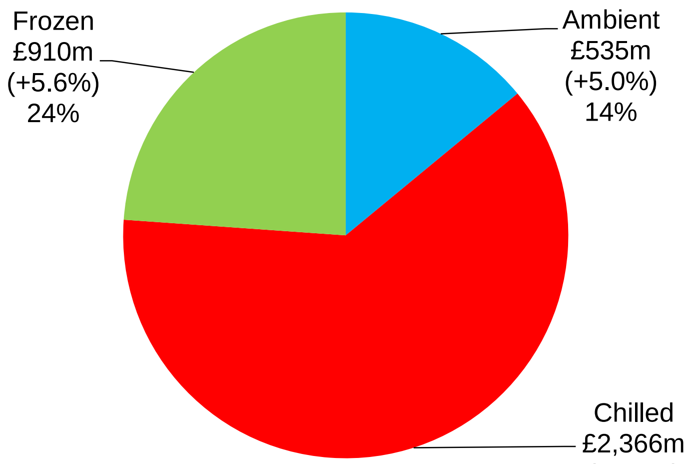


(Nielsen GB Scantrack/TNS)

Current Seafood Retail Performance

Seafish has detailed GB EPOS data (Electronic Point of Sale) available for the past ten years. This data can be used to provide long-term pictures of 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 United Kingdom (UK) snapshot of the current seafood retail market.

UK Seafood Sector Share by Value 2018



(Nielsen Scantrack, 16.06.2018)

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, 16.06.2018).

Impact of the Discounters on Seafood Sales

Since opening UK stores in 1990, Aldi and Lidl have strongly grown grocery share. Both of these '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 the fastest growing channel to 2021 (IGD). In June 2018, Aldi and Lidl combined took a 19.6% volume share of the total UK seafood. When combined, their 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%) (Nielsen Scantrack, 16.06.2018).

Ambient Seafood

Although the smallest sector in terms of value market share (14%), ambient seafood has seen strong value growth in the year ending June 2018. Mirroring the performance of chilled, ambient is also experiencing volume declines, at the highest level of the three sectors (chilled, frozen and ambient). This decline could be influenced by the sharp rise in price per kg (+10.1%) from £5.88 in 2017 to £6.47 in 2018 (Nielsen Scantrack, 16.06.2018).

In the year ending June 16th 2018, ambient seafood has a value and volume worth £535m (+5.0%) and 83,545 tonnes (-5.0%) respectively. In terms of volume ambient has a 21%

share of the seafood UK retail market. This is a -0.3 percentage point loss versus the previous year, losing share to the frozen sector. In contrast, value share has seen a +0.1 percentage point increase since 2017, with share taken from chilled.

The popularity of the discounters (Aldi and Lidl) continues to alter the seafood market. When data for the two discounters are combined their sales of ambient seafood had a value and volume of £90.3m (+13.3%) and 21,144 tonnes (+3.6%) respectively; with an average price of £4.27/kg (+9.4%). Despite this large average price increase, the discounters currently take a 16.9% value share and 25.3% volume share of UK ambient seafood.

Ambient Seafood KPIs

In 2018, seafood KPIs (key performance indicators), show penetration for ambient seafood has fallen slightly since 2017 to (78.4%). This means fewer shoppers bought ambient seafood less often, with smaller yet more expensive baskets. Ambient seafood shoppers bought on average 0.4kg of ambient seafood per trip spending £2.43; they bought ambient seafood 9 times per year, spending a total of £22.82, equating to 3.78kg/yr.

GB Ambient Seafood KPI's 2018

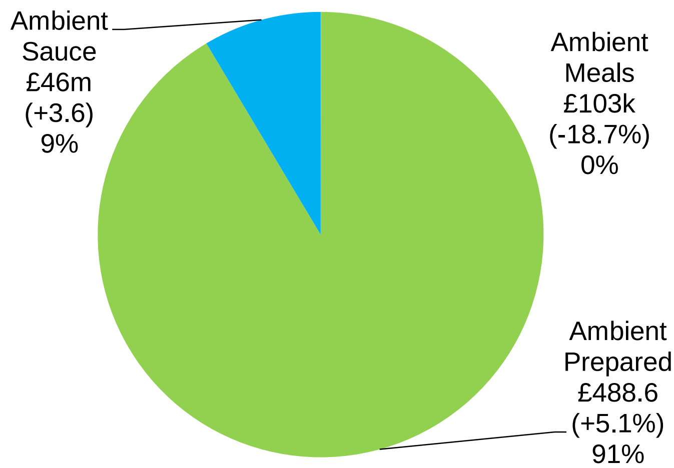
		Pen %	Freq	AWOP (Kg) 52w	Avg Spend (£) 52w	Trip Spend (£)	Price per Kg	Avg Trip Kg
TOTAL FISH	17-Jun-17	96.90	30.90	15.12	125.49	4.07	8.30	0.49
	16-Jun-18	96.80	30.40	14.76	129.66	4.27	8.78	0.49
	% Change	-0.1	-1.6	-2.4	3.3	5.0	5.8	-0.8
CHILLED	17-Jun-17	82.00	20.20	7.78	89.65	4.43	11.53	0.38
	16-Jun-18	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, 16.06.2018)

