Market Insight Factsheet: Ambient seafood in multiple retail 2019 update

This factsheet provides a summary of the performance of ambient, shelf stable seafood in the multiple retail seafood market up to June 2019.

Ambient seafood is the smallest seafood sector in UK retail, but it is reporting the strongest growth of sales value, stealing market share from the other sectors (chilled and frozen). The sales value growth is driven by raised prices, as volume and unit sales continue to decline, albeit at a slower rate than in previous years.

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

Ambient seafood performance summary

Although the smallest sector in terms of its share of market (14.2% of overall seafood retail value), in comparison to the other sectors ambient seafood has seen the strongest value growth of 1.3%, and has stolen market share from chilled and frozen. However, volume and unit sales declined 2.2% and 1.1% respectively, but this rate has improved over recent years. The sector is still reporting the highest inflation with average piece per kg now £6.64, 3.7% higher than last year, and the average price per unit is £1.49, 2.5% higher than 2018.

The popularity of the discounters (Aldi and Lidl) continues to grow, and the ambient seafood sector is one of their strengths. In this area they have a combined sales value of £95m, representing a 17.5% share of ambient sales value, compared to their 13.2% share of overall seafood sales value. However, in comparison to total seafood performance, this sector's volume and unit sales are experiencing steeper annual declines of 4.1% and 1.8% respectively. This performance could be a result of significant price rises, which are now £4.68 per kg (+9.7%) and £0.92 price per unit (+7.2%).

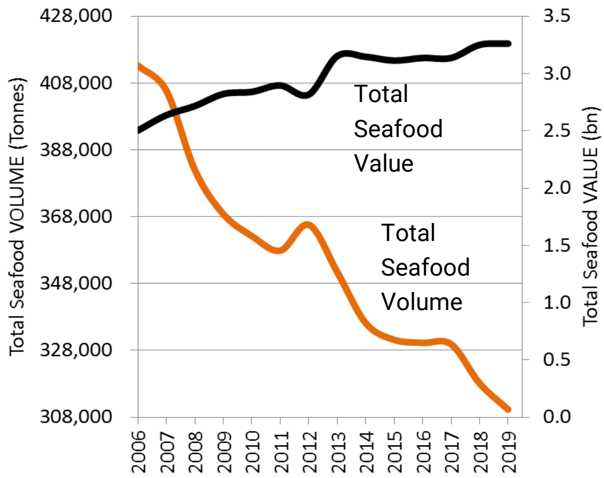
Historic retail seafood sector trends

Over the long term (last 13 years), retail seafood sales have been in long term price driven growth as inflation has driven average price and volume declines.

The popularity of ambient seafood has declined with British retail shoppers over the past 13 years. In 2006, both the volume and value of ambient seafood experienced a sharp increase before seeing steady declines from 2008 onwards.

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

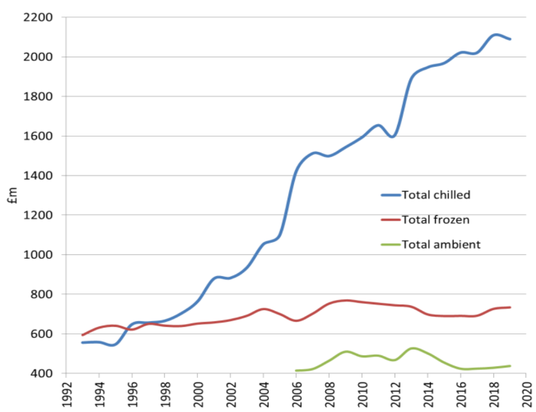
Long term GB total seafood sector trends



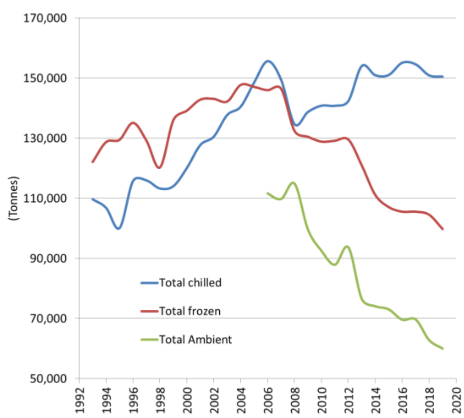
From 2007, seafood in multiple retail experienced a sustained period of inflation and price driven growth, whilst consumption fell. Around 2009, retail shoppers became polarized, saving money where possible on basics, but not averse to spending more on quality. Austerity focused shoppers prioritised ‘value for money’, and the perceived ‘superior freshness, health and quality’ of chilled seafood resulted in renewed growth of the chilled sector at the expense of frozen and ambient, despite it being typically double their average price.

