

ENGLAND MARKETING

IN-STORE PRODUCE
RESEARCH GIVES TOP
MARKS TO M&S!



Mystery Shopping Report
May 2015 - April 2016

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and Conference 2016

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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

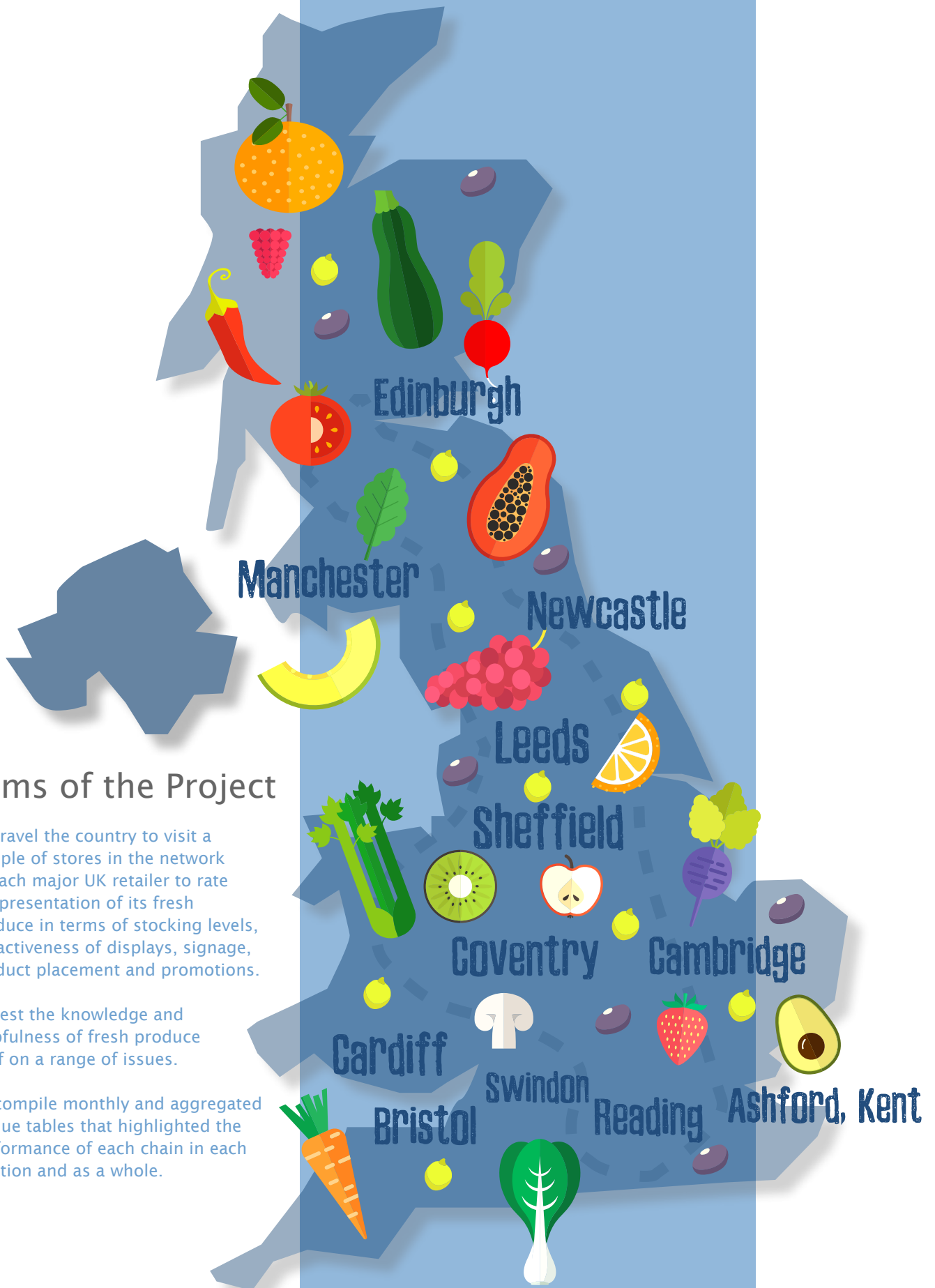
a day and, of course, to tackle some of the serious health issues the nation faces by facilitating a propensity towards healthier eating.

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

Vegetables
Well stocked
Attractive display
Effective promotions
Style of packaging
Range of produce
Fruit
Well stocked
Attractive display
Effective promotions
Style of packaging
Range of produce
Promotions
Number of Gondolas
Range on Aisle End
The Store
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.

