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# CONTENTS

Issue # 1, June 2016



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### Editorial

Contact Kathy Hammond:  
khammond@producebusinessuk.com

### Advertising

Contact Linda Bloomfield:  
linda.bloomfield@producebusinessuk.com

## UK Retailers Must Make New Friends \_\_\_\_\_ 7

*Jim Prevor says the UK supermarket chains should review their approach*

## Turn And Face The Change \_\_\_\_\_ 10

*Jim Butler talks to leading analysts and provides a comprehensive overview of the sector*

## Mystery Shopper Report \_\_\_\_\_ 25

*England Marketing has carried out a nationwide mystery shop of the produce aisles – find out which chain came out on top*

## The Stats Behind The Stories \_\_\_\_\_ 38

*Read Kantar Worldpanel's latest retail figures and discover the produce winners and losers*

## Four Things That Have Disrupted Asda \_\_\_\_\_ 42

*Ex Walmart man Bruce Peterson picks out four issues that have upset Asda's apple cart*

## Produce Central To Retail Growth \_\_\_\_\_ 46

*Chris Cowan argues that the fresh produce industry remains crucial to the long-term health of its retail customers*

## The Battle To Stand Out From The Crowd \_\_\_\_\_ 52

*David Shapley scours the shelves to discover differentiation strategies on the high street*

## Where Have All The Innovators Gone \_\_\_\_\_ 60

*Ex Tesco produce chief Peter Durose asks whether the urge to innovate has diminished*

## Join Us On The LPS Retail Tour \_\_\_\_\_ 67

*Claire Powell outlines the value of the retail tour at the London Produce Show and Conference*

## UK Grocery Retailer Directory \_\_\_\_\_ 68

*Head office postal, phone and website details for the top UK grocery retail chains*

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**“What the big chains  
need most now is  
innovation, new ways of  
thinking and operating  
that can help them get  
out of a difficult box”**



### JIM PREVOR

Founder and Editor in Chief of Produce Business, the fresh produce industry's largest business publication for buyers, Jim is renowned worldwide as the Perishable Pundit

# RETAILERS MUST FACE TRUTH AND FIND NEW FRIENDS

By Jim Prevor

**It may be an uphill battle, but mainstream retailers can compete with discounters. The key is that supermarket executives need not to think of things based on average costs, but on the wasted, low-production space in their stores and warehouses - in much the same way as mainstream airlines compete with discounters because they use tools such as Saturday night stay and advance booking requirements to distinguish between the business travelers willing to pay higher prices and the vacationers looking for a deal.**

The grocery retail market leaders in the UK long ago saw the dangers of discounters and developed several competitive ranges. To maintain margins, though, they often under-marketed these discount lines and even pulled them from many stores. It is easy to say that the cause of these actions - knowing the problem was coming, developing a solution but never energetically executing it - was because they were publicly held companies. And, indeed, had management told the markets the truth -- that the days of wine and roses were coming to an end and that the company had to accept significantly lower profit margins in order to avoid providing a price umbrella under which discounters could flourish, the share price would have suffered.

Yet that does not actually excuse management from both taking the actions necessary to sustain the long-term value of the business and also to say the things that represent the truth. In other words, it was not being public that was the cause of this failure to act; it was cowardice. It was also self-

interest, as many of these executives had compensation programs tied to short-term earnings and short-term stock performance; accepting lower earnings and a lower stock price now in exchange for a stronger business a decade hence was not in their personal interests.

Under the high-price umbrella created by the margin aspirations of the major chains, the discounters mushroomed as they had time and space to experiment, the stores became nicer and thus more acceptable to mainstream and affluent consumers. But mainstream and affluent consumers changed as well. Today, if one sees a man walking around in a suit and tie, one is more likely to perceive him as a wage slave at some store than an affluent man. We know the guy in a hoodie sweatshirt may be a dot-com billionaire, and the holes in some bloke's jeans don't tell us he can't afford a new pair. It is not cool to be stupid, and if the quality at a discounter is as good as that at a store with a Royal Warrant, well, overspending is just not something that will add to one's prestige.



Overall what strikes one about the UK retail scene is how lonely the big chains are, but it is not surprising. After years and years of working to eliminate brands from the market, years and years of demanding transparency from vendors and years and years of alienating the global supply base, one thinks of the famous dialogue from *A Man for All Seasons*:

**ALICE MORE:** Arrest him!

**MORE:** Why, what has he done?

**MARGARET MORE:** He's bad!

**MORE:** There is no law against that.

**WILL ROPER:** There is! God's law!

**MORE:** Then God can arrest him.

**ALICE:** While you talk, he's gone!

**MORE:** And go he should, if he was the Devil himself, until he broke the law!

**ROPER:** So now you'd give the Devil benefit of law!

**MORE:** Yes. What would you do? Cut a great road through the law to get after the Devil?

**ROPER:** I'd cut down every law in England to do that!

**MORE:** Oh? And when the last law was down, and the Devil turned 'round on you, where would you hide, Roper, the laws all being flat? This country's planted thick with laws from coast to coast – man's laws, not God's – and if you cut them down -- and you're just the man to do it — do you really think you could stand upright in the winds that would blow then? Yes, I'd give the Devil benefit of law for my own safety's sake.

What the big chains need most now is innovation, new ways of thinking



*A Man for All Seasons (1966)*

and operating that can help them get out of a difficult box. What they do not understand, though, is that their insistence on transparency, in practice the demand that every penny a producer can figure out how to make should be passed on to the retailer is, in fact, antithetical to the development of new and better ways of doing business. What is the point of a producer investing time and money in new techniques if, once discovered, the surplus produced is demanded by the retailer?

How can the mighty brands come to the aid of their customers when to deprive them of the slightest margin they were replaced with private labels? But if the private-label products are priced low because they save the branded marketer's margins that were used for research and development of new products and used to finance efforts to grow the category, how are these same companies to aid their customers when their margins have been wiped clean?

The executives who dared not tell the shareholders and the City the reality of margin-compression also dared not tell shareholders and the City, and even consumers, that taking margin out of R&D and marketing is

only a short-term win, that the piper must be paid, and even endorsing the cult of local has its price. Sure, sometimes, British produce is the best in the world, but, on some products, at some times, it is not. But if we don't admit that, then we push sub-optimal product and will it be a surprise that we sell less than we could have if the taste was the best it could be.

There are challenges unimaginable ahead for mainstream retailers. Hard discounters are their problem of today, but the move to foodservice is steady and sure, and the digital world is evolving in unexpected ways – so the risk may not just be online vendors; it may be that Amazon Echo, with its Alexa personal assistant, just orders everything for people and not from supermarkets at all.

Supermarkets will need all the allies they can get to think through and execute in this brave new world, but they have cut a great road through their allies to stand as they do today. So there are scarcely any allies with the means and inclination to assist.

My advice would be that the first job for supermarkets in the UK is to turn to the supply base and start making friends.





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# TURN AND FACE THE CHANGE

By Jim Butler

The much-missed David Bowie was a man of many talents and an artist possessed of preternatural foresight. It is of course not beyond the realms of possibility that his comprehensive intellectual armoury contained a grasp of the UK grocery retail market. But surely that could not explain that whenever one examines the tumult within the UK supermarket sector, the lyrics to Bowie's 1972 art pop hit, *Changes*, spring to mind: 'Ch-ch-ch-changes/Turn and face the strange/Ch-ch-changes/There's gonna have to be a different man'.

Unquestionably, things are changing in the grocery market. Strongly held convictions about the power of the so-called Big Four (Tesco, Sainsbury's, Asda and Morrisons) and concrete assumptions about the behaviour of British consumers have been ripped apart, never to return. The discounters – Aldi and Lidl – are no longer mere irritants in the eyes of the established retailers. Their combined market share and the fact that they are often grouped as one, single force for low prices, now singles both out as major players. The weekly shop, for so long the bedrock on which so many hung

their analytical hats, has lost its status, as the convenient modern notion of 'shopping more, buying less' gains traction. Online shopping continues to rise, though not necessarily at the pace predicted by those same analysts.

In this post-recession maelstrom, the supermarket chains grapple with one another and themselves and try to weigh up the implications on their short- and medium- term profitability [only the very brave ever seem to contemplate the long-term these days].

Everything is changing and it's changing faster than ever before. Pronounced flux is the defining characteristic. Brand loyalty schemes are being toned down and in-store promotions are being reduced. Arguably the one thing we can reply on is that sensational talk of 'price wars' still dominates most media coverage of the grocery market. But is the UK market still an attractive proposition for sup-

pliers? What about Brexit? Where's the good news?

In fact, does anybody know anything anymore?

Well, first the good news. This is not a downward spiral. According to forecasts by the food and grocery research and training charity, IGD, the UK food and grocery market will grow to be worth £200.6bn by 2020 (a 13% increase on its mid-2015 figures). Indeed, IGD's chief executive Joanne Denney-Finch believes that we're living through a genuine revolution in food retailing. Speaking at the Asia Pacific Retailers Convention and Exhibition conference in Manila last October, she proclaimed change was sweeping through global food retailing.





Ch-ch-ch-ch-  
changes



**“The revolution is so big and powerful, that no-one knows exactly what the future will look like”**



Joanne Denney-Finch, IGD

“The revolution is so big and powerful, that no-one knows exactly what the future will look like,” she said.

“While this is creating the most challenging conditions for food retailers I’ve ever seen, there are many opportunities too. Retailers around the world are responding creatively and starting to build a new future.”

Shore Capital’s retail analyst Clive Black recognises that the industry is going through enormous, rapid and challenging structural change. He believes a number of factors have come together to create this – most notably the changing habits of the modern consumer. “People are eating more food outside the home,” he points out, “which is naturally a big challenge to supermarkets; people are wasting much less food; they’re cutting down their calorific intake and eating more food that is associated with health and well-being. And they’re also shopping in different ways. In convenience

stores, in discount stores and online. All these changes have an impact on supermarkets.”

Fraser McKeivitt, head of retail and consumer insight at Kantar Worldpanel, is another to acknowledge the shifting behaviour of consumers. Big trolley shopping in the expansive out-of-town superstores is slowing down, although it remains a very big and very important part of the market.

“That (customers making less big shopping trips) is the direction the sector is heading in,” he states. He says that money is flowing out of those big supermarkets in three directions. “It’s going online, which the big supermarkets retain, but much less profitably because it costs a lot more money to deliver online. It’s also remaining in the supermarkets, but via basket, not trolley, shops and that brings into consideration the range you need in shops and how stores

should be laid out. And then the third one is the flow of those trolleys towards discount retailers.”

This perfect storm has hit the Big Four hardest.



**“The large supermarket groups not only became detached from their customers they treated them as idiots”**



*Clive Black, Shore Capital*

“I think the big supermarkets know what the challenges are now,” McKevitt says, “but they haven’t yet found the device or the levers to stop that flow of money.”

Black picks up on this point. His analysis leads him to conclude that stronger management at the Big Four – which, lest we forget, still control 75% of the grocery retail sector – is finally paying dividends. “They have realised some of their limitations,” he says. “In addition, some behaviour that wasn’t sustainable or in anyone’s interest, never mind the consumers, has changed, so rather than continuing to open new stores they’ve concentrated on making their existing stores more effective.”

### **Falling Values and Simplification**

One of the biggest challenges facing the UK grocery retail market in 2016 remains falling values. The value of food retail sales continues to fall; in short, that’s deflation. And while that may seem like good news for consumers –

McKevitt notes that shoppers are enjoying a golden period of cheaper groceries with like-for-like prices falling every month since September 2014 – it’s still of great concern for retailers who consequently struggle to grow their revenues.

David Gray, senior retail analyst at Planet Retail, sees some cause for optimism though. Whereas 18 months ago the sector was hamstrung by both falling value and volume – consumers were buying less as well as prices going down – today, volume has risen.

“Shoppers are putting more items in their basket,” he explains. “Which is a better situation than 12 months ago. It’s still a challenging situation, but it’s better.”

So what is driving this rise in volume? Broadly speaking, Gray attributes it to a general improvement in consumers’ financial situation. “The economy isn’t doing too badly,” he suggests, “there’s a bit more confidence. There are of course some uncertainties around – the EU vote for instance – but generally there’s been an upturn in consumer confidence. Which should lead to increase in volume.”

One area where the retailers – the Big Four in particular – have taken positive steps is in simplifying their price proposition. Granted, this has happened in direct response to the discounters entering then winning the so-called price war, but it has led, in Black’s view, to a more honest relationship with the customer.

“Absolutely,” he says. “Because in all honesty the large supermarket groups not only became detached from their customers they treated them as idiots. Those customers, particularly two or three years ago, really needed those supermarkets to have a stronger price proposition because their budgets were under so much pressure. And that’s why they went to Aldi and Lidl.”

The superstore groups, Black believes, thought they were more intelligent; had more customer insight and therefore put forward very complex propositions and tried to fool their customers. Evidence

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of this was extensive coupons and vouchers, promotions between groceries and fuel, lots of promotions, lots of multi-buys and lots of price matching claims. In his estimation, it was behaviour that took some time to change.

“We are in a pattern now where there has been major progress in simplification to reduce the complexity of the proposition to customers,” he argues. “A far more stable, simple and straightforward, and ultimately lower-priced proposition, and also far more simple and cost-effective businesses to support that price proposition and strengthen the balance sheet. So there has been some quite fundamental structural change. I wouldn’t say that the industry is out of the tunnel, so to speak, but there is certainly light at the end of the tunnel where there wasn’t a couple of years ago.”

