Market Insight Factsheet

MIF: Chilled Seafood in Multiple Retail (2019)

This factsheet provides a summary of the performance of the chilled seafood sector in the multiple retail seafood market up to June 2019.

The chilled seafood sector continues to grow and take the largest share of the UK multiple retail seafood market with a wide range of segments and species. It is unique in being the only seafood sector in consistent long term growth from 2007.

Compared with 2018, more shoppers bought chilled seafood less often, with larger more expensive baskets. It is the chilled natural segment (i.e. includes no additional ingredients), which takes the largest share of chilled seafood and continues to grow the sector. Sushi also continues its strong growth with sales moving ahead of chilled cakes and breaded seafood

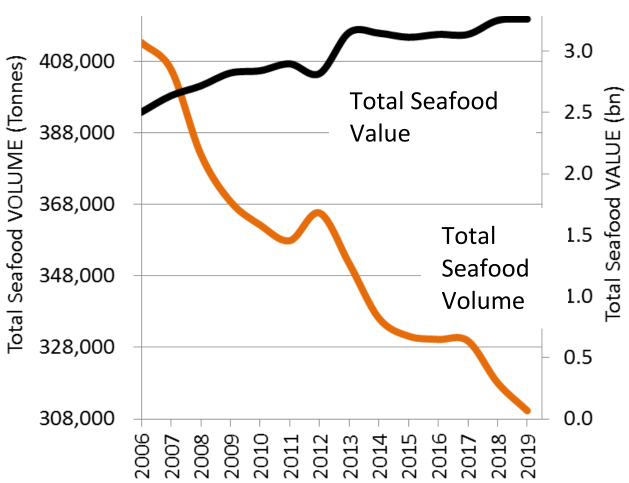
This document examines the detail behind the performance of the chilled seafood sector including historic and current sector trends, key performance indicators (KPIs) and chilled segment and species performance.

Historic retail seafood sector trends

Over the long term, retail seafood sales have been in long term price driven growth as inflation has driven average price and volume declines.

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 terms of 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.

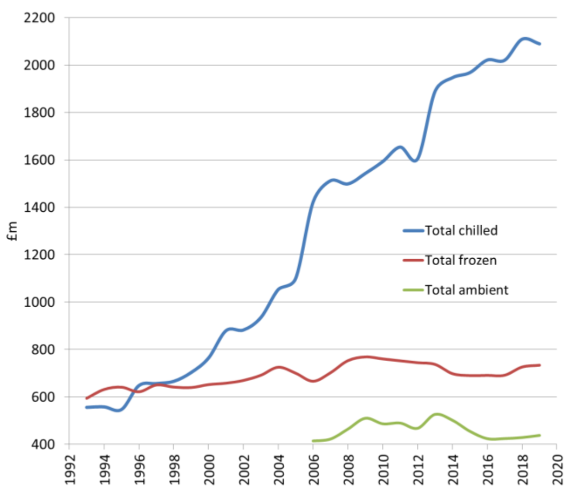
Long Term GB Total Seafood Sector Trends



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.

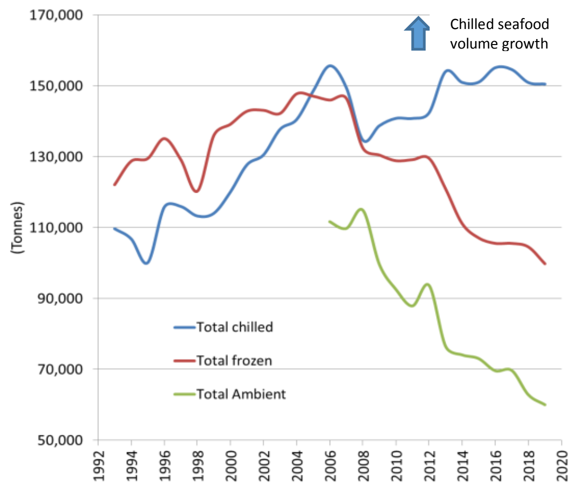
In October 2016, total seafood, which includes chilled, frozen and ambient, briefly returned to full growth for a short period. However, in 2017, signs began to emerge that building pressure from economic & political uncertainty, along with rising inflation and reduced spending power were all beginning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

Long Term GB Seafood Sector Value Trends.



Nielsen GB Scantrack/TNS

Long Term GB Seafood Sector Volume Trends.



