

Market Insight Factsheet

Frozen Seafood in Multiple Retail (2018)

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

In the 52wks to June 2018, frozen seafood was the only seafood sector in volume growth as shoppers looked to save money in the current economic climate. UK frozen retail seafood sales were worth £910m (+5.6%) with a volume of 135,980 tonnes (+0.4%); with an average price of £6.69/kg (+5.2%).

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

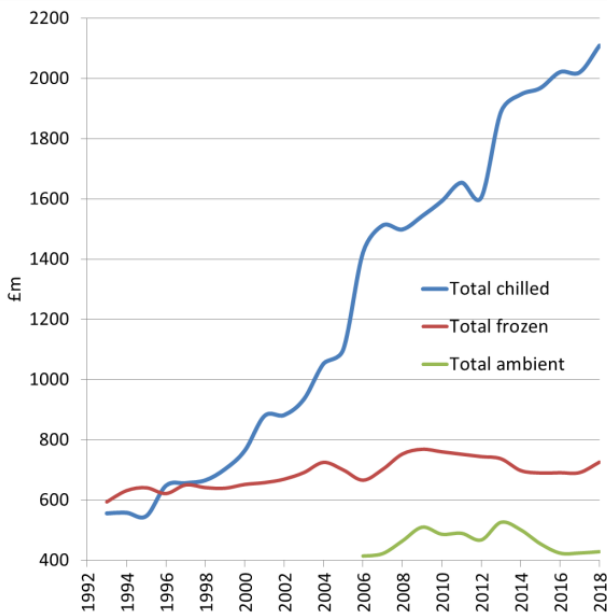
Historic Retail Seafood Sector Trends

Frozen seafood takes the second largest share of the seafood category behind chilled. 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.

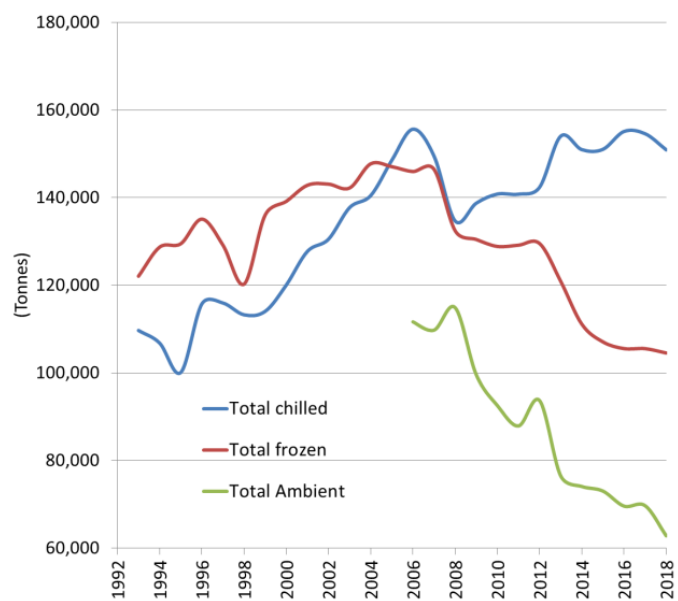
From 2007, seafood in multiple retail experienced a sustained period of inflation and price driven growth, resulting in falling consumption. Around 2009, retail shoppers became polarized, saving money where possible on basics, but not averse to spending more on quality. Austerity focused shoppers prioritised '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.



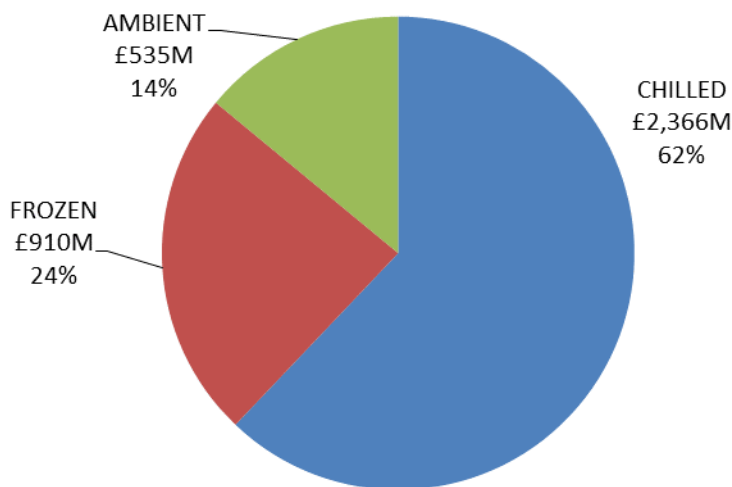
Nielsen GB Scantrack/TNS

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 show 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 also now available, covering the last 3 years. When combined with GB data, this allows a more complete snapshot of the current UK seafood retail market.

