

AHDB Retail Insight Snapshot

Potato product innovations

Kim Malley, Senior Retail Insight Analyst, AHDB

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Summary: Potato product innovations

Potato Performance

- Volume sales are growing year-on-year
- Growing at the fastest rate (but smaller categories) are crisps and chilled potatoes
- Frozen potatoes show relatively static performance - has this market matured?

Range Rationalisation

- The big 4 supermarkets are rationalising ranges to compete with discounters
- Range rationalising means more competition for space, meaning NPD needs to stand out and meet important consumer needs

NPD

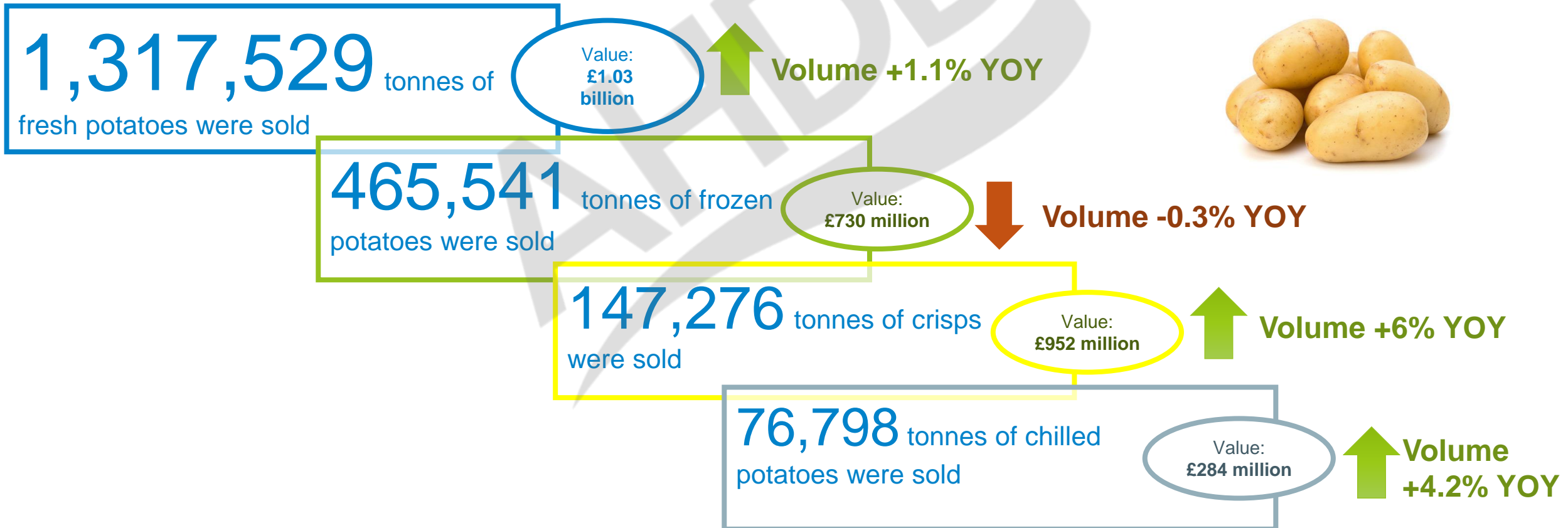
Potato innovations are focusing on the consumer need for:

- Convenience
- Carb alternatives
- Healthy snacking
- Premium snacking
- Shareable offerings
- Exciting flavours and formats
- Continental cuisines
- Packaging innovations
- Potato-based alcohol