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.

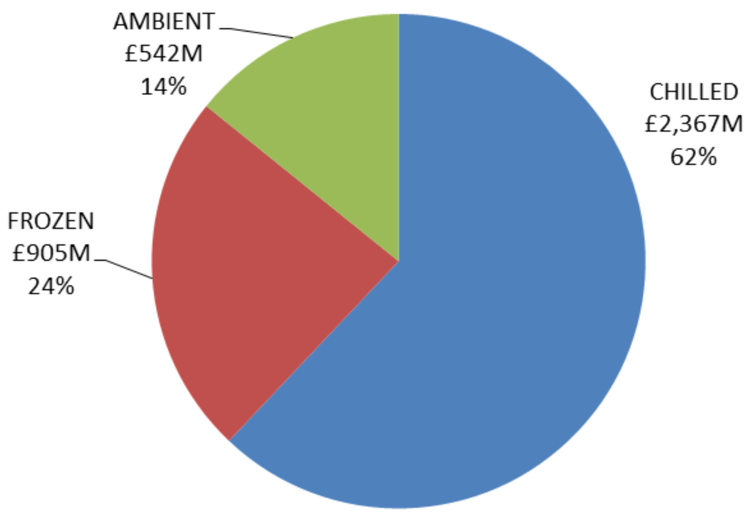
In the 52 wks. to June 2019 the total seafood category was flat, narrowly missing out on full category decline as seafood inflation eased. Sales were worth £3.81bn (+0.2%), with a volume of 392,356 tonnes (-0.9%) and an average price of £9.72/kg (+1.1%) (Nielsen Scantrack: 52 weeks to 15.6.19).

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, only recovering in late 2018. In the year ending June 15th 2019, chilled seafood sector value remained flat, as volume increased and average price fell; having a value and volume worth £2,367m (+0.0%) and 180,253 tonnes (+1.4%) respectively; with an average price of £13.13/kg (-1.4%).

Chilled seafood took a 62.1% (-0.1 percentage point (pp) change) share of the seafood UK retail market by value and 45.9% (+1.0pp) by volume. Both chilled and frozen lost value share to ambient.

UK Seafood Sector Share by Value 2019



Although normally associated with frozen and ambient seafood, chilled seafood has grown quickly in the Discounters (Aldi and Lidl). In June 2019, chilled seafood in these discounters had a combined value and volume of £253.2m (+8.5%) and 27,864 tonnes (+8.9%); with an average price of £9.09/kg (-0.4%). The discounters continue to increase share of UK chilled seafood, currently taking a 10.7% (+0.8pp) value share and 15.5% (+1.1pp) volume share of UK chilled seafood.

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 2019, Aldi and Lidl combined took a 19.6% volume share of the total UK seafood. Combined seafood sales were worth £503m (+5.8%), with a volume of 76,447 tonnes (0.7%) and an average price of £6.58/kg (+5.1%)

Chilled seafood KPIs

In 2019, chilled seafood KPIs (key performance indicators), show penetration for chilled seafood remains high, increasing to 81.5%. Compared with the previous year, more shoppers bought chilled seafood less often, with larger 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 £92.38, equating to 7.64kg/yr.

GB Chilled Seafood KPI's 2019

		Pen %	Freq	AWOP (Kg) 52w	Avg Spend (£) 52w	Trip Spend (£)	Price per Kg	Avg Trip Kg
TOTAL FISH	16-Jun-18	96.80	30.40	14.76	129.91	4.27	8.80	0.49
	15-Jun-19	96.70	30.20	14.52	130.35	4.32	8.98	0.48
	% Change	-0.1	-0.9	-1.6	0.3	1.2	2.0	-0.8
CHILLED	16-Jun-18	81.50	19.80	7.65	92.39	4.66	12.08	0.39
	15-Jun-19	82.30	19.80	7.64	92.38	4.67	12.09	0.39
	% Change	1.0	-0.3	-0.1	-0.0	0.2	0.1	0.1
FROZEN	16-Jun-18	86.80	10.90	5.85	37.43	3.44	6.40	0.54
	15-Jun-19	85.90	10.70	5.63	37.12	3.46	6.60	0.52
	% Change	-1.0	-1.2	-3.8	-0.8	0.4	3.1	-2.6
AMBIENT	16-Jun-18	78.50	9.40	3.80	22.94	2.43	6.04	0.40
	15-Jun-19	78.20	9.20	3.74	23.17	2.52	6.20	0.41
	% Change	-0.3	-2.7	-1.6	1.0	3.8	2.6	1.1