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

Long term GB seafood sector value trends



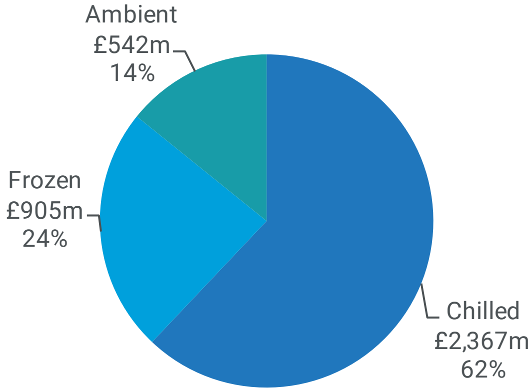
Long term GB seafood sector volume trends



Current seafood retail performance

The retail data quoted in this factsheet is sourced from Nielsen ScanTrack which is based on retailer EPOS data (Electronic Point of Sale). The long term historic data is based solely on GB major multiple supermarkets, however the latest 3 year trends data reflects the whole UK including GB major multiple supermarkets, GB discounters Aldi and Lidl, along with major multiple supermarkets in Northern Ireland including Musgraves.

UK seafood sector share by value 2019



Over the last year the total seafood category performance has been on the verge of overall growth. Sales were worth £3.81bn (+0.2%), with a volume of 392,356 tonnes (-0.9%), and a slight growth in units to 1.5bn (+0.3%). The category reported higher price per kg of £9.72 (+1.1%), whilst price per unit fell to £2.61 (-0.1%).

Within the UK, ambient seafood was worth £541.8m (+1.3%), as a result of higher prices: £6.64 per kg (+3.7%), £1.49 per unit (+2.5%). Volume and unit sales declined 2.2% and 1.1% respectively.

Impact of the discounters on seafood sales

Since opening UK stores in 1990, Aldi and Lidl have strongly grown grocery share, and both over trade in seafood, especially the frozen and ambient sectors. These are proving popular with shoppers due to their price, quality and regional sourcing messaging. Discounters are projected to be fastest growing channel to 2021 (IGD).

In June 2019, Aldi and Lidl combined took a 19.5% volume share of the total UK seafood. Combined, their seafood sales were worth £503m (+5.8%), with a volume of 76,447 tonnes (+0.7%) and unit sales of 291m (+2%). In terms of pricing, their averages increased to £6.58 per kg (+5.1%), and £1.73 per unit (+3.7%).

Ambient seafood over-performs within the discounters with a 24.9% market share of volume sales.

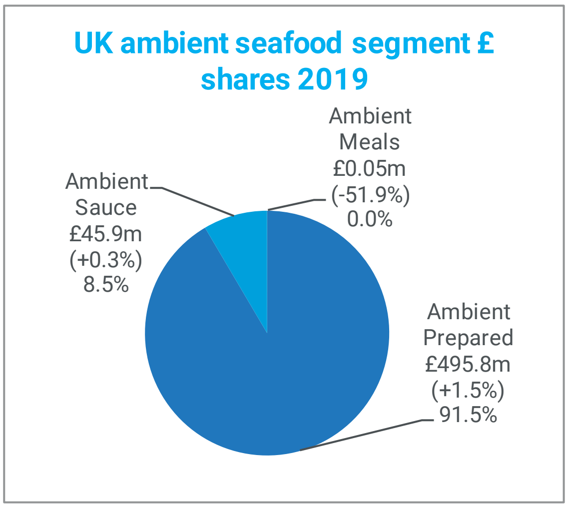
Ambient seafood KPIs

In 2019, seafood KPIs (key performance indicators), show penetration for ambient seafood has continued to fall and is the lowest of all seafood sectors at 78.2% of the population. The frequency ambient seafood is bought has also fallen 2.7% to 9.2 times a year.