There seems to be a general shift in where retailers are putting their money then. They’re taking it out of loyalty schemes and putting it into lower prices, which Gray believes is what customers ultimately want. To that end, Sainsbury’s has halved the value of Nectar points and it recently stopped brand matching with Asda (a move that inspired Tesco to announce it would honour any Sainsbury’s Brand Match coupons until June and which prompted one media outlet to claim that Tesco had ‘parked its tanks’ on Sainsbury’s lawn). Morrisons has retained its loyalty scheme, but not its price-matching discounts. And Tesco has cancelled its Clubcard Boost programme, reportedly to the chagrin of a significant number of its legion of customers.

“There is a bit of a margin hit,” notes Gray, “but they are also taking with one hand and giving with another.

A retailer’s main objective is to be profitable at the end of the day. I think there’s a lot of work gone into premium own labels, premium own brands – if you can get consumers to trade up, then you can make a lot more margin on a premium own brand. So it’s not just about a race to the bottom in terms of pricing. Tesco is investing in health and wellness ranges, they’re investing in re-launching healthy lines, [it is] re-launching its Tesco Finest range and trying to get consumers to buy higher margin products.”

But price remains the dominant factor – for consumer and retailer alike – in the sector. Especially when it comes to those everyday staples that shoppers generally know the price of – bread, milk, eggs and the like – where there has been extensive price matching and discounting of



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## OVERVIEW OF UK'S MAJOR SUPERMARKETS

					
<b>Founded</b>	<b>1929</b>	<b>1869</b>	<b>1920s</b>	<b>1899<sup>1</sup></b>	<b>1844</b>
<b>Owner</b>	British	British, family-owned until 1996	Walmart, American since 1999	British, 9% by the Morrison family	Mutual business owned by eight million members
<b>HQ location</b>	Welwyn Garden City, Hertfordshire	Holborn, London	Leeds, Yorkshire	Bradford, Yorkshire	Manchester, England
<b>Total stores</b>	<b>3,535</b>	<b>1,304</b>	<b>525</b>	<b>490</b>	<b>2,800</b>
<b>Store formats</b>	<i>Large stores</i> 250 Tesco Extra 479 Tesco 178 Tesco Metro  <i>Convenience stores</i> 1,755 Tesco Express 873 One Stop	<i>Large stores</i> 597 supermarkets  <i>Convenience stores</i> 707 Sainsbury's Local	c20 Asda Supercentres (85,000 sq ft; 1000 staff)  c210 Asda Superstores (44,000 sq ft; 500 staff)  c295 Asda Supermarkets (100-250 staff)	<i>Large stores</i> 490 superstores  <i>Convenience stores</i> M local's 140 stores all sold in 2015	Expanding small store format
<b>Own stores outside UK?</b>	✓	✗	✓	✗	✗
<b>Total staff</b>	<b>310,000+</b>	<b>161,000</b>	<b>160,000</b>	<b>117,000</b>	<b>62,000</b>
<b>Total grocery market share †</b>	<b>28%</b> (-0.7%, since May '14)	<b>16.5%</b> (-0.1%)	<b>16%</b> (-1.3%)	<b>10.6%</b> (-0.4%)	<b>6.2%</b> (+0.1%)
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## “If Aldi or Lidl had been a publicly listed company, I don’t think they’d still be in the UK”



David Gray, Planet Retail

late. However, the price reduction on everyday items has broadened to include a far wider range of lines, dragging several fresh fruit and vegetable items into the fray.

Gray argues that casting the net wider – in the hope to get customers through the door and then make your margins on premium lines – only makes it more difficult for retailers to make money. “The discounters have come in and really disrupted the market,” he states. “If Aldi or Lidl had been a publicly listed company, I don’t think they’d still be in the UK. They came in to the UK in the early 90s and didn’t deliver their first profits for over 10 years. If that was a publicly listed company shareholders wouldn’t stand for a market entry of 10 years without profits. So in effect they’re reaping the rewards of their ability to take a long-term view. If you look at Tesco in the US, five years, no profit, the plug was pulled. Lidl and Aldi – they’re willing to stay 10 years and get that reward and I think to a degree that’s what they’re getting now.”

Professor Heiner Evanschitzky, chair of marketing at Aston Business School,

believes that the Big Four’s obsession with price has been to their detriment – it is quite simply a battle they can never hope to win.

“Price seems an easy instrument to fix,” he says. “Simply make it cheaper and demand will increase. It’s classic economic theory. However, once competition is put into the equation it doesn’t look that simple any more. It’s a myth that the Big Four can compete on price with discounters due to the very nature of the discounters’ business (smaller lines). It’s impossible for the Big Four to mimic that.”

One of the secrets to the discounters’ success, Evanschitzky believes, has been their ability to re-focus the minds of UK consumers and make price the primary consideration when they go food shopping.

“They (the discounters) have managed to educate the customers in such a way that they now firmly believe that price is the most important factor in retailing. Therefore, the point of comparison will always be the discounter – and there is no way any of the Big Four can beat an Aldi or Lidl on price – no way!”

In its most recent set of grocery share figures (published on May 4 for the 12 weeks ending April 24) Kantar Worldpanel noted that the Aldi and Lidl axis maintained its record share high of 10.4% – with Aldi on 6% and Lidl on 4.4%. McKeivitt predicts that they’ll have 14% market share by 2020, and without the availability of a reliable crystal ball, most would agree right now with his assessment that there’s still room for them to grow.

“There are still some people that won’t enter their stores,” says Gray, “but to a substantial degree they have changed the UK consumers’ perception of a discount store. Aldi has done a fantastic job with its advertising and marketing. It has done a great job in changing the perception

of its products compared to brands and that has had a positive effect for them. It has succeeded in that goal. However, this shift in perception hasn’t come cheap. Aldi has spent more in marketing comparatively than Sainsbury’s in recent years.”

Black adds: “I think it’s fair to say the rate of leakage from the Big Four to the discounters has slowed down. But the discount Genie is out of the bottle and you can’t put it back. Aldi and Lidl are here to stay but their recent growth might start to decelerate. They’ll continue to open new stores but they’re going to have to fight a bit harder for their trade. Whereas two years ago, short of placing their customers in a taxi, the big four were pushing their customers in the direction of the discounters.”

He claims that once customers feel comfortable that the pricing in a superstore has sufficiently narrowed to discourage a trip to a discounter alternative, then other factors come in: choice, ease of parking and of ease of checkout services. “In that respect, moves on price are big pre-conditions to allow the other elements of the superstore proposition to work for the superstore and its customers. All the work that’s being done now will lead to a gradual improvement in superstore performance,” he says.

### Health Check

We are just over halfway through the second decade of the 21st Century and in the middle of the greatest shock to the system the Big Four have ever experienced since rising to prominence in the early 90s, so how healthy are Tesco, Sainsbury’s, Asda and Morrisons?

Tesco remains the largest single superstore group, with 28% of the retail market, followed by Sainsbury’s on 16.5%, Asda with 16% and Morrisons on 10.6%.

Black regards Sainsbury’s as the most stable of these four operators. “It has a

high specification customer base,” he says, “and I think it will continue to plough its own furrow at the higher end of the market.”

Tesco, meanwhile, is engaged in a massive programme of reconnecting with its customers. Black notes that this involves material price investments and simplifications as already outlined, plus major changes to its supply chain and major changes to how its stores are configured. “We expect Tesco to stick to what it was 10 years ago and that is a shop that anyone can shop in when it had broad appeal,” he explains.

doesn’t seem to know where it is at the minute.”

As for the discounters, well, they’re becoming mainstream. They’re offering more premium products – which suggests opportunities to those in the food industry. As McKeivitt puts it, they are no longer solely about being cheap; their message today is all about value.

It’s nothing new to predict that online shopping will continue to grow, but the analysts’s perspective has altered in recent times. Although Gray believes this growth is slowing somewhat, however, he notes it is still the

discovered in trials across the Pond, this brings with it a new set of challenges.

Gray notes: “I think Amazon doing Amazon Pantry makes sense because it’s what Amazon is good at – putting stuff in a box, putting long shelf-life items that don’t need any attention into a box and sticking it in a distribution system. Starting to deliver fresh perishable items is a whole new ball game. The costs are in distributing perishable items because it’s so difficult from a logistical point of view.”

Black shares the pessimism: “We expect Amazon to appear, but we don’t expect it to be in charge of the grocery market in 10 years time or 20 years time.”

So why is Amazon even considering it? For Gray it’s about embedding more customers into the extended Amazon family. “The idea is to build people into the Amazon ecosystem, so you have Amazon Prime membership and then you can use its Pantry service. You can get Movies, you can use all those services... It’s building loyalty and almost creating... the future of subscription services is certainly value.”

## Trends

Health is an important trend. Evanschitzky notes how recent regulations on sugar content (and other unhealthy substances) have brought this to the attention of mainstream shoppers. He thinks supermarkets remain very good at capturing these trends and turning them into business opportunities.

As more people eat out of the home the foodservice sector will continue to grow – both in size and importance. Black expects innovation within this arena to make great strides in the forthcoming years.

Convenience is another key factor to take into consideration. McKeivitt recognises that consumers will



And with Morrisons also ‘going back to the future’ in Black’s analysis, by focusing on the safety net of its idiosyncratic Yorkshire roots as a high service, high fresh food store, it is Asda feels the most vulnerable.

“It feels exposed to Aldi and Lidl at the sharp end of the discount spectrum,” he states. “And the capabilities of Tesco and Morrisons in fresh food is stronger than Asda at the moment. It’s certainly going through a difficult time at the moment – it’s losing market share. One senses it needs to re-find the art of selling, it really

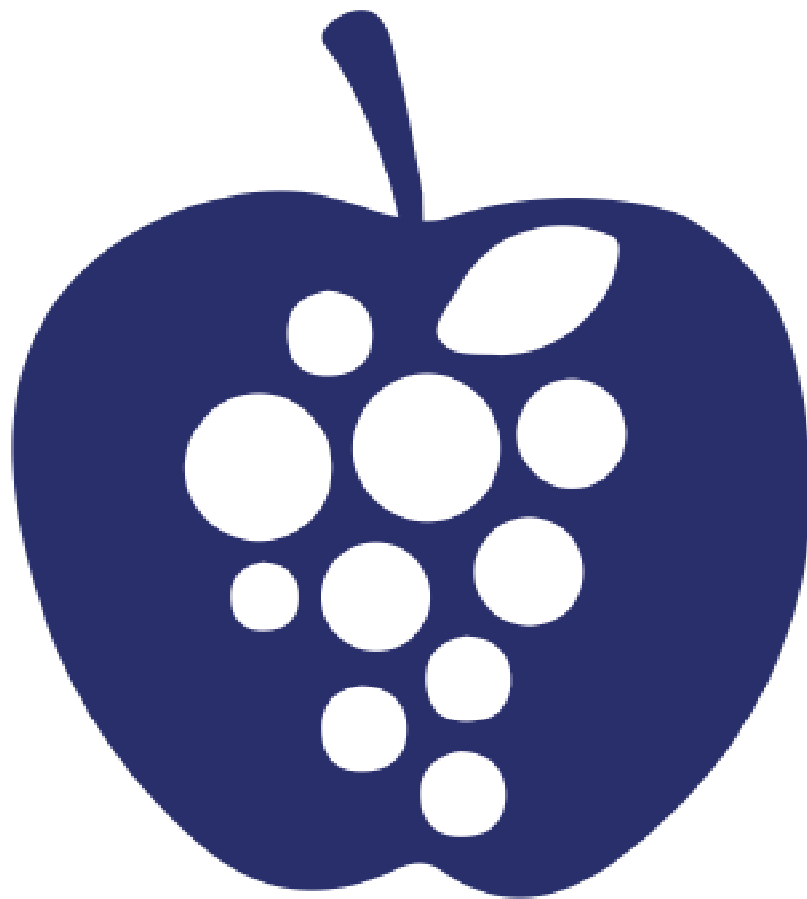
fastest growing area of the grocery market. Of course, this has ramifications for superstore profits – and it’s still proving more cost-effective at this point for superstores to fulfil most online orders – because it costs more to establish dedicated forms of consolidation and distribution.

And then there’s Amazon – the big, fat elephant in the room. Its Amazon Pantry service already delivers long shelf-life items and it is seemingly only a matter of time before this evolves into perishable items such as fresh fruit and vegetables. But, as the behemoth has



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pay a premium for products that are expedient. He explains: “By convenience I’m thinking ready meals of course, but also microwaveable rice, lazy garlic; people will pay a lot of money to have a lot of effort taken out of their life in that way. People are also living in smaller households than they were decades ago which impacts upon how they eat – people are eating on their own a lot more these days so smaller portions, easier to cook portions.”

As the consumer demographic changes, the opportunities extend beyond formats and products. Evanschitzky points to our aging population as a key sector that is being failed by the current retailers. “Someone needs to capture that huge segment and I’m puzzled why no

one does it,” he sighs. “We’ve done research on the elderly that confirms their purchasing power, brand affinity and the like. The market is ripe for a new entrant”

Every analyst Produce Business UK spoke to agreed that the UK grocery retail market should remain an attractive proposition to suppliers, despite the turmoil and challenge. Black even argues the UK market has retained its high-end status and while not the be-all and end-all in terms of international prestige, it remains a vital market in Western Europe.

