

Here to give the UK seafood sector
the support it needs to thrive.



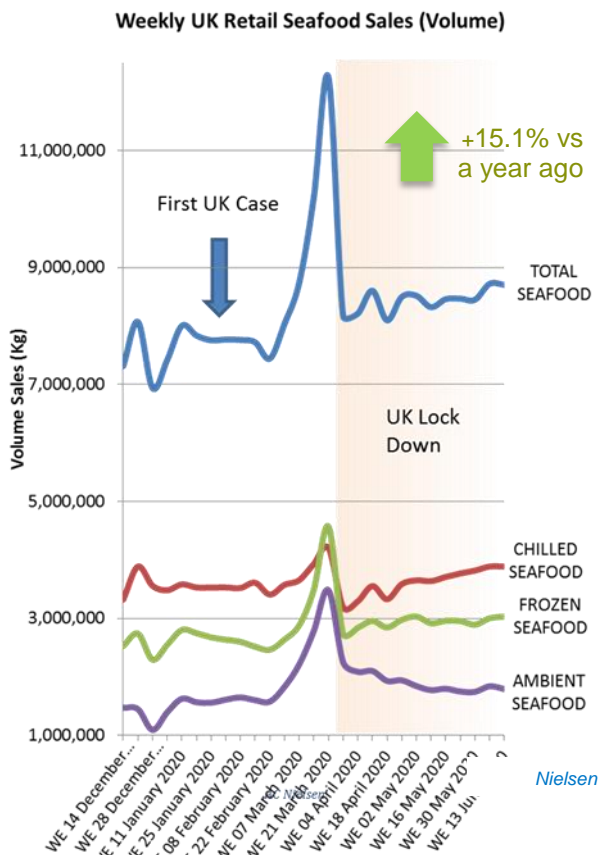
COVID-19 Seafood in retail

A market insight analysis

July 2020 Richard Watson

Summary

- On the 30th/31st January, the World Health Organisation (WHO) called a global COVID-19 emergency and the first UK case was announced.
- By mid-February and faced with empty shelves, seafood sales began to increase as shoppers stockpiled food.
- Seafood stockpiling lasted 4 weeks. At its peak, total seafood weekly volume sales grew by 58%, driven by strong demand in all sectors.
- Frozen seafood consumption briefly outstripped chilled for the first time since 2005. The largest increases were in Ambient (canned and shelf stable), +117% and Frozen +74%, whilst Chilled (+19%) saw less growth as shoppers prioritised cupboard and freezer staples.
- Post peak, total seafood fell back remaining above previous levels, currently sitting 15.1% higher than last year and continues to grow. (WE 13th June 2019 vs 2020)
- Post peak, chilled seafood fell back below previous levels, currently 13% higher than last year and continues to grow.
- Post peak, frozen seafood fell back remaining above previous levels currently 23.9% higher than last year, with volumes remaining steady.
- Post peak, ambient seafood fell back remaining significantly higher than before, but has subsequently declined to only 6.8% higher than last year.



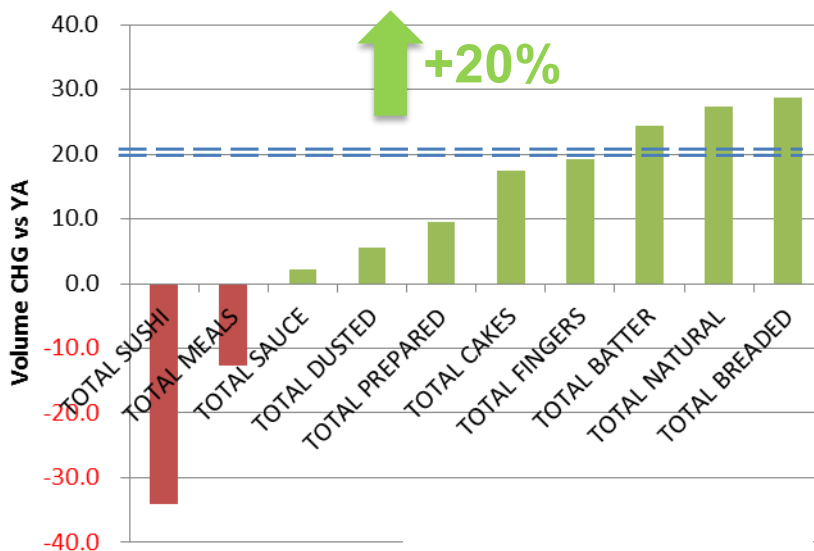
% CHG	Peak Increase	Pre Peak vs Post Peak (WE Feb1st vs WE 13th June '20)	Vs Last Year
TOTAL SEAFOOD	57.7	12.0	15.1
TOTAL CHILLED	19.1	10.1	13.0
TOTAL FROZEN	73.5	15.0	23.9
TOTAL AMBIENT	116.5	11.3	6.5

