Bread & Bakery Products

2001 Market Report

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Bread & Bakery Products

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Executive Summary

The bread sector has been inhibited for a number of years by its status as a mature and saturated market. Retail price-cutting activity in 2000, although less fierce than in 1999, has continued to affect the value of the white bread sector in particular. Key Note estimates that the value of the total market stood at £2.84bn in 2000, an increase of only 0.5% since 1999.

This report covers the white and brown/wholemeal bread sectors, as well as bakery snacks and ethnic and speciality breads. During 2000, growth has continued to slow down within bakery snacks — formerly a particularly dynamic sector — while the ethnic and speciality breads sector has shown strong growth.

The market has continued to be driven by product innovation, as companies seek new ways to add value and to widen the consumer base. Recent developments have centred on, among other things, trying to make the taste and texture of brown bread more 'user-friendly'. Young adult consumers have also been targetted by market advertising. There has been much activity in the area of organic bread and bakery products, with many bakeries introducing or adding to organic ranges.

The popularity of the ethnic and speciality bread sector and organic bread will encourage much market growth in the near future. However, there are unlikely to be any dramatic changes in the rate of growth.

Key Note forecasts that the bread and bakery products market will increase by 4.5% between 2001 and 2005.

1. Market Definition

REPORT COVERAGE

Despite the fact that UK eating habits have changed considerably since 1980, bread has remained a staple item, with household penetration remaining at near 100%. The market for bread and bakery products has for some years been dominated by manufacturers' and retailers' attempts to find coping strategies within this saturated market, mainly through diversification, product innovation and adding value.

This report covers bread and bakery products (as defined by the Federation of Bakers). It does not include cakes and pastry products.

MARKET SECTORS

The market is divided into two main sectors — bread and bakery products. These two sectors can be further subdivided according to a number of factors.

Bread

The main sub-division within this sector (and the one that will be principally used in this report) is by flour type. The three basic types are white, brown and wholemeal:

- white bread — made from flour containing only the endosperm, or central section of the grain (approximately 75% of the whole grain)
- brown bread — made with a crude fibre content derived from wheat of no less than 0.6%, and with an ingredient flour other than wholemeal; brown bread is made from flour which represents approximately 85% of the whole grain
- wholemeal bread — made from the entire wheat grain with nothing removed.

Shape of Bread

Loaves can also be categorised by shape. There are numerous varieties, and regional preferences are often apparent. Some of the more common shapes include:

- sandwich loaf — a tin loaf with a flat top giving even, rectangular slices
- split-tin — a long, tin-baked loaf giving a large number of small slices
- farmhouse — similar to a split-tin, but shorter and fatter for larger slices

- batch loaf — tall loaves baked without tins by placing them close together in the oven so that the sides touch; they are split apart after baking, and have only top and bottom crusts
- cob — a round loaf, often made with a combination of brown and white flours, usually with a sprinkling of crushed wheat on top
- vienna — a white baton-shaped loaf usually enriched with milk; it has a glazed, crisp crust and may be topped with poppy seeds.

Type of Flour

Other types of bread are catagorised by the type of flour used, including:

- wheatgerm bread — has an added processed wheatgerm content of no less than 10%
- granary bread — made from granary flour (a trademark of the Hovis brand), which includes kibbled and whole grains
- softgrain bread — made from white flour with additional grains of softened rye and wheat, increasing the fibre content by 30% compared with conventional white bread
- soda bread — in which sodium hyrdogen carbonate has been used as an ingredient.

Ethnic and Speciality Breads

Ethnic and speciality breads, made with a variety of different flours and methods, are also included in the 'other bread' section. These include:

- naan — a white flour bread, lightly leavened by a natural yeast starter developed from airborne yeasts
- pitta — the largest-selling ethnic bread in the UK, pitta is a flat bread from Greece and the Middle East; generally made from white flour, but available in wholemeal variants, it is usually oval in shape, and can form a pocket for fillings
- focaccia — a soft light Italian bread made from white flour with olive oil; often with added flavourings such as garlic, herbs, olives or sun-dried tomatoes
- ciabatta — a crusty flat white Italian bread, made with virgin olive oil and with large holes in the dough
- baguette — a long white crusty baton loaf (also known as a French stick) made with special flour; they have a very short shelf life, as they stale very quickly
- cholla — a braided Jewish loaf traditionally eaten on the Sabbath and at festival times, enriched with butter and eggs to give a creamy coloured crumb and a very fine texture.