**“It’s a myth that the Big Four can compete on price with discounters”**



Professor Heiner Evanschitzky,  
Aston Business School

## OVERVIEW OF UK'S MAJOR SUPERMARKETS



Waitrose



Iceland

MARKS & SPENCER

Founded	1913 <sup>2</sup>	1904	1930s <sup>3</sup>	1970	1884
Owner	Aldi Süd, German	John Lewis Partnership since 1937	Schwarz, German	British	British
HQ location	Atherstone, Warwickshire	Bracknell, Berkshire	West London	Deeside, Flintshire	Paddington, London
Total stores, UK	620	346	600	860	852
Store formats	15,000 sq ft stores as standard	Average 20,000sqft, also have 60 convenience stores	Lidl Lidl Express	Medium sized stores, principally focused on frozen foods	Large stores - wide range of food and non food items; smaller Simply Food stores
Own stores outside UK?	✓	✓	✓	✓	✓
Total staff	28,000	91,500 (inc 46 John Lewis)	17,000	23,000	83,069
Total grocery market share †	6% (+1.3%, since May '14)	5.2% (+0.1%)	4.4% (+0.9%)	2% (n/a)	n/a
Website	aldi.co.uk	waitrose.com	lidl.co.uk	iceland.co.uk	marksandspencer.com

1 Morrisons' began life as a market stall in 1899; its first shop opened in 1958

2 Aldi entered the UK in 1989

3 Lidl entered the UK in 1994

† UK Grocery market share Total Till Roll figures (Source: Kantar Worldpanel, 24 April 2016)

This information is correct as at May 2016 subject to the accuracy and currency of publicly available data sources including company websites



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**“There are still plenty of opportunities out there. Classic marketing done right will still bring great results”**



*Fraser McKevitt,  
Kantar Worldpanel*

“In the next 25 years there’s every prospect that the UK will be the largest single [European] population, outside of Russia,” he says. “Therefore the market will need supplying. Other countries aren’t reproducing at the same rate – population is falling. That is not the case in the UK.”

McKevitt concurs: “The take home grocery market in the UK is worth about £104bn, and although the overall market might be sluggish it doesn’t mean there aren’t categories within it that aren’t performing well. And certain brands are doing well too. There are still plenty of opportunities out there. Classic marketing done right will still bring great results to people.”

Gray argues it’s about the Big Four acclimatising to the new normal. Previously they could count on overall profit margins as high as 5% – much higher than on the Continent. Since the arrival of the discounters there has been a reset of what can be achieved, he says.

In concluding though, Evanschitzky is prepared to stick his neck out: “We’ll still have four big chains in 20 years, the market share of discounters will have reached a natural saturation (perhaps around 20%) and 1-2% profit margins will be the new normal for the Big Four. There’ll be a sizeable up-market niche with considerably higher margins. As so often in business, the ‘middle’ is the largest, but least profitable segment.”

So as long as retailers adapt to changing consumer behaviour, adjust to lower profit margins, find ways of making online shopping profitable, reconfigure stores to allow for smaller, more convenient shops, resist the temptation to fixate on price and simplify their offer all will be fine.

Get all that right and retailers of every hue can, like our dear old friend, Mr Bowie, be heroes too.



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Mystery Shopping Report  
**May 2015 - April 2016**

Published for the London Produce Show  
and Conference 2016

# Contents

Background	27
Aims of the Project	28
Methodology	29
Key Findings and Observations by the research Team	30
The overall winner is M&S	30
Observations made by the Researchers	33
Performance over time by Retailer	34
Improvers & Non-Improvers	34
Cumulative Performance on Aspects Measured	36



## Background

In April 2015, England Marketing was commissioned by ProduceBusinessUK.com (PBUK) to undertake a year-long programme of mystery shopping around the UK.

It is generally recognised that the fresh produce supply chain does a great job of delivering top class produce to the country's major supermarket chains. Once that produce is in the hands of those customers, however, this industry is reliant upon them to maintain the quality of those fruit and vegetables, and through attractive displays, effective staff knowledge

and overall good customer service, support the growth of the category.

The vast majority of the fresh produce sold in the UK is marketed under the retailers' own banners, rather than private brands, which means that fresh produce suppliers have relatively little control over the way that their customers present their produce once it is in store. There is therefore a significant onus on supermarket operators to do as much as they can to encourage consumers to buy more fresh produce, to eat the national recommended guidelines of five portions of fruit and vegetables

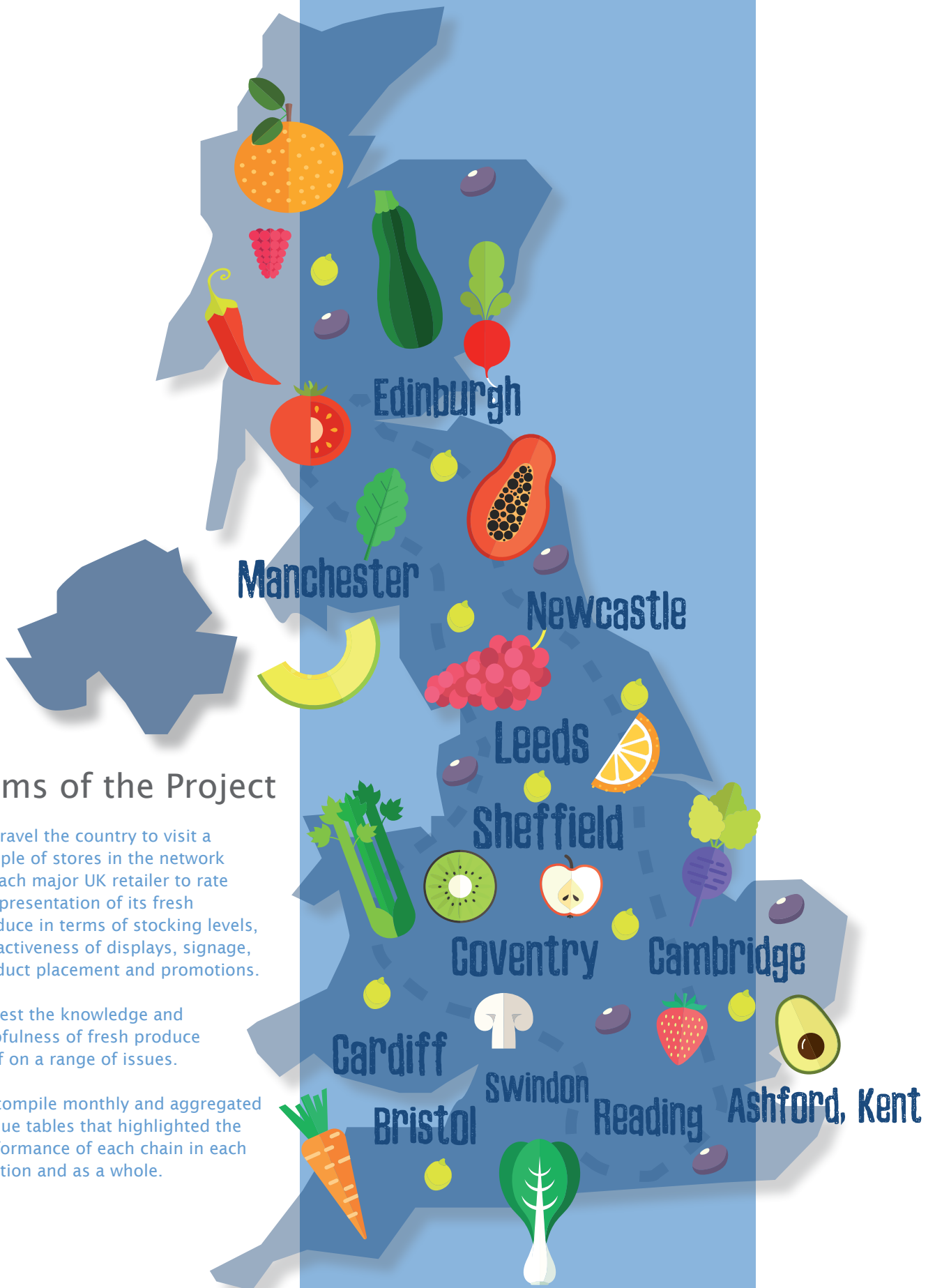
a day and, of course, to tackle some of the serious health issues the nation faces by facilitating a propensity towards healthier eating.

While on-shelf price has undoubtedly been the primary focus of the supermarket sector in recent years, this research did not wish to compare stores on price, as that tends to be the focal point of many other research projects. Instead, we looked beyond the price to what we considered to be the most important elements of the in-store offer.



*'...As Consumers as well as researchers we are very discerning...'*





## Aims of the Project

To travel the country to visit a sample of stores in the network of each major UK retailer to rate the presentation of its fresh produce in terms of stocking levels, attractiveness of displays, signage, product placement and promotions.

To test the knowledge and helpfulness of fresh produce staff on a range of issues.

To compile monthly and aggregated league tables that highlighted the performance of each chain in each location and as a whole.

# Methodology

England Marketing and PBUK agreed on a list of monthly visits to 12 UK locations in key geographical regions of England, Scotland and Wales. These were as follows:

Location	Month
Cambridge	May 2015
Leeds	June 2015
Bristol	July 2015
Swindon	August 2015
Coventry	September 2015
Sheffield	October 2015
Ashford, Kent	November 2015
Reading	December 2015
Cardiff	January 2016
Manchester	February 2016
Edinburgh	March 2016
Newcastle	April 2016

During each visit, two researchers visited each store and came to a joint decision on the ratings after exiting the store. Whilst there is inevitably some level of subjectiveness in some of the judgements, the principal aim was to build in a consistency of measurement across the year that ensured a fair assessment of each store in each location, as well as each store group across the piece.

The scores that each store received for each of the individual elements were aggregated to provide an average score per store each month. We produced a report on the location visited, some commentary on the key findings and, as the project developed, we also began to deliver a cumulative analysis.

The findings were fascinating and you can access the entire year's worth of archived reports at <http://www.producebusinessuk.com/more/produce-mystery-shopper>.

This is the final report.



England Marketing devised a ratings sheet (Appendix 1) to grade the following aspects of each store on a scale of 1-5

<b>Vegetables</b>
Well stocked
Attractive display
Effective promotions
Style of packaging
Range of produce
<b>Fruit</b>
Well stocked
Attractive display
Effective promotions
Style of packaging
Range of produce
<b>Promotions</b>
Number of Gondolas
Range on Aisle End
<b>The Store</b>
Appeal of Signage/Instore Message
Fresh produce stands out
Cleanliness in-store
Cleanliness outside store
Helpfulness of staff



## Key findings and observations by the research team

Our research team started out on this project with a good base knowledge of the leading retail chains and their fresh produce offers. But having travelled around 4,000 miles to reach the 12 towns and cities and visit one sample store from each of the top nine grocery retailers in all of those locations, we have added a huge amount to that core knowledge base and seen examples of the best and worst of the supermarkets in terms of their approach to fresh

produce. Happily, we'd say that the best far outweighs the worst.

### **Overall Winner - M&S**

Marks & Spencer pipped Morrisons at the post in the final reckoning with a final aggregate score of 4.0 compared to 3.96 for the long-time leader.

As you might expect, analysis of the scores illustrates that M&S achieved the best overall scores by achieving good, consistent scores

across all 16 aspects measured.

We don't feel that there was any inevitability in this outcome. Despite M&S having a reputation for being high-end and a good fresh produce offer, the fact that we measured performance nationwide, as well as against so many different criteria meant that every chain was able to perform well in certain months – depending on the approach of each store.

Indeed, Morrisons was top of the table on several occasions in the first few months, and at the halfway mark of the research, would probably have been seen as the favourite to top the final table. Waitrose also performed better in the first half, but a combination of a drop-off in the performance of Morrisons and Waitrose with M&S coming out of the pack and maintaining its own performance better across the geographical regions meant that the London-based chain emerged as the front-runner as the race entered the finishing straight.

It was all rather close when it came down to the line.

retailers, as its stated aim has been to focus on convenience stores, and nearly all of the city centre stores were small format convenience stores. However, in the overall scheme of things, despite the limitations of their small size and low scores on the range of fresh produce available, they generally did as well as Aldi and Lidl on stock levels, and so we felt that it was legitimate to incorporate the scores in the overall analysis to give a fully rounded view of the marketplace.

Whilst Waitrose performed well in 3 of the locations, its performance was quite inconsistent and what let it down most was the fact that the shelves were not always well

relatively large proportion of shelf space given over to fresh produce.

Tesco, similarly dedicates a good amount of space to fresh produce, but its scores fell down as the shelves were not always as well stocked as we felt they should be, and its promotions were not particularly imaginative or appealing.



Maybe it is down to staffing levels, or perhaps it is just proving too difficult to keep up with demand in the larger format stores, but it is an easy conclusion to draw that if there was more capacity to ensure that the shelves were stocked to meet day-round demand, it may well be possible to sell more produce and allow the great British public more opportunity to buy and consume their 5-A-Day.

store	Aggregated Score
M&S	4.00
Morrisons	3.96
Waitrose	3.95
Asda	3.88
Tesco	3.84
Sainsbury's	3.74
Lidl	3.32
Aldi	3.30
Co-op	3.23

Interestingly, when we look at the scores by region, there was no demonstrable pattern; for example it might have been reasonable to expect higher scores for Asda and Morrisons in their Northern heartlands, but this was not the case and on the other side of the coin, Waitrose was not a stronger performer in the South compared to the North.

