

# What effect have prices had on supermarket fish sales?

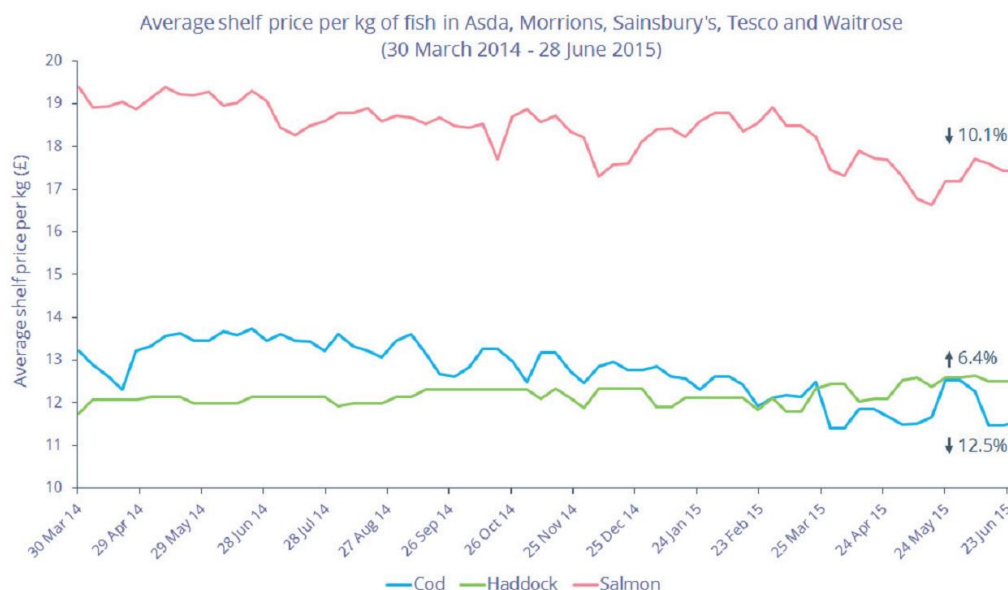
Last year the global seafood industry saw key commercial species maintain high prices in an environment of increased production and consumption.

In June 2015, The Grocer reported on the latest Kantar WorldPanel figures which showed salmon volumes had increased 9 percent and sales by 7.9 percent in the last 12 months. Kantar analyst Rose Owen commented on the figures explaining that the rise is due to “an increase in appetite among existing consumers - where purchase frequency has risen by 5.8 percent on last year”. Data from Nielsen Scantrack, courtesy of Seafish, states that salmon volumes have risen 4.3 percent in the 12 months from April 2014 and sales have risen 5.1 percent. Commodity pricing information firm Mintec has also reported that, as a result of the Russian trade embargo and high water temperatures, the plentiful salmon harvests have led to its market price falling 5 percent between April 2014 and April 2015.

The increase in demand and falling commodity prices should mean supermarkets could bring down the price of their salmon products by potentially increasing promotional activity.

## Fish pricing analysis

Brand View has reviewed the average shelf price of unsmoked fish across Asda, Morrisons, Sainsbury's, Tesco and Waitrose and can highlight that the average shelf price of salmon has decreased 10.1 percent since 29 March 2014.



The increase in salmon sales identified in the Nielsen Scantrack data (29 March 2014 - 28 March 2015) is likely a result of the price of salmon falling six percent during the period.

The Nielsen Scantrack data noted that haddock has seen the greatest decline in volume sales at 21.5 percent. During this time period its average shelf price per kilogram has risen 4.9 percent while cod's average shelf price has fallen 5.5 percent. The week after the Nielsen Scantrack data ended the average shelf price per kilogram of cod fell below that of haddock for the first time, this helped boost cod sales by 1.3 percent according to Nielsen Scantrack.

