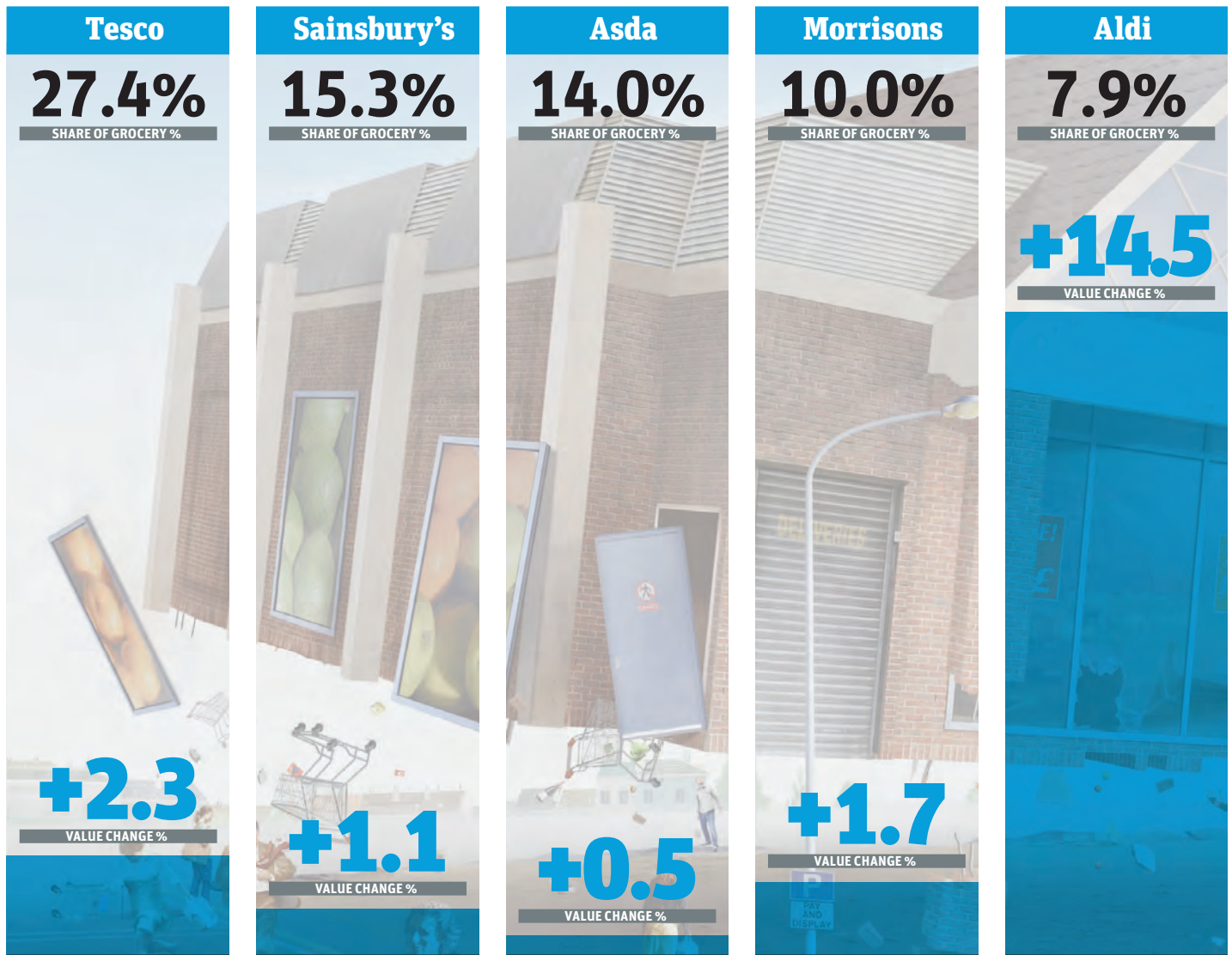


Up!

Nick Hughes

A plummeting pound has sent food & drink prices flying, with 93 of the 114 sectors analysed in the following 119 pages inflating. But is this really all down to Brexit or are other factors at play? And how is all this inflation affecting growth?





Food price inflation is back with a bang. However you measure it. The ONS's Consumer Price Index is at a five-year high driven by a 4.1% hike in the price of food & drink. The Grocer Price Index showed 2.5% inflation in November. The BRC-Nielsen Shop Price Index put food price inflation at 1.5% last month. And Kantar Worldpanel says inflation is running at 3.6% [12 w/e 3 December].

The Grocer's 2017 Top Products Survey spells that out in detail: 93 of grocery's 114 biggest sectors have seen average prices rise in the past year. The baby & infant care, dairy and booze sectors are among the biggest contributors to a 2.1% hike in average price for the £106bn of sales we've analysed in partnership with Nielsen.

The simple conclusion to draw is that Brexit is delivering the increase in food prices experts warned it would. The full picture, however, is far more nuanced. The devaluation in sterling was impacting import

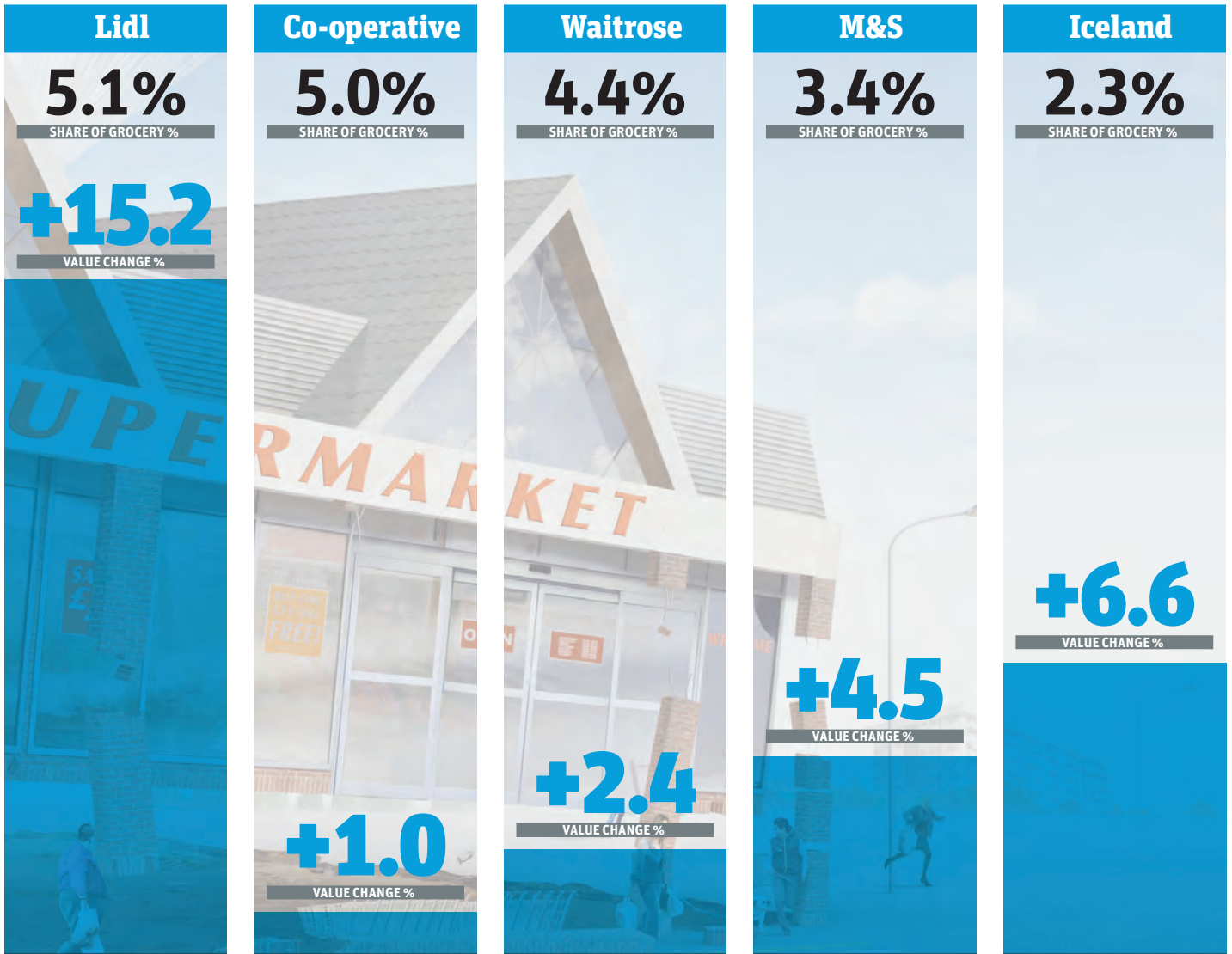
“We knew inflation was coming, so it's been planned for and built in”

prices back in mid-2016 yet retail prices did not immediately follow suit; in fact the market was deflationary until the start of 2017.

As opposed to the food price spike in 2008 when prices spiked significantly in response to soaring input costs, what we've seen since the Brexit vote, according to Nielsen head of retailer & business insight Mike Watkins, is a more progressive realignment of inflation in which the impact of sterling's fall has been carefully managed by retailers and suppliers to minimise the impact on consumers. “We knew it was coming, so it's been planned for and built in,” he says.

In categories where retail price inflation has been most pronounced it has often been unrelated to currency. In butters, spreads and margarines, for instance, a Europe-wide milk fat shortage has sent butter prices soaring, resulting in the likes of Lurpak and Country Life pushing through significant price increases.

And while inflation is clearly impacting products across the board, one of the key takeouts from this



year's Top Products Survey is that if the branded or own-label proposition is strong enough and consumer trends are blowing in the right direction, inflation need not come at the expense of volume growth. Take fresh fruit, for instance, where an inflationary market has not prevented Brits consuming an extra 80 million units in the past year, making it the largest growing non-tobacco category this year.

Free-from, where average price has also increased, has seen value and volume sales surge by nearly 20% thanks to clever marketing, a fluid pipeline of innovation and, yes, some favourable consumer trends. On the other hand, fresh meat & poultry has seen volumes fall despite a reduction in average price as the trend towards more plant-based eating and growing concern over the health and environmental impact of meat dampens consumer appetite.

This is not to understate the fact that suppliers – and particularly those that import ingredients from overseas – are under immense pressure to find ways

“The capacity to absorb further cost increases is wearing thin”

to mitigate the impact of surging input costs. BRC CEO Helen Dickinson captured the paradox facing food businesses when she commented on November's inflation figures. “On the one hand global food prices continue to head upwards at the same time as the weaker pound has left retailers facing significantly higher bills for imported goods. On the other hand, the tightening squeeze on discretionary spending power is reducing the ability of retailers to pass on increased import costs.” She added that while retailers are striving to provide value to keep prices down, “the capacity to absorb further cost increases is wearing thin”.

For the moment at least, Watkins says the Top Products Survey shows how effectively industry has been working to manage those increases. “We've seen the value of the shopping basket grow by around 3% in 2017, which tells us two things: it tells us shoppers are still trading up and buying good quality, higher value food and drink, and it tells us that not all of the input cost price increases coming through the supply ➔

top products survey 2017

Top five fastest growing products

First, a qualification: grocery's top five fastest growers in 2017 are in fact all tobacco products (Player's, B&H Blue, Chesterfield, Gold Leaf and Sovereign Blue), driven by spiralling duty and smokers' ongoing migration to cheaper smokes. To illustrate how Britain is eating, drinking and shopping differently, we've not included tobacco below



Budweiser

▲ £49.2m (+14.9%)

As cheap multipack lagers lose space, AB InBev's roster of pricier world beers is flying. The brewer is now responsible for more than a third of the lager sold in British supermarkets. That's thanks in no small part to Bud, which had another storming year, picking up space vacated by Foster's and Carlsberg. Limited edition Statue of Liberty cans flew off the shelves.



Salmon

▲ £31.8m (+4.3%)

Salmon's leap of nearly £32m is purely inflationary. Volumes have sunk 7.3% as prices have been pushed up by tightening supply as global demand soars. To make matters worse, Britain's biggest importer of salmon, Norway, has seen stocks blighted by sea lice while Chilean production was hit hard by an algal bloom.



Monster

▲ £31.3m (+22.9%)

Coke's Monster brand powers on, boosted by the popularity of zero-calorie offering Monster Energy Ultra and the launch of a first bottled variant in Monster Hydro. But it's not just low sugar (and sugar levy exempt variants) driving the growth. The core Monster Energy line has delivered £7.8m of the brand's growth, despite its sky-high sugar content.



Avocado

▲ £29.8m (+16%)

Brits can't get enough avocado. The fruit of the Persea Americana tree is revered among the middle classes as an easy to-prepare superfood, for use in salads, sarnies and smoothies. Classed as a vegetable by Nielsen, avocado has overtaken carrots in terms of value sales to take the number six spot in its bestsellers list, with sales of £216m in the supers.



Barefoot wines

▲ £28.5m (+27.1%)

Innovation across still and sparkling wine has been key to the success of the Californian wine brand. In the past year the Barefoot brand has expanded its range of reds and fruit-flavoured spritzes. Also crucial to the performance of the portfolio is the ability of the brand to absorb currency fluctuations better than its lower tier rivals.

“There has been a noticeable cutback in promotional activity as a strategy for managing the inflationary pressures”

⊕ chain have been passed on to the end consumer. That point is really important.”

While putting pressure on supply chains and on margins, “it has also helped the industry keep working hard on efficiency, on collaboration with the supply chain, and basically getting back to business as usual and ensuring there is no so-called cliff edge,” he adds.

Businesses are keeping inflation in check by using an array of tactics including premiumisation, changes in promotional mechanics and pack size re-engineering. Shrinkflation attracts the most tabloid headlines and it's true that reducing the pack size while maintaining the price point has been a popular tactic. Frijj, Jaffa Cakes and Haribo are just a handful of the brands to have re-engineered pack sizes during the past 12 months, while a recent survey from insurance brokers Lockton showed shrinkflation is now “endemic” in food and drink, with 99% of UK manufacturers admitting they have already shrunk products or would consider doing so in the future.

Promotions

However, this is far from the only tactic being adopted. Watkins notes that promotional activity has been rethought or scaled back to encourage shoppers to keep spending, with less reliance on multibuy and more focus on EDLP. Take the pizza category, where although there has been little in the way of actual retail price inflation “there has been a notable cutback in promotional activity as a strategy for managing inflationary pressures” according to Claire Mitchell, head of category and marketing at Green Isle Frozen Pizza.

The same is true in sports nutrition, where Chay Watkins, marketing director at Sci-Mx, reports that a double-digit rise in the cost of key ingredient they have seen retailers scale back promotional activity to offer everyday low prices to consumers. “This has had a knock-on effect on suppliers, retailers and the end consumer,” he adds.

Brands are also encouraging consumers to trade up to more premium products. “One of the key drivers of inflation is the growing global demand for fish from consumers as they switch to healthier sources of protein,” says Steve Challouma, UK marketing director for Birds Eye. “As the nation's love of fish grows, so does their desire for more premium meal offerings. As a result, brands are needing to invest in innovation in the category, which opens up the opportunity for consumers to trade up into more premium products and fish species such as basa, which we've recently introduced to our range.” In laundry, suppliers are looking to ⊕



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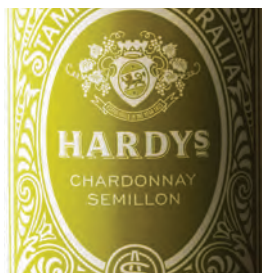
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top products survey 2017

Top five fastest falling products

Again, the 10 fastest falling products in this year's report are all tobacco. Mayfair has lost an eye-watering £168.1m (16%), making it the year's biggest loser. But that only tells one story (that smokers are either quitting the fags or trading down to cheaper smokes). The next five fastest fallers reflect what's really going on in grocery



Hardy's

▼ £36.5m (-11.6%)

Accolade's attempt to raise prices didn't wash with retailers used to selling bottles of Hardy's for as little as £4 a pop. Own-label and pricier brands such as Barefoot and McGuigan have been the beneficiaries of Hardy's resulting loss of space. The brand has lost £36.5m. Overall, Accolade's seven biggest brands are down by £74m. Not one of them is in growth.



Foster's

▼ £36.3m (-9%)

Heineken UK and Tesco had one helluva bust-up earlier this year, resulting in the brewer's listings in Britain's biggest supermarket being more than halved. Foster's was hardest hit, contributing £36.3m to Heineken's £60.2m loss. That's not all: the Amber Nectar has also lost its position as Britain's second bestselling lager to Budweiser (see p81).



Persil

▼ £35m (-15.1%)

Britain's bestselling laundry brand is looking all washed out, having had £35m (15.1%) of its sales wiped out. The loss accounts for more than two-thirds of the fabric cleaning sector's loss, and is chiefly the result of retailers squeezing space for laundry in stores as shoppers migrate online and to the discounters for bulky, lower frequency products.



Pampers

▼ £31.1m (-13.5%)

The supers' nappie sales are continuing to bottom out as shoppers buy in bulk online or stock up on Aldi and Lidl's offerings. This has hit Britain's only major nappie brand hard, as prices have been lowered to attract shoppers back to the supers. Pampers has lost £31.1m (13.5%) of sales in the past year. It's also lost considerable space to own label.



Pringles

▼ £29.1m (-14.6%)

Failed range extensions such as Tortillas put paid to Pringles' hopes of delivering a sixth consecutive year of growth. This year's loss has wiped out more than half of the brand's value gain since Kellogg's took over the brand from P&G five years ago. Kellogg's says it is confident it can return Pringles to growth in 2018 by cashing in on the World Cup.

“The prices have come down and own label has increased. We need to be price-competitive and range-appropriate”

⊕ mitigate the effect of inflation by trading consumers up to more premium formats like caps and gems; while for businesses such as Graze, which manufactures hundreds of SKUs using ingredients sourced from all over the world, constant innovation (Graze brings on average three new products to market a week) keeps its manufacturing capability adaptable and its cost base diversified. “This diversity puts us in a good position,” says Graze UK retail MD David Irwin.

The other key check on inflation has been the determination of retailers not to repeat their errors of the past. Back in 2008, the supermarkets were far too ready to pass on cost increases to their customers, allowing the discounters a leg up in the market that they gratefully accepted. Almost a decade on and the big four are not inclined to make the same mistake again.

Range rationalisation

In October, Tesco chief executive Dave Lewis told investors that Tesco's inflation was 1% below the market average in the first half of 2017/18 and said the business would continue to look for opportunities to sharpen pricing in the months ahead. Part of Tesco's strategy has been to do more business with fewer suppliers, thus enabling it to negotiate better terms. In the year to May, 95 suppliers more than doubled their volume with Tesco and 1,200 suppliers saw growth of significantly more than 10%, according to Lewis.

Sainsbury's has also attempted to suppress price increases, albeit using slightly different tactics. At last month's interim results announcement, CEO Mike Coupe said a 9% fall in underlying profit was due in part to a reduction in prices to remain competitive. Sainsbury's has undergone a rationalisation programme based on stripping out branded products from commoditised categories where the discounters perform more strongly and focusing instead on providing a price-competitive own-label proposition.

“If you looked at our toilet roll range today it is substantially rationalised from where it would have been a few years ago,” Coupe told analysts. “The prices have come down and the own-label presence has increased [....]. We need to be price-competitive and range-appropriate in those types of categories.”

Morrisons, which makes a virtue of having an integrated supply chain when it comes to managing inflation, says its ongoing ‘Price Crunch’ has resulted in ‘crunched’ prices being at their lowest level for more than a year. The Grocer Price Index showed Morrisons recorded annual inflation of just 1.1% in October, the lowest of the big four by a whole percentage point. ⊕

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top products survey 2017

10 sharpest price rises

**Baby snacks** ▲ 10%

Brexit is costing Britain's babies (or their parents) dear. Sterling's weakness and a cut in multibuys have sent prices through the roof, as has premiumisation.

**Sex lubes** ▲ 9.5%

This leaves no doubt: Brits are prepared to splash out more on sexcare. The price of lubes is up as a result of innovative NPD such as Durex Natural Pleasure Gel.

**Butters, spreads & margarine** ▲ 8.1%

A Europe-wide milk fat shortage has sent the price of butter soaring. Brands such as Lurpak and Country Life have seen average prices rise by as much as 10%.

**Chewing gum** ▲ 6.8%

A cut in deals coupled with the rising cost of importing ingredients has led to the spike in the price of gum, reflecting wider pressure on sugar confectionery.

**Toothbrushes** ▲ 6.7%

Oral care is moving from health to the beauty arena with shoppers prepared to pay more for a winning smile. A shift to electrical devices is also a factor here.

**Babymilk** ▲ 6.4%

Exchange rates are partly responsible for the increased price of babymilk. So too is the addition of new value-added RTD formats from the likes of Hipp and Danone.

**Heartburn remedies** ▲ 6.4%

Branded (hence higher priced) heartburn remedies are outperforming own label with both market leader Gaviscon and third-placed Nexium delivering growth.

**Fabric conditioners** ▲ 6%

The launch of premium, value-added formats such as Comfort Perfume Pearls has pushed up average price per kilo as shoppers trade out of cheaper formats.

**Condoms** ▲ 5.8%

The average unit price of condoms is increasing as shoppers favour larger pack sizes. Premiumisation is another clear trend driven by brand leader Durex.

**Babyfood** ▲ 5.6%

Containing a broad range of imported, often exotic ingredients, babyfoods have been one of the categories most impacted by sterling's weakness.

“Hardys has seen 600k cases taken out of Sainsbury's... they tried to push through price increases and were replaced by own label”

⊕ Morrisons has also focused on improving the quality and packaging of its core own-label range, resulting in sales of own-label frozen vegetables up 12%, and muesli and granola up over 20%. Asda, meanwhile, attributed a sharpening of its price position to a second consecutive quarter of like-for-like sales growth in Q3 and has promised further investment in price under new boss Roger Burnley.

Trading disputes

Many brands have suffered big losses as a result of growing scrutiny on ranging and price. The year's biggest casualty outside tobacco, Hardy's, has seen £36.5m (11.6%) of its sales wiped out after brand owner Accolade Wines unsuccessfully tried to push through price increases to offset the impact of sterling's depreciation. “Hardys has had 600,000 cases taken out of Sainsbury's in the past year and this is all down to a trading dispute,” says one senior industry source. “They tried to push through price rises; Sainsbury's responded by largely replacing it with own label.” It helps that it's easier to hide inflation in own label too.

It's not just Hardys. The pound's weakness and tightening supplies have made the difference between profit and loss for many cheaper booze brands, and many brands have lost space as a result of demands for higher prices. In wine, Blossom Hill lost £28.3m (15.1%). In beer, Foster's is down £36.3m (9%), the second-greatest loss of the year, following a trading dispute between owner Heineken UK and Tesco, which more than halved the lines it stocks from the brewer last spring. Carlsberg also continues to suffer following an earlier Tesco reset.

Against this backdrop, the pressure on the discounters to maintain leadership on price has been as great as at any point in the past decade. Aldi UK & Ireland CEO Matthew Barnes admitted that inflation was the biggest challenge to his business, as demonstrated by a 17% fall in operating profits in the 2016 calendar year. However, Barnes has restated his intention for Aldi to “never, ever to be beaten on price” and plans to accelerate its focus on reducing costs.

The latest Nielsen data (see p68-69) shows both Aldi and Lidl continue to grow their share of the grocery market by double digits, suggesting that the resurgent big four have more work still to do to halt the march of the discounters. This spells bad news for any supplier hoping for some respite from the drive to keep prices in check. One consequence of the squeeze on margins has been a downturn in the level of genuinely new product innovation coming to market. Data from Mintel ⊕

What

CIDER'S

supposed to

TASTE LIKE

EST. 1904

At 12:30 every Friday the Thatchers family taste their next vat of apple cider to make sure it's as good as it should be.

If it's not, it simply never leaves the farm.

That's why Thatchers is what cider's supposed to taste like.

EST. 1904
THATCHERS
WHAT CIDER'S SUPPOSED TO TASTE LIKE



top products survey 2017

10 sharpest price falls

**E-cigs** ▼ 9.6%

A simple case of economics: as bigger players move in, prices are plummeting. First-to-market brands that have made hay to date will need to work harder.

**Sex devices** ▼ 5.3%

As the price of condoms and lubricants soars, the price of sex toys is plunging. Growing distribution for Durex's vibrating rings and bullets are to thank.

**Rice** ▼ 5.3%

Rice volumes are measured by the pack and with most of the segment's growth coming from convenient pouches, average price has inevitably fallen.

**Nappies** ▼ 4.9%

Aldi's growth in infant care has sparked a price war in nappies resulting in a crash in price. Brands can no longer trade only on their premium credentials.

**Fresh poultry** ▼ 3.3%

A drive to stock British produce means fresh meat has been largely sheltered from Brexit-related inflation. Aggressive discounting has also driven prices down.

**Squash** ▼ 2.9%

Retailers have tried to make up for volume lost through range rationalisations by slashing prices of own label. It hasn't worked – volumes are down 0.6%.

**Surface cleaners** ▼ 2.1%

Own label has wiped out a significant slice of branded sales as thrifty shoppers decide they can do without pricier offerings from the likes of Dettol, Flash and Cif.

**Toilet tissue** ▼ 1.9%

The decision by retailers such as Sainsbury's to strip out brands and focus on own label has contributed to falling prices in this commoditised category.

**Male shaving preparations** ▼ 1.5%

The discounters are proving the scourge of shaving brands as they lure shoppers away from the big four with value products.

**Sports nutrition** ▼ 1.1%

Costs are rising for sports nutrition players with whey prices up in double digits. The rise of snack products is helping to offset this, with price per unit down 1.1%.

“It's hard to make those sorts of investments in silver bullet innovation when the environment is so competitive”

☞ shows that between January and September this year just 17% of all innovation was accounted for by 'new products', compared with 22% in 2016 and 32% in 2014. Instead, suppliers have focused on launching new varieties of existing products, introducing new packaging, and relaunching or reformulating existing products.

Cheese, known for being a fiercely competitive branded fixture, is an example of a category where genuine innovation has been hard to come by. “Because it's such a competitive space it's important to get your core portfolio working with incremental additions made to grow your brand,” says Mike Harper, marketing director of Ornum Foods, which owns the Pilgrims Choice brand. “It's hard to make those sorts of investments in silver bullet innovation when it's so competitive.”

Innovation

Wyke Farms MD Rich Clothier agrees. “In our category it needs to be almost a completely new change of direction, which is very difficult to do in a power category such as cheddar where there is so much space given to the main brand,” he adds.

Watkins, however, believes innovation still has the ability to power growth both for categories and individual brands, so long as it taps into a genuine consumer need. “Free-from is going to be a £1bn category by this time next year and that's a good example of a category where every month you'll see new innovation,” he says.

He also points to the growth achieved by challenger brands such as Fever-Tree, BrewDog and Hophouse as evidence that consumers want something different and exciting that meets their lifestyle needs. Conversely, it is noticeable that some of the brands that have suffered the most significant losses in the past 12 months are less contemporary brands such as Pringles and Princes who are constantly having to reinvent themselves to remain relevant.

In spite of recent rationalisation, retailers say they remain focused on core product innovation, particularly within own label. Lewis reports that more than 800 new lines were launched in Tesco in the first half of the current financial year and promises more targeted innovation as the retailer enhances the capability of its Clubcard.

What's more, Lewis believes innovation is part of what's driving a reappraisal of the Tesco brand among its customers, noting that in the first half of the year perception of value for Tesco customers improved by 2.9 points, which Lewis describes as “a very significant step up”.

Sainsbury's, like Tesco, is growing the balance ☞



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top products survey 2017

Where to find your category

CATEGORY		CATEGORY		CATEGORY	
Aircare	142	Female skincare	156	Poultry (fresh)	130
Alcohol beer & cider	81	Facial tissues	153	Razor blades	160
Alcohol spirits	82	Fish (fresh)	130	Ready meals, ambient	168
Alcohol wine	83	Free-from	127	Ready meals, chilled	168
Babyfood	84	Frozen desserts	132	Ready meals, frozen	168
Baby juice and milk	85	Frozen fish	134	Rice	171
Bagged snacks	86	Frozen pies/quiches	134	Rolling tobacco	195
Batteries	89	Frozen pizza	132	RTDs	82
Biscuits (sweet)	91	Frozen potatoes	134	Savoury biscuits	179
Biscuits (savoury)	92	Frozen ready meals	168	Savoury pastries	179
Bread	94	Fruit & veg	129	Sex devices	165
Butter	114	Gum	110	Sex lubes/condoms	165
Cakes	96	Hairstyling	158	Shampoo	158
Canned beans	99	Hot beverages	137	Shower products	156
Canned fish	99	Hot chocolate	138	Soap (bar)	156
Canned fruit	99	Ice cream, handheld	144	Soap (liquid)	156
Canned meat	100	Ice cream, tub	144	Soups, ambient	188
Canned pasta	100	Indigestion remedies	164	Soups, fresh	188
Canned veg	100	Instant coffee	137	Sparkling wine	83
Carbonates	184	Jams/marm/spreads	146	Spirits	82
Cereal bars	92	Juice drinks/smoothies	186	Sports & energy drinks	184
Cereals	103	Kitchen towels	153	Sports nutrition	191
Champagne	83	Lager	81	Spreads (BSM)	114
Cheese	117	Laundry detergents	148	Squashes & cordials	183
Chocolate	105	Men's skincare	160	Sugar confectionery	109
Choc & malted drinks	138	Men's shaving preps	160	Surface care	142
Cigarettes	195	Meat (fresh)	130	Table sauces	176
Coffee	137	Meat snacks	180	Tea	138
Condiments	176	Milk	121	Tobacco	195
Conditioners (hair)	158	Milk, flavoured	121	Toilet cleaner	142
Confectionery (sugar)	109	Mouthwash	163	Toilet tissue	153
Cooking sauces	174	Nappies	153	Toothbrushes	163
Cosmetics	113	Noodles	172	Toothpaste	163
Dairy drinks	121	NRT	197	Vegetables	129
Deodorants	156	Oils	151	Water, bottled	183
Dishwash	142	Over the counter	164	Wine (still)	83
E-cigarettes	197	Pasta	171	Yoghurt drinks	121
Fabric conditioners	148	Petcare	166	Yogs & desserts	125

“We do see shoppers continuing to economise, but not compromise; they still want good quality and still expect good value”

of its own label share by introducing new products, particularly in the quality segment of its price quality framework. Coupe says that by the year end Sainsbury's will have nearly doubled the number of 'Best' tier products it carries since the start of 2017.

It is also developing products in brand new categories such as chilled free-from, while other on-trend segments including dairy alternatives and 'slow cooked' have been the subject of significant range extensions.

Retail exclusives

In categories where own-label share is relatively low, Sainsbury's is using owned brands rather than own brands – such as My Hair Matters in health and beauty – to grow its sales, and is also introducing more exclusive branded products both with smaller suppliers like chocolatier Godiva and much bigger suppliers such as PepsiCo, whose Off the Eaten Path snacks brand is exclusive to Sainsbury's.

Retailers will be hoping such strategies can insulate them from future price volatility in a market whose future is extremely difficult to predict.

Those of a bearish disposition have no shortage of evidence to fuel their pessimism. A recent Rabobank report warned that British shoppers and farmers are facing a “year of anxiety”, as Brexit and the return of the La Niña weather phenomenon threaten to push up prices of key commodities like sugar, cocoa, coffee and wheat.

Rabobank states that “the current high-inflation environment in the UK makes it disproportionately exposed to any significant movement in food prices, while the uncertainty over trade deals when Britain leaves the EU exacerbates the situation further”.

Industry insiders, however, appear more confident that the worst inflation has now passed through the system. Morrisons CEO David Potts said during its September results announcement that he expects to start seeing some of the inbound inflation start to unwind by the end of the calendar year, leading to lower inflation in 2018. “We should start to see it taper down,” he promised.

Watkins, too, believes we have seen “peak inflation” both within the economy at large and within consumer packaged goods. “Looking into next year we're looking at a stable, although low growth environment. We do see shoppers continuing to economise but not compromise. They still want good quality food and drink and they still expect good value for money.”

Businesses that deliver against these expectations will be the ones flying high in 2018.

METHODOLOGY

● The Grocer's Top Products Survey is sourced using data from Nielsen's Scantrack service, which monitors weekly sales data from a nationwide network of EPoS checkout scanners and represents sales in grocery multiples, co-ops, multiple off-licences, independents, forecourts, convenience multiples and symbols, online grocery retailers and online fulfilment stores ('dark stores'). Personal Care, OTC and baby products also include Chemists.

TABLE NOTES

● All data is for 52 weeks to 9 September 2017, apart from the retailer share and growth figures on pages 68 and 69. This is from Nielsen Total Till and represents the 52 weeks to 2 December 2017. The 10 sharpest price rises and falls on pages 74 and 76 reflect average price only, calculated by dividing value sales by volume.

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alcohol: beer & cider



Cheers, Bud: ABI soars in lager boom

Daniel Wolfson

Get stuffed, hipsters! As their thirst for craft ale grows, the rest of the UK is splashing out on lager. Not so much artisan PILS made in small batches and put in even smaller cans but fizzy, yellow, mainstream lager.

Budweiser is 2017's fastest-growing food or drink brand, up £49m. Lager's £108.9m gain is the year's third biggest, driven chiefly by global behemoths such as Bud owner AB InBev. The world's biggest brewer now makes more than a third of all lager sold in UK grocers, delivering £99m of lager's growth.

The caveat is that Brits are drinking less beer, but they're spending (5.2%) more on it. Of course, brewers are not immune to the cost pressures all food & drink manufacturers are facing, but there are factors at play other than inflation simply being passed on.

Such as changing shopper behaviour, says ABI head of trade marketing Sharon Palmer. "The decline of the big weekly shop has had an effect on beer and cider. Consumers are opting for smaller packs and singles, and trying new products in smaller quantities."

So mid-tier multipack brands are suffering. Carlsberg has lost £16.8m. Foster's is down £36.3m, grocery's second greatest loss this year, as 'world' lagers sold chiefly in singles and smaller packs such as Corona (up £21.5m) and Birra Moretti (up £6.7m) win shelf space.

TOP5 Lager				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.6%				TOTAL CATEGORY	3,224.1	108.9	3.5
				TOTAL OWN LABEL	54.2	1.2	2.3
1	1	Stella Artois	AB InBev	495.8	13.3	2.8	
2	3	Budweiser	AB InBev	380.0	49.2	14.9	
3	2	Foster's	Heineken UK	366.8	-36.3	-9.0	
4	4	Carling	Molson Coors (UK)	318.3	10.3	3.3	
5	8	Corona	AB InBev	132.6	21.5	19.3	

TOP5 Ale & Stout				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.5%				TOTAL CATEGORY	717.8	40.6	6.0
				TOTAL OWN LABEL	18.9	-0.3	-1.5
1	1	Guinness Draught	Diageo	70.8	1.0	1.4	
2	2	John Smith's Extra Smooth	Heineken UK	63.8	-5.4	-7.8	
3	5	Old Speckled Hen	Greene King	48.1	1.3	2.8	
4	4	BrewDog Punk IPA	BrewDog	31.0	15.7	102.4	
5	3	Hobgoblin	Marston's	22.7	0.7	3.3	

TOP5 Cider & perry				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.8%				TOTAL CATEGORY	1,061.8	30.6	3.0
				TOTAL OWN LABEL	48.9	2.2	4.7
1	1	Strongbow Original	Heineken UK	173.4	-13.7	-7.3	
2	2	Strongbow Dark Fruit	Heineken UK	94.4	16.6	21.4	
3	3	Kopparberg Mixed Fruit	Cider of Sweden	64.3	7.2	12.7	
4	4	Kopparberg Straw & Lime	Cider of Sweden	57.3	7.9	15.9	
5	5	Magners Original	C&C Group	49.4	2.5	5.3	

No wonder Carlsberg is trumpeting its Danish roots in ads. "We did a cracking job with Export - we'll be doing the same with Carlsberg, showing off the authenticity and provenance," says UK CEO Julian Momen.

It makes sense. "World beer has a 45% premium. As it grows, it's pulling overall prices up," says Nielsen client business partner Helen Stares. "Retailers are pulling out mainstream SKUs and adding more craft beers."

That's not all. In cider, Kopparberg and Rekorderlig have made big gains as Bulmers and Stella Cidre have lost space. Indie BrewDog's Punk, Dead Pony Club and Elvis Juice are ale's three top growers, up £24.4m. That contrasts starkly with lager, where ABI's Bud, Corona and Bud Light are top growers.

Still, BrewDog's Kingpin lager has already hit sales of £1m following launch in 2016. The indies might yet have their day in lager. ●



TOP LAUNCH 2017

Bud Light AB InBev

This is the ultimate anti craft beer. Even its ads (for a 'lighthearted beer for a try hard world') seem to poke fun at craft beer-swilling hipsters. Packaged in 440ml cans (rather than the de rigueur 330ml) and selling at a price just below the market average, 3.4% abv Bud Light has filled some of the space vacated by Foster's and Carlsberg in range rationalisations. So far it's racked up £21m, making it lager's third-fastest grower this year.

alcohol: spirits & RTDs



Spirits surge by £150m as prices rise

Daniel Woolfson

Brits are glugging the hard stuff like never before, having knocked back an extra four million litres of supermarket-bought spirits in the past year. In fact, spirits' £152.3m growth is the greatest gain of any booze sector.

Average prices are up 1.9%, driven by a combination of premiumisation and duty. "The duty increase is driving most value growth," says Nielsen client business partner Helen Stares. "But it's also because more shoppers are moving towards premium products, which tend to have a higher abv, so in turn command higher rates of duty."

And so deals are changing. Litre deals are still crucial for mainstream brands, but the £15 price point is becoming harder to maintain. Tesco is now selling litre bottles of Grouse, Gordon's (the two fastest growers of the year), Smirnoff and others for £16. Nielsen also notes growing use of deals on the standard 70cl format, particularly for more premium brands such as Jack Daniel's and Bombay Sapphire. Both are now on deal at Tesco for £15/70cl and so are yielding £5.43/litre more than Grouse or Gordon's.

Breaking the reliance on litre deals, particularly in the build-up to Christmas, will help drive future value growth, says Pernod Ricard commercial director Chris Ellis. "If you go to a store you might be hit by a gondola

TOP 10 Spirits				SALES			
				£m	change (£m)	change (%)	
Total volume change: 1.9%				TOTAL CATEGORY	4,112.7	152.3	3.8
				TOTAL OWN LABEL	578.8	12.9	2.3
1	1	Smirnoff Red Label	Diageo	433.0	0.1	0.0	
2	2	The Famous Grouse	Maxxium	209.0	24.8	13.5	
3	4	Gordon's	Diageo	182.5	18.4	11.2	
4	6	Jack Daniels whiskey	BBFB	158.2	1.2	0.8	
5	5	Glen's	Loch Lomond Group	145.0	-16.1	-10.0	
6	3	Bell's Original	Diageo	144.7	-22.6	-13.5	
7	7	Russian Standard	William Grant & Sons	132.3	10.0	8.2	
8	8	Bacardi Carta Blanca	BBFB	101.6	-4.6	-4.3	
9	9	Baileys Original	Diageo	98.9	2.8	2.9	
10	11	Captain Morgan Spiced	Diageo	88.1	8.0	10.0	

TOP 5 RTDs				SALES			
				£m	change (£m)	change (%)	
Total volume change: 2.7%				TOTAL CATEGORY	238.5	10.5	4.6
				TOTAL OWN LABEL	30.0	4.3	16.9
1	1	WKD	Beverage Brands	38.1	-2.9	-7.0	
2	2	Jack Daniel's & Cola	BBFB	21.1	2.0	10.3	
3	4	Gordon's G&T	Diageo	16.6	2.8	20.6	
4	3	Smirnoff Ice	Diageo	16.2	0.1	0.9	
5	6	Gordon's Diet G&T	Diageo	13.4	3.1	30.8	

end of litre deals on standard spirits, walk down the power aisle and be hit by another one," he says. "You might have come for premium or cocktail ingredients, but you end up not making it to the spirits aisle. It's having an impact on consumers' ability to trade up."

Still, many are trading up. All of the big four have upped their craft (particularly gin) ranges. Hendrick's and Kraken have jumped by a third; Grey Goose is up by a fifth. In spite of falling prices in the mainstream (Grouse's success is partly down to it undercutting Bell's by 60p/litre), standard brands are still contributing to this pattern with pricier spin-offs. See Grouse Mellow Gold's 63% growth or Gordon's new pink gin (below) for proof.

Prices are also up in RTDs as market-leading alcopop WKD flounders and pricier premixes grow. Gordon's G&Ts are up £5.9m combined; Jack Daniel's & Cola has added £2m. Such products typically carry a 50% premium over alcopops such as WKD or Hooch. Format is significant, with all of the three top 10 RTDs in decline relying mostly on bottles rather than the trendier can. "Cans are now established as a premium format," says Diageo off-trade sales director Guy Dodwell.