The potato market is growing, with chilled growing fastest

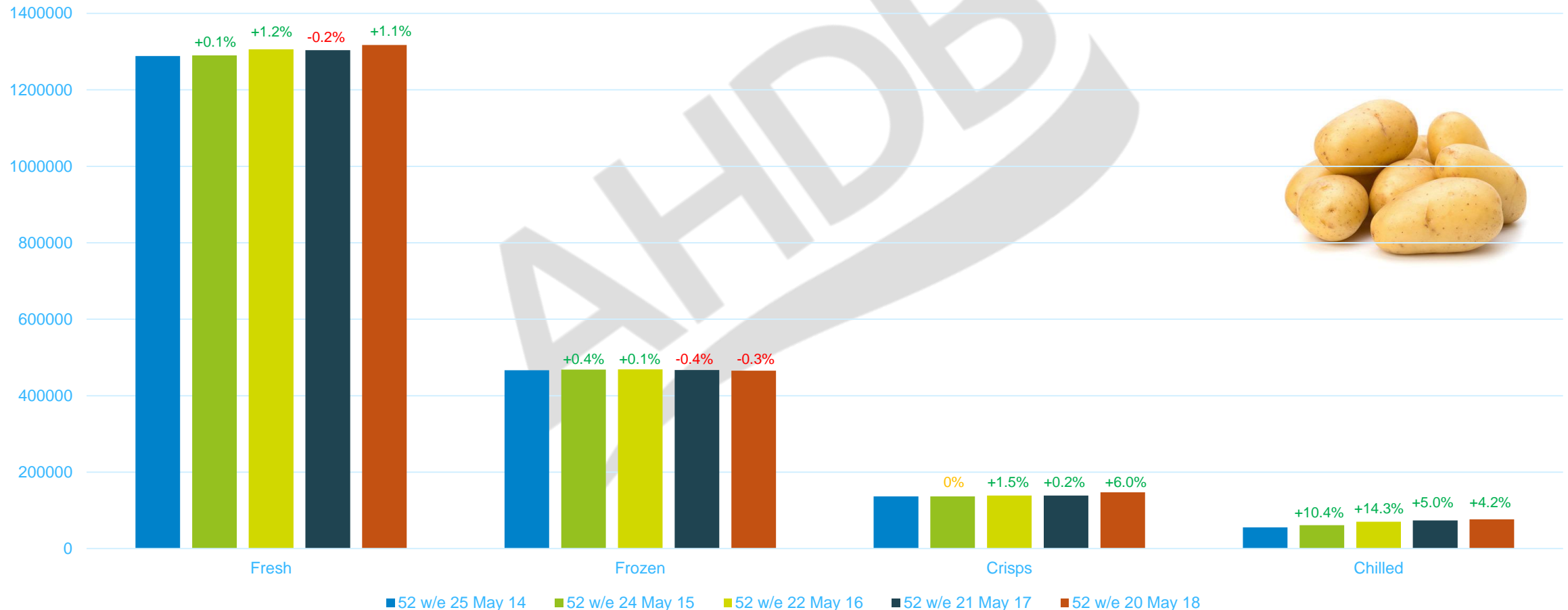
Potato retail volumes are growing, with the smaller categories of crisps and chilled gaining at the fastest rate. This is reflected in the innovations we see in the category, with significant degrees of diversification in terms of new flavours and formats. Such that conventional oven chips are no longer the overwhelming force in terms of new product development within the category. The focus is undoubtedly on greater convenience as well as new formats providing greater variety and sophistication through gourmet and premium offerings.

According to Kantar Worldpanel data, in the year ending 20 May 2018...



Both crisps and chilled have been growing consistently for at least the past 3 years

Longer-term volume trend...



In the future, NPD needs to stand out as ranges are rationalised

According to a study by SCALA*, the UK's biggest grocers are reducing their product ranges to compete with discounters. Currently, discounters stock keep 7,500 units compared to 30,000 for a traditional supermarket. This simpler and more streamlined approach is coupled with market share growth for discounters.



Range rationalisation has a big impact on NPD, making it harder for new products to gain shelf distribution and shorter time frames to prove themselves. Despite this, NPD is key for retailer success as innovation is news for a consumer and typically higher priced. Therefore, it is essential NPD stands out and meets consumer needs.

Tesco is removing thousands of big brands from shelves in a bid to hit back at cheaper rivals

A number of household names have lost their shelf space as Tesco ploughs through its Project Reset programme



Range rationalisation tipped to continue as brands are "interchangeable"

28 November, 2017
By Martin Green

Retailers are expected to continue cutting their ranges in 2018 in a bid to save money and make life easier for their customers, according to market research firm IRI.