Ambient Seafood Segments

The ambient 'prepared' (e.g. packed with brine / water / oil / marinade) segment continues to dominate market share by both volume (90%) and value (91%) of the ambient seafood sector. In the 52wks to 16th June 2018, ambient prepared was worth £489m (+5.1%), with 74,908 (-5.6%) tonnes.

UK Chilled Seafood Segment Value Share 2018 Share UK 2018

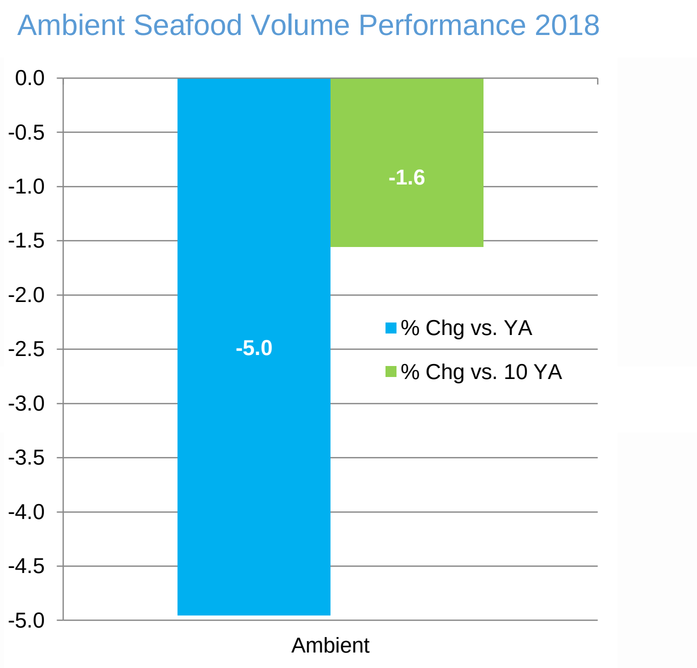


(Nielsen Scantrack, 16.06.2018)

Ambient 'sauce' ranks 2nd by value share at 9% with growth of +3.6% verses 2016. There is a small value in ambient meals however this segment suffers from ever growing declines -18.7%.

Over the long term (10yrs to 16th June 2018) the ambient seafood sector has experienced further declines in volume (-3.4%). However in terms of value ambient has seen strong growth (+5.0%) vs. 10 years ago (-0.1%).

In ambient seafood segments over the short term (52 wks. to 16th June 2018) volume declines are seen in ambient meals (-23.7%) and ambient prepared (-6.6%); ambient sauce experienced volume growth (+1.3%).



(Nielsen Scantrack, 16.06.2018)

Ambient Seafood Segment performance to 2018

	Value Sales ('000)				Volume Sales ('000)				Price per L/KG			
	201616 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018	2016 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018	2016 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018
Fish	£3,542,359	£3,660,887	£3,810,504	4.1	396,644	404,269	397,830	-1.6	£8.93	£9.06	£9.58	5.8
Ambient	£518,170	£509,215	£534,541	5.0	89,749	87,901	83,546	-5.0	£5.77	£5.79	£6.40	10.4
Chilled	£2,176,474	£2,289,908	£2,365,965	3.3	172,687	180,919	178,304	-1.4	£12.60	£12.66	£13.27	4.8
Frozen	£847,715	£861,764	£909,998	5.6	134,208	135,449	135,980	0.4	£6.32	£6.36	£6.69	5.2
Ambient Meals	£130	£127	£103	-18.7	35	34	26	-23.7	£3.75	£3.74	£3.99	6.6
Ambient Prepared	£472,485	£464,859	£488,634	5.1	81,110	79,364	74,908	-5.6	£5.83	£5.86	£6.52	11.4
Ambient Sauce	£45,555	£44,229	£45,804	3.6	8,605	8,503	8,612	1.3	£5.29	£5.20	£5.32	qw

(Nielsen Scantrack, 16.06.2018)