As they're easier to cool, carry and dispose of, cans have practical benefits, too. "C-stores are disproportionately important to the way RTDs are consumed – ordinarily soon after purchase," says Stares. WKD, take note. ●

TOP LAUNCH 2017

Gordon's Pink Gin Diageo

Who said pink was just for girls? Gordon's Pink launched late in the year to a palpable explosion of enthusiasm, and has already amassed over £3m in value sales largely from limited distribution. Now it's moving into a wider range of stores, with listings in Sainsbury's, Morrisons and Tesco. Diageo is hardly the first to spot the potential in pink – premium brands like Pinkster have been in growth since the gin boom began – but it's the first to do it at an accessible price point.



alcohol: wine



Plummeting pound hurts cheap plonk

Daniel Woolfson

Brands be warned, supermarket slosh is on the rise. Retailers have sold an extra 13.9 million litres of own-label wine this year as branded volumes sank by 22.7 million (4.1%). Own-label value is up by £130.8m (11.2%). That's the greatest own-label gain of the year.

But cheap plonk this isn't. "Change in product mix is driving value growth," says Kevin Chinn, marketing director at Yellow Tail owner Casella Family Brands. "It's true that we (brands) have seen slight price increases coming through, but the main drivers of premiumisation have been the retailers."

Cheaper brands were hit hard. "Brands in the £4 to £4.50/bottle bracket have gone from profit to loss as the pound's weakened," says one source. "They tried to raise prices and lost space as a result. Wine is an agricultural product determined by macro economics. It has very little to do with consumer trends."

In other words, brands like Hardy's (down £36.5m; grocery's greatest loss) have lost space not because drinkers are more discerning, but because it's become unprofitable to sell them at the price shoppers are accustomed to paying. Own label is filling that gap.

"There are instances where there's a benefit to own label in terms of margin, but the benefit also gets passed on to the consumer," says Paul Schaafsma, CEO of Broadland Wineries.

TOP5 Still wine

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.2%				TOTAL CATEGORY	5,344.2	88.0	1.7
				TOTAL OWN LABEL	1,303.9	130.8	11.2
1	1	Hardys	Accolade Wines	277.5	-36.5	-11.6	
2	3	Echo Falls	Accolade Wines	170.1	-16.3	-8.8	
3	2	Blossom Hill	Treasury Wine Estates	158.4	-28.3	-15.1	
4	5	McGuigan	Australian Vintage	137.5	17.5	14.6	
5	6	Barefoot	E&J Gallo	133.9	28.5	27.1	

TOP5 Sparkling wine

				SALES			
				£m	change (£m)	change (%)	
Total volume change: 9.7%				TOTAL CATEGORY	832.2	80.3	10.7
				TOTAL OWN LABEL	246.6	24.4	11.0
1	1	Plaza Centro	Cantine Maschio	85.0	21.6	34.1	
2	2	Canti	Fratelli Martini Sec	36.6	7.3	25.0	
3	3	Freixenet	Freixenet	29.3	0.3	0.9	
4	4	Valdo	Valdo	25.7	-1.6	-5.7	
5	7	San Leo	Casa Vinicola	21.3	2.6	13.8	

TOP5 Champagne

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -12.3%				TOTAL CATEGORY	309.5	-24.8	-7.4
				TOTAL OWN LABEL	30.0	-14.4	-32.4
1	1	Moët & Chandon	MHUK	44.7	-0.2	-0.5	
2	2	Lanson	Lanson UK	32.9	-0.7	-2.2	
3	3	Veuve Clicquot	MHUK	29.0	-1.0	-3.4	
4	4	Bollinger	Mentzenдорff	16.8	-1.8	-9.6	
5	5	Laurent-Perrier	Laurent-Perrier	15.6	0.5	3.4	

"But brands have a part to play. They just need to justify their reason for being there."

That takes marketing and NPD. McGuigan (up 14.6%) has launched two malbecs while continuing its tie-up with TV chef John Torode, for example. Pricier brands Barefoot (up 27.1%), Yellow Tail (up 10.7%) and Campo Viejo (up 9.8%) have used similar tactics. Higher price means they're better positioned to absorb the impact of currency changes too.

Some now want to challenge own label in sparkling wine, up 50.2% since 2012 thanks chiefly to retail exclusives such as Tesco's Plaza Centro. Freixenet and Martini have launched proseccos and Pernod Ricard wants to grow Campo Viejo Cava, claiming there's a "huge opportunity" to drive sector value.

Particularly given that champers volumes have plunged by 1.6 million litres this past year. A chance for pricier (or English) fizz? ●



TOP LAUNCH 2017

The Banished Treasury Wine Estates

Wine brands aren't typically known for their edginess. But the latest addition to Treasury's fledgling 19 Crimes brand, whose concept centres on 'rogues' exiled to Australia, isn't pitched at the average mass market vinophile. Instead, Treasury is targeting millennial blokes, a relatively neglected demographic. No vintage or grape varietals adorn the bottle: it's simple, appropriately sinister and stands out on shelf. The Banished is a great example of a large supplier thinking outside the box.

baby & infant products



Babycare hit by big Brexit price spikes

James Halliwell

It's going to take more than the 0.2% dip in the birth rate [OFT] to explain this one away: volumes are falling in three of the four key baby & infant sectors in the supers. Why?

You can blame Brexit, for some of it at any rate. "Foreign exchange rates have impacted many consumer goods categories in recent months, including babyfeeding," says Roz Davies, head of category development at baby formula market leader Danone.

Baby formula volumes have crashed 9.3% in the wake of hefty price rises. And, as in many other sectors such as nappies (see p153), rising prices in the mainstream mults are driving more and more shoppers to the discounters and online in search of a bargain.

That's not all. The private export market to China – created by the 2015 relaxation of the state's one-child policy and safety fears sparked by the 2008 melamine contamination scandal – has collapsed after the Chinese authorities introduced new rules restricting individuals from bringing British-bought formula into the country in their luggage.

"The total babyfeeding market is in slight value decline and more significant volume decline, driven by milks, due to a slowdown of sales to China and higher retail prices, resulting in consumers exiting the market early," says Hipp Organic MD John Allaway.

TOP 10 Babyfood				SALES			
				£m	change (£m)	change (%)	
Total volume change: -5.1%				TOTAL CATEGORY	180.8	0.4	0.2
				TOTAL OWN LABEL	4.7	2.2	87.9
1	1	Ella's Kitchen	Hain Celestial	64.9	6.7	11.4	
2	2	Cow & Gate	Danone	41.4	-1.8	-4.2	
3	3	Hipp Organic	Hipp	26.3	-11.2	-29.8	
4	4	Heinz	Kraft Heinz Co	25.7	3.2	14.3	
5	5	Aptamil	Danone	5.5	0.1	1.0	
6	6	Organix	Organix Brands	4.4	0.4	9.8	
7	7	Farley's	Kraft Heinz Co	2.1	-1.2	-36.6	
8	8	Nestlé	Nestlé	1.2	0.2	22.0	
9	10	Piccolo	Piccolo	1.0	0.8	412.5	
10	9	For Aisha	Cooking For Aisha	0.9	0.4	89.7	

TOP 5 Baby Snacks				SALES			
				£m	change (£m)	change (%)	
Total volume change: 4.0%				TOTAL CATEGORY	73.4	9.3	14.5
				TOTAL OWN LABEL	2.2	-0.2	-9.1
1	1	Organix	Organix Brands	37.3	1.8	4.9	
2	2	Kiddylicious	The Kids Food Co	12.6	5.5	77.1	
3	5	Bear	Urban Fresh Foods	4.7	0.8	19.9	
4	4	Heinz	Kraft Heinz Co	4.5	0.2	4.3	
5	3	Farley's	Kraft Heinz Co	4.0	-0.5	-10.7	

Indeed, the average price of infant milk formula is up 6.4% on last year's, the sixth greatest price rise in this year's report. All the big players have seen volumes slump, while value sales have held up as a result of higher prices. Combined sales of Hipp's milk products are up 1.8% while volumes are down by

more than a fifth; Aptamil is down 0.9% by value and 7% by volume; Cow & Gate has lost 9.7% of its value and 11.9% of volume.

Another factor pushing babymilk prices up is the growth of RTDs. Hipp, for example, has launched RTD versions of its milk products in 250ml formats. Danone reports solid growth for its RTDs, too. Davies adds: "They've been the big winner as they offer a convenient, quick and no-preparation option to parents."

Demand for convenient options also explains why baby snacks have defied the decline of the wider category. "Baby-led weaning, a desire for convenient 'healthier than' treats, and new innovative products focused on taste are driving the growth," says

“The volume decline is driven by a slowdown in sales to China and higher prices”



TOP LAUNCH 2017

Cold-pressed pouches SAvsé

Yes, cold-pressed food and drink is trendy, but it also has numerous benefits. Using high-pressure processing instead of pasteurisation eliminates bacteria without diminishing nutritional benefits or taste. This will resonate with new parents looking to feed their babies decent food, which is why SAvsé launched Europe's first cold-pressed babyfood in chilled 100g pouches in May. Cold-pressed babyfood is already huge in the US. We reckon it will be soon here, too.



Sally Preston, founder of Kiddylicious, which has seen sales surge 77.1% to £12.6m.

The biggest snacking brand is Organix. Even with the growth shown by Kiddylicious, it is still three times the size of its closest rival. "The three drivers behind the double-digit growth of snack foods are increased time out of home, more snacking occasions and their health benefits," says MD Philipp von Jagow.

That more parents are buying such products on impulse (see number three snack player Bear's growing presence at c-store till points) helps explain why baby snacks have seen the greatest average price rise of the year, of 10%. But that's not the whole story.

"The category is sensitive to promotional activity and retailer strategies have led to changes, notably the reduction or removal of multibuy activity," says Preston. "There has been some currency impact to manufacturers and some rsps have moved. But this is exceptional. In most cases, brands have absorbed the effects of cost inflation and Brexit."

Allway points to a 19% cut in promotions on wet and dry food as a key culprit for the falling volumes in the sector, although that will only go some way to explain why his brand has lost 29.8% of its value on volumes down 39.6%. Hipp has also lost significant shelf space as retailers have delisted many traditional jarred SKUs in favour of pouches (a trend that has benefited market leader Ella's Kitchen). Own label is also stealing share, up 87.9%, albeit from a small base.

Success in 2018 will partly rest on allaying growing health concerns. See the terminal decline of baby juices due to fears over sugar levels for proof of how a market can be hit by changing ideas of health. Danone says it's "proud of our decision to have exited this category" and supermarkets have abandoned own-label juices for babies.

Heinz juice sales are £3.3m, less than half the £7.2m of five years ago. Heinz isn't keen to talk about juice, but it is seeing growth in babyfood, with sales up 14.3%. "We've developed a number of innovative products," says Francesca Mattiussi, Kraft Heinz marketing manager for infant. "This included teaming up with Minions to release a range of 100% fruit and vitamin C fruit pouches with absolutely nothing else added."

The supers' baby & infant care teams face further challenges, says Allway: "Given the growing availability of branded milk packs in the discounters we expect to see a more significant shift in total category sales away from mainstream retail into early 2018." ●

TOP5 Babymilk				SALES			
				£m	change (£m)	change (%)	
Total volume change: -9.6%				TOTAL CATEGORY	404.5	-16.1	-3.8
				TOTAL OWN LABEL	-	-	-
1	1	Aptamil First Infant Milk	Danone	95.2	6.4	7.2	
2	2	Aptamil Growing Up Milk	Danone	52.3	-7.3	-12.2	
3	3	Aptamil Follow On Milk	Danone	46.9	0.5	1.1	
4	4	Cow & Gate First Infant	Danone	46.8	1.8	4.1	
5	7	SMA Pro First Infant Milk	SMA Nutrition	26.4	0.5	1.9	

TOP5 Baby juice				SALES			
				£m	change (£m)	change (%)	
Total volume change: -22.3%				TOTAL CATEGORY	3.7	-1.1	-22.1
				TOTAL OWN LABEL	-	-	-
1	1	Heinz	Kraft Heinz Co	3.3	-0.8	-20.2	
2	2	Hipp Organic	Hipp	0.3	0.0	-7.1	
3	3	Peter Rabbit	Buxton	0.1	-0.1	-55.6	
4	5	Bobo Frut	Nestlé	0.1	0.0	19.0	
5	7	BoboVita	Danone	0.0	0.0	-93.1	



Hell hath no fury like a woman scorned.... or should that be a breast-feeding mum scorned? One ad for the new Dove Bay range this summer read: 75% say breastfeeding in public is fine; 25% say put them away - what's your way? A Twitter storm ensued, with some taking this to mean that Unilever supports (or is at least ambivalent to) people confronting mothers who breastfeed in public. The ads were later axed. Still, the new range has already hit £2m.

bagged snacks



Pringles miss out on £66m snacks surge

Daniel Selwood

It's good to share. The bagged snacks category has added an extra £66.6m as Brits get stuck into larger packs of crisps and popcorn with friends and family. That's a 2.4% rise on volumes up 1%, driven, at least in part, by the 'big night in'.

Somebody's not been invited. Pringles has lost £29.1m as extensions (most notably 2015 launch Tortillas) have been axed. Its 14.6% decline is the fifth-greatest loss in this report and halts five consecutive years' growth following Kellogg's acquisition of the brand in 2012. This year's loss has wiped out more than half of Pringle's overall value gain since 2011, when it was still under P&G's stewardship.

Yet marketing director Clare Furlonger is upbeat about the coming year. "We're in a great position as we embark on one of our busiest periods: Christmas," she says. "We have strong plans, from limited-edition festive packaging and seasonal flavours to exciting TV and social activity. As we move into 2018, we're keen to drive desire at key social snacking occasions, such as the World Cup 2018. Plus, our first marketing campaign for our new 40g can will go live."

The World Cup is indeed a key opportunity for snacks. In 2014 Pringles grew by £15.5m (the greatest gain in snacks that year), partly as a result of in store activity and deals aimed

TOP 25 Bagged snacks				SALES			
				£m	change (£m)	change (%)	
Total volume change: 1.0%				TOTAL CATEGORY	2,827.2	66.6	2.4
				TOTAL OWN LABEL	559.2	34.5	6.6
1	1	Walkers Crisps	PepsiCo	442.1	5.1	1.2	
2	2	Pringles	Kellogg's	170.7	-29.1	-14.6	
3	3	Doritos	PepsiCo	159.5	1.7	1.1	
4	4	McCoy's	KP Snacks	117.8	14.9	14.5	
5	6	Hula Hoops	KP Snacks	98.2	11.2	12.9	
6	5	Kettle Chips	Snyder's-Lance	97.2	-1.1	-1.1	
7	7	Sensations	PepsiCo	96.0	10.8	12.7	
8	8	Quavers	PepsiCo	76.5	-4.1	-5.0	
9	11	Jacobs Mini Cheddars	Pladis Uk	56.4	1.8	3.4	
10	9	KP	KP Snacks	55.9	-2.7	-4.6	
11	10	Wotsits	PepsiCo	53.1	-2.3	-4.1	
12	12	Monster Munch	PepsiCo	47.0	-0.6	-1.3	
13	14	Sunbites	PepsiCo	44.0	5.4	14.0	
14	17	Smiths	PepsiCo	39.5	3.7	10.5	
15	15	Squares	PepsiCo	35.8	3.0	9.0	
16	NEW	Walkers Oven Baked	PepsiCo	35.7	6.8	23.3	
17	13	Tyrrells crisps	Amplify Snack Brands	35.5	-10.4	-22.7	
18	16	Butterkist	KP Snacks	32.2	-0.1	-0.3	
19	23	Walkers Max	PepsiCo	31.3	16.3	108.2	
20	21	Pom-Bear	KP Snacks	28.8	1.1	4.0	
21	18	French Fries	PepsiCo	28.1	-2.0	-6.7	
22	20	Seabrook Crisps	Seabrook	28.0	-1.6	-5.4	
23	22	Skips	KP Snacks	19.8	1.7	9.6	
24	31	Popchips	Popchips	18.9	6.8	56.4	
25	26	Space Raiders	KP Snacks	15.2	-0.3	-1.8	

at fans looking for something to nibble on during the matches. After all, nights in don't get much bigger than when your national team is playing a World Cup match.

Big nights in require bigger packs, of course. "It's a growing consumption occasion in which consumers are looking to spend on sharing treats and snacks to entertain family and friends at home, with 48% reporting that the size of packs plays a key role in buying decisions" says Matt Mill, head of snacking at Kraft Heinz, owner of the Planters nuts brand.

"This had a positive impact on the performance of the snacking category, with most grocery and convenience stores now dedicating a permanent fixture that caters to this increasing demand for sharing bags."

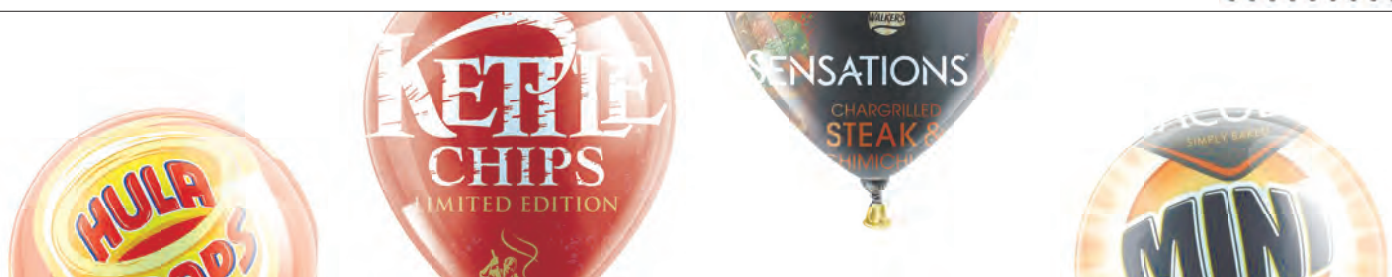
Austerity has also played its part in driving sharing occasions, believes Tony Goodman, CEO of Ten Acre owner Yumsh Snacks. "Consumers are tightening their belts, and this has led to an opportunity for the snacking sector to grow," he says. "Snacks are perfect to accompany a big night in."



TOP LAUNCH 2017

Off The Eaten Path PepsiCo

This four-strong range of veggie crisps arrived in June from the US, marking the latest step in PepsiCo's 11-year-long drive to make its products more palatable for health-conscious consumers. Made with ingredients including white beans and green peas, the crisps are positioned as 'wholesome' and 'guilt-free'. They were, arguably, the most significant move by a major snacks supplier in 2017 to retain relevance in a category facing continuous pressure for healthier options.



Dafna Bonas agrees. The founder of startup Indie Bay Snacks, which rolled out its healthier pretzel bites in the autumn, says money-saving shoppers have swapped trips to the cinema for evenings in front of Netflix. “Streaming services have created a fantastic snacking occasion that we are capitalising on,” she says. “Audiences are still looking to replicate that classic cinema experience and are turning to healthier snacks.”

But, hey, size isn't everything. There are, of course, a number of factors driving growth of the bagged snacks category, claims Andrew Allen, CMO and co-founder of The Snaffling Pig Co. “Big night in is certainly one, but there are other areas too, whether that be consumers looking for a dietary-based reason such as protein or the occasional on-the-go treat.”

Food to go is “a massive opportunity” for snack brands, says KP Snacks sales director Andy Riddle. “Research suggests that meal

“This has been the year own label made a big splash in the premium sector”

deals can also unlock further sales potential for the food to go occasion, with half of shoppers prepared to spend £3.50 or more at a time. When buying crisps, snacks and nuts in the meal deal, 82% of shoppers cite ‘brand’ as their top consideration of purchase.”

The ongoing health agenda has certainly benefitted popcorn in recent years, says Matthew Smith, group marketing director for Tayto Group, the parent company of the Portlebay brand. “Popcorn is seen as a healthier and hearty alternative snack even

beyond the health sector with convenience stores, supermarkets, cafés and restaurants all offering popcorn as an accompaniment to a main meal or lunchtime snack.”

That said, three of the four popcorn brands in Nielsen's top 50 bagged snacks (Butterkist, Metcalfe's Skinny and Tyrrells Poshcorn) are in value and volume decline, with only Propercorn in growth (of 6.8%). Riddle at KP, which completed its acquisition of Butterkist in the summer, says multipacks are of growing importance despite the rise in sharing and on the go. “Multipacks have overtaken single-serve to become the second-biggest format in the popcorn category. Multipack popcorn is in growth of 9.8%, with a 22.1% share of total market.”

The difficulties of some popcorn brands can be partly explained by the growing number of health-orientated alternatives on the market. “Health-conscious shoppers continue to look for healthier snacking options, and this trend continues to grow, with the better-for-you (BFY) segment in 10.5% growth,” says Sharon Barraclough, marketing director at PepsiCo, owner of Walkers.

“Walkers has a diverse snacking portfolio that offers genuine choice and continues to bring new, healthier options to the market such as Sunbites nuts. These healthier snacking options have seen strong growth, showing that shoppers are increasingly looking for better-for-you products.”

The August addition of a nut mix to the thriving Sunbites portfolio (up 14%) was just one snacking NPD in 2017 from PepsiCo, which introduced the UK to 10 new lines including US veg crisp brand Off The Eaten Path (Top Launch). Combined sales of Walkers' nine biggest products are ship shape, up 5.9% on volumes up 4.4%. Ridged variant Max and Stax (packaged in tubes and a clear rival to Pringles) have contributed £25m to the portfolio's £31.8m growth.

The other big contributor to category growth has been own label, up 6.6% on volumes up 5.9%. “This year has been the year private label made its big splash in the premium sector,” says Adam Draper, marketing director at Amplify Snack Brands Europe, owner of Tyrrells (down 22.7% on volumes down 20.3%). “Redesigns and reformulations have gone some way to drive this, but the deflationary strategy was the pivotal force.”

In other words, consumers are trading down to offset inflation. With prices still rising, brands will need to innovate hard to counter this trend in 2018.



Considering all the hoopla about health and fitness right now, it might come as a surprise that sales of bagged snacks are holding up. In March, we teamed up with Harris Interactive to poll consumers about their attitudes to snacking. Our research revealed that 41% of Brits are thinking more about healthier snacking choices and 38% often feel guilty after snacking. More than half say they often snack out of boredom.

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batteries



Battery sales surge as kit goes hi-tech

Emily Bright

Grocery battery sales have been electrified this past year thanks to the growth in specialist hi-tech electronics. Sales are up £4.4m (2.0%) on volumes up 0.4%, with price rises driven by smaller batteries' growth.

"The miniaturisation of devices has driven demand for smaller batteries, such as Lithium Coins and Alkaline button batteries, which are growing at an accelerated rate of 8%," says Christina Turner, associate marketing director at market leader Duracell, which is up 1.2% to £121.2m on volumes down 1.3%.

Growing use of a wide range of hi-tech devices, from fitness trackers through to healthcare equipment such as blood glucose monitors and hearing aids for our ageing population, has driven 9% growth in specialist batteries, according to Nielsen.

Number two brand Energizer has been the biggest beneficiary of this trend, growing 8.8% on volumes up 8.7% as it has won larger share of fixture. Energizer Eco Advanced, with its 4x longer life and composition of 4% recyclable batteries, has been a key driver, says marketing director Todd Berault.

"The devices people are using are becoming more sophisticated in terms of the use and therefore they are higher drain and so require higher performance batteries," explains Berault.

TOP 15 Batteries

			SALES			
			£m	change (£m)	change (%)	
Total volume change: 0.4%			TOTAL CATEGORY	229.1	4.4	2.0
			TOTAL OWN LABEL	34.8	-0.2	-0.5
1	1	Duracell	Duracell	121.2	1.2	1.0
2	2	Energizer	Energizer	56.0	4.5	8.8
3	3	Panasonic	Panasonic	10.2	-0.5	-5.0
4	4	Eveready	Energizer	1.6	-0.1	-6.7
5	5	JCB	Supreme Imports	1.1	-0.1	-6.8
6	6	Kodak	Kodak	1.0	0.0	-1.0
7	9	Excelltec	Overseas Trading	0.6	0.1	23.1
8	7	Powercell	Orion	0.5	-0.2	-27.3
9	8	GP	Ansmann	0.5	0.0	-7.6
10	10	Supacell	Multibrands Intl	0.3	-0.1	-32.8
11	11	Keep It Handy	Overseas Trading	0.3	0.0	-13.2
12	13	Sony	Sony	0.2	0.0	7.6
13	12	Varta	Spectrum Brands	0.2	0.0	-11.3
14	17	Maxell	Maxell	0.1	0.0	36.3
15	16	Daewoo	Daewoo Electronics	0.1	0.0	15.9

Of course, no one wants a device on which your health relies to go flat unexpectedly, so shoppers are increasingly prepared to spend more for a trusted brand. See the decline of own label for proof. "We think that's the distinction between own label and brands: consumers have a belief that the brand is going to provide higher quality, and be longer lasting," adds Berault.

So the big brands are looking to premiumise their offerings, advertising a longer battery life or eco-friendly credentials on their packaging. Brands are also shifting to bigger pack sizes to cater for energy hungry devices.

"Market data indicates that the eight-pack of AA or AAA batteries is becoming the new standard pack size-especially in the important pre-Christmas period," says Varta UK & Ireland trade marketing manager Natalie Carney, who adds that packs of 24 are also performing particularly strongly in DIY and high street stores.

That said (and in spite of Poundland reporting strong growth for its button cell batteries), Nielsen notes that the mainstream grocers are outperforming the discount channels.

"Discounters haven't disrupted the battery category," says Nielsen senior client manager Lena Kahn. "It seems consumers are purchasing batteries in the grocery multiples as opposed to impulse channels or discounters as seen with a total impulse 3.2% value decline as well as Aldi's 6.6% decline."

Many say growing demand for more environmentally friendly products will favour rechargeable batteries. "Rechargeables still have plenty of room for growth, as consumers gain more awareness of their environmental benefits and the value for money that they offer," says Panasonic UK & Ireland sales manager Tim Clark, whose rechargeables can be recharged up to 1,600 times.

One thing's for sure, with Panasonic down 5%, the brand could do with a boost. ●



TOP LAUNCH 2017

My Powerbank Varta

Varta is fuelling creativity with its new battery charger, aimed at younger users of tablets and mobile phones. Users can personalise the white surface with a permanent marker and three stencils, including a unicorn, mandala, hearts and letters. Its two high-speed charging USB cable ports can refuel one tablet or two smartphones, with a 50cm microcable cord included. With a weight of 179g and its relatively small size, it's pretty portable, too.



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* Source: Nielsen MAT 09/09/2017 based on value sales growth

biscuits



Brexit takes the biscuit as packs shrink

Matt Strudwick

Talk about taking the biscuit! As the pound's value continues to fall following the Brexit vote, packets of biscuits are shrinking.

This summer, Pladis cut the number of McVitie's Jaffa Cakes in a standard pack from 12 to 10 (double packs went from 24 to 20). Rspcs were also lowered, but the fall in size still yielded a more than 3% rise in price per cake. It's not just Pladis, of course. "We've also had to make some changes to our pack formats," Premier Foods' sweet treats brand director Jo Agnew told The Grocer in October.

The rising cost of key commodities (for example, butter, up 73% year on year at wholesale in September) combined with the impact of currency exchange rates is also making things difficult for Oreo and BelVita owner Mondelez, says marketing director for biscuits Alessandro Ursino.

"We carry these costs within our business for as long as possible to keep our brands as affordable as possible, but sometimes unfortunately it does mean we have to make changes," says Ursino. "This is not unique to our business or our brands. It's something that happens across the industry."

All this has contributed to a 1% rise in price per kilo, says Nielsen senior analytic consultant Steven Hansell. "Prices have increased across all segments apart from everyday

TOP 20 Sweet biscuits				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.1%				TOTAL CATEGORY	1,557.9	5.4	0.3
				TOTAL OWN LABEL	364.7	21.3	6.2
1	1	McVitie's	Pladis	413.6	-6.3	-1.5	
2	2	Fox's	2 Sisters	80.9	-13.7	-14.5	
3	5	BelVita	Mondelez	79.9	3.5	4.6	
4	4	Cadbury Biscuits	Mondelez	77.5	0.4	0.6	
5	3	Kit Kat	Nestlé Rowntree	73.6	-5.6	-7.1	
6	6	Oreo	Mondelez	51.7	6.7	14.8	
7	8	Maryland	Burton's Biscuit Co	43.4	2.7	6.7	
8	7	Go Ahead	Pladis	38.4	-4.6	-10.7	
9	9	Tunnock's	Tunnock's	35.0	0.4	1.1	
10	10	Bahlsen Biscuits	Bahlsen	26.7	5.0	22.8	
11	12	Jammie Dodgers	Burton's Biscuit Co	17.6	-0.6	-3.5	
12	11	Blue Riband	Nestlé Rowntree	17.4	-1.6	-8.5	
13	13	Twix	Mars	16.4	-1.0	-5.8	
14	15	Barny	Mondelez	14.5	1.8	14.1	
15	16	Border Biscuits	Border Biscuits	13.2	0.9	7.3	
16	14	Rocky	Fox's Biscuits	13.1	-1.3	-9.1	
17	19	Wagon Wheels	Burton's Biscuit Co	10.6	1.9	21.5	
18	18	Paterson Biscuits	Paterson Bronte	10.1	0.9	9.9	
19	21	Happy Shopper Biscuits	Booker Belmont	9.9	2.2	28.9	
20	23	Lu	Mondelez	8.0	1.3	18.6	

biscuits," he says. "Many have passed on price increases through shrinkflation."

It's not just packs that are shrinking. So are their contents. The big three biscuit manufacturers (Pladis, Mondelez and Burton's) have all launched thin versions of their bestsellers. Oreo Thins and our top biscuit launch of the year McVitie's Thins rolled out in January, followed by Maryland Thins in June.

"Innovative launches within the category have seen manufacturers being able to charge a higher price, especially if they offer a distinctive proposition," adds Hansell. Indeed, Thins are more than just a slimmer (pricier) version of a standard biccie. Their higher ratio of chocolate to biscuit delivers something different, suggests Pladis.

"They offer an alternative to the 'dunking' moment provided by the core McVitie's range," says trade comms controller Hena Chandarana. "The product has outperformed all other (biscuit) NPD this year and remains the number one launch of 2017."

Thins came hot on the heels of Pladis' big launch of 2015, Nibbles – sharing bags of tiny chocolate-coated Digestives and Hobnobs aimed at the 'big night in'. "Both product ranges are examples of how McVitie's and Pladis are broadening their footprint in the sweet biscuit category," says Chandarana. "We've seen huge success with the launch of McVitie's Digestives Nibbles, the biggest sweet biscuit launch of the decade, adding £17m to the category in its first year." ➔

TOP LAUNCH 2017

McVitie's Digestive Thins Pladis

Granted, everyone seems to be slimming down their biscuits in a bid to broaden the category's appeal (and offset spiralling costs). But no one's done it better than Pladis. This trio of thinner Digestives (in Milk, Dark and Milk Chocolate Cappuccino) has moved the nation's bestselling biccie on from tea break dunker into something far more sophisticated, which fetches more than double the price per weight than standard Digestives. It's racked up a whopping £10.3m since launch in January.



biscuits



TOP10 Savoury biscuits				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.9%				TOTAL CATEGORY	426.8	-8.4	-1.9
				TOTAL OWN LABEL	117.5	9.5	8.8
1	1	Jacob's Crackers	Pladis	63.0	0.3	0.5	
2	2	Quaker Snack A Jacks	Quaker Oats	29.3	-3.0	-9.3	
3	3	Ryvita Crispbread	Ryvita	19.3	-8.0	-29.2	
4	6	Nairn's	Nairn's Oatcakes	17.1	1.1	6.8	
5	5	Kallo	Kallo Foods	17.0	0.2	1.5	
6	4	Ritz	Mondelez	16.5	-1.1	-6.3	
7	7	Tuc	Pladis	16.4	0.6	3.6	
8	10	Carr's	Pladis	13.0	1.3	11.2	
9	9	Jacob's Cheddars	Pladis	12.3	-0.1	-1.1	
10	11	Ryvita Thins	Ryvita	9.6	-1.3	-11.9	

TOP10 Cereal bars				SALES			
				£m	change (£m)	change (%)	
Total volume change: 2.1%				TOTAL CATEGORY	204.3	4.8	2.4
				TOTAL OWN LABEL	12.1	-0.6	-4.6
1	1	Nature Valley	General Mills	44.6	5.1	12.8	
2	2	Kellogg's Rice Krispies	Kellogg's	26.4	-1.5	-5.5	
3	3	Cadbury Cereal Bars	Mondelez	24.1	1.6	7.1	
4	4	Kellogg's Special K	Kellogg's	18.2	-2.0	-10.1	
5	5	Kellogg's Coco Pops	Kellogg's	12.9	2.4	23.4	
6	19	Fibre One	General Mills	9.5	8.1	557.7	
7	8	Jordan's Frusli	Jordan's	8.2	0.1	1.1	
8	6	Kellogg's Nutri-Grain	Kellogg's	7.1	-1.2	-14.4	
9	9	Tracker	Mars	6.1	-0.6	-9.4	
10	10	Alpen	Weetabix	5.7	-0.2	-2.9	

Indeed, without NPD like this, McVitie's £6.3m loss would be far greater. Innovation was also a key driver of Oreo's £6.7m growth (the greatest gain in sweet biscuits). In the past 18 months the brand has launched a raft of flavour variants including Strawberry Cheesecake and Peanut Butter. August saw the launch of a Choc O' Brownie line, backed by a £2.5m marketing campaign. At category level, new sweet biscuit products have put an extra £73.3m through the tills in the past year, up 35% on the previous year.

With own label stealing share of sweet biscuits (sales are up 6.2% or £21.3m), particularly when it comes to standard 'everyday' lines, brands will need to keep their innovation pipelines flowing in the coming year. The same can be said in savoury biscuits, where own label is the only significant grower (up £9.5m) as its share of shelf has grown at the expense of brands. Overall, the market has dipped 1.9% on volumes down 2.9%.

There are a few factors at play here. Savoury biscuits – often positioned as a healthier, baked alternative to fried potato crisps – are having to compete with a whole host of new 'healthier' bagged snacks lines (p86) such as popcorn. "More and more consumers are seeking snacks that are better for them," says Hayley Murgett, brand controller at Kallo, which is up 1.5% on volumes down 2.2%.

Some players also complain that the category is not being merchandised as effectively as it could be. "With the change in retailer merchandising strategies – relocating multi-packs of baked savoury snacks to the much larger category of crisps, snacks and nuts – we have had to adapt to an entirely new category dynamic versus savoury biscuits," says Burton's Biscuit Co marketing director Mandy Bobrowski. "The category is highly competitive, with increased competition from NPD and other categories such as popcorn vying for space off shelf."

This helps explain why Burton's Fish 'n' Chips line has seen nearly half its value wiped out in the past year (it's now worth £6.8m, down from £13.3m a year ago), although Bobrowski says the decline is partly the result of investment to back the brand's relaunch tailing off. Jacob's Oddities was another casualty after Pladis axed the brand earlier this year to make way for three new Mini Cheddars variants (Smoked Applewood, Stilton and Red Leicester).

Oddities' exit after six years on sale took £2.2m out of the market. Yet Cheddars failed to make up the difference. It's lost £100k. ●



Given the attention that sugar is getting from policymakers and the press right now, sweet biscuits are holding up pretty well. Research for us by Harris Interactive helps shed some light on why. Brits are least willing to cut back on their biccie intake as a result of rising prices: 30% say they'd buy fewer biscuits if prices rose, compared with 44% and 47% for sweets and cakes. What's more, 21% of the 2,000 consumers we polled confessed to sometimes eating a whole packet of biscuits to themselves in one go. Cookie Monster would be proud!



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bread



Bread brands go posh to see off inflation

Daniel Selwood

At last, some of Britain's bakers look poised to start making some decent dough again. The market, which has been in value decline in this report for the past four consecutive years, is now almost at breakeven, down just 0.3%.

Star performer Hovis is up 9.1% on volumes up 1.5%. Its £25.4m gain makes it the year's seventh-fastest growing food or drink product and ends five consecutive years of decline in this report. Hovis' average price is up 7.4%, the steepest rise of any of the big brands, thanks partly to value-added innovation and 2016 improvements to its core Soft White loaf.

"New products have certainly helped to drive interest into the category, but it's down to our focus on supporting our core range with a multimillion pound investment that has driven exponential growth for Hovis," market strategy & planning director Ed Milner told us earlier this year.

Pricier seeded loaves have also been a focus for Hovis. "Bread with bits is certainly a sector that continues to be a growth driver, meeting consumers' needs for variety and taste," added Milner. "Hovis leads this area as the number one brand. The Seed Sensations range has been hugely successful."

Warburtons is also pushing its Seeded Batch Five Seeds Loaf, which carries an almost 50% premium over its Toastie loaves,

TOP 20 Bread loaves

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.8%				TOTAL CATEGORY	1,331.1	-4.6	-0.3
				TOTAL OWN LABEL	212.9	26.1	13.9
1	1	Warburtons	Warburtons	434.0	-22.8	-5.0	
2	2	Hovis	Hovis	305.0	25.4	9.1	
3	3	Kingsmill	Allied Bakeries	221.0	-22.4	-9.2	
4	4	Roberts	Roberts Bakery	45.2	-4.7	-9.5	
5	5	Braces	Braces	24.4	-4.7	-16.2	
6	6	Jackson's	William Jackson	15.6	2.4	18.3	
7	7	Burgen	Allied Bakeries	9.5	-3.0	-24.0	
8	8	WeightWatchers	Warburtons	9.3	-1.2	-11.3	
9	10	Village Bakery	Village Bakeries	7.1	0.8	13.0	
10	9	Allinson's	Allied Bakeries	6.4	-2.2	-25.8	
11	12	Mother's Pride	Hovis	4.7	-0.1	-2.1	
12	11	Vogel's	Nicholas & Harris	4.3	-0.5	-10.6	
13	13	Henllan	Henllan Bread	2.9	0.9	45.3	
14	14	Polish Bakery	The Polish Bakery	2.9	1.0	55.9	
15	15	Crosta & Mollica	Crosta & Mollica	1.7	0.1	8.1	
16	17	Country Choice	Country Choice	0.9	-0.1	-6.9	
17	16	Garth	Garth Bakery	0.9	-0.2	-15.4	
18	24	Glanrhyd Bakery	RL Jones & Son	0.9	0.5	106.1	
19	19	Cranks	Nicholas & Harris	0.9	0.1	14.2	
20	23	Baker Street	Carrs Foods	0.9	0.4	93.2	

in ads with Peter Kay. That's not all, says category development director David Tittensor. "NPD continues to be a key area of investment for Warburtons," he says. "Our commitment to adding excitement to bakery and attracting new shoppers to wrapped bread and other bakery sectors is demonstrated by recent launches, such as Giant Crumpets, the Protein range and Toastie Pockets."

Hovis and Warbies aren't the only ones looking to drive value back into Britain's most widely bought grocery product. "Our own value-added strategy is firmly focused on baking premium products for the everyday," says Stuart Spencer-Calnan, MD at Roberts. "We're challenging consumers and customers to think differently about bread."

The need for such action from brands has never been greater, despite the tentative signs of a recovery at category level. Own label (up 13.9% on volumes up 13.3%) is stealing share from brands as consumers trade down to offset rising prices on branded standard loaves.

In November Allied Bakeries warned it would push through higher prices to recoup losses incurred by surging wheat costs. "That is mainly because of the decline in the value of the pound," said Alex Waugh, director of the National Association of British and Irish Flour Millers. "Wheat is priced globally so the exchange rate really makes a difference."

What will make the difference between profit and loss for bakers will be the strength of NPD. Expect more posh loaves in 2018. ●

TOP LAUNCH 2017

Gin & Tonic Fun Buns Roberts

With gin so achingly fashionable these days, and wrapped loaves less so, it made sense Roberts would come up with these trendy treats to add pizzazz to the bakery aisle. Not surprisingly, they were one of the hero products for the bakery's summer relaunch. In their eye-catching packaging, the scone-like buns encapsulate the revamped brand's livelier, more contemporary identity and positioning, while also tapping consumer taste for 'zingy' flavour through their lemony flavour notes.



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cakes



Brands turn to snacks as cake crumbles

Matt Strudwick

Brits have munched their way through 10.6 million fewer packs of shop-bought cake in the past year. That's a volume decline of 1.4%. But value sales are up 1.5% (16.8%) thanks to the familiar story of rising prices, premiumisation and shrinking pack sizes.

The longer view reveals fundamental changes in how Britain takes its cakes. Eight years ago, the supers were selling just shy of 850 million units annually [52 w/e 3 October 2009]; in the past year they've sold 726.1 million. That's a 14.3% drop. Why the decline?

The health trend is a factor, but its impact shouldn't be over-egged. People still want to indulge and you don't get much more indulgent than cake. A greater factor is that fewer people are sitting around taking tea and cake (whole cake is down); on the go is on the rise.

Those that can hit both trends are on to a winner. See Graze, the sector's fastest grower, up 97.8%, or £3.3m. Its cakes aren't health products (the range includes lemon drizzle flapjacks and chocolate cherry tarts) but they are marketed on their portion control and sold at key impulse locations in c-stores.