Bakery Products

This sector was previously called morning goods, referring to products such as rolls which were traditionally sold in the morning and consumed on the day they were baked. Due to modern technology, ingredients and packaging, the life-span of these products has improved, making the term ’morning goods’ somewhat out-of-date. In addition, changing shopping and eating habits mean that they can now be purchased for consumption at any time of the day, or on the following day.

Rolls and baps account for the majority of sales within this sector. It also includes traditional British toasting products, such as muffins, crumpets and teacakes, as well as scones and buns, and seasonal products such as hot cross buns. More recently, the sector has expanded to encompass international products such as croissants and American sweet muffins, as well as bagels, pancakes, waffles and potato cakes.

MARKET TRENDS

Changing Eating Habits

The bread market has undoubtedly suffered from the fact that traditional meal times have been replaced to a great extent by more casual eating patterns. Some meals that tended to rely heavily on bread and/or toast, have virtually disappeared in many households, such as breakfast and ‘high tea’.

However, the new eating habits have boosted the market for bakery products, and also for some products in the speciality breads sector, which are particularly well suited to snacking and ’grazing’.

The growing internationalisation of eating habits has also brought mixed fortunes to the market. The preference for continental and ethnic meals over traditional British bread-based meals means that households have become less dependent on standard sliced loaves. However, the willingness to experiment with a wider variety of foods has extended to bread and bakery products, boosting the speciality breads sector.

Supermarket Pricing Strategies

With most multiple food retailers taking a more conservative stance on pricing, there have been fewer dramatic price cuts in bread in 2000 than in 1999. However, the importance of bread as a staple item means that it still features strongly among most retailers’ ’across the board’ price cuts.

The Organic Boom Reaches the Bread Market

As part of the constant search for innovation, plant bakers have begun to exploit the possibilities of organic bread. Most large bakeries have launched new organic products, and/or added to organic ranges during 2000 — a trend which is hoped will add value to the overall market.

MARKET POSITION

The UK

The UK bread market was valued by Key Note at £2.4bn in 2000, compared with £1.2bn for biscuits, £1.6bn for cheese and £1.1bn for breakfast cereals.

Table 1: The UK Bread and Bakery Products Market in the Major Food Market by Value (£bn at rsp), 2000

Bread and bakery snacks	2.8
Cheese	1.6
Biscuits	1.2
Breakfast cereals†	1.1
Eggs	0.5
Sugar	0.2

rsp — retail selling prices

† — includes pasta and other foods based largely on cereals, such as pizzas

Source:Key Note

There has been no change in average weekly expenditure on bread between 1998/1999 and 1999/2000. The annual Family Spending survey showed an average weekly expenditure of £1.80 per person per week during 1999/2000, representing 3% of all household food expenditure.

Table 2: Household Expenditure on Food (£ per person per week and %), 1998/1999 and 1999/2000

	1998/1999		1999/2000	
	£ Per Week	**%**	**£ Per Week**	**%**
Food Consumed at Home				
Beverages	3.70	6.3	3.50	5.9
Bread	1.80	3.1	1.80	3.0
Confectionery and ice cream	2.40	4.1	2.40	4.0
Dairy, fat and oil	5.60	9.5	5.50	9.2
Eggs	0.40	0.7	0.40	0.7
Fish	1.40	2.4	1.40	2.3
Flour, biscuits, cakes and cereals	4.20	7.1	4.20	7.0
Fruit and vegetables	7.10	12.1	6.90	11.6
Meat	8.10	13.8	8.20	13.8
Sugars, jams and spreads	0.50	0.9	0.50	0.8
Other foods	5.40	9.2	5.50	9.2
Total food consumed at home	**40.60**	**69.0**	**40.30**	**67.6**
Meals out†	18.20	31.0	19.30	32.4
Total	**58.80**	**‡100.0**	**59.60**	**‡100.0**

† — includes take-away meals eaten in or out of home

‡ — does not sum due to rounding

Source:National Statistics, Family Spending/Key Note

Table 3, taken from the National Food Survey (NFS), shows the extent to which average consumption of bread has fallen during the past decade — from 834 grams (g) per person per week in 1989 to 717g in 1999.