Nielsen Homescan YE 15.06.19

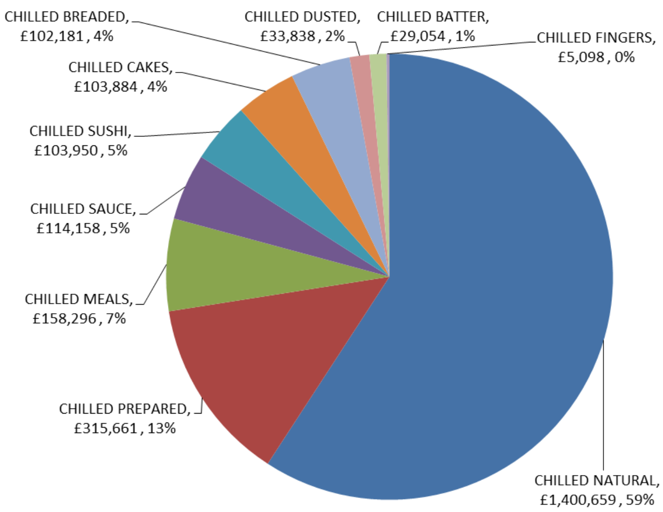
Chilled seafood segments

It is the chilled natural segment (i.e. includes no additional ingredients), which takes the largest share of the chilled seafood sector and continues to grow both value, 59% (+1.0pp) and volume 45.7% (+1.8pp). In the 52wks to 15th June 2019, chilled natural was worth £1.4bn (+1.7%), with 82,438 (+5.6%) tonnes.

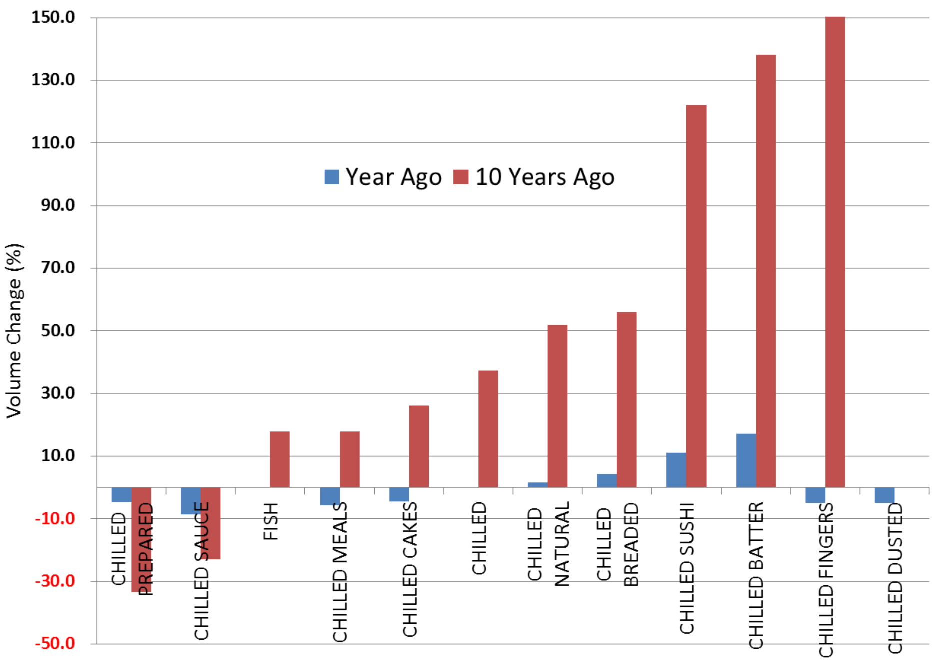
Chilled prepared (13%) lost share whilst chilled meals (7%) and chilled sauce (5%) remain unchanged. Sushi continues its strong growth moving ahead of chilled cakes and breaded seafood

Over the long term (10yrs to 15th June 2019) chilled natural, meals, sushi, cakes, breaded, battered and fingers have all been in full (volume and value) growth; chilled fingers achieving a 959.6% increase in volume, albeit starting from a small base. The only chilled sectors in decline over the same period were chilled prepared, and sauce.