NPD is crucial. "Our innovation team are constantly working on the next big thing, and our direct-to-consumer business offers the ability to 'test and learn' with new products," says UK retail MD David Irwin.

TOP 20 Cakes				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.4%				TOTAL CATEGORY	1,111.6	16.8	1.5%
				TOTAL OWN LABEL	607.0	35.2	6.2%
1	1	Mr Kipling	Premier Foods	151.4	-3.1	-2.0	
2	2	Cadbury	Premier Foods	83.0	4.8	6.1	
3	3	McVitie's	Pladis UK	38.2	2.9	8.3	
4	4	Soreen	Samworth Brothers	34.9	1.3	4.0	
5	5	Thorntons	Finsbury Foods	25.0	0.5	1.9	
6	6	Mrs Crimble's	Stillette Foods	9.3	-0.6	-5.8	
7	8	Bonne Maman	Andros	7.3	1.4	22.9	
8	15	Graze	Graze	6.7	3.3	97.8	
9	7	Balconi Cakes	Balconi	5.5	-0.6	-9.1	
10	10	Regal	Regal Foods	4.8	0.0	-0.9	
11	9	Galaxy	Pladis UK	4.3	-1.4	-24.6	
12	18	Happy Shopper	Booker Belmont	3.6	0.3	10.6	
13	14	Bobby's	Bobby's Foods	3.3	-0.2	-5.3	
14	12	Lyons	Premier Foods	3.3	-0.5	-13.9	
15	25	Tan Y Castell Cakes	Tan Y Castell	3.2	0.7	29.7	
16	17	Emma's Country Cakes	Emma's Country Cakes	2.7	-0.6	-17.4	
17	31	Nickelodeon	Lightbody Of Hamilton	2.5	0.9	54.1	
18	24	Cabico Cakes	Cabico	2.4	-0.1	-5.7	
19	NEW	Emoji	Finsbury Foods	2.4	2.4	●	
20	23	Pearl's Café	Pittas Foods	2.3	-0.3	-11.3	

On the go NPD such as Trio and Penguin Cake Bars have also been crucial to McVitie's £2.9m growth. "McVitie's has driven volume growth by attracting younger consumers into the category with its range of more contemporary cake recipes in portable and shareable formats," says head of category Jez Horton.

Meanwhile, Mr Kipling is struggling, down 2% on volumes down 5.6%, or 7.9 million units. Clearly, stiffening competition has affected the market leader, in spite of its new Tiger Slices product hitting sales of £3.1m in its first year on shelf. Brand owner Premier Foods has responded with the launch of new indulgent tarts, slice flavours, and an entry into gluten free, which it says will bring the brand back "on track to return to growth".

So long as consumers feel they're getting value for money. And with cost rises being passed on, that is a growing challenge. "To make sure we continue to provide the best value, we've also had to make some changes to our pack formats, principally by reducing the number of cakes in a pack," says Premier's brand director of sweet treats Jo Agnew.

The challenge is even greater in light of own label's growth of 6.2% (£35.2m). Volumes have grown 2.2%. Own-label cakes are the fourth most successful own-label sector this year. "Own label has increased distribution (+5%) and promotional distribution (+6%); branded has declined in both," says Nielsen senior client manager Hollie Kernohan. Brands will need to address this in 2018. ●

TOP LAUNCH 2017

Cadbury Choc Tarts Premier Foods

On the go isn't the only occasion Britain's biggest cake makers are looking to cash in on. With more and more Brits slobbering out on the sofa of an evening and sharing treats with friends and family, they're also going after the so-called 'big night in'. Launched in February to capitalise on the run up to Easter, the launch (in Crunchie, Caramel, Flake and Mini Egg variants) has helped drive value and volume growth in the tarts sector by attracting younger consumers.





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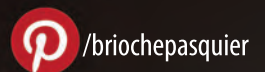
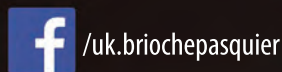


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canned goods



Canned price spikes drive own label up

Carina Perkins

Once lost in deflation, canned food has had some much needed value pumped back into it over the past year as rising commodity costs and fewer promotions force average prices up.

Take the market's biggest loser – fish, where spend was down £7.2m (-1.7%). That's a big slowdown from last year's £30.6m loss, and it follows a 5% hike in average prices for ambient fish. "We have seen the rise of the cost of sustainability, with increased regulation and governance," says Jon Burton, John West marketing director. "On top of this, as a result of El Niño and other weather conditions there's been a poor tuna catch worldwide."

Unfortunately for brands, however, higher prices have put some shoppers off. Market leaders John West and Princes suffered double-digit volume losses as average prices rose 6.5% and 3.1% respectively. Princes, which lost a fifth of its value as volumes plummeted 21%, also fell victim to range rationalisation, with "reduced ranges of Princes in some retailers" and an increased focus on own label hitting performance, according to marketing director Neil Brownbill.

Faced with higher prices and a reduced selection of branded products, shoppers have traded down to own label, where volumes rose 3.6% despite a double-digit surge in average prices. However, it's still worth

TOP5 Canned beans				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.0%				TOTAL CATEGORY	299.0	-1.5	-0.5
				TOTAL OWN LABEL	53.2	0.2	0.4
1	1	Heinz	Kraft Heinz Company	205.6	-1.3	-0.6	
2	2	Branston	Princes	32.3	0.5	1.5	
3	3	Hunger Breaks	Princes	3.3	-0.5	-13.1	
4	4	WeightWatchers	Kraft Heinz Company	1.9	-0.3	-14.1	
5	6	Jamie Oliver	Jamie Oliver	0.6	0.2	31.4	

TOP5 Canned fish				SALES			
				£m	change (£m)	change (%)	
Total volume change: -6.3%				TOTAL CATEGORY	423.7	-7.2	-1.7
				TOTAL OWN LABEL	161.9	21.5	15.3
1	1	John West	John West Foods	155.7	-8.2	-5.0	
2	2	Princes	Princes Foods	79.2	-18.0	-18.5	
3	3	Glenryck	Glenryck	5.7	-0.3	-5.1	
4	4	Parsons	Parsons FJ	3.4	0.0	0.4	
5	5	Kingfisher	Lovering Foods	2.7	-0.5	-14.6	

TOP5 Canned fruit				SALES			
				£m	change (£m)	change (%)	
Total volume change: -4.9%				TOTAL CATEGORY	119.8	-0.7	-0.6
				TOTAL OWN LABEL	56.4	0.9	1.6
1	1	Del Monte	Del Monte Foods	23.6	2.8	13.6	
2	2	Princes	Princes	12.6	-3.6	-22.1	
3	3	SPC	SPC Ardmona	10.8	-1.0	-8.1	
4	4	Dole	Dole	8.4	0.9	12.5	
5	6	Opies	Bennett Opie	2.5	0.2	10.3	

noting that own-label canned fish has still been selling for an average of 72p a kilo less than branded.

Tinned fruit has also seen significant price inflation, which has buoyed value sales. "Canned fruit is not immune from the challenges faced across the grocery sector – increased raw material and importing pricing due to currency fluctuations has necessitated price increases," says Martin Tilney,

commercial director for UK and Ireland at Del Monte Europe.

Higher prices took a toll on volumes of tinned fruit, but market leader Del Monte enjoyed a 10% surge in volume sales after emerging the winner in recent range rationalisation. In contrast, Princes suffered a £3.6m loss in canned fruit as "a combination of range rationalisation and price inflation" hit volumes, says Brownbill. ➔

TOP LAUNCH 2017

Heinz No Added Sugar Banz Kraft Heinz

Brits don't want low sugar, they want no sugar. So the decision by Heinz to follow in the footsteps of its soft drink peers and swap out Less Sugar Banz with No Added Sugar Banz was a canny one. Sweetened by stevia and still with 25% less salt than standard Heinz Banz, the new recipe mean Brits can enjoy their beloved toast topping without worrying about sugar levels. Shoppers have welcomed the change, with the NPD delivering much needed incremental sales growth for beans.



canned goods



TOP10 Canned meat				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.9%				TOTAL CATEGORY	190.1	-4.9	-2.5
				TOTAL OWN LABEL	58.5	1.5	2.6
1	1	Princes	Princes	47.2	-5.7	-10.7	
2	3	Fray Bentos	Baxters	16.7	0.7	4.5	
3	2	Ye Olde Oak	Ye Olde Oak Foods	16.2	-1.3	-7.2	
4	4	Spam	Hormel	12.9	-1.2	-8.4	
5	5	Pek	Wikinger UK	7.4	-0.4	-5.5	
6	7	Wikinger	Wikinger Uk	5.7	1.1	24.1	
7	6	Ye Olde Oak	Ye Olde Oak Foods	5.1	0.4	8.3	
8	9	Böklunder	Böklunder	3.7	1.2	45.6	
9	8	Stagg	Tulip	2.5	-0.8	-23.4	
10	11	Grant's	Grant's	0.9	0.0	-3.6	

Elsewhere, inflation is also creeping into canned beans, albeit to a lesser extent than in fish and fruit. Baked beans have been subject to the same inflationary pressures as other canned products, including “exchange rate fluctuations and rising raw material and packaging costs,” says Brownbill.

Shoppers are also “moving away from the standard 400g can size into either smaller cans, or newer more convenient formats”, which tend to have a higher average price per kg, says Aaron Crinion, senior brand manager for Heinz Beanz.

But an even more significant factor behind canned beans’ inflation was the shift away from multibuy in the mults, which has reduced promotional savings on brands and meant fewer tins are being sold on deal. At the same time, supermarkets have slashed prices on own-label beans and rationalised their ranges further in an increasingly desperate bid to hold off Aldi and Lidl. Some of the more “niche” Hunger Breaks SKUs were among the victims of range reviews, says Brownbill.

Despite all this, however, baked bean brands are generally doing better than last year. Branston returned to growth after brand owner Princes invested in a “strong promotional plan to drive volume and value”, which saw average prices dip for the brand. Branston is up 1.5% on volumes up 2.7%. And Heinz’s £1.2m loss was considerably more palatable than the £5.4m decline it racked up in 2016. It follows the launch of its No Added Sugar Beanz range, which has “brought new shoppers to the category and increased sales through existing customers” says Crinion.

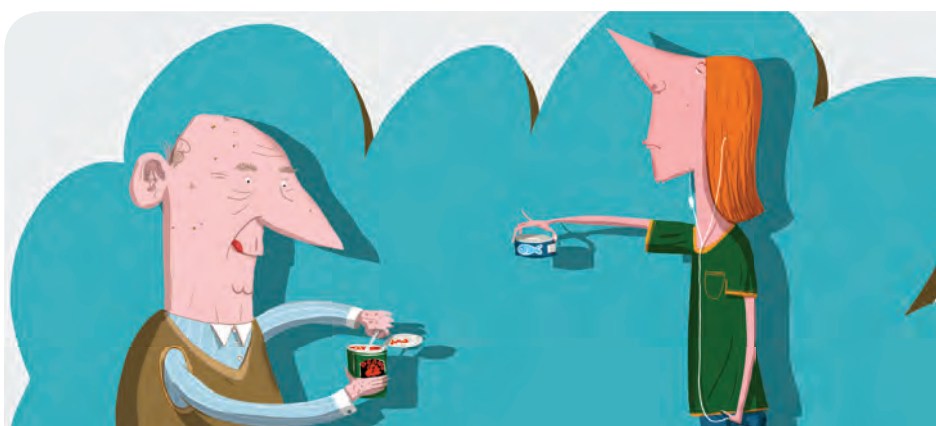
Heinz, which also launched a no-added-sugar variant of its Hoops range in July, did even better in canned pasta, growing sales by £1.3m. However, the wider category slumped again in the face of reduced promotional activity and concerns around health. “Sugar has been a major concern with mums due to the uncertainty of the nutritional content of the pasta they are serving their children, meaning some choose to opt out of the category or serve it less regularly,” says Crinion.

Meanwhile, canned veg has returned to growth after a strong performance from own label. Canned meat lost another £4.9m, with market leader Princes suffering a 10.7% decline after higher commodity costs on corned beef, and lost distribution for its stewed steak and hotdogs hit sales. All in all, Princes’ fish, fruit, meat and now defunct pasta products have lost a whopping £27.3m.

Ouch.

TOP5 Canned veg				SALES			
				£m	change (£m)	change (%)	
Total volume change: 1.5%				TOTAL CATEGORY	417.4	5.2	1.3
				TOTAL OWN LABEL	206.9	12.7	6.5
1	1	Napolina	Princes	54.2	-3.5	-6.0	
2	2	Green Giant	General Mills	49.6	-3.3	-6.3	
3	4	Batchelors	Premier Foods	14.3	1.7	14.0	
4	3	Cirio	Conserve Italia	13.6	-0.5	-3.6	
5	5	Baxters	Baxters	11.9	-0.2	-1.7	

TOP5 Canned pasta				SALES			
				£m	change (£m)	change (%)	
Total volume change: -4.7%				TOTAL CATEGORY	80.1	-1.6	-1.9
				TOTAL OWN LABEL	13.4	-1.0	-6.9
1	1	Heinz	Kraft Heinz Company	63.6	1.3	2.1	
2	2	Branston	Princes	1.3	-0.7	-34.5	
3	3	Crosse & Blackwell	Princes	1.1	-1.0	-47.6	
4	4	Weight Watchers	Kraft Heinz Company	0.4	-0.1	-19.1	
5	7	Happy Shopper	Booker	0.2	0.1	48.7	



Sales might be falling, but canned food is still a store cupboard staple. The older you are, the more likely you are to eat the stuff, says a Harris Interactive poll: 70% of those aged 55+ told us they regularly eat canned fish versus 54% of 35 to 44-year-olds and 33% of under-24s.

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cereal



Brand prices rise as cereal slide slows

Carina Perkins

Britain is “hurtling towards a chaotic breakfast” declared shadow chancellor John McDonnell in October 2016, in a slip of the tongue that proved strangely prophetic. Just three months later Weetabix CEO Giles Turrell warned prices for the UK’s favourite cereal would have to rise because of Brexit.

Weetabix wasn’t alone. Faced with surging ingredients costs thanks to the slump in the pound, “all three major manufacturers” have increased their price per kg of cereals this year, says Toby Baker, marketing director UK of Nestlé Breakfast Cereals.

Across the category, branded prices are up 3.1%. But branded price rises have been tempered by a 5.2% price cut for own label. At category level, prices fell by 0.2%. Significantly, overall volumes have dipped by just 0.8%, suggesting that the sector’s long-term decline could be coming to an end. Cereal volume sales have been sliding since 2010.

Own label can claim some of the credit. It now sells for almost half as much as brands. Volumes have surged 8.5% as the supers have expanded ranges and slashed prices to compete with the discounters. Shoppers have responded well. “Branded and own-label performance has improved on the back of continued investment in branded cereals and price deflation on own label,” says Baker.

TOP 20 Cereals				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.8%				TOTAL CATEGORY	1,331.2	-14.4	-1.1
				TOTAL OWN LABEL	295.0	8.0	2.8
1	1	Weetabix	Weetabix	139.8	0.6	0.4	
2	2	Quaker	Quaker Oats	115.5	2.1	1.8	
3	3	Crunchy Nut	Kellogg’s	78.3	5.6	7.7	
4	5	Coco Pops	Kellogg’s	52.7	1.0	1.9	
5	6	Corn Flakes	Kellogg’s	51.8	4.5	9.4	
6	4	Special K	Kellogg’s	47.4	-12.7	-21.1	
7	7	Shreddies	Cereal Partners	46.2	0.2	0.4	
8	8	Cheerios	Cereal Partners	44.3	-0.4	-1.0	
9	9	Rice Krispies	Kellogg’s	38.6	0.4	1.0	
10	10	Shredded Wheat	Cereal Partners	33.9	0.4	1.2	
11	11	Alpen	Weetabix	30.1	-1.1	-3.4	
12	14	Krave	Kellogg’s	24.3	1.9	8.6	
13	17	Jordans Country Crisp	Jordans & Ryvita Co	21.4	0.1	0.5	
14	16	Frosties	Kellogg’s	21.3	-0.4	-1.7	
15	12	All-Bran	Kellogg’s	21.0	-7.0	-25.0	
16	13	Dorset Cereals Muesli	Jordans & Ryvita Co	20.9	-2.6	-11.0	
17	15	Jordans Country Crisp	Jordans & Ryvita Co	20.3	-1.8	-8.2	
18	19	Kellogg’s Variety	Kellogg’s	15.3	-0.7	-4.1	
19	18	Fruit ‘n Fibre	Kellogg’s	15.1	-2.3	-13.1	
20	20	Weetos	Weetabix	14.5	0.2	1.1	

Kellogg’s enjoyed a resurgence in Crunchy Nut and Corn Flakes sales thanks to a new campaign to make its “heritage brands” more relevant to millennials, says UK marketing director Gareth Maguire. The brand worked with social media influencers, formed new media partnerships and launched Kellogg’s Crunchy Nut Peanut Butter, which has been a big hit, Maguire claims.

Weetabix, meanwhile, revived its nostalgic ‘Have You Had Your Weetabix?’ strapline for a new TV ad, and launched new fruit-filled Weetabix Additions – a “huge success” says head of brand Kevin Verbruggen. Since hitting shelves in January 2017, they’ve ramped up sales worth a cool £3.7m. Weetabix’s Protein range is also still booming.

Quaker launched a Protein variant this June, and hopes are high for the product. “We anticipate the mainstream popularity of protein to continue, as health remains high on the consumer agenda,” says Eric Williams, Quaker Oats marketing manager at PepsiCo.

The health trend is also driving strong growth for challenger brands. “Brands are becoming increasingly creative to keep up with the changing needs of the consumer,” says Moma founder and CEO Tom Mercer.

Some ‘healthy’ cereals are struggling. Special K has suffered the greatest loss of the year in cereal, its value falling a fifth to £47.4m. How far it’s fallen: in our 2011 Top Products report, it was worth £119.4m and was the sector’s second-biggest brand.



TOP LAUNCH 2017

Quaker Oats To Go PepsiCo

Bowls are so last century. Today’s young go-getters are far more likely to eat breakfast on the hoof by chewing on a biscuit bar or sucking cereal from a pouch (yes, really). Enter Quaker Oats To Go. It’s a two-part range comprising the biscuit-like Breakfast Square (two variants in microwaveable packaging that allows the product to be heated in 10 seconds) and the pouched Fruit & Oat Squeeze, an ambient yoghurt-based trio. Bang on trend.



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confectionery: chocolate



Chocolate in a jam as war on sugar hits

Daniel Selwood

Shrinkflation has a lot to answer for. First thing it does: lowers volumes (they're down 3.5%). Worse, this cost engineering – sometimes dressed up as a health and wellbeing move – alienates customers when they find out, which they almost always do, and that's dangerous when there's a war on sugar going on.

A quick glance down the bestsellers list reveals the scale of the problem. Just two of the products in the top 10 are in growth (Lindt Lindor and Celebrations) and all the big players are finding life difficult right now. The 16 Mondelez products in Nielsen's top 50 are down 1.2% combined on volumes down 4.1%; Mars's 10 bestsellers have lost 1.4% in value and 4.7% in volume; Ferrero's four bestsellers may be up 4.2% in value but that's driven by price (volumes are down 1.8%).

The relative successes of Celebrations and Lindt Lindor can at least in part be attributed to two key trends: sharing and premiumisation. As the sector's giants lose sales, smaller, artisan players such as Choc on Choc are in growth. Yet they're battling the same headwinds as everyone else. "Consumers are becoming increasingly informed about sugar and the negative impact of excess sugar consumption," says co-founder Flo Broughton.

The British Medical Association has called for a minimum price on confectionery. The

TOP 20 Chocolate				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.5%				TOTAL CATEGORY	3,666.7	-17.1	-0.5
				TOTAL OWN LABEL	274.4	9.8	3.7
1	1	Cadbury Dairy Milk	Mondelez	512.8	-16.5	-3.1	
2	2	Galaxy	Mars	208.8	-5.7	-2.7	
3	3	Maltesers	Mars	165.6	-5.9	-3.4	
4	4	Kinder	Ferrero	123.5	0.0	0.0	
5	5	Lindt Lindor	Lindt & Sprüngli	115.4	17.2	17.6	
6	6	Cadbury Twirl	Mondelez	91.9	-3.0	-3.1	
7	7	Kit Kat	Nestlé Rowntree	91.1	-0.9	-1.0	
8	10	Celebrations	Mars	88.0	5.9	7.2	
9	8	M&M's	Mars	86.0	-4.1	-4.6	
10	9	Cadbury Wispa	Mondelez	82.0	-0.2	-0.3	
11	11	Mars	Mars	77.8	-0.3	-0.3	
12	12	Quality Street	Nestlé Rowntree	73.4	-5.1	-6.5	
13	13	Snickers	Mars	73.3	0.4	0.5	
14	15	Ferrero Rocher	Ferrero	65.2	3.7	6.1	
15	16	Cadbury Heroes	Mondelez	64.4	1.3	2.1	
16	14	Milkybar	Nestlé Rowntree	61.8	-1.0	-1.6	
17	18	Cadbury Creme Egg	Mondelez	57.3	4.0	7.5	
18	21	Cadbury Mini Eggs	Mondelez	54.0	9.1	20.3	
19	17	Terry's Chocolate Orange	Mondelez	53.2	-3.1	-5.5	
20	19	Aero	Nestlé Rowntree	47.7	-6.0	-11.1	

Committee of Advertising Practice has banned ads for unhealthy treats from online, print and cinema, and Action on Sugar insists next April's sugar levy be extended from soft drinks to chocolate and other sweets.

Not that the impending sugar tax hasn't already had an effect on chocolate. It has already warped consumer perceptions of the category, says Nielsen analyst Greg Neale. "While the sugar tax specifically affects the soft drinks category, 60% of shoppers believe chocolate is affected. Health remains a big barrier for chocolate, and one that is hard to overcome due to the nature of the category."

People's growing concern about sugar isn't the whole story though. "We're operating in a much tougher trading environment, with

uncertainty created by Brexit, declining disposable income and rising commodity costs," says Ferrero customer development director Levi Boorer. "These trends have contributed to a decline in impulse purchasing."

Certainly, the shift in the mults from chocolate countlines at the tills to healthier snacks has forced a cutback in impulse buys, as has the wealth of alternative snacks offered to a population seemingly on the go non-stop.

"The removal of countlines from check-outs; shoppers' substitution of countlines with products like cereal bars; snacking buying occasions moving from multiple retailers to other outlets such as coffee shops; and the volume and nature of the health and obesity messages have all played a part," ➔



TOP LAUNCH 2017

Goodness Knows Mars

The first new range from Mars Chocolate in 20 years marks the giant's first move into healthier snacking. Unveiled in July, Goodness Knows' three variants are only about 19% dark chocolate. The rest is fruit, nuts, crispy rice and oats, providing no more than 160 calories. That's about 40kcal for each of the four squares in the bar – aimed at "snacking throughout the day". Goodness Knows is also the first Mars brand with a charitable aspect: 10% of profits go to good causes.

confectionery: chocolate

nielsen



☞ says Monty Bojangles founder Andrew Newlands.

But it's not all doom and gloom. Larger formats for the increasingly popular 'big night in' occasion are where it's at, insists Francesco Vitano, marketing activation director for chocolate at Mondelez, which this year poured a raft of Cadbury brands into bags of bitesize treats, including Fudge, Curly Wurly and Picnic. Double Decker has been available in such a format for longer, and this year put on an extra £4.7m in sales. "Bags are driving the growth for standard chocolate," says Vitano.

Similarly Mars Chocolate has expanded its 'more to share' offers.

Some of those bigger packs, however, aren't quite as big as they used to be, or as good value because of shrinkflation. Mondelez infamously cut the 400g bar of Toblerone to 360g and the 170g to 150g last

"To maintain price points and remain in profit, some have cut pack weights"

autumn, turning them into 'toast racks' due to the extra space between the 'mountains'. Then Mars got in on the action, cutting the 135g pack of Maltesers to 121g and trimming Galaxy Counters from 126g to 112g.

The moves are understandable to some degree in the face of rising commodity costs following the 2016 Brexit vote. "Mainstream chocolate typically has a pricing strategy of around the £1 mark. In order to maintain the same price point and remain profitable, some manufacturers have reduced packaging

weights, and this trend towards this 'shrinkflation' has prompted consumers to voice their frustration," says Nielsen's Neale.

"It'll be interesting to see if manufacturers switch their strategy to increase weight followed by increased prices in response to the negative attention shrinkflation has received," he adds.

Savvier suppliers have responded differently. "Many are cautious and expect inflation to have a negative effect on sales while raw materials continue to be expensive due to the fall in the pound," says Andrew Whiting, chairman of Beech's Fine Chocolates. "This pessimism was the reason why we launched higher value products to maintain share and margin for ourselves and customers."

Indeed the premiumisation trend has meant artisan brands are enjoying a boom. "Chocolate is experiencing the beginning of a third wave similar to craft beer and popcorn – categories where people are experimenting with surprising flavour combinations and origins of ingredients," says Divine Chocolate marketing director Charlotte Green. "Dark chocolate is a big part of this movement, as the flavours are richer without milk in the ingredients. Its rich taste helps you slow down and cherish each mouthful; you can eat a smaller portion while experiencing the full flavour of cocoa."

For mainstream brands, however, future growth will depend on drumming up more excitement for a category that consumers are engaging less and less with. "Innovation is a real growth driver for the confectionery market with shoppers constantly on the lookout for something new to try," says Boorer.

Consumers are at the heart of everything Mars does, claims brand and trade PR manager Lauren George "We are always looking to tap the latest consumer needs through product innovation and reviewing our portfolio to ensure it caters to the demands of our audience." That meant tapping demand for healthier snacks with the launch of the Goodness Knows fruit and nut bar – and taking a minority stake in Kind Snacks.

The road of NPD is one well travelled. And rather than worrying about millennials, the 50-plus demographic could be the answer. Middle-aged shoppers are the people to focus on in 2018, says Karen Crawford, MD at Elizabeth Shaw. Brands have neglected them – but the 50-plus consumer is "more affluent, more exploratory; bolder, fitter and wilder. We'll see a big shift next year in how that consumer is targeted." ●



All the headlines about Britain's bulging waistlines and sugar addiction aren't just hitting the confectionery market. It's also making consumers feel guilty about indulging their sweet tooth, a Harris Interactive poll for The Grocer revealed in July. One in three consumers feel guilty after eating sweets or chocolate, according to our research. That number rose to 44% among 16 to 24-year-olds. Is it time confectioners launched guilt-free chocolates?

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confectionery: sugar



Rising prices take edge off candy's crush

Carina Perkins

Last year Toblerone, this year Tangfastics. Chocolate manufacturers have been at it for a while, but Haribo became the first sweet giant to go in for a little shrinkflation, with popular packs reduced in size without cutting prices, as we revealed in September.

It blamed financial pressures including the cost of raw materials and the slump in sterling for its decision, and it wasn't the only sweet brand facing Brexit-driven inflation this year.

Average prices for branded sweets are up 2.2%, with "the exchange rate and other rising costs" a big factor behind the rise, says Mark Roberts, trade marketing manager at Perfetti Van Melle, whose brands include Mentos, Fruittella and Chupa Chups. "We've also seen a decline in promotions with a greater focus on everyday low prices."

Higher prices have helped sweeten the general outlook for candy – with sales up £4.1m (+0.4%) compared with a £18.5m loss last year – but brands fell by another £2.5m on volumes down 2.5% as shoppers switched to cheaper own label, and volumes fell 1.3%. Sales of gum, where average prices are up 6.8%, have also slumped by another £10.3m.

All this comes as the sugar debate continues to weigh down on sales, with mounting focus on the issue by policymakers making consumers more worried than ever about

TOP 20 Sugar confectionery				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.3%				TOTAL CATEGORY	1,049.5	4.1	0.4
				TOTAL OWN LABEL	201.5	7.6	3.9
1	1	Haribo	Haribo	168.8	1.4	0.9	
2	2	Maynards Bassetts	Mondelez	116.4	-5.9	-4.8	
3	3	Rowntree's	Nestlé Rowntree	74.9	-4.2	-5.3	
4	4	Skittles	Wrigley	33.8	-2.1	-6.0	
5	14	Drumstick	Swizzels Matlow	29.1	13.6	87.4	
6	5	Polo	Nestlé Rowntree	28.9	0.3	1.1	
7	6	Tic Tac	Ferrero	24.6	-2.6	-9.5	
8	7	Trebor Softmints	Mondelez	24.3	-2.1	-7.9	
9	8	Trebor Extra	Mondelez	23.6	-2.1	-8.2	
10	10	Mentos	Perfetti Van Melle	21.5	-1.2	-5.4	
11	9	Swizzels	Swizzels Matlow	21.3	-1.7	-7.4	
12	11	Werther's Original	Storck	20.4	1.2	6.4	
13	13	Candy Land	Tangerine	18.5	0.5	2.9	
14	12	Starburst	Wrigley	18.5	-0.6	-3.0	
15	15	Fruittella	Perfetti Van Melle	16.2	2.1	15.0	
16	17	Chupa Chups	Perfetti Van Melle	10.7	1.0	10.1	
17	16	Cadbury Eclairs	Mondelez	10.1	-2.2	-17.8	
18	18	Chewits	Leaf	8.2	-1.1	-11.5	
19	19	Smint	Perfetti Van Melle	7.2	-0.1	-1.6	
20	25	Doublemint	Wrigley	5.7	2.5	80.5	

unhealthy habits. "Consumer habits are changing and they are more conscious about what they eat and the amount of sugar they consume," says Ana Baptista, head of corporate media relations at Nestlé.

However, it's not all as bleak as it seems, says Roberts. "While we see singles within candy and gum decline ahead of the market, we also see growth within bags and bottles, and more recently we are seeing strong growth within sugar-free and sugar-reduced products in all formats."

Fruittella, which launched its first sugar-free and reduced-sugar lines in January (see Top Launch below), has seen sales surge by £2.1m (15%) on volumes up 6.2% over the past year. The new SKUs, which are naturally

sweetened with stevia, mean Perfetti Van Melle now has sugar-free offerings across Mentos, Chupa Chups, Fruittella and Smint.

Werther's Original, which first launched sugar-free packs in 2009, has also enjoyed strong growth – with sales rising £1.2m (6.4%) on volumes up 3.7%.

"Werther's is one of the success stories with a strong sales performance ahead of the category," says Andy Mutton, sales director for owner Storck UK. "This comes from our consistent £4m annual investment in TV advertising, our comprehensive range and, for those who are looking to reduce their sugar intake, our sugar-free offering."

But low-sugar innovation wasn't enough to boost the fortunes of Nestlé's Rowntree's

TOP LAUNCH 2017

Sugarfree Fruit Foams Fruittella



Sweetened by stevia and other natural sugar alternatives, these fruity chews were part of Fruittella's first sugar-less lines – aimed at the 92% of shoppers actively trying to reduce their sugar intake, according to the brand's owner, Perfetti Van Melle. Containing 181 calories per 100g, the mixed-flavour Fruit Foams arrived at the very beginning of 2017 alongside a Fruit Gums variant. Both come in blue packaging, rather than the brand's customary pink, because blue is "a colour associated with sugar-free products in the fmcg market".

confectionery: sugar



€ brand, which lost another £4.2m (5.3%) on volumes down 6.3% despite rolling out 30%-less-sugar variants of its Fruit Pastilles and Randoms.

Maynards Bassetts was dealt an even bigger blow, with sales down an eye-watering £5.9m (-4.8%) on volumes down 6.2%. The Mondelez-owned brand expanded its range with new Wine Gums Tangy and Jelly Babies Tropical – but has yet to jump on the sugar-free bandwagon. “Consumers know our confectionery products contain sugar and are occasional treats,” says a spokeswoman for Mondelez, who points out the brand offers portionable products, recloseable packaging and clear nutritional information.

Haribo, which rolled out Tangfastics Stixx (rsp: 30p/34g) alongside small bags of its Starmix Hearts and Rings (rsp: 30p/38g) last June, also believes the best way for sweet brands to meet the health agenda is to “support portion control options” and provide clear nutritional guidance, says a spokeswoman.

Smaller packs and resealable pouches are also increasingly appealing to Brits looking to save cash. Werther's Original and Wrigley's brands Skittles and Starburst report strong growth from their price-marked packs, while sharing bags are performing well as Brits cut back on spending.

TOP 10 Gum				SALES			
				£m	change (£m)	change (%)	
Total volume change: -10.0%				TOTAL CATEGORY	261.0	-10.3	-3.8
				TOTAL OWN LABEL	1.8	-0.2	-10.2
1	1	Extra	Wrigley	204.0	-5.5	-2.6	
2	2	Airwaves	Wrigley	34.0	-2.4	-6.6	
3	3	Mentos	Perfetti Van Melle	6.3	0.5	9.5	
4	4	Hubba Bubba	Wrigley	5.0	-0.1	-1.4	
5	5	Jawbreaker	Zed Candy	2.0	-0.2	-8.2	
6	7	Juicy Fruit	Wrigley	1.0	-0.3	-24.0	
7	9	Doublemint	Wrigley	0.9	0.1	11.7	
8	10	Chupa Chups	Perfetti Van Melle	0.7	0.1	11.4	
9	18	What Next	What Next Candy Co	0.5	0.2	109.9	
10	10	Wrigley's Spearmint	Wrigley	0.5	0.1	-20.8	

“The ‘big night in’ trend has grown massively during the last few years,” says Russell Tanner, category and marketing director at Tangerine Confectionery. “The growth of seasonal confectionery, including sharing formats, is connected to this trend.”

Swizzels is an example of one brand driving particularly strong growth through the pouches format, says Nielsen, with sales of Drumstick alone up by £13.6m (87.4%). It is also benefiting from what Tanner dubs the “kidulting” trend, with adults looking to relive their childhood with retro candies.

Generally, fruity confectionery is growing ahead of the market, says Dan Newell,

confections marketing manager for Wrigley, who notes limited editions and single flavours are also a “growing trend”.

Within fruity confectionery there has been a shift away from pastilles towards “softer gummies and chews”, adds Tanner, who claims Tangerine's Softies range has gone from “strength to strength” since its 2015 launch.

For mints brands, growth is mostly coming from format innovation, with Nestlé enjoying an uplift in Polo sales after pouring the brand into bottles, and Perfetti Van Melle reporting “fantastic growth” of its tins containing XXL Smints.

Mondelez has also rolled Trebor Softmints and its 2016 NPD Mighties into pots to “encourage customers to trade up by offering them the opportunity to enjoy great-tasting mints in more places and on more occasions,” says the spokeswoman. Meanwhile, Tic Tac is enjoying growth from its new Mint Rush flavour, although a 10.9% hike in average prices has hit overall sales.

Pots are also helping improve the outlook for gum, which is looking up after a “challenging 12 months” says Newell. “Bottle formats are seeing increasing success, with the trend towards snacking at work and eating and drinking on the go being key to their performance” he adds.

Rival Mentos, meanwhile, has identified a growing opportunity for fruity-flavoured gum, after finding that 70% of 13 to 17-year-olds chew gum, favouring fruity flavours. The brand, which launched Mentos White Bubble Fresh gum earlier this year, defied the wider slump with growth of 9.5%.

Further innovation will be crucial if confectionery brands are to keep their heads above water in 2018. And reduced sugar will be a priority for many.



That the supermarkets have sold 18 million fewer packs of sweets in the past year shouldn't come as such a shock given all the press that sugar is getting these days. In October we revealed how the war on sugar is impacting Britain's diet: between 2013 and 2017 the sugar content of food or drink consumed at home fell by 3.4%, or 1.4kg per head, per year. The soft drinks industry's response to the sugar levy, which kicks in next April, was a major factor here. Some fear the taxman's attention will now turn to sweets. Is it time to reformulate?

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*Nielsen Scantrak Sugar Confectionery Category, Value Sales for Drumstick Squashies, 12 months to 09.09.17

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cosmetics



Cosmetics up £20m thanks to pricey NPD

Natalie Brown

The war paint is out in the cosmetics aisles. As supermarket sales of makeup approach £1bn for the first time, L'Oréal has overtaken Max Factor as the third bestselling cosmetics brand as players jostle for space.

Average prices are up 5.2%, driving growth of almost £20m as volumes fell 2.8%. This, says L'Oréal commercial operations general manager Stijn Demeersseman, is the result of the supers taking a keener interest in fashion. "Supermarkets are approaching cosmetics in a much more fast beauty, trend-driven and inclusive way," he says. "The winning retailers are those that are fast on new trends and offer a wide range of shade differentiation."

L'Oréal has delivered £8.7m of the sector's growth thanks to a steady stream of NPD. The brand launched Infallible Total Cover Concealer Palettes in March and extended its foundation ranges from 10 shades to more than 30, tailoring to specific skin tones. With a price a third higher than the market average, L'Oréal has been a key driver of inflation.

As has NPD in general. Nielsen cosmetics analyst Pierre Moron notes that NPD carries a 7% premium over existing lines on the market and now account for 21% of all SKUs stocked by the supers, pointing to Rimmel Volume Shake Mascara and L'Oréal Double Extension False Lash Superstar as key NPDs.

TOP 20 Cosmetics

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.8%				TOTAL CATEGORY	906.7	19.8	2.2
				TOTAL OWN LABEL	30.3	-10.5	-25.7
1	1	Rimmel	Coty	198.4	-8.4	-4.1	
2	2	Maybelline	Garnier	138.0	-1.2	-0.9	
3	4	L'Oréal	L'Oréal	100.2	8.7	9.5	
4	3	Max Factor	Coty	98.1	-3.2	-3.2	
5	6	Collection	Collection	39.0	-1.2	-2.9	
6	5	Bourjois	Coty	37.5	-3.5	-8.6	
7	7	Revlon	Revlon	29.5	-0.8	-2.5	
8	8	Barry M	Barry M Cosmetics	25.1	0.5	2.1	
9	9	Makeup Revolution	Medichem Intl	23.6	7.2	43.7	
10	11	Sleek	Sleek	16.6	1.7	11.6	
11	12	Makeup Academy	Makeup Academy	14.7	0.6	4.5	
12	10	Sally Hansen	Coty	14.5	-1.4	-8.6	
13	13	Essence	Cosnova	7.4	-0.1	-1.3	
14	16	Essie	Essie	7.1	1.1	19.1	
15	15	Gosh	Gosh Cosmetics	6.3	0.0	0.7	
16	14	Miss Sporty	Coty	4.6	-2.3	-33.0	
17	17	JML	John Mills	4.3	-1.3	-23.7	
18	18	Wunder2	KF Beauty	3.7	0.5	15.1	
19	21	Freedom	Freedom	3.0	0.8	37.8	
20	20	Sensationail	Nailene	2.8	0.2	6.1	

"Premiumisation via NPD is key to increasing average price within the category, driven by the consolidation of the big new trends from previous years: contouring, concealers, setting spray and primers," he adds. "We can see some different approaches among retailers where they are increasing their ranges and bringing exclusives, playing on fragmentation and niche brands."

Ocado's tie-up with Marie Claire to deliver premium brands such as Estée Lauder and Bobbi Brown is a case in point. Shoppers order cosmetics through Ocado and Marie Claire's joint website Fabled, and can add their orders to their food deliveries. Ocado says the concept uses Marie Claire's expertise to give an "enhanced user experience".

It's not all about premiumisation, however. Rimmel Stay Matte Lip Colours (see below), for example, bring the on-trend matte look to shoppers for just £5.99. And in September Asda launched a 156-strong collection of cosmetics under its George brand. Prices start at £2 and products include an interchangeable eyeshadow palette and brow gel, with nothing in the range costing more than £6.

The challenge for the supers lies in more effectively merchandising their ranges, says Demeersseman. "Only the retailers that have revolutionised their offering and expression are winning," he says. "Supermarkets need to improve in-store experience significantly."

If they don't, the high street will gladly take back that £20m in 2018.



TOP LAUNCH 2017

Stay Matte Liquid Lip Colours Rimmel

It wasn't just this 15-strong range's edgier shades (sapphire, slate, black) that caught our eye. It was its launch campaign backed by Rita Ora, the storm it's kicked up with beauty bloggers and its accessible price point of just £5.99. Those in the know say the line puts a pinch of velvet on their pouts. Rimmel says patent-pending 'matrix technology' allows the colours to last for 12 hours. That's a long time in the world of fashion, especially because gloss lip colours are tipped as the new trend in 2018.

dairy: butters and spreads



Butter booms in spite of big price spikes

Nick Hughes

Spreads brands were presented with an open goal this year when a Europe-wide milk fat shortage sent butter prices soaring. Average prices across BSM are up a whopping 8.1%, the third greatest price rise in this report.

Yet the market leaders have somehow managed to miss the target. Unilever, in particular, has had a torrid time with each of its core brands – Flora, Flora Pro-activ, Bertolli and Stork – suffering sales declines of between five and 10, in spite of Unilever's best efforts to bring innovation to the category.

Butter brands, on the other hand, have largely managed to retain or even gain customers despite an increase in average selling price of more than 10 in some cases. A key reason for this is that low-fat/cholesterol messages are no longer cutting through as effectively with shoppers who are more persuaded by butter's positioning as a natural product.