		Penetration 52w	Frequency of Purchase 52w	AWOP (Value) 52w	AWOP (Volume) 52w	Value per Occasion 52w	Volume per Occasion 52w	Price pr Eq 52w
Total Seafood	16 JUN 2018	96.8	30.4	£129.9	14.8	£4.27	0.49	£8.80
	15 JUN 2019	96.7	30.2	£130.4	14.5	£4.32	0.48	£8.98
	% Change	-0.1%	-0.9%	0.3%	-1.6%	1.2%	-0.8%	2.0%
Chilled	16 JUN 2018	81.5	19.8	£92.4	7.7	£4.66	0.39	£12.08
	15 JUN 2019	82.3	19.8	£92.4	7.6	£4.67	0.39	£12.09
	% Change	1.0%	-0.3%	0.0%	-0.1%	0.2%	0.1%	0.1%
Frozen	16 JUN 2018	86.8	10.9	£37.4	5.9	£3.44	0.54	£6.40
	15 JUN 2019	85.9	10.7	£37.1	5.6	£3.46	0.52	£6.60
	% Change	-1.0%	-1.2%	-0.8%	-3.8%	0.4%	-2.6%	3.1%
Ambient	16 JUN 2018	78.5	9.4	£22.9	3.8	£2.43	0.40	£6.04
	15 JUN 2019	78.2	9.2	£23.2	3.7	£2.52	0.41	£6.20
	% Change	-0.3%	-2.7%	1.0%	-1.6%	3.8%	1.1%	2.6%

Ambient seafood segments

The ambient 'prepared' (e.g. packed with brine / water / oil / marinade) segment continues to dominate market share by both volume (89.1%) and value (91.5%) of the ambient seafood sector. In the last year, ambient prepared was worth £495.8m (+1.5%), with 72,666 (-2.8%) tonnes. The only segment to experience value, volume and unit sales growth was 'sauce', now worth £45.9m (+0.3%) for 8,901 tonnes (+3.3%), 62m units (+2.6%). The smallest, and poorest performing segment is ambient 'meals' with only £0.05m sales (-51.9%) for 12t (-53.3%).



Ambient seafood segment performance 2019

	Value Sales ('000)		Volume Sales ('000 KG)		Price per KG		Price per Unit	
	WE 15.06.19	MAT % Chg YA	WE 15.06.19	MAT % Chg YA	WE 15.06.19	MAT % Chg YA	WE 15.06.19	MAT % Chg YA
Total Seafood	£3,813,921	0.2	392,356	-0.9	£9.72	1.1	£2.61	-0.1
Chilled	£2,366,779	0.0	180,253	1.4	£13.13	-1.4	£3.19	-1.8
Frozen	£905,348	-0.2	130,523	-3.1	£6.94	3.1	£2.53	1.4
Ambient	£541,793	1.3	81,580	-2.2	£6.64	3.7	£1.49	2.5
Ambient Prepared	£495,803	1.5	72,666	-2.8	£6.82	4.4	£1.65	3.3
Ambient Sauce	£45,940	0.3	8,901	3.3	£5.16	-2.9	£0.74	-2.2
Ambient Meals	£50	-51.9	12	-53.3	£4.12	3.1	£0.99	3.1

Ambient seafood species

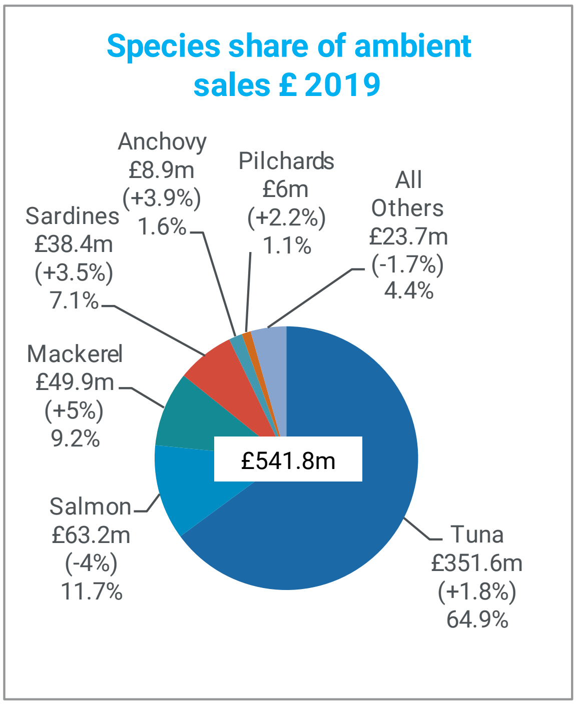
Ambient tuna dominates the UK ambient seafood sector with a market value share of 64.9% and market volume share of 67.7%. The next most popular is salmon, (value share 11.7%, volume share 6.3%), followed by mackerel (value share 9.2% volume share 10.1%).