UK Chilled Seafood Segment Value Share 2019



Chilled Seafood Segment Volume Performance 2019



*Nielsen Scantrack YE 16.06.18 (*10yr GB)*

Over the short term (52 wks. to 15th June 2019), only chilled natural, sushi, breaded and battered were in full growth; whilst all other segments were in decline.

Chilled seafood segment performance to 2019

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2017 52wks to 15.6.17	2018 52wks to 15.6.18	2019 52wks to 15.6.19	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*	2017 52wks to 15.6.17	2018 52wks to 15.6.18	2019 52wks to 15.6.19	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*	Avg Price 2019	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*
TOTAL SEAFOOD	3,657,583	3,808,127	3,813,921	0.2	17.8	402,521	395,995	392,356	-0.9	-18.0	£9.72	1.1	51.2
TOTAL CHILLED SEAFOOD	2,289,040	2,366,768	2,366,779	0.0	37.4	180,319	177,810	180,253	1.4	9.9	£13.13	-1.4	25.4
TOTAL FROZEN SEAFOOD	859,328	906,756	905,348	-0.2	-2.4	134,383	134,746	130,523	-3.1	-26.5	£6.94	3.1	37.9
TOTAL AMBIENT SEAFOOD	509,215	534,603	541,793	1.3	-11.8	87,819	83,439	81,580	-2.2	-43.1	£6.64	3.7	88.2
CHILLED NATURAL	1,324,590	1,377,892	1,400,659	1.7	51.9	81,289	78,074	82,438	5.6	13.5	£16.99	-3.7	31.9
CHILLED PREPARED	337,248	330,727	315,661	-4.6	-33.3	28,543	27,414	26,559	-3.1	-42.9	£11.89	-1.5	19.5
CHILLED MEALS	166,650	167,663	158,296	-5.6	18.0	23,683	23,204	22,261	-4.1	3.9	£7.11	-1.6	13.6
CHILLED SAUCE	135,891	124,731	114,158	-8.5	-23.0	12,599	11,324	10,290	-9.1	-57.5	£11.09	0.7	82.9
CHILLED SUSHI	84,851	93,535	103,950	11.1	122.1	5,583	5,756	6,524	13.3	69.5	£15.93	-1.9	27.8
CHILLED CAKES	99,442	108,614	103,884	-4.4	26.2	14,235	15,320	14,589	-4.8	31.4	£7.12	0.4	-3.2
CHILLED BREADED	86,014	97,836	102,181	4.4	56.0	9,610	10,937	11,835	8.2	27.7	£8.63	-3.5	26.3
CHILLED DUSTED	35,183	35,614	33,838	-5.0	n/a	3,041	2,996	2,816	-6.0	a/a	£12.02	1.1	n/a
CHILLED BATTER	15,703	24,790	29,054	17.2	138.2	1,341	2,155	2,440	13.2	67.8	£11.91	3.5	66.9
CHILLED FINGERS	3,469	5,365	5,098	-5.0	1176.1	395	629	501	-20.3	959.6	£10.17	19.2	16.0

