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International Markets Bureau

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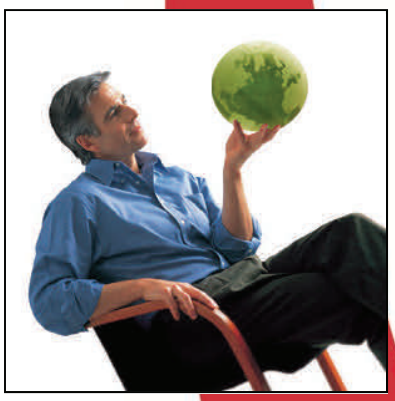
Consumer Trends

Sweet Spreads in the United Kingdom



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MARKET SNAPSHOT

In the United Kingdom (U.K.), sweet spreads are a staple household product, offering British consumers an easy and relatively low-cost accompaniment for their breakfast or afternoon tea.

Sales of sweet spreads in the U.K. were estimated at US$783 million in 2011, representing a 6% growth over 2010.

With sweet spread consumption rooted in British culture, the challenge now is to increase the frequency of usage and encourage consumers to expand their repertoire beyond traditional favourites such as jam and cheese spreads.

The market for all spreads* in the U.K., be they sweet or savoury, is benefiting from a revival of interest in home baking, with around one-fifth of consumers using sweet and savoury spreads when cooking, possibly helping to expand consumption beyond the core occasions of breakfast (for sweet spreads) and lunch (for savoury).

In addition, the projected growth of the upper middle class will support demand in the premium segment of this category. Furthermore, a growing number of younger consumers, who are typically more adventurous in terms of food products, are more likely to try new flavours and varieties of sweet spreads.

British consumers are making the distinction between the jams used in kids' lunchboxes and those consumed during leisurely weekend breakfasts with croissants. This translates into opportunities for sweet spread manufacturers to market the notion of trading up to a more premium option, depending on the occasion.

**While the main focus of this report is on sweet spreads, some information that pertains to both sweet and savoury spreads has been included to provide a more comprehensive understanding of the overall spread market in the U.K.*

INSIDE THIS ISSUE

RETAIL SALES

United Kingdom Sweet and Savoury Spreads, Total Market Size, Historic/Forecast Retail Sales in US$ millions

Category	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Spreads	621.4	656.3	699.0	738.6	782.9	819.3	853.9	888.4	920.2	948.3
Jams and preserves	291.7	300.6	302.2	304.6	315.8	324.3	334.9	347.3	359.3	368.4
Honey	146.6	161.1	178.9	194.0	209.0	223.5	237.5	251.5	264.4	277.3
Nut-based spreads	67.0	71.6	81.9	88.9	94.6	98.7	100.9	102.0	102.8	103.4
Chocolate spreads	36.4	43.0	53.7	63.8	71.7	79.1	85.7	91.9	97.6	102.9
Yeast-based spreads	79.6	79.9	82.3	87.3	91.8	93.8	94.9	95.6	96.1	96.3

***Source**: Euromonitor 2012*

- According to the 2010 Mintel Home Baking report, 39% of adult consumers are adopting a more adventurous attitude by trying new products for cooking and baking, and doing so more often. The report specifies that one in ten consumers is using savoury spreads during baking. Sweet and savoury spread brands are looking to take advantage of the return to baking/cooking.

- More Britons, in recent years, are paying close attention to what their foods contain (50% of Britons read the ingredients on food labels), have an interest in calorie intake and avoid fat. This indicates that health and wellness are becoming integrated into the daily routine of consumers, who are seeking whole, natural and nutritious ingredients.

- Low sugar/low fat attributes are increasingly important to British consumers as they strive to eat more healthily. Approximately 62% of consumers are influenced by low levels of fat, cholesterol, sodium, sugar, and carbohydrates when looking for a sweet and savoury spread; 57% are influenced by claims of no fat, cholesterol, sodium, or sugar; 54% are influenced by "all natural" claims; and 36% by claims of "organic" (Mintel).

