

Market Insight Factsheet

Seafood in Multiple Retail 2017

This factsheet provides a summary of the performance of the total seafood category in the GB multiple retail market to March 2017.

Over the past nine years, total seafood - the sum of total chilled, frozen and ambient seafood sectors - has been in price driven growth, with value up 18.6% and volume down 18.9%. In March 2017, total seafood became the highest value protein category, pushing total red meat into second place. Total seafood was simultaneously valued 31% higher than total poultry. Total chilled was the only sector in true growth along with the total natural, cakes and sushi segments of the retail market. Farmed seafood species continued to grow in popularity, with salmon taking the number one position and warm water prawns likely to displace haddock by the end of the year. Cheaper options such as pollock and mixed seafood also grew share in the same period.

This document analyses the detail behind this overall picture, specifically covering:

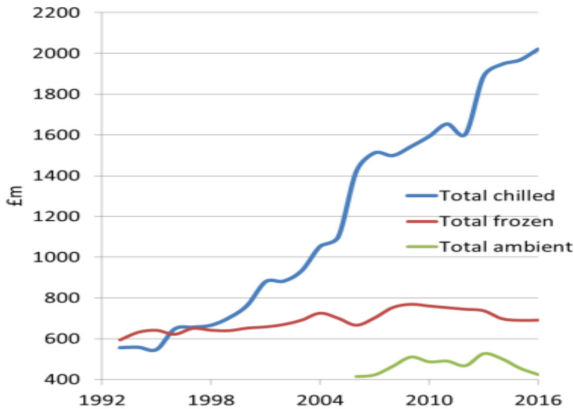
- Historic retail seafood sector trends
- Current seafood sector performance
- Total seafood segment performance
- Total species performance
- Total seafood versus other proteins
- Total seafood shopper
- Retail channel performance and outlook

Historic Retail Seafood Sector Trends

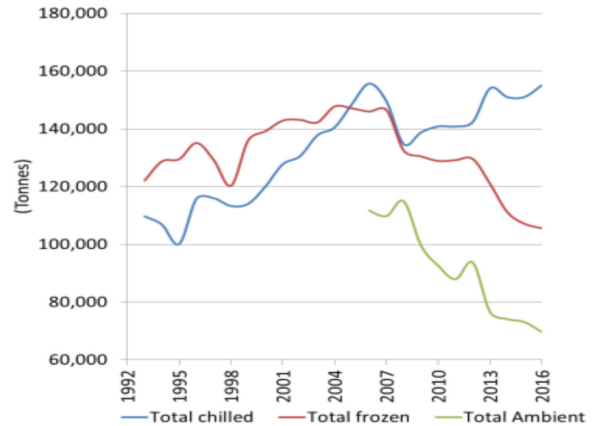
Overall, GB seafood consumption had been growing slowly but steadily since the mid 1970's until recession hit in 2007; when the relatively high price of seafood meant it struggled to compete with cheaper proteins.

From 2007, seafood sold by multiple retailers (grocers with multiple branches across the country) has experienced a sustained period of inflation and price driven growth as consumption fell. Around 2009, retail shoppers became polarized, saving money where possible on basics, but not averse to spending more on quality – and prioritising 'value for money'. In October 2016, total seafood finally returned to true growth for a short period before volume returned to decline in January 2017.

Long Term Seafood Sector Value Trends



Long Term Seafood Sector Volume Trends

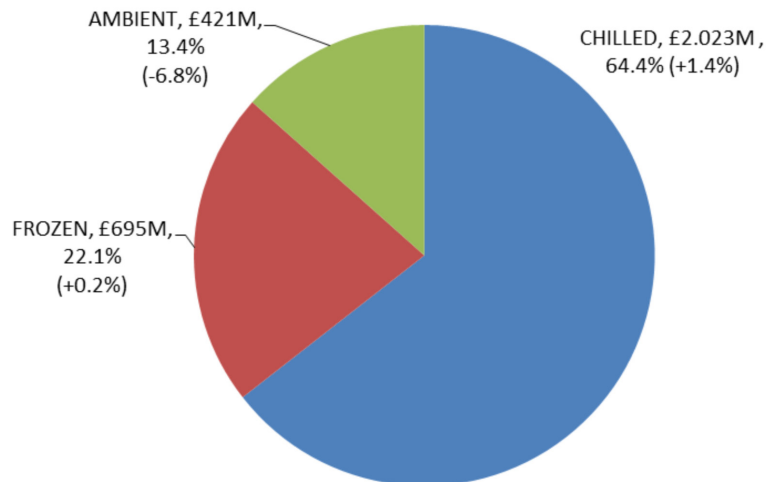


Current Seafood Sector Performance

Seafish has detailed EPOS (Electronic Point of Sale) data available for the past nine years, which can be used to form a long-term picture of the changes in the seafood sectors, segments and species.

This shows that by the end of March 2017, total GB seafood sales were worth £3.14bn (+0.7%), with a volume of 327,004 tonnes (-0.8%) and an average price of £9.60/kg (+1.5%) (Nielsen Scantrack: 52 weeks to 25.3.17 - excludes discounters). Over the nine years from March 2008 to March 2017 total seafood has been in price driven growth, with volume down by 16% and value up by 16%, pushing the average price up by 38%.