*Nielsen Scantrack YE 16.06.18 (*10yr GB)*

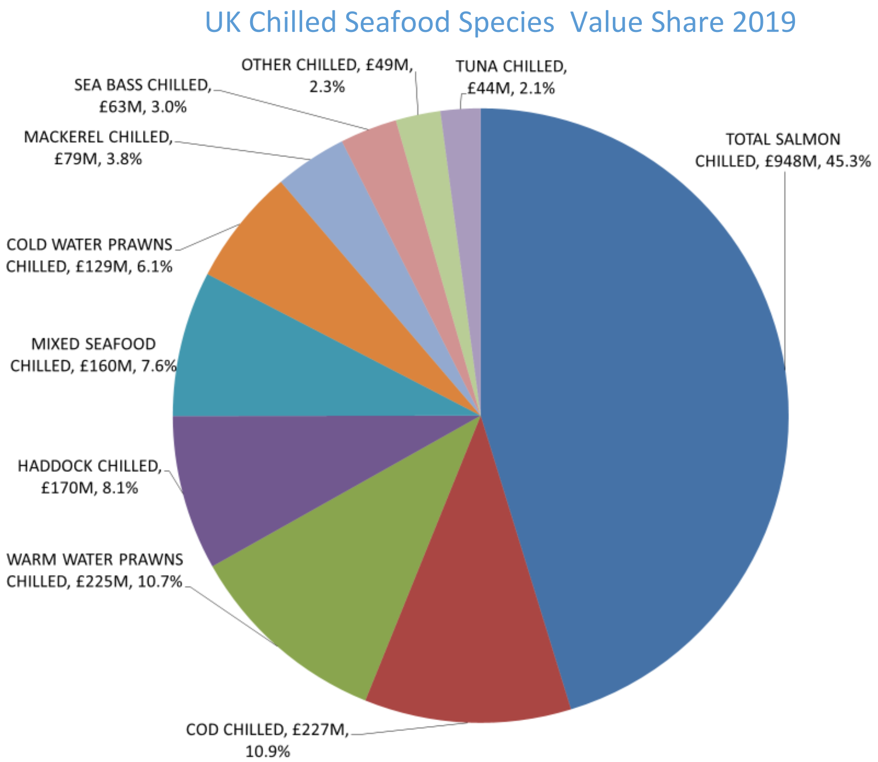
Chilled seafood species

Salmon continues to dominate the UK chilled seafood sector increasing value share of the top ten species to 45.3% (+0.5pp), selling over four times its nearest competitor. Unsmoked salmon makes up 79% (-0.5pp) of chilled salmon segment by volume.

Chilled cod10.9% (+0.3pp) and warm water prawns 10.7% (+0.8pp) also grew share whilst haddock 8.1% (-0.3pp) share declined

The consumption of traditional whitefish species has been in steady decline since the 1980s, whilst salmon and other aquacultured seafood species have grown in popularity. Chilled salmon sales continued to grow in the 52wks to June 2019, despite being over 59% more expensive per kg than cod

Political and financial uncertainty generated by the October 2019 Brexit deadline has focused shopper priorities around personal



Nielsen Scantrack YE 15.06.19

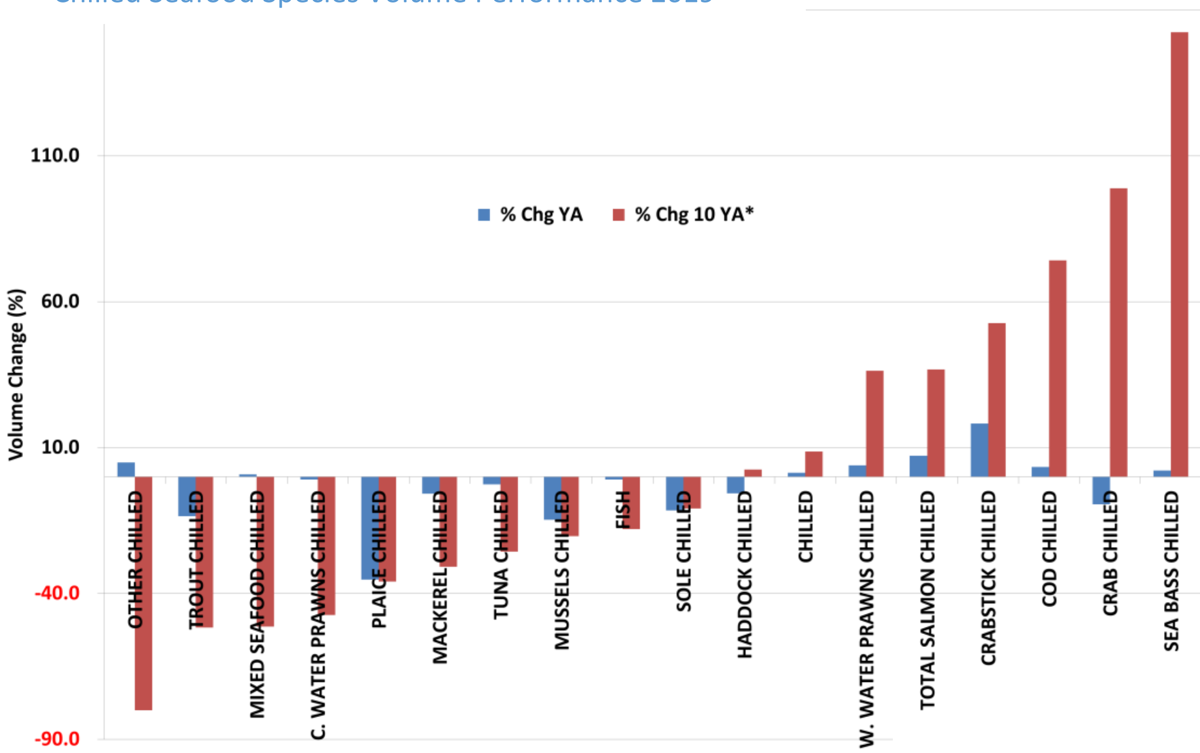
spending and finances. The average price of salmon fell by -5.0% this year undoubtedly contributing to its return to volume growth after the significant 13.9% inflation of the previous year. The next most popular chilled species (cod and warm water prawns) were also in growth. In the 52wks to 15th June 2019, chilled cod was worth £227m (+3.0%), with 19,901 (+3.4%) tonnes. Since 2008, its volume and value increased by 54.4% and 74.1% respectively as easing prices and quality misconceptions of chilled over frozen drive shoppers to trade out of frozen to chilled cod.