Table 3: UK Household Food Consumption (grams per person per week), 1989-1999

	1989	1996	1997	1998	1999
Beverages	74	64	59	58	56
Bread	834	752	746	742	717
Cheese	115	111	109	104	104
Eggs (number)	2	2	2	2	2
Fats and oils	269	227	203	194	186
Fish	147	154	146	144	144
Fruit	919	1,023	1,068	1,074	1,063
Meat and meat products	1,019	943	940	934	912
Milk and cream (ml or equivalent)	2,236	2,106	2,095	2,010	2,007
Other cereals	678	809	772	736	747
Sugar and preserves	233	185	169	155	141
Vegetables	2,325	2,118	2,061	1,944	1,966

ml — millilitres

Source:National Food Survey (NFS)

Overseas

The UK is in fourth position (behind Germany, France and Italy) in terms of total bread production in Europe. However, the UK lags behind other countries with regard to bread consumption: only Belgium and Spain have lower per capita consumption (see Chapter 8 of this report — The Global Market).

KEY TRADE ASSOCIATIONS

Federation of Bakers

The Federation of Bakers represents the plant baking industry. It was founded in 1942, and now has 67 members. Almost all of its members are plant bakers supplying the retail and food service trade, the only exception being the Three Cooks Ltd chain of retail bakeries.

The organisation exists to:

- represent the views and objectives of the industry to relevant government, national and international organisations

- promote the consumption of bread by developing and maintaining effective communication with the public, health and education professionals, and the media
- provide a forum where members can exchange views, agree policy and develop guidance on relevant issues, including research, legislation, diet and nutrition, technical, training and health and safety.

The focus of the Federation's activities has shifted throughout the years to reflect changing priorities within the bread market. Originally dealing with production and distribution of bread during the Second World War, it has been involved in industrial relations during the 1970s and 1980s, and, more recently, with issues arising from the Single European Market.

Current activities include:

- Training — the Federation runs a number of its own training courses for the plant baking industry, and is involved in the work of the Food and Drink National Training Organisation.
- Health and safety — the organisation has recently launched the Contractors' Passport Scheme for external contractors working at member companies' sites. The scheme will ensure that all contractors working within the industry have been audited in respect of health and safety requirements, and that their employees have received health and safety training. The Federation has also been involved in initiatives arising from the issue of ingredient dusts, pending the proposed introduction of maximum exposure limits (MEL) in 2001. It has produced a number of training videos and packages, including the Breathe Easy training package.
- Technical and regulatory affairs — the Federation monitors and consults on a wide range of legislation, and technical and scientific issues covering food safety, ingredients, labelling, distribution and environmental matters. Issues considered during the past year have included salt in bread, genetically-modified (GM) ingredients and folic acid.
- Publications — publications include industry statistics, technical publications, health and safety guidelines, careers information and membership newsletters.
- Public relations — public relations (PR) activity has concentrated recently on updating the Federation's image, including a revision of the organisation's website.

National Association of Master Bakers

The National Association of Master Bakers (NAMB) is the trade association for the craft sector of the baking industry, representing around half of all craft bakery companies. Its membership includes both small bakery outlets and large retail chains, such as Lyndale Foods Ltd and Greggs PLC.

The Association provides training for its members through the Anglo-Welsh Bakery Training Company, which in September 1999 received City & Guilds approval to deliver all Craft Bakery NVQs.

It represents a number of issues affecting the industry, and has recently announced its concern over a newly-announced EU review of all aspects of food legislation. The Association is concerned that this will lead to calls for more labelling, including nutritional information, and could mean that the craft industry's exemptions from current legislation might be under threat.

The use of the word organic in respect of bakery products is another issue of concern (see Chapter 7 of this report — Current Issues).