The star butter performers have been Anchor and Kerrygold, both of which managed to deliver significant value and volume growth. Arla recently revamped the packaging on Anchor with a new emphasis on Britishness, supporting the makeover with a £4.5m marketing campaign that showcased the brand's 'real butter' credentials.

"Consumers increasingly want to know where the products they buy come from, and

TOP 20 Butters and spreads				SALES			
				£m	change (£m)	change (%)	
Total volume change: -4.3%				TOTAL CATEGORY	1,102.9	37.1	3.5
				TOTAL OWN LABEL	230.7	41.4	21.9
1	1	Lurpak	Arla Foods	301.9	11.6	4.0	
2	2	Anchor	Arla Foods	100.6	6.5	6.9	
3	3	Flora	Unilever	85.3	-4.7	-5.3	
4	4	Clover	Dairy Crest	65.4	-4.0	-5.8	
5	5	Country Life	Dairy Crest	56.4	-1.0	-1.8	
6	6	Bertolli	Unilever	37.3	-4.2	-10.0	
7	7	Flora Pro-activ	Unilever	34.7	-3.6	-9.4	
8	9	Stork	Unilever	27.7	-2.7	-9.0	
9	10	Kerrygold	Ornua	24.9	2.7	12.2	
10	12	Utterly Butterly	Dairy Crest	17.9	1.8	11.2	
11	11	Benecol	Raisio	16.3	-0.7	-4.0	
12	50	I Can't Believe It's So Good	Unilever	13.5	13.5	●	
13	13	Président	Lactalis	11.8	1.9	18.6	
14	8	I Can't Believe It's Not Butter	Unilever	11.8	-25.0	-67.9	
15	14	Yeo Valley	Yeo Valley Farms	8.1	0.5	6.6	
16	16	Willow	Dairy Crest	7.6	2.0	36.3	
17	15	Pure	Kerry Foods	5.4	-0.8	-12.9	
18	17	Vitalite	Dairy Crest	5.3	0.9	19.4	
19	18	Graham's The Family Dairy	Graham's Family Dairy	4.6	1.1	30.1	
20	19	Meadow Churn	Fayrefield Foods	2.3	-0.3	-12.7	

that they are of the highest possible standard," says Gareth Turner, marketing director at Arla Foods UK. "That is why we took the decision to rebrand the Anchor butter brand, to highlight that it was made in Wiltshire, with milk from British farms."

Kerrygold's growth has been achieved by staying true to its principles as a premium brand, according to Ornua Foods marketing director Mike Harper. "Instead of promoting heavily one year and then retracting, we've been very consistent around the amount of promotions we'll do and tried to retain a price premium within the category. We're one of the lowest volume-sold-on-deal butter brands and we've got one of the highest prices per kilogram."

Harper reports that Kerrygold's block butter continues to perform strongly, as does its Softer product. Spreadable, meanwhile, launched in 2016, has been a big contributor to the brand's year-on-year growth, with Harper promising further marketing activity and promotional investment to come.

The growth of Kerrygold and Anchor makes Lurpak's 4% value growth look rather modest. Arla's 750g spreadable pack of Lurpak is the best performing SKU launched in the category this year; however, with volumes down by 7% it appears the brand's average price rise of almost 12% has pushed some customers towards its rivals. Meanwhile, Anchor and Kerrygold have kept price rises to a minimum. Despite it being by far and away the

TOP LAUNCH 2017

Bertolli Block Butters Unilever

Bertolli might be struggling but it's not through want of trying. Bertolli's first move into the block format came in March with the launch of a 250g block of butter blended with olive oil and a duo of flavoured Sensations SKUs – in Black Peppercorn & Seasalt and Lemon & Chilli – aimed at foodie home cooks. With butter and olive oil (see p114, 151) prices soaring, this is just the sort of premium innovation the sector needs to offset spiralling input costs.





category's biggest brand, Lurpak has been dogged of late by failed innovation and this year was no exception. Lurpak Spreadable Infusions was the latest launch to hit the buffers, having dropped out of distribution by May this year following launch in April 2016.

Lurpak's travails look trivial, however, compared with those of the category's leading spreads brands, which should logically have benefited from the inflationary pressures facing butter. "With leading brands that suit a variety of shopper needs and tastes, from olive and sunflower spreads and free-from to baking and cholesterol-lowering products, Unilever is in a unique position to respond to changing preferences," says Steven Hermiston, general manager for butters & spreads at Unilever UK & Ireland.

If this is the case, Unilever has failed to exploit its unique position. Although Hermiston is right to say that plant-based

"We won't see a shift back to dairy spreads because of butter's higher price points"

diets are now a mainstream lifestyle choice, this trend does not appear to be benefiting spreads. In fact, the opposite is true, with Harper noting that consumers are actively looking to switch from dairy spreads to butters as part of a growing trend towards natural products.

Unilever, to its credit, has not shied away from bringing innovation to market in a bid to re-engage shoppers despite its entire spreads portfolio having been put up for sale. It unveiled two new Flora Pro-activ Expert

spreads in April, which were swiftly followed by the addition of new walnut, avocado oil & lime and coconut & almond variants to its dairy-free Flora Freedom brand. That core Flora Freedom brand, meanwhile, has been rebranded Flora Dairy Free with a Dairy Free line sitting in the core Flora range alongside Original, Buttery and Light.

Unilever also launched Bertolli's first range of block butters comprising two variants – Bertolli with Butter & Olive Oil and Bertolli Sensations with Lemon & Chilli. The premium range is designed to provide convenient and flavoursome cooking solutions and was backed by a £2.5m campaign.

A rare bright spot in an otherwise gloomy year for spreads was the performance of Dairy Crest's Utterly Butterly, which gate-crashed the top 10 as sales jumped 11.2% in value and 15.7% in volume. "We've worked really hard with Utterly Butterly to make sure the product is as good as possible," says Dairy Crest marketing director Lee Willett. "It scores incredibly highly in our benchmarking and I think there is a place in this market, given the inflationary pressures, for a quality product at great value."

The market has been less kind to Dairy Crest's biggest brand, Clover, which has failed to reap the benefits from last December's packaging redesign; however, Dairy Crest's Vitalite brand was another strong performer, with sales up 19.4%. The brand benefited from the addition of a coconut variant in February and Willett notes that coconut is a "massive trend" in flavours. "The old thing of just doing soya or sunflower is going away. People are looking for new things like coconut and avocado and more interesting ways to consume, away from just the core tastes."

As a supplier of both butters and spreads, Willett says Dairy Crest is "incredibly well positioned" to capitalise on consumers switching between the two products. "Versus our competitors we have a foot in both camps so if there is a backlash against butter that might mean people go back into margarine."

Harper, however, does not envisage such a shift happening any time soon. "I think there's been such a sea change in perception around the need for natural, wholesome ingredients that I don't think we'll see a structural shift back into dairy spreads because of the higher price points of butter. People are now willing to pay a premium for butter."

Which has to be a good thing for BSM producers, given the current direction prices are going in.



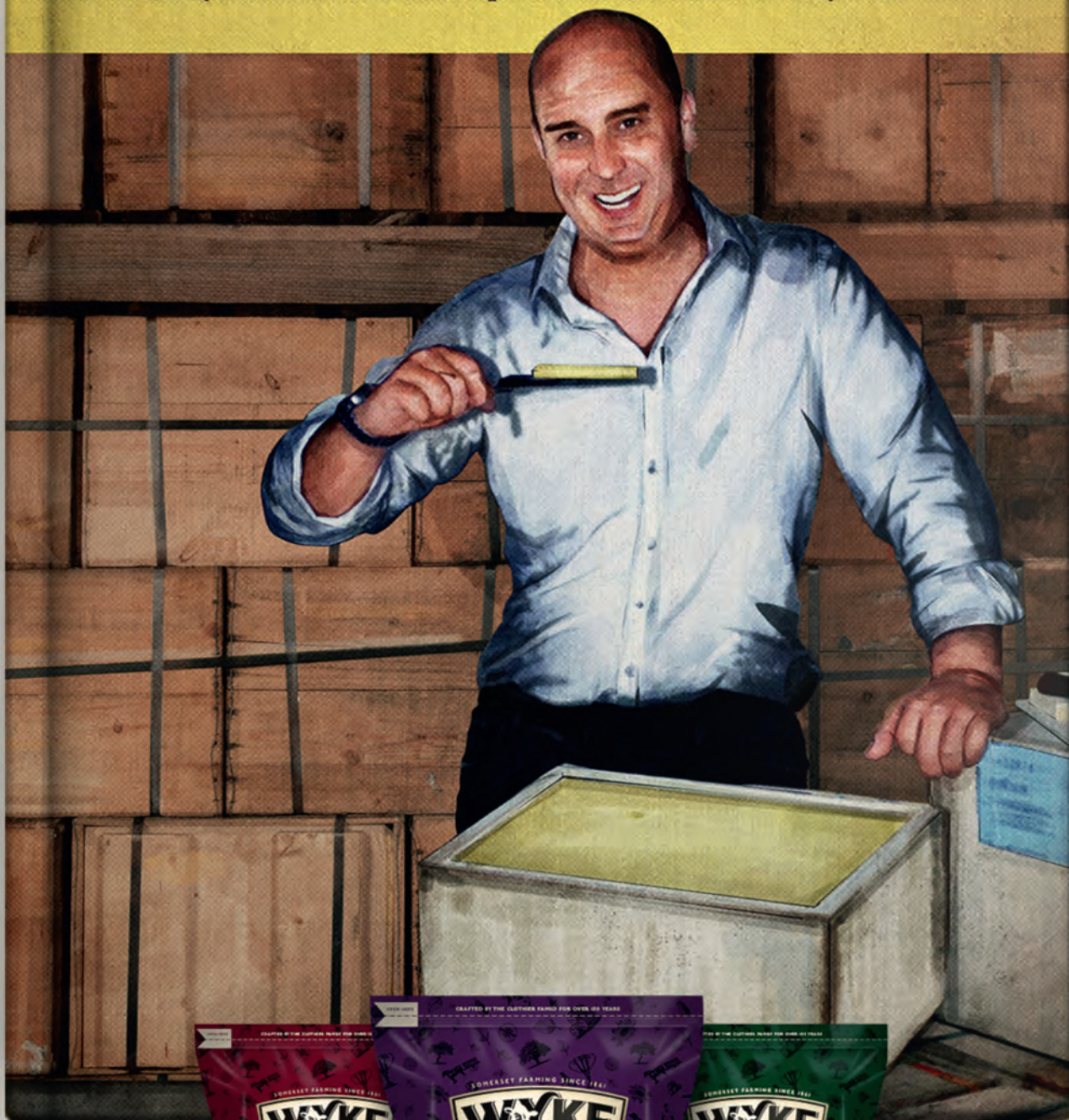
Sure, butter is in fine fettle right now because it's seen as better for you and more natural. But fashion is fickle. Food trends never sit still for long. In fact, a September Harris Interactive poll for us revealed that 24% of Brits are thinking about cutting dairy intake; that number rose to 39% of under 24-year-olds. Health was the most likely reason, cited by 60%, followed by animal welfare (32%) and the environment (25%).

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dairy: cheese



Cheese gets squeezed as Cheddar falls

Nick Hughes

Life doesn't get any easier for cheese brands. The whole category has experienced a contraction of space in the past year, with cheddar brands in particular being squeezed.

Retailers have chosen to invest in their own-label ranges and rationalised the number of branded SKUs on shelf. As a result, innovation has suffered, with branded launches focusing predominantly on convenience formats such as sliced, grated or snacking products whose growth is a rare green shoot in an otherwise inhospitable landscape.

"The cheese category is changing," says Lee Wiseman, category development manager at Mondelez International. "Traditional cheddar is in value decline and its penetration is saturated, meaning there is limited headroom for growth."

Wyke Farms is one of the brands to have suffered in this hostile environment. "It's been very tough," admits MD Rich Clothier. "We've backed away from the deep promotions and tried to sell off-shelf. It's about focusing on the people who appreciate the values of the brand and trying to reinforce that position."

The fact that brand leader Cathedral City has managed to deliver volume growth is "really pleasing to see" says Lee Willett, Dairy Crest marketing director. Yet the brand has

TOP 20 Dairy: cheese				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.6%				TOTAL CATEGORY	2,392.0	-14.7	-0.6
				TOTAL OWN LABEL	1,327.9	5.1	0.4
1	1	Cathedral City	Dairy Crest	259.0	-3.5	-1.3	
2	2	Philadelphia	Mondelez	89.8	-5.1	-5.4	
3	3	Dairylea	Mondelez	89.5	-3.5	-3.7	
4	4	Pilgrims Choice	Ornua Foods	75.1	5.1	7.2	
5	5	Baby Bel	Bel	49.1	-1.3	-2.5	
6	7	Cheestrings	Kerry Foods	44.7	3.9	9.5	
7	6	Seriously	Lactalis	42.8	1.3	3.2	
8	9	Lunchables	Mondelez	31.3	4.1	15.0	
9	8	Laughing Cow	Bel	29.9	-2.5	-7.8	
10	10	Leerdammer	Bel	19.7	-0.4	-2.2	
11	12	Castello	Arla Foods	19.4	0.6	3.2	
12	14	Galbani	Lactalis	17.8	0.3	1.9	
13	13	Président	Lactalis	17.3	-0.5	-2.8	
14	15	Primula	Kavli	14.8	-0.2	-1.4	
15	18	Saint Agur	Savencia F&D	13.8	0.6	4.9	
16	11	Wyke Farms	Wyke Farms	13.5	-6.2	-31.5	
17	17	Boursin	Bel	12.6	-1.0	-7.3	
18	16	Ilchester	Norseland	11.4	0.8	7.2	
19	24	Attack A Snak	Kerry Foods	10.5	1.5	16.5	
20	25	Le Rustique	Savencia F&D	9.7	1.2	13.7	

also seen value sales dip, demonstrating just how competitive and price-sensitive the cheese fixture currently is.

Nielsen analyst Rupert Austin notes that although pricing has been relatively flat for cheese over the past year, prices are noticeably up over the last 12 weeks. In this context, brands such as Cathedral City may find it tough to keep price rises in check for too much longer.

Other cheddar brands have fared much better. Sales of Pilgrims Choice topped the £75m mark thanks in part to investment in TV advertising. "Over the last three years we've continued to invest in above-the-line, which some of our competitors haven't done as significantly as we have," says Ornua Foods

marketing director Mike Harper. "What we've always tried to be is the counterpoint to Cathedral City. We've wanted to have a differentiated point of view, tone of voice and flavour."

The Seriously brand has also delivered steady growth. Earlier this year, Lactalis McLelland relaunched and added to the brand with the rollout of a fresh new look and two clearly defined sub-ranges with their own unique recipes: Seriously Strong, which is targeted at consumers looking for texture and versatility, and Seriously Creamy, which is aimed at consumers looking for a distinctive and full-flavoured taste. The move also saw the launch of a completely new line, Seriously Creamy Medium Cheddar 350g, which



TOP LAUNCH 2017

GoGo's Kerry Foods

With free school lunches having bitten a chunk out of kids' snacking, suppliers are relying on adults to shed their inhibitions and gorge on cheesy treats. Step forward GoGo's, a pairing of cheese bites with ingredients including chocolate-covered coffee beans, chorizo bites and flapjacks. Whilst GoGo's undoubtedly owe a debt to Graze snack boxes, that they're found in the chiller sets them apart from other combos, and with a protein content of 10g to 18g the health box is ticked too.

dairy: cheese



☞ was introduced to appeal to younger families in particular.

The most eye-catching innovation, however, is coming in convenience products, which meet the growing demand for on-the-go snacking, particularly among adults. Lactalis McLelland reports that Seriously Spreadable Squares, which were launched to tap into the portions market, have added £1.4m worth of incremental sales to the brand's value and are attracting new shoppers to the category. Even more impressive is the impact made by Kerry Foods' GoGo's brand, which was launched in February and is already worth £3.8m.

Wiseman says that Mondelez's insights show that 98% of adults snack at home, work or a place of study, and consequently "snacking cheese has been a success as it provides added value for shoppers looking for convenience, as well as being expandable with

"The protein trend, low carb, low sugar: we've not done enough to exploit those"

a large range for different occasions".

Mondelez added a new Nachos variant to the Dairylea Dunkers range in the spring; however, the brand itself is down 3.7%. Philadelphia has also struggled despite the launch of a Greek Style variant. In fact, Mondelez's growth is being driven by Lunchables, sales of which have spiked 15%.

Baby Bel is another brand targeting the adult snacking market. Bel UK recently invested in a significant integrated marketing campaign focusing on young adults, and

marketing director Steve Gregory reports seeing a 7% uplift when Mini Babybel was sampled at front of store.

Bel UK is also looking to drive sales of more 'mindful snacks' with its recently launched Snaccident campaign for The Laughing Cow, based on research that showed millions of Brits are regularly underestimating the calorie content of their favourite food by an average of 700 calories a day.

Part of the rationale for brands focusing on adult snacking is to compensate for the decline of the kids' lunchbox opportunity now that free school meals are available to all primary schoolchildren. In this context, Cheestrings' growth of 9.5% is all the more impressive. Brand owner Kerry Foods has continued to support Cheestrings. Earlier this year, it joined forces with Sony Pictures to run an on-pack promotion linked to The Emoji Movie as part of a wider £1m integrated marketing campaign, which also included TV, shopper activation and digital support.

Snacking aside, the other significant growth area is in speciality cheeses, which Nielsen's Austin notes is being driven by changing consumer tastes and the growing use of speciality cheeses in recipes. Own label is a key driver of this trend. Waitrose cheese buyer Chris Dawson reports sales growth of 109% in the retailer's quark range, while Waitrose has launched its first organic halloumi as the cheese moves from being an ethnic speciality to a mainstream staple, according to Dawson. The Co-op, meanwhile, has made its Irresistible Buffalo Mozzarella an all-round line after seasonal summer sales outperformed expectations.

Brands have responded with innovation of their own. In May, Galbani launched ready-to-heat mozzarella slices alongside a £2.5m marketing campaign to inspire consumers to "do things the Italian way". And Arla has launched a Castello Snacking Bag that contains snack-sized cheddar, brie, decorated cream cheese and creamy blue varieties.

In a mature category, a marginal decline in total sales cannot be considered a complete disaster, yet Wyke Farms' Clothier believes the category should be performing better given that a lot of current trends are favouring cheese.

"The protein trend, low carb, low sugar, they're all messages that shoppers understand and as an industry, I'm not sure we've quite done enough to exploit those."

So will they step up and seize the new opportunities in 2018?



Forget wine with cheese. It's all about wine *in* cheese for those hip young millennials this Christmas. The Great British Cheese Company's Wensleydale with Raspberry & Prosecco (above) has been dubbed 'the most millennial mash-up ever' by Cosmopolitan. The drunken cheese trend doesn't end there. M&S has launched a Cornish Cruncher with cider cheese bake for this year's festivities, while Ocado is stocking an Irish Whiskey & Stem Ginger Cheddar.



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dairy: drinks



Milk back in growth after four-year dip

Kevin White

The soaring price of everything from butter (p68) to babyfood (p37) and chocolate (p58) to cheese (p72) leaves little room for doubt: the rising price of milk is having repercussions far outside the dairy drinks fixture.

But within the fixture, milk is starting to be viewed as more than a mere commodity. For some shoppers, it's no longer enough for milk to be cold, wet and white; a growing number are buying milk with added health, animal welfare and functional benefits. And for such credentials they will pay. Sales of fresh milk have inched up 0.2% (£4.7m) on volumes that have dipped 1.4% in the past year.

Granted, this seems scant cause for celebration, but context is everything. This is the first time milk has been up in this report since 2013, when we reported 2.5% (£66.1m) sector growth on volumes up 1.6%. What's also significant is who is driving the growth this year. Own label is down; brands are up 2.1% in value and volume. That's worth £18m.

"Space has increased for the category as a whole," says Nielsen senior client manager Rupert Austin. "This is providing opportunities for branded manufacturers, with branded distribution up 10.6%. This is in keeping with Arla's efforts to diversify and drive value into milk. Arla Organic (see below) stands out as the biggest branded launch of the year." ➔

TOP10 Fresh milk inc soya				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.4%				TOTAL CATEGORY	2,657.8	4.6	0.2
				TOTAL OWN LABEL	1,802.4	-13.4	-0.7
1	1	Cravenale	Arla Foods	147.9	-0.1	-0.1	
2	2	Müller Milk	Müller Milk & Ingreds	123.3	-15.0	-10.8	
3	3	Alpro	Alpro	122.8	9.7	8.6	
4	4	Freshways	Nijjar Dairies	56.8	7.0	14.1	
5	5	Lactofree	Arla Foods	46.9	5.9	14.3	
6	6	Watsons	Medina Dairy	40.6	0.3	0.9	
7	7	Yeo Valley	Yeo Valley Farms	26.7	0.6	2.4	
8	9	Graham's The Family Dairy	Graham's Family Dairy	16.7	1.8	12.0	
9	12	Happy Shopper	Booker Belmont	15.2	1.9	13.9	
10	8	St Helen's Farm	St Helen's Farm	15.1	-0.1	-0.7	

TOP5 Drinking yoghurts				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.9%				TOTAL CATEGORY	179.1	2.6	1.5
				TOTAL OWN LABEL	16.0	2.7	20.6
1	1	Actimel	Danone	92.4	0.3	0.4	
2	2	Benecol	Raisio	46.1	0.9	1.9	
3	3	Yakult	Yakult	15.8	1.8	12.6	
4	4	Flora Pro-activ	Unilever	2.3	-3.4	-60.2	
5	5	Mlekovita	Mlekpól	1.3	0.4	47.8	

TOP10 Flavoured milk				SALES			
				£m	change (£m)	change (%)	
Total volume change: 6.0%				TOTAL CATEGORY	318.1	27.7	9.5
				TOTAL OWN LABEL	53.3	5.2	10.8
1	1	Yazoo	Campina	48.2	2.9	6.3	
2	3	Starbucks	Arla Foods	41.8	8.1	24.0	
3	2	Frijj	Müller	37.7	-3.4	-8.2	
4	7	Weetabix	Weetabix	19.8	7.0	54.2	
5	5	Dunn's River	Grace Foods UK	14.7	-1.1	-7.2	
6	4	Mars	Mars Consumer Drinks	13.9	-2.2	-13.8	
7	6	Emmi	Emmi	12.5	-0.7	-5.0	
8	8	For Goodness Shakes	My Goodness	10.6	1.6	18.4	
9	9	Alpro	Alpro	9.6	0.8	9.5	
10	11	Jimmy's Iced Coffee	Framptons	5.1	1.7	50.3	



TOP LAUNCH 2017

Organic Farm Milk Arla

Arla harked back to a bygone age last November with the launch of Arla Organic Farm Milk, an unhomogenised milk topped with a layer of cream, just like the milkman used to deliver. The aim was to make organic milk "more accessible to all", Arla said. In a cute piece of repositioning, Arla moved to cash in on the free-range milk boom by rebranding the product as Organic Free Range Milk. It's the biggest dairy drink launch of the year, having hit sales of £8.7m.

dairy: drinks



With supplies being squeezed and farm-gate prices rising, it makes sense that retailers should seek to protect margins by giving more space over to brands. Branded milk has been selling for an average of 87p a litre versus own label's 53p this past year, although the price gap has narrowed by a penny as a result of successive own-label price hikes.

The price of standard own label began rising in autumn 2016, when Asda, Iceland, Aldi and Lidl put an extra 14p on four pints, bringing the price to 99p. With milk supplies continuing to tighten in 2017, Morrisons took the plunge and upped the price of four pints of its Milk for Farmers to £1.10, citing "ongoing cost pressures". The rest of the big four and Waitrose have since followed suit.

There's no question who the overall winner in milk has been this year: Arla, which has seen combined sales of its biggest milk products surge by 10.5% to £227.8m on volumes

"Space has increased for milk overall, with branded distribution up 10.6%"

up 11.2%. Its B.O.B brand (filtered skimmed milk that 'tastes as good as semi-skimmed' – our top milk launch of 2016) is up 95.5% to £11.2m and Organic Farm Milk (rebranded as Organic Free Range Milk in July in a bid to capitalise on the popularity of free range farming) has seen sales jump by a whopping 392%, from £1.8m to £8.7m.

"Arla has seen its branded milk products reach their highest ever share of the market this year at 9%, vindicating Arla's decision to focus on adding value to its farmer

owners' milk through product innovation and investment in the Arla brand," says senior director Stuart Ibberson, while conceding it's not been plain sailing for all its brands. "A reduced number of multibuy (there has been a 9ppt drop in milk volume sold on deal) and some consumers opting for the other added-value brands we've released has led to a slight dip in Cravendale this year, but Arla is committed to investment in the brand, demonstrated by the latest Moonicow campaign, which is already showing strong results."

Cravendale's 0.1% dip on volumes down 1.2% doesn't look so bad next to its closest branded rival, Müller Milk, which has lost 10.8% of its value and 8.4% of its volume. Nevertheless, Müller Milk & Ingredients commercial director Dan Howell says the brand is bringing "more inspiration to the dairy aisle by offering more exciting packaging, on pack promotions and innovative new products".

Innovation can take many forms, of course. Alpro's category-leading growth of £9.7m has been driven in part by working with Tesco to develop dedicated dairy alternative fixtures in store to better signpost the burgeoning category to shoppers. Arla's Lactofree is also benefiting from the growing amount of space retailers are giving dairy alternatives. Sales are up 14.3% on volumes up 12.6%.

NPD, combined with the higher cost price of milk being pushed through by brands, has been a key driver of the flavoured milk category's £27.7m growth (the greatest rise of the three dairy drink sectors measured here). Overall sales are up 9.5% on volumes up 6% and, again, Arla can take much of the credit: the Starbucks branded dairy drinks it produces under licence are up by nearly a quarter, putting an extra £8.1m through the tills.

That the Starbucks range carries a 33.6% premium over the market average price is significant. Brands are increasingly looking to supply refreshment and/or nutrition on the go, and for that they know consumers are prepared to pay more for. See Weetabix's On The Go drinks' 54.2% growth for further proof (the range sells for an average of £1.18 a litre, versus the market average of £1.06).

Weetabix's functional claims (trumpeting fibre and protein content) are also worthy of note, as is the £1.8m rise of Yakult, the yoghurt drink category's fastest grower, which trades on its probiotic benefits.

Shoppers will swallow higher prices, it seems, so long as brands make it clear what they're paying for. They'll need to step up efforts to do just that in 2018.



Dairy equals fat. A Harris Interactive poll for us in September found that fat content is the number one health concern of consumers when it comes to dairy, with 38% citing it. Perhaps more surprising was that 24% cited high sugar as their top worry when it came to dairy. Brands are listening. Yazoo attributes its £2.9m growth partly to the success of its new no-added-sugar range. And struggling Frijj has since launched no-added-sugar products.

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let in the goodness

dairy: yoghurts & desserts



SKU count up in yoghurt as top seven fall

Kevin White

Given that yoghurt & potted dessert sales have dipped 0.4% (£8.9m) on volumes down 1.5% this past year, it might be a surprise that SKUs stocked in this sector are multiplying like bacterial cultures in an incubation tank.

“Overall shelf space has increased by 3% for yoghurt,” explains Nielsen analyst Rupert Austin. “The number of SKUs is increasing fastest for secondary and tertiary brands at 7%. Müller on-shelf growth is flat and Danone has lost 6.9% on last year. There’s a clear move by retailers to increase assortment away from just the core manufacturers.”

This is borne out by the numbers. All top seven brands are in decline, with their combined losses totalling an eye-watering £52.4m (6.2%). Greatest contributors to the decline are Müller Corner (down £23.9m), Activia (down £13.4m) and Petits Filous (down £9.9m). These losses reflect the ongoing shift in consumer expectations, says Austin.

“The trend of functionality and consumers expecting yoghurts to do more than simply taste great seems to be the next stage of development for the category following the impact that Greek and Big Pots have had on the category in preceding years,” he adds. “Function – be it low sugar, low fat, free from, health or protein – is having a considerable impact on the category.”

TOP 20 Yoghurts & potted desserts

			SALES			
			£m	change (£m)	change (%)	
Total volume change: -1.5%			TOTAL CATEGORY	1,984.2	-8.9	-0.4
			TOTAL OWN LABEL	551.9	9.4	1.7
1	2	Müller Light	Müller	176.1	-0.1	-0.1
2	1	Müller Corner	Müller	164.9	-23.9	-12.7
3	3	Activia	Danone	139.1	-13.4	-8.8
4	4	Yeo Valley	Yeo Valley Farms	111.2	-0.9	-0.8
5	5	Petits Filous	Yoplait	78.9	-9.9	-11.1
6	7	Cadbury	Müller	58.8	-0.5	-0.8
7	6	Onken	Emmi	58.7	-3.8	-6.0
8	8	Total	Fage	58.4	0.2	0.3
9	9	Müller Rice	Müller	38.4	-2.2	-5.4
10	11	Gü	Gü	37.4	0.2	0.4
11	10	Munch Bunch	Nestlé	36.3	-3.4	-8.5
12	15	Alpro	Alpro	35.1	8.0	29.6
13	12	Yoplait Wildlife	Yoplait	33.8	-2.3	-6.4
14	17	Arla	Arla Foods	31.9	10.7	50.4
15	13	Rachel's Organic	Nestlé	30.0	-2.6	-7.9
16	18	The Collective	Epicurean Dairy	27.8	8.1	40.7
17	14	WeightWatchers	Yoplait	25.8	-3.9	-13.1
18	16	Oykos	Danone	25.6	3.7	16.9
19	28	Light & Free	Danone	24.2	15.6	183.3
20	20	Ski	Nestlé	17.0	0.3	1.9

See Arla’s £10.7m (50.4%) growth, driven by its Protein and Skyr products, for proof. And Light & Free has delivered the greatest gain of the year, of £15.6m (nearly tripling its value), as brand owner Danone has sought to appeal to health-conscious consumers with a growing range of Greek style yoghurts.

“Health is multi-dimensional, and we are working to ensure that we cater to people’s diverse needs,” says Danone Dairies head of category strategy Clare Denham, pointing to August’s launch of Activia Grains & Seeds to tap demand for healthier breakfasts.

More proof of how health trends are impacting the category can be seen in dairy-free brand Alpro’s £8m growth over the past year, a surge of nearly a third. “Shoppers are

recognising the benefits that plant-based products can bring to the table – and this is what’s setting Alpro apart in the yogurt aisle,” says Alpro head of marketing Vicky Upton.

The growth of such brands and The Collective, up £8.1m (40.7%), is pushing prices up, says Austin. “The Collective, Skyr, Alpro and others are gaining share and at a higher price point – highlighting premiumisation. Meanwhile, Müller and Danone have kept volumes sold on deal in line with the previous year, helping to keep prices down.”

However, Müller says deals are not as deep as they were previously as it seeks to “mitigate the impact of more costly ingredients”. With those pressures mounting, prices may be about to rise further.



TOP LAUNCH 2017

Rachel's Lactose Free Lactalis Nestlé

The launch of a trio of lactose-free Rachel’s yoghurts during the autumn marked the brand’s first foray into the free-from segment. It also represented a bid by Rachel’s owner Lactalis Nestlé to broaden the appeal of “under-developed” lactose-free yoghurt to a wider audience. The product, available in natural, strawberry and peach flavours, is also the first British-made and organic lactose-free yoghurt, the brand says, and brings “a touch of luxury to this growing sector”.



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¹ IRI Grocery Outlets, Value Sales, 52we 4th November 2017 vs YAGO

free-from



Sales of free-from close in on £1bn mark

Emma Weinbren

Six years since Gwyneth Paltrow declared she was going gluten-free, dairy-free (and arguably humour-free), the free-from trend has snowballed. No longer a celebrity fad, this category brought in a whopping £929.6m over the past year as sales shot up by 18.7%.

And 2017 was the year free-from officially went mainstream. According to Kantar Worldpanel figures, 78% of shoppers have bought into the category at some point. Mainstream brands and retailers are now queuing up to get involved. Premier Foods launched free-from versions of its Mr Kipling range (see Top Launch), pasta giant Barilla went gluten-free and even brands that are naturally free-from such as Tilda basmati rice are highlighting their gluten-free credentials on pack. Plus, brands that were designed specifically for the free-from category such as NAKD have taken on a mass market appeal. Retailers are responding with larger, more prominent free-from aisles and, particularly in the case of Tesco and Sainsbury's, some impressive own-brand ranges.

Despite all this change, the shopper motivation driving the category remains the same: health. Gwyneth's claimed health benefits of a free-from diet were largely rubbish as it emerged many gluten-free products were higher in fat than standard alternatives,

TOP 20 Free-from

				SALES			
				£m	change (£m)	change (%)	
Total volume change: 17.2%				TOTAL CATEGORY	929.6	146.6	18.7
				TOTAL OWN LABEL	180.7	27.2	17.7
1	1	Alpro	Alpro	181.7	22.3	14.0	
2	2	Lactofree	Arla Foods	57.1	7.5	15.1	
3	3	NAKD	Natural Balance Foods	37.8	1.6	4.4	
4	5	Eat Natural	Eat Natural	32.9	3.1	10.3	
5	4	Genius	Genius Foods	32.0	1.5	5.0	
6	7	The Collective Dairy	The Collective Dairy	28.2	8.4	42.1	
7	8	Schär	Dr Schär	25.9	6.8	35.5	
8	6	Nairn's	Nairn's Oatcakes	22.7	1.7	8.1	
9	9	Kallo	Kallo Foods	17.9	0.7	4.2	
10	10	Newburn Bakehouse	Warburtons	13.7	0.0	0.2	
11	11	Mrs Crimble's	Wessanen	12.1	-1.1	-8.1	
12	44	Nature Valley Protein	General Mills	12.0	10.5	701.8	
13	24	Fruit Bowl	Fruit Bowl	10.9	5.9	117.0	
14	16	Oatly	Oatly	10.7	3.8	55.7	
15	13	Koko	First Grade Intl	9.8	1.8	21.8	
16	15	Knorr Stock Pots	Unilever	9.7	2.1	27.1	
17	14	Amy's Kitchen	Amy's Kitchen	8.8	0.8	10.2	
18	19	Rude Health	Rude Health	8.4	1.8	26.5	
19	12	Almond Breeze	Blue Diamond G'wers	8.4	-0.5	-5.1	
20	27	Bfree	Bfree Foods	7.9	3.6	82.2	

but that hasn't put an end to the halo effect. 'Lifestylers' make up the majority in terms of shopper numbers, rather than those with a medical intolerance and allergy. "Shoppers are increasingly looking at ways to eat 'clean' – and one way to do that is to cut out certain ingredients from their diets," says Matt Lee, MD at shopper media agency Capture. In response, free-from brands are upping their game to ensure there is substance behind those healthy perceptions.

In October, category leader Alpro launched a Plain Unsweetened No Sugars Big Pot and a Mango Big Pot with more fruit and no added sugar. The innovations came hot on the heels of its new dairy-free ice cream with 30% less sugar than standard fare – a move

cannily targeted to appeal to today's health-conscious consumer. "We know choice and variety are the key drivers for today's health-conscious shopper," says Vicky Upton, head of marketing at Alpro UK and Ireland. "In addition, these shoppers seek great-tasting, versatile products that fit in with their busy lifestyles and tick the 'wellness' box too."

Less well-known brands are also at it. As a free-from brand that specialises in 'wickedly indulgent pud's, Freaks of Nature doesn't sound like a particularly virtuous choice. Yet its cheesecakes contain less than 20g of sugar per 100g (most are above the 20g mark) and the company is focusing on driving this down further by 2020 in line with Public Health England guidelines. ➔

TOP LAUNCH 2017

Mr Kipling's gluten-free Premier Foods

Back in April, Premier Foods gave the iconic Mr Kipling's cherry bakewell a free-from makeover. The launch of the gluten-free mini versions – along with three gluten-free loaf cakes – confirmed free-from had officially gone mainstream. Premier was so pleased with its performance it went on to launch three Mr Kipling gluten-free slice variants in September, of which chocolate brownies have emerged as an early favourite.



free-from

nielsen



☞ The strategy seems to be working so far. Many of the names that have incorporated health messaging into their marketing, such as Alpro, Eat Natural and Koko, have enjoyed double-digit growth, and 18 of the top 20 free-from brands have seen some uplift over the past year.

But there is a question mark over how long this party can continue. As Capture's Matt Lee points out, the targeting of health-conscious shoppers is becoming almost ubiquitous in the category. "The use of all-natural ingredients, or 'dairy-free' or 'gluten-free' claims, is allowing brands and retailers to drive relevance among a much wider shopper base than they once were," he says. "As more brands and retailers signify this, there is a risk that these claims will lose their gravitas and, ultimately, their USP."

Plus, there could be an emerging battleground between retailers and brands.

"Free-from is no longer confined to free-from bays. It's interspersed throughout the store"

Supermarkets are aggressively pushing their own free-from credentials; Sainsbury's has grown its Deliciously Free From range to over 100 products, Tesco's market-leading offering has won awards, and M&S added 54 new lines to its Made Without repertoire.

Own label has delivered £27.2m of the sector's overall growth of £146.6m. That's the seventh-biggest own-label gain of the year and the third biggest overall growth of any food or drink category. At the moment, brands are seeing these efforts as a complementary

driver of the category rather than a threat, but this could all change if growth becomes more scarce.

Innovation will be key to ensuring the category maintains its momentum, says gluten-free brand Schär. The brand has launched five new products over the past year that tap wider trends – including deli-style sourdough and soft waffles for the increasing number of brunch enthusiasts. Schär believes offering gluten-free consumers the same choices as the wider public will ensure new and repeat business. Its speciality breads, for example, have yielded a 188% increase in year-on-year sales – helping to drive its overall 35.5% brand growth.

"This demonstrates that gluten-free consumers are demanding more diversity," says Roger Harrop, lead category manager at Schär. "Addressing our customer demand for premium, speciality products, our new deli-style sourdough bread and deli-style seeded loaf are made using artisanal techniques and quality ingredients, resulting in a superior taste."

Tapping wider trends has certainly worked out for Nature Valley, whose protein bar range has made it the fastest-growing product line in the top 20. The brand has registered over 700% growth over the past year to be worth nearly £12m, as fitness addicts look for a protein hit combined with free-from credentials. As more mainstream products such as these crop up, it may be that an increasing number move out from the dedicated free-from aisle.

"Free-from is now a destination aisle that we believe brands and retailers can make more of to inspire shoppers," says Capture's Lee. "However, we are also seeing that free-from products are no longer confined to the free-from bays in store. Rather, they're interspersed throughout."

Indeed, Alpro has partnered with Sainsbury's and Tesco to develop chilled free-from fixtures that sit alongside the dairy aisles. If canny merchandising and innovation continue at the same pace, the free-from market looks set to easily surpass the £1bn mark next year. From gluten-free sourdough to dairy-free cheesecakes and sugar-free yoghurts, there is certainly plenty to tempt shoppers into the market – and innovation is still coming thick and fast. For example, in the past two months, Nairn's launched a new range of flatbreads and Birds Eye unveiled gluten-free chicken nuggets and fish fingers.

So don't expect this trend to go anywhere soon. Gwyneth would be proud.



Free-from is no fad. As sales thunder upwards towards the £1bn mark, more and more Brits are opting to buy gluten, wheat, grain, lactose and dairy-free products not because of medical need but as a lifestyle choice. Indeed, our own research revealed in August that 43% of Brits now say they are buying free-from goods on a regular basis. That's up from just 19% in 2014 [Harris Interactive].

fresh: fruit & veg



Fresh fruit in the limelight as sales surge

Carina Perkins

Brits are going bananas for fresh fruit. Sales are up by £176.4m (3.8%), the greatest gain in this report. And, for a change, price rises are only part of the picture. Brits are eating more too, having munched an extra 80.8 million (2.1%) pieces of fruit in the past year.

Higher prices may not have deterred shoppers from getting their five portions of fruit a day, but it's another story when it comes to veg. Overall veg prices are flat because lower prices for potatoes (-2.1%), mushrooms (-1.3%) and others have offset big price rises for cucumbers (+8.7%) and lettuce (+6%).

Veg prices started rising due to a supply crisis at the beginning of the year when flooding and snow in southern Spain left shelves bare and pushed wholesale prices through the roof. "A box of 12 iceberg lettuces, normally around £4 to £5, was reported to be fetching £15 in February," says Dieter Lloyd, spokesman for the British Leafy Salad Association.

Warm weather in March and April meant the UK season kicked off early and supplies soon returned to normal, but prices for staples like lettuce, cabbage and cucumber remained higher than last year. But supply & demand is only part of the equation when it comes to fresh produce prices. Imported and British produce have also been inflated by sterling's devaluation since the Brexit vote.