Ambient Seafood Species

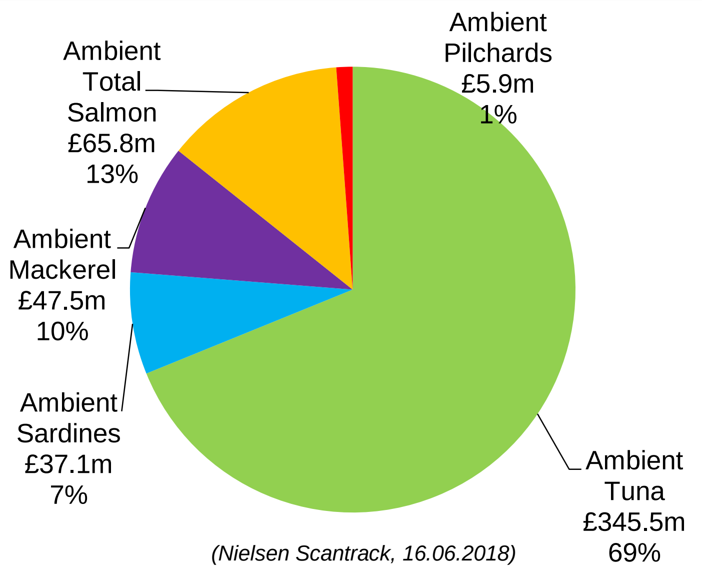
Ambient tuna dominates the UK ambient seafood sector with a market value share of 64.6% and market volume share of 68.6%. The next species in the top 3 ambient species list is sardines, (value share 6.9% volume share 9.5%), followed by mackerel (value share 8.9% volume share 9.4%).

When looking at the top 5 ambient species, which total 93.9% of the value market share, tuna (+7.0%), sardines (+4.0%), mackerel (+6.7%) and salmon (+0.1%) have all experienced increases in value sales. Only pilchards (-0.5%) experienced a decline (June 2018 vs. June 2017).In terms of volume only sardines (+1.0%) and mackerel (+7.1%) experienced growth; tuna (-6.3%), salmon (-7.5%) and pilchards (-2.6%) all saw volume decline.

Over the long term (10yrs to 16th June 2018) only sardines and mackerel experienced volume growth. The top ambient species tuna has seen volume growth (+0.8%) over the 10 years compared to the decline in the past year. The current declines seen in ambient salmon and pilchards are at a lower rate compared with the larger decline in performance over the 10 year period.

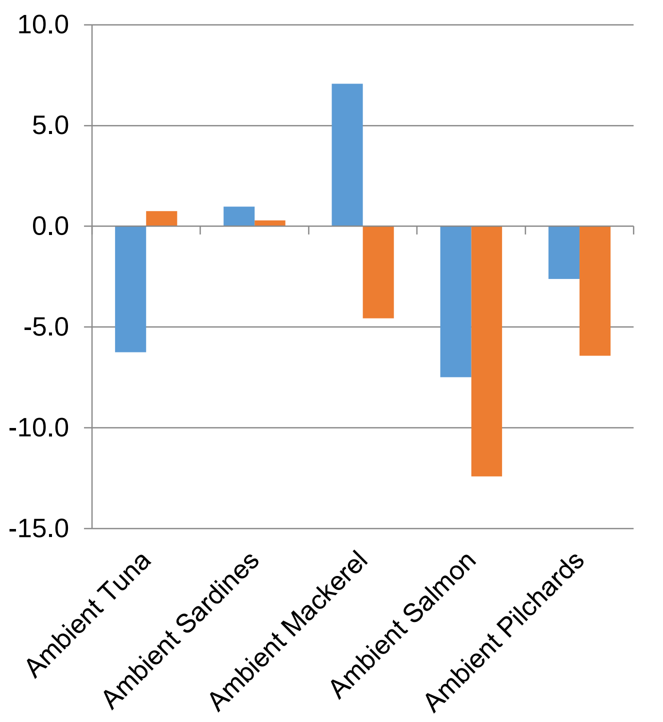
In the short term (52 wks. to 16th June 2018), 8 of the top 17 ambient species are in full value growth driven by substantial increases in price per kg. Notably, in terms of volume, only ambient sardines, mackerel, cod and sprats are in growth.

UK Chilled Seafood Species Value Share 2018



(Nielsen Scantrack, 16.06.2018)

Ambient Seafood Species Volume Performance 2018



(Nielsen Scantrack, 16.06.2018)