The Flour Advisory Bureau Ltd

The Flour Advisory Bureau Ltd (FAB) came into existence in 1956. It is a generic body which provides information on all matters concerning flour and bread to the public, media, schools and health professionals, as well as to the catering, retailing and baking trade.

Since 1992, FAB has been running the Bread for Life campaign, promoting the consumption of bread through a variety of activities — including national bread weeks, sports sponsorship (including athletics and women's rugby) and issue-led PR initiatives.

FAB has also initiated a campaign to persuade pub chains to provide more, and better quality, bread in their menus.

2. Market Size

THE TOTAL MARKET

The total bread market has once again shown only limited growth, inhibited by its status as a mature and saturated market. Retail price cutting activity, although less fierce in 2000 than in 1999, has continued to affect the value of the white bread sector in particular. Key Note estimates that the value of the total market stood at £2.84bn in 2000, an increase of only 0.5% since 1999.

Table 4: The Total UK Bread and Bakery Products Market at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Bakery Products	791	842	880	898	905
White bread	884	890	892	895	895
Ethnic and speciality bread	555	587	606	640	670
Brown and wholemeal bread	480	451	422	392	368
Total	**2,710**	**2,770**	**2,800**	**2,825**	**2,838**
% change year-on-year	-	*2.2*	*1.1*	*0.9*	*0.5*

rsp — retail selling prices

Source:Trade estimates

BY MARKET SECTOR

Bread

Traditional white and brown bread loaves have continued to lose market share. This is largely due to competition from both morning goods and other bakery products, and from other bread types, especially ethnic and speciality breads.

Table 5: The UK White, Brown and Wholemeal Bread Market by Value at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Value (£m at rsp)	1,364	1,341	1,314	1,287	1,263
% change year-on-year	-	*-1.7*	*-2.0*	*-2.1*	*-1.9*
Sector share of total market (%)	50.3	48.4	46.9	45.6	44.5

rsp — retail selling prices

Source:Trade estimates

White Bread

Table 6: The UK White Bread Market by Value at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Value (£m at rsp)	884	890	892	895	895
% change year-on-year	-	*0.7*	*0.2*	*0.3*	-
Sector share of total market (%)	32.6	32.1	31.9	31.7	31.5

rsp — retail selling prices

Source:Trade estimates

White bread has always tended to be a more popular choice than brown and wholemeal varieties, partly because the taste and texture are generally more appealing to consumers (especially to men and children, who are the most avid consumers of bread).

It increased its lead over brown bread during the 1990s, as health education materials from a number of sources (including the Government and the Federation of Bakers) have stressed that the health benefits of white bread can be just as strong as those of wholemeal bread. At the same time, however, white bread has suffered strongly from the fact that, as a staple item in the British diet, it has become the target of supermarket price-cutting activity, which reached its peak during 1999.

In 2000, white bread accounted for only 31.5% of the total bread and bakery market.

Brown and Wholemeal Bread

Table 7: The UK Brown and Wholemeal Bread Market by Value at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Value (£m at rsp)	480	451	422	392	368
% change year-on-year	-	*-6.0*	*-6.4*	*-7.1*	*-6.1*
Sector share of total market (%)	17.7	16.3	15.1	13.9	13.0

rsp — retail selling prices

Source:Trade estimates

The brown and wholemeal bread sector, which has been declining steadily for some years, has been the focus of much activity over the past 2 years. Many companies have introduced new wholemeal products, which have attempted to address the problem of consumer resistance to its taste and texture. The result has been a marked slowing down in the rate of decline, although the sector still only represented 13% of all bread sales in 2000.

Ethnic and Speciality Breads

Table 8: The UK Ethnic and Speciality Bread Market by Value at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Value (£m at rsp)	555	587	606	640	670
% change year-on-year	-	*5.8*	*3.2*	*5.6*	*4.7*
Sector share of total market (%)	20.5	21.2	21.6	22.7	23.6

rsp — retail selling prices

Source:Trade estimates

Ethnic and speciality breads is the healthiest sector of the bread market, representing 23.6% of all sales of bread and bakery products in 2000. Given initial impetus by the rise of in-store bakeries (ISBs), and the popularity of French and other continental breads, the sector has grown to encompass a wide range of regional and ethnic breads, including naan and pitta breads, as well as traditional varieties such as soda bread.