Total seafood continues the long term pattern of price driven growth. In the year ending 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 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 total UK seafood. When 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%)

Frozen Seafood

In the 52 wks. to 16th June 2018, frozen seafood took the second largest share of the category behind chilled; increasing both its value and volume share at the expense of ambient. Frozen seafood was worth £910m (+5.6%) with a volume of 135,980 tonnes (+0.4%); with an average price of £6.69/kg (+5.2%). Over the long term (10 years to 16th June '18), frozen seafood has been in decline, with volume down by -24% and value up by 1.9%. Average price per kg grew by 33.9%.

Frozen Seafood KPI's

In the 52wks to 16th June 2018, fewer shoppers bought frozen seafood and average price increased. Penetration remained significantly higher than that of chilled or ambient seafood, with 86.8% of shoppers buying frozen seafood. Compared with the previous year, shoppers bought frozen seafood more often and baskets size remained the same. On average, frozen shoppers bought 0.54kg of frozen fish per trip spending £3.44; buying frozen seafood 10.9 times per year, spending a total of £37.46, equating to 5.88kg over the year.

GB Frozen 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

Frozen Seafood Segments

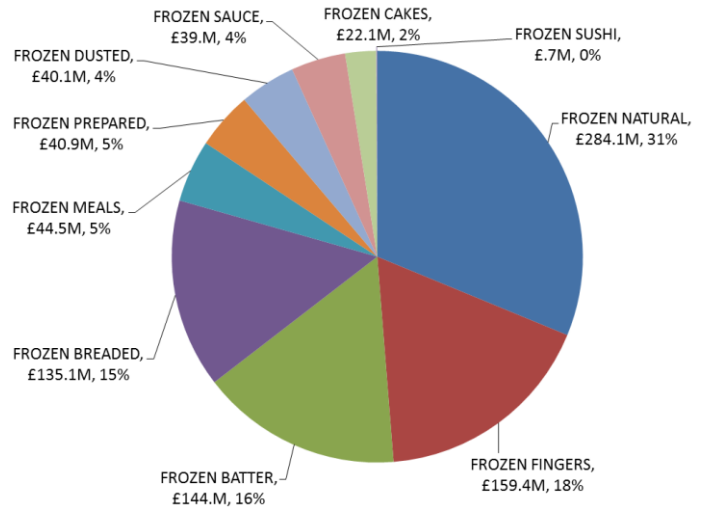
It is the frozen natural segment (i.e. includes no additional ingredients) which takes the largest share by value (31%), followed by fingers (18%) and batter (16%) which recently displaced frozen breaded into 4th place.

Frozen fingers take the largest share by volume of the frozen seafood sector. In the 52wks to 16th June '18, frozen natural was in price driven growth worth £284m (+4.4%), with 29,813 (-0.3%) tonnes and an average price of £9.53/kg (4.6%). Frozen natural has one of the highest average prices of all the frozen segments, second only to frozen sushi.

Over the 10 years to 16th June '18, none of the frozen segments were in growth; frozen natural and fingers saw an increase in value as a result of inflation and lost the least volume. Frozen meals, prepared and sauce were the hardest hit, losing over -50% volume.