Sector Value Share of Seafood 2017



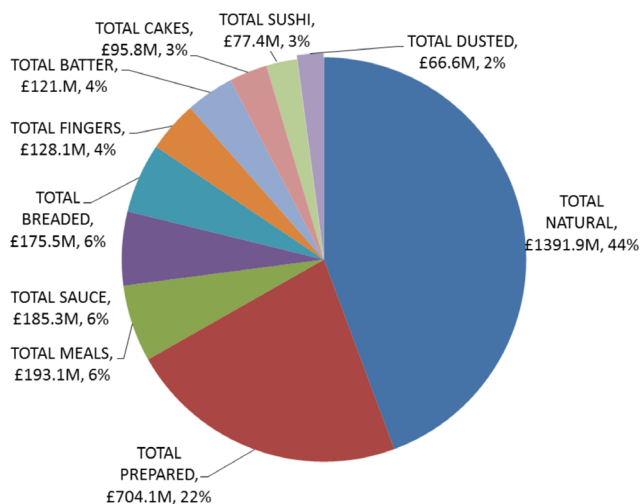
(Nielsen Scantrack -52wks to 25.3.1 - % Share Chg)

In 2017, chilled seafood continues to dominate the GB seafood retail market by both value and volume with sales worth £2.02bn (+1.4%) and a volume of 153,893 tonnes (+1.8%); with an average price of £13.15/kg (0.3%). In 2017, chilled seafood took a 64.4% share of the seafood retail market by value and 47.1% by volume. Over the past nine years since March 2008, chilled has increased retail volume share by 31.9%, whilst frozen and ambient have decreased by -8.3% and -29% respectively.

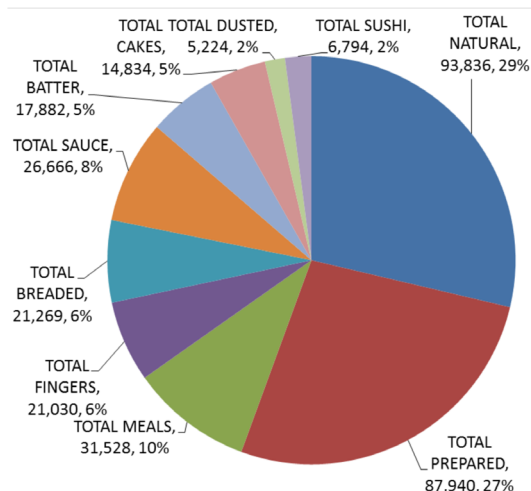
Total Seafood Segment Performance

Total seafood is the sum of total chilled, frozen and ambient sectors and can be split into 10 segments (by product type), which have been set out in the graphics below. The total natural segment (no additional ingredients) currently takes the largest share, by both value (44%) and volume (29%), of the total seafood category. Total natural, along with the total prepared segment (where other items are present e.g. cod and bacon kebabs) together make up nearly three quarters of the retail seafood category by value. Total meals, sauce and breaded are the next most popular seafood segments each taking 6% value share.

Value Segment Share of Total Seafood 2017 (value)



Volume Segment Share of Total Seafood 2017 (tonnes)



(Nielsen Scantrack -9yrs/52wks to 25.3.17)

Over the short term (52 wks. to 25.3.17), total natural was worth £1.39bn (+1.1%), with 93,836 (0.5%) tonnes. It is the total natural, meals, fingers, battered, sushi and dusted segments of total seafood that have been in full (volume and value) growth. Dusted (a recently coded segment) continues to show strong, double digit volume and value growth, being perceived as a healthier and more flavoursome alternative to breaded and battered. Over the same period, only total prepared, sauce, breaded, and cakes were in decline.

“Over the long term (nine years to March 2017) only the total natural, cakes, and sushi segments were in full growth.”

Over the long term (nine years to March 2017) only the total natural, cakes, and sushi segments were in full growth. The growth in these sectors is principally due to growth in chilled natural, chilled cakes and chilled sushi. Five seafood sectors were in full decline over the long term, including total prepared, total meals and total sauce. In general, segments that exhibited the highest long term average price increases also showed the greatest volume decline.