While there were times when the research team felt that the Co-op perhaps didn't deserve to be measured against all the other

stocked. We would ask whether this is a function of Waitrose's customers being extra-demanding for the wide range of fruit and vegetables on offer or just that they don't have enough staff to keep up?

Sainsbury's only came out top in one month, in Ashford, Kent.

Otherwise its performance on being well stocked and running effective promotions was surprisingly average, considering that Sainsbury's generally has a



We'd say that it appeared that most of the retailers have consistent policies across stores for stocking, promotions and displays. But we took in the whole stores during our visits and this seemed to be more evident with ambient products than fresh produce, where there was notable inconsistency.

With the questions we asked each month, we found that the fruit and veg staff on the shop floor were not always particularly knowledgeable about the products they were handling, or some of the issues that customers might enquire about. This can of course be simply down to the individual who was questioned, and therefore varies

enormously between locations and stores. But one of the worst when being questioned about where waste produce goes was Sainsbury's, whose representative said it all goes to landfill - hadn't that member of staff been educated in this important area, or even read their own website? On the other hand, Sainsbury's staff did perform well at times - one fruit and veg manager even managed to persuade the researcher to buy organic and non-organic tomatoes to taste the difference!

Given that there is so much in the press about the health benefits of fresh produce, pesticides, organics, British produce and so on, we feel

sure that the fruit and veg staff must get asked about these points and for the most part they were not very well informed. Whilst the more helpful of them offered to go and find out, we feel that the retailers, perhaps with the support of the suppliers, could be doing a lot more to make sure their staff are educated and give their shoppers accurate information on fruit and veg in order to encourage greater sales.

### Our 5 Key Recommendations

- Retailers would be well served if they could convey the same amount of enthusiasm about their displays and promotions of fresh produce as they seem to manage for branded ambient products. More creative, better-designed and targeted and clearer point-of sale displays and messaging could bring back a sense of theatre to the produce aisles.
- There is a clear need to ensure that shelves are well stocked throughout the day and replenished regularly. Ensuring this of course adds to the attractiveness of displays, and will drive people to respond to persuasive promotions.
- Serving ideas are still few and far between - there is more scope for retailers to educate their customers



*'We hope our findings influence the fresh produce industry to work closely with retailers to deliver an even better proposition of fruit and veg, to encourage the British public to eat more healthily.'*

*Jan England - England Marketing*



at the key purchasing moment - while they are in store, rather than to rely on the external influences such as TV and magazines to drive sales.

- Each chain has clear areas where it can improve. None were able to show that their stores in different regions could maintain the level of consistent performance that is required for a branded chain to live up to the core values it espouses and the reputation it wishes to uphold with its customers.

- While some in-store colleagues were able to answer our questions well, every produce team member is an extremely important representative of the fresh produce industry. They are truly on the front line when it comes to consumer education and the lack of informed comment was quite disturbing at times. Staff training is one area that can certainly be stepped up, both to improve their ability to keep the produce aisles looking great and to enable them to “fly the flag” for fresh produce by offering customers accurate and purchase-informing advice.

**Observations**

- There has been a tangible increase in the prepared ranges over the course of the year; for example Tesco and Asda have launched 5-A-DAY snack packs and Aldi, Morrisons and Tesco have launched “make your own” soup packs.

- Innovation also seemed to noticeably increase across the year, with good examples being the introduction of mixed berry packs and ranges of cut fruit and

Month	Monthly winner
May 2015	Morrisons
June 2015	Waitrose
July 2015	Morrisons
August 2015	Morrisons
September 2015	Morrisons
October 2015	Asda
November 2015	Sainsbury's
December 2015	Waitrose
January 2016	M&S
February 2016	M&S
March 2016	M&S
April 2016	Waitrose

*The Monthly winners - above*

vegetables to eat on the go, as evidenced in Sainsbury's, Tesco and M&S.

- Asda seemed to lead the way around the country in terms of its offer of different pack sizes suitable for different household sizes and meal occasions. Also, Asda, in almost all stores, was particularly good in supplying exotic fruit and vegetables. However, its staff were not always that well informed and our researchers felt that this could be a drawback when it comes to increasing sales of these items.

- “Mini” vegetables seem to have taken off, with mini courgettes and mini leeks to name but a couple.

- While innovation is of course geared largely to generating additional sales, it also therefore

veers towards encouraging people to eat their 5-A-DAY and that was in evidence on shelves around the UK. This is important, as a recent survey conducted by England Marketing found that the number of portions of fruit and vegetables eaten per day still hovers around 3.5 mark.

- While not wishing to perpetuate a stereotypical view of the country that many would prefer to ignore, the research team did generally find a correlation between the friendliness and approachability of fresh produce staff and how far north they were in the country. Every group scored better for staff in the northern cities than in the south.

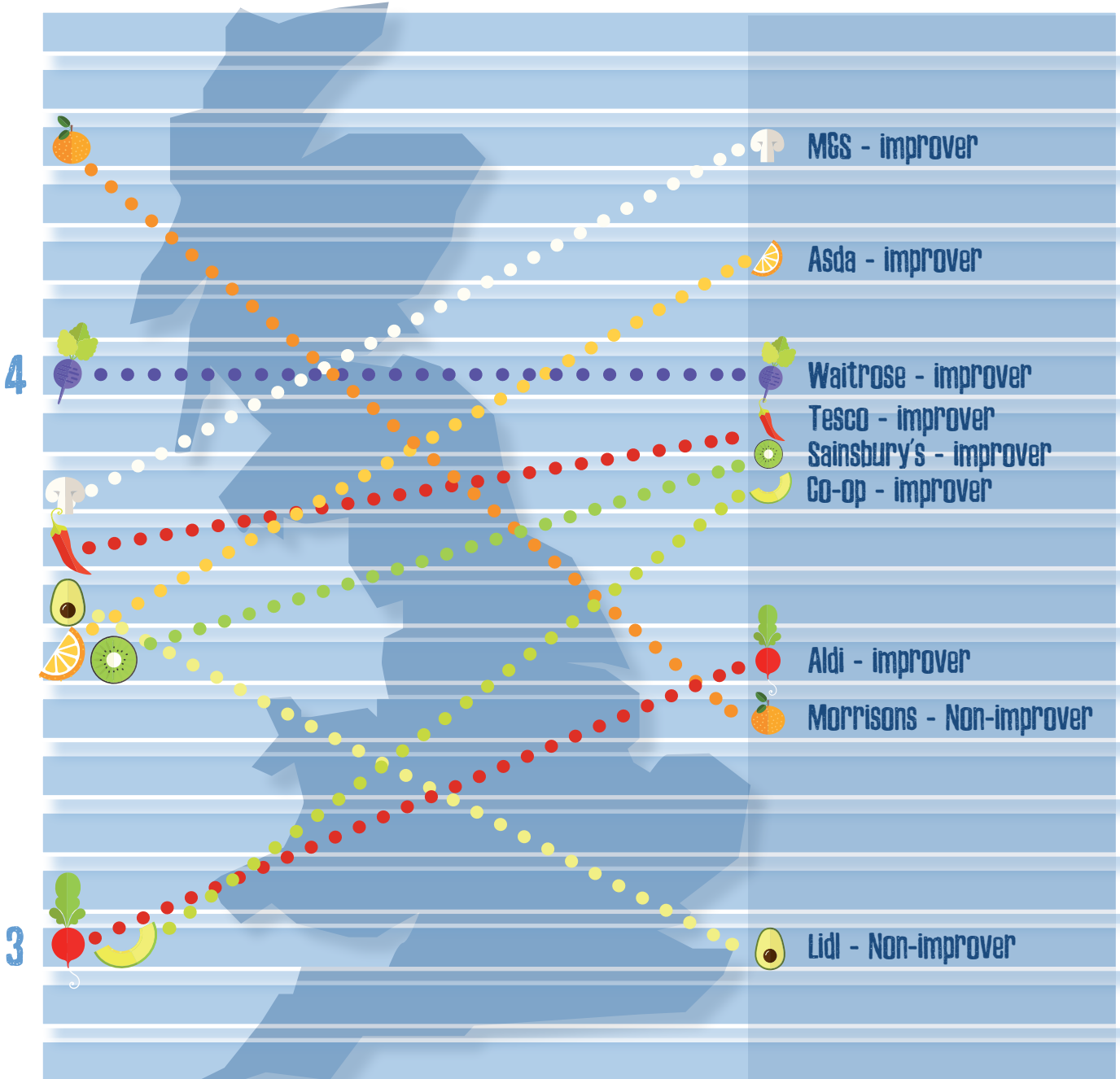


**Performance over time by Retailer**  
 Taking the monthly aggregate score for each retailer and plotting a trend line, we can see that all retailers except Morrisons and Lidl showed some improvement over the 12-month period, albeit that Tesco and Waitrose had the most imperceptible upward trends.

Morrisons, although second overall, declined significantly from October onwards. Although the Bradford based chain still managed to come a close second to M&S overall, its performance was heavily skewed by the positive start to the year. It is the one retailer that showed a marked trend of decline over the

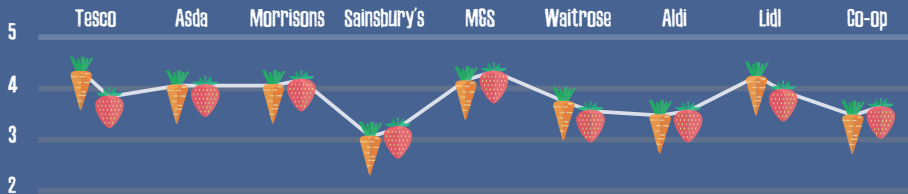
12-month period, which perhaps reflects negative coverage in the media over the same period about Morrisons performance.

**Improvers and Non-Improvers**

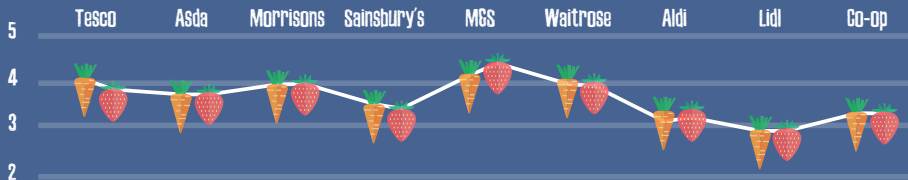


# Cumulative Performance on Aspects Measured

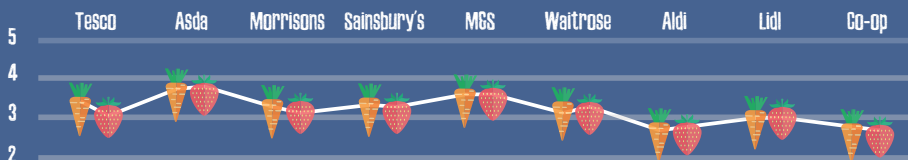
## Well Stocked Rating



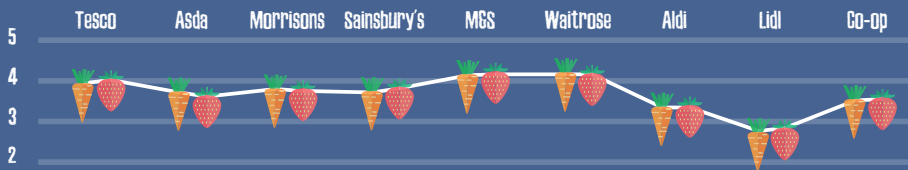
## Attractiveness of Display



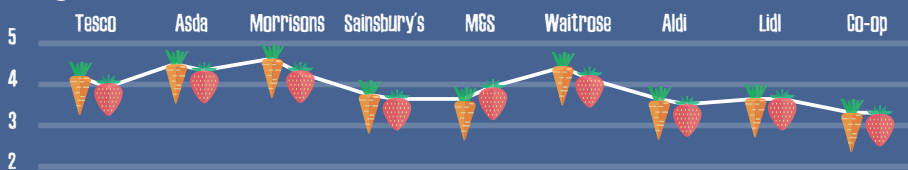
## Effective Promotions



## Style of Packaging



## Range of Products



*'After 12 months of travelling the country, it's very clear that there is some way to go in increasing the appeal of fresh produce...'*



M&S, Tesco and Lidl scored highest at keeping their shelves well stocked – this was interesting as they are all three at different stages of the retail spectrum and the findings reveal that it is equally viable to be well stocked at the premium and discount ends of the scale.

M&S has had the most attractive on-shelf displays. This is an area

where we were surprised most by the poor performance of Sainsbury's, which was outshone by Asda and M&S consistently delivered what we considered to be the most effective in-store promotional initiatives for produce.

The general style of packaging was best in Waitrose and M&S, which is no great surprise given their premium-end status. Asda,

Morrisons and Waitrose tended to have the widest range of produce in all stores; the researchers found more exotics and unusual vegetables in these stores, though the perceived ability to market them effectively to the customer differed.

Morrisons takes a slightly different approach to aisle ends, and probably because of this, achieved the highest rating for the range of produce on display. Asda and M&S were consistently higher scoring on their aisle ends as well.