TOP10 Vegetables			SALES			
			£m	change (£m)	change (%)	
Total volume change: -0.2%			TOTAL CATEGORY	5,211.9	-16.0	-0.3
1	1	Potato	827.6	-28.5	-3.3	
2	2	Tomato	645.0	8.5	1.3	
3	3	Dry leaf salad	461.8	-27.7	-5.7	
4	4	Mushroom	298.7	-0.6	-0.2	
5	5	Pepper	255.7	7.5	3.0	
6	7	Avocado	216.3	29.8	16.0	
7	6	Carrot	187.5	-8.5	-4.3	
8	8	Broccoli	180.0	6.5	3.8	
9	10	Cucumber	166.9	12.3	7.9	
10	9	Beans	151.6	-6.6	-4.1	

TOP10 Fruit			SALES			
			£m	change (£m)	change (%)	
Total volume change: 2.1%			TOTAL CATEGORY	4,781.8	176.4	3.8
1	2	Grapes	604.2	21.1	3.6	
2	1	Apple	599.7	12.1	2.1	
3	3	Banana	551.4	18.8	3.5	
4	4	Strawberries	505.3	3.8	0.8	
5	5	Clementines	310.4	6.1	2.0	
6	6	Blueberries	307.1	21.3	7.5	
7	7	Raspberries	278.9	23.0	9.0	
8	8	Pear	157.0	1.3	0.8	
9	9	Fruit salad	152.2	0.8	0.5	
10	10	Orange	133.8	1.9	1.5	

"It's become more expensive to bring fruit & veg in from Europe," says British Growers Association CEO Jack Ward. "British growers have seen input costs rise significantly too."

But Brits are increasingly willing to splash out on pricier produce, so long as they're perceived as healthy. See the £30m rise in avocados or the £21.3m surge in blueberries - rich in antioxidants and considered to be "more versatile" than strawberries, says British Summer Fruits chairman Nicholas Marston.

Demand for convenience is driving growth in pre-packed veg and snackable fruit, such as grapes, which have overtaken apples as the UK's bestselling fruit. "Grapes are a very good, convenient snack," says Ward. "Tesco is even using them in its meal deals now."

For growers, future growth will come from varieties that offer consumers something unusual, says Paul Thomas, MD at Isle of Wight Tomatoes. "The need to find a point of difference has never been so important." ●



TOP LAUNCH 2017

Butternut Squash Stars Tesco

They caused outrage when they first hit Tesco shelves - with critics seething at the audacity of cutting up veg into cutesy shapes in the belief this was a wasteful process likely to undermine efforts to educate kids about healthy eating. But don't listen to the haters; these squash stars tick all the proverbial boxes for fresh produce NPD. Encouraging kids to eat more fruit & veg? Tick. Convenient for busy parents? Tick. Helping to tackle food waste by letting producers sell more of their crop? Boom.

fresh: meat, fish & poultry



Meat gets the chop as sales fall by £71m

Carina Perkins

Fresh meat has suffered grocery's biggest loss for the second consecutive year, hemorrhaging £71.4m (1.6%) on volumes down 1.5%. Poultry has lost a further £25.3m (1.2%) while fish has grown by £45.2m (2.6%).

Supply & demand, currency exchange rates, demographics, health concerns and food trends are all affecting Britain's choice of meat. Indeed, growing numbers are opting out of meat altogether. The Vegetarian Society estimates there are now 1.2 million-plus vegies in Britain. More than half a million are vegan, quadruple the number a decade ago. Many more are cutting back for health and/or environmental reasons.

The challenge for pork, lamb and beef partly relates to occasion. The rise of smaller households and growing demand for quick meals mean the Sunday roast is in decline. "Roasting joints traditionally had one destination: Sunday meals," says AHDB senior multiple retail trade manager Matt Southam.

It's not all bad for beef, though. Southam says sales of mince and steak are holding up well thanks partly to format innovation. "A lot of retailers have made smaller pack sizes to get price points to around £3 and provide a product that is affordable for a midweek meal, and combining that with promotions," he adds. "It's been really successful."

TOP5 Fresh meat			SALES			
			£m	change (£m)	change (%)	
Total volume change: -1.5%			TOTAL CATEGORY	4,312.4	-71.4	-1.6
1	1	Beef	1,916.9	2.0	0.1	
2	2	Bacon	710.7	-24.0	-3.3	
3	3	Sausage	550.0	11.4	2.1	
4	4	Pork	484.4	-17.8	-3.5	
5	5	Lamb	417.1	-25.6	-5.8	

TOP5 Fresh fish			SALES			
			£m	change (£m)	change (%)	
Total volume change: -2.7%			TOTAL CATEGORY	1,811.9	45.2	2.6
1	1	Salmon	772.8	31.8	4.3	
2	2	Cod	176.8	4.4	2.6	
3	3	Haddock	136.2	3.4	2.6	
4	5	King prawns	136.0	8.3	6.5	
5	4	Prawn	126.8	-5.3	-4.0	

TOP3 Fresh poultry			SALES			
			£m	change (£m)	change (%)	
Total volume change: 2.2%			TOTAL CATEGORY	2,095.7	-25.3	-1.2
1	1	Chicken	1,672.4	-9.3	-0.6	
2	2	Rotisserie	215.6	-6.6	-3.0	
3	3	Turkey	161.3	-3.7	-2.3	

Clearly, convenience is crucial. Poultry, the only sector with volumes up, is beating red meat partly because chicken fillets are seen as easier to prepare. It's also cheaper, leaner and more versatile, making it more suited to the kind of rice and noodle dishes that are replacing traditional meat & two veg meals.

Bangers are back, too (value rose 2.1%; volumes are flat), suggesting the effect of the 2016 WHO cancer link is waning. Premium lines are to thank, says Richmond brand manager Sarah Davies. "Deeper deals and the return

of multibuys is driving growth. There's also less of a negative health perception."

The sector has mostly escaped the inflation many expected. But a 5.1% lamb price hike after retailers stocked up on British to offset New Zealand shortages and the pound's fall from grace saw volumes fall 10.3%. Salmon volumes also fell 7.3% on a 12.5% price rise.

Premiumisation is pushing up fish prices, too. Best proof of the growing sophistication of Brits' tastes is this: king prawns have outsold standard prawns for the first time. ●



TOP LAUNCH 2017

Men's Health Kitchen ABP UK

Meat gets a bad rap on health. But fitness fanatics know you can't beat it when it comes to building muscle. So teaming up with Men's Health on this new health-focused meat brand was a masterstroke by ABP. Lean pork sausages and chicken chipolatas with 60% meat and 29% haricot beans (rsp: £2/98) arrived in Asda in September. Full of protein and fibre, and appealing to flexitarians and carnivores alike, they could be an important step towards changing perceptions around meat and health.

NEW!

Men's Health Kitchen



From one expert to another...

With less than 3% fat and a high source of protein the all-new Men's Health Kitchen range is an easy, healthy way to maintain a balanced diet without any compromise on taste or quality.

For more information on the Men's Health Kitchen range, head to menshealth.co.uk or find the full range in selected major retailers from January 2018.

frozen food



Attitudes to frozen thaw as prices rise

Rachel Graham

At last, some good news! Much needed value is being driven into supermarket freezers. Sales of frozen food including ice cream (p144) and ready meals (p168) are up £91.2m (3.2%). That volume is more or less flat (down just 0.1%) suggests retailers and suppliers are succeeding in convincing shoppers that frozen food is worth paying that little bit more for. So how are they doing this and who is to thank for frozen's continuing success?

It's a mixed bag. While pizza and fish are in value and volume growth, other areas, such as frozen desserts and pastries, are struggling to keep pace in a market that's still battling the perception that fresh is best. The winners on these pages, however, are pizza and fish, up £10.2m and £28.4m respectively.

Own label is the fastest grower in pizza, having added £9m. "Own label has really stepped up in terms of quality and range breadth in the last year as the major retailers continue to fight the discounters," says Claire Mitchell, head of category and marketing at 2 Sisters Food Group. "This poses a real threat to brands as consumers have increasing amounts of choice at competitive prices."

The biggest casualty of own label's growth, driven primarily by more premium lines such as stonebaked and thin 'restaurant style' lines, has been Dr Oetker's Chicago Town,

TOP 10 Frozen pizza

				SALES			
				£m	change (£m)	change (%)	
Total volume change: 1.4%				TOTAL CATEGORY	393.2	10.9	2.8
				TOTAL OWN LABEL	158.5	9.1	6.1
1	1	Chicago Town	Dr Oetker	108.7	-2.8	-2.5	
2	2	Goodfella's	2 Sisters Food Group	67.4	-0.1	-0.1	
3	3	Dr Oetker Ristorante	Dr Oetker	51.1	4.0	8.5	
4	4	San Marco	2 Sisters Food Group	3.8	0.3	9.3	
5	5	Schär	Dr Schär	1.3	0.2	13.8	
6	6	Gino's	Anaka Foods	0.8	-0.1	-7.2	
7	NEW	Pizza Express	Bakkavor	0.7	0.7	●	
8	7	Alberto	Freiberger	0.2	-0.2	-50.6	
9	10	Naanza	Gourmet Foods & Bevs	0.1	0.0	-21.9	
10	9	La Pizza	Margherita	0.1	-0.1	-49.4	

TOP 5 Frozen desserts

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -6.0%				TOTAL CATEGORY	157.5	-8.3	-5.0
				TOTAL OWN LABEL	105.9	-7.5	-6.6
1	1	Vienneta	Unilever	13.1	-0.4	-2.8	
2	2	Aunt Bessie's	William Jackson	10.1	-1.5	-12.8	
3	3	Birds Eye	Birds Eye	5.1	-0.2	-3.7	
4	4	Yoomoo	Froneri	4.2	0.6	17.6	
5	5	WeightWatchers from Heinz	Kraft Heinz Co	4.1	0.7	19.0	

which has lost £2.8m (2.5%) as volumes slid 3.5%. 2 Sisters' Goodfella's brand only fared marginally better, with a 0.1% dip in value driven by higher prices; volumes have sunk 0.8%. Meanwhile, the group's smaller, cheaper brand San Marco saw value and volume grow by 9.3% and 9.4% respectively.

Pricier pizzas are the real winners among the brands, however. Dr Oetker Ristorante, which sells for an average of 29.1% more than the market average, is the fastest growing frozen pizza brand this year, up £4m. Pizza Express's first foray into the freezers, which began in late summer with an exclusive Iceland deal, is also proving fruitful. It's racked up £700k in a matter of weeks.

Over in fish, brands are flying, their combined sales contributing £19.9m to the sector's overall growth. Birds Eye has delivered most, with its core lines surging by £10.2m (8.5%) on volumes up 6.8% as the brand has trumpeted its quality and introduced value-added lines, such as the gluten-free frozen fish fillets it launched this autumn.

But the pricier Birds Eye Inspirations line is struggling, with volumes down 9.3%. The brand is looking to address this with a multi-million pound campaign. "One trend we've seen is that while consumers want to eat more fish, they're not overly confident in preparing it," says UK marketing director at Birds Eye Steve Challouma. "We have plans to turn ➔

TOP LAUNCH 2017

WeightWatchers Balance Kraft Heinz

For once WeightWatchers wants to pile on the pounds, and given the success of rival Slimming World's frozen food range, it's in with a good chance. The range's eight meals – including Mediterranean chicken pasta and chicken & chorizo paella – reflect the growing reliance of slimming brands on positive messaging that emphasises quality over the absence of calories, fat and other nasties. With a premium feel and mid-tier pricing, we reckon WeightWatchers is on to a winner.



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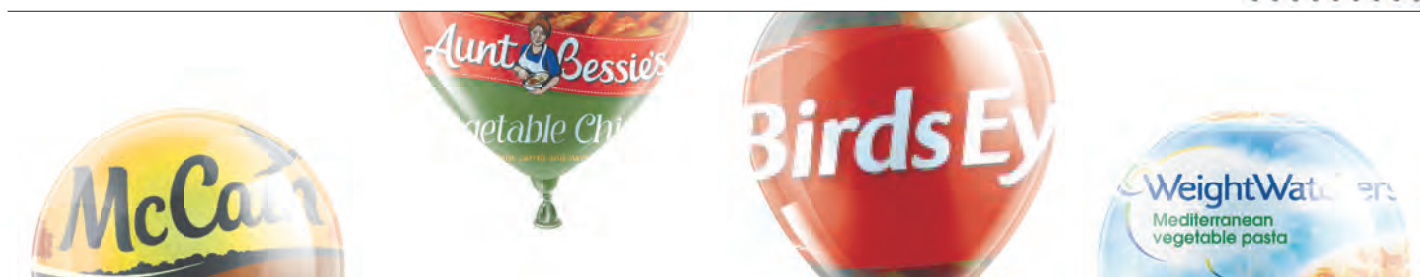
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WITH
LOVE

FROM

BirdsEye

frozen food



TOP5 Frozen potatoes				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.7%				TOTAL CATEGORY	631.4	2.0	0.3
				TOTAL OWN LABEL	205.0	2.4	1.2
1	1	McCain	McCain Foods	205.5	1.0	0.5	
2	2	McCain Home Chips	McCain Foods	87.1	-0.8	-0.9	
3	3	Aunt Bessie's	William Jackson	58.4	-8.6	-12.8	
4	4	McCain Micro	McCain Foods	22.5	0.6	2.9	
5	5	Birds Eye	Birds Eye	21.4	0.3	1.6	

TOP10 Frozen fish				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.8%				TOTAL CATEGORY	678.1	28.4	4.4
				TOTAL OWN LABEL	336.1	8.5	2.6
1	1	Birds Eye	Birds Eye	129.6	10.2	8.5	
2	2	Young's Gastro	Young's	58.0	3.2	5.9	
3	3	Young's	Young's	51.8	-0.5	-0.9	
4	5	Young's Chip Shop	Young's	34.1	4.5	15.1	
5	4	Birds Eye Inspirations	Birds Eye	30.3	-0.1	-0.3	
6	6	Arctic Royal	J Sykes & Sons	11.8	1.8	17.4	
7	7	Whitby	Whitby Seafoods	6.2	0.2	3.7	
8	19	Fishmonger's Favourite	Northcoast Seafoods	2.0	1.6	351.9	
9	8	Ross	Young's	1.8	-0.8	-30.1	
10	10	Birds Eye Simply	Birds Eye	1.7	0.0	-2.2	

TOP5 Frozen pastries				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.6%				TOTAL CATEGORY	112.1	-0.2	-0.2
				TOTAL OWN LABEL	42.3	1.4	3.3
1	1	Greggs	Greggs	30.8	0.2	0.7	
2	2	Birds Eye	Birds Eye	17.1	-0.5	-2.6	
3	3	Holland's Pies	2 Sisters Food Group	11.6	-1.0	-7.9	
4	11	Pukka Pies	Pukka Pies	2.9	2.5	689.0	
5	4	Genius	Genius Foods	2.6	0.1	3.7	



“Stupid, middle-class people think chilled is better than frozen.” So said Iceland boss Malcolm Walker last year. In April, our research leant some credence to Walker's words, with 36% of those in social grades A and B saying frozen food was inferior quality to fresh, versus 28% of C, D and Es [Harris Interactive]. So class does influence attitudes to frozen. Whether stupidity does too is yet to be proven...

↳ this around by investing in the wider recipe fish category and introducing new core products to drive incremental growth.”

Given the wider economic picture, premiumisation backed by big marketing investment makes sense. “Along with a weakened pound, there have been unprecedented levels of inflation particularly in raw materials,” says Jason Manley, head of frozen at Young's, which has seen sales falter for its standard range, while the pricier Gastro and Chip Shop lines have turned in combined growth worth £7.7m. “Health and premiumisation will remain very important.”

The category's standout NPD this year came from chilled stalwart The Saucy Fish Co, which branched into the frozen aisle in February. It achieved sales of almost £900k in the seven months to September. The brand said some 77% of its sales had been incremental to Sainsbury's frozen fish category since launch, and it's now widened distribution to Tesco and Amazon Fresh.

Frozen potatoes have also been the scene of plenty of premium innovations, which have helped drive slight (0.3%) value growth on volumes that slipped 2.7%. Market leader McCain has increased share, with its four biggest lines growing 0.4% on volumes down 0.5%, thanks in part to a steady stream of value-added NPD, such as ridged wedges aimed at evening sharing occasions.

But McCain category controller Naomi Tinkler suggests retailers could be doing more to drum up excitement about such offerings. “Consumers are often unaware of the variety available when it comes to frozen food and, when shown the whole range, they are pleasantly surprised,” she says. “Stores must be encouraged to point out the full breadth in-store to drive growth of the entire category.”

Frozen desserts might benefit from such a move. The sector has lost £8.3m, the greatest loss in frozen food. You don't have to look far to find what's replacing Viennetta and Aunt Bessie's in the freezers and shoppers' baskets: ice cream, which typically carries a much higher price per unit than traditional desserts. Such products are also suffering from the decline of larger households and traditional sit down meals and ice cream brands' efforts to muscle in as a dessert option.

“Retailers have started to embrace frozen meal deals,” says Charlotte Hambling, UK marketing head at ice cream manufacturer Froneri. “They are dedicating more space to frozen meal deals as another way to offer shoppers value and drive footfall.”

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hot beverages



Higher prices put tea back in the black

Natalie Brown

Tea has returned to value growth for the first time in this report since 2011, having put an extra £2.7m through the tills. But let's not pop our corks yet. The 0.5% growth is mostly price driven. Brits are still buying less tea at the supers. Volumes are down 2.4%.

"For tea, price inflation has become a hot topic, especially within standard black tea," says Nielsen analytics client team leader Rachel McGuire. "We're seeing a de-escalation in promotions teamed with base price increases, causing volume decline."

Inflation, prompted by commodity cost rises and exchange rate movements, has arguably benefited some, coming as consumers were already reappraising the value of a cuppa (thanks partly to Starbucks and Costa's growing focus on tea and the health & wellness trend) and trying new, pricier brews.

The supers have been only too happy to oblige, stocking more premium branded teas to drive value back into the fixture and drum home a point of difference from the discounters. Meanwhile, they've axed standard branded SKUs, replacing them with own label. "The majority of retailers have given more space to their own label," says Nielsen's McGuire. "They have made own label more visible on shelf, with some retailers placing them in prime, eye level positions."

TOP 10 Instant coffee				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.3%				TOTAL CATEGORY	700.7	15.9	2.3
				TOTAL OWN LABEL	72.6	7.0	10.7
1	1	Nescafé	Nestlé	377.3	5.8	1.6	
2	2	Kenco	Jacobs Douwe Egberts	120.7	7.4	6.6	
3	3	Douwe Egberts	Jacobs Douwe Egberts	59.9	-3.4	-5.4	
4	NEW	L'Or	Jacobs Douwe Egberts	18.0	18.0	●	
5	4	Carte Noire	Jacobs Douwe Egberts	16.8	-20.6	-55.1	
6	9	Lavazza	Lavazza	5.1	1.9	58.8	
7	5	Percol	Food Brands	4.1	0.2	4.6	
8	7	Maxwell House	Jacobs Douwe Egberts	4.1	0.3	8.5	
9	6	Rappor	Jacobs Douwe Egberts	3.6	-0.4	-9.6	
10	8	Mellow Birds	Jacobs Douwe Egberts	3.5	0.1	2.3	

TOP 10 Roast & ground coffee				SALES			
				£m	change (£m)	change (%)	
Total volume change: 3.6%				TOTAL CATEGORY	364.3	19.0	5.5
				TOTAL OWN LABEL	78.6	10.9	16.0
1	1	Tassimo	Jacobs Douwe Egberts	90.1	5.4	6.4	
2	2	Dolce Gusto	Nestlé	68.5	1.4	2.0	
3	3	Taylors of Harrogate	Taylors Coffee	43.3	-1.1	-2.5	
4	4	Lavazza	Lavazza	35.7	2.2	6.6	
5	5	Cafédirect	Cafédirect	7.5	-0.5	-6.1	
6	6	Illycaffè	Illy	6.5	-0.3	-4.0	
7	8	CaféPod	CaféPod	6.2	1.9	43.4	
8	11	Starbucks	Starbucks	5.2	2.6	102.3	
9	7	Costa	Jacobs Douwe Egberts	5.0	-0.8	-13.3	
10	10	Percol	Food Brands	2.2	-1.1	-32.9	

Indeed, own-label tea is up 4.6% on volumes up 2.3%. And, of the brands, it's generally more premium brews that are hottest. Yorkshire has delivered the greatest absolute growth in tea, putting an extra £4.7m (5.8%) through the tills, thanks to continued marketing investment and a premium price that provides a valuable counterpoint to own label.

Next it's Pukka, up by more than a fifth in value and volume terms, growing by £3m. The brand says it's benefiting from the movement

away from standard black tea. "Tesco's recent major range event saw the fruit & herbal category and Pukka in particular emerge as the major winner, more than doubling our shelf space," Pukka's head of tea marketing Sarah Cook told us in September. "This is great for Pukka and the whole category."

Cook is referring to Tesco's August range review, which hit standard black tea brands PG Tips and Typhoo particularly hard (PG's green, fruit and herbal infusions also got ↗

TOP LAUNCH 2017

Pure Leaf Unilever

With total tea sales up for the first time in five years and tea taking its cues from coffee, Unilever is stirring things up with new premium speciality tea brand Pure Leaf. The ethically sourced single-origin black and green long leaf tea hit the shelves in March and comes bagged and loose in transparent packaging to showcase its quality. Blends include black tea with vanilla and marigold petals and 'gunpowder' green tea and chai with flavours characteristic of their origin.



hot beverages



TOP10 Tea			SALES			
			£m	change (£m)	change (%)	
Total volume change: -2.4%			TOTAL CATEGORY	560.7	2.7	0.5
			TOTAL OWN LABEL	84.4	3.7	4.6
1	1	PG Tips	Unilever	113.6	-4.7	-4.0
2	2	Twinings	ABF	105.6	-2.3	-2.2
3	3	Tetley	Tata Global Beverages	91.3	2.9	3.3
4	4	Yorkshire	Taylors Tea	85.5	4.7	5.8
5	7	Pukka	Pukka Herbs	16.7	3.0	22.3
6	6	Clipper	Clipper Tea	14.2	-0.2	-1.3
7	5	Typhoo	Apeejay	13.4	-3.0	-18.4
8	8	Teapigs	Teapigs	6.2	0.2	2.9
9	9	Scottish Blend	Unilever	4.2	0.0	-0.3
10	10	Tick Tock	Wistbray	3.5	0.3	10.9

TOP10 Chocolate and malted drinks			SALES			
			£m	change (£m)	change (%)	
Total volume change: -4.8%			TOTAL CATEGORY	131.6	-7.6	-5.4
			TOTAL OWN LABEL	15.3	1.2	8.4
1	1	Cadbury	Mondelez	30.1	-0.2	-0.6
2	2	Horlicks	GSK	13.7	-2.4	-14.8
3	3	Options	Twinings	11.8	0.4	3.3
4	4	Ovaltine	Twinings	10.5	-0.1	-1.3
5	6	Tassimo	Jacobs Douwe Egberts	9.7	1.0	12.0
6	5	Cadbury Highlights	Mondelez	6.5	-2.6	-28.7
7	7	Nescafé	Nestlé	6.0	-1.3	-18.2
8	9	Galaxy	Aimia	5.9	-0.1	-1.5
9	8	Cadbury Cocoa	Mondelez	5.5	-1.1	-17.1
10	10	Green & Black's	Mondelez	3.8	-0.1	-1.5

the boot) with the brands down by £4.7m and £3m respectively. No wonder PG owner Unilever has launched a new, posher brand.

Ethically sourced speciality tea brand Pure Leaf, the market's biggest (and our Top Launch this year), is a range of single-origin teas blended with ingredients including vanilla and marigold petals. If the range has a premium ring to it, wait until you see the price tag: a pack of 16 bags has an rrp of £3.99 (or 24p a cup). That's over 10 times more per cup than the nation's bestseller PG Tips, which fetches about 2p per cup.

"We wanted to create a premium tea product, which is why Pure Leaf has been blended using some of the finest ingredients including long leaf teas, herbs, and fruit pieces to create teas with a distinct character, delicate flavour and aroma," says Pure Leaf senior brand manager Laura Salmon.

All this is benefiting the wider category, says Tetley director of customer & shopper marketing Peter Dries. "The number of people buying tea has increased as has the frequency of purchase. Typically the segments of tea that have grown over the last year come at a higher pence per cup, so it's good for retailers and the value of the category as a whole."

Indeed, Tetley is up £2.9m (value and volumes are up 3.3%), having stolen space from rivals in the range rationalisations at Tesco and others (Twinings has also suffered big space losses). "Across the market the performance of tea has been affected by the continuing dominance of everyday black tea and the decline in sales here," says Dries.

He adds that Tetley is reducing its reliance on standard tea with innovations such as Tetley Super Green Sunshine tea enriched with vitamin D and the four-strong 'added value' Tetley Indulgence black tea range. "If revenues from tea are to improve, the over-reliance on black tea needs to be addressed, says Dries. "It's about achieving the right balance between retaining focus on the big sellers in core black while offering the right mix of products from other sectors to capitalise on the growth opportunities."

The need to balance demand for more premium offerings and core bestsellers is present in coffee, too. Like tea, instant coffee was also in hot water a year ago with sales down £17.6m. The return of inflation has driven overall sales up £15.9m (2.3%), yet strong NPD and a growing focus on premium whole-bean instant lines such as Nescafé Azera, Kenco Millicano and 2016 launch Lavazza Prontissimo have managed to keep



For all the talk of herbal infusions and delicate flower teas, most Brits actually still prefer a good honest cuppa with nothing fancy. That's what we found in October, when we polled 2,000 consumers about how they take their tea with the help of Harris Interactive. Forty one per cent of drinkers told us they prefer a normal cup of tea. However, we also found that consumers' willingness to pay for a decent cuppa is growing. In 2014, 23% of consumers told us that they thought quality tea is worth paying more for. This year, that number stood at 31%.

discover

A GOLD COFFEE STANDARD TODAY

- Bought by 2.7m households since launch*
- No.1 in Super Premium instant coffee**
- £9m marketing spend in 2018



*Source: Kantar YTD 5th November 2017

**Source: Nielsen YTD 4th November 2017

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ANY OTHER TEA BRAND***

hot beverages

nielsen



☞ volumes more or less afloat (they've dipped just 0.3%).

"Coffee growth is coming from new buyers entering the market and existing buyers purchasing more," says Nielsen's McGuire. "Most recently Nescafé Azera's coffees on the go have hit the nail on the head with the ultimate convenience that is cheaper and in the majority of cases more efficient than out of home."

Nestlé says the 2016 launch of Nescafé Azera's Coffee To Go coffee cups has been a "phenomenal success", delivering £5.4m in sales in its first 12 months with 64% of consumers buying into the brand instead of going to a coffee shop. Overall the Nescafé brand, the sector's biggest, is up 1.6% to £377.2m, although volumes have sunk 2.8%.

But the category's star performer is roast & ground coffee, where value sales are up 5.5% to £364.2m as the nation's love affair with coffee continues. "Coffee as a category has really opened up to new formats like pods in recent years," says McGuire. "Coffee SKU count has increased, up 8.6% versus last year, and this SKU count has been noticeable within pods where the 23% growth over-indexes versus that of the total category."

Tassimo is leading the march with value sales up 6.4% to £90.1m. The brand is one of only 65 to come with Amazon's new Dash button technology, allowing consumers to reorder coffee pods at a touch of a button through their wi-fi, and one of only two coffee brands enrolled in the scheme. The other brand embracing the Dash button is the second biggest roast and ground coffee brand, Nestlé's Dolce Gusto, value sales of which are up 2% to £68.4m. The brand now offers 40 different coffee shop-inspired drinks, including 2017 launch the Preludio pod, aimed at the breakfast market with a larger size cup.

As in dairy drinks (see p121), Starbucks is also a brand to watch, more than doubling sales and climbing from 11 to eight in our ranking with value sales up 102.3% to £5.1m following the launch of its own range of espresso capsules in 2016. With sales down 2.5% to £43.3m, Taylors of Harrogate is still at number three in our ranking. The brand says it has embarked on what it calls a "ground up overhaul" of its single-origin coffee range following "ever-increasing challenges from retailers focusing on their own-label offerings". NPD includes three new Nespresso-compatible coffee capsules including a Hot Lava Java flavour, which has won listings in Asda, Morrisons and Sainsbury's.

"Taylors, like other major brands, faces



Most of us still prefer a good, honest cuppa with nothing fancy (see p138). But that doesn't necessarily mean we're all happy to sup on a cup of builder's with so much sugar you can stand a spoon up in it. The same poll that revealed the majority's no-frills attitude to tea also found that the number quitting taking sugar in their tea is on the rise. In 2014, 33% of consumers told us they'd quit the white stuff. This year it was 39%.

ever-increasing challenges from retailers focusing on their own-label offerings," says Ben Newbury, senior brand manager at Taylors of Harrogate. "We know that to thrive we need to stand out and communicate the value of our products boldly and clearly."

This is particularly important in coffee, which has seen double-digit growth for own label in the past year. The overall coffee SKU count has increased across the retailers (tea, hot chocolate and malted drinks' count of SKUs has fallen) as they've dedicated more space to new formats, particularly pods.

Whether branded or own label, the multiples will need to ensure the products they stock in the hot beverages fixture stand out, given the growing influence of the discounters in this sector. Aldi is enjoying particular success following the January launch of its Nespresso-compatible coffee pods in three variants: Alcafé Espresso, Alcafé Lungo and Alcafé Ristretto.

"Bargain stores and discounters are

continuing to attract new shoppers," says McGuire "For grocery multiples, price is the only driver of growth while for the discounters it is growing through penetration, which would be a direct result of their strong store opening strategy. However, the discounters' level of exclusive shoppers is actually quite low."

This suggests that for all the plaudits Aldi and Lidl are winning for their products (for example, Aldi's Ristretto pod picked up a Which? Best Buy award in May), the quality of their hot beverage lines isn't high enough to stop consumers from shopping around. But with inflation expected to continue to bite, the price of the discounters' products may become even more of a draw. At just 18p per pod, Aldi's offering is considerably less than Nespresso at 31p per pod. It's also less than other own-label offerings from M&S (30p per pod) and Sainsbury's (25p per pod).

Clearly, hot beverage prices in the multiples can only be allowed to grow for so long. ●

household



Discounters clean up in household

Emily Bright

Own label is wiping the floor with brands in the household sector right now, as sales of all five sub-categories continue to slide. Toilet and surface care, hand and automatic dish-wash products and air fresheners have lost £31.5m (2.2%) combined. Volumes fell by 3%.

“The biggest winner is own label,” says Nielsen analyst Elena Onischenko, pointing to own label’s £17.5m (6.4%) gain on volumes up 5.1%. Brands are down £49m (4.3%) on volumes down 6.8%. “Household is declining due to the reduced number of household cleaners and aircare lines on shelf.”

Of household’s big three manufacturers, Reckitt Benckiser lost the most, a whopping £46.8m (4.2%). RB’s Airwick and Finish had the biggest losses, down £20.6m combined, despite Airwick VIPoo being household’s biggest launch, racking up £2.2m. Unilever lost £14.4m (12.3%); P&G £8.9m (2.6%). P&G sales director Ian Morley says shoppers’ migration to the discounters is a major factor. “We continue to see changes in the way people shop, with trips segmenting and volume proliferating across all retailer channels.”

Aldi corporate buying MD Julie Ashfield confirms: “We’ve expanded in household due to the success of our own-brand everyday items, alongside growing demand for premium products in fragrance and aircare.” ●

TOP3 Toilet care				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.9%				TOTAL CATEGORY	202.4	-3.6	-1.8
				TOTAL OWN LABEL	56.5	-0.8	-1.4
1	1	Domestos	Unilever	59.4	-4.2	-6.7	
2	3	Toilet Duck	Johnson Wax	30.0	3.3	12.2	
3	2	Harpic	Reckitt Benckiser	26.8	-2.2	-7.6	

TOP3 Surface care				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.6%				TOTAL CATEGORY	333.4	-9.2	-2.7
				TOTAL OWN LABEL	70.5	8.2	13.2
1	1	Dettol	Reckitt Benckiser	68.5	-5.9	-7.9	
2	2	Flash	P&G	62.4	-3.8	-5.8	
3	3	Cif	Unilever	40.7	-5.9	-12.7	

TOP3 Hand dishwash				SALES			
				£m	change (£m)	change (%)	
Total volume change: -7.2%				TOTAL CATEGORY	166.1	-8.9	-5.1
				TOTAL OWN LABEL	33.0	0.5	1.4
1	1	Fairy	P&G	119.3	-7.0	-5.5	
2	2	Ecover	Ecover	6.1	0.9	16.8	
3	4	Easy	Jeyes	1.6	0.2	13.2	

TOP3 Auto dishwash				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.2%				TOTAL CATEGORY	243.5	-1.2	-0.5
				TOTAL OWN LABEL	53.8	4.7	9.5
1	1	Finish	Reckitt Benckiser	120.1	-9.9	-7.6	
2	2	Fairy	P&G	64.1	4.2	6.9	
3	3	Ecover	Ecover	4.3	0.7	18.1	

TOP3 Aircare				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.6%				TOTAL CATEGORY	423.0	-8.6	-2.0
				TOTAL OWN LABEL	76.5	5.0	7.0
1	1	Airwick	Reckitt Benckiser	102.8	-10.7	-9.4	
2	2	Glade	Johnson Wax	74.9	-2.2	-2.8	
3	3	Yankee	Newell Brands	40.8	0.1	0.1	

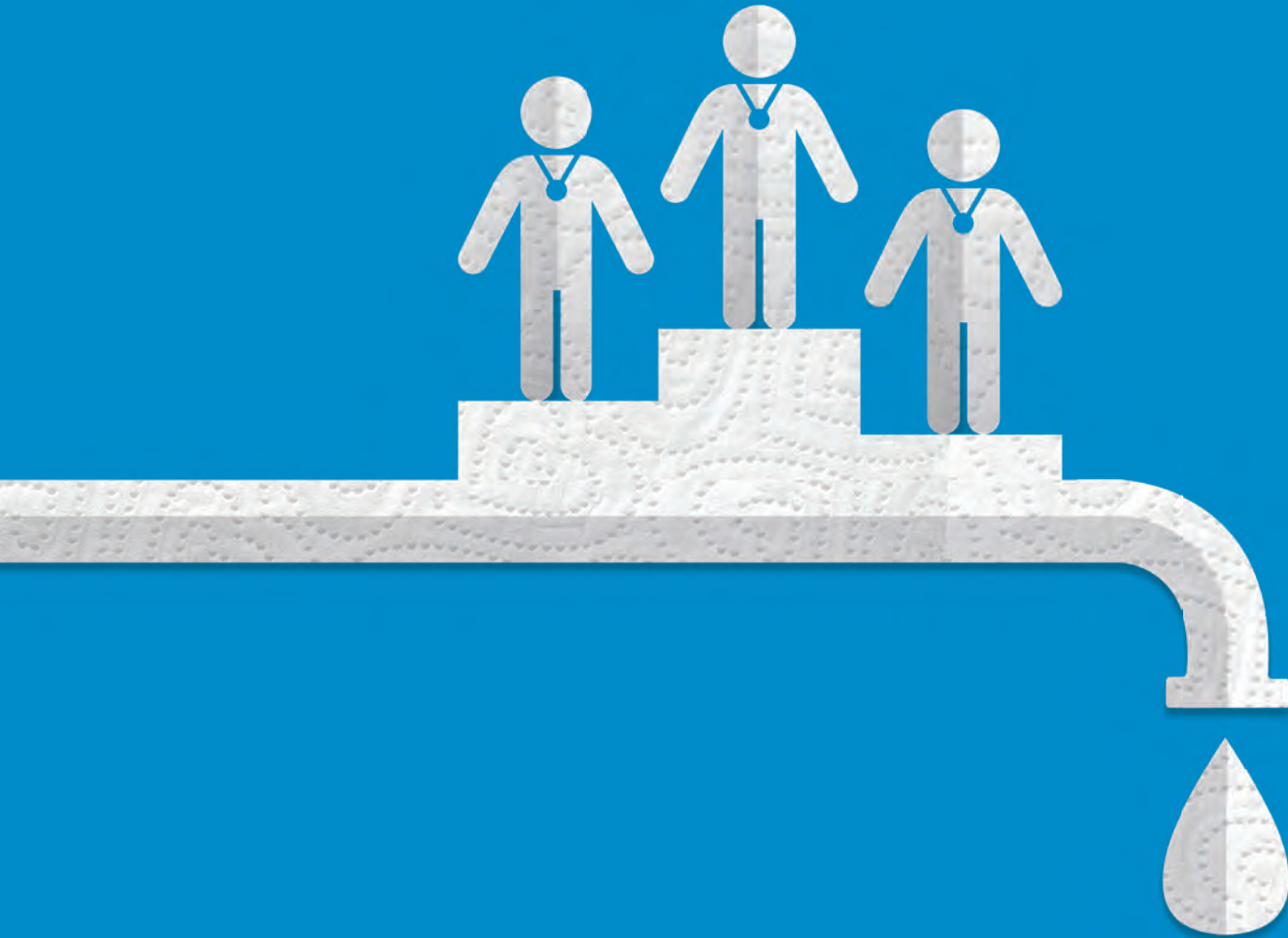


TOP LAUNCH 2017

Dettol 3x Power range Reckitt Benckiser

With anti-drip gel sprays for tough-to-clean vertical surfaces, and cleaning wipes to remove burnt-on food, soap scum, limescale and dirt, the 3X Power range destroys 99.9% of bacteria including e-coli and cold and flu viruses. Without this launch Dettol could have lost its place as Britain’s bestselling surface care brand to P&G’s Flash. Reckitt will need to drive sales of such premium products in the coming year if it is going to be able to recoup some of the nearly £50m it’s lost this year.

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ice cream



Ice cream up £45m despite wet summer

Rachel Graham

A good summer has always translated into strong ice cream sales; a washout dampens demand. But this year it seems ice cream is finally managing to uncouple sales performance from the vagaries of the weather.

Sales of tub and handheld ice creams have soared by £44.7m (4.9%) on volumes up 1.5% in spite of a typically wet British summer, which saw 53% above average rainfall in July and 8% above average in August. So does ice cream still need the sunshine?

It certainly still helps, even if manufacturers and retailers are making ice cream more of a 'whatever the weather' treat through savvy NPD and promotions. "Ice cream surpassed the £1bn sales barrier in the year to 24 June – a milestone moment," says Unilever VP for brand building Noel Clarke.

The period is significant. Although June was far wetter than average overall (it was the sixth wettest on record), there was a heatwave in the middle of the month in which temperatures exceeded 30C for five days straight. That's perfect ice cream eating weather.

Our data covers the year to 9 September and shows that overall sales later dropped below the £1bn mark (combined handheld and tub sales stand at £953.9m here). Nevertheless, Brits are eating more ice cream, and paying more for the privilege, than a year ago.

TOP 10 Handheld ice cream				SALES			
				£m	change (£m)	change (%)	
Total volume change: 3.8%				TOTAL CATEGORY	517.5	33.5	6.9
				TOTAL OWN LABEL	109.8	9.9	10.0
1	1	Magnum	Unilever	161.1	5.8	3.7	
2	3	Cadbury	Froneri	34.3	4.9	16.6	
3	2	Cornetto	Unilever	28.9	-5.3	-15.6	
4	4	Twister	Unilever	21.2	1.5	7.9	
5	7	Rowntree's	Froneri	18.1	4.9	37.1	
6	6	Calippo	Unilever	15.4	1.8	13.5	
7	5	Oreo	Froneri	14.7	0.6	4.5	
8	10	Fab	Froneri	14.1	2.5	21.6	
9	8	Solero	Unilever	13.4	0.8	6.1	
10	9	Mars	Mars	10.7	-1.1	-9.5	

TOP 10 Ice cream tubs				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.3%				TOTAL CATEGORY	436.5	11.3	2.7
				TOTAL OWN LABEL	101.8	-2.0	-2.0
1	1	Ben & Jerry's	Unilever	96.6	1.3	1.4	
2	3	Häagen-Dazs	General Mills	55.4	10.6	23.7	
3	2	Carte D'Or	Unilever	44.3	-8.4	-16.0	
4	4	Kelly's of Cornwall	Froneri	28.6	2.9	11.1	
5	5	Wall's	Unilever	18.1	-1.6	-7.9	
6	7	Mackie's	Mackie's of Scotland	13.2	0.6	4.9	
7	6	Viennetta	Unilever	13.1	-0.4	-2.8	
8	9	Swedish Glace	Unilever	6.6	1.4	26.3	
9	8	Cadbury	Froneri	6.6	-0.1	-1.4	
10	NEW	Magnum	Unilever	5.3	5.3	●	

Häagen-Dazs can take much of the credit for this. Sales are up by £10.6m (ice cream's greatest gain) following the launch of single portion tubs for its ice creams and new sorbets. Owner General Mills said the launch was a bid to tap "trend-setting millennials".

Indulgent NPD suited to at-home (and therefore less weather-reliant) occasions has helped Magnum add £5.8m in handheld. Clarke says Magnum's raspberry and coconut Double lines have taken the top spot in both

take home and impulse. The brand's re-entry to tubs added another £5.3m (see below). The success of such premium brands as Häagen-Dazs and Magnum has been to the detriment of mid-tier lines from Cornetto and Carte D'Or.