Tesco cuts range by 30% to simplify shopping

By reducing number of products from 90,000, supermarket will be able to cut prices and improve availability on its shelves



Britain's 'big four' supermarkets fight for their lives

The Week UK - 18 Aug 2017

"At the heart of the food discounters' strategy is their limited range of ... Now they are rationalising product lines, closing unprofitable stores and ...

Supermarkets are cutting ranges



Recent potato NPD has focused on:

- Convenience
- Carb alternatives
- Healthy snacking
- Premium snacking
- Shareable offerings
- Exciting flavours and formats
 - Continental cuisines
 - Packaging innovations
 - Potato-based alcohol

Need: Convenience

The range of easy, speedy potato products is expanding

The time taken to prepare and cook a main meal has halved to 30 minutes compared with 1980. Convenience is not just about reducing time but also about ease of cooking, meaning NPD must advance in these two areas without compromising quality.

Farmhouse Potato Bakers Ltd has expanded their frozen range of microwaveable potato products to cover whole main meal offerings including loaded jacket potatoes and potato skins. You can cook these meals in 14 minutes and 3 minutes, respectively.



Finnegans Farm offers a range of chilled products that take just 3 minutes to cook. Marketing themselves as a healthy, fresh product but with the convenience of a frozen product saves the consumer a considerable amount of time.



In the US, Potandon Produce Klondike Express variety allows for one pound of whole baby fresh potatoes to be microwaved in just six minutes. La Ratta de Touquet in France offers a similar concept.



Need: Carb alternatives

Carb alternatives don't need to eradicate 100% of carbs

Carb alternatives are a hot trend, with offerings such as cauliflower rice, mushotto and courgette spaghetti recently becoming common terms. While current offerings are mainly 100% vegetable-based with the intention to remove carbohydrates completely, is there an opportunity for halfway alternatives, meaning the comfort and tastiness of carbs with the 'healthiness' of vegetables.



USA based 'O That's Good!' & 'Ore-Ida' have introduced chilled mashed potato products with a twist. The potato sides are a take on the classic comfort food but in a new way. A portion of the mashed potato has been replaced by cauliflower.

O That's good describes the offer as the 'creamy yumminess of mashed potatoes but with a twist of hearty cauliflower'.

Similarly, Boston based Farmwise has launched Veggie fries, rings and tots based on blending typically potato based products with vegetables.



Promotional Video for O That's Good -
<https://www.youtube.com/watch?v=NlnHcMZIUoI>

Need: Healthy snacking

Opportunity to shift to healthier crisps and snacks

According to Mintel, the snacking culture in the UK is pervasive, with 96% of people reported to eat between meals. This is a daily habit for 69% of those people (Consumer Snacking, UK, May 2018). Snacking needs to provide energy, fit in with time-poor lifestyles and increasingly be healthy, following the PHE's (Public Health England) scrutiny of snacks.



Marketed as a healthy snack the 'snackamole' is a chunky avocado dip with flavoured pop chips. Coupling crisps with a 'healthy side' is not only exciting but encourages the health-conscious.

This messaging is likely to work better with the healthier alternatives to standard crisps like pop chips but also beyond with baked, 'natural' and lower fat varieties.



London-based 'Hip Chips' is a new concept crisps and dips café that offers takeaway boxes of just that to meet snacking needs.

The concept of making crisps more exciting with a dip in an already packaged snacking portion is an offering currently unavailable in retailers.



Currently available in Budgens, Co-Op, Londis & Nisa
(<https://snackamole.co.uk/>)

Crisp brands are expanding into non-potato-based snacks, blurring the line between potato crisps and other snacks. Pipers Crisps has added its first healthier snack range, Crispeas, a trio of pea-based crisps. Walkers Sensations has introduced a nut-based range of snacks taking inspiration from the street food scene. PepsiCo entered with Off The Eaten Path, a range of 'chips' and 'sticks' containing pinto bean and green pea flour. Nim's Fruit Crisps launched recently and Burts has expanded into Quinoa Crinkles.