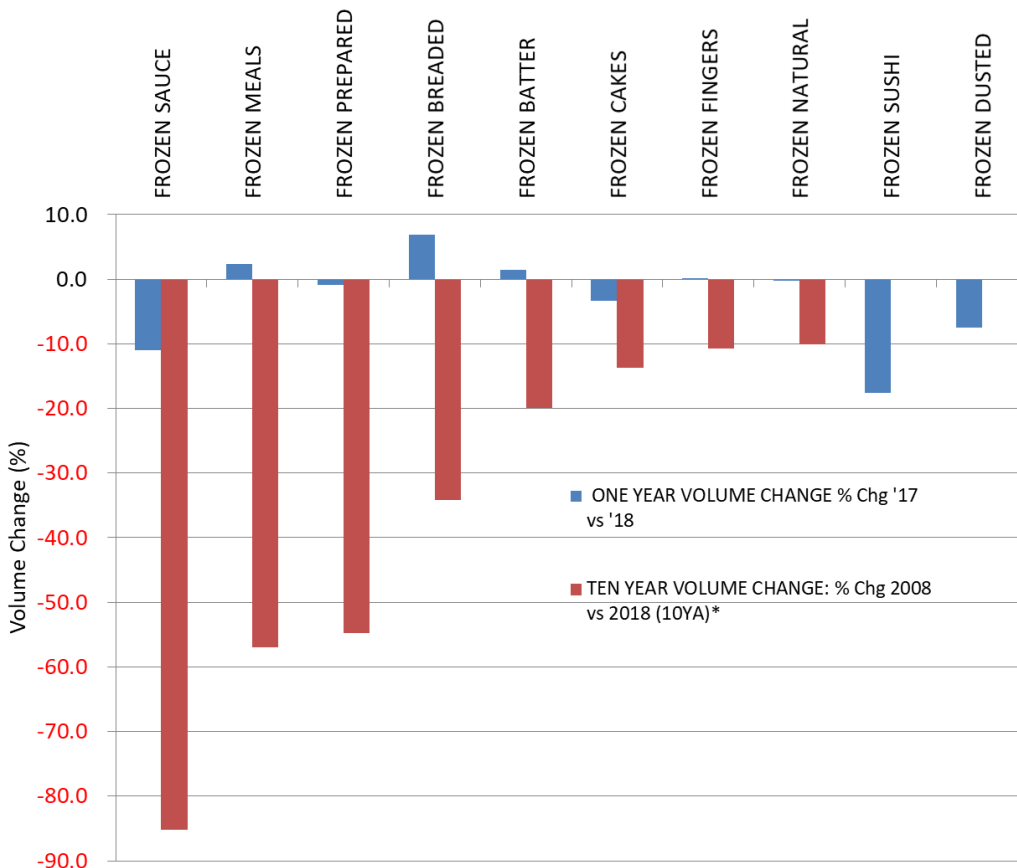
Over the short term (52 wks. to 16th June '18) many frozen segments remained in price driven growth, but frozen fingers, batter, breaded and meals were in full growth. Frozen dusted, sauce and sushi were in full decline.

Segment Value Share of UK Frozen 2018 (£m)



Nielsen Scantrack YE 16.06.18

Long & Short Term Frozen Segment Volume Trends (2018 vs 2008)



(Data: Nielsen Scantrack – 10yrs/52wks to 16.06.18)

Frozen 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
FROZEN NATURAL	272,578	272,205	284,079	4.4	24.0	30,265	29,892	29,813	-0.3	-10.1	£9.53	4.6	37.9
FROZEN FINGERS	135,659	147,105	159,375	8.3	17.5	31,254	33,637	33,657	0.1	-10.7	£4.74	8.3	31.5
FROZEN BATTER	121,515	132,844	144,036	8.4	-3.2	20,347	21,656	21,975	1.5	-20.0	£6.55	6.9	20.9
FROZEN BREADED	130,149	124,733	135,126	8.3	-20.0	18,838	17,847	19,070	6.9	-34.2	£7.09	1.4	21.5
FROZEN MEALS	43,673	42,010	44,534	6.0	-47.0	12,141	11,524	11,795	2.4	-57.0	£3.78	3.6	23.1
FROZEN PREPARED	41,460	38,149	40,897	7.2	-46.9	5,828	5,181	5,136	-0.9	-54.8	£7.96	8.1	17.4
FROZEN DUSTED	36,503	40,715	40,078	-1.6	n/a	4,544	4,857	4,491	-7.5	n/a	£8.92	6.5	n/a
FROZEN SAUCE	46,061	43,390	39,042	-10.0	-66.8	5,908	5,697	5,069	-11.0	-85.2	£7.70	1.1	124.6
FROZEN CAKES	19,589	19,762	22,100	11.8	6.7	5,034	5,084	4,911	-3.4	-13.7	£4.50	15.8	23.7
FROZEN SUSHI	529	850	730	-14.1	n/a	47	74	61	-17.6	n/a	£11.97	4.2	n/a