Total Segment Winners 2008 vs 2017



Total Seafood Segment Trends 2008/2016 vs 2017

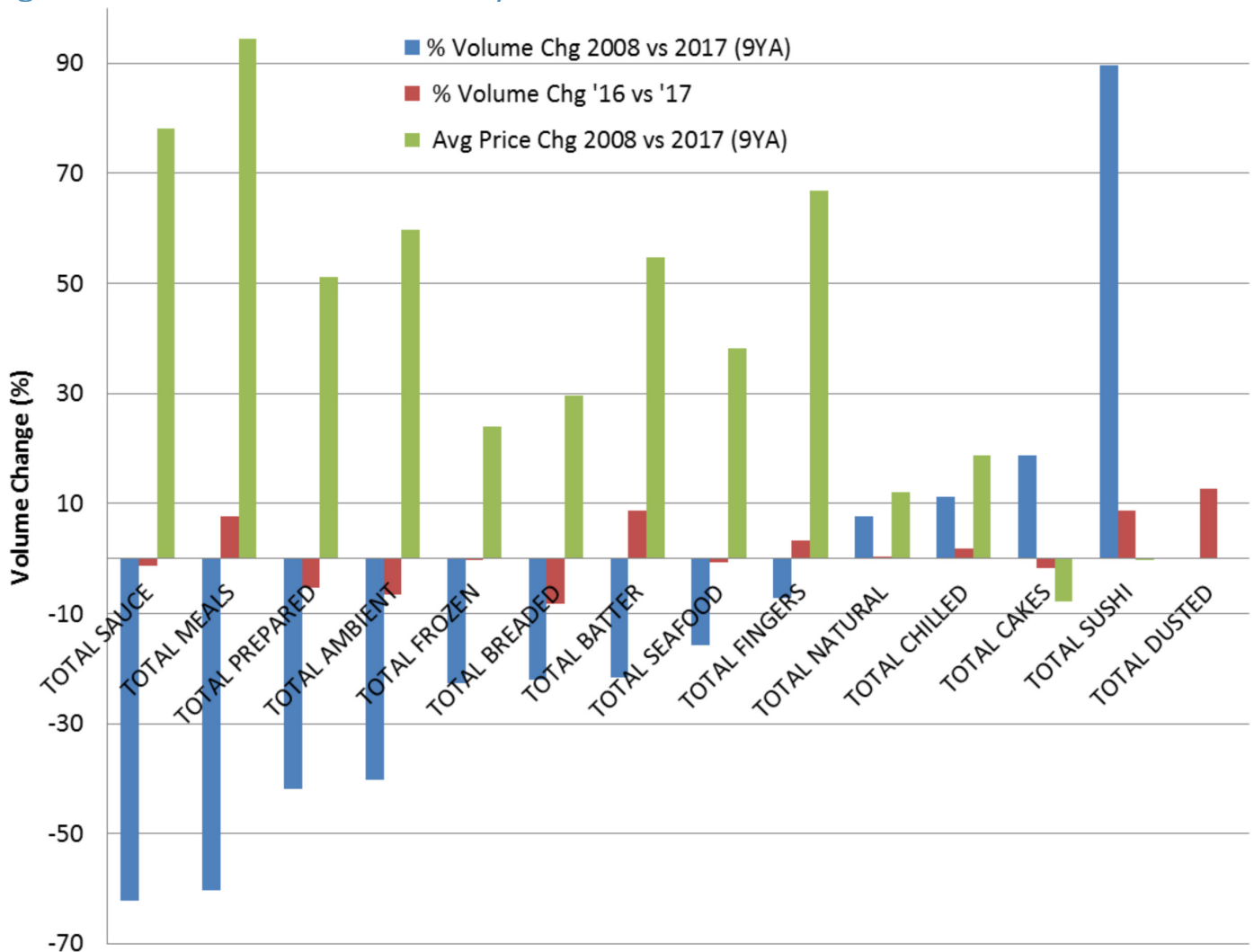
	Value Sales £ ('000)					Volume Sales (tonnes)					Price per Kg		
	2015 52wks to 25.3.15	2016 52wks to 25.3.16	2017 52wks to 25.3.17	% Chg '16 vs '17	% Chg 2008 vs 2017 (9YA)	2015 52wks to 25.3.15	2016 52wks to 25.3.16	2017 52wks to 25.3.17	% Chg '16 vs '17	% Chg 2008 vs 2017 (9YA)	Avg Price 2017	Avg Price % Chg '16 vs '17	£ % Chg 2008 vs 2017 (9YA)
FISH	3,112,077	3,116,959	3,138,797	0.7	16.3	330,897	329,523	327,004	-0.8	-15.8	£9.60	1.5	38.1
FRESH	1,938,399	1,980,236	2,022,941	2.2	32.0	148,385	151,168	153,893	1.8	11.1	£13.15	0.3	18.8
FROZEN	693,241	688,361	694,838	0.9	-4.2	109,918	105,529	105,093	-0.4	-22.7	£6.61	1.4	24.0
AMBIENT	480,437	448,361	421,018	-6.1	-4.4	72,593	72,826	68,019	-6.6	-40.1	£6.19	0.5	59.8
TOTAL NATURAL	1,343,791	1,376,552	1,391,890	1.1	38.0	90,156	93,591	93,836	0.3	7.8	£12.99	0.6	12.1
TOTAL PREPARED	748,735	736,461	704,072	-4.4	-20.6	91,960	92,859	87,940	-5.3	-41.9	£8.86	0.3	51.2
TOTAL MEALS	163,903	173,998	193,089	11.0	-2.4	28,644	29,302	31,528	7.6	-60.3	£4.85	2.1	94.5
TOTAL SAUCE	198,472	186,088	185,314	-0.4	-27.7	23,356	21,324	21,030	-1.4	-62.2	£8.20	-0.9	78.2
TOTAL BREADED	197,733	180,001	175,521	-2.5	-2.8	27,040	23,180	21,269	-8.2	-22.0	£8.59	7.4	29.6
TOTAL FINGERS	125,882	123,353	128,114	3.9	9.4	26,161	25,816	26,666	3.3	-7.1	£6.80	6.5	66.8
TOTAL BATTER	104,999	112,504	120,982	7.5	-10.6	17,117	17,510	17,882	8.8	-21.6	£9.18	2.6	54.7
TOTAL CAKES	108,125	99,587	95,813	-3.8	25.2	16,026	15,106	14,834	-1.8	18.6	£5.65	-1.8	-7.8
TOTAL SUSHI	71,139	69,859	77,384	10.8	108.8	4,931	4,807	5,224	8.7	89.7	£13.41	1.1	-0.3
TOTAL DUSTED	49,296	58,556	66,619	13.8	N/A	5,504	6,029	6,794	12.7	N/A	£10.00	0.9	N/A