COVID-19 continues to provide a boost in retail; an unprecedented 15% increase in seafood sales

Segment and species opportunities

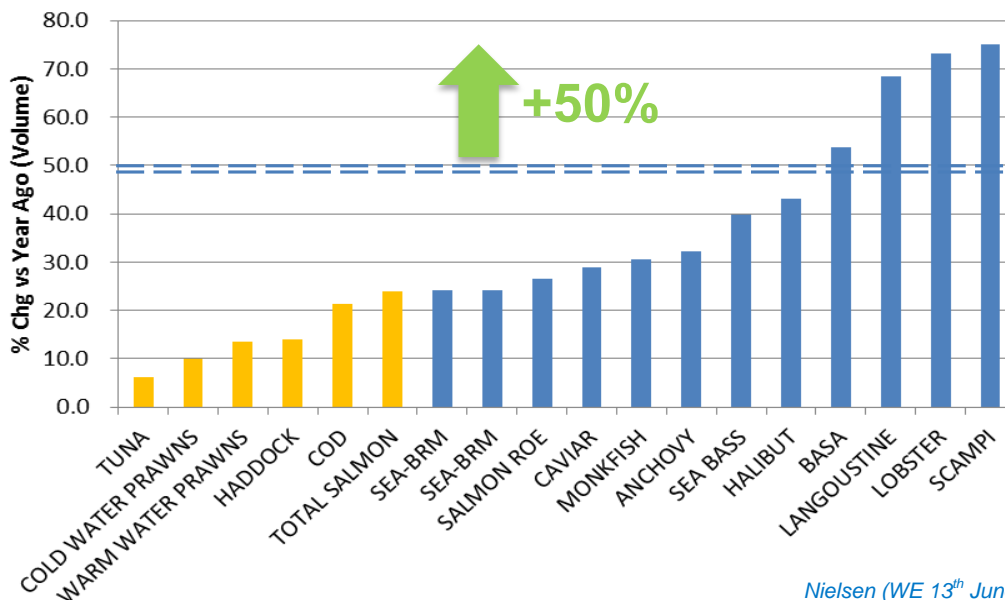
- Virtually all seafood segments were in strong volume growth vs last year (WE 13th June 2019/20).
- The natural segment, with a focus on health and home freezing is driving volume growth in total seafood; up 27.4% compared to the same time last year.
- Along with significant increases in the coated comfort food segments, fingers, breaded, battered and cakes forming essential cupboard staples.
- Compared to the same week a year ago, out of the top 5 most popular UK species, salmon showed the highest growth (24%)
- Farmed white fish including seabass, seabream and basa showed growth of between 25%-55%; whilst langoustine, lobster and scampi volume sales were 70%+, albeit from a small base.

Species volume sales performance vs last year



Nielsen (WE 13th June 2019/20)

Species volume sales performance vs last year



Nielsen (WE 13th June 2019/20)

COVID-19 key grocery and shopper trends



1. DECLINING FINANCIAL CONFIDENCE

With rising concerns over the impact of COVID-19 on the UK economy and on daily life, **financial confidence has declined significantly vs. <6m ago.**



2. FOCUSED ON SAVING MONEY

With financial confidence declining, **shoppers are focusing more on saving money** in the year ahead.



3. LARGE STORES USED MOST

Supermarkets continue to be the most used channel and the proportion of shoppers telling us they mainly use online remains at an elevated level vs. pre-COVID levels



4. IMPORTANCE OF SPEED AND EASE OF SHOP

Retailers have implemented at pace a range of social distancing initiatives to provide a safer and efficient in-store experience, we are seeing **shoppers prioritise speed and ease** when it comes to choosing where they shop.