Nielsen Scantrack YE 16.06.18 (*10yr GB)

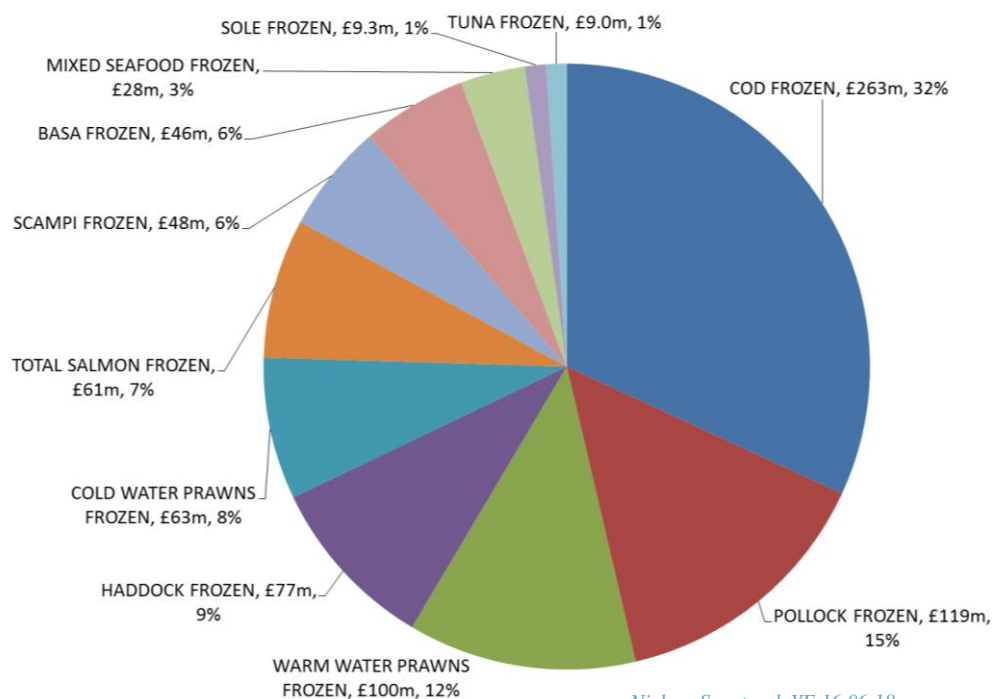
Frozen Seafood Species

In 2018, cod continues to dominate the frozen seafood sector, growing value share to 32%, selling over twice its nearest competitor by value. Affordability and improved availability have driven cod consumption in recent years. In the 52wks to 16th June 2018, frozen cod was worth £263m, with 42,429 tonnes, with volume and value increasing by 6.9% and -0.2% respectively. Pollock is the next most popular species with 15% value share, followed closely by warm water prawns (12%), haddock (9%) and cold water prawns (8%).

The overall consumption of traditional whitefish species has been in steady decline since the 1980's, whilst salmon, warm water prawns and other aquacultured seafood species have grown in popularity. As a sector, frozen has also mirrored this trend, but the decline of traditional species has been much slower. From 1974 to 2015, whitefish consumption has declined over four times faster in the chilled sector, compared to in frozen (Defra Family Food). Frozen is also a popular format for shellfish; over the same period frozen shellfish consumption has grown significantly faster than that of chilled shellfish. This is likely due to shoppers recognizing the price, quality and, practical advantages of frozen.

Over the 10 years to 16th June 2018, frozen warm water prawns, lobster, mussels, seabass, pollock and mixed seafood were the top performing species by volume growth.