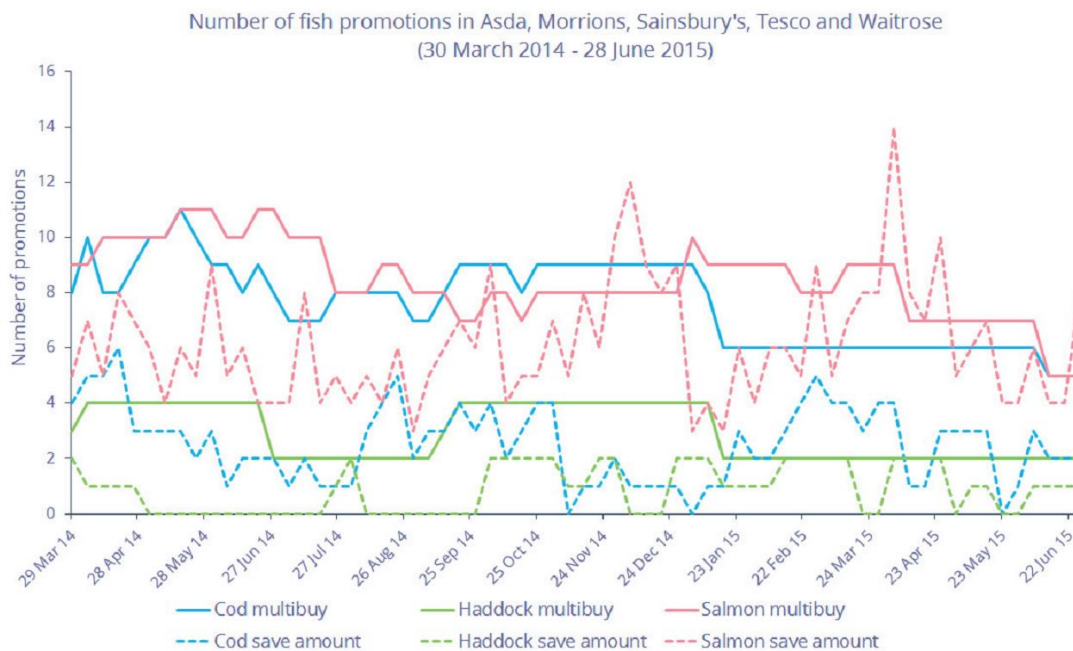
Haddock had a significantly lower average depth of cut than both salmon and cod for the first six months of the period analysed. However, it started to rise at the end of September 2014, peaking at 28.3 percent on 28 February 2015. Since then haddock has had a similar depth of promotion to that of cod, which started with a high average depth of cut before falling throughout Spring 2014.

Salmon had the greatest average depth of cut in December, peaking at 33 percent, as retailers promoted items for Christmas. Its average depth of cut for the period analysed was 24.4 percent, 4.8 percent more than cod and 7.3 percent more than haddock.



Looking at the promotional mechanics, there are generally more multibuy promotions than save amounts across all three species. However, save amount promotions on salmon briefly outnumbered multibuy deals a number of times in the period analysed, particularly in Spring 2015 as the number of multibuy promotions declined.

Cod had a similar number of multibuy promotions to salmon in 2014 before they dipped in 2015, this was accompanied by a small increase in save amount promotions. Haddock had the lowest number of promotions, in fact there were quadruple the number of promotions on salmon.



### How will the price of cod, haddock and salmon change in the future?

Cod prices are up dramatically over the past year but they should stay firm during 2015 due to currency exchange rates and with the Barents Sea quota reduction. Haddock prices have been high for some time, but fluctuations in currency exchange rates have pushed prices down and haddock is now just above the price of cod. Therefore combined with increased landing the retailers may well be in a position to bring down the price of cod and haddock and promote them more heavily by mid 2016.

The FAO predict that Chile will drive a production slowdown of Salmon in 2015 that will continue for a couple of years. Norwegian output has increased but prices are expected to stay high the if demand stays strong This could lead to flat commodity pricing and supermarkets may be inclined to keep pricing and promotions similar to what they are now. However, demand for salmon by health conscious shoppers is increasing; supermarkets could target this behaviour and promote salmon over other species.

### Effect of Early Mortality Syndrome on supermarket prawns

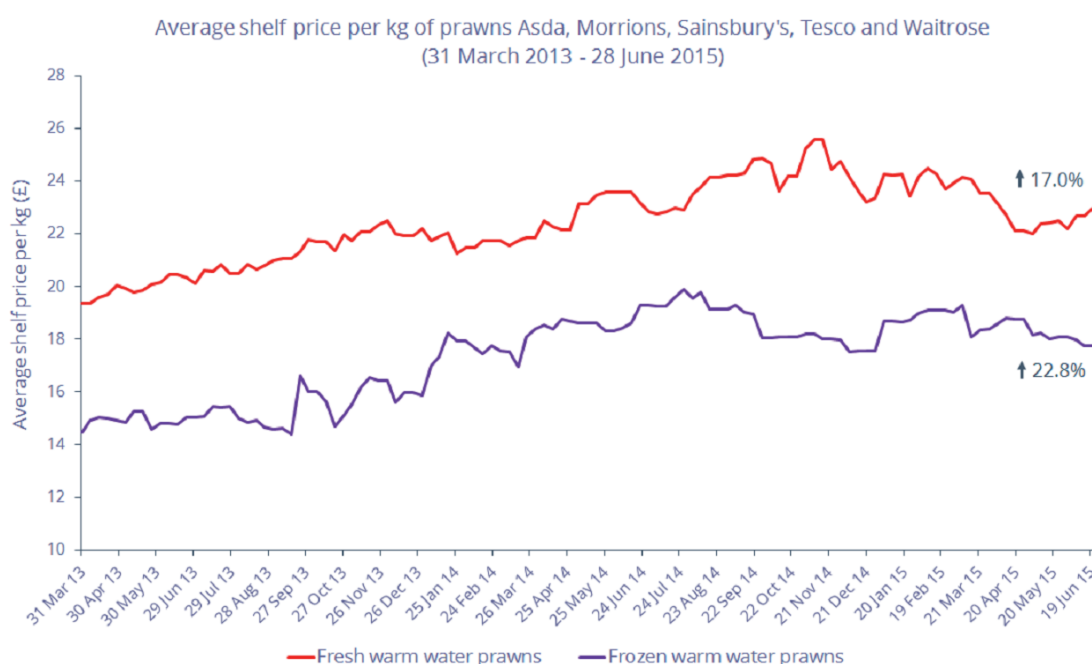
Warm water prawn stocks have been devastated in recent years due to the emergence of a disease called Early Mortality Syndrome (EMS). The disease first appeared in China in 2009 and affects young king and tiger prawns before they are of marketable size. The disease has since spread to South Asia. In 2013, Thailand, one of the world biggest exporters of warm water prawns, estimated that it lost 40 percent of its stocks.

The Nielsen Scantrack figures show the impact this has had as volume sales have fallen 31.6 percent in the last two years while value sales fell 11.5 percent. Given that volumes have fallen significantly more than sales suggests that prices in the supermarkets have been rising.

Brand View can confirm that since 31 March 2013 the average shelf price of fresh warm water prawns has risen 17 percent whereas frozen warm water prawns have fallen 22.8 percent.

For the time period the Nielsen Scantrack data covered (30 March 2013 - 28 March 2015), the price per kilogram of fresh prawns has fallen 21.7 percent and frozen prawns fell by 26.8 percent.

Spring 2015 has seen the supply of warm water prawns stabilise as India and Vietnam increased their supply to bolster the shortfall of other countries. In turn, supermarket prices have also stabilised with the price of fresh and frozen prawns decreasing in April.



### How will prices of prawns change in the future?

As supply recovers from countries that were affected by EMS, alternative countries increase their production. Coupled with lower demand from America, EU and Japan due to their remaining 2014 inventory, the wholesale price for warm water prawn prices looks set to continue to fall in 2015. This could result in shoppers seeing heavier than normal promotions this Christmas as retailers look to boost festive sales.

Cold water prawns, however, will likely increase in price towards the end of the year. The low availability of warm water prawns in the last two years has led to a significant increase in demand for cold water prawns and this has had a dramatic impact on stock levels. This may lead to price rises in supermarkets until stocks can recover.