Ambient Seafood Species Performance to 2018

	Value Sales ('000)				Volume Sales ('000)				Price per L/KG			
	2016 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018	2016 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018	2016 52 wks to 16.06.18	2017 52 wks to 16.06.18	2018 52 wks to 16.06.18	% chg 2017 vs. 2018
Fish	£3,542,359	£3,660,887	£3,810,504	4.1	396,644	404,269	397,830	-1.6	£8.93	£9.06	£9.58	5.8
Ambient	£518,170	£509,215	£534,541	5.0	89,749	87,901	83,546	-5.0	£5.77	£5.79	£6.40	10.4
Ambient Tuna	£320,184	£322,948	£345,536	7.0	61,722	61,109	57,289	-6.3	£5.19	£5.28	£6.03	14.1
Ambient Sardines	£35,297	£35,663	£37,090	4.0	7,764	7,889	7,966	1.0	£4.55	£4.52	£4.66	3.0
Ambient Mackerel	£46,049	£44,476	£47,470	6.7	7,342	7,317	7,835	7.1	£6.27	£6.08	£6.06	-0.3
Ambient Total Salmon	£74,719	£65,784	£65,826	0.1	7,172	6,111	5,653	-7.5	£10.42	£10.77	£11.64	8.2
Ambient Pilchards	£6,320	£5,948	£5,917	-0.5	2,046	1,965	1,913	-2.6	£3.09	£3.03	£3.09	2.2
Ambient Herring	£5,505	£5,271	£4,252	-19.3	1,130	1,059	667	-37.1	£4.87	£4.98	£6.38	28.2
Ambient Anchovy	£8,640	£8,252	£8,588	4.1	545	517	516	-0.1	£15.84	£15.97	£16.63	4.1
Ambient Cockles	£4,315	£4,119	£3,896	-5.4	442	422	401	-4.9	£9.76	£9.77	£9.72	-0.5
Ambient Crab	£5,012	£4,862	£4,910	1.0	354	330	306	-7.3	£14.14	£14.73	£16.04	8.9
Ambient Mussels	£2,120	£1,976	£1,669	-15.5	250	225	181	-19.6	£8.49	£8.79	£9.23	5.0
Ambient Kipper	£1,856	£1,811	£1,668	-7.9	210	202	172	-14.7	£8.83	£8.96	£9.67	7.9
Ambient Other	£1,349	£1,528	£1,353	-11.5	190	201	169	-15.6	£7.11	£7.62	£7.99	4.9
Ambient Cod Roe	£1,334	£1,415	£1,290	-8.8	199	208	160	-23.0	£6.71	£6.80	£8.06	18.4
Ambient Sild	£893	£826	£728	-11.8	83	75	62	-16.3	£10.74	£11.06	£11.66	5.4
Ambient Squid (Calamari)	£585	£591	£622	5.3	52	61	58	-4.6	£11.20	£9.67	£10.67	10.4
Ambient Cod	£334	£424	£579	36.5	29	35	46	31.9	£11.39	£12.07	£12.49	3.5
Ambient Sprats	£334	£196	£248	26.3	51	31	38	24.5	£6.57	£6.41	£6.50	1.5

(Nielsen Scantrack, 16.06.2018)

The Ambient Seafood Shopper

Demographics provided by Nielsen describe the ambient seafood shopper as a younger and less affluent buyer compared with the average seafood buyer, but similar in all other respects. Ambient seafood shoppers are predominantly middle aged (45-64) couples, typically from a two person household without children present. Where there are children in the household they are typically aged 5-10 years.

The increases in value sales could have been influenced by the large increases in price per kg (+10.1%) and by an increase in the frequency of shoppers buying into the category (0.3%). Volume decreases could be a result of less households buying ambient seafood (-1.0%); shoppers are buying less than in the previous comparable period (Nielsen ScanTrack/HomeScan, 16.06.2018).

Key Facts

Ambient seafood experienced good value growth as a result of increases in price per kg; volume continued to fall.

To year ending 16th June 2018 ambient seafood had a value of £535m (+5.0%), volume of 83,545 tonnes (-5.0%) and price per kg of £6.47 (+10.1%). The volume decline is larger compared with 10 years ago when ambient seafood was in volume decline only by -0.1%.

Ambient continues to perform well in the discounters, Aldi and Lidl, with a +13.3% value and +3.6% volume growth, despite a +9.4% rise in price per kg.

Of the 3 ambient segments, prepared has the largest value share of 91% and is experiencing growth +5.1% along with sauce +3.6%. However, ambient meals are in decline -18.7%.

Tuna dominates the UK ambient seafood sector with a 64.6% value and 68.6% volume share and is worth £345m (+7.0%) 57,289 tonnes (-6.3%).

Of the top 5 ambient species, totalling 93.9% of ambient value share, tuna, sardines, mackerel and salmon, are all in value growth. Pilchards experienced value declines. However, in terms of volume only sardines and mackerel are in growth.

Data Sources:

- Nielsen Scantrack, 16.06.2018 – UK EPOS from key retailers (including composite data from discounters Aldi & Lidl and N. Ireland) excludes seafood sandwiches
- Nielsen Homescan, 16.06.2018 – GB (including discounters) consumer panel of 15,000 households excludes seafood sandwiches

More Information:

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