Gondolas, the moveable displays that customers can walk around, have declined during the research period and seem to be largely dedicated to flowers and herbs.

In terms of how well the fresh produce section of the store

stood out and was easy to find, both Morrisons and Sainsbury's always scored highly. Asda just took the 'prize' for the best signage, but Sainsbury's and Waitrose were close behind.

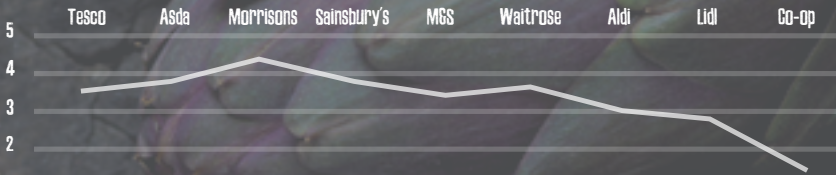
Tesco's recent foray into farm-based brands came right at the end of our research period and therefore had no impact, but initiatives such as this might mean that this particular research category may see some changes in the next 12 months.

M&S, Sainsbury's and Waitrose were consistently the cleanest stores both inside and out, which was in our view one of very few categories that may have been entirely predictable before the research took place.

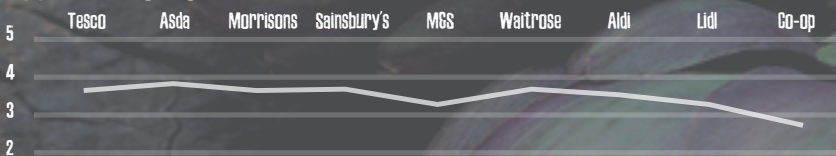
Waitrose, M&S and Sainsbury's also had the most helpful and best-informed staff throughout the year, though every chain showed a degree of inconsistency across its network.

### Final aspects measured

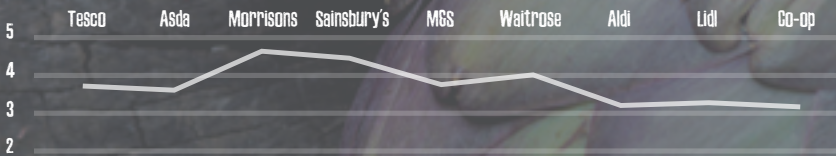
#### Rating of range of aisle end



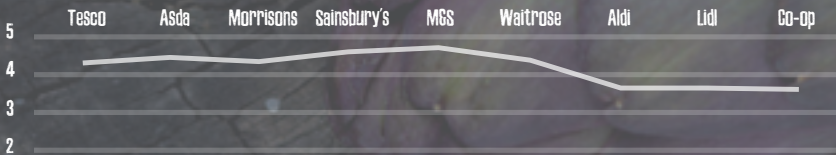
#### Appeal of signage



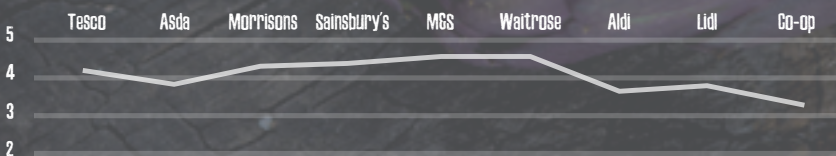
#### Fresh produce stands out



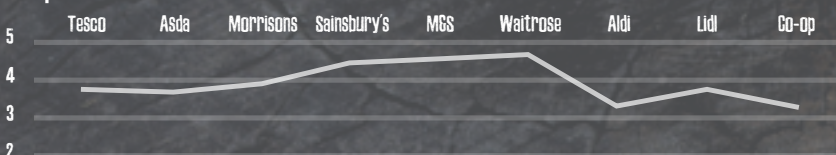
#### Cleanliness in store



#### Cleanliness outside



#### Helpfulness of staff



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# THE STATS BEHIND THE STORIES

Producebusinessuk.com updates its readers every four weeks on the latest retail figures. Here is the most recent update, from early May, to give you a flavour of what's happening in the market – go to [www.producebusinessuk.com/insight](http://www.producebusinessuk.com/insight) for your regular statistical fix.



## Asda's disappointing run continues; its share of the marketplace is 16%



Fraser McKevitt,  
Kantar Worldpanel

### Following relatively buoyant growth of 1.1% (boosted by an early Easter), the UK grocery retail market has slowed.

Sales were up just 0.1% year-on-year in the 12-week period ended April 24, 2016, and the slump was mirrored across every major supermarket.

All of the major UK grocery supermarkets have posted a decline in their sales, notes Kantar Worldpanel, with the situation not being helped by falling prices, as grocery inflation remains at -1.5% and the price war shows no signs of going away.

“Consumers are enjoying a golden period of cheaper groceries, with like-for-like prices falling every month since September 2014,” reveals Fraser McKevitt, head of retail and consumer insight at Kantar Worldpanel.

“Nearly two years of falling prices means the average household is spending £78.10 a week at the supermarket, so consumers have saved more than £400 annually than if prices had risen at the same rate as the last decade.”

### Promotions down

At the same time, McKevitt points out that yet lower prices are not the result of more groceries being bought on promotion.

“In fact, promotional levels fell in the last year – in the past 12 weeks 38.5% of spend was on promoted goods, a decline from the 39.8% last April,” he says. “Retailers are aiming for simplicity in their pricing and only a quarter of promotional spend is now through multi-buy deals – a 24% drop on last year.

# FIVE YEARS



The Potato market remains the **largest produce sector**, however it has been joined in the £1bn club by the Berries+Currants market.

## WHAT ARE THE LARGEST LINES IN THE PRODUCE MARKET?

Potatoes remain the largest type, however Berries+Currants are a very close second

1. POTATOES £1.1bn
2. BERRIES+CURRENTS £1.09bn
3. APPLES £861m
4. TOMATOES £711m
5. BANANAS £561m

“This change has been evident across every grocer but most notably at Sainsbury's, where only 7% of deals are now multi-buys. Straight price-cut deals tend to offer greater discounts, so shoppers will see these as a welcome benefit across the market.”

# IN PRODUCE

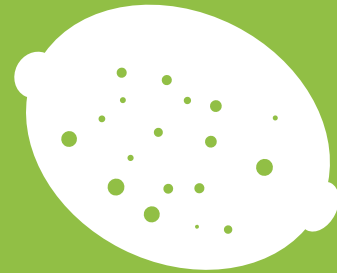
■ FIVE YEARS IN PRODUCE  
KWP Data Ending 27th March 2016



**Berries+Currants** have gone from strength to strength, now **valued at over £1bn**, predominantly driven by Blueberries growth.



**Avocados** have **more than doubled in value over the past 5 years**, helped by growth in shoppers and increases in frequency.



**Lemons+Limes** have seen the **highest growth over the past year**, but over 5 years, Avocado and Kale are two of the top 5 performing.



## OVER THE PAST YEAR, WHICH PRODUCE LINES HAVE SEEN THE HIGHEST GROWTH?

Year on Year value growth.  
£1 million minimum spend in both periods.

1. LEMON+LIME +44.5%
2. FENNEL +44.3%
3. DATES +38%
4. SWEET POTATOES +37.4%
5. KALE +36.7%

## OVER THE PAST 5 YEARS, WHICH PRODUCE LINES HAVE SEEN THE HIGHEST GROWTH?

Year on Year value growth.  
£1 million minimum spend in both periods.

1. BEAN SPROUTS +366.2%
2. KALE +241.9%
3. GINGER +168.8%
4. AVOCADO +161.1%
5. SHARON FRUIT +147%

## Purchasing flat

Kantar Worldpanel says volume growth has not been robust either, with the modest increase (on a per household basis) recorded in 2015 and 2016 to date, having disappeared.

Purchasing levels are now flat, according to McKeivitt, which means only the increase in the number of British households is sustaining the

overall market volume growth of 1%.

“Individual households have stopped increasing the amount of groceries they buy and while it is tempting to correlate lower volumes with the uncertainty surrounding the European Union referendum there is no evidence that supermarket purchasing has any significant link with consumer confidence,” he explains.

## SUPERMARKET WINNERS

**With the market flat, the battle is all about retailers' share. The recent winners on that front are Lidl, Aldi, the Co-operative and Waitrose.**

KANTAR WORLD PANEL

THE STATS BEHIND  
THE STORIES

An average family buys fruit

66  
TIMES A YEAR



An average family buys vegetables 77 times a year

## Lidl & Aldi

Lidl is leading the way, although Aldi is not far behind. Both have maintained their combined record share high of 10.4% which they first reached last month, and Kantar Worldpanel says it's looking likely they'll reach 14% by 2020.

Lidl was the fastest-growing retailer over the latest 12-week period, with sales up by 15.4% to £1.12m, as shopper numbers increased by 648,000.

At Aldi, sales were up by 12.5% to £1.53m. The discounter added an additional 732,000 shoppers in the last 12 weeks – more than any other retailer.

## The Co-operative Food

Against the difficult market backdrop, the Co-operative's renaissance continues; growing its sales by 3.3% year-on-year to £1.57m.

The Co-op's market share has risen to 6.2% as refurbished stores and an improvement in range has meant shoppers are visiting more frequently and spending more per trip.

## Waitrose

Waitrose also gained market share this period, up by 0.1% to 5.2% on the back of 1.5% sales growth to £1.32m.

## Big Four struggle

It was a different picture for the biggest retailers, however, with the latest 12-week period marking the first time that each of the Big Four supermarket operators has simultaneously witnessed a drop in sales since April 2015.

## Sainsbury's

Sainsbury's was still the best-performing retailer, although its sales fell back by 0.4% [to £4.1m] – the first time it has dipped into decline since July last year. It still retained its 16.5% share of the market.

“While not growing market share, Sainsbury's will be happy enough to retain its position as the best performing Big Four supermarket for the 10th consecutive month, with market share stable,” McKeivitt explains.

## Tesco

Sales were also down at Tesco, by 1.3% to £7.12m, which McKeivitt claims is reflective, in part, by its store disposal programme.

## Morrisons

Likewise, Morrisons is still feeling the impact of having less store space than last year – this period sales were down by 2.6% to £2.69m.

## Asda

And Asda's “disappointing run” continues, says McKeivitt. Asda now commands a 16% share of the market, down from 16.9% thanks to a sales fall of 5.1% to £4.07m.

## Inflation update

Kantar Worldpanel puts grocery inflation at -1.5% for the 12-week period ended April, 24 2016 – the 21st consecutive period of grocery price deflation.

This means shoppers are now paying less for a representative basket of groceries than they did in 2015.

Falling prices reflect the impact of Aldi and Lidl and the market's competitive response, as well as deflation in some major categories such as fresh and processed pork, butter, and crisps.







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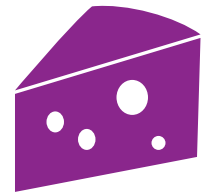
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# FOUR THINGS THAT HAVE DISRUPTED ASDA



Asda's cheese  
got moved

By Bruce Peterson

With Asda singled out on page 38 as being the most vulnerable of the Big Four to the discounter challenge, we asked Bruce Peterson, the former senior vice president of perishables at Walmart Stores, Inc, for his take on the recent performance of the northern-based supermarket group

Much has been written in the past 24 months or so regarding the performance of Asda. Once thought of as a “retail darling” of the UK, Asda’s recent financial performance has caused many to wonder “what happened?” Year over year sales have been underperforming and bottom line contribution has missed expectations.

Despite my background, I certainly can’t claim to have any “insider knowledge” of the inner thinking of the company, or its parent Walmart. But observing both organisations from the outside, and tempering that with the experience I had while working with Walmart, I can offer some tangible explanations of how I feel they have got to where they are now. And I would suggest that studying Asda would also give insights to what is happening to many retailers, both in the UK and elsewhere around the world. In no specific order, I think the issues come down to:

- Arrogance
- Losing sight of their core value proposition
- Their “cheese” got moved
- New competitive channels of distribution

Using the word “arrogance” would



Bruce Peterson – Peterson Insights, USA

suggest high criticism of Asda, but that’s not the intent.

## Arrogance

There is a fine line between “confidence” and “arrogance”. Asda’s management had earned the right to be supremely confident in how they ran their business. They had successfully competed against the best retailers that were in the UK, and in the case of Tesco, one of the best retailers in the world. They had gone from being a dairy company to holding the #2 retail market

share position in the UK. They ran outstanding stores, they had engaged associates, and offered a compelling consumer value proposition.

However, I recall a story that was told to me about Sam Walton. I was told that the biggest fear that Sam had was the SUCCESS of the company! Now this may seem counterintuitive, but Sam’s worry was that it is often the case that the decisions that are made within a company get WORSE as the company achieves success. This is primarily because you can make a bad decision in a position of strength and not immediately impact the company’s performance, whereas if you make a poor decision when the company is struggling, it has every chance of becoming fatal!

This is where arrogance can creep in. I remember sitting in a room, having a beer, with the then chief executive officer of Asda along with several of his senior managers. I was with my boss, and several of my direct reports. Asda’s CEO told the group that Walmart was fortunate to have acquired Asda because now Asda could show Walmart how to run food! Now after giving careful consideration to the career impact of punching out one of our division’s leaders, I remember thinking just how good

**“The biggest fear  
that Sam Walton had  
was the SUCCESS of  
the company!”**

these people THOUGHT they were! And I would suggest that any time that the leaders of any company get focused on their perceived strengths, instead of constantly challenging themselves to learn and get better, they begin a slow slide to facing a challenging future.