Over the long term (10yrs to 15th June 2019) the top four chilled species; salmon, cod, warm water prawns, and haddock were in full growth. Chilled seabass, crab and cod showed the strongest volume growth, with seabass volumes by up by nearly 150%, displacing tuna in popularity. Over the same period, the cheaper "other" seafood where the species is not identified, declined as shoppers' choices premiumised; along with traditional chilled species like chilled trout coldwater prawns, plaice, mackerel and tuna falling out of favour in full decline. Price changes have typically influenced the majority of species trends since 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. The availability and subsequent 10yr drop in the average price of chilled cod has undoubtedly contributed to its 10 year volume growth.

Most of the top 10 chilled species have experienced double digit inflation when compared to 10 years ago, notably 'Other' (+220%), mixed seafood (+77%) and cold water prawns (+57%). Only chilled cod and sole showed a decrease in average price over the period.

In the short term, (52 wks. to 15th June 2019), 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 2019



*Nielsen Scantrack YE 15.06.19(*10yrs GB)*

Chilled Seafood Species Performance to 2019

	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2017 52wks to 15.6.17	2018 52wks to 15.6.18	2019 52wks to 15.6.19	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*	2017 52wks to 15.6.17	2018 52wks to 15.6.18	2019 52wks to 15.6.19	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*	Avg Price 2019	% Chg '18 vs '19	% Chg 2009 vs 2019 (10YA)*
TOTAL SEAFOOD	3,657,583	3,808,127	3,813,921	0.2	17.8	402,521	395,995	392,356	-0.9	-18.0	£9.72	1.1	43.6
TOTAL CHILLED	2,289,040	2,366,768	2,366,779	0.0	37.4	180,319	177,810	180,253	1.4	8.7	£13.13	-1.4	25.0
TOTAL SALMON CHILLED	892,733	930,016	947,559	1.9	70.8	53,167	48,631	52,146	7.2	36.8	£18.17	-5.0	27.9
COD CHILLED	199,913	220,503	227,225	3.0	54.4	17,694	19,247	19,901	3.4	74.1	£11.42	-0.3	-11.4
WARM WATER PRAWNS CHILLED	224,943	221,274	224,518	1.5	50.3	15,864	15,070	15,655	3.9	36.3	£14.34	-2.3	10.2
HADDOCK CHILLED	165,637	175,508	170,408	-2.9	9.3	15,016	15,690	14,799	-5.7	2.5	£11.51	2.9	6.6
MIXED SEAFOOD CHILLED	149,894	156,365	159,996	2.3	-13.9	17,128	17,041	17,171	0.8	-51.3	£9.32	1.5	76.8
COLD WATER PRAWNS CHILLED	134,775	132,328	128,584	-2.8	-17.4	9,834	9,783	9,695	-0.9	-47.4	£13.26	-1.9	57.1
MACKEREL CHILLED	77,964	79,788	79,476	-0.4	3.4	10,019	9,732	9,167	-5.8	-30.8	£8.67	5.7	49.5
SEA BASS CHILLED	59,626	62,853	62,799	-0.1	193.4	3,667	3,806	3,888	2.2	152.4	£16.15	-2.2	16.2
OTHER CHILLED	50,536	50,883	49,196	-3.3	-36.3	5,324	5,685	5,966	4.9	-80.1	£8.25	-7.9	219.5
TUNA CHILLED	43,970	46,066	43,844	-4.8	-6.8	3,215	3,340	3,253	-2.6	-25.7	£13.48	-2.3	25.4
CRABSTICK CHILLED	30,367	33,301	36,357	9.2	59.4	7,079	7,811	9,244	18.3	52.7	£3.93	-7.7	4.4
TROUT CHILLED	34,860	36,002	33,884	-5.9	-22.1	2,904	2,659	2,299	-13.5	-51.7	£14.74	8.9	61.3
CRAB CHILLED	22,465	21,937	20,900	-4.7	133.7	1,085	1,037	939	-9.4	98.9	£22.26	5.2	17.5
SOLE CHILLED	22,535	20,941	19,423	-7.2	-16.1	1,633	1,526	1,350	-11.5	-10.8	£14.39	4.8	-5.9
MUSSELS CHILLED	21,356	21,666	19,033	-12.2	-10.9	3,951	4,025	3,432	-14.7	-20.3	£5.55	3.0	11.8
BASA CHILLED	12,817	16,709	16,049	-3.9	n/a	1,219	1,634	1,509	-7.6	n/a	£10.63	4.0	n/a
PLAICE CHILLED	21,843	21,234	15,632	-26.4	-29.7	2,121	1,948	1,262	-35.2	-35.9	£12.39	13.7	9.6