Need: Premium snacking

Hand-cooked and batch fried cooked crisps are perceived as premium

59% of savoury snack eaters think that the crunchier crisps are, the better they are (Mintel, Crisps, savoury snacks and nuts, UK, Jan 18) so playing on this quality can encourage purchase.

Branded premium products continue to expand their ranges through flavours, while still promoting the cooking process...



Own-label is expanding premium tier offerings, being “the biggest contributor to crisps volume gains 52 w/e 28 January 2018”, according to The Grocer...

MARKS & SPENCER



Waitrose



Sainsbury's



TESCO



ASDA



ALDI



Need: Shareable offerings

Innovations for sharing products lie in the eating experience

The potato market currently offers a lot of 'shareable' products in terms of crisps, chips and wedges so the opportunity lies in improving or offering new eating experiences.

McCain in Brazil has a unique oven bake potato offering designed for parties and sharing. The curvature of the potato allows for the retention of a sauce, resulting in a better consumption experience, according to tests. They market the product alongside sauce recipes to encourage purchase.



Fairfields Farm has launched a range of microwaveable 'crisps with dip' to tap into the sharing snacking sector. This is a UK first for a unique hot crisp product, allowing consumers to taste the crisps as if they were fresh out of the fryer, giving them a whole new eating experience.



Promotional Video -

<https://www.youtube.com/watch?v=whZpSWstYy0>

Need: Exciting flavours and formats chilled/frozen Newness in existing ranges excites consumers

The potato market over the last few years has played heavily on flavours and formats. While manufacturers are still doing this, coupling with a gourmet or premium message can widen eating occasions beyond every night meals.

In the last 2 years, McCain has introduced 2 new chilled concepts:

- 'Season & Savour' with goose fat roasts and triple cooked chips where you pre season ahead of baking



SEASON & SAVOUR GOOSE FAT ROASTS
WITH TOASTED ONION, GARLIC & THYME



SEASON & SAVOUR TRIPLE COOKED CHIPS
WITH CORNISH SEA SALT



SEASON & SAVOUR TRIPLE COOKED CHIPS
WITH GARLIC & HERBS

- 'Shake Shake' covering wedges and fries where you open the bag, sprinkle the contents of the sachets, close and shake ahead of baking



SHAKE SHAKE FRIES
SEA SALT AND CRACKED BLACK PEPPER



SMOKED PAPRIKA SHAKE SHAKE FRIES

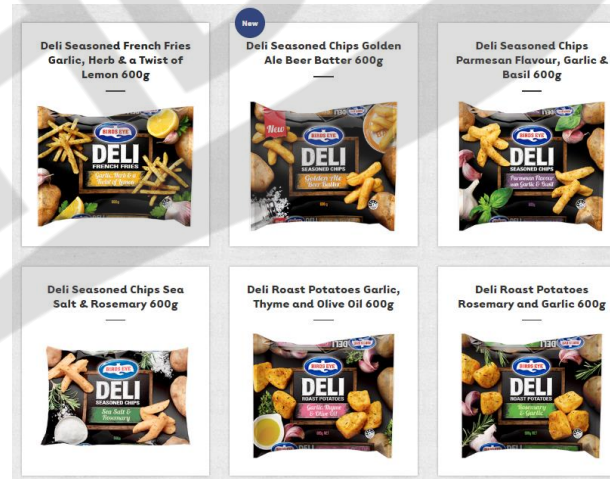


SHAKE SHAKE WEDGES
SMOKY BBQ

Both offerings allow the consumer to choose the strength of the flavour. Seasonings are also becoming prominent in other markets



Birds Eye in Melbourne has launched extensions to their premium frozen deli chips range. The supporting campaign 'We prep, you cook' aims to challenge peoples' perceptions of frozen food by showcasing the craftsmanship that goes into its frozen chip range



Ad Campaign -
<http://www.thedrum.com/creative-works/project/jwt-birds-eye-we-prep-you-cook>

Premium offerings for existing formats are advancing to play on different flavours and additions



Need: Exciting flavours and formats crisps

Newness in existing ranges excites consumers

The potato market over the last few years has played heavily on flavours and formats. For crisps, this is still expanding to revive consumer interest in an established sector.