Meal deals are also helping ice cream become a year-round treat, says Froneri head of marketing Charlotte Hambling. "Cadbury (up £4.9m in handheld) resonates with families," she adds. "We're driving family shoppers into the indulgent sticks market." ●

TOP LAUNCH 2017

Magnum Tubs Unilever

Magnum is back in tubs with an ice cool trio aimed at cementing the brand's high-end appeal. With the backing of an equally indulgent advertising budget, the tubs have totted up nearly £5.3 million in sales since their February launch. Following a yearlong absence, the new and improved range features indulgent vanilla ice cream with almond pieces or chocolate shards encased in a chocolatey shell that replicates Magnum's trademark 'snap' when cracked with a spoon. Cracking stuff!





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jams and spreads



Spreads in a jam as input costs spiral

Megan Tatum

Spreads, jams and marmalades came unstuck in 2017 thanks to a combination of increasingly sugar-shy shoppers and Brexit.

Granted, the headline figures for spreads don't look too shabby, but take nut butters out of the equation and it's a different story. Without nut butter (one of the trendiest foods of the moment), the top 50 brands' growth goes from £12.8m to £4.7m. Volumes go from being flat to being down by 1%.

Things are even worse in jams & marmalade. The supers have sold 6.9 million fewer jars of the stuff, a decline of 5.7%, although category value has been buoyed by soaring input costs being passed on to consumers. As early as January, prices had risen by an average of 5% across 755 sweet spread SKUs, according to our analysis of Brand View data.

Suppliers said sterling's weakness following the EU referendum and the country's growing aversion to sugar were key contributors. But that's not all, says David Atkinson, MD at Hain, owner of Hartley's and a number of other sweet spreads.

"The decline in sliced bread consumption and the slightly less versatile nature of the product in terms of occasions and usage have been factors," says Atkinson, while also pointing out that, with 67% penetration, jams remain "the most popular spreads category".

TOP 10 Spreads				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.7%				TOTAL CATEGORY	324.8	18.3	6.0
				TOTAL OWN LABEL	94.2	7.4	8.6
1	2	Rowse	Rowse Honey	51.1	2.7	5.6	
2	1	Nutella	Ferrero	49.7	-0.8	-1.6	
3	3	Marmite	Unilever	30.0	0.1	0.3	
4	4	Whole Earth	Wessanen	23.8	3.7	18.6	
5	5	Sun-Pat	Hain Celestial	18.0	0.0	0.1	
6	6	Meridian	Meridian Foods	12.3	4.2	52.5	
7	7	Bovril	Unilever	7.3	-0.2	-2.8	
8	9	Tiptree	Wilkin & Sons	3.8	-0.5	-10.8	
9	10	Heinz Sandwich Spread	Kraft Heinz Co	3.7	0.1	2.7	
10	8	Gale's	Hain Celestial	3.7	-0.8	-17.9	

TOP 5 Jams & marmalades				SALES			
				£m	change (£m)	change (%)	
Total volume change: -5.7%				TOTAL CATEGORY	141.6	-2.3	-1.6
				TOTAL OWN LABEL	47.5	4.7	11.0
1	1	Bonne Maman	Andros	25.4	0.9	3.8	
2	2	Hartley's	Hain Celestial	19.6	-4.2	-17.5	
3	3	Tiptree	Wilkin & Sons	10.1	-1.1	-9.9	
4	5	Mackays	Mackays	8.4	-0.2	-2.7	
5	4	Robertson's	Hain Celestial	8.1	-0.6	-7.1	

Allaying fears over sugar content is one way brands and retailers are looking to retain jam's popularity. Reduced sugar alternatives now make up 17% of Sainsbury's own-label jam range and 13% for Tesco. The Stute brand, meanwhile, has rebranded its diabetic jams as 'no added sugar' to reflect changing tastes.

You might think Nutella's 58% sugar content explains its 1.6% fall to £49.7m, but volumes are actually up 0.5%. "We encourage people to consume our products in small quantities; that's why 95% of our products are less than 150 kcal a serving," says Ferrero customer development director Levi Boorer. He puts Nutella's 55.8% growth since 2013 down to its "versatility and marketing investment".

The year's fastest growers – Rowse Honey (up £2.7m) and nut butter brands Whole Earth (up £3.8m) and Meridian (up £4.7m) – are benefiting from similar factors. All three say they're for more than merely smearing on bread, pushing them as cooking ingredients.

Peanut butter is increasingly marketed on health grounds and its high protein content. "Our 'down to earth' goodness positioning has really resonated with consumers," says Whole Earth controller Kirstie Hawkins.

And it's no longer just peanuts, says Pip & Nut founder Pippa Murray: "Evolving consumer dietary needs and desire for excitement in food has seen an increase in butters made from a variety of nuts and seeds." ●

TOP LAUNCH 2017

Choco Coco/Hazelnut Butter Pip & Nut

It takes nuts to square up to a market leader at only two years old. Then again, you can hardly blame posh nut butter brand Pip & Nut, already on track for a £6m turnover in 2017 thanks to the impeccably timed launch of its premium nut butters, for feeling confident. With its Chocolate Coconut Hazelnut butter (£3.95/225g) launched in May, the brand will be the latest to take on the full force of Nutella, hoping to cement its spot in the spreads aisles. With its track record, it's in with a shot.



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laundry



Persil hit by £35m loss as laundry slips

Emily Bright

Laudry has been taken to the cleaners this past year, with the supers losing sales to online and discount channels and slashing their ranges to increase the fixture's profitability and make it easier to shop.

"Laundry has seen significant ranging pressure," says Nielsen client business partner Muhammad Ali. "With fabric cleaner distribution declining by 6% year on year, the impact on revenue was in excess of £54m."

Market leader Persil is responsible for most of that loss. The brand is down 15.1% on volumes that have sunk by nearly a fifth. Its £35m decline is the third biggest in this report, not including tobacco. A key reason for this is ongoing shift away from cheaper powders to capsule and liquid formats. Powders have declined by 10%, while capsules are up 3.3%.

This change in format is helping to push prices up in both fabric cleaners and conditioners, up 4.6% and 6% respectively, although a shift to larger packs has also driven the average price per pack up.

Persil Powergems (our top launch of the year), which work out an average of 20p a wash, suggest there is space for further premiumisation in the category. "By offering shoppers this category-first innovation, we believe we will encourage further innovation and help grow value for our retail customers

TOP 10 Laundry detergents				SALES			
				£m	change (£m)	change (%)	
Total volume change: -9.0%				TOTAL CATEGORY	954.1	-48.2	-4.8
				TOTAL OWN LABEL	103.9	-0.4	-0.4
1	1	Persil	Unilever	197.1	-35.0	-15.1	
2	2	Ariel	P&G	169.1	-1.5	-0.9	
3	5	Fairy	P&G	116.1	11.0	10.5	
4	4	Bold	P&G	110.9	-1.9	-1.7	
5	3	Surf	Unilever	102.9	-12.9	-11.1	
6	6	Vanish	Reckitt Benckiser	60.3	-4.7	-7.3	
7	7	Daz	P&G	40.9	-3.7	-8.3	
8	8	Ecover	Ecover	12.7	1.4	12.2	
9	9	Dettol	Reckitt Benckiser	8.5	-0.4	-5.0	
10	10	Dylon	Henkel	7.2	0.2	2.6	

TOP 5 Fabric conditioners				SALES			
				£m	change (£m)	change (%)	
Total volume change: -7.0%				TOTAL CATEGORY	405.9	-6.1	-1.5
				TOTAL OWN LABEL	43.1	0.8	1.9
1	1	Comfort	Unilever	178.4	-15.0	-7.7	
2	2	Lenor	P&G	139.7	2.7	1.9	
3	3	Fairy	P&G	25.1	4.9	24.4	
4	4	Febreze	P&G	12.6	0.6	4.9	
5	5	Ecover	Ecover	3.3	0.3	11.2	

and our business," says Unilever homecare executive director Gemma Cleland.

But it wasn't a complete whitewash. P&G's Fairy continues to clean up in the category, with fabric conditioner up by nearly a quarter and its cleaner up 10.5%. Overall, the brand's laundry sales have grown £14.9m.

"While the laundry category is flat in both volume and value terms, P&G has seen growth across our portfolio of brands. We are seeing a definite shift in shopper behaviour, with shoppers adding more stores to their repertoire and choosing products that simplify everyday jobs such as doing the laundry - driving a move from dry formats to wet," says P&G group sales director Ian Morley.

P&G's diverse portfolio captures a large share of the market through catering to multiple shopper missions. There's Fairy Non Bio for sensitive skin, a trade-up to premium pods with Ariel, a 'superior scent offering' with Bold and value-friendly Daz.

Morley summarises the key to success in the category. "We focus on innovation to deliver our best technology to consumers at a price that represents good value, we advertise these brands to ensure broad awareness, and then we rely on the product performing to delight the consumer."

They'll need to continue to do this going forward, as cost pressures rise and own label's share of the category grows. ●

TOP LAUNCH 2017

Persil Powergems Unilever

Unilever heralded the launch of Persil Powergems in June as the first major innovation in laundry in a decade, the culmination of €18m of development. The new lentil-shaped crystals are twice as concentrated as some other washing powders, with half as many chemicals. Made of 100% active ingredients, Powergems are designed to remove stains more effectively than its powder alternatives. They're also an example of Unilever's shift towards more environmentally friendly products.





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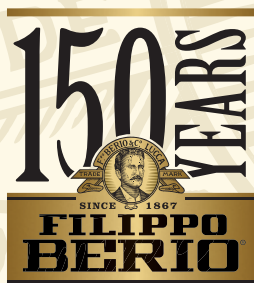
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oils



Own-label oil beats brands as prices soar

Carina Perkins

Oils have seen another year of rampant price rises in the face of exchange rate fluctuations and supply shortages, with eight out of the top 10 brands more expensive than they were last year.

Shoppers have responded by abandoning brands in favour of cheaper own-label oils, which have bounced back into growth, with sales up by a sizzling £12.2m (8.1%) on volumes up 5.8%.

It's a trend that is particularly noticeable in olive oil, where commodity prices reached record highs this year after the post-Brexit vote currency crash conspired with another poor harvest in Europe.

With around 20%-25% added to the cost of producing a bottle of olive oil, suppliers and supermarkets were left with no choice but to increase prices.

Own-label oils weren't immune to price hikes, with Asda, Sainsbury's and Tesco upping their price for extra virgin SKUs in January, following a similar move by Aldi and Lidl. However "supermarkets have increased the retail prices of brands by more than private label" as well as reducing the amount of space allocated to branded featured space promotions, says Walter Zanré, managing director at Filippo Berio UK.

Market leaders Filippo Berio and Napolina

TOP 15 Oils				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.6%				TOTAL CATEGORY	343.5	6.3	1.9
				TOTAL OWN LABEL	162.9	12.2	8.1
1	1	Filippo Berio	Salov	31.3	-3.6	-10.2	
2	2	Napolina	Princes	25.0	-3.1	-11.2	
3	3	Crisp 'n Dry	Princes	20.7	-2.5	-10.9	
4	5	KTC	KTC Edibles	19.5	3.1	18.7	
5	4	Fry light	Dairy Crest	19.2	0.4	1.9	
6	6	Flora	Princes	12.7	-0.5	-4.1	
7	10	Pura	Edible Oils	3.0	0.5	20.9	
8	8	Olivio	Princes	3.6	0.0	0.1	
9	7	The Groovy Food Company	The Groovy Food Co	3.7	-2.4	-39.2	
10	9	Farchioni	Farchioni	3.2	0.3	10.4	
11	14	Mazola	Princes	2.2	-0.1	-3.8	
12	13	Golden Fields	Associated Oils	2.2	-0.2	-6.9	
13	11	Vita Coco	All Market Inc	1.8	-0.7	-28.7	
14	17	Happy Shopper	Booker Belmont	1.6	0.4	32.9	
15	12	Lucy Bee	Lucy Bee	1.6	-0.8	-33.4	

lost a combined £6.8m as average prices rose by 19.9% and 7.8% respectively – driving double digit volume losses.

"Higher average selling prices have resulted in some consumers trading down to alternative oil types and customer own label," says Neil Brownbill, Princes marketing director.

Raw material price inflation has also left seed oil brands unable to "sustain deep promotions" says Brownbill, resulting in a similar exodus to own label. Crisp 'n Dry suffered a £20.7m sales loss despite brand owner Edible Oils – a joint venture between Princes and Archer Daniels Midland (ADM) – relabelling the brand as 100% rapeseed oil in a bid to boost its health appeal.

It wasn't all bad news for oil brands, though. KTC, Pura and FryLight all enjoyed volume and value growth after capitalising on burgeoning demand for speciality oils by extending their repertoire to include coconut,

avocado and cold-pressed rapeseed variants, with a focus on convenient spray formats. "Sprays are increasingly popular because they give portion control – if you're pouring oil it is very difficult to regulate how much you're using," says Richard Davies, Frylight commercial director.

While these brands report strong growth from their coconut oil sprays, The Groovy Food Co and Vita Coco have seen value sales of their 100% organic coconut oils plummet. "As coconut oil has moved into a mainstream offering rather than a speciality oil over the last 12-month period, we have seen the introduction of own-label organic coconut oil," says Rosie Hayward, founder of The Groovy Food Co.

In contrast to the wider oils category, there has also been a "reduction in the cost of organic coconut oil from source" adds Hayward. This has allowed lower priced own-label lines to steal share.

TOP LAUNCH 2017

Fry light avocado oil spray Dairy Crest

Forget olives. If you want to be at the cutting edge of oil, it's all about avocado. Naturally pressed from the pulp of the fruit, avocado oil contains healthy fatty acids and antioxidants – and has a higher smoke point than extra virgin olive oil, making it a better choice for frying with. So Fry light's latest cooking spray is about as hot as it gets right now. Blending 30% avocado oil with 23% rapeseed oil and water, the 250ml bottles (rsp: £2.50) deliver one calorie per spray.



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paper products



Nappy sales bottom out as loo roll rises

Emma Weinbren

Paper products are defying inflation as the supers slash prices and put greater emphasis on own label to stem the tide of shoppers going to discount and online channels for commodity items like loo roll and nappies.

Overall, the four sectors measured on these pages have lost 2% of their value, a decline of £39.6m, on volumes that have inched up a paltry 0.1%. Nappies have suffered the most, losing £40.7m as shoppers continue to turn to the discounters' growing baby care ranges.

Pampers (the *only* major brand in the UK market since Huggies axed its nappies in 2012) is responsible for the sector's greatest loss and the fourth-biggest in this report, of £31.1m. This is the result of lower prices and lost space to own label, which has fared much better, down 7% on volumes down 2.1%.

Toilet tissue, meanwhile, looks in relatively good shape, with value and volume up and prices holding steady. But that doesn't mean it is immune to the inflationary pressures (namely the weak pound's impact on pulp prices and machinery) everyone is facing.

Suppliers are just finding different ways to pass on those rising costs, says Matt Carpenter, senior client analytics executive at Nielsen. "Across the paper category shrinkflation continues to be a key factor, with manufacturers opting to reduce sheet counts →

TOP5 Toilet tissue				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.5%				TOTAL CATEGORY	1,044.0	6.0	0.6
				TOTAL OWN LABEL	493.0	36.9	8.1
1	1	Andrex	Kimberly-Clark	348.1	-8.5	-2.4	
2	2	Velvet	SCA	83.0	-29.5	-26.3	
3	3	Cushelle	SCA	60.8	0.7	1.2	
4	4	Nicky	Sofidel	11.2	0.5	4.9	
5	5	Regina	Intertissue	10.0	1.2	14.2	

TOP5 Nappies				SALES			
				£m	change (£m)	change (%)	
Total volume change: -6.8%				TOTAL CATEGORY	318.9	-40.7	-11.3
				TOTAL OWN LABEL	114.6	-8.6	-7.0
1	1	Pampers	P&G	199.5	-31.1	-13.5	
2	2	Nature Babycare	Naty	3.4	-0.2	-5.3	
3	3	Happy Shopper	Booker Belmont	0.8	-0.1	-15.1	
4	4	Chicco	Artsana	0.2	-0.3	-67.1	
5	5	Carrefour Baby	Carrefour	0.1	-0.1	-52.5	

TOP5 Kitchen towels				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.1%				TOTAL CATEGORY	343.5	-5.2	-1.5
				TOTAL OWN LABEL	145.7	3.3	2.3
1	1	Plenty	SCA	90.1	-7.4	-7.6	
2	2	Regina Thirst Pockets	Intertissue	83.4	-1.8	-2.1	
3	3	Nicky	Sofidel	3.8	0.3	8.2	
4	4	Mega	Accrol Papers	2.9	-0.3	-8.0	
5	5	Happy Shopper	Booker Belmont	2.0	0.2	12.0	

TOP5 Facial tissues				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.3%				TOTAL CATEGORY	201.9	0.3	0.2
				TOTAL OWN LABEL	85.7	1.1	1.3
1	1	Kleenex	Kimberly-Clark	106.6	1.7	1.6	
2	2	Velvet	SCA	4.1	-1.5	-27.0	
3	3	Handy Andies	SCA	0.8	-0.6	-44.6	
4	4	Softy	Accrol Papers	0.6	0.0	8.5	
5	6	Happy Shopper	Booker Belmont	0.5	0.1	32.3	



TOP LAUNCH 2017

Andrex Supreme Quilts Kimberly-Clark

In its ongoing mission to make toilet tissue more than just a commodity, Andrex relaunched its premium product Supreme Quilts in July. The new-look tissue has "four deep cushiony layers of plush softness" with a "touch of silk" for added luxury. Take that, commodity tissue. Plus, Andrex has launched a Supreme variant of its washlets with silk extracts and jasmine fragrance. The idea is shoppers will use both wet and dry products together for a "super-premium clean routine".

paper products



to maintain competitive pricing, more so in branded products," he says. "The shrink in sheets comes despite a trend towards larger packs, as retailers look to tempt cost-conscious online shoppers buying in bulk."

Indeed, brands such as Andrex and Nicky have seen large rises in the average price of their products (the latter by 7.3%), buoying their overall value performance (both have seen volumes fall). The sector's biggest casualty is SCA's Velvet, which has seen more than a quarter of its sales wiped out as a result of big losses of shelf space to own label.

"In toilet tissue and facial tissue, SCA has seen a loss in distribution," says Nielsen's Carpenter. "As a whole, the paper category has seen a 5% decline of total distribution points, with kitchen towel seeing the largest, of 7%. Brands such as Plenty have suffered a loss of distribution in kitchen towel where we're seeing own-label sales increase by 2%."

"Shrinkflation is still a factor with suppliers cutting sheet counts, brands more so"

The smart brands are fighting back with NPDP. Rising prices aren't just the result of crude measures such as pack size reductions of base prices hikes. Premiumisation is also playing a part in all this. Category leader Andrex, which has seen its average price rise by 2.1%, has relaunched its top-end Supreme Quilts line (Top Launch) and added a Supreme variant to its washlets range.

It's all part of the brand's strategy to target premium shoppers, who spend 27% more than average shoppers in the category. Plus, it

is also continuing to push its 'Supreme Clean' premise, encouraging shoppers to use a moist toilet tissue alongside a dry product in television ads and other media.

According to a spokesman for brand owner Kimberly-Clark, research has found that shoppers who buy into both products will spend 47% more on the total category than dry shoppers alone. "Our brand promise at Andrex is to elevate the standard of clean and our ambition with Andrex Supreme Clean is to offer families a luxurious level of clean in order to do that," says the spokesman.

Innovation will be crucial for all parts of the category if brands are going to be able to stave off the advances of own label, says Oday Abbosh, CEO of Better All Round, manufacturer of round kitchen towel brand Ora. "Innovation is an opportunity and one way to differentiate Ora from its competitors and to elevate it from a commodity status to more of an aspirational brand," he says. "Design and innovation is becoming increasingly important within the household category and we are seeing consumers seeking household products that are both functional and beautiful as well as innovative."

Still, the Ora brand has lost 13.4% of its value in the past year. Volumes have fallen 17.1%. Abbosh points to the ongoing price war between the mainstream mults and the discounters. "Shoppers routinely hunt down the cheapest prices for their favorite products," he says. "This has helped drive up market share of own-label products, which have successfully adopted an EDLP strategy in many retailers, and in others it has fuelled a more promiscuous shopping behaviour."

He adds: "For example, shoppers might buy their wine from a convenience store, their toilet paper from a supermarket and their staple groceries from a discounter. Consumers are now much more prepared to flip between stores than they ever used to be and the often aggressive price discounting and positioning of own label is an important part of this."

Amazon and other online outlets shouldn't be forgotten either. "The paper category has seen switching into discounters as shoppers look to counter the effects of price rises," says Carpenter. "Given the non-perishable nature of the paper category, shoppers are more open to purchasing these ranges in the discounters. Online is also an important trend with shoppers happy to bulk-buy these products in order to gain further economies."

Question is, how long can bricks & mortar compete with such economies of scale? ●



Britain's loo rolls are shrinking. In July, a roll of Andrex was 19 sheets short of its length back in 2012, according to ONS statistics. Further investigation by The Grocer revealed that despite the diminishing size of its loo rolls, prices were still rising. In July, a nine-pack of Andrex Quilts toilet tissue was selling for 17% more than it was year earlier. No wonder Kimberly-Clark felt it was time for a 'Supreme' extension (see Top Launch).

MORE

TO

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*20 weeks value sales ending 04.11.17, Nielsen Scantrack total average.

Regina gives you more

personal care: grooming



Soap slips as female skin care soars

Daniel Selwood

It's not exactly the sweet smell of success, but personal grooming is somewhat more fragrant than it was this time last year.

While soaps and deodorant have lost £17.9m, thanks to squeezed space in store and consumers increasingly shopping around for their smellies, the loss is an improvement on 2016's performance, when sales fell £27.6m.

Elsewhere, a mix of range rationalisation and savvy innovations is paying off. Female skincare has turned in growth of £19.1m (4%) on volumes up 2.6%, with prices being driven up by increasingly premium product mixes.

"Innovation is a key driver," says P&G group sales director Ian Morley. "We have worked together with retailers to return the skincare aisle to be a beauty destination again for the shopper. It's important the shopper can find what they're looking for."

But the process hasn't been entirely painless. P&G's Olay is down 6.5% on volumes down 9.5% following its range cuts. Simple is down 2%, although it's been buoyed by higher prices (volumes are down 7.4%). Premium NPD has helped. Unilever launched Vaseline Intensive Care Mature Skin Rejuvenation in September at £5.99 a pop. "Ageing skin is the number one trigger for UK women buying health & beauty products," says brand manager Jamie Brooks.

TOP3 Deodorants				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.1%				TOTAL CATEGORY	524.9	-11.4	-2.1
				TOTAL OWN LABEL	11.3	-0.9	-7.2
1	1	Sure	Unilever	116.5	-0.8	-0.7	
2	2	Lynx	Unilever	85.0	-6.6	-7.3	
3	3	Dove	Unilever	68.8	-1.5	-2.1	

TOP3 Female skincare				SALES			
				£m	change (£m)	change (%)	
Total volume change: 2.6%				TOTAL CATEGORY	501.1	19.1	4.0
				TOTAL OWN LABEL	50.7	2.6	5.3
1	1	Simple	Unilever	68.0	-1.4	-2.0	
2	3	L'Oréal Paris	L'Oréal	65.1	5.1	8.4	
3	2	Olay	P&G	60.1	-4.2	-6.5	

TOP3 Shower products				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.6%				TOTAL CATEGORY	299.0	6.1	2.1
				TOTAL OWN LABEL	13.5	-1.5	-10.2
1	1	Radox	Unilever	45.1	-0.1	-0.2	
2	2	Dove	Unilever	34.5	1.9	5.8	
3	4	Sanex	Colgate-Palmolive	30.1	2.5	9.1	

TOP3 Liquid soap				SALES			
				£m	change (£m)	change (%)	
Total volume change: -5.9%				TOTAL CATEGORY	107.6	-2.9	-2.6
				TOTAL OWN LABEL	-	-	-
1	1	Carex	PZ Cussons	43.7	-2.4	-5.3	
2	3	Baylis & Harding	Baylis & Harding	12.6	2.6	25.8	
3	2	Palmolive	Colgate-Palmolive	10.6	-1.2	-10.4	

TOP3 Bar soap				SALES			
				£m	change (£m)	change (%)	
Total volume change: -10.3%				TOTAL CATEGORY	61.2	-3.6	-5.6
				TOTAL OWN LABEL	3.6	-0.4	-10.5
1	1	Dove	Unilever	23.6	-1.1	-4.4	
2	2	Imperial Leather	PZ Cussons	9.1	-0.7	-7.2	
3	3	Simple	Unilever	5.5	-0.3	-5.6	



TOP LAUNCH 2017

Lynx You Unilever

With sales flagging, Lynx is doing its best to bring its unofficial status as the scent of male adolescence to an end. The result is You, giving the brand not only a more sophisticated, minimalist, gender-neutral look, but also a more complex scent. The latter – including notes of black pepper, black basil and coriander leaves – was created with Ann Gottlieb, a veteran of Estée Lauder and Calvin Klein fragrances. Lynx You has since added an Anthony Joshua variant.

THE GROCER TOP LAUNCH WINNER LYNX YOU



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*NIELSEN MAT SALES W/E 05.12.15 (EXCLUDING RAZORS AND SHAVING BRANDS)

personal care: haircare



Haircare goes au naturel to recover value

Daniel Selwood

Health has had a powerful influence this year not only on Brits' choice of food but also on their selection of haircare products.

The fashion for healthy lifestyles was 2017's "most important macro consumer trend that shaped the haircare market" says Nielsen analyst Nikoleta Andrianakou. "Shoppers are attracted to brands with natural ingredients and/or natural positioning."

Which suggests shampoo and conditioner would have lost value, rather than staying more or less flat, had it not been for salubrious innovations like Garnier's Ultimate Blends range containing maple sap (see below).

That said, the biggest NPD of the year in terms of value sales was a mainstream offer without agrarian cred. The new Head & Shoulders Men Ultra sub-brand from P&G coined in almost £4.2m. Because while the leading haircare brands are woman-centric – especially in styling – guys are still front of mind when it comes to innovation.

"The challenge we continue to address is to change the perception of young male shoppers who believe anti-dandruff shampoos are old-fashioned," says Ian Morley, P&G sales director for Northern Europe.

In the styling sector, October saw Unilever moving to tap the ongoing male trend for longer locks – and return value to an inflated

TOP5 Shampoo				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.1%				TOTAL CATEGORY	389.3	-0.7	-0.2
				TOTAL OWN LABEL	14.0	-0.2	-1.6
1	1	Head & Shoulders	P&G	57.2	0.9	1.5	
2	2	Elvive	L'Oréal	48.0	1.0	2.1	
3	3	Batiste	Church & Dwight	29.7	-1.2	-3.9	
4	4	Tresemmé	Unilever	29.6	-1.0	-3.4	
5	6	Pantene Pro V	P&G	28.0	-0.6	-2.2	

TOP5 Conditioners				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.3%				TOTAL CATEGORY	195.3	0.3	0.1
				TOTAL OWN LABEL	-	-	-
1	1	Elvive	L'Oréal	31.6	-0.9	-2.7	
2	2	Tresemmé	Unilever	22.7	-0.9	-3.6	
3	3	Aussie	P&G	22.5	-0.6	-2.6	
4	5	Herbal Essences	P&G	18.7	-0.3	-1.5	
5	4	John Frieda	Kao	18.4	-0.9	-4.4	

TOP5 Hair styling				SALES			
				£m	change (£m)	change (%)	
Total volume change: -8.1%				TOTAL CATEGORY	232.5	-11.8	-4.8
				TOTAL OWN LABEL	10.9	-1.1	-9.3
1	1	Vo5	Unilever	42.1	-1.7	-4.0	
2	2	Elnett	L'Oréal	34.0	-1.5	-4.2	
3	3	Silvikrin	Coty	24.3	-1.4	-5.4	
4	4	Tresemmé	Unilever	18.0	-2.3	-11.5	
5	6	Schwarzkopf Got2B	Henkel	17.7	1.7	10.5	

market – by unveiling Mega Hold, VO5's first hairspray for blokes. "We're committed to our evolving target audience and are confident VO5 Mega Hold Hairspray will shake up the market" says brand manager Freya Ulbrick.

Styling has been worse hit by higher prices but all of haircare has suffered, with frugal shoppers cutting back on products for their barnets or switching to cheaper alternatives, says Andrianakou.

Plus, Andrianakou adds the growing influence of the discounters is affecting the asking price of new products. "NPDs are being priced at a lower level and do not bring as much value as before. Retailers are giving less support in this category as it is not driving value or bringing more people to store. However, smaller and newer brands, such as Fudge Urban and Plantur 39, are enjoying significant growth and retailer support." ●



TOP LAUNCH 2017

Ultimate Blends Maple Healer Garnier

Castor oil and maple sap: it almost sounds good enough to eat. But these are the main ingredients of Garnier's range for brittle, fragile and very damaged hair. It's a haircare lineup that's bang on trend, offering natural ingredients (and no nasty parabens) as well as health benefits. Plus, it comes at category-livening premium prices (all the thick end of a fiver) across shampoo, conditioner and balm, which all promise to repair and nourish your battered barnet.

Schwarzkopf

No.1

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*IRI HBA/OTC Styling Aids, Value Sales; 52 W/E 4 Nov, 2017
Source: IRI, a retail and FMCG market intelligence company www.iriworldwide.com



personal care: male grooming



Bulldog bites more off male moisturisers

Daniel Selwood

Male grooming products are looking decidedly unkempt. The market's major sectors have lost £7.8m, with volumes down in all three.

The decline is down to the market's alpha brands. P&G's Gillette has lost £6.5m in razors and shaving preparations. Nivea and L'Oréal's male offerings have also suffered significant losses. All three brands have seen value fall at a faster rate than volume, as a result of continuing heavy reliance on deals.

The mainstream brands are also losing out to a growing gang of trendier, more premium and distinct brands. One young pup stands out in particular. "Male skincare continues to struggle as beards remain popular," says Nielsen client manager Ben Hanson. "Bulldog is the only major brand in growth as a result of increased support in the retailers at the expense of all other brands."

Bulldog has become skincare's third biggest brand and is now making moves in shaving preps, with sales up 40.4% to £400k, making it the sector's sixth-biggest. "During a difficult period for the industry, we are having an amazing year overall," says founder Simon Duffy, who adds that Bulldog still has room for growth. "For retailers where Bulldog's distribution remains sub-scale, there is still a big missed growth opportunity in men's skincare that Bulldog could deliver."

TOP3 Men's skincare				SALES			
				£m	change (£m)	change (%)	
Total volume change: -6.0%				TOTAL CATEGORY	58.2	-3.2	-5.1
				TOTAL OWN LABEL	2.1	-0.1	-5.9
1	1	Nivea Men	Beiersdorf	21.3	-2.2	-9.5	
2	2	L'Oréal Men Expert	L'Oréal	21.1	-0.8	-3.6	
3	3	Bulldog	Edgewell	8.5	1.8	27.1	

TOP5 Razors & blades				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.6%				TOTAL CATEGORY	350.4	-1.6	-0.5
				TOTAL OWN LABEL	15.6	0.1	0.4
1	1	Gillette	P&G	248.4	-4.4	-1.8	
2	2	Wilkinson	Wilkinson Sword	59.7	-5.7	-8.7	
3	3	Bic	Bic	12.3	-1.9	-13.5	
4	4	Philips OneBlade	Philips	8.3	5.5	194.8	
5	5	Veet	Reckitt Benckiser	5.4	4.8	863.7	

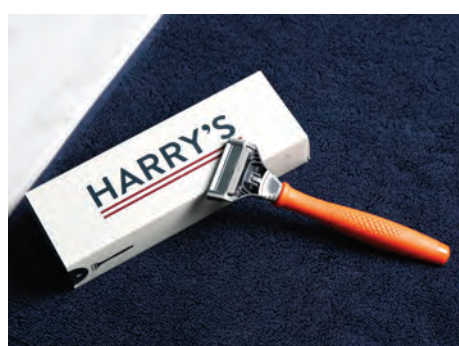
TOP5 Men's shaving preparations				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.6%				TOTAL CATEGORY	56.4	-3.0	-5.1
				TOTAL OWN LABEL	-	-	-
1	1	Gillette	P&G	30.2	-2.1	-6.5	
2	2	Nivea Men	Beiersdorf	11.9	-0.4	-3.5	
3	3	King of Shaves	King of Shaves	3.6	0.0	-0.5	
4	4	Palmolive	Colgate	0.8	-0.1	-6.0	
5	5	Wilkinson	Wilkinson Sword	0.7	-0.1	-17.7	

There are plenty of other challengers, says Ben Lambert, co-director at branding agency PB Creative. "We're hearing how some major players now see niche brands as their main competitors. Bulldog, Percy Nobleman and Johnny's Chop Shop are gaining traction as men opt for less generic products."

The implication of this, clearly, is that the big brands lack a certain element of cool for many. Ian Morley, sales director for Gillette brand owner P&G, does concede that the brand has to an extent been a victim of

changing fashion. "Men's definition of clean shaven has changed. It might not necessarily mean shaving every single day, but rather shaving two to three times per week. This, coupled with the change in the way men are buying shavecare products, reinforces the role for Gillette, as category leader, to work with retailers to build category growth."

Indeed, the growth of shaving subscription brands such as Harry's (our Top Launch) and Cornerstone means retailers could do with a hand in building category growth. ●



TOP LAUNCH 2017

Harry's Harry's Grooming

Not all hipsters wear beards. For those who prefer a smooth jawline, there's online shave club Harry's, which launched in the UK during the summer from New York. Described by one US magazine as "providing razors to those who enjoy a certain refined, Brooklyn aesthetic", the brand is a disruptor, poking fun at shaving's old guard while offering the sort of online subscription model that will very likely be the next major spoiler of sales in the bricks & mortar grocers.

You're right,
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your support in 2017.
Here's to another
big year.



— **BULLDOG** —
SKINCARE FOR MEN

Engage shoppers and increase oral health sales with GSK

Find out how to maximise your sales opportunities within a booming category with advice from GSK

Oral Health Category Overview

GSK owns popular brands such as Sensodyne, Corsodyl and Aquafresh within the oral health market, which is currently worth £807 million within grocery¹ and £865 million in total². However, it is one of the categories shoppers are least likely to engage with³. Almost three quarters (72%) of shoppers either usually buy the same toothpaste or just buy on deal and only 4% of shoppers regularly seek out new varieties and flavours⁴, so there is a real opportunity for retailers to address this disengagement and get them to re-evaluate the category.

Extra Care

The extra care segment is one area that retailers can focus on to engage shoppers with the category as they are becoming more aware of their conditions. The segment is driving growth, currently worth £276m² with Sensodyne as GSK's best performing toothpaste brand with a 36.2% share of the market⁵. Tooth whitening has become increasingly important to consumers, with 74% saying they would like whiter teeth and nearly half (45%) buying whitening products³. Retailers should ensure to ride

this wave to maximise sales opportunities with shoppers who are actively looking to purchase specialist products such as Sensodyne True White.

The key to unlocking growth

GSK has a unique product portfolio to help retailers unlock these areas, with three themes for future growth:

- Expanding extra care with Sensodyne, Corsodyl and Biotene
- Maintaining healthy, strong enamel with Pronamel
- Providing for different life stages and needs with Aquafresh, Poligrip and Biotene

Barriers to Purchase

One of the main challenges for the oral care shopper is product overload. The category is relatively large and as a result, customers tend to quickly dip in and out of this 'cluttered fixture' – as illustrated by the fact that nearly three quarters of shoppers (72%) either pick up a toothpaste product they always buy or one that is on sale⁴.

Merchandising tips

With this in mind, retailers and their teams should review their oral care fixture to ease navigation, making the flow of aisles range from 'regular' to 'extra care'. Customer demographic should be kept in mind when merchandising, for example, you could minimise your denture offering if your customer base is largely younger families. A well-structured layout will not only help your customers' 'findability' but it should help encourage cross-segment purchases and encourage trade-ups.



EXTRA CARE

There are many symptoms that fall under extra care, all with headroom for further growth:

- 1 in 3 shoppers suffer from sensitivity⁶ and they are trading up to specialist desensitising toothpastes⁷ such as Sensodyne Rapid Relief or Sensodyne True White
- Up to 73% of people suffer with bleeding gums, yet only 22% purchase a gum related solution³ and should look to brands such as Corsodyl and its new Ultra Clean toothpaste
- 77% of shoppers are at risk of acid erosion as healthy lifestyles may lead to increased risk from acidic foods and drinks such as fruit juice⁸, proving demand in enamel protecting products such as Sensodyne Pronamel Strong & Bright Enamel



ZINC: CHGBI/CHSENO/0245/17

¹ Nielsen Data, Oral Care Summary report, Grocery, MAT Latest Year, 04.11.17

² Nielsen Data, Oral Care Summary report, Total Coverage, MAT Latest Year, 07.10.17

³ GSK data on file: Project Evergreen 2012 (n=5005)

⁴ GSK data on file: Project Skeleton, Oral Care (n=30)

⁵ Nielsen Data, Oral Care Summary report, Grocery, MAT Latest Year, 04.11.17

⁶ Incite, July 2014, Sensitivity sizing Research

⁷ Kantar Worldpanel online W.E 08.10.17

⁸ Copyright © 2011, The Health and Social Care Information Centre. All Rights Reserved. pg 21

personal care: oral care



Brits splash out on pricier oral care lines

Daniel Selwood

If toothpaste and toothbrush makers are smiling about an extra £11.4m in sales, it will be the folks at P&G with the widest grins.

Gleaming, pearly white grins, of course. "People see having white, healthy teeth as an indicator of demonstrating overall health," says P&G sales director Ian Morley, whose Oral-B brand is up £23.5m (10.5%) overall, on volumes up 5.1%. Premium NPD focused on whitening, sensitivity and health has been crucial, he adds. "Oral health is at the core of Oral-B heritage. The brand was actually created by a dentist, and Oral-B Pro-Expert is the toothpaste most used by dentists in the UK."

Based on value sales, this year's most successful oral care product launch was Oral-B Gum & Enamel Repair paste, says Nielsen analyst Kate Pobjoy. "Since launch in June 2017, it has achieved £995k sales, and it still has room to grow distribution further. There have also been three new variants launched under the Oral-B 3D White range – Arctic Fresh, Vitalizing Fresh, and Luxe Glamorous White – that have performed well in 2017."

Higher average prices in all three oral care sectors is further evidence that shoppers are still prepared to pay more for the right products, in spite of all the economic uncertainty. As with P&G, rival GlaxoSmithKline says playing the health card is key.

TOP5 Toothpaste				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.0%				TOTAL CATEGORY	422.8	3.1	0.7
				TOTAL OWN LABEL	6.3	0.0	0.7
1	1	Colgate	Colgate	196.3	-6.4	-3.2	
2	2	Sensodyne	GSK	93.0	3.7	4.2	
3	3	Oral-B	P&G	58.8	6.6	12.6	
4	4	Aquafresh	GSK	26.6	-1.7	-6.1	
5	5	Arm & Hammer	Church & Dwight	9.9	-1.0	-9.1	

TOP5 Toothbrushes				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.7%				TOTAL CATEGORY	311.5	8.3	2.7
				TOTAL OWN LABEL	16.9	0.5	3.0
1	1	Oral-B	P&G	182.8	17.3	10.5	
2	2	Colgate	Colgate	60.5	-6.4	-9.6	
3	3	Sonicare	Philips Electronics	19.4	-1.5	-7.0	
4	4	Aquafresh	GSK	8.1	-1.2	-12.6	
5	5	Listerine Reach	Johnson & Johnson	6.4	-0.1	-2.1	

TOP5 Mouthwash				SALES			
				£m	change (£m)	change (%)	
Total volume change: -7.4%				TOTAL CATEGORY	141.6	-9.6	-6.3
				TOTAL OWN LABEL	6.8	-0.9	-11.9
1	1	Listerine	Johnson & Johnson	73.4	-2.6	-3.4	
2	2	Colgate	Colgate	24.0	-4.2	-14.7	
3	3	Corsodyl	GSK	13.4	-0.1	-0.5	
4	5	Oral-B	P&G	4.9	-0.4	-7.2	
5	7	CB12	Meda	4.7	0.0	-0.7	

Indeed, last year's oral care top launch, GSK's Sensodyne Deep Clean Gel, has helped drive £3.7m growth for Britain's second biggest toothpaste brand. The extension of Corsodyl into toothpaste (see below) for the first time can be seen in a similar light. "Oral health is an everyday need," says Jo Cooper, sales director for retail at GSK. "Teeth whitening is increasingly important. People want whiter teeth and brighter smiles."

Still, oral care space is being squeezed in store. Pobjoy notes a 3% decline in distribution points for the sector, with standard lines seeing the greatest space losses (see Colgate, Aquafresh and Listerine's declines). "This is mainly down to range rationalisation," adds Pobjoy. "Sainsbury's started this by simplifying the fixture to make it easier for people to navigate and other retailers such as Tesco are following suit."