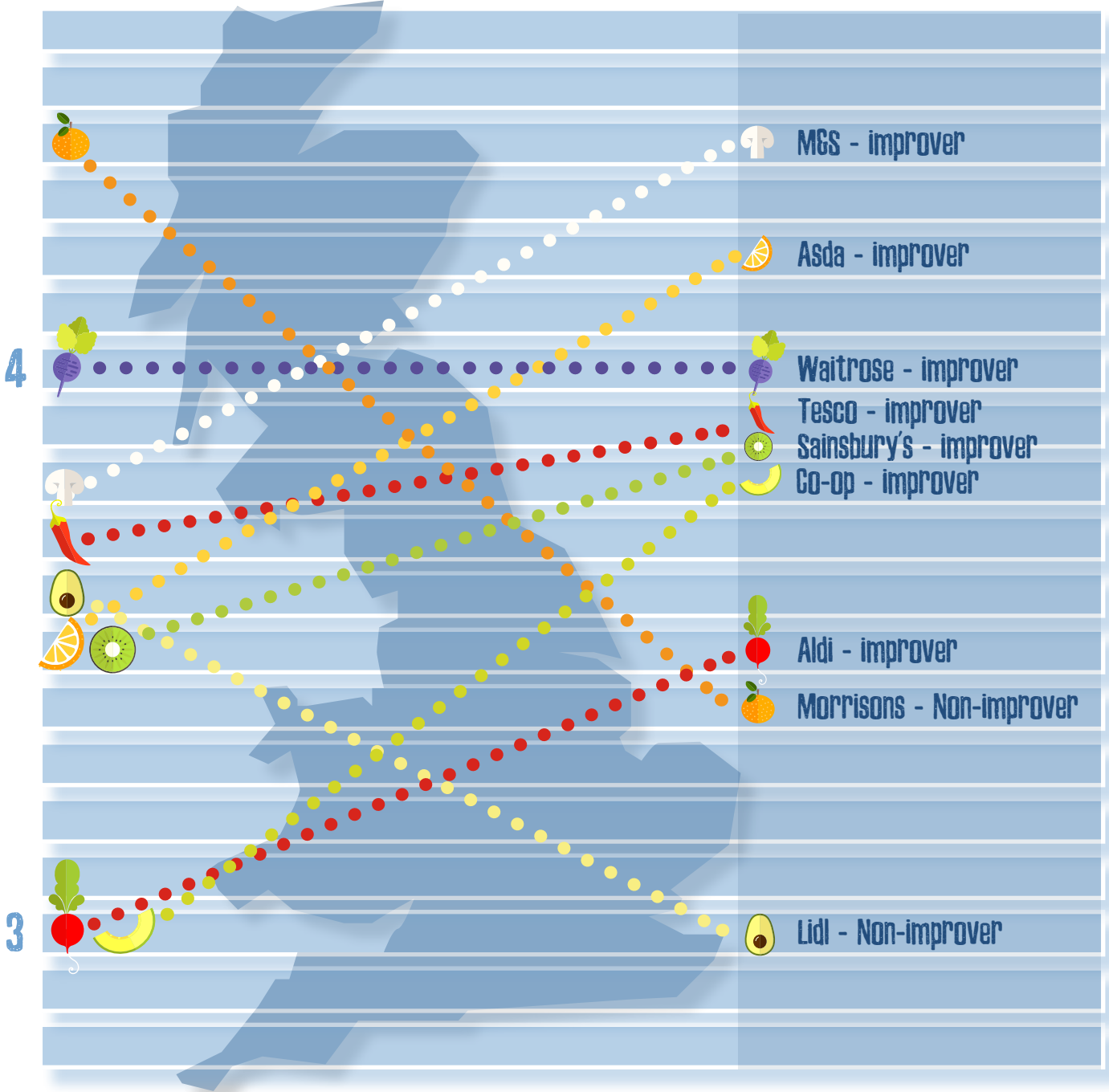


Performance over time by Retailer
 Taking the monthly aggregate score for each retailer and plotting a trend line, we can see that all retailers except Morrisons and Lidl showed some improvement over the 12-month period, albeit that Tesco and Waitrose had the most imperceptible upward trends.

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

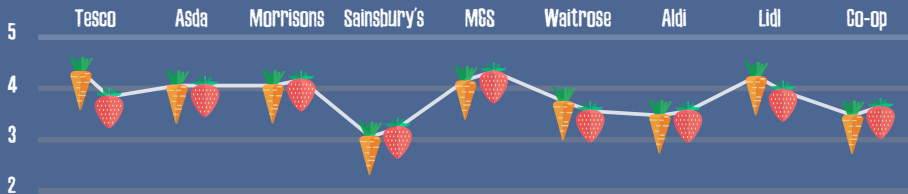
12-month period, which perhaps reflects negative coverage in the media over the same period about Morrisons performance.

