



FROZEN FOODS SALES MOMENTUM CONTINUES

The Director-General of the British Frozen Food Federation, Brian Young, commenting on the latest data from TNS for the 52 weeks to 23rd March 2008 said “the frozen food market is now enjoying 4.2% year on year annual growth and has recorded improving growth, on an annualised basis, for every one of the last eight quarters”.

Young went on to comment “the heartland of frozen and its history are the drivers of the very impressive growth being achieved”. The sector leading the growth is fish, which is enjoying 10.9% year on year value growth and 7.3% year on year volume growth. Other traditional areas such as frozen potato products are seeing 7.8% annual value growth whilst meat and poultry is showing 6.6% year on year value growth and frozen vegetables 5.8% year on year value growth.

The fish sector continues to benefit from two of the branded giants in frozen, competing fiercely with Birds Eye’s new packaging and Omega 3 Fish Fingers taking on the launch of Young’s new Great Grimsby brand and its’ rebranding. The big winner in this competition is the consumer with terrific quality products being offered at very competitive prices.

The potato products market is enjoying significant value growth partly driven by price inflation but mostly driven by the heavyweight activity of McCain’s both in terms of promotional activity and new product development. Aunt Bessie is enjoying, with McCain’s, the benefits of the Delia effect as frozen potato products receive glowing praise from the nations favourite cook. Supply of potatoes has been fraught for the last two crops whilst this year’s crop is better, in volume terms it has been of poor quality.

The worst performing sector in frozen continues to be Ice Cream which has seen volumes decline 5.6% year on year whilst value has declined by 1.5% year on year. Standard product offerings and impulse buys during last years horrendous weather suffered whilst luxury products have continued to hold up well. The ice cream market is hoping for a normal summer this year in which case growth will be restored to a market that has consistently grown for many many years.

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Also enjoying significant value and volume growth is the pizza market with value up 4.7% year on year and volume 6.7% year on year. Goodfellas, Chicago Town and Dr. Oetker have all been supporting their products with great promotional activity whilst the retailers' brands are also doing very well.

Food inflation is a problem across all categories yet it seems that the frozen food market has been better than most at fighting the very real issues industry is facing. The average price per kilo paid for frozen food sales has grown by 2.8% year on year but is down from the 3.2% growth at December and the 3.6% growth in September. The inflation issue will not go away and retailers, manufacturers and importers are all facing real challenges to keep prices at acceptable levels to consumers.

With virtually all sectors of the frozen food landscape enjoying solid growth both in volume terms as well as value terms the market is set for even better growth as ice cream comes out of the doldrums.



BRITISH FROZEN FOOD FEDERATION

RETAIL FROZEN FOOD STATISTICS YEAR ON YEAR TO 23 MARCH 2008

Source: TNS Worldpanel



RETAIL CATEGORIES	VALUE (£000s)			VOLUME (000's Kgs)		
	52 w/e 25 Mar 07	52 w/e 23 Mar08	% Gain/Loss	52 w/e 25 Mar 07	52 w/e 23 Mar08	% Gain/Loss
Total Frozen Foods	4,492,970	4,683,625	4.2	1,956,877	1,984,116	1.4
Total Ice Cream	613,281	604,048	-1.5	345,220	325,885	-5.6
Frozen Confectionary & Desserts	257,996	266,152	3.2	79,766	81,259	1.9
Frozen Fish	593,977	658,626	10.9	111,196	119,263	7.3
Frozen Meat & Poultry	492,763	525,351	6.6	183,913	188,062	2.3
Frozen Vegetables	348,595	368,908	5.8	272,277	283,058	4.0
Frozen Potato Products	457,158	492,607	7.8	431,088	441,698	2.5
Frozen Ready Meals	631,799	619,134	-2.0	194,704	190,955	-1.9
Frozen Pizza	331,503	346,967	4.7	92,237	98,456	6.7
Frozen Savoury Food*	766,001	801,697	4.7	246,571	255,419	3.6

*Savoury Food includes Frozen Bread, Frozen stuffing Cooked poultry, Meat Products, Processed Poultry, Savoury Bakery, vegetarian products and Other Frozen Foods



Source: TNS Worldpanel
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