TOP LAUNCH 2017

Corsodyl Ultra Clean GSK

Gleaming 'Hollywood' smiles are in demand by Brits – and so are healthy teeth and gums. That combination of need states was the inspiration for GSK's March launch: a formulation with 67% enamel-whitening sodium bicarbonate. Designed to encourage shoppers to trade up to specialist oral care products, it's aimed at people with, or susceptible to, gingivitis. Ultra Clean was the hero product of Corsodyl's rebrand in the spring, backed by an £8.8m marketing spend.

over the counter



Branded OTC over a barrel as sales slip

James Halliwell

There are chill winds blowing through OTC remedies right now. Across the top five sectors, brands are down £11.5m (1.1%). Own label is winning (though sales are masked for commercial reasons in some cases here).

“As OTC growth is slowing down, manufacturers and retailers have to find ways to sustain volume growth to secure future growth, especially as shoppers are finding more occasions to purchase own-label products in supermarkets or in discounters,” says Nielsen client manager Carina Hess.

The key will be convincing shoppers that brands are worth their premium, says Jennifer Rann, head of retail products at Well Pharmacy. “Consumers trade down to own label where they have the most confidence in their purchase,” she says. “But where people require added value or seek reassurance with their purchase, brands continue to win.”

Of the big brand owners, the strongest performers were Pfizer, which has seen combined sales grow £2.8m or 6.5% (thanks to strong growth in Nexium) and GSK, which pledged £80m marketing investment in ‘power brands’ Nurses, Voltarol and others earlier this year. Reckitt Benckiser, which issued its second sales warning of the year in October, saw sales of its 18 biggest brands fall £9.6m, or 3.6%.

TOP3 Adult oral analgesics			SALES			
			£m	change (£m)	change (%)	
Total volume change: -1.6%			TOTAL CATEGORY	368.0	-7.3	-1.9
			TOTAL OWN LABEL	121.8	6.0	5.2
1	1	Nurofen	Reckitt Benckiser	80.0	-7.0	-8.1
2	2	Solpadeine	Omega Pharma	40.9	-0.5	-1.3
3	3	Anadin	Pfizer	22.7	-1.5	-6.4

TOP3 Allergy remedies			SALES			
			£m	change (£m)	change (%)	
Total volume change: -1.3%			TOTAL CATEGORY	116.1	1.7	1.5
			TOTAL OWN LABEL	-	-	-
1	1	Piriteze	GSK	17.6	2.2	14.6
2	2	Benadryl	Johnson & Johnson	11.9	1.0	9.1
3	3	Piriton	GSK	10.3	-0.2	-2.3

TOP3 Cold & flu remedies			SALES			
			£m	change (£m)	change (%)	
Total volume change: -5.7%			TOTAL CATEGORY	482.5	-2.7	-0.6
			TOTAL OWN LABEL	-	-	-
1	1	Lemsip	Reckitt Benckiser	62.8	0.1	0.1
2	4	Sudafed	Johnson & Johnson	34.1	0.6	1.7
3	3	Strepsils	Reckitt Benckiser	34.0	0.2	0.6

TOP3 Indigestion remedies			SALES			
			£m	change (£m)	change (%)	
Total volume change: -2.1%			TOTAL CATEGORY	151.9	6.0	4.1
			TOTAL OWN LABEL	19.4	-0.1	-0.4
1	1	Gaviscon	Reckitt Benckiser	63.3	2.1	3.5
2	2	Rennie	Bayer Consumer	30.2	-0.4	-1.4
3	3	Nexium	Pfizer	15.4	4.0	35.6

TOP3 Paediatric analgesics			SALES			
			£m	change (£m)	change (%)	
Total volume change: -5.3%			TOTAL CATEGORY	84.4	-3.2	-3.6
			TOTAL OWN LABEL	-	-	-
1	1	Calpol	McNeil Healthcare	52.5	-0.5	-1.0
2	2	Nurofen	Reckitt Benckiser	17.2	-1.8	-9.7
3	3	Calprofen	McNeil Healthcare	2.7	-0.5	-16.6



TOP LAUNCH 2017

Sudafed Sinus Pain Relief J&J

This launch from Johnson & Johnson doesn't mess about. Containing a potent blend of pseudoephedrine hydrochloride (which narrows swollen blood vessels in the nose to help mucus and air flow more freely) and ibuprofen (which tackles pain and inflammation), each pack contains 16 of the strongest OTC painkillers for sinus pain. J&J says a single pill will destroy sinus pain for up to eight hours, and the powerful pills will also sort out 'headaches, fevers and other discomforts'.

sex care



Super sexual revolution as sales rise £5m

James Halliwell

There's a sexual revolution going on in the supers. Combined sales of condoms, lubes and sex devices are up £5m (6.7%); volumes have inched up 0.9%, showing that today's shoppers are prepared to pay a little bit more for products that help them get their rocks off.

"Premiumisation is a clear trend across sex care, driven by Durex as the face of the category," says Nielsen client manager Carina Hess. "Durex condoms in premium packs are on average 40p more expensive per foil than other non-premium branded ranges."

So condoms' 3.4% growth on volumes down 2.3% is chiefly the result of pricier Durex lines such as Intense Stimulating (ribbed, dotted and embued with lube to 'give her earth-shattering experiences'), Extra Thin Sensitive and 'natural feeling' Reel Feel.

Higher price per unit is also the result of larger packs. Size matters, suggests a spokeswoman at LifeStyles Healthcare, which acquired Skyn and Mates in September.

"Growth in condoms can mainly be attributed to the move towards bigger pack sizes (24 or 30 condoms) and thus increasing average unit price," she says, adding that the supers' volume loss is partly down to online growth. "People are buying more online through company websites or online platforms like Amazon in bigger packs."

TOP3 Condoms				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.3%				TOTAL CATEGORY	54.5	1.8	3.4
				TOTAL OWN LABEL	-	-	-
1	1	Durex	Reckitt Benckiser	45.7	2.2	5.1	
2	2	Mates	Ansell	5.7	-0.6	-9.4	
3	3	Pasante	Pasante Healthcare	0.3	0.0	-4.1	

TOP3 Lubes				SALES			
				£m	change (£m)	change (%)	
Total volume change: 5.7%				TOTAL CATEGORY	21.7	2.9	15.7
				TOTAL OWN LABEL	2.8	0.4	16.7
1	1	Durex	Reckitt Benckiser	10.7	1.2	12.1	
2	2	K-Y	Johnson & Johnson	3.1	-0.3	-7.7	
3	3	Replens	Church & Dwight	1.7	0.2	16.5	

TOP3 Sex devices				SALES			
				£m	change (£m)	change (%)	
Total volume change: 17.1%				TOTAL CATEGORY	2.7	0.3	10.8
				TOTAL OWN LABEL	-	-	-
1	1	Durex	Reckitt Benckiser	2.4	0.2	8.6	
2	7	Mendurance	Viator Health	0.1	0.1	856.4	
3	4	Rocks-Off	Rocks-Off	0.1	0.0	31.0	

In lubricants, premiumisation is also taking place, with products such as Durex Play Perfect Glide and (our Top Launch) Intense – (both of which carry an rsp more than double that of standard lines), pushing average price up 9.5%. That's the second sharpest prices rise of the 114 sectors measured in this report.

Surprisingly, certain food trends are playing out here, too. And not just in terms of flavours. "The free-from trend is becoming visible as brands release products with natural ingredients," says Hess. "Durex Natural Pleasure Gel, for example, uses a water-based formula, has no added fragrance or colours, is pH friendly, and contains pre-biotics to help the body maintain skin balance."

It's certainly hit the spot, contributing 31.7% to lubricants' £2.9m growth. While products such as Natural Please Gel (rsp: £12.49/100ml) are pushing prices up, sex device prices are falling. They're down 5.3% thanks to growing distribution for products such as Durex Intense vibrating rings and Delight Vibrating Bullets. Tesco is now selling the former for £5 and the latter at two for £14.

That's pricey next to one of the most talked about launches of the year: Poundland's Nooky range of sex toys, lubricating gels and Viagra-type pills (called Blue Pills for Men) on offer for a randy round pound. The retailer claims it's been a huge success, with a pack of Blue Pills being sold every second.



TOP LAUNCH 2017

Intense Orgasmic Gel Reckitt Benckiser

We could have gone for the Durex Natural Pleasure Gel for our top launch of the year. After all, it's delivered more than any other NPD this year. But we couldn't ignore the bold claims of Durex's latest launch, could we? RB has bottled the orgasm. Twenty, actually: the brand claims a 10ml bottle of the stuff will deliver 20 'earth-shattering' orgasms, when applied to the right spot during foreplay. Oo-er. We're off for a cold shower.

petcare



Prices rise as owners seek posh petfood

Natalie Brown

A new phrase was coined in 2017: 'pet parents' – those who treat their 'fur babies' (their phrase; not ours) as if they were human, often spending as much on feeding and treating their pets as they do on themselves.

And so the average price paid for pet food in the supermarkets has risen by 2.7%. "The price jump doesn't appear to be Brexit-triggered but rather the outcome of premiumisation," says Nielsen senior client manager Maya Sherry. "The category is also seeing lower promotional support as retailers prefer to use the promotional space to support more impulsive categories. This has also contributed to higher prices this year."

There are two clear trends influencing the sector: health and indulgence. In reflection of the former, Harringtons Complete has seen sales surge by a whopping £13.8m (55.2%), thanks chiefly to distribution gains. Evidence of the indulgence trend is the £10.6m growth of Good Boy dog treats (the sector's second-greatest gain after Harringtons) and super-premium catfood brands Gourmet, which brought out a range of soups in 2016, and Sheba's respective gains of £9.9m and £5.3m.

"Shoppers across the board are increasingly willing to pay a premium for quality, plus they're more and more health-conscious in all aspects of their lives, which affects their

TOP 20 Petcare				SALES			
				£m	change (£m)	change (%)	
Total volume change: -3.1%				TOTAL CATEGORY	1,726.3	-7.9	-0.5
				TOTAL OWN LABEL	307.4	7.5	2.5
1	1	Felix	Nestlé Purina	237.8	-10.9	-4.4	
2	2	Pedigree	Mars	186.6	-12.3	-6.2	
3	3	Whiskas	Mars	173.9	-17.5	-9.1	
4	5	Gourmet	Nestlé Purina	86.5	9.9	12.8	
5	4	Bakers	Nestlé Purina	79.0	-12.5	-13.7	
6	7	Sheba	Mars	70.6	5.3	8.1	
7	6	Butchers	Butchers	65.2	-6.0	-8.5	
8	8	Go Cat	Nestlé Purina	50.5	-2.2	-4.2	
9	13	Good Boy	Armitage Pet Care	41.8	10.6	33.9	
10	17	Harringtons	Inspired Pet Nutrition	38.9	13.8	55.2	
11	16	Winalot	Nestlé Purina	36.8	7.4	25.0	
12	11	Purina One	Nestlé Purina	36.5	0.3	0.7	
13	9	Cesar	Mars	35.0	-2.8	-7.4	
14	10	Iams	Spectrum Brands	33.6	-2.7	-7.5	
15	15	Webbox	Pets Choice	33.3	3.5	11.7	
16	12	Dreamies	Mars	32.0	-1.9	-5.6	
17	14	Wagg	Inspired Pet Nutrition	30.4	-0.6	-2.0	
18	18	HiLife	Town & Country Pfds	17.8	-2.4	-11.6	
19	21	Encore	MPM Products	15.0	1.1	8.0	
20	20	Chappie	Mars	14.3	0.1	1.0	

purchasing decisions in the petcare category," says Mars Petcare's strategic demand director Roberto de Felice. "Our own data shows that by 2020 the value of natural brands could increase by £300m."

Mars wants a slice of that pie with two new super-premium brands launched in 2017: Perfect Fit 'superfood' for cats and dogs and Nature's Table grain-free dogfood. The giants certainly need to innovate, as a new pack of challengers continue to gnaw away at their sales. Only three of the nine Mars brands in the top 50 are in growth (Sheba, Chappie and Perfect Fit) and in total they are down £31.2m (5.5%) on volumes down 10.6%. Nestlé Purina has 10 brands in the top 50 and they've lost £8.6m (1%) combined; volumes fell 7.1%.

The top dogs' declines come despite a steady stream of innovation (Whiskas has launched pouched 'cat casseroles', for example). But Sherry says one NPD stands head and shoulders over the rest: chilled natural petfood brand Freshpet, which has added £1.6m since Tesco installed chillers in 300 stores to house the brand earlier this year.

"The product is fresh and natural and therefore offers pets high-quality food in a convenient format," says Sherry. "This capitalises on the growing preference among pet owners to feed their pets food that reflects their own shifting lifestyles. As owners treat their pets as members of the family, they want to ensure their pets have the best quality in line with what they feed themselves." ●

TOP LAUNCH 2017

Turkey Bacon for Dogs Freshpet

After pioneering chiller cabinets in the pet aisle in a market-first collaboration with Tesco, US natural petfood brand Freshpet is blazing a trail in the UK petcare market with the first fresh refrigerated turkey bacon treats for dogs (rsp: £3.99/85g). Launched for this Christmas, this is the brand's first foray into dog treats and has been developed by vets, scientists and nutritionists. It is made from wood-smoked turkey and free from corn, wheat, soy byproducts, fillers and rendered meats.





RANCHOS

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ready meals



Ready meal sales soar on gourmet NPD

James Halliwell

Convenience was king in 2017. Just look at the frozen, chilled and ambient ready meals sector's combined growth of £117m for proof. And for once it's not purely inflationary; combined volumes are up a solid 1.3%, too.

"Ready meals are the ultimate convenience meal, but it's becoming increasingly difficult to differentiate," says Nielsen senior client analytics manager Hannah Chapman. "This is because consumers are more demanding than ever; they want a convenient product at a good price. And it has to be good for them and meet their dietary requirements."

And so the players that lack a clear point of difference are not benefiting from the growing amount of space retailers are dedicating to ready meals. Bisto, for example has suffered the greatest loss in the three sectors, of £8.9m. Sharwood's chilled and frozen ready meals have lost £7.2m (45.5%) combined.

This is partly because retailers are pushing own label, particularly upper-tier ranges. Own label dominates chilled, accounting for 88.4% of value. It's also delivered £53.6m of sector growth, making it the second-fastest growing own-label sector in this report, after still wine; a neat coincidence, as the use of 'dine in for' deals grouping premium meals with wine, dessert and sides continues to drive growth as shoppers do 'big nights in'.

TOP5 Chilled ready meals			SALES			
			£m	change (£m)	change (%)	
Total volume change: 0.2%			TOTAL CATEGORY	2,784.1	75.3	2.8
			TOTAL OWN LABEL	2,460.8	53.6	2.2
1	1	Rustlers	Kepak	88.0	5.8	7.0
2	2	Charlie Bigham's	Bigham's	53.1	7.3	15.9
3	3	Feasters	Kepak	21.5	1.6	8.0
4	6	Quorn	Marlow Foods	12.4	2.1	20.4
5	5	McIntosh of Strathmore	Strathmore Foods	12.3	1.6	14.8

TOP5 Frozen ready meals			SALES			
			£m	change (£m)	change (%)	
Total volume change: 2.8%			TOTAL CATEGORY	380.0	24.4	6.9
			TOTAL OWN LABEL	190.8	31.3	19.6
1	1	Slimming World	Loxton Foods	57.2	3.8	7.2
2	3	WeightWatchers from Heinz	Kraft Heinz Co	24.0	-2.3	-8.7
3	2	Bisto	Kerry Foods	18.8	-8.9	-32.1
4	4	Young's	Young's	13.7	-0.2	-1.7
5	5	Kershaws	Kershaws	12.3	-0.4	-3.1

TOP5 Ambient ready meals			SALES			
			£m	change (£m)	change (%)	
Total volume change: 4.1%			TOTAL CATEGORY	288.3	17.3	6.4
			TOTAL OWN LABEL	12.5	-0.8	-6.1
1	1	Pot Noodle	Unilever	100.5	-0.3	-0.3
2	2	Super Noodles	Premier Foods	66.1	8.2	14.1
3	3	Mug Shot	Symington's	32.0	6.1	23.7
4	4	John West	Thai Union	12.1	1.0	8.7
5	8	Naked Noodle	Symington's	11.0	6.1	124.8

Demand for indulgence and meal deals has helped drive £7.3m growth for posh chilled brand Charlie Bigham's. Even Rustlers has launched a Gourmet burger (see below). Its £5.8m gain is partly down to this. The brand says it can add £50m to the sector by 2021.

In ambient, market leader Pot Noodle is losing share as posher instant noodle brands such as Kabuto (up 5.2% to £4m) gain listings. But brand owner Unilever has managed to

offset Pot Noodles flat sales with the launch of Pot Pasta. So far it's racked up £600k.

That Quorn is up £3.9m (in frozen and chilled) proves that dietary need is a key trend. It's also spent big on TV ads. "By highlighting how easy it is to make great-tasting dishes with Quorn we're attracting new shoppers and encouraging brand loyalists to choose our meals more often," says category management head Julian Cooke.

TOP LAUNCH 2017

Rustlers Gourmet burgers Kepak

Burgers have seriously smartened up over the last few years, gracing menus in the fanciest restaurants, and Rustlers has responded with the launch of this premium packaged Gourmet burger. Of course, you still nuke it to cook it, but now you can enjoy an 'authentic and unbeatable' flame-grilled 100% beefburger with bacon, cheese, mustard mayo and ketchup in a brioche bun in under a minute. Backed by a £2.5m campaign, its TV ads are brilliant, too.



RUSTLERS

Gourmet



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rice, noodles & pasta



Rice & noodle players defy low-carb fad

James Halliwell

Ask any health blogger, and they'll tell you carbs should be shunned. They're dumpy and miserable and will only make you more so. So how come the supers have sold an extra 20.9 million packs of rice & noodles this past year?

The 7.9 million (1.2%) fewer packs of spuds sold over the past year (see p129) have a lot to do with it. As demand for quicker evening meals grows, potatoes are falling out of fashion. For those who haven't gone low carb (let's face it that's still the majority, in spite of what the bloggers tell us), rice & noodles are increasingly attractive, particularly in light of the current vogue for Asian cuisines.

Rice has been the key beneficiary of this, with value sales up 0.4% (£1.5m) on volumes up 7.9%. The 5.3% fall in average price per unit is driven by two factors: branded ready to heat pouches increasingly sold on £1 deals are behind much of rice's growth and cheaper own-label offerings (particularly in ready to heat rice) are stealing share of the category.

"The main affected segment was ready to heat rice with average prices down 5.7% versus the previous year, with all main brands decreasing prices," says Nielsen senior client manager Beatriz Morgado. "Rice is growing in all channels but much faster in the discounters, especially in ready to heat. Dry rice is in decline."

TOP10 Rice				SALES			
				£m	change (£m)	change (%)	
Total volume change: 7.9%				TOTAL CATEGORY	408.6	1.5	0.4
				TOTAL OWN LABEL	126.7	7.0	5.8
1	1	Uncle Ben's	Mars	144.7	2.3	1.6	
2	2	Tilda	Tilda	76.5	1.3	1.7	
3	6	Laila	Surya Rice	8.7	2.6	43.9	
4	3	Veetee	Veetee	8.0	-5.9	-42.3	
5	4	Kohinoor	Kohinoor	8.0	-1.1	-11.7	
6	5	Batchelors	Premier Foods	6.8	-0.2	-2.3	
7	7	Riso Gallo	Gallo	2.8	-0.2	-5.8	
8	9	Trophy	Satnam Overseas	2.3	-0.1	-5.7	
9	14	Akash	Tilda	2.0	0.9	84.4	
10	11	Cauli Rice	Cauli Rice	1.9	0.1	8.1	

TOP10 Pasta				SALES			
				£m	change (£m)	change (%)	
Total volume change: 1.1%				TOTAL CATEGORY	203.6	-2.8	-1.36
				TOTAL OWN LABEL	134.3	3.0	2.32
1	1	Napolina	Princes Foods	28.9	-2.9	-9.2	
2	2	De Cecco	De Cecco Fara Co	9.4	-1.0	-9.7	
3	4	Buitoni	Nestlé	4.8	0.4	8.7	
4	3	Cook Italian	La Doria	3.9	-3.8	-49.4	
5	6	Barilla	Euro Food Brands	3.7	0.8	27.7	
6	5	Marshalls	Pasta Foods	2.8	-0.2	-5.4	
7	9	Rummo	Rummo	1.5	0.3	23.8	
8	8	Happy Shopper	Booker Belmont	1.4	0.2	13.9	
9	7	Seeds Of Change	Mars	1.1	-0.2	-12.1	
10	10	My Dolmio	Mars	0.9	-0.1	-11.8	

Brands want to maintain value by appealing to the health conscious with the addition of wholegrains and 'super' grains such as quinoa. In August, Spar UK grocery trading manager Louisa Redford told us that Uncle Ben's new Rice & Grains range, which includes blends of rice, quinoa and pearl wheat, had been "really well received". Overall, the brand is up 1.6% in value, 6% in volume.

They're all at it. Tilda is up 1.7% to £76.5m on volumes up 5.9% thanks in part to its

basmati & quinoa and pulses & rice pouches. In the summer, Riso Gallo unveiled four ready to heat whole and supergrain varieties under its Pronto sub-brand, to arrest falling sales. Nevertheless, the brand is still down, by 5.8% on volumes that have fallen 1.3%.

Ready-to-heat convenience isn't the only way to grow in rice, however. It might be in decline, but with savvy promotions it's still possible to get a rise out of dry rice. Just look at the steaming performance of Surya ➔

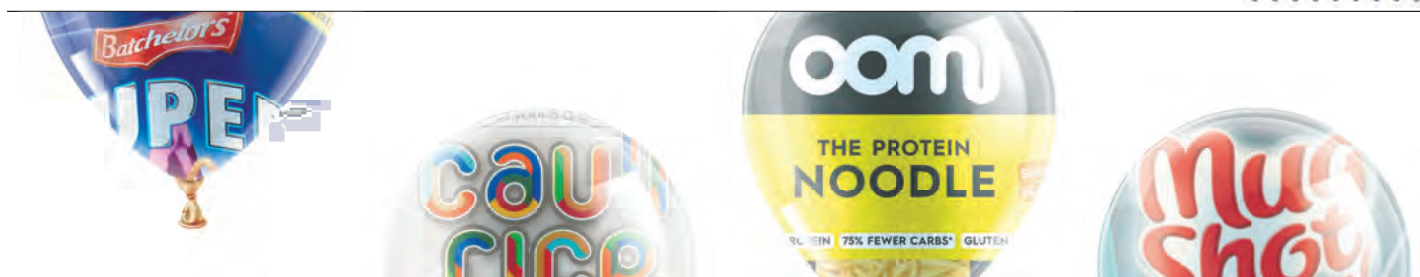


TOP LAUNCH 2017

Oomi Protein Noodles Oomi

The rising popularity of Japanese food is reflected in the launch of Oomi noodles. The startup company has also claimed a world first with this handy two-portion snap pack which contains ready-to-eat, gluten-free noodles with 75% less carbs than regular noodles. Oomi says this is down to its patented Japanese technology using Alaskan MSC-certified sustainable fish to deliver 115g of noodles packing 12g of protein, which is two-and-a-half times more than regular noodles.

rice, noodles & pasta



☞ Foods' Laila brand, which has turned in the greatest branded growth of the year, up 43.9% (£2.6m) on volumes up 38.9%.

"This has been driven by strategic promotional activity during key periods over the last year," explains Surya's MD Harry Dulai. "Now national retailers have realised they have to be competitive on the key commodities around religious festivals and national events, consumers are benefiting from fierce competition between supermarkets. We schedule the majority of our price promotions around key seasonal times like Chinese New Year, Ramadan and Diwali. Our promotions during Ramadan 2017 were exceptional and consumers were on the winning end."

Intensifying competition around these events could spell trouble for rice, however. Dulai says that retailers are using bulk dry rice as a loss leader. "The combination of price inflation, poor basmati crops and falls in the value of the pound resulted in promotions where our rice was being sold for less than the replacement cost to us," he explains. "This resulted in many customers bulk buying rice to take advantage of Ramadan deals fixed well in advance."

Unlike rice, noodle prices are on the rise, thanks in part to the development of healthier wholewheat varieties. For example, market leader Sharwood's (which has suffered a 2.4%

TOP 10 Noodles

Total volume change: 0.7%		TOTAL CATEGORY		SALES		
				£m	change (£m)	change (%)
		TOTAL CATEGORY	35.1	1.8	5.2	
		TOTAL OWN LABEL	7.8	1.6	20.7	
1	1	Sharwood's	Premier Foods	8.8	-0.2	-2.4
2	2	Amoy	Kraft Heinz Co	8.1	0.4	5.2
3	3	Blue Dragon	AB World Foods	4.4	-0.4	-9.8
4	4	Mama	Thai President	1.4	0.1	5.8
5	5	Orient	Kerry Foods	0.8	0.0	6.4
6	6	Thai Taste	Bespoke Foods	0.7	0.0	4.2
7	7	Barenaked	Barenaked Foods	0.6	0.0	7.0
8	8	Clearspring	Clearspring	0.5	0.0	-6.3
9	9	Mekong	JK Foods	0.3	0.0	16.9
10	13	Yangtse	JK Foods	0.2	0.1	33.6

dip in sales, partly as a result of the growing emphasis retailers are putting on own label) said in the summer that wholewheat noodles were up 26%. "Our new wholewheat noodles are targeting busy shoppers who want to cook with healthier alternatives but still require products that are quick to prepare," said Yilmaz Erceyes, brand director for cooking sauces at manufacturer Premier Foods.

Wholewheat is also attracting growing attention in the struggling pasta sector, which has seen sales dip by 1.4% in value and 0.8% in volume (again, deflation is being driven primarily by own label's growth). "We've introduced new varieties of pasta such as

our wholewheat pasta, which is still delicious but gives you 20% of the fibre you need daily," says Barilla brand manager Irene Ippolito. "Also our gluten-free pasta appeals to not just people who can't eat gluten for health reasons but also to the growing number of people who want to reduce gluten as a lifestyle choice."

The free-from and healthy eating movements are exercising many in the world of pasta, including leading brand Napolina. It's easy to see why: the brand's sales have slumped 9.2% to £28.9m on volumes down 5.5%. "We've launched an innovative range of Green Pea and Red Lentil Gluten Free Organic Vegetable pasta, which counts towards one of your five a day, as well as being high in protein and a source of fibre," says marketing director Neil Brownbill. "As the brand leader in wholewheat pasta, Napolina is outperforming the category and has been quick to respond to consumer trends by launching its 50%/50% pasta range and extending its wholewheat range."

But for Ippolito, pasta's travails are down to something more systemic than a health fad. "The pasta market is struggling because pasta has come to be perceived as a quick fix meal for the middle of the week with the kids; something that doesn't need much cooking or creativity," she says. "We can change this by educating consumers that there are many more things we can do with pasta by using a little bit of creativity. Pasta can be a canvas for many more fresh ingredients."

Barilla is looking to do this by working with British chefs to extol the virtues of pasta as a versatile, convenient yet sophisticated meal. And it seems to be working. After entering the UK a few years ago, the world's biggest pasta manufacturer has achieved sales of £3.7m, a spike of 27.7% in the past year.

Clearly, pasta is not past it yet.



It's time to rethink good old spag bol. That's the controversial claim of Italian pasta maker Barilla. "It definitely is time to rethink spaghetti bolognese," says UK brand manager Irene Ippolito. "If you go to Italy and ask for a spag bol they just won't understand – for a start we use tagliatelle and the bolognese is called a 'ragù'. There's much more you can do with pasta – things that are quicker and nicer. What we're really trying to do is change pasta from something that's seen as quick and cheap to something that is quick and chic."

TOP 10 RICE BRAND 2017



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sauces: cooking



Scratch cooks can standard jarred sauces

Carina Perkins

Pass the passata. Inspired by TV chefs and a desire to cut down on sugar and salt, Brits are ditching jars and returning to scratch cooking, meaning this uncooked tomato puree is in “strong growth”, according to Napolina marketing director Neil Brownbill.

And they’re not just putting such products in pasta (sales of which are down – see p171). The Belazu Ingredient Company has seen a 58.2% uplift in demand for its Middle Eastern culinary pastes like rose harissa. “The public is beginning to invest in high-impact, quality ingredients that help to replicate restaurant-standard dishes at home,” says commercial director Peter Oden.

Brits are also hunting down posh stocks as they get more creative in the kitchen. Wessanen UK-owned organic stock cube brand Kallo surged 10.3% thanks to growing consumer interest in traceability “which is driving up sales of organic foods,” says brand manager Beth Roxburgh. Its low-salt stock cubes are also doing well, she adds.

While the return to home cooking has been a boon for pastes, purées and posh stocks, it has wiped a further £28m off the cooking sauces category over the past year. Dolmio accounted for almost half of this decline with sales down £12.0m, but pasta sauce rivals Homepride, Ragu,

TOP 20 Sauces: cooking

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -4.3%				TOTAL CATEGORY	597.1	-27.5	-4.4
				TOTAL OWN LABEL	145.0	8.0	5.9
1	1	Dolmio	Mars	106.5	-12.0	-10.1	
2	2	Loyd Grossman	Premier Foods	51.7	1.7	3.4	
3	3	Colman's	Unilever	39.0	-2.0	-5.0	
4	4	Patak's	ABF	36.0	-1.1	-3.0	
5	5	Schwartz	McCormick	34.4	-1.6	-4.4	
6	6	Homepride	Premier Foods	24.5	-4.8	-16.2	
7	8	Sharwood's	Premier Foods	23.8	-0.8	-3.4	
8	7	Saclà	Saclà	23.4	-2.6	-10.0	
9	9	Uncle Ben's	Mars	19.9	-0.7	-3.2	
10	10	Blue Dragon	ABF	18.6	-0.2	-1.2	
11	11	Maggi	Nestlé	12.7	-1.9	-13.0	
12	14	Old El Paso	General Mills	7.1	0.7	10.2	
13	15	Seeds Of Change	Mars	5.8	-0.5	-8.0	
14	19	The Spice Tailor	The Spice Tailor	5.4	0.9	20.5	
15	18	Bisto	Premier Foods	4.9	-0.5	-8.8	
16	16	Chicken Tonight	Unilever	4.9	-1.0	-16.4	
17	12	Santa Maria	Paulig	4.1	-3.3	-44.9	
18	13	Ragú	Symington's	3.9	-3.0	-43.8	
19	17	Napolina	Princes	3.8	-1.7	-31.5	
20	23	Flava-It	The Flava People	1.5	0.1	9.8	

and Napolina didn't fare much better, nor did world sauce heavyweights such as Sharwoods, Pataks and Uncle Ben's.

Loyd Grossman was the only top 10 brand to enjoy volume and value growth, thanks to strong sales of its premium pouches and extended Italian portfolio. “Shoppers are trading up from other brands,” says brand director Yilmaz Erceyes.

Own-label sauces have also bounced back following a major shakeup of the cooking sauce aisles of the major mults, with the likes of Tesco, Asda, Sainsbury's and Morrisons “replacing branded items with their own label” says Beatriz Morgado, senior client manager at Nielsen. Not only is own label “considerably cheaper” than

brands, but retailers have upped their game on NPD, moving beyond tried and tested recipes to offer shoppers something they might not be able to whip up at home.

It isn't all doom and gloom for sauce brands, though. There's been strong growth for healthy innovations such as Sharwood's new low-fat Tikka and Korma sauces and no-added-sugar SKUs from Napolina, Dolmio and Uncle Ben's. “Sugar content is the most important factor for consumers when choosing food,” says Brownbill.

Dolmio has also picked up new listings for its Chicken Tray Bakes pouches, which open up “new meals for Italian sauces” says brand manager Ian Nundy, who insists Dolmio is now back in growth.



TOP LAUNCH 2017

Dolmio No Added Sugar Mars

It's a Dolmio day. And it can be again tomorrow now the Mars-owned brand has launched a no-added-sugar range. Hitting shelves just over a year after Mars admitted some of its less healthy sauces should only be eaten once a week, Dolmio's new salubrious lineup of five tomato-based sauces contain between 3.9g-4.5g of naturally occurring sugar per 100g, and eschew artificial sweeteners in favour of a clean label. They come in a 350g jar to cater for smaller households (rsp: £1.99).

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sauces: table



Seriously good sales for Heinz in mayo boom

Natalie Brown

In the year sales of mayo overtook ketchup for the first time, there have been big changes at the edge of the nation's dinner plates.

Heinz's Seriously Good Mayonnaise – last year's top launch – has jumped from 10 to six in our ranking with value sales more than tripling to £15.4m. At the same time international brand Nando's mayonnaise – or 'perinase' – has leapt from 49 to 25 in our ranking with value sales up from £426k to £2.3m.

But that's not to say ketchup is in danger of being pushed to the back of the cupboard. Category leader Heinz Ketchup may have lost £4.8m in sales in the last year but the brand is still worth almost double that of the nation's second bestselling sauce brand, Hellmann's Real Mayonnaise, suggesting we're not falling out of love with the red stuff altogether.

"Heinz Tomato Ketchup is the bestselling sauce and we're working hard to maintain the relevance of ketchup," says Rhodri Williams, marketing lead at Heinz Sauces. "It is a brand that UK consumers know and have a strong resonance with, with 84% stating Heinz Ketchup is a brand their families love."

Ketchup simply needs to shape up. Heinz is working hard to maintain its relevance with the January launch of a 50% less sugar & salt variant, which goes straight into our ranking at number 10 with sales of £7.2m since launch.

TOP 10 Table sauces				SALES			
				£m	change (£m)	change (%)	
Total volume change: -1.3%				TOTAL CATEGORY	558.6	1.1	0.2
				TOTAL OWN LABEL	93.3	0.0	0.0
1	1	Heinz Tomato Ketchup	Kraft Heinz Co	107.6	-4.9	-4.4	
2	2	Hellmann's Real Mayonnaise	Unilever	59.2	-3.6	-5.8	
3	3	Hellmann's Light Mayonnaise	Unilever	29.5	-1.7	-5.6	
4	4	HP Sauce	Kraft Heinz Co	28.8	0.7	2.3	
5	5	Heinz Salad Cream	Kraft Heinz Co	23.8	-1.4	-5.4	
6	10	Seriously Good Mayonnaise	Kraft Heinz Co	15.4	10.5	214.7	
7	6	Colman's mustard	Unilever	14.4	-0.2	-1.3	
8	7	Heinz Light Salad Cream	Kraft Heinz Co	13.5	-0.2	-1.1	
9	8	Lea & Perrins	Kraft Heinz Co	13.4	0.5	3.8	
10	NEW	Heinz TK 50% less sugar & salt	Kraft Heinz Co	7.3	7.3	●	

TOP 5 Condiments				SALES			
				£m	change (£m)	change (%)	
Total volume change: 0.3%				TOTAL CATEGORY	78.0	2.5	3.3
				TOTAL OWN LABEL	40.2	2.1	5.5
1	1	Colman's	Unilever	20.6	-0.8	-3.5	
2	2	Ocean Spray	Ocean Spray	4.8	-0.1	-1.4	
3	3	Heinz	Kraft Heinz Co	3.6	0.4	13.1	
4	4	Maille	Unilever	2.0	0.1	5.0	
5	6	Hellmann's	Unilever	1.7	0.7	74.6	

"Kraft Heinz's 50% less sugar & salt ketchup is on trend in the macro environment with the attempt to limit the nation's sugar and salt consumption," says Nielsen senior client manager Hannah Chapman. "The product has also been incremental, encouraging new shoppers to buy tomato ketchup."

Also incremental to the category is this year's top launch (see below): Hellmann's tomato ketchup sweetened with honey. "Tomato Ketchup Sweetened with Honey is the first ketchup on the market to be solely sweetened by honey," says Unilever's Merryman. "We're continuously reviewing the needs of consumers, and as such have an innovation roadmap to meet these needs."

But the fact remains that shoppers are moving away from foods typically associated with ketchup and mayonnaise. Total category sales of table sauces are up just 0.2% and volumes are down 1.3%, with NPD accounting for just £9.7m in sales in the past year.

"Discounters and bargain stores continue to be an issue for brands," says Chapman. "There's a lot of switching to discounter own label and also to branded products in bargain stores. It is essential for manufacturers to differentiate offerings between the mults and discount channels to keep shoppers."

In other words, if brands are to maintain their place at the edge of the nation's plates, they need to step up the innovation. ●



TOP LAUNCH 2017

Hellmann's Ketchup with Honey Unilever

With sales of mayonnaise overtaking ketchup for the first time, does honey have what it takes to entice us back to the red stuff? Unilever hopes so with the April launch of this ketchup sweetened with honey, aimed at shoppers looking for healthy, sustainably produced products. With 30% less sugar and 36% more tomatoes, the launch of Hellmann's Ketchup Sweetened with Honey (rsp: £1.89/430ml) is being supported by a £9m marketing campaign including TV advertising.

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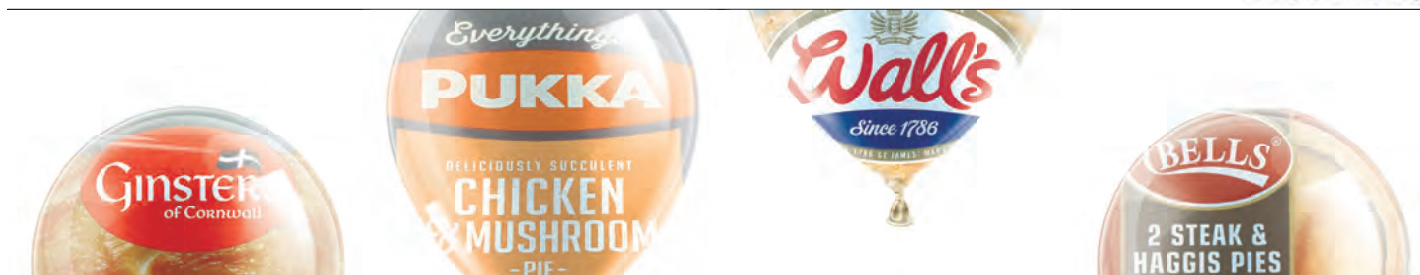
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savoury pastries & meat snacks



Veggie vogue drives meat-free pie boom

Natalie Brown

Don't listen to everything the anti-meat lobby tells you about the rise of veganism and vegetarianism on ethical and environmental grounds. Fresh meat may be down (see p130), but we're still a nation of meat eaters.

Particularly if the meat in question has been rubbed in salt and spices, and dried or wrapped in pastry. For sales of meat snacks are booming, up 10% on volumes up 7.1%, and savoury pastries are holding steady, with value up 1.3% on a 0.8% dip in volume sales. In both cases, higher prices are being driven by a shift towards more premium brands.

That's not to say the vogue for vegetarianism isn't impacting the savoury pastries market. "Only 4% of the population are vegetarian yet meat-free meals grew by 39% last year," says Mark Campbell, MD at premium pie brand Higgidy, which has seen sales rise 1% on volumes up 2.5%. "Vegetarian products now make up 60% of our sales. We see massive continued growth in the free from section of the category."

Campbell attributes much of Higgidy's growth to veggie NPD such as paneer, coconut and spiced chickpea pies. He's not the only one. Pukka is one of the sector's star performers and hot on the heels of Higgidy with value sales up 14.9% to just over £26m, leaving less than £1.5m between the two.

TOP 15 Savoury pastries

				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.8%				TOTAL CATEGORY	1,101.5	13.9	1.3
				TOTAL OWN LABEL	763.6	13.1	1.7
1	1	Ginsters	Samworth Brothers	87.9	-3.6	-4.0	
2	2	Wall's	Addo Food Group	36.6	0.5	1.3	
3	3	Higgidy	Higgidy	27.5	0.3	1.0	
4	4	Pukka	Pukka Pies	26.1	3.4	14.9	
5	5	Peter's	Peter's Food Service	16.8	-0.6	-3.2	
6	7	Bells	Bells Food Group	12.4	0.8	6.7	
7	6	Pork Farms	Addo Food Group	12.1	-1.7	-12.6	
8	9	Vale of Mowbray	Harris C&T	8.6	2.2	33.6	
9	10	Seriously Tasty	Peter's Food Service	7.4	1.3	22.0	
10	11	Pieminister	Pieminister	6.7	1.1	20.3	
11	8	Holland's	2 Sisters Food Group	6.2	-1.6	-20.8	
12	13	Bigham's	Charlie Bigham's	5.5	0.5	9.1	
13	12	Island Delight	Cleone Foods	5.2	0.0	-0.5	
14	21	Rowe's	WC Rowe	5.1	2.3	82.8	
15	15	Wrights	Wrights Food Group	4.7	0.0	-0.5	

Pukka CEO Deborah Ewan attributes much of the growth to NPD including veggie tikka masala with chickpea & spinach pie, as well as big spend on advertising. "There are 1.2 million people in the UK who are vegetarians, and this is rising year on year," says Ewan. "As a category we cannot achieve our ambition of 'pies on more plates' while excluding such a large proportion of the population."

It makes sense that more premium players are targeting veggie and 'flexitarian' types, given that their more affluent target consumers are more likely to be trying to avoid meat. The tactic has less legs for more mainstream brands, especially if they happen to be named after the meat they contain.

Pork Farms, for example, has seen sales fall 12.6% in the past year, a decline of £1.7m, as the brand has had to compete for prime space in store with everything from sandwiches to salads and sushi in the booming on the go market. Market leader Ginsters is suffering

too, having lost 4% of its value and 2.1% of its volumes. But Ginsters is sticking to its guns in its efforts to return to growth.

The brand has spent £3m on an ad campaign highlighting the fact its products are baked in Cornwall and is unashamedly going after meat eaters by putting more meat and filling in its slices and launching NPD including a Mexican Chilli Beef slice.

"Retailers always look to brands to demonstrate category leadership to help grow the savoury pastry category," says Ginsters' marketing director Mike Smith. "Brands like Ginsters, with their strong heritage, reputation for quality and investment behind the brand, are seen to bring consumers to the category and help grow sales."

Number two brand Wall's has reversed value decline in the last year - it's up 1.3% - partly by running its biggest ever on-pack promotion, which ended in September. With the strapline 'Helping Hand' shoppers →



TOP LAUNCH 2017

Smokehouse & BBQ Rolls Ginsters

We liked this duo from the market leader so much, we declared them both our Top Launches of the year for savoury pastries & meat snacks. Not only are they unashamedly meaty in spite of all the talk of vegetarianism and flexitarianism right now, but both the Smokehouse Steak & Cheese and BBQ Pulled Pork Rolls are likely to appeal to hungry truckers looking for something to fill them up at the motorway forecourt. And that's who they're going for, isn't it?

savoury pastries & meat snacks



we were given the chance to win prizes including two-for-one days out and two-for-one Odeon cinema tickets. “The campaign was a huge success and resulted in around 3,000 redemptions every day,” says Kim Burgess, head of markets at Addo Food Group, whose brands include Wall’s and Pork Farms.

Of course, over in meat snacks there’s no escaping the fact they’re comprised purely of animal flesh. So brands are ramping up their marketing, advertising and innovation to ensure they hit their target carnivorous consumer group. Market leader Peperami (up a whopping 12.9% on volumes up 11.1%) is doing this by tapping one of the key trends in grocery of the past few years.

“Launching one of the most protein rich meat snacks in the chilled category has resulted in the successful recruitment of new shoppers – younger males,” says Peperami category & shopper marketing manager Kieran Bansi, pointing to the launch of beef Peperami in classic and peppered beef flavours in March. “We predict Peperami beef and Peperami snack packs will continue to attract this audience.”

While consumers’ ongoing health kick is driving some to go meat-free in savoury pastries, it’s also inspiring some to eat more meat snacks, as they switch from high carb bagged snacks to protein rich products. “Healthy

TOP 15 Meat snacks				SALES		
				£m	change (£m)	change (%)
Total volume change: 7.1%		TOTAL CATEGORY	143.2	13.0	10.0	
		TOTAL OWN LABEL	5.9	2.9	99.5	
1	1	Peperami	Jack Link’s	60.8	6.9	12.9
2	2	Mattessons	Kerry Group	51.4	3.5	7.2
3	3	Wild West	Meatsnacks Group	5.7	-1.6	-21.8
4	4	Grabits	BRF Europe	4.8	1.6	52.9
5	7	Kings	New World Foods	2.9	1.1	61.7
6	8	Bundu Biltong	Meatsnacks Group	1.7	0.0	2.7
7	6	Texas Joe’s	Meatsnacks Group	1.5	-0.4	-18.7
8	10	Jack Link’s	Link Snacks	1.5	0.8	109.6
9	5	Cruga	Meatsnacks Group	1.4	-0.9	-39.9
10	11	Men’s Health Fuel	Meatsnacks Group	0.7	0.1	15.7
11	NEW	Fire & Smoke	Kerry Foods	0.6	0.6	●
12	NEW	Krakus	Smithfield Foods	0.5	0.5	●
13	NEW	Taste Inc	CP Foods	0.5	0.5	●
14	13	Csabai	Csabahus	0.4	0.0	1.3
15	16	Laverstoke Park Farm	Laverstoke Park Farm	0.3	0.0	4.9

eating has become embedded in the UK’s eating habits, resulting in an evolution of what we are eating with protein consumption up 3% in the last four years,” adds Bansi.

With £1.6m wiped off its value in the last year and with sales down double digits, the third best-selling meat snack brand, Wild West, is also going after new protein sources to drive sales. The brand launched a salmon jerky in October and added a fajita chicken

jerky to its portfolio in November, both of which are listed at BP and M&S forecourts.

“Trends in snacking suggest that jerky and biltong will be well placed to drive long-term category value for retailers, fitting with the greater shift we are seeing towards health and wellness,” says James Newitt, MD at Meatsnacks Group. “For 2018 we will continue to use communication both on and offline as a key method to reach our consumers as there’s still an education piece required to bring new consumers to the category.”

Such communication will become increasingly important as cost pressures continue to mount. After all, if brands are forced to increase prices or cut pack sizes to offset inflation, their marketing departments will need to hone the message they’re communicating to the consumers they’re asking to pay more.

Shrinkflation is already happening. “Market leader Peperami reduced their pack sizes while keeping unit price the same, which shows how manufacturers are using shrinkflation to combat cost increases,” says Nielsen senior client manager Hannah Chapman, referring to our April revelation that a standard Peperami was being sliced from 25 grams to 22.5 grams.

A spokeswoman for the brand put this down to a combination of the pound’s weakness following the Brexit vote and spiralling commodity costs at the time. Such pressures continue, says Higgidy’s Campbell. “The last year has been a tough environment with commodity price increases and changes to retailer promotional strategies creating a trickier environment to navigate.”



Granted, sales of meaty nibbles are still tiny compared with the wider bagged snacks sector (see the report starting on p86), but they are gaining ground in the great snack race. Slowly. A year ago, they accounted for 4.7% of the combined value of the bagged and meat snack sectors. This year, that share has grown to 5.1%. Further gains will be made by focusing on merchandising, says Peperami’s Kieran Bansi: “Winning retailers have recognised that visibility is key. Assigning space to recognise the growth that meat snacks will have in 2018 is crucial.”

Peperami

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soft drinks: bottled water, squashes & cordials



Bottled water booms while squash dives

Daniel Woolfson

Bottled water has been one of grocery's star performers in recent years. This is the sector's eighth consecutive year of growth. Since our 2010 Top Products report, sales of bottled water have grown a whopping £488.1m.

But that doesn't make the bottled water brands bulletproof. The biggest, Volvic, has seen sales slide by £13m (7.2%) on volumes down 11%. This, says Danone Waters head of category & commercial strategy John Letford, is the result of "distribution decisions" by Tesco, Asda and Morrisons in 2016. "The brand has continued to rebuild listings and distribution in each range review since the start of the year," he stresses.

That Danone's other big brand Evian is losing share (value is up by just 1.6% on volumes up 2.6%; the overall market is up 6.7% in value and 7.2% in volume) is evidence of stiffening competition as the giants of fizzy pop muscle in on bottled water. CCEP's Glacéau Smartwater has grown by nearly a quarter thanks to big distribution gains and the 2016 launch of a sparkling variant. Britvic's Robinsons Hydro has surged by 66.2% and now Lucozade Ribena Suntory is making moves with Fitwater (see below).

The attractions are clear, says Jonathan Barr, marketing director at Princes, whose Aqua Pura brand is up by more than a quarter.

TOP 10 Bottled water				SALES			
				£m	change (£m)	change (%)	
Total volume change: 7.2%				TOTAL CATEGORY	1,105.5	69.0	6.7
				TOTAL OWN LABEL	294.2	22.5	8.3
1	1	Volvic	Danone	166.9	-13.0	-7.2	
2	2	Evian	Danone	156.3	2.5	1.6	
3	3	Buxton	Nestlé Waters	109.4	0.2	0.2	
4	4	Highland Spring	Highland Spring	104.1	12.3	13.4	
5	5	Pure Life	Nestlé Waters	64.3	8.9	16.0	
6	6	Glacéau Smartwater	CCEP	39.5	7.9	24.8	
7	7	San Pellegrino	Nestlé Waters	32.7	2.6	8.5	
8	9	Robinsons Hydro	Britvic	15.6	6.2	66.2	
9	11	Aqua Pura	Princes Soft Drinks	9.5	2.0	26.4	
10	35	Rubicon	Barr Soft Drinks	9.3	8.5	1,006.1	

TOP 5 Squashes and cordials				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.6%				TOTAL CATEGORY	444.9	-15.9	-3.5
				TOTAL OWN LABEL	134.5	-7.3	-5.2
1	1	Robinsons	Britvic	171.4	-9.1	-5.0	
2	2	Ribena	Suntory	45.9	0.0	0.1	
3	3	Vimto	Nichols	38.0	2.3	6.6	
4	4	Bottlegreen	Bottlegreen Drinks	11.4	-1.0	-8.1	
5	5	Jucee	Princes Soft Drinks	9.2	-2.2	-19.2	

"Water is largely immune to a number of market conditions affecting prices in other categories, such as the impact of global fruit harvest yields on juice prices," he says. "The sugar tax has come at a time of peak awareness around health and hydration, with demand for natural products and transparency around sourcing at an all-time high."

It's not just healthier shoppers driving bottled waters forward. "Much of the growth is also being driven by those shopper missions that bottled water drinks naturally lend themselves to," says Danone Waters' Letford. "On-the-go and top-up shoppers have heavily contributed. Small formats are driving the majority of value growth."

It's a different story in squashes & cordials. Ranges have been reduced across the major mults, says Nielsen client manager Will King, who puts the sector's 2.9% fall in average price down to the lowering of base prices. "Retailers are trying to make up volume terms by slashing prices," says King.

Sales are down £15.9m, with Vimto, which claims it will dodge the levy by reformulating, the only major brand in significant growth apart from premium lines like Belvoir. Bottled water is also unaffected by the tax, but there's another threat to the sector: concern about pollution caused by plastic bottles, prompted by shocking images of their impact on our oceans. Will this dampen water's growth? ●

TOP LAUNCH 2017

Fitwater Lucozade Ribena Suntory

Is there room in the bottled water market, dominated by the likes of Danone, CCE and Nestlé, for another massive multinational? LRS certainly seems to think so. Fitwater, hailed as the brand's "most ambitious" NPD in almost a decade, has health and wellbeing-obsessed shoppers set firmly in its crosshairs. Given the storming success of 'functional' drinks, this electrolyte-laced water could make a serious splash.



soft drinks: carbonates & energy drinks



Coke back in growth as tax man looms

Daniel Woolfson

The drought has ended for Britain's (and the world's) biggest soft drinks brand. After losing £99.2m in grocery in the past three years (it's not grown in this report since 2013), Coke is up £27.7m (2.5%) on volumes up 1.4%.

In June Coca-Cola European Partners reformulated, renamed and reinvigorated sugar-free Coke Zero. The new Coke Zero Sugar is responsible for all Coke's growth this year, having racked up an extra £39.3m. Indeed, if we were measuring Zero Sugar as a brand in its own right, it would be the second fastest grower in this report, after Bud (see p81).

The significance of the timing of all this isn't lost on anyone. In April, the sector will face the biggest legislative challenge in its history: the sugar levy. CCEP points out that relaunching Zero and putting it to the fore in its ads is the continuation of a process that began in 1982 with Diet Coke's launch, but there can be no doubt that the mammoth tax bill Coke now faces has given fresh impetus.

"Coke Classic remains the biggest soft drink brand in the UK, worth over £575m," says CCEP marketing director Simon Harrison. "But we also have two brilliant brands in Diet Coke and Coke Zero Sugar. The mix will change. We think the UK will be the first market to see larger share for Diet and Zero Sugar combined than Classic. That's fine by us."

TOP10 Carbonates			SALES			
			£m	change (£m)	change (%)	
Total volume change: -0.6%			TOTAL CATEGORY	2,542.0	71.0	2.9
			TOTAL OWN LABEL	146.9	0.2	0.1
1	1	Coca-Cola	Coca Cola Company	1,133.5	27.7	2.5
2	2	Pepsi	PepsiCo	462.8	20.7	4.7
3	3	Fanta	Coca Cola Company	153.6	14.3	10.3
4	4	Irn-Bru	AG Barr	105.5	5.6	5.6
5	5	Dr Pepper	Coca Cola Company	88.7	3.2	3.7
6	7	Sprite	Coca Cola Company	45.9	-1.8	-3.8
7	6	Schweppes	Coca Cola Company	44.6	-6.8	-13.3
8	8	7up	PepsiCo	44.2	-1.0	-2.1
9	9	Shloer	Merrydown	30.1	-2.2	-6.9
10	11	San Pellegrino	Nestlé Waters	29.4	3.2	12.4

TOP5 Sports & energy drinks			SALES			
			£m	change (£m)	change (%)	
Total volume change: 1.0%			TOTAL CATEGORY	1,155.7	13.2	1.2
			TOTAL OWN LABEL	35.4	-4.3	-10.8
1	1	Lucozade Energy	Suntory	313.0	-12.5	-3.8
2	2	Red Bull	Red Bull	290.8	15.3	5.6
3	3	Monster	Coca-Cola Company	168.2	31.3	22.9
4	4	Lucozade Sport	Suntory	107.5	0.5	0.4
5	6	Rockstar	AG Barr	50.1	-0.6	-1.2

Small wonder, as CCEP would owe the taxman £121.3m had the half a billion plus litres of Classic sold by the supers this year been subject to the 24p/litre levy. Pushing sugar-free options hasn't been CCEP's only tactic in anticipating the levy; it's also pushing higher margin formats such as 33cl glass bottles. Hence why Classic's value is down just 0.1%; volumes are down 2.4%, or 15 million litres.

Coke has kept a tighter lid on prices than Pepsi. Coke's average price is up 1.1% (Zero's average actually fell by 3.6%), while Pepsi sold for an average of 10.5% more than in 2016. Britvic GB commercial director at home Phil Sanders attributes this to "inflation and foreign exchange movements".

Overall, the average price of carbonates is up 3.4%. "This is driven by key products increasing price and also decreasing promotions," says Nielsen senior client manager Laszlo Zsom, adding that 52% of cola was sold on deal this year versus 59% last year.

Growth in on the go is also pushing prices up and driving energy drinks' gains. CCEP's Monster is up £31.3m (22.9%), driven by full and zero-sugar lines. Red Bull is up £15.3m (5.6%). Category development manager Rich Fisher puts this down to its functional claims (or wings). "Functional products delivering added value continue to be popular," he says.

Just as well. Red Bull would owe the taxman £13m-plus if the levy were in now. ●



TOP LAUNCH 2017

Pepsi Max Ginger PepsiCo

Mock Pepsi's ginger offspring at your own peril. The stuff is flying off the shelves so fast you'd think it had a chip on its shoulder. The bevv's zero-sugar credentials have won it a place in the hearts of progressively healthier shoppers: it's racked up almost £5m in value sales already. While sales of flavoured cola are surging across the board (up a cool 15.6%), the second biggest launch of the year, Coca Cola Zero Vanilla, only achieved approximately 60% of Pepsi Max Ginger's sales.

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soft drinks: juices & smoothies



Innocent hits top juice & smoothie spot

Daniel Wolfson

Britain's health kick has been both a curse and a blessing for juices & smoothies. Concerns over sugar have stopped many from buying. At the same time, new products carrying additional health and functionality claims have prompted many drinkers to think again.

This helps explain how Innocent has carried out one of the biggest coups of the year in overtaking PepsiCo's Tropicana to become the sector's top brand. Sales have surged £22.2m (10.5%) while its rival has suffered a decline of similar magnitude, down £22.8m, (10.2%), in spite of the March launch of the three-strong Morning Boost smoothie range made with juice, puree and cereals and positioned as a functional mid-morning snack.

The health & wellbeing trend has been crucial to Innocent's growth. "It's been a huge driver for us," says MD Nick Canney. "Drinkers are asking for more from smoothies, whether that's added vegetables, new ingredients like matcha and baobab, or functional benefits like vitamins and protein."

That PepsiCo's Naked racked up even bigger growth than Innocent, pulling in the year's sixth-biggest gain (a gargantuan £26m), is proof of the trend's power. Naked is hoping to build on its success in smoothies with new cold-pressed juices that it says are "packed with weird and wonderful fruit & veg".

TOP 20 Juice drinks and smoothies				SALES		
				£m	change (£m)	change (%)
Total volume change: -3.7%				TOTAL CATEGORY	1,766.2	-10.0
				TOTAL OWN LABEL	596.1	0.8
1	2	Innocent	The Coca-Cola Co	233.9	22.2	10.5
2	1	Tropicana	PepsiCo	200.5	-22.8	-10.2
3	3	Ribena	Suntory	104.0	1.9	1.9
4	4	Capri-Sun	CCEP	80.6	-1.0	-1.2
5	5	Oasis	CCEP	69.4	-4.8	-6.5
6	8	Naked Juice	PepsiCo	64.6	26.3	68.7
7	6	Robinsons	Britvic	56.5	-4.1	-6.8
8	7	Copella	PepsiCo	38.8	-10.1	-20.7
9	9	J20	Britvic	36.0	-2.0	-5.2
10	11	Ocean Spray	Ocean Spray	25.8	-0.2	-0.6
11	10	Vita Coco	All Market Inc	25.4	-3.5	-12.2
12	12	Rubicon	AG Barr	18.3	-0.2	-1.1
13	13	Vimto	JN Nichols	15.9	1.5	10.2
14	14	Juicy Water	The Coca-Cola Co	14.1	0.6	4.3
15	15	Drench	Britvic	13.3	0.0	-0.3
16	18	Trop 50	PepsiCo	10.1	-1.6	-13.9
17	16	Don Simon	J Garcia Carrion	9.9	-2.6	-21.1
18	21	Euro Shopper	Booker	8.0	0.1	1.7
19	20	Juice Burst	Purity Soft Drinks	7.6	-0.5	-6.5
20	17	SunnyD	SD Beverage Co	7.4	-5.0	-40.5

Punters are prepared to pay more for such claims. Innocent's average price has risen by 6.9% without impacting volume growth; Naked's average price is up 7.5% yet the brand has still shifted an extra 5.5 million litres, a rise of 57%. "The significant price increase of smoothies stems from premiumisation," says Nielsen senior client manager Laszlo Zsom, compared with only "moderate" inflation in juice drinks, where average prices are up 1%.

Prices, and margins, are also being pushed up by the growing distribution of smaller formats in the retailers, says one industry source. "Of course, smaller packs are higher margin products," says the source. "The overheads will be the same, to a certain degree, for a 450ml or a 750ml SKU."

Another factor that's benefited the likes of Innocent, Naked and, to a certain extent, Tropicana has been their growing appearance in meal deals. Such deals have also helped push up average prices, as smaller single-serve formats are typically used in meal deal promotions. This has helped the brands offset rising cost pressures and dwindling space in the juices fixture in store.

"Inflation and the sugar debate continue to impact volume sales," says Princes marketing director Jonathan Barr. "Brands have suffered losses due to the overall market decline, fixture space reductions, and the need to counter negative perceptions by educating consumers about the benefits of drinking fruit juice."



TOP LAUNCH 2017

Functional juices Innocent

This time last year, Innocent's juice business was suffering as shoppers shied away from a category increasingly viewed as sugar-filled and unhealthy. The answer? Tap the functional trend with 'juice with benefits'. Rather than removing ingredients and potentially cutting back on taste, this range extols the virtues of its added good parts (including more vitamins than you can shake a carton of Tropicana at), appealing to health-conscious customers seeking 'positive nutrition'.

super juice super sales

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66% of growth in Take Home NFC*



*Nielsen: Total GB, last 52 week value growth vs previous year, data until w/e 21.10.17
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**SOFT DRINKS:
JUICE & SMOOTHIES**

soup



Heinz grows share as soup sales go cold

Megan Tatum

Soup is going cold. Volumes are sinking in both fresh and ambient as prices rise and consumer appetite for soup cools.

Hardest hit is ambient. "The wet ambient soup category has been challenging in the past few years, largely driven by reduced engagement from younger consumers," says Christophe Jauffret, marketing lead for soup at market leader Kraft Heinz, whose ambient lines make up 55.4% of total category value.

Given Heinz's market share, the fact that its lines have suffered a loss of just £3.4m (1.9%) versus the category's decline of £12.8m (3.8%) could be seen as a small victory. Yes, this is partly the result of inflation (bestseller Classic is up 0.6% on volumes down 4.8%) but it's also down to some savvy innovation.

The summer saw the launch of a new Heinz No Added sugar range, which has already racked up £1.6m. Next came our launch of the year, Heinz Soup of the Day (see below), repackaged in cartons, which is worth £2.5m (although some of this value will include the previous canned version of the product).

Premier Foods is taking a similar tack. "We're modernising the Batchelors brand for young shoppers," says Premier Foods brand director for quick meals, soups & snacks Mark Alldred, pointing to the High Protein Smokey Spanish Bean Casserole launched in March.

TOP10 Ambient soup				SALES			
				£m	change (£m)	change (%)	
Total volume change: -7.7%				TOTAL CATEGORY	321.4	-12.8	-3.8
				TOTAL OWN LABEL	45.3	0.0	-0.1
1	1	Heinz Classic	Kraft Heinz Co	131.8	0.7	0.6	
2	2	Batchelors Cup A Soup	Premier Foods	27.9	-0.9	-3.2	
3	3	Heinz Big Soup	Kraft Heinz Co	22.5	-0.9	-3.9	
4	4	Baxters Favourites	Baxters	19.3	-2.6	-11.7	
5	5	Baxters Vegetarian	Baxters	9.1	-0.6	-6.0	
6	6	Heinz Classic Cup Soup	Kraft Heinz Co	8.4	-0.9	-9.5	
7	7	WeightWatchers from Heinz	Kraft Heinz Co	5.6	-0.8	-13.0	
8	9	Campbell's	Euro Food Brands	4.9	0.8	19.2	
9	10	Knorr	Unilever	4.1	0.0	0.0	
10	11	Heinz	Kraft Heinz Co	4.0	0.1	1.9	

TOP10 Fresh soup				SALES			
				£m	change (£m)	change (%)	
Total volume change: -2.9%				TOTAL CATEGORY	186.6	1.6	0.9
				TOTAL OWN LABEL	119.8	4.3	3.8%
1	1	New Covent Garden Soup	Daniels Group	31.2	-3.4	-9.9	
2	3	Yorkshire Provender Soup	Yorkshire Provender	6.4	0.1	1.9	
3	2	Glorious Fresh Soup	The Sauce Company	5.2	-4.9	-48.5	
4	4	New Covent Garden Skinny	Daniels Group	4.5	-1.5	-24.9	
5	5	Yorkshire Provender Organic	Yorkshire Provender	3.4	0.9	34.5	
6	23	Glorious Super Soup	The Sauce Company	3.0	3.0	4,295.7	
7	6	Glorious Skinny Licious Soup	The Sauce Company	2.9	1.3	83.1	
8	12	Cully & Sully Soup	Cully & Sully	1.8	1.3	234.4	
9	10	Daylesford Organic Soup	Daylesford Organic	0.9	0.3	55.6	
10	7	New Cov Gdn Taste Of Health	Daniels Group	0.8	-0.1	-9.8	

Chilled soup is in value growth, despite a 2.9% fall in volumes. That's more than 2 million fewer litres of soup, partly the result of retailers simplifying their pricing strategies and stripping out bogof deals, says Nadine Maggi, MD for chilled & frozen at Covent Garden and Cully & Sully owner Hain Daniels.

"As with the rest of the grocery market, promotions will always be relevant for consumers," says Maggi. "However, the data shows the amount of promotions has reduced year

on year with deals down significantly on a 71% penetration in 2014 to around 51% now."

Prices are also rising as a result of growing distribution for more premium, foodie brands such as Yorkshire Provender and Cully & Sully. Yorkshire launched an Edamame & Avocado Vichyssoise soup, to be served cold, in May. The brand says it was a 'big hit'.

Maggi adds: "Convenience, taste and flavour are key drivers when purchasing chilled soup, so therefore premium delivers." ●

TOP LAUNCH 2017

Soup of the Day cartons Heinz

With its core canned lineup taking a serious hit in the wake of declining appetites for bogstandard ambient soup, Heinz fought back with some innovation in July. Its new Soup of the Day format (£1.39, 400g) is its first ever wet ambient soup range in a carton, and its first soup of any kind in carton format since 2009, responding to a new popularity for the packaging. Added to that are unusual ingredients like spiced pumpkin and fragrant Thai carrot, coupled with that must-have – no added sugar.



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sports nutrition



Sports food & drink vaults £100m mark

Matt Strudwick

Don't be fooled by sports nutrition's 1.1% dip in average price. Costs are spiralling for market players as dairy prices soar. "Whey prices have seen double-digit rises," says Chay Watkins, marketing director at the sector's fourth biggest brand Sci-Mx. "As the core commodity for this industry, this has affected suppliers, retailers and the end consumer."

Of course, it's not just tightening dairy supplies squeezing bottom lines. "The impact of Brexit on currency has been a challenge," says Grenade chief marketing officer Juliet Barratt. "We've largely shielded customers from rising costs by absorbing them internally, through buying forward currency contracts and great supplier relations."

But hedging currencies and great supplier relationships will only go so far, surely. As retail prices soar in nearly every other grocery sector, how come they're down here?

The answer lies in the fact volumes are measured here in units, not weight. Packs of protein powder are getting smaller, ostensibly because the high price per unit (an average of £13.55 over the past year) is seen as a barrier to purchase for newcomers to the category. This, combined with a 9.3% fall in unit sales of powders, is bringing average price per unit down, says Nielsen client manager Jarrah Rubinstein.

TOP 15 Sports nutrition				SALES			
				£m	change (£m)	change (%)	
Total volume change: 24.1%				TOTAL CATEGORY	102.0	18.8	22.7
1	1	Maxinutrition	GSK	14.0	-3.4	-19.6	
2	4	Trek	Natural Balance Foods	11.9	3.8	47.3	
3	3	For Goodness Shakes	My Goodness	11.3	2.1	22.7	
4	2	Sci-Mx	Sci-Mx Nutrition	11.1	-0.5	-4.5	
5	16	Grenade	Grenade	7.4	6.5	772.0	
6	5	Bounce	Bounce Snack Foods	7.1	2.8	66.8	
7	6	PhD	PhD Nutrition	4.4	0.3	6.4	
8	10	Fuel	Fresh Marketing	3.6	0.9	33.5	
9	7	Sis	Science In Sport	3.6	0.4	13.9	
10	9	Dextro Energy	Unilever	2.8	-0.1	-4.5	
11	12	ÜFit	Lacka Foods	2.3	1.0	75.1	
12	18	The Primal Pantry	Primal Food	1.7	0.9	119.8	
13	26	Snickers	Mars	1.7	1.5	736.9	
14	33	Fulfil	Fulfil Nutrition	1.5	1.5	3137.8	
15	11	Upbeat	The Good Whey	1.3	-0.5	-28.4	

But there's a more significant factor. "The key contributing factor to the lower prices is the increase in bar sales," says Rubinstein. "This is now the biggest format and they are priced lower than other formats. On the other hand, there has been a drop in powder sales, which makes up 17.9% of sports nutrition and is the most expensive sector."

This tallies with Watkins' explanation for Sci-Mx's 4.5% decline on volumes up 3.4%. "There have been some recent challenges for nutrition brands within the multiples, and distribution losses to free up space for innovation within snacking, which is full steam ahead," he says. "Sci-Mx has suffered with a slight dip in distribution of larger powder formats, and as a result sales are in decline."

Market leader Maxinutrition has suffered even more, losing nearly a fifth of its value (£3.4m) and volume as it has struggled to keep up with the pace of change in the sector. Commentators suggest Maxi's technical,

at times abstruse, language (products include Gen-P protein bars and Cyclone and Promax powders) has discouraged more mainstream consumers from buying into the brand, which owner GSK is now looking to sell off.

Head of sport at Holland & Barrett Nick Janda says Maxinutrition's problems are due to an identity crisis. "Maxi has had a number of reformulations of its product – in my five years here they've had three reiterations," he says. "They've tried to drive the market forward, but they haven't always got it right."

Sci-Mx and Maxi have taken a knock, but the sector as a whole is looking fit as a fiddle, with sales passing £100m in the past year. Rubinstein says retailers are filling the space left by delisted powders with NPD. "Retailers have mainly increased or reallocated space between formats, rather than reducing shelf space," he says. "Trek has the highest gains in space with a 28% increase in distribution and £3.8m additional sales versus last year." ➔

TOP LAUNCH 2017

Mars Protein powder Mars

One of grocery's biggest brands joining in on one of the biggest trends in last few years – whey protein – may have surprised a few in the industry. But the addition of the post-workout product to Mars' chocolate drinks and treats protein range has proved to be a masterstroke for the group. The results have been astounding as the "unmistakable taste" of Mars caramel and chocolate helped to swell value sales. The NPD also marked the first time a whey protein product has gone truly mainstream.



sports nutrition



Indeed, the brand has powered into the number two slot of Nielsen's bestsellers list. Marina Love, marketing director at brand owner Natural Balance Foods, says the brand's growth is proof that sports nutrition is no longer the preserve of bodybuilders and athletes. The brand has never been in protein powder; its growth is down to its growing range of flapjacks, protein bars and chunks.

"Consumers are looking for products that appeal to their increasingly active lifestyles," says Love. "We see a rapidly growing subcategory developing within the market and we refer to this as 'active lifestyle energy'. These products are appealing to consumers who are on their fitness journey towards being more active and leading a healthier lifestyle. The same person who goes on an evening run can be the same person who needs a pick-me up for their 3pm slump at their desk, or when they need an energy boost on the go."

"People will pay a premium for health even with Brexit driving inflation"

More proof of how on-the-go formats are driving growth can be seen in Grenade's triple-digit growth, worth a market-leading £6.5m. "With the consumer at the heart of all-new product creation, product range has been on trend and our retail partners have trusted us to offer range and zone increases across their estates," says Barratt.

It's paid off. Grenade's Carb Killa Shake has been the most successful sports nutrition launch of the year, accounting for nearly a quarter of the sector's £18.8m growth and

13% of all NPD value. It's also significant that more than three quarters of the NPD's sales are through impulse retailers. "Convenience and grocery channels are a fantastic way to bring in new consumers to Grenade and satisfy our existing loyal customer base with their on-the-go needs," adds Barratt.

As we've seen with Trek, some of the most successful brands in this market are less explicit in their associations with sport. For example, the April launch of Mars Protein powder (our Top Launch) was aimed not at hardcore gym nuts but "everyday lifestyle users" according to Mars. The manufacturer said that 24% of UK consumers had eaten a sports nutrition product in the first three months of the year.

Bounce, which has seen sales surge by 66.8% thanks to growing distribution in impulse channels, doesn't even describe itself as a sports nutrition player but a healthy snack brand. Its lines are marketed as being high in protein, gluten-free and vegetarian.

Many expect the vegetarian and vegan trends that are sweeping the wider category to make a bigger impact on sports nutrition. "Vegetarianism and veganism is the fastest growing trend in the western world, as well as flexitarianism," says Janda. "As we reduce the amount of meat we eat, these things lead to more and more plant protein."

Indeed, Natural Balance's Love points to a Mintel report that found between 2012 and 2016 there was a 25% increase in vegetarian and 257% increase in vegan claims in global food and drink launches. "This reflects consumer aspirations for healthier lifestyles, less processed foods, and fewer meals containing animal proteins," she adds. "When it comes to health, people are willing to pay a premium on it, even with Brexit driving up inflation."

Janda agrees. "Any uncertainty of currency does increase the cost, but it increases it in lots of sectors," he says. "It's not something only confined to sports nutrition, and people are feeling the pinch everywhere. But what often happens in times like this is consumers tend to drop luxury items. However, it is possible that, in some families, sports nutrition products are seen as a way of maintaining health. People can't afford to be ill and are starting to look after their health even more and are continuing to buy into the industry."

Which begs the question: if retail prices continue to rise as a result of economic factors, will sports nutrition be ditched as discretionary luxury? Or do consumers now see it as something they cannot live without? ●



There's a gulf forming in sports nutrition. On one side are the scientific, butch brands whose products sound more like weapons than food or drink (see Grenade Carb Killa, Sci-Mx Rippedcore or Maximuscle Cyclone), on the other are more mainstream offerings such as Bounce, Trek and Snickers Protein. With retailers dedicating more space to the category, which products will win the most listings?



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tobacco



Player's sails past £1bn as smokers quit

Ronan Hegarty

Tobacco has been a bloodbath this past year as the industry has struggled to come to terms with the upheaval of the biggest legislative changes ever to impact the sector.

In May, the UK government brought in plain packs alongside EU rules that raised the minimum pack size for cigarettes to 20, and 30g for rolling tobacco. The first rule effectively means tobacco brands are a thing of the past, with everything from font to pack colour standardised. The latter has stopped the tobacco houses from cutting pack sizes to limit the impact of tax-led price inflation.

"Cigarettes continues to decline in volume and the trend of more smokers giving up continues, with fewer younger people taking up the habit," says Nielsen analyst Phil Law. "Brands that were previously sold in 17, 18 and 19s had to make the switch to 20s and also raise their pack prices as a result."

This is driving those remaining smokers to switch to RYO, sales of which are up 9.5% to £2,440m on volumes down 28.7%. Meanwhile, cigarettes have lost £308.5m (2.6%), the greatest loss of the year, on volumes that have sunk 15%. But not all RYO brands are cashing in. Amber Leaf's market share has gone from 38.7% to 35.5% in the past year, says Law. "The minimum size required means brands which played heavily

TOP10 Cigarettes				SALES			
				£m	change (£m)	change (%)	
Total volume change: -15.0%				TOTAL CATEGORY	11,778.1	-308.5	-2.6
				TOTAL OWN LABEL	16.2	3.4	26.7
1	1	Sterling	JTI	1,412.9	-93.5	-6.2	
2	6	Player's	Imperial Brands	1,118.4	399.8	55.6	
3	2	Mayfair	JTI	864.9	-177.4	-17.0	
4	4	Marlboro	Philip Morris	736.7	-44.5	-5.7	
5	3	Lambert & Butler	Imperial Brands	652.0	-130.6	-16.7	
6	13	B&H Blue	JTI	591.8	164.9	38.6	
7	5	Richmond	Imperial Brands	585.6	-136.9	-18.9	
8	7	JPS	Imperial Brands	577.4	-98.3	-14.5	
9	9	Rothmans	BAT	541.2	33.6	6.6	
10	8	Carlton	Imperial Brands	529.9	-10.6	-2.0	

TOP10 Rolling tobacco				SALES			
				£m	change (£m)	change (%)	
Total volume change: -28.7%				TOTAL CATEGORY	2,440.0	212.0	9.5
				TOTAL OWN LABEL	-	-	-
1	1	Amber Leaf	JTI	865.9	3.0	0.4	
2	2	Golden Virginia Classic	Imperial Brands	437.6	34.4	8.5	
3	3	Gold Leaf	Imperial Brands	301.4	82.1	37.4	
4	5	Golden Virginia Smooth	Imperial Brands	200.2	18.2	10.0	
5	4	Cutters Choice	BAT	194.9	8.5	4.5	
6	7	Sterling	JTI	69.4	4.8	7.4	
7	6	Drum	Imperial Brands	67.3	-1.2	-1.8	
8	8	Pall Mall	BAT	53.8	10.3	23.5	
9	11	Holborn Yellow	JTI	39.2	8.5	27.5	
10	10	Old Holborn	JTI	38.9	-0.6	-1.6	

in smaller sizes such as 12.5g have been hardest hit in terms of SKU rationalisation. Amber Leaf and Golden Virginia were particularly affected from a facings point of view."

Only two top 10 cig brands are up in value and volume: Player's (the greatest gain of 2017, up £399.8m) and B&H Blue (up £164.9m). Both are at the cheaper end of the sector. "The most common question nowadays in stores is: what are your cheapest cigs please?" says the MD of one large independent retail chain.

It's a pattern JTI head of communications Mark Yaxley recognises. "Price has played an increasingly important role in the purchasing decisions of existing adult smokers," he says. "The trend towards value brands continues."

But don't write tobacco off just yet. Even if PMI only succeeds in converting its own consumers to the smokeless Iqos (it wants to make fags obsolete; below), that could protect annual sales of 136 million cigs. Just they'd be being heated, not burned.



TOP LAUNCH 2017

Iqos Philip Morris International

PMI chose the weekend in May when plain packaging was introduced to announce a national rollout of its heat not burn cigarette alternative Iqos. It still has a long way to go to achieve PMI's stated goal of making traditional cigarettes obsolete – but it's starting to gain traction. The Iqos devices are available online and from four dedicated stores, but the Heets sticks to use with it are now sold in more than 1,000 stores in London and rivals JTI and Imperial are looking into similar products.

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e-cigarettes



E-cigs up in smoke: sales tumble £8m

Ronan Hegarty

Just a couple of years ago e-cigarettes looked like it could be the Holy Grail for grocers, particularly indies, with its rapid growth and high margins. How times change.

Granted, volume sales are still up, but the extra 1.6 million units (5.7%) the grocery sector has shifted in the past year hardly meet the great expectations of many a few years ago. What's more, value sales have tumbled 4.5%. That's a loss of £7.7m.

There are a number of reasons for this. Stricter EU regulations around the amount of nicotine allowed and new rules on advertising have taken a toll, say experts, but the biggest factor is the rise of the high street vape store. The UK Vaping Industry Association says there are now more than 2,000 such stores across the UK, and counting.

"There's no doubt that the emergence of national retail vape brands means grocery retailers are going to have to think more innovatively if they are to continue to have a decent slice of the market," says UKVIA board member John Dunne.

Specialist vape stores have succeeded where the grocers are failing because the market has come a long way from the cigalike products that dominated sales a few years ago. The devices used by vapers have become increasingly elaborate and personal,

TOP 10 E-cigarettes				SALES			
				£m	change (£m)	change (%)	
Total volume change: 5.7%				TOTAL CATEGORY	164.1	-7.7	-4.5
				TOTAL OWN LABEL	0.5	0.4	279.5
1	1	10 Motives	BAT	32.9	1.0	3.0	
2	2	Blu	Imperial Tobacco	20.3	-4.5	-18.0	
3	4	Logic	JTI	18.2	0.3	1.6	
4	6	Vype	BAT	16.8	3.7	28.7	
5	3	Nicolites	Philip Morris	14.4	-5.9	-29.2	
6	7	Cirro	BAT	14.2	2.3	19.7	
7	5	Vivid	Philip Morris	10.1	-4.4	-30.2	
8	8	MV	MultiCig	8.8	-1.5	-15.0	
9	9	OK	OK E Cig	5.6	0.2	4.2	
10	11	Liberty Flights	Liberty Flights	4.5	1.5	52.4	

TOP 5 Nicotine replacement therapy				SALES			
				£m	change (£m)	change (%)	
Total volume change: -0.4%				TOTAL CATEGORY	141.7	0.4	0.3
				TOTAL OWN LABEL	26.3	-0.4	-1.6
1	1	Nicorette	Johnson & Johnson	62.5	-0.6	-1.0	
2	2	Nicotinell	GSK	30.1	-0.7	-2.2	
3	3	Niquitin	Omega Pharma	22.0	2.0	9.8	
4	4	Galpharm	Galpharm Int	0.7	0.2	42.7	
5	5	Health Aid	Health Aid	0.0	0.0	-29.5	

as have the flavoured liquids they put in them. Specialist vape stores have evolved to offer wide ranges and experienced staff are on hand to offer advice.

All this is a far cry from the experience vapers get in the grocery retailers, says Dunne. "They will need to address the high costs they charge independent vaping companies to get their products listed," he says. "They also need to overcome the perception that users get a better standard of product by going to a vape-only store. Finally they need to make more space for the category and, in particular, convenience stores need to look at how they use the gantry area effectively for promoting and selling vape products."

These views chime with Sophie Hogg, head of Next Generation Products at Blu owner Imperial Tobacco. "Research conducted on behalf of Blu suggests the main reason consumers buy an e-vapour product has to do with their previous experience. Traditional retail channels rank below vape stores and online in terms of the level of consumer experience," she says. "These figures highlight that 'traditional' channels have some catching up to do when it comes to offering vapers a positive customer experience. With significant margins to be made through sales of vaping products, it is in retailers' interests to work with manufacturers to improve their knowledge and customer advocacy."



TOP LAUNCH 2017

Vype Pebble BAT

BAT bucked the trend towards open system tanks and liquids with this closed system launch. The key, however, was in the sleek look that moved away from traditional pen-like devices to a design that fits easily in the palm of the hand. Vype Pebble is small but powerful and available in five colours and a range of flavours from Golden Tobacco to Fresh Apple and Tingling Mint. The launch was also backed up by an on-message tieup with rap artist Tinie Tempah.