Top Frozen Species Value Share UK 2018

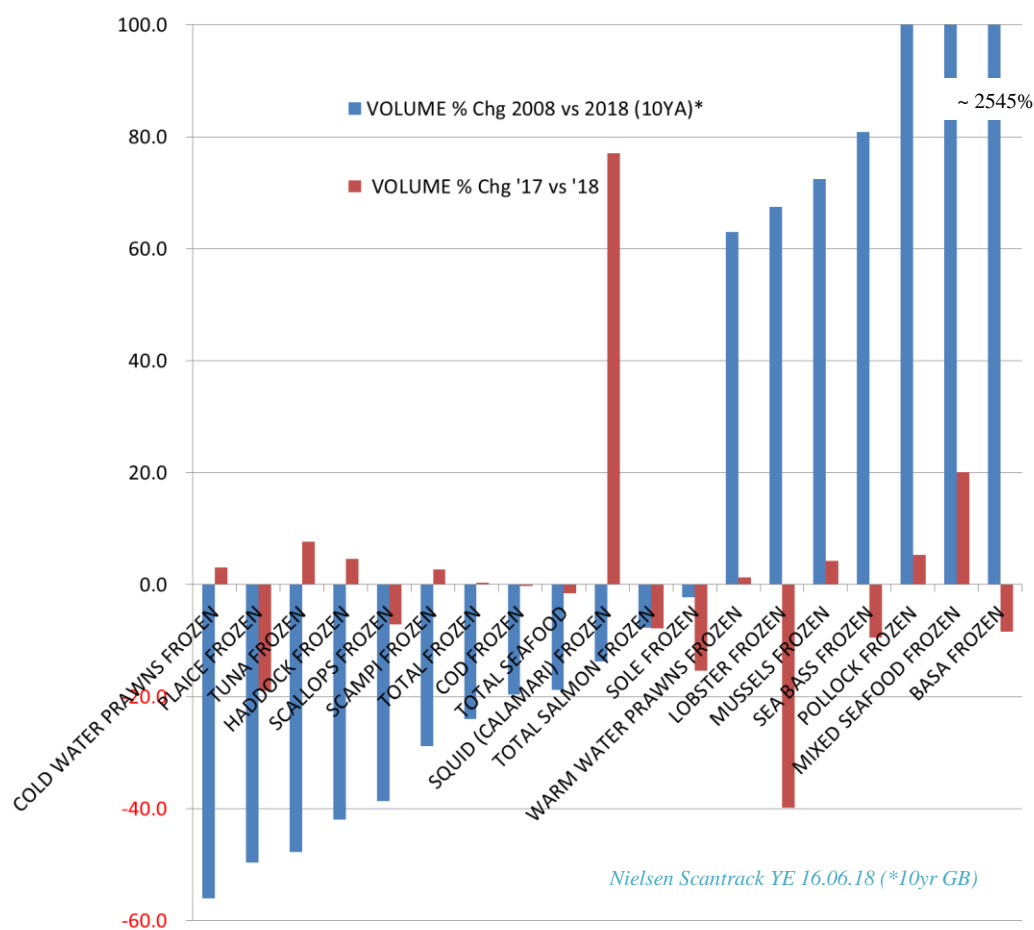


Nielsen Scantrack YE 16.06.18

Over the same 10 year period, frozen species in full decline included cold water prawns, cod, haddock and tuna. Significant price increases are usually the main driver of volume decline; but frozen cod and haddock declined heavily despite relatively modest price increases, compared to the sector average. Cold water prawns however experienced a significant price increase of 73.1% over the same period; this undoubtedly impacted on the 56% fall in volume.

Alternatives to cod and haddock such as seabass, pollock and basa (Pangasius) continue to grow very strongly (basa +2,545%) some from a small base, despite a higher average price per kg. Frozen basa is predicted to overtake frozen haddock in popularity in the next 3 years if current trends continue. Over the short term (52wks to 16th June 2018) many species including pollock, warm water prawns and haddock returned to growth; whilst frozen sole, plaice and scallops declined.