Neilsen Scantrak 52wks to 25.3.17

Total Segment Losers 2008 vs 2017



Segment Volume Performance 2008/2016 vs 2017



Total Species Performance

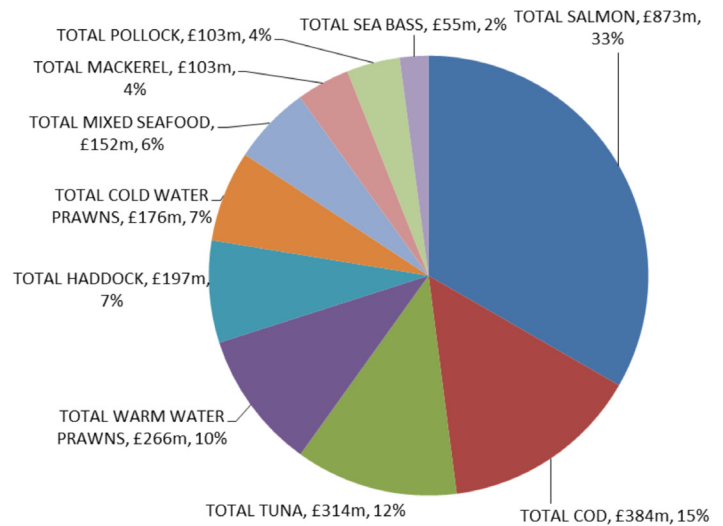
Salmon dominates total seafood with a 33% value share of the top ten species, selling over twice the amount of cod - its nearest competitor - by value.

Over the short term (52 wks. to 25th March 2017), total salmon was worth £873 million (-0.8%), with 56,701 tonnes (-1.8%). Smoked salmon makes up 36% of total chilled salmon sales by value.

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(4.4%) with 47,960 tonnes recently displaced tuna as the second most popular species with 15% value share; followed closely by tuna (12%), warm water prawns (10%) and haddock (7%). By volume, the top three species, total salmon, tuna and cod each take a similar share of the top ten species at 21%, 19% and 18% respectively. Total cod, warm water prawns, haddock, mixed seafood, pollock, seabass and basa were the main species in full growth.

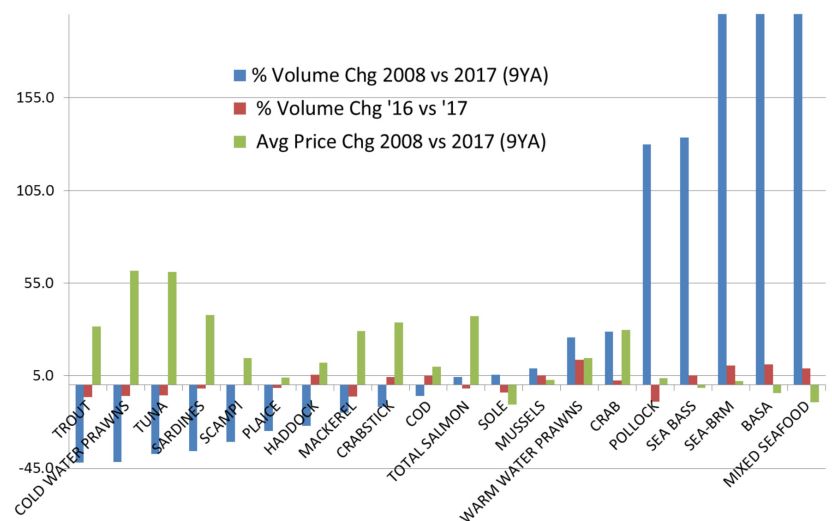
Top Ten Total Species Value Share 2017



The consumption of traditional whitefish species has been in steady decline since the 1980s. Chilled whitefish consumption fell 62% from 1980 to 2015 (latest data), compared to chilled salmon up 293% (Defra family food), whilst salmon and other farmed seafood species have grown in popularity. Total salmon continued to grow through austerity, despite being nearly double (92%) the price of total cod in March 2017. Lower prices and improved availability has driven cod consumption in recent years.

Over the long term (nine years to 25th March 2017) five of the top ten species (total salmon, warm water prawns, mixed seafood, pollock and seabass) were in full growth. Volume growth of over 100% was seen from mixed seafood, (attractive to shoppers due to price and convenience); cheaper whitefish such as pollock; and farmed species including seabass, seabream and basa. The species in volume decline included cod, tuna, haddock, cold-water prawns, and scampi. Price changes have influenced much of the species trends since austerity (2007 onwards), where significant price increases have impacted negatively on volume sales; the main exceptions being total salmon, warm water prawns, crab and pollock where consumption has continued to increase despite double digit price increases.