No one is “bullet proof”. If you’re successful, sooner or later, that feeling of arrogance will catch up with you.

## Lost sight of core value proposition

Asda grew its business the way it did because of a very simple consumer value proposition. *WE Sell For Less!* The ‘That’s Asda Price’ pocket tap became synonymous with consumers saving money.

But it’s very easy to lose sight of that. With hindsight, one of the bad things about being acquired by Walmart was that it created a capital structure to explore other businesses. The main one of note was the “George” clothing brand in Asda’s stores and supercentres. Both of these things were exciting to Asda because they allowed it to expand its focus into general merchandising. While this grew revenue quickly and presented new retail experiences for UK shoppers, it also did two other things. It took the focus away from what had made Asda successful and it increased the expense structure.

This approach would have been fine if all things had stayed the same in the marketplace. But it didn’t take into account what would happen if someone moved Asda’s cheese!

## The “cheese” got moved

In the ‘90’s, a very popular business book was “Who Moved My Cheese”, by Spenser Johnson. The gist of the book described the turmoil that occurs when a company has a working business model for the current marketplace, but sees that model come under pressure

when the market changes.

As you can read elsewhere in this guide, the UK marketplace came under dramatic assault from the recession-fuelled rise of Aldi and Lidl at the discount end of the market. This put Asda in a difficult place. It no longer had an expense structure that allowed it to be the retail price leader in the market and still maintain the margins it required to sustain profitability. Not only that, but Waitrose was simultaneously making hay at the upper end of the market. So at the other end of the scale, Waitrose took command of the high margin, convenient shopping experience. With the proliferation of the Supercentre format that had worked so well in the past, Asda now had stores that were no longer inexpensive and were not necessarily seen as the convenient places to shop.

If that wasn’t challenging enough, bricks and mortar retailers have come under a new threat from the ever-tough challenge of distribution.

## New competitive channels of distribution

If the deep discounters such as Aldi and Lidl were challenging enough with their low operating costs, the internet wreaks havoc with bricks and mortar retailers.

A consumer now has the ability to shop a virtually unlimited assortment and have a retail price attached to that assortment that is very attractive. One of the beauties of a Supercentre format was that it was a “one stop shopping” experience. This can be very attractive to people who have busy lives and don’t want to spend time shopping from store to store. But, for many modern consumers the internet represents the ultimate in convenience.

The challenge to Asda and other retailers, is that the consumer now has several different channels to obtain the products that were once only offered at your preferred retail

store. You might call this “death by a thousand cuts”.

One of the best examples of this happening to other sectors is music. I have the opportunity to guest lecture at a number of universities, and one of the first questions I like to ask is when the last time you bought a CD was? Naturally, no one can remember! It’s all downloaded. So now, all of the revenue and margin that CDs used to deliver at a retail store is gone. Take this same thought process and consider the huge array of products that you once bought at a store, and now you get through other channels.

All of this adds up to a challenging time for Asda. But these challenges are not isolated to them by any means. Retailers all over the world are facing many, if not all, of these very same challenges. Frankly, I would bet on Asda as opposed to some other retailers, to be able to cope with these issues and restore its performance levels because Asda has an historic foundation of binding together to overcome challenges.

Maybe it’s a geographical thing, or maybe it’s just the nature of the people who have run the business, but I’ve always felt that Asda has always had an “us against the world” mentality. I believe this cultural attitude will help them to do the necessary things to remain a retail force in the UK market.

## Bruce Peterson –Peterson Insights, USA

Bruce Peterson is now president of Peterson Insights, Inc., a consulting company he founded to specialise in helping fresh food companies successfully navigate through a wide variety of complex challenges.





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# PRODUCE CENTRAL TO RETAIL GROWTH



By Chris Cowan

**The British retail produce market is worth more than £11 billion annually, making it larger in sales than dairy products and only second to alcohol among the grocery sector's 'super' categories. Chris Cowan of Kantar Worldpanel analyses recent performance and looks to the future**

During 2015, sales of wholehead/unprocessed fruit overtook wholehead/unprocessed vegetables for the first time and now the two sides of the produce coin represent £5.1bn and £5bn respectively. The processed side adds a further £1.2bn (but this excludes 'on the go' fruit).

Despite often negative press surrounding the nation's inability to reach its recommended daily intake target of 5 A DAY, produce is unique in being the only category bought by 100% of the population. Brits, on average, make a shopping trip featuring fruit or veg every 3.5 days.

One of the ongoing 'myths' being perpetuated by the national press is that British shoppers are drastically changing their shopping behaviour. Things have changed, that much is true. But over the last five years, the average shopper has increased how often they shop by about 4%, which is the same amount that they have reduced

their basket size by. The two balance each other out and when put into the context of an evolving population, I would argue that there is really very little difference one way or the other.

What about convenience?, I hear you cry. Once again, it's true that the convenience channel has picked up in the last year, but our data still suggests that the consumer is doing a 'main shop' every 13 days or so. One thing that has changed is that they are increasingly doing that main shop away from the largest superstores.

The leading beneficiaries of that trend are the discounters and in the produce category and everywhere else, when it comes to the retailers, I'm sure you'll be reading elsewhere in this guide that the clear hot topic on the minds of the industry is Aldi and Lidl. The two retailers overindex in produce, pushing 14% market share versus their overall grocery share of around 10%. Both have seen strong absolute growth in line with greater numbers of store openings but both have also made a good call in putting produce at the heart of their offers. Aldi has hit the right notes with its "Super 6" marketing campaign, while Lidl's "Pick of the Week" initiative has also made a strong impact.

Their growth has been phenomenal for almost five years now, but it is instructive of their rise to know that in





the last year alone, 17 million British households have bought produce in either Aldi or Lidl. The engine for their growth has been their ability to engage shoppers and encouraging them to keep coming back, again and again, spending more each year across every category. There surely isn't a much better way to drive incremental sales.

The largest single produce sector remains the potato category – at £1.1bn, but it has been joined in the £1bn club by berries. The soft-fruit sector has seen double digit value and volume growth over the past few years, mainly thanks to driving more consumers into the category, extensive marketing and promotions and it seems, better availability of consistently good product. Apples, at £860m, comes in third on the produce podium.

For those of you who are operating in what might now be considered niche categories, however, there is increasing evidence of an emerging trend for smaller categories to move from relatively obscure positions towards the accepted mainstream. Avocados are perhaps the best examples of that, having more than doubled in value in the past five years and our figures hold a number of similar examples of stellar growth for products that are able to demonstrably provide a better value profile to consumers.

But what does the future hold? Obviously, it's virtually impossible to make cast-iron predictions, as there are numerous ways the market could pan out in the short-medium term, but I think there are three key topics that will stand at the forefront of the next few years of evolution.

How strong is the desire to have what we want, when we want it? With greater year-round supply available to shoppers, we might expect to see the continued blurring of the traditional “seasonal” palate with an increased desire to buy favourite lines outside

of the domestic season. The other possibility is that we will see some retailers take a stronger stance on a British seasonal offering and encourage suppliers to plant and grow more in British soil to extend seasons and up volume.

Will Aldi and Lidl continue to grow? Their growth in recent years has exceeded most people's expectations, probably even their own, especially the way they have approached achieving such a large market share in relatively small timeframe. Is this just a blip or will the surge continue? With a commitment to continue opening large numbers of new stores, the chances are that there is more expansion to come, but the key to the long-term results for the discounters will undoubtedly be the response of the major supermarkets chains. It hasn't really come to pass yet, but are they going to find new and innovative ways to market their points of difference and win that important battle for shopper minds, spend and loyalty.

Are we driving demand to drive sales? Increasingly the focus of Kantar's work is looking at why shoppers buy – or don't buy – particular categories. That has to start with an in-depth understanding of consumers. We have introduced new measurement tools into our work to help the industry build that understanding, which is helping some categories turn around poor long-term performance by resonating with different shopper demographics. We are also tracking the key trends that are started in foodservice before making the step into retail.

**“Will Aldi and Lidl continue to grow?”**



Maybe there are more questions than answers, but that's nothing new. It's how you solve the challenges that defines your success or failure.

## Spotlight on Berries

Arguably the standout performer within the produce market over the past few years, the berry category has grown from strength to strength, exceeding £1bn in the last year (up from £790m in 2012). Blueberries have been the primary catalyst for this – responsible for 43% of the berry category's growth during this time, and adding £130m in annual sales on their own. However, strawberries and raspberries have not lagged behind – they have also added £95m and £70m and now the three berry category leaders represent 96% of all sales.

Yes, year-round availability has played a pivotal role in driving shopper engagement in the category outside of the typical seasons and all three of these have achieved double-digit growth and increased market penetration, but a lot of the success can also be put down to well-targeted marketing. Most blueberry consumption happens during weekday breakfasts, for instance, while you'll find strawberries eaten throughout the week in the early evening. It could be argued both of those facts have been caused by clever marketing.

What's clear now is that there remains a gap at lunchtime and in the early afternoon and if we look at the retail snacking solutions that have begun to come to the fore from a number of berry companies, we'd expect that gap to be closed in the coming months.

## Spotlight on Avocados

The avocado market has been one of the great produce success stories of the past five years – seeing double digit growth in each year and has now managed to climb above the £100m mark in annual retail take home sales.

With most retailers seeing strong growth in the tropical salad fruit, as well better year-round availability, it's not surprising that the shopper base has grown by 3m households during the last few years – nearly one in three British households now buy avocados.

It's easy to attribute much of this growth to the 'instagramming' effect which has certainly grabbed headlines in the past



couple of years and, with 14m active monthly users in the UK on the social network site, it's easy to see why. However, we must not forget that in the average week, still only 2% of the population will actually eat avocados that have been bought at one of our supermarkets.

The headroom for growth is clear – there's a great untapped population to go after and an open court of opportunity to extend the reach of avocados. Even those that are eating them already are only doing it twice per week and there's little reason to think that continued 20%+ growth is achievable if the supply can match demand.





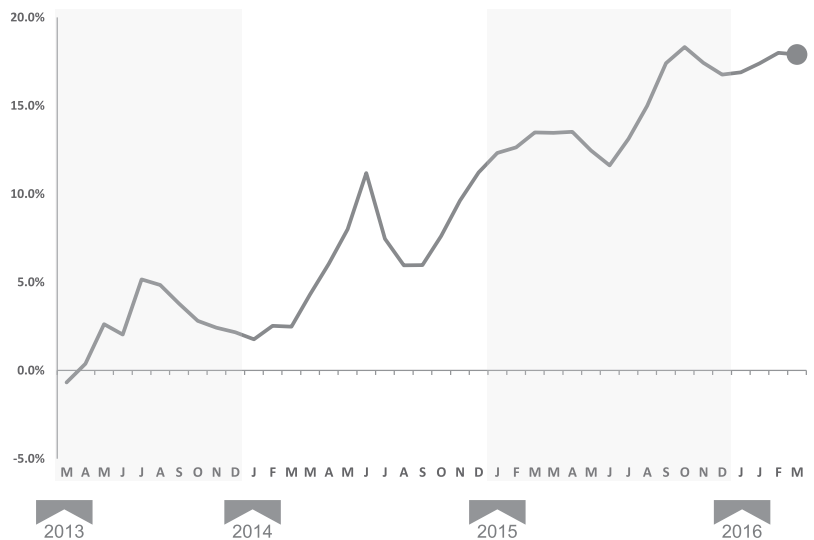
### How have Berries +Currants grown over time?

Berries have grown by over £300m over the past five years.



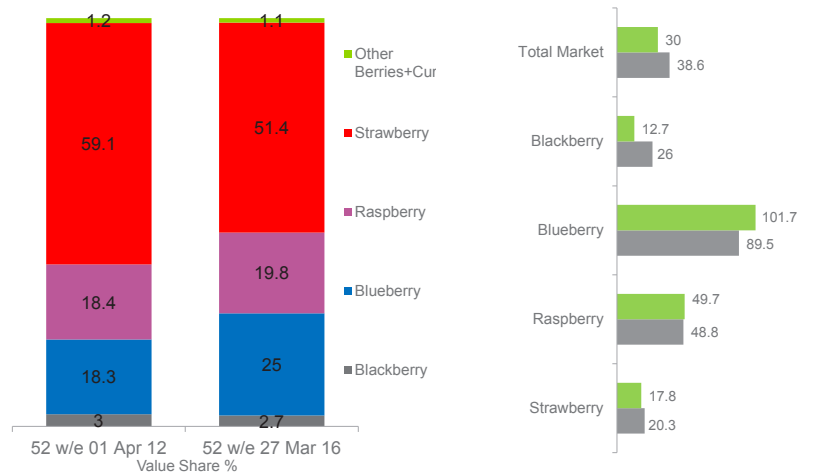
### How have Berries +Currants performed over the past 5 years?

The Berry market has continued to grow from strength to strength.