Improvers and Non-Improvers

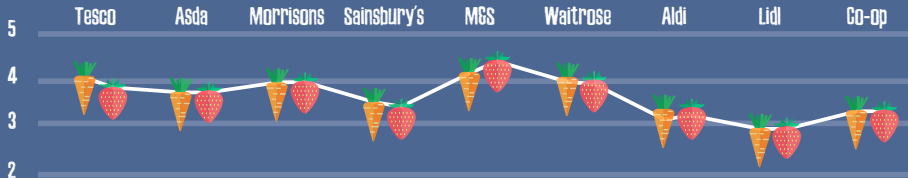


Cumulative Performance on Aspects Measured

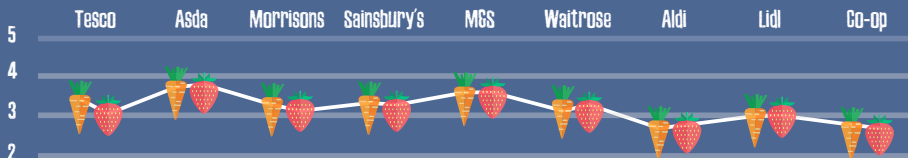
Well Stocked Rating



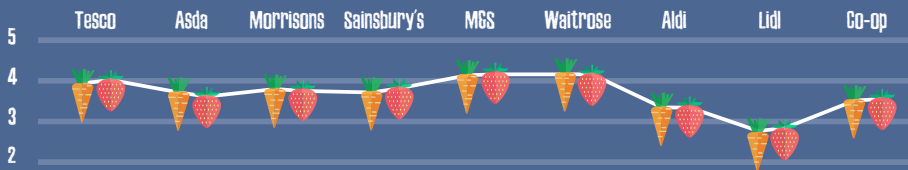
Attractiveness of Display



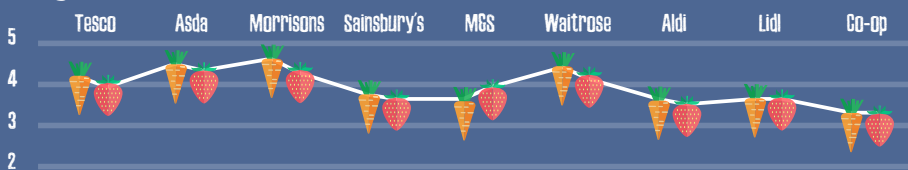
Effective Promotions



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.

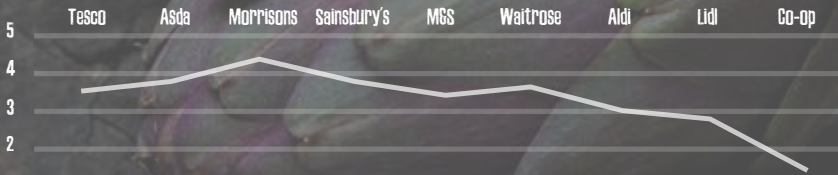
Tesco's recent foray into farm-based brands came right at the end of our research period and therefore had no impact, but initiatives such as this might mean that this particular research category may see some changes in the next 12 months.

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.

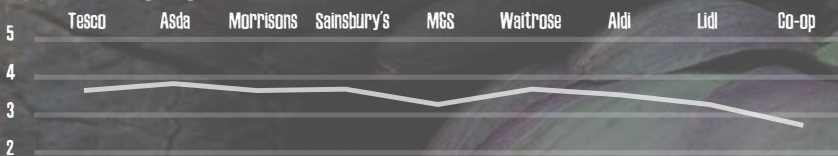
Waitrose, M&S and Sainsbury's also had the most helpful and best-informed staff throughout the year, though every chain showed a degree of inconsistency across its network.

Final aspects measured

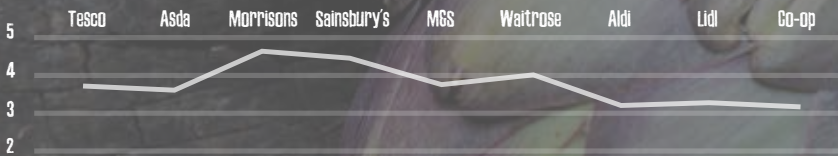
Rating of range of aisle end



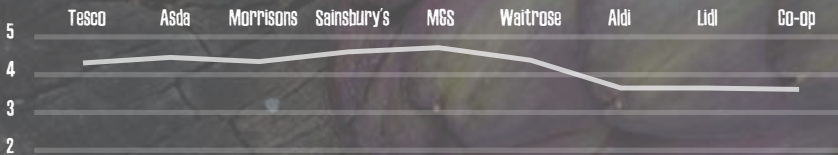
Appeal of signage



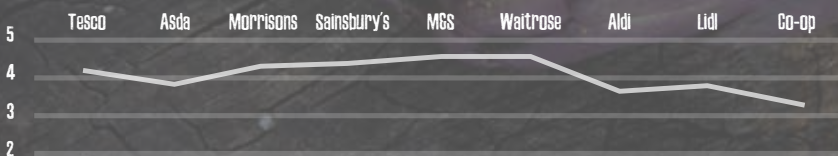
Fresh produce stands out



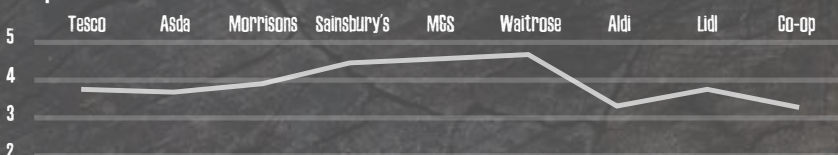
Cleanliness in store



Cleanliness outside



Helpfulness of staff



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