Species Volume Performance 2008/2016 vs 2017



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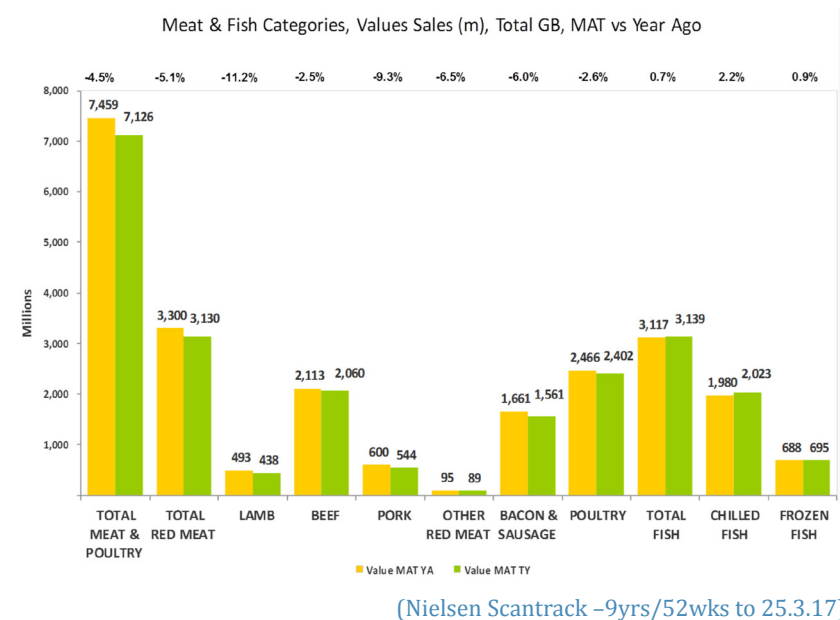
Total Species Trends 2008/2016 vs 2017

	Value Sales (£'000)					Volume Sales (tonnes)					Price per Kg		
	2015 52wks to 25.3.15	2016 52wks to 25.3.16	2017 52wks to 25.3.17	% Chg '16 vs '17	% Chg 2008 vs 2017 (9YA)	2015 52wks to 25.3.15	2016 52wks to 25.3.16	2017 52wks to 25.3.17	% Chg '16 vs '17	% Chg 2008 vs 2017 (9YA)	Avg Price 2017	Avg Price % Chg '16 vs '17	£ % Chg 2008 vs 2017 (9YA)
FISH	3,112,077	3,116,959	3,138,797	0.7	16.3	330,897	329,523	327,004	-0.8	-15.8	£9.60	1.5	38.1
TOTAL SALMON	861,596	879,993	873,354	-0.8	43.0	54,328	57,750	56,701	-1.8	4.3	£15.40	1.1	37.0
COD	355,133	367,963	383,967	4.4	3.3	43,832	45,738	47,960	4.9	-6.1	£8.01	-0.5	10.0
TUNA	345,729	325,008	313,518	-3.5	1.3	54,022	54,523	51,510	-5.5	-37.1	£6.09	2.1	61.1
WARM WATER PRAWNS	219,975	243,490	266,435	9.4	44.0	14,041	16,382	18,588	13.5	25.7	£14.33	-3.6	14.5
HADDOCK	188,021	189,194	196,795	4.0	-12.8	18,538	18,557	19,592	5.6	-22.2	£10.04	-1.5	12.0
COLD WATER PRAWNS	184,021	179,411	175,705	-2.1	-5.6	16,554	14,367	13,531	-5.8	-41.6	£12.99	4.0	61.7
MIXED SEAFOOD	129,946	136,896	151,503	10.7	1,339.1	15,263	15,844	17,261	9.0	1,489.4	£8.78	1.6	-9.4
MACKEREL	113,150	109,292	102,878	-5.9	10.0	14,699	14,864	13,958	-6.1	-14.8	£7.37	0.2	29.1
POLLOCK	156,364	117,040	102,697	-12.3	138.5	32,910	26,181	23,800	-9.1	130.0	£4.32	-3.5	3.8
SEA BASS	41,681	49,603	55,235	11.4	129.7	2,847	3,252	3,425	5.3	133.6	£16.13	5.7	-1.6
BASA	35,505	41,670	46,600	11.8	1,033.2	4,500	5,362	5,964	11.2	1,082.6	£7.81	0.5	-4.2
SCAMPI	44,605	44,870	46,329	3.3	-20.6	4,292	4,229	4,243	0.3	-30.7	£10.92	2.9	14.6
TROUT	34,613	34,715	33,865	-2.5	-23.3	3,121	3,102	2,903	-6.4	-41.8	£11.66	4.2	31.7
SARDINES	30,918	28,889	28,586	-1.1	-11.2	5,697	5,589	5,486	-1.8	-35.6	£5.21	0.8	37.8
CRAB	24,872	27,348	27,696	1.3	67.1	1,336	1,495	1,534	2.6	28.7	£18.06	-1.3	29.8
PLAICE	27,036	28,946	27,486	-5.0	-21.9	2,845	2,879	2,831	-1.7	-25.0	£9.71	-3.5	4.1
SOLE	29,113	27,715	27,411	-1.1	-5.7	2,371	2,236	2,143	-4.2	5.5	£12.79	3.2	-10.6
CRABSTICK	25,279	23,223	24,155	4.0	17.9	5,191	4,878	5,095	4.5	-11.7	£4.74	-0.4	33.6
MUSSELS	21,612	20,578	21,947	6.7	11.9	3,474	3,335	3,511	5.3	9.0	£6.25	1.3	2.7
SEA-BRM	12,707	14,260	16,380	14.9	483.5	913	977	1,080	10.5	470.5	£15.17	3.9	2.3
SCALLOPS	17,677	18,683	16,045	-14.1	2.6	843	846	726	-14.2	8.9	£22.10	0.0	9.6
KIPPER	14,822	15,360	13,723	-10.7	-12.3	1,956	2,058	1,731	-15.9	-48.2	£7.93	6.2	69.5
SQUID (CALAMARI)	9,851	11,247	11,099	-1.3	125.6	648	822	711	-13.5	22.8	£15.61	14.1	83.7
LOBSTER	7,043	11,357	10,728	-5.5	60.1	240	455	414	-9.0	77.8	£25.88	3.8	-10.0

Total Seafood vs Other Proteins

In March 2017, the total seafood category became the highest value protein category - pushing total red meat into second place, whilst simultaneously being 31% higher than poultry. Inflation continues to drive the seafood category value growth; since all seafood sectors increased value from last year whilst all other meat and poultry categories lost value, with slower inflation or deflation being the likely contributing factor.