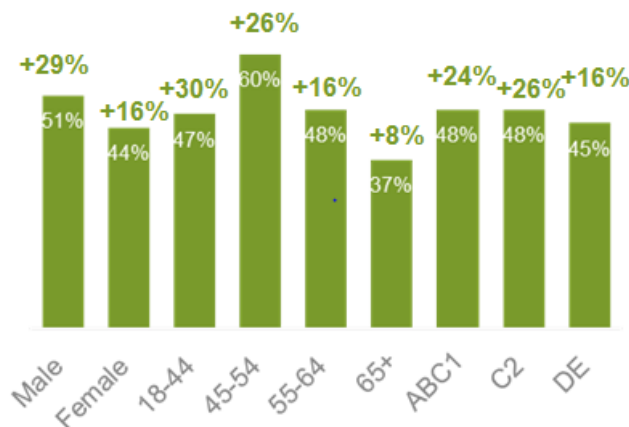
5. MAIN SHOPS RETURNING

While shoppers try and minimise their visits to store we are seeing an increase in **bigger main shop missions** in the last two weeks.

IGD (10-23rd May 2020)

- Shopper confidence continues to fall as shoppers are becoming increasingly concerned over their household finances; 47% expect to be financially worse off in the year ahead (May '20) compared to 25% in January '20.
- More shoppers are planning to focus on saving money in the year ahead. In May, 22% of shoppers were more focused on saving money, compared to 17% focused on quality in the next 12 months
- With a deep economic downturn predicted for 2020, expect a return to savvy shopping tactics, as shoppers try to save money.
- **Large stores continue to be the most used.** But as online retailer prioritise the elderly and vulnerable, the number of over 65's mainly using the channel for their food and grocery shopping in May more than doubled to 24%; compared to 9% in Feb 2020.
- **Importance of speed and ease of shop** as lockdown measures continue, the importance of a convenient location remains the top store choice driver.
- **Main shops returning** as stock piling eases and stock levels normalise, more shoppers return to main shopping missions. 40% of shoppers reported completing a main shop on their last trip (17-23rd May) compared to 33% in the first two weeks of March 2020

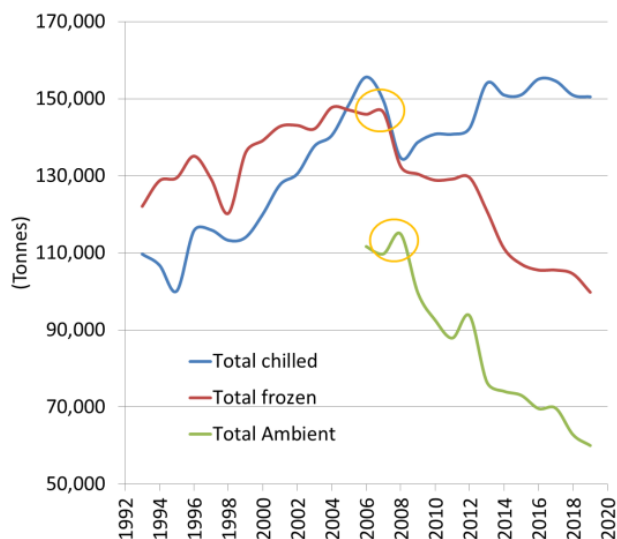
Financial confidence in the year ahead (Net difference % better off - % worse off vs Jan 20)



Seafood post COVID-19

- Although the volume of total seafood purchased has quickly fallen back towards pre panic buying levels, it remains +15.1% than last year (WE 13th June 2020).
- More significantly, the market is on its way to returning to ‘normal’ patterns with chilled growing and ambient falling towards 2019 levels. Frozen remains the stand out sector, with volume up 23.9% higher than last year.
- It is likely that the demand for frozen seafood will continue for several months as shoppers look to save money. However, if shoppers follow a similar pattern to that observed following the financial crisis of 2007/8; chilled will eventually return to be the only sector in growth
- As the majority of seafood we buy to eat in the UK is imported, future supply and availability and its effect on pushing up average price and in turn retail seafood prices, will be key. As will be quality, which needs to meet or exceed shopper value for money expectations to trigger sale.

Effect of recession on seafood sector trends 2007/8(GB)



Seafood businesses can download accompanying slides and a comprehensive excel workbook and charts covering the detail behind key sector, segment and species trends:

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

- Nielsen:
 - Scantrack – UK EPOS from key retailers (including composite data from discounters Aldi & Lidl and N. Ireland) excludes seafood sandwiches
 - Homescan – GB (including discounters) consumer panel of 15,000 households excludes seafood sandwiches
- IGD Coronavirus (COVID-19) Weekly update 10th-23rd May'20

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Here to give the UK seafood sector
the support it needs to thrive.

The Seafish logo features the word "seafish" in a white, lowercase, sans-serif font. Above the letter "i" in "fish", there is a stylized graphic of a fish's head and dorsal fin, composed of several small, white, diamond-shaped elements arranged in a curved pattern.

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