*Nielsen Scantrack YE 15.06.19(*10yr GB): 'Other ' is where the seafood species is not identified i.e. ' fish fingers' or 'fish' pie*

The chilled seafood shopper

Nielsen demographics describe the chilled seafood shopper as more affluent than the average seafood buyer but in all other respects they 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.

Lower than average satisfaction with availability of fresh fish

Key Chilled Seafood Facts:

- Chilled seafood continues to dominate UK multiple retail, the only seafood sector in consistent long term growth since 2007

- In 2019, the UK retail chilled seafood sector had a value and volume worth £2,367m (+0.0%) and 180,253 tonnes (+1.4%) respectively; with an average price of £13.13/kg (-1.4%). This represents a 62.1% share of the seafood UK retail market by value and 45.9% by volume.

- Although normally associated with frozen and ambient seafood, chilled seafood has grown quickly in the Discounters (Aldi and Lidl). In June 2019, chilled seafood in these discounters had combined value and volume of £253.2m (+8.5%) and 27,864 tonnes (+8.9%); with an average price of £9.09/kg (-0.4%). The discounters continue to increase share of UK chilled seafood, currently taking a 10.7% (+0.8pp) value share and 15.5% (+1.1pp) volume share of UK chilled seafood.

- Compared with 2018, more shoppers bought chilled seafood less often, with larger 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

- It is the chilled natural segment (i.e. includes no additional ingredients), which takes the largest share of the chilled seafood sector and continues to grow value, 59% (+1.0pp) and volume 45.7% (+1.8pp). In the 52wks to 15th June 2019, chilled natural was worth £1.4bn (+1.7%), with 82,438 (+5.6%) tonnes. Sushi also continues its strong growth with sales moving ahead of chilled cakes and breaded seafood

- Salmon continues to dominate the UK chilled seafood sector increasing value share of the top ten species to 45.3% (+0.5pp), selling over four times its nearest competitor. Unsmoked salmon makes up 79% (-0.5pp) of chilled salmon segment by volume.

- The next most popular chilled species, cod was also in growth.
 In the 52wks to 15th June 2019, chilled cod was worth £227m (+3.0%), with 19,901 (+3.4%) tonnes. Since 2008, its volume and value increased by 54.4% and 74.1% respectively as easing price and quality misconceptions drive shoppers to trade out of frozen cod into chilled cod

- Over the long term (10yrs to 15th June 2019):

Top performers include:

- Segments; chilled natural, meals, sushi, cakes, breaded, battered and fingers.
- Species; salmon, cod, warm water prawns, and seabass which showed full growth. Crab and seabass showed the strongest volume growth.

Struggling sectors and segments include:

- Segments; prepared, and sauce
- Species; mixed seafood, coldwater prawns, tuna, mackerel, and cheaper ‘other’ seafood

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 Identifying challenges and opportunities within fresh fish 2019

More Information:

For the full range of market insight factsheets, covering different sectors of the seafood industry go to the Seafish website – https://www.seafish.org/article/market-insight

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Our vision is for a seafood industry that is truly thriving