Walkers has launched Doritos Heat Burst with the formats delivering two flavour experiences in every chip, thanks to mini chilli capsules that burst when crunched.



Brands are playing on alcohol flavours with Jim Beam Bourbon Whiskey crisps, Aldi Gin and Tonic crisps and M&S Prosecco crisps.



Tapping into world cuisine trends, Walkers Sensations added two exotic flavours to its line-up; Japanese Sweet Wasabi & Ginger and Chargrilled Steak & Chimichurri.



More unusual flavours harbour publicity such as Kettle Chips Discoveries Salted Caramel & Double Cream, Tesco Finest Candy Cane & Mackies Ice Cream flavours. Brands are also playing on events such as Tyrells Royal Wedding Limited Edition.



Own-label is becoming more experimental in flavours



Pringles built on the growing profile of street food with new limited edition summer flavours including Spicy BBQ Ribs, Hot Chilli Sauce, Mac & Cheese and Thai Green Curry.



Need: Continental cuisines

World cuisines could reinvigorate the frozen potato category

According to IGD, 43% of shoppers claim there is not enough choice and variety in supermarkets for world foods (IGD Shopper Vista, Range rationalisation, June 2017). While ranges are increasing, particularly in sauces, meal kits and ingredients, convenient frozen ranges remain small, posing an opportunity to encourage world dishes with country-specific potato offerings.

In Germany:

- Princess Potatoes – decorative whirls formed from loose-mashed potatoes, lightly flavoured and not pre-baked for extra creaminess. Introduced to the German market as a traditional accompaniment to popular seasonal game dishes
- Potato Pancakes – traditional German pancakes prepared according to Saxon recipes with fresh-grated potatoes. Marketed as a sweet dish with sugar or apple compote or savoury dish with mushroom sauce



In India:

- Aloo Tikki - recreates the traditional Indian snack by blending mashed potatoes and Indian spices



In Canada and the USA:

- Shredded hash browns – typically a patty in the UK, this shredded format completes a breakfast dish in other countries, typically fried with other breakfast goods

In South America:

- Potato Tortillas - a take on the typical Spanish tapas dish



Need: Packaging innovation

The need for appealing, environmentally friendly packaging is growing

The need for attractive but environmentally friendly packaging is growing, as 63% of shoppers agree they would prefer to buy products wrapped in paper, steel, glass or aluminium rather than plastic, as they are better for the environment (IGD ShopperVista, UK action on plastic, May 18)

Currently, crisps lack environmentally friendly credentials, with almost all crisps sold in the UK being in non-recyclable plastic packaging that doesn't rot. A recent petition has called for action, particularly by Walkers, to change. Walkers has answered by committing to making all of its packaging 100% recyclable, compostable or biodegradable by 2025. Having this USP would be beneficial for all crisp brands.

Petition calls for Walkers to change plastic crisp packets

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Sourcing & Sustainability

see more

Question: Are your crisp bags recyclable?

Answer: Walkers is working tirelessly to tackle waste challenges, allocating significant resources and attention to this important issue. We have committed to 100% recyclable, compostable or biodegradable packaging across our product portfolio by 2025, and are collaborating with leaders in this space to bring the latest packaging advances to our products.

More FAQs

What can we learn from other countries?

Futamura has collaborated with packaging manufacturer, Bio4Pack, to create a plastic-free compostable crisp pack for German organic crisps producer, myCHIPSBOX. The sustainable pack consists of NatureFlex film made from renewable and responsibly sourced wood pulp. The bio-based, compostable and plastic-free pack offers an environmentally responsible packaging choice with outstanding barrier properties. US firm Boulder Canyon is using a similar technology.



Fresh & frozen ready meals use plastic trays and are therefore another area to innovate. Colpac is launching an all-in-one, dual-ovenable, paperboard solution for the ready-meal market.



While currently only available for wholesale, does the new paper 'Tite-Pak' bags of frozen chips, certified recyclable, by Lamb Weston have potential in retail?