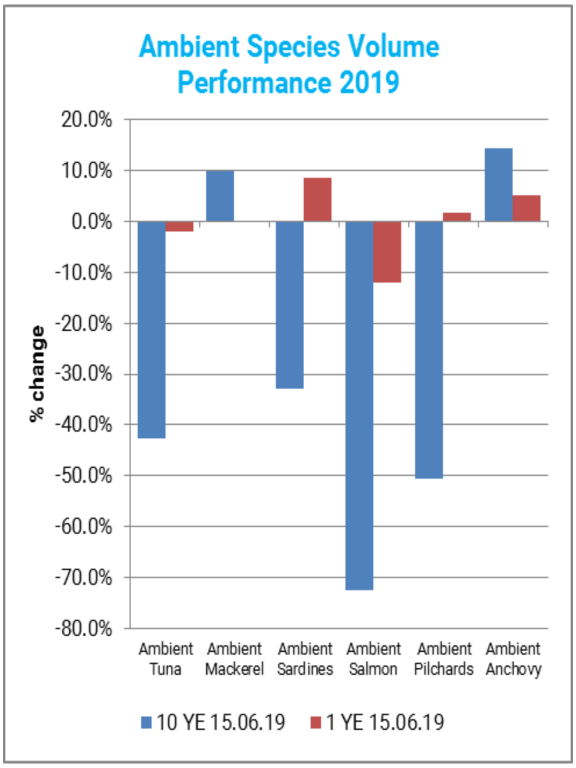
When looking at the top six ambient species, which total 95.6% share of the market value, only salmon experienced a fall in sales value of 4%. The other species reported increased sales value: Tuna 1.8%, Mackerel 5%, Sardines 3.5%, Anchovy 3.9%, and Pilchards 2.2%.

In volume terms, all of the top 6 experienced sales growth except tuna and salmon which declined 3.4% and 9.1% respectively.

When looking at the top six species long term performance within GB supermarkets (Nielsen total coverage 10 YE 13.06.09), only ambient mackerel and anchovy have experienced sales volume growth.

When looking at the top twenty species performance in the UK over the latest year ending 15.06.19 (see following table), four species reported sales growth in terms of value and volume at a lower price per kg: mackerel, pilchards, sild, and cod. And a further five species reported higher sales volume and value with a higher price per kg: sardines, anchovy, herring, lumpfish roe and sprats.





Ambient seafood species performance 2019

	Value Sales ('000)			Volume Sales ('000 KG)			Price per KG			Price per Unit		
	WE 16.06.18	WE 15.06.19	MAT % Chg YA	WE 16.06.18	WE 15.06.19	MAT % Chg YA	WE 16.06.18	WE 15.06.19	MAT % Chg YA	WE 16.06.18	WE 15.06.19	MAT % Chg YA
AMBIENT	**£534,603**	**£541,793**	**1.3**	**83,439**	**81,580**	**-2.2**	**£6.41**	**£6.64**	**3.7**	**£1.46**	**£1.49**	**2.5**
TUNA AMBIENT	£345,581	£351,630	1.8	57,172	55,207	-3.4	£6.04	£6.37	5.4	£1.96	£2.07	5.8
TOTAL SALMON AMBIENT	£65,830	£63,222	-4.0	5,653	5,138	-9.1	£11.64	£12.30	5.7	£2.15	£2.28	6.2
MACKEREL AMBIENT	£47,475	£49,854	5.0	7,835	8,239	5.1	£6.06	£6.05	-0.1	£0.77	£0.76	-0.6
SARDINES AMBIENT	£37,093	£38,400	3.5	7,967	8,233	3.3	£4.66	£4.66	0.2	£0.55	£0.55	0.1
ANCHOVY AMBIENT	£8,588	£8,925	3.9	517	532	3.0	£16.63	£16.78	0.9	£1.01	£1.00	-1.4
PILCHARDS AMBIENT	£5,918	£6,048	2.2	1,913	1,967	2.8	£3.09	£3.07	-0.6	£0.70	£0.72	3.3
HERRING AMBIENT	£4,252	£4,746	11.6	673	708	5.2	£6.32	£6.70	6.1	£1.57	£1.57	0.4
CRAB AMBIENT	£4,910	£4,624	-5.8	307	274	-10.8	£15.98	£16.88	5.6	£2.15	£2.09	-2.8
COCKLES AMBIENT	£3,897	£3,847	-1.3	401	390	-2.7	£9.72	£9.86	1.4	£1.63	£1.66	1.8
KIPPER AMBIENT	£1,668	£1,648	-1.2	172	166	-3.6	£9.67	£9.91	2.5	£1.57	£1.60	2.1
MUSSELS AMBIENT	£1,669	£1,563	-6.4	181	159	-11.9	£9.23	£9.81	6.3	£1.43	£1.52	6.8
COD ROE AMBIENT	£1,290	£1,237	-4.1	160	131	-18.1	£8.06	£9.43	17.0	£1.63	£1.64	0.9
OTHER AMBIENT	£1,353	£1,196	-11.6	169	141	-16.8	£7.99	£8.49	6.3	£2.22	£2.29	2.9
SILD AMBIENT	£728	£793	9.0	62	76	22.5	£11.66	£10.37	-11.0	£1.28	£1.26	-1.6
LUMPFISH ROE AMBIENT	£676	£751	11.0	20	21	5.2	£33.53	£35.36	5.5	£2.43	£2.65	8.8
COD AMBIENT	£579	£662	14.3	46	54	17.4	£12.49	£12.16	-2.7	£3.29	£3.29	-0.1
CAVIAR AMBIENT	£584	£558	-4.4	14	13	-7.2	£42.94	£44.19	2.9	£3.44	£3.61	4.9
OYSTERS AMBIENT	£542	£516	-4.7	21	21	-4.1	£25.30	£25.14	-0.6	£2.15	£2.14	-0.6
SALMON ROE AMBIENT	£463	£439	-5.1	6	4	-27.5	£80.38	£105.18	30.9	£4.02	£5.29	31.7
SPRATS AMBIENT	£248	£294	19.0	38	43	13.1	£6.50	£6.84	5.2	£1.16	£1.22	5.4