- Health considerations also contribute to increasing sales of jams that have a high fruit content, and/or are sugar-free. These variations are now easily found in most mainstream supermarkets.

- The U.K. is going through a demographic shift, where the number of adults over 55 is expected to increase by 8.2% from 2012 to 2016. Traditionally, this demographic has purchased more sweet and savoury spreads than other population groups. According to Mintel, brands that cater specifically to the needs of this aging population will be best placed to benefit, with attributes such as ease of use, or small portion size, providing an opportunity for products to stand out. For example: four in five of those aged 55 and over look for easy-to-open packaging.

United Kingdom Health and Wellness Sweet and Savoury Spreads, Market Size, Historic/Forecast Retail Sales in US$ millions

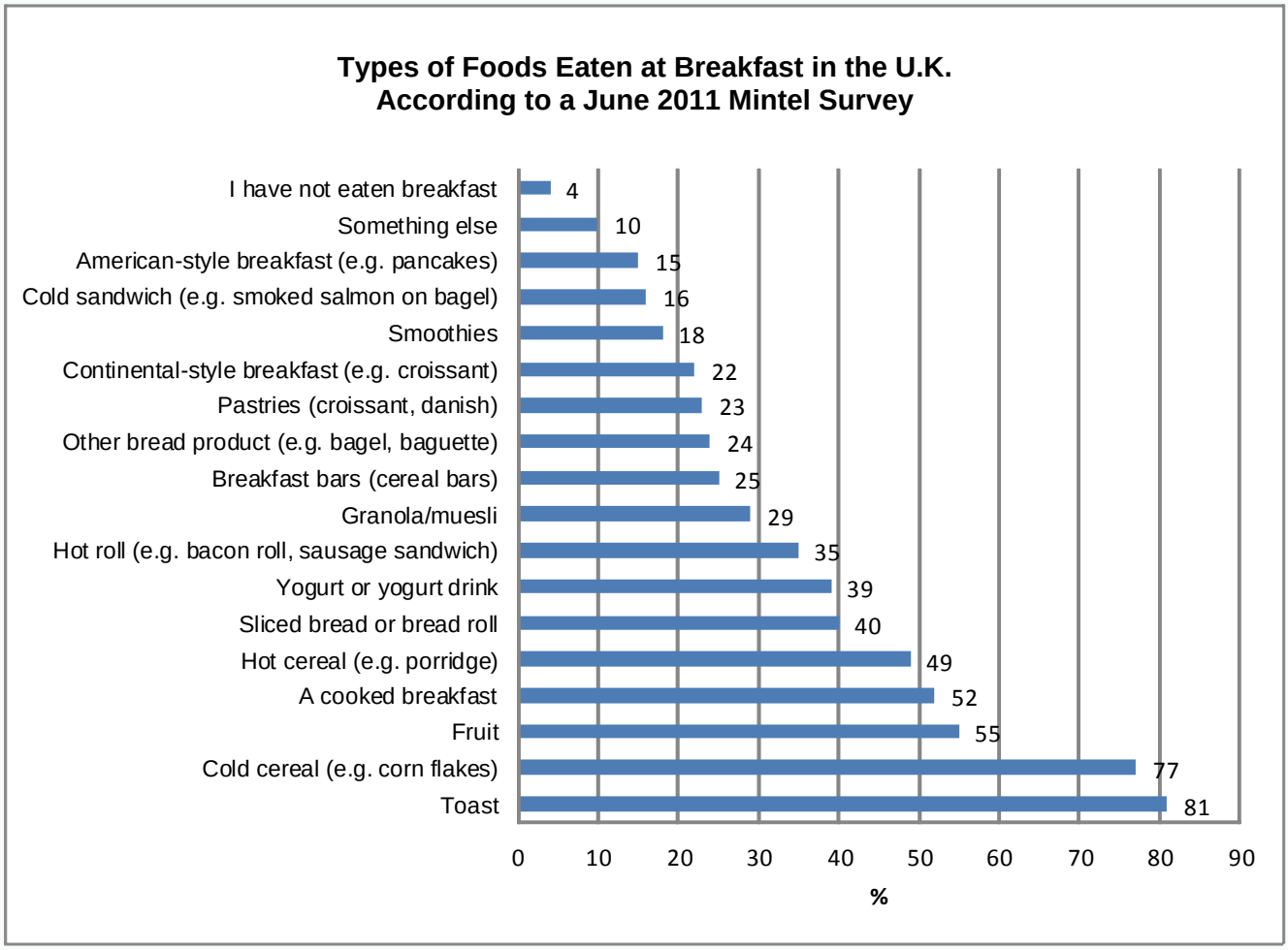
Category	2007	2008	2009	2010	2011	2012	2013	2014	2015
Health and wellness spreads	205.8	226.0	243.2	262.7	281.6	300.5	318.0	334.5	349.7

***Source**: Euromonitor 2012*

COMPETITIVE LANDSCAPE

- Toast remains the most popular breakfast option in the UK, consumed daily by more than eight in ten Britons. Cold cereals follow closely behind, being eaten by more than three quarters of consumers. Cereals benefit from their positioning as a family-friendly alternative to toast, as they are generally inexpensive, despite rising grain prices, and allow parents to increase their children's milk intake.

- Almost seven in ten (69%) consumers eat sweet spreads at breakfast in addition to butter or margarine; both of which are complementary and competing products, since consumers have the option to forego spreads and simply choose buttered toast as a cheaper alternative.



***Source**: Mintel 2012*

TARGETING ATTITUDES

Mintel has created three target groups based on respondents' attitudes toward sweet spreads: limited, engaged and disengaged.

- The limited group (37%) favours chocolate spreads and syrup. Consumers in this group are often under financial pressure and are thus driven by promotional activities related to price savings.
- Engaged consumers (30%) are more likely than average to have bought all types of sweet spreads and to have used them in a variety of ways, particularly in cooking. The engaged group is a core audience for spreads.
- Lastly, those in the disengaged group (33%) are less likely than average to have bought all types of sweet spreads, suggesting that they need to be reminded of the category.

Innovation

- Innovation continues to be a key element of brand development within the sweet spreads sector, even during the challenging times of the current recession . Shoppers are still drawn toward new products and retailers remain committed to offering new items.

Catering to adventurous consumers

- Chilli, pineapple, ginger, cinnamon and passion fruit, among others, have become popular flavours in a number of food categories, from chocolate confectionery to spreads, suggesting that consumers' palates are becoming more adventurous and accepting of spicy ingredients.

Health, ethical ingredients and provenance trends offer added value

- Certain products, such as honey, offer a combination of functionality, health and provenance. Fair trade and organic food, while having come under pressure during the recent recession, are going through an innovation cycle.

Format designs offer convenience and quality

- In a bid to increase usage, particularly among families, and offer easier pouring for 'messier' spreads such as honey, plastic packaging appeared in over a third of new product launches in 2011. Most manufacturers are focussing on squeeze packaging.

Source *: Mintel 2012*

MARKET SHARE BY BRAND AND COMPANY

Market Share by Brand
Historic Retail Sales Value, % Breakdown

Brand	Company name	2007	2008	2009	2010
Marmite	Unilever Group	10.5	9.8	9.7	9.8
Rowse	Wellness Foods Ltd.	6.0	6.4	6.9	7.4
Hartley's	Premier Foods Plc	4.7	5.8	6.3	6.4
Nutella	Ferrero Group	3.2	3.9	5.4	6.2
Robertson's	Premier Foods Plc	7.7	6.5	4.9	4.3
Sun Pat	Premier Foods Plc	3.8	3.9	4.1	4.2
Bonne Maman	Andros SAS	3.3	3.5	3.9	3.7
Tiptree	Wilkin & Sons Ltd.	3.1	3.0	2.8	3.0
Gale's	Premier Foods Plc	2.9	3.2	3.1	2.9
Streamline	Streamline Foods Ltd.	3.6	3.4	3.0	2.8
Duerr's	Duerr & Sons Ltd.	3.2	3.0	2.7	2.7
St Dalfour	St Dalfour Frères	2.5	2.3	2.2	2.0
Whole Earth	Whole Earth Foods Ltd.	1.0	1.2	1.3	1.5
Frank Coopers	Premier Foods Plc	1.4	1.4	1.3	1.3
Rose's	Premier Foods Plc	1.8	1.7	1.5	1.2
Bovril	Unilever Group	1.3	1.2	1.1	1.2
Skippy	Unilever Group	0.9	0.7	0.6	0.5
Cadbury's*	Kraft Foods Inc	-	-	-	0.5
Chivers	Premier Foods Plc	0.8	0.7	0.6	0.5
Capilano	Capilano Honey Ltd.	0.5	0.4	0.3	0.3
Baxters	Baxter & Sons Ltd.	0.4	0.3	0.3	0.3
Vegemite	Kraft Foods Inc.	0.0	0.0	0.0	0.0
Cadbury's*	Cadbury Plc	-	0.6	0.6	-
Private label	Private Label	22.9	22.8	23.0	23.3
Others	Others	13.3	13.9	14.1	14.2

***Source**: Euromonitor 2012.*
***Note**: 2010 is the latest data available for this brand share information.*
**Cadbury's appears twice in this table under different company names, because it was purchased in 2010 by Kraft.*

***Source for all**: Mintel 2012*

Market Share by Company

- Premier Foods Plc.,. maintained its leading position in 2010. The company's brands include Hartley's, Robertson's, Frank Coopers and Rose's jams and preserves. The company is also present in the honey segment with its Gale's brand, and in nut-based spreads with its Sun Pat brand.

- Unilever Group ranked second by company value share in 2010. The company is only present in yeast-based spreads, with its Marmite and Bovril brands.

- Rowse Honey Ltd. was the third honey-branded operator in 2010, with its Rowse brand. During that year, the company focused on premium-priced honey with health properties to justify the unit price increase.

DISTRIBUTION CHANNELS

- The big four grocery retailers, Tesco, Sainsbury, Morrisons and Walmart-owned ASDA, dominate the British sweet and savoury spreads market, accounting for over two thirds of sales.

- Food retailing is split into two distinct streams. The first occurs when consumers do their main weekly shopping trip and the second is when they pick up a few items in between. Grocery shopping dominates the former, with about 83% of consumers reported using one of the four leading supermarkets (Tesco, Sainsbury, Morrisons and Walmart-owned Asda) for their main weekly shopping (*Food Retailing – U.K., November 2011*).

Sales of Spreads by Distribution Format
% Retail Sales Value

	2007	2008	2009	2010	2011
Store-based retailing	97.4	97.1	97	96.9	96.8
Grocery retailers	97.4	97.1	97	96.9	96.8
Supermarkets/Hypermarkets	80.6	80.3	80.1	80	79.8
Discounters	2.8	3.1	3.4	3.5	3.5
Small grocery retailers	12	11.7	11.5	11.4	11.5
Convenience stores	5.9	6	6.1	6.2	6.3
Independent small grocers	5.3	4.9	4.7	4.5	4.5
Forecourt retailers	0.8	0.8	0.7	0.7	0.7
Non-store retailing	2.6	2.9	3	3.1	3.2
Internet retailing	2.6	2.9	3	3.1	3.2

Source: *Euromonitor, 2012*

- There are very few major buying groups serving U.K. retailers, simply because the top three companies, namely Tesco, Sainsbury and Walmart-owned Asda, are integrated in structure. An exception to the rule is Morrisons, which is currently a member of AMS, a buying group. The retailer uses the AMS buying office to source some of its private label products.

Top Grocery Retailers in the United Kingdom, 2011

Company	Number Of Outlets	Total Grocery Market Share %
Tesco	2,975	18.30%
Sainsbury	1,012	9.77%
Morrisons	475	9.32%
Walmart (Asda)	541	8.59%
Co-operative Group	3,717	4.70%

Source: *Planet Retail, 2012*

PRODUCT EXTENSIONS AND INNOVATION

- Private labels accounted for 40% of new product introductions in sweet spreads between June 2011 and June 2012, putting pressure on branded players to be more price conscious.

- The following tables outline the top five sweet spread products in the U.K. by sub-category, most popular flavours and package type.

Top Sweet Spreads by Sub-Category (June 2011–June 2012)*	%
Confiture and fruit spreads	93
Honey	39
Chocolate spreads	25
Nut spreads	20
Syrup-based spreads	4

**Please note that the sub-categories listed above differ slightly from those listed on page 3, as the data for this table comes from Mintel, which defines its sub-categories differently than Euromonitor.*

Top Five Sweet Spread Flavours (incl. blends) (June 2011–June 2012)	Number of products
Unflavoured/Plain	55
Strawberry	19
Orange	11
Peanut Butter	9
Raspberry	9

Top Five Sweet Spreads by Package Type (June 2011–June 2012)	Number of products
Jar	151
Bottle	11
Tottle*	3
Blister Pack	1
Tub	1

**An industry word for a type of bottle (often used for ketchup, shampoo, etc.) that can sit on the top, or cap end.*

- Much of the innovation in the sweet spreads market from private label has been seen at the premium end of the market, as retailers look to convince consumers that trading down on price does not necessarily mean sacrificing quality.

Top 10 Claims in the Sweet Spreads Category in the United Kingdom			
	2011	2012	Total
1. Vegetarian	35	44	79
2. Ethical - environmentally friendly package	30	43	73
3. No additives/preservatives	10	20	30
4. Low/no/reduced allergen	19	9	28
5. Gluten-free	19	9	28
6. Economy	7	20	27
7. Organic	12	13	25
8. No animal ingredients	10	10	20
9. Vegan	12	8	20
10. Low/no/reduced sugar	12	8	20

***Source for all**: Mintel 2012*

NEW PRODUCT EXAMPLES

Rigoni di Asiago Fior di Frutta mini jam assortment is comprised of three 30 g jars in the flavours of cherry, peach, and wild berry. This organic and kosher-certified product is free from added sugar and retails for US$3.25.

Emma Bridgewater Diamond Jubilee jam stack is a selection that comprises the following varieties: strawberry and black pepper jam; blackcurrant jam; and five fruit marmalade. This vegetarian product is free from gluten and nuts and retails in a pack containing three 110 g jars. Also available is Diamond Jubilee Egg Cosy & Strawberry Jam, which retails in a 42.g jar for US$16.00.

Waitrose Paiarrop Membrillo Quince Paste contains hints of apple and pear, with a sweet, caramel aroma. The soft, sweet paste, which is said to retain the natural granularity of the fruit, is the perfect partner to hard, salty cheeses, classically Machego, cold meats and pâtés. This spread is suitable for vegetarians. This product retails in a partially recyclable 150 g pack for US$ 3.98.

Marks & Spencer Caramelised Orange & Calvados Marmalade is made with caramelized orange zest, chunky Seville orange peel and French calvados. It contains no artificial colours, flavourings or preservatives. The vegetarian product retails in a 315 g pack for US$4.14.

Suffolk Mud Chilli Jam is now available. This jam is said to be a classic cheese board condiment. The product is free from gluten, artificial ingredients and nuts, retails in a 250 g jar and was displayed at the Speciality & Fine Food Fair 2011 in London. It retails for US$5.29.

***Source for all**: Mintel 2012*

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