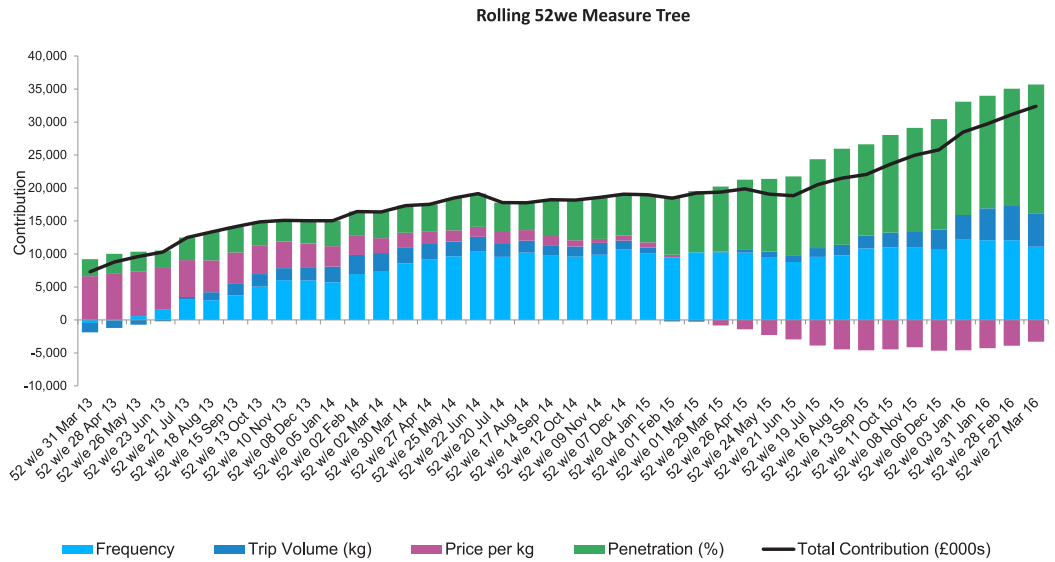
### How is the Berry Market Split and how have they performed over the past 5 years?

Blueberries have been the standout berry type, moving from 18.3% share to 25% value share, and seeing almost 90% value growth.



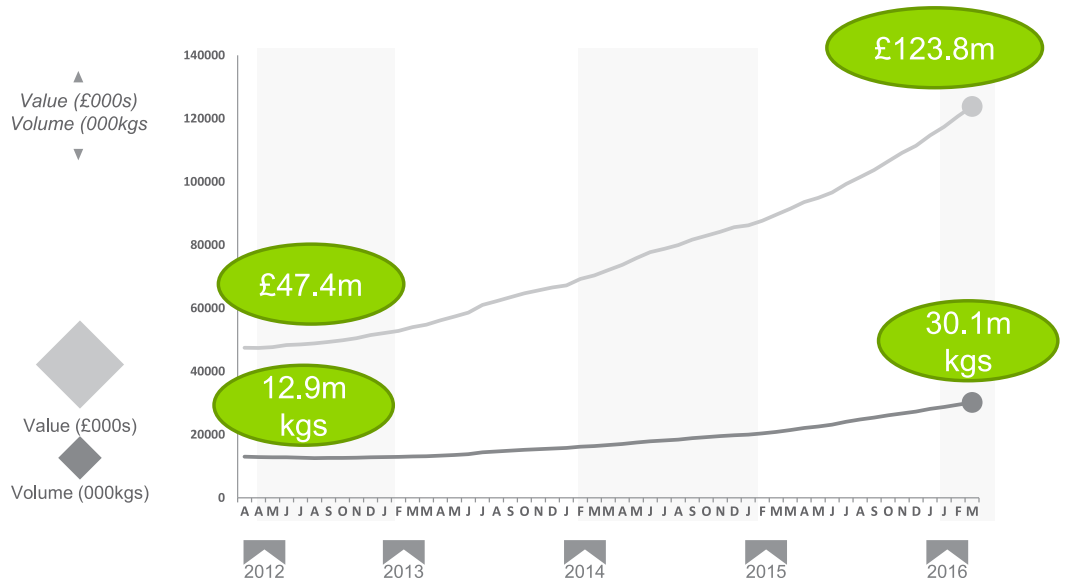
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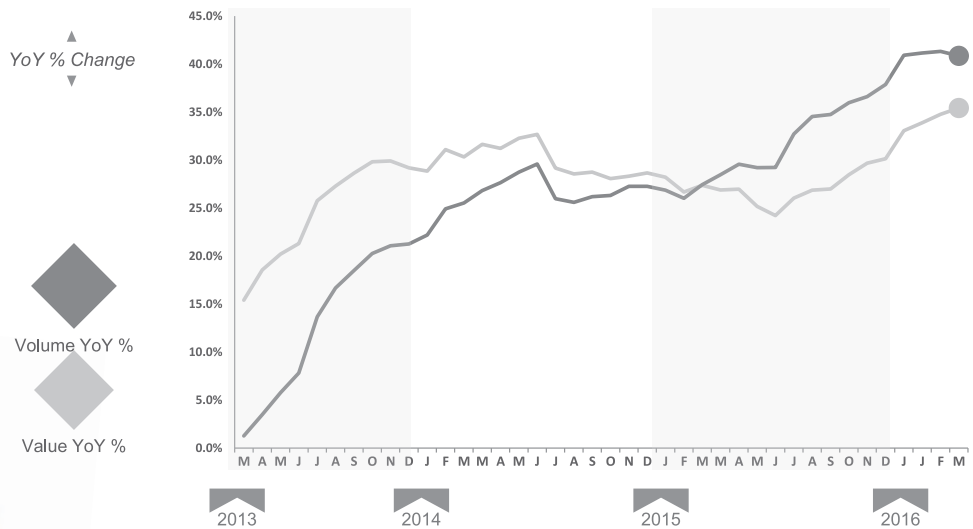
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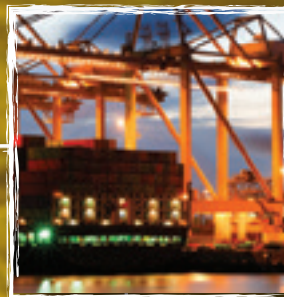
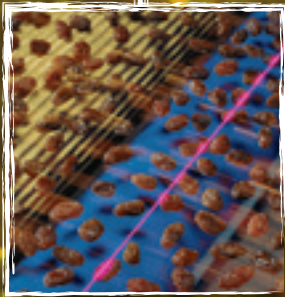


## How have Avocados performed over the past 5 years?

The Avocado Market has seen continued growth in both value and volume over the past five years.



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# THE BATTLE TO STAND OUT FROM THE CROWD

**David Shapley, veteran of more than half a century reporting on the fresh produce industry, looks at the latest on-shelf trends, as UK grocery retailers look to differentiate their offers in a tough competitive environment**



By David Shapley

It's easy to think that everything we see in the market is new, but the UK supermarkets have been fiercely competitive on fresh produce since their arrival on the scene shortly after the Second World War.

It's certainly fair to say, however, that the competition has intensified in the current decade. In fact, competition has continued to amplify since last year's London Produce Show and Conference.

Until the 2000s, the sector was still dominated by a small group of multiple store operators, led by the 'big four' of Tesco, Asda, Sainsbury's and Morrisons and also including Marks and Spencer, Waitrose and the Co-op. Each was reasonably distinctive and each had its own particular consumer 'fan' base.

Particularly amongst the big four though, the latter part of the last decade saw the beginning of a noticeable swing towards homogeneity, as each chain appeared to become more and more interested in matching their nearest rivals – mostly on price – and less on their own distinct identities.

Discounters were not new on the scene, but this was their chance to make a mark. It may be exaggerating to say they snuck up on the blind side, but the rise of Aldi

and Lidl, it could be argued, was helped along by a lack of focus from within the big four on what lurked beyond their corporate boundaries.

Both German owned chains had progressed steadily on UK shores to this point, making gains on localised rather than national footprints, but as the impact of the recession, which kicked in during 2008, began to make itself felt on consumers, Aldi and Lidl were ready to pounce. From a miniscule proportion of the retail pie at that time, the rise has been remarkable – today Aldi and Lidl hold more than 10% of the UK grocery retail market, with every indication



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that their presence will continue to expand in the near future. Both have ambitious ongoing store opening programmes and both have enhanced their image to win the hearts and minds of shoppers on product, not just price.

The charm offensive was not exclusive to the consumer either – both have also made waves in UK trade waters too, winning several major trade awards and building a solid presence in the nation's psyche.

Aldi recently won praise from the National Farmers' Union by signing up to its "fruit and veg" pledge, and promising to fund all promotions itself, rather than taking the traditional route of seeking funds from producers. It is supporting Team GB's athletes in the build-up to and during the Rio 2016 Olympic Games and British produce now accounts for 40% of sales. Lidl meanwhile has become the official supermarket of the English football team (let's hope the 'German' support means we take better penalties at Euro 2016 in the summer!) and it supports professional sports coaching for children too.

At the same time, both have bolstered their fresh produce sections by carrying more lines and achieving more consistent quality levels on-shelf, while maintaining the ultra-competitive price structures that made their name.

As discounters have increased their footfall, taking literally millions of shoppers away from their bigger and previously more illustrious competitors, so Waitrose has seen excellent growth and M&S has performed reasonably well on food too. With the premium and discount ends of the market in rude health, it has been the middle ground, so carefully curated for themselves by the big four over the preceding 15 years or so, that has been hit hardest. There has been

cause for a major rethink by the bigger supermarket chains at a time when their own performance has arguably been under greater negative scrutiny than at any time in the past.

The first response was predictable. Everyone scrambled to try and find ways to cut cost and prices. Head office cutbacks, shake-ups, relocations and meltdowns have inevitably taken place. Suppliers have been squeezed as hard as ever. Expansion plans have been shelved, large stores have been shed and smaller stores sought, as attention moved from internal navel gazing to defence against the discount invasion.

The marketing machines have gone into overdrive, as the chains battle it out to prove who is cheapest - in the national and local media and on TV and radio.

It is on the shelves, however, that the real battle can be seen taking place.

Price promotion is a constant and in many cases, it is being increasingly inked to a new wave of "sub branding". Tesco, as the highest profile example, recently launched a range of British sounding brands - Nightingale Farms, Redmere Farms, Rosedene Farms, to give itself a cosier, home-grown, straight from the farmer image. It provoked a decidedly mixed reaction, as people realised the brand merely consolidated home-grown product from several farms, and would also include the imported equivalent.

Several chains have also come up with a response to the general criticism by press and public alike over the waste generated by aesthetics-driven standards. There has been plenty of positive coverage of initiatives to introduce ranges of





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mis-shapen, or 'ugly' fruit and veg. But at a trade level, some of that has been tempered by the insistence that this perfectly edible and safe product is being bought and sold too cheaply, often labelled as "market value" or "basics", which essentially just gives the non-discount chains a cheaper way of competing on price with their lower-priced rivals.

The premium retailers have, as they often do, done it slightly differently at times – Waitrose has made a virtue of marketing weather-damaged fruit from its own orchards and M&S has developed a concept that also markets small volumes by stressing that certain speciality lines will only be available in limited quantities for short periods.

It may be a tough environment competitively, but some of the on-shelf developments suggest that there is still plenty of room to introduce new lines and concepts, even in what many would consider to be mature sectors.

The mushroom category, for example, are not just buttons, cups and opens, or whites and browns. There is now an incredible range of product and pack sizes available, led by a plethora of speciality exotic varieties, many of which were virtually unknown a decade ago. These been joined by branded "woodland types", while another indication of a step-change in the ways produce can be merchandised has seen specific health benefits attached to mushrooms. An Irish mushroom pack at M&S recently was defined as containing extra Vitamin C.

On another front, tomatoes, already operating in an arena that provides an apparently inexhaustible pack choice of sizes and variety, has expanded even further to include new shades of red, orange, yellow and gold. Following the US favourite that until now has failed to take off in the UK, there

have also been increasing sightings of green fruit arriving on shelves around the country.

What else? Well, peppers are no longer just peppers defined by traffic light colours or a range of sizes; they are being defined by variety names such as Mirabelle, Ramiro and Chiquino. And garlic is offered not just individually and in netted packs but also in strings. Seaweed has joined samphire on the shelves, and coconut shells are now presented as the natural container for their milk.

Seasonality will always be a factor for retailers and consumers alike, and it will continue to be stressed in-store and in advertising campaigns. But the demand for year-round supply throws up as many questions as answers. If seasonality is important and research illustrates that most consumers struggle to recognise where their produce has come from – won't the drive to remove every traditional gap in the supply calendar eventually mean seasons are blurred into obscurity. Produce such as cherries and apricots have thrived on their lack of availability at the shoulders of seasons in recent years – when those gaps have disappeared, where will the incentive be to raise prices and margins to retain the sustainability of the crop?

More examples of this exist: the domestic asparagus season, famed and lauded for its brevity, now lasts far longer than its traditional six-week summer season; British strawberries are moving ever close to becoming year-round commodities, and the soft-fruit revolution has also seen a fast-paced increase in UK-grown raspberries, blueberries and blackberries.

Imports are a significant proportion of the market, and they need promoting too. There is less natural recognition of the seasonality of

imported fruit by the consumer of course, and one response is to label fruit or vegetables as "New Season". This is OK, but the consumer is pretty savvy these days and it is often questionable how long this information is valid once any crop, from any country, gets into full swing.