The ambient seafood shopper

In order to understand who is buying seafood it is useful to compare the amount of money spent by different groups to the overall seafood shopper. Top line, the profile is very similar with the majority of ambient seafood being purchased by smaller, more affluent ABC1 households, that are over 45 years old, and include no children. However, ambient seafood does overperform with other shopper groups including less affluent, larger households that tend to be younger and contain children and families.

% Purchase Value ('000) 52w	CLASS AB	CLASS C1	CLASS C2	CLASS D	CLASS E	SIZE LE 2 MEMBERS	SIZE GE 3 MEMBERS	<35 YEARS	35 TO 44 YEARS	45 TO 64 YEARS	GE 65 YEARS
Total Seafood	32%	28%	19%	10%	12%	70%	30%	10%	15%	35%	39%
Ambient Seafood	28%	27%	21%	12%	10%	63%	37%	13%	18%	38%	31%

% Purchase Value ('000) 52w	CHILDREN YES	CHILDREN NO	PRE FAMILY	NEW FAMILY	MATURING FAMILIES	ESTABLISHED FAMILIES	POST FAMILIES	OLDER COUPLES	OLDER SINGLES
Total Seafood	19%	81%	6%	4%	10%	7%	17%	39%	17%
Ambient Seafood	25%	75%	7%	5%	13%	9%	19%	33%	14%

Key takeaways

- Whilst ambient seafood experienced good value growth as a result of increases in price per kg, volume of sales continued to fall. To year ending 15th June 2019 ambient seafood had a value of £541.8m (+1.3%), volume of 81,850 tonnes (-2.2%) and price per kg of £6.64 (+3.7%).
- Ambient continues to perform well in the discounters, Aldi and Lidl, with a 5.2% value growth as the average price per kg increased 9.7% and volume decreased 4.1%.
- Of the 3 ambient segments, prepared has the largest value share of 91.5% and is experiencing growth (+1.5%), along with sauce (+0.3%). However, ambient meals are in decline (-51.9%).
- Tuna dominates the UK ambient seafood sector with a 64.9% value and 67.7% volume share and is worth £351.6m (+1.8%), 55,207t (-3.4%).
- Of the top six ambient species totalling 95.6% of ambient value share, tuna, mackerel, sardines, anchovy and pilchards, are all in value growth. Tuna and salmon experienced volume declines, whilst the other 4 are in volume growth.

References:

- Nielsen (15.06.2019) ScanTrack Total UK (GB major multiple supermarkets including discounters + NI major multiple supermarkets including Musgraves)
- Nielsen (15.06.2019) HomeScan Data GB data.
- Nielsen (13.06.2009) ScanTrack Total Coverage (GB major multiple supermarkets)

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