Frozen Seafood Species Volume Performance 2018



Frozen 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	3,810,504	4.1	21.7	396,644	404,269	397,830	-1.6	-18.7	£9.58	5.8	49.8
TOTAL FROZEN	847,715	861,764	909,998	5.6	1.9	134,208	135,449	135,980	0.4	-24.0	£6.69	5.2	33.9
COD FROZEN	229,106	246,185	263,062	6.9	-2.4	40,286	42,513	42,429	-0.2	-19.6	£6.20	7.1	21.5
POLLOCK FROZEN	111,774	107,753	119,323	10.7	212.3	25,729	25,394	26,751	5.4	168.7	£4.46	5.1	16.3
WARM WATER PRAWNS FROZEN	87,989	94,230	100,470	6.6	111.2	7,418	7,963	8,069	1.3	63.0	£12.45	5.2	29.6
HADDOCK FROZEN	64,944	70,666	77,304	9.4	-32.0	9,601	10,532	11,019	4.6	-41.9	£7.02	4.6	17.1
COLD WATER PRAWNS FROZEN	67,327	63,771	62,559	-1.9	-23.8	6,381	5,899	6,080	3.1	-56.0	£10.29	-4.8	73.1
TOTAL SALMON FROZEN	67,279	60,230	61,448	2.0	13.9	9,621	8,547	7,884	-7.8	-7.7	£7.79	10.6	23.4
SCAMPI FROZEN	50,592	47,468	47,936	1.0	-23.3	5,266	4,738	4,867	2.7	-28.9	£9.85	-1.7	7.8
BASA FROZEN	41,110	46,086	46,254	0.4	2,806.1	6,484	7,084	6,490	-8.4	2,544.9	£7.13	9.6	9.9
MIXED SEAFOOD FROZEN	23,626	23,839	28,432	19.3	222.4	3,815	3,607	4,332	20.1	203.7	£6.56	-0.7	6.1
SOLE FROZEN	9,986	10,018	9,271	-7.5	11.4	1,089	1,115	944	-15.3	-2.2	£9.82	9.3	13.9
TUNA FROZEN	7,383	7,833	9,010	15.0	-20.6	1,147	1,200	1,291	7.6	-47.8	£6.98	6.9	52.0
SQUID (CALAMARI) FROZEN	3,504	3,580	6,141	71.6	58.2	441	343	607	77.0	-13.8	£10.12	-3.1	83.4
PLAICE FROZEN	7,358	6,634	5,490	-17.3	-45.7	972	885	717	-19.0	-49.6	£7.65	2.1	7.9
SCALLOPS FROZEN	7,203	5,105	4,853	-5.0	-8.7	354	230	214	-7.1	-38.7	£22.66	2.3	48.9
LOBSTER FROZEN	9,171	5,977	4,700	-21.4	192.3	506	319	192	-39.9	67.5	£24.52	30.8	74.5
SEA BASS FROZEN	3,091	5,038	4,606	-8.6	48.7	267	369	334	-9.4	80.8	£13.78	0.9	-17.8
MUSSELS FROZEN	2,029	3,006	3,134	4.2	72.4	324	504	525	4.2	77.1	£5.96	-0.0	-2.7

Nielsen Scantrack YE 16.06.18 (*10yr GB)

- **Key Facts:** The frozen seafood sector is the second largest seafood sector behind chilled; typically seen in long term price driven growth as price increases and volumes decline. But in the 52wks to June 2018, frozen seafood was the only seafood sector in volume growth, after a long period of volume decline. This growth is likely to be driven by shoppers looking to save money in the current economic and political climate. UK frozen retail seafood sales were worth £910m (+5.6%) with a volume of 135,980 tonnes (+0.4%); with an average price of £6.69/kg (+5.2%). (Nielsen Scantrack: 52 wks to 16th June'18)
- Frozen natural remains the key segment for frozen seafood, although no frozen segments have seen volume growth over the past 10 years.
- Frozen remains a key sector for shellfish and traditional seafood species. Although typically in decline, the rate of decline has been much slower in frozen than in the chilled sector
- In 2018, cod continues to dominate the frozen seafood sector, growing value share to 32%, selling over twice its nearest competitor, pollock by value.
- Farmed whitefish alternative species including seabass and basa (which are no longer 'cheap') along with the 'convenient' mixed seafood have seen the largest volume growth over both the long and short term. Shoppers have remained focused on value for money as the cheaper whitefish alternative pollock (Alaskan pollack) also showed strong growth

Over the long term (10yrs to 16th June 2018):

- Top performers include:
 - Segments: NONE
 - Species: frozen warm water prawns, lobster, mussels, seabass , pollock and mixed seafood
- Struggling performers include:
 - Segments; total prepared and sauce
 - Species; cold water prawns, cod, haddock and tuna.

Over the short term (52 wks. to 16th June 2018);

- Top performers include;
 - Segments; frozen fingers, batter, breaded and meals
 - Species: many species including pollock, warm water prawns and haddock in growth. returned to growth
- Struggling performers include:
 - Segments: total sauce and dusted
 - Species: frozen sole, plaice and scallops

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
- Defra Family Food Survey 2016/17

(%) values represent change from the previous year unless otherwise stated

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>

More detailed information and insight is available free of charge for seafood businesses.

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