Despite media and public concern over unnecessary packaging, there are plenty of new types of presentation that are still continuing to develop as merchandisers search for the magic formula:

- The healthy message sent out by the blueberry industry has had a major
- Impact on sales of not just blueberries, but all soft fruit, with punnet sizes becoming larger and fruit offered in mixed punnets with other berry fruit.
- Looking towards the snack on-the-go and lunchtime markets, we are also seeing the emergence of snack packs of berries, as we have seen for some time with grapes, and that trend is extending into tomatoes and peppers too.
- The ripe and ready concept has been around for some time – it is now more advanced by technology, but also presented by some retailers in a special cabinet as a permanent feature.
- Asda goes as far as offering avocados in cartons at three different levels of maturity.
- The Leeds-based retailer has also introduced a pack of oranges that includes a squeezer.
- Easy peelers sold in bowls as well as in punnets, and often adorned with leaves are now being seen on-shelf way beyond the traditional Christmas trade. This merchandising trend is spreading year round and is also now evident from time to time with oranges.
- Lemons have been sold in dual packs with limes for some time, but another emerging trend has



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■  
**THE BATTLE TO STAND OUT  
FROM THE CROWD**  
By David Shapley



*The on-shelf battle to differentiate is constant*

been to identify them as speciality regional varieties from sources such as Italy and the United States.

- Family-sized cartons weighing a kilo or more have also taken off. Beginning with mangoes, the concept has now extended to include easy peelers, apples, plums, avocados, strawberries and even cherries.
- There is greater demand for exotic fruit, which has meant that new specialities are arriving in the marketplace packed at source and often individually wrapped.
- Marks and Spencer is selling 'exclusive' mini apples packed in a tube. The idea originated from New Zealand with the Rockit variety, but has now been expanded to include UK production.
- Size is playing a bigger part than ever in helping to segment the fruit categories - in the case of pineapples and oranges, more fruit is being described on pack as "Giant" and another alternative description "King" also is becoming popular. Originating in the United States on dipping strawberries, there are several Kings now in the UK, spanning products

such as avocados, mangoes, apricots and cherries.

- On the vegetable front, there seems to be an increasing trend to develop more interest in carrots by using inventive names for particular types, extending the character beyond the historic precedent set by Chantenay.
- Onions have not quite gone in this direction, but there are plenty of moves to pep up the category - Tesco, for example, is offering a pink, branded variety alongside the normal white, brown and red.
- Root crops, led by potatoes and onions in larger carry home bags regularly feature, while it has been a case of back to the future for some, as larger scale pack offers are re-introduced to last a family far more than the timeframe of their weekly shop.

While the supermarkets struggle to differentiate themselves as all-encompassing brands, the battle to stand out from the crowd in produce is ongoing. If you want to make progress supplying the UK market, it pays to watch the shelves closely.





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# WHERE HAVE ALL THE INNOVATORS GONE?

By Peter Durose

Since Peter Durose left his position as Produce Director at Tesco he has worked as a consultant across various sectors, most recently technology. PBUK asked him to analyse the use of technology to deliver added value to the consumer.



Peter Durose

It is now over 20 years since I joined Tesco Stores Ltd in the produce category and somewhat more surprisingly (to me at least!) nearly 10 years since I left the company. As I now work with It's Fresh, bringing innovative solutions to the fresh produce industry, a decade would seem a good distance from which to review the levels of innovation within the produce sector driven by technology.

Produce has always been a sector that has thrived on change, adopting new ways of working, innovation and technology. It is in no small part the reason why I enjoy working in

it so much and why the sector has successfully managed to become so much more competitive, while providing lower and lower prices that have been passed onto the customer.

Over many years, growing, harvest, storage and packaging technologies have all played their role in improving quality, availability and price, as well as extending seasons to allow product to be sold at lower prices all year round.

But, when I asked myself whether that rate of change and level of improvement has continued since we entered the new millennium, I could only answer that on reflection it has not.

There are many new technological advancements coming to the market such as MAP, MMP, Ozone and It's Fresh! ethylene removal. However, even whilst I am writing this, I've seen that the chief product officer of Tesco, Jason Tarry, has felt the need to issue an invitation for suppliers to innovate. The question has to be then that if the retailers still want innovation and the suppliers are still keen to innovate why does it feel that the rate of innovation and its adoption has slowed down? I fear that the simple answer to that question is that for the last seven to eight years since the financial crash, the pressure has been so focused on driving down price that quality and innovation has suffered.

We have all seen how the discounters have become increasingly successful by increasingly combining their traditionally very competitive price position with good quality and availability. This has narrowed the gap between themselves and the larger supermarket chains. We have also seen how the bigger players have responded by becoming cheaper, which has put price pressure on the whole supply chain. It is not unreasonable to suggest that this focus has placed increased pressure on margins for suppliers and retailers alike and that has set both sides of the equation the challenge of continually finding ways to be leaner and more cost effective.

Those types of pressure on margin are surely going to reduce the amount of capital available for investment in technological innovations, particularly in an industry that has always survived on considerably lower margins than other areas of the food business.



What's the  
bright idea?

**“If the retailers still want innovation and the suppliers are still keen to innovate, why does it feel that the rate of innovation and its adoption has slowed down?”**



## AN UNEQUALLED PRODUCT IN TERMS OF LIFE, TASTE, QUALITY AND AVAILABILITY

Whilst many innovators such as It's Fresh! will point to the positive returns that can be achieved by investing in their technologies and in my view, justifiably claim that they make sound business sense, there are still hurdles to jump related to that cost and price challenge:

- The net return may be better but does the buyer have responsibility for all of the components that make up that return such as waste, store labour savings, food waste costs, customer complaints
- The nature of retail buying can often mean that personnel changes are relatively frequent. With those changes often comes a change in perspective or indeed direction
- Ultimately, the supply base is responsible for purchasing and using the new technologies

and yet in such a turbulent and ultra-competitive market how can suppliers make long term investment decisions without a reciprocal commitment from retailers?

So, in such a challenging and competitive market, how can the sector drive forward investment in new technology that will advance the product offer to customers and provide better long-term quality, safety, availability and ultimately price?

The first challenge is to stop looking at It's Fresh! and the other new technologies out there as competing with each other for your spend - in reality, the majority do not. They are dealing with different supply-chain, on-shelf and at-home issues and therein lies the real opportunity. One

of the big challenges for the produce business is to make a real leap forward in improving quality and I think the answer is to harness complementary technologies to optimise the potential improvements that their innovation offers. If that takes place, we will see a real step-change in the product quality being delivered to customers and consumers.

It is of course easiest for me to use an example from my own field. We firmly believe that a combination of It's Fresh!, a unique ethylene removal system, MAP / MMP, anti-bacterial activity and potentially ozone treatment, when added to all of the improvements that have been achieved already, could provide the customer with as yet unachievable quality, availability and flavour.



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*Are retailers missing out on bags of potential?*

The next question to answer of course, is how that can be achieved profitably when there is a drive on the part of all the main retail players to be as cheap as possible. I'd argue that in the absence of a current market leader that wants to take a leadership position on quality considerably ahead of all of its competition, then perhaps the real answer is for something that has been absent from the produce sector for a long time – a real brand, offering a major point of difference.

Being able to deliver on the values of a brand that offers a real point of difference in terms of technologically delivered product quality that really delights customers through life and taste at home would surely change the nature of several produce categories.

This would be a brand that delivers better flavour, which is ultimately what all customers want. A brand that does that by nurturing and enhancing varieties that have previously been ignored by the supermarkets as not possessing the robust natural characteristics required to survive the current limitations of the supply chain.

A brand that explores the potential of new technologies and commits to supply an unequalled product in terms of life, taste, quality and availability.

For such a fast-paced sector to embrace new technology will always require belief, because it takes time. By investing in new technologies, the industry has to embrace the potential of doing things differently and weigh that potential against the potential of retaining the status quo. There is plenty of proof out there that things could look brighter if the right decisions are made. And the stark fact staring us in the face is this - if the industry is prepared to carry on with its current low level of change and innovation, there is little hope on the horizon that we will ever see a time when their operations and product sales are driven by anything other than the lowest common denominator...

...Price.







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#JOINTHECONVERSATION

# JOIN US ON THE LPS RETAIL TOUR

By Claire Powell



**On the final day of the London Produce Show and Conference each year, you can enjoy a fact-finding tour of the UK retail scene.**

Joining us last year was a group that hailed from a range of diverse backgrounds including: international retailers, suppliers, growers, innovators, exporters, academia, charities, media, diplomatic representatives and the PMA.

In the first year of the retail tour, we visited six stores in west London, taking in supermarkets in Battersea, Cromwell Road and finishing at Wholefoods in Kensington. Building on that, 2015 saw us travel east to visit seven stores in Camden, Limehouse and finishing at Canary Wharf. Here we were treated to a hosted visit, to Waitrose's flagship store, by key members of their retail and trading team.

So, what can you expect from this year's tour? If you can join us, we'll enjoy a take-away breakfast from Grosvenor House and depart at 8am on our dedicated executive coach, returning to the hotel by 3pm. You'll receive a detailed, tightly-organised schedule for the day, plus headlines on the stores we'll be visiting. We'll give you the inside track on what to look out for in each store, before descending en masse into each store.

It's worth pointing out that in order to give you a truly authentic



experience on the tour, we do not contact the stores in advance. Despite the fact that we are very well behaved and we do not take photos, there is always the risk we could be asked to leave; but thankfully this hasn't happened yet!

We're planning to travel to the south of London, visiting Lidl, Aldi, Sainsbury's, Tesco, Asda and Waitrose supermarkets. This excellent diversity and variety of retailers and store formats will help you compare key factors from packaging, range, advertising, and availability to customer service, merchandising and quality.

Throughout the day, there will be opportunities to discuss the tour, network or just catch up over lunch, so do join us. We are a friendly tour

and, who knows, we may be able to fit in another impromptu sightseeing tour on the way home! If you haven't signed up already, ask one of the team on reception at Grosvenor House if we still have availability.

All previous delegate feedback has been overwhelmingly positive:

**"The retail tour was really interesting and useful."**

**"Excellent insight into the British supermarket industry."**

**"I didn't enjoy the tour...  
...I LOVED the tour!"**



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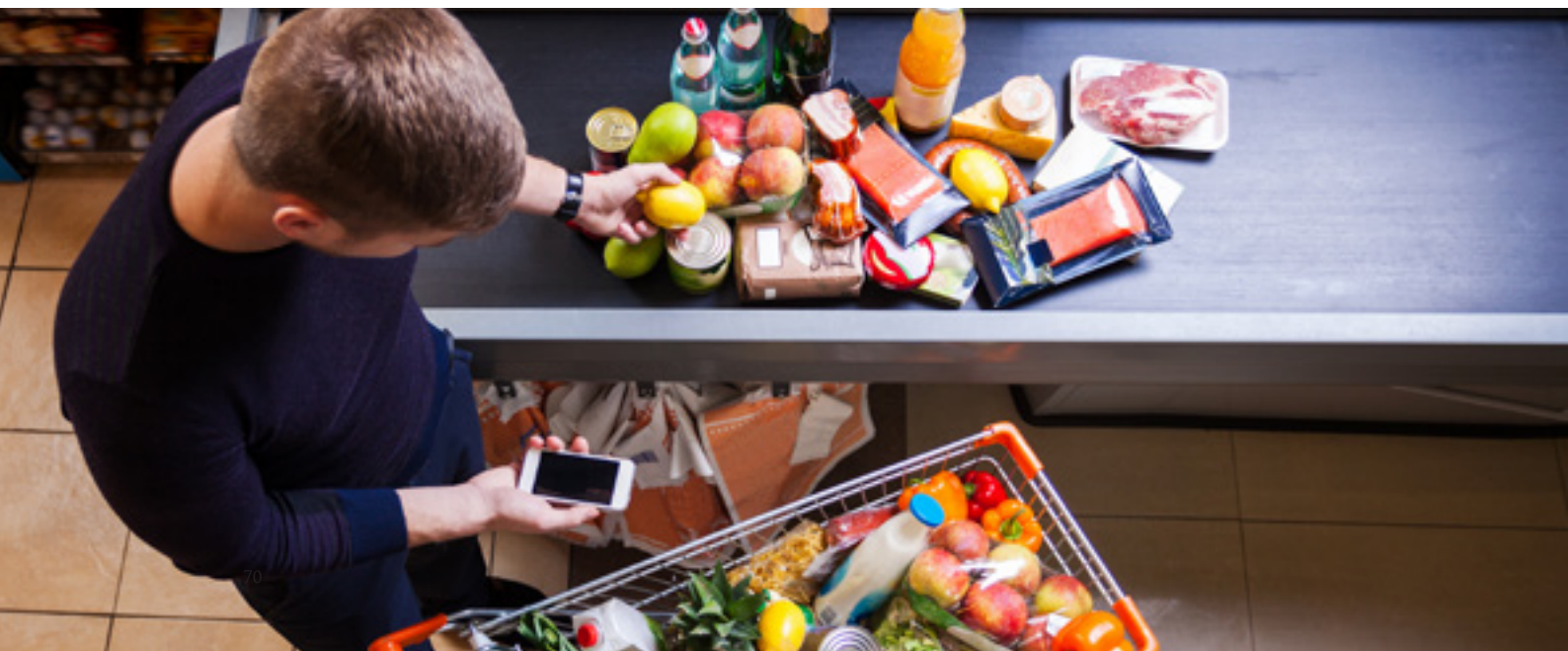
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