The possibilities for new product development (NPD) within this sector are almost infinite and, as speciality breads tend to appeal to 'foodies' who are looking for authenticity rather than cost savings, it is protected to a certain extent from the price-cutting activities which have dogged other market sectors.

Bakery Products

Table 9: The UK Bakery Products Market by Value at Current Prices (£m at rsp and %), 1996-2000

	1996	1997	1998	1999	2000
Value (£m at rsp)	791	842	880	898	905
% change year-on-year	*-*	*6.4*	*4.5*	*2.0*	*0.8*
Sector share of total market (%)	29.2	30.4	31.4	31.8	31.9

rsp — retail selling prices

Source:Trade estimates

The bakery products sector, which accounted for nearly a third of the total bread market in 2000 (31.9%), has grown faster than that of white, brown and wholemeal bread in recent years. This is mainly because its wider product range has made it more adaptable to changing lifestyles and eating habits, and also because it has been the focus of much new product development (NPD), with the emphasis on products that add value to the market.

However, like bread, this sector has begun to suffer from discounting by multiple retailers, and the rate of growth has slowed considerably. Between 1996 and 1997, market growth was 6.4%, but between1999 and 2000 it was only 0.8%.

VOLUME PENETRATION BY SECTOR

This section is based on data from the National Food Survey (NFS), which includes bread and bakery products consumed at home only. It excludes consumption in restaurants, sandwich bars and other food outlets.

Table 10: Volume Penetration of Bread by Sector (%), 1995-1999

	1995	1996	1997	1998	1999
White	58.7	58.6	57.8	59.5	57.6
Wholemeal and brown	22.9	22.6	22.9	20.0	22.0
Other†	18.4	18.9	19.4	20.5	20.4
Total	**100.0**	**‡100.0**	**‡100.0**	**100.0**	**100.0**

† — includes bread rolls and speciality breads, malt bread, French bread, Vienna bread, starch-reduced bread and part-baked bread products

‡ — does not sum due to rounding

Source:National Food Survey (NFS)/Key Note

Whereas in 1998 white bread showed an increase in penetration compared with wholemeal and brown bread, these trends have been reversed in 1999. A more detailed breakdown of bread consumption suggests that, in volume terms, standard sliced white loaves may be gaining from premium sliced loaves.

Table 11: Volume Consumption of Bread by Bread Type (%), 1995-1999

	1995	1996	1997	1998	1999
White unsliced standard	9.0	9.3	8.4	8.2	8.2
White sliced standard	44.1	34.2	29.3	29.3	32.2
White sliced premium	3.8	12.6	18.4	19.5	16.2
White soft grain, sliced	1.8	2.2	2.2	2.4	1.0
Brown (sliced and unsliced)	10.5	9.5	10.7	9.2	9.6
Wholemeal (sliced and unsliced)	12.4	13.2	12.1	10.9	12.3
Rolls	9.9	9.5	9.3	9.4	9.4
Malt/fruit bread	0.8	0.9	0.9	0.9	0.8
Vienna/French bread	3.0	3.6	4.2	4.2	4.3
Starch reduced bread and rolls	1.3	0.7	0.8	0.8	0.6
Other bread†	2.7	3.6	3.5	3.9	4.2

† — includes sandwiches purchased for home consumption

Source:National Food Survey (NFS)/Key Note

OVERSEAS TRADE

Despite the growing popularity of ethnic and other foreign breads, very little bread (around 1%) is imported, with most ethnic breads being made locally. Exports include fresh sliced and wrapped bread for the growing continental sandwich market, and part-baked and frozen French bread and rolls; this is also a small market, accounting for less than 2% of the total market size.

3. Industry Background

INTRODUCTION

Recent History

In recent years, all sectors of the bread and bakery products market have continued to be influenced by the large multiple food retailers.

Throughout the second half of the 1990s, the market as a whole suffered from the fact that, due to its staple position within the national diet, bread has been a central feature of price wars between the major supermarkets. Standard sliced loaves were subject to heavy discounting at the outset of the price wars during the mid-1990s. This continued throughout the decade, with some standard loaves selling for as little as 7 pence during 1999. The practice also extended to the premium bread sector.