All categories will have experienced some degree of 'shrinkflation' over the past year as manufacturers release smaller pack sizes to combat rising prices. Unit sales have fallen across all protein categories with the exception of beef, poultry and chilled seafood. Price per unit has fallen across all protein categories with the exception of 'other' red meat and total, chilled and frozen seafood.



The Total Seafood Shopper

In 2017, the number of shoppers purchasing seafood remained the same despite price increases. Total seafood penetration is very high, at 96.9%. Compared with the previous year, shoppers bought seafood more often, but with smaller baskets - a trend that has continued from previous years. Shoppers bought an average 0.5kg of seafood per trip - spending on average £4.02 each trip ; and bought seafood 30.8 times per year, spending a total of £124, equating to 15.1kg/yr.

Nielsen demographics define the chilled seafood shopper as more affluent than the average total seafood buyer, but in all other respects seafood sector shoppers are similar. Total seafood shoppers are predominantly affluent AB/C1, older (45-64) couples and singles, typically in two person households without children present. Where children are present they are typically aged 5-10 yrs.

Where are shoppers purchasing seafood?

Although many retailers retain counter displays for store theatre, in March 2017, 93% of seafood was sold prepack, rather than from the fish counter. The percentage of prepackaged seafood has grown strongly in recent years, with shoppers reporting being intimidated by having to ask the fishmonger, and wanting to be in and out of store as quickly as possible.

Tesco is currently the largest GB seafood retailer, followed by Sainsbury's, Morrisons and Aldi. Over the past nine years discounters have substantially grown total seafood share. Aldi has seen the largest growth from a 1.5% share in 2008 to 8.8% in 2017, up nearly 500%; the quality and 'Britishness' messages resonating with shoppers.

Premium quality orientated retailers like M&S, Waitrose and the Co-Operative have also grown share as shoppers hunt for quality and value for money. These retailers also overtrade in seafood, which means their share of seafood sales value is higher than their share of the FMCG market overall.

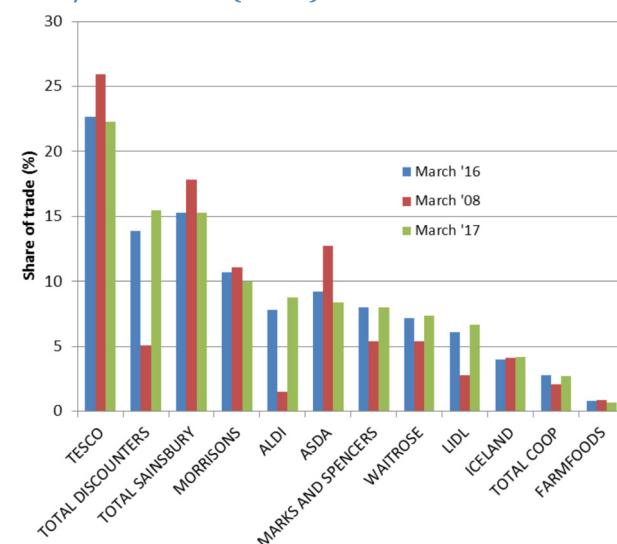
Seafood KPI's

		Pen %	Freq	AWOP (Kg) 52w	Avg Spend (£) 52w	Trip Spend (£)	Price per Kg	Avg Trip Kg
TOTAL FISH	26 MAR 2016	96.85	30.31	15.27	£120.84	£3.99	£7.91	0.50
	25 MAR 2017	96.89	30.79	15.12	£123.92	£4.02	£8.19	0.49
	% Change	0.0	1.6	-1.0	2.5	0.9	3.6	-2.5
AMBIENT	26 MAR 2016	80.64	9.38	4.06	£22.00	£2.35	£5.42	0.43
	25 MAR 2017	79.79	9.39	3.99	£21.38	£2.28	£5.35	0.42
	% Change	-1.1	0.1	-1.7	-2.8	-2.9	-1.2	-1.8
CHILLED	26 MAR 2016	80.52	19.61	7.83	£85.29	£4.35	£10.89	0.40
	25 MAR 2017	81.64	20.25	7.81	£88.80	£4.39	£11.37	0.39
	% Change	1.4	3.3	-0.3	4.1	0.8	4.4	-3.4
FROZEN	26 MAR 2016	87.18	10.95	5.98	£35.13	£3.21	£5.87	0.55
	25 MAR 2017	86.62	10.79	5.88	£35.21	£3.26	£5.99	0.54
	% Change	-0.6	-1.5	-1.7	0.2	1.7	2.0	-0.2

Seafood Demographics % Shoppers (by volume)

	TOTAL FISH	AMBIENT	FRESH	FROZEN
CLASS AB	26.7	23.9	32.4	21.8
CLASS C1	27.6	28.0	27.9	26.9
CLASS C2	18.4	20.6	15.4	20.6
CLASS D	13.6	14.7	10.9	16.0
CLASS E	13.7	12.8	13.4	14.7
SIZE 1 MEMBER	24.4	22.8	28.8	20.0
SIZE 2 MEMBERS	43.6	41.0	46.8	41.3
SIZE 3.4 MEMBERS	32.0	36.2	24.4	38.7
16 TO 34 YEARS	22.0	24.2	19.3	23.2
35 TO 44 YEARS	25.2	26.3	22.5	27.0
45 TO 64 YEARS	52.8	49.5	58.2	49.8
CHILDREN YES	25.8	30.3	17.6	32.5
CHILDREN NO	74.2	69.7	82.4	67.5
CHILD 0 TO 4 YEARS	26.2	24.7	26.7	26.7
CHILD 5 TO 10 YEARS	41.2	41.6	40.5	41.4
CHILD 11 TO 15 YEARS	32.6	33.7	32.8	31.8
PRE FAMILY	5.9	6.9	6.1	5.1
NEW FAMILY	5.6	6.2	4.1	6.9
MATURING FAMILIES	13.9	16.4	8.8	18.2
ESTABLISHED FAMILIES	8.9	10.8	6.6	10.5
POST FAMILIES	16.7	18.6	16.4	16.0
OLDER COUPLES	33.5	28.6	38.1	31.2
OLDER SINGLES	15.4	12.6	19.8	12.0

Seafood Share of Trade % Change 2008/16 vs 2017 (Value)



Retail Channel Performance and Outlook to 2022

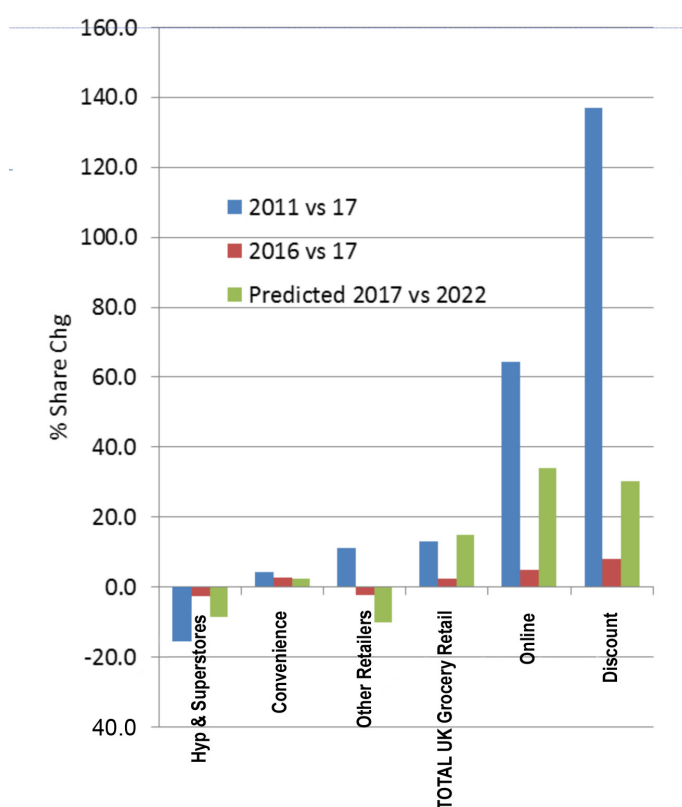
The retail environment has been a battleground in recent years with the emergence of discounters driving down grocery spend and the multiples lowering prices to defend share. Hypermarkets and 'main estate' (supermarkets) have been in decline as shoppers switch to shopping more often but with smaller baskets. Discounters, convenience and online channels have all grown share. The discount and online channels have grown strongly in the five years to 2016, up 119.3% and 56.8% respectively.

Total grocery is forecast to remain in value growth over both the long and short term, predicted to rise 14.9% from 2017 to 2022 worth £211.9bn (IGD).

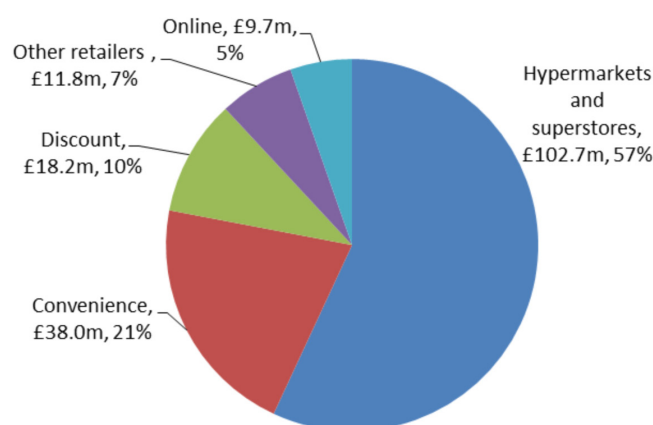
In 2017, larger stores, hypermarkets and supermarkets took nearly 60% of total grocery spend, followed by convenience and discounters. Online took a relatively small 5% share but the channel is growing fast.

Brexit is likely to be the driving force shaping the UK grocery market in the short/medium term. Opportunities for volume growth will be reduced as disposable incomes shrink and population growth slows. With the considerable uncertainty created by the Brexit process, shoppers will continue to shop cautiously; but retailers are not entirely unprepared, having recently experienced austerity. Expect grocers to focus on further operational efficiencies to counter cost increases; and successful suppliers will be agile and willing to remain flexible in the years ahead.

Predicted Retail Channel Performance to 2022 (Value)



Channel Value Share of Grocery March 2017

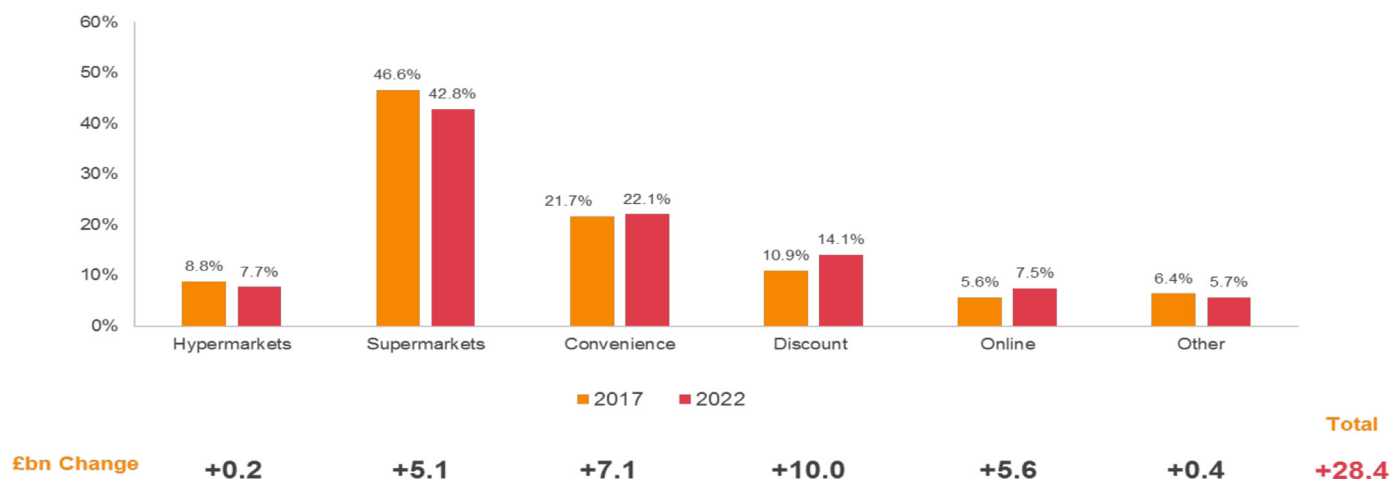


Seafood missions are currently biased to the main shop and top up shop; with over 80% of seafood being sold through the main estate channel. To successfully compete with other proteins, seafood needs to protect its main estate core and target the right products for the increasing shopper missions in the growing convenience, discount and online channels.

“Investments by retailers over the last few years to cut their operating costs, reduce complexity and reconnect with shoppers strengthens the sector’s ability to cope with the challenges that lie ahead. As retailers look to differentiate, innovation will be key to adding value to categories, particularly new product development (NPD) centred on current shopper priorities such as health and convenience” *Institute of Grocery Distribution Ref IGD 2017.*

Online is predicted to remain the fastest growing channel, but its expansion is expected to slow. Discounters are predicted to grow their market share faster than previously forecast and, they are also predicted to add the most value (£10bn) to grocery. The outlook for sales growth through larger stores is also more positive, though they will continue to lose market share.

Predicted Grocery Share and Value Contribution to Growth 2022



Key Channel Trends to 2022 (ref IGD)

Key Channel Insight

Discounters will claim £1 in every £7 spent on grocery by 2022. Food and variety discounters will contribute most to the cash growth of the market over the next five years as they open more stores and improve the shopper experience further.

Online will remain the strongest growing channel at +54% over the next five years fueled by the convenience it offers to time-pressed shoppers.

Convenience will be the third fastest growing channel (+18% over the next five years) with LFL sales lifted by format investments to service the growing demand for next meal and top-up shopping trips.

Improved prospects for larger stores. Supermarkets and hypermarkets will experience slight growth in sales as targeted improvements make them easier to shop, particularly for smaller basket and more frequent shoppers.

Key Channel Actions

Look for new opportunities in fresh and impulse categories as discounters enhance their offer, while multi-price concepts at variety discounters could create new openings for national brands

Aim to get your products into shoppers' favourites and benefit from repeat purchase. Retailers will also value your support in helping them to differentiate in an increasingly crowded channel.

Work closely with retailers as they modernise their stores and align them with local demand and changing shopper missions.

Focus on partnering with retailers to make categories more compelling and relevant to shoppers.



Data:

- Retail data: AC Nielsen Scantrack/Homescan: 52 weeks to May 21st 2017 (excludes discounters and seafood sandwiches) (%) values represent change from the previous year unless otherwise stated
- Kantar World Panel Seafood Shopper Journey Report 2015
- Kantar World Panel Seafood Channel Report 2016
- Defra Family Food Survey
- Institute of Grocery Distribution, UK Market and Channel Forecasts 2017-2022
- Institute of Grocery Distribution, 2016 Category Benchmarks
- Institute of Grocery Distribution, Quality in Focus 2016 Update

More Information:

For the full range of market insight factsheets, covering different sectors of the seafood industry go to the Seafish website -

<http://www.seafish.org/research-economics/market-insight/market-insight-factsheets>

Further Reading –

- [Seafish Seafood Consumption Fact Sheet 2017](#)
- [Seafish Key Category Insights Report Q4 2016 \(subscription only\)](#)

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