Convenient packaging is an area to consider going forward, e.g. eat straight from pack, oven-ready etc.



Fresh potato packaging is modernising. At EarthFresh they have introduced attractive light blocking bags to extend shelf life. H Padfield & Sons and Babina Leta Potatoes are examples of rebranded visuals and adding convenient handles.



While not playing on environmentally friendly credentials, a recent innovation award was won by Parkside for its reclosable sharing crisp bag. The reclosability feature helps to keep crisps fresher for longer when compared with an open pack.



Need: Potato-based alcohol

While the size of the potato-based alcohol market is unknown, growth is implied by the increased number of spirit-based distillery registrations in the UK. According to WSTA, gin distilleries have gone from 40 in 2010 to around 75 in 2016 and vodka distilleries have gone from 20 to 32 in the same time frame. Examples include:

Chase Distillery, the UK's first single-estate distillery, was founded on a farm in Herefordshire in 2008 by the founder of Tyrells crisps. The vodka is a premium potato-based product made from specialty potato varieties such as Lady Claire and King Edward. The vodka comes in original as well as a number of flavours. In its first year, Chase Distillery sales reached £140,000**, and continued growth enabled the company to create a worldwide export market. As of February 2016, the Chase Distillery was selling 10,000 bottles of spirits per week***. They then expanded into gin.



Arbikie is a field to bottle distillery sitting within the Stirling family's Arbikie Highland Estate in Scotland. The vodka comes in original flavour as well as Haar, Chilli and Strawberry.



Other brand examples...J.J Whitley, Chopin & Verstal

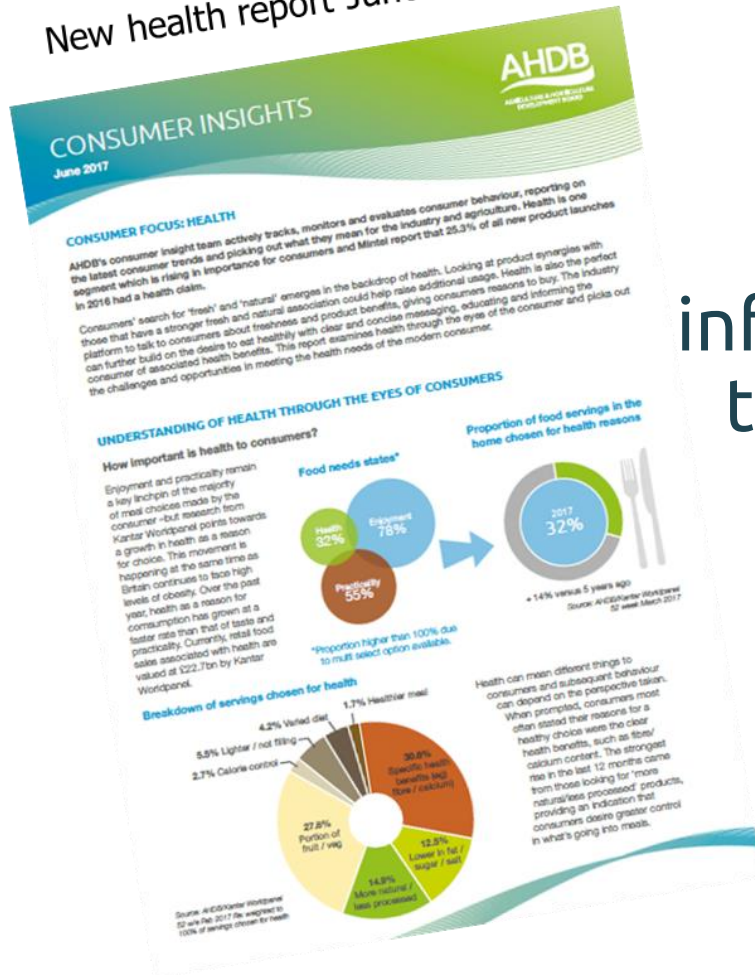


A brand new craft potato gin has been launched by an Irish-based company 'The Muff Liquor'



www.ahdb.org.uk/consumerinsight

New health report June 2017



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