In addition, the almost universal adoption of in-store bakeries (ISBs) by supermarkets have posed threats to both plant bakeries and the craft sector. Plant bakeries have tended to respond by manufacturing their own part-baked products for finishing off in ISBs, and/or by taking over other companies already active in this area.

The dwindling craft sector has turned to diversification, for example by producing sandwiches and hot take-away food prepared in bake-off ovens, and/or incorporating cafés.

Number of Companies

Due to extensive rationalisation within the industry since 1980, 80% of all bakery production is now concentrated in only 11 companies with a total of 67 operational units.

Bread, Fresh Pastry Goods and Cake Manufacture

According to Business Monitor figures — which includes manufacturers of cakes and pastry goods, as well as bread within the bakery industry category — there were 1,960 businesses active in the market in 2000, a slight decrease on the 1999 figure.

Table 12: Number of VAT-Based Enterprises Engaged in the Manufacture of Bread, Fresh Pastry Goods and Cakes by Turnover Sizeband (number of enterprises and %), 1999 and 2000

	1999		2000	
	Number of Enterprises	**%**	**Number of Enterprises**	**%**
Turnover Sizeband (£000)				
1-49	215	10.3	205	10.5
50-99	455	21.8	425	21.7
100-249	615	29.5	580	29.6
250-499	330	15.8	310	15.8
500-999	180	8.6	160	8.2
1,000-4,999	200	9.6	185	9.4
5,000+	90	4.3	95	4.8
Total	**2,085**	**†100.0**	**1,960**	**100.0**

† — does not sum due to rounding

Source:Business Monitor PA1003 — Size Analysis of UK Businesses

The domination of the industry by a relatively small number of large plant bakeries is reflected in the fact that, in 2000, only 14.3% of companies had a turnover in excess of £1m.

Bread, Cakes, Flour Confectionery and Sugar Confectionery

Nearly three-quarters (73.5%) of retail units have a turnover of less than £250,000. Although there were 170 fewer units overall in 2000 than in 1999, the decrease is smaller than it was the previous year, when the number fell by 455 units.

Table 13: Number of VAT-Based Enterprises Engaged in the Manufacture of Bread, Cakes, Flour Confectionery and Sugar Confectionery by Turnover Sizeband (number of enterprises and %), 1999 and 2000

	1999		2000	
	Number of Enterprises	%	Number of Enterprises	%
Turnover Sizeband (£000)				
1-49	525	12.6	470	11.8
50-99	1,020	24.5	1,000	25.0
100-249	1,570	37.7	1,465	36.7
250-499	650	15.6	650	16.3
500-99	280	6.7	275	6.9
1,000-4,999	105	2.5	115	2.9
5,000+	15	0.4	15	0.4
Total	**4,165**	**100.0**	**†3,995**	**100.0**

† — does not sum due to rounding

Source:Business Monitor PA1003 — Size Analysis of UK Businesses

Employment

The vast majority of manufacturing operations within the industry employ less than 20 people — 85.5% fell into this category in 2000, with 63.1% employing less than 10 people.

Table 14: Number of Local Units Engaged in the Manufacture of Bread, Fresh Pastry Goods and Cakes by Number of Employees (number of units and %), 2000

	Number of Units	%
Number of Employees		
1-9	2,110	63.1
10-19	750	22.4
20-49	245	7.3
50-99	80	2.4
100-199	70	2.1
200-499	70	2.1
500-999	20	0.6
1,000+	5	0.1
Total	**†3,345**	**†100.0**

† — does not sum due to rounding

Source:Business Monitor PA1003 — Size Analysis of UK Businesses

REGIONAL VARIATIONS IN THE MARKETPLACE

Plant baking is spread throughout most of the UK, although there tends to be more of a concentration in the Midlands and the North, where bread consumption is often higher.

Most of the large plant bakeries currently operating in 2000 began as small family businesses, and some still operate from a single location, with distribution focused on a relatively small area. Others have expanded to encompass a number of production facilities, but still with a fairly marked regional bias: for example, Warburtons Ltd is strongest in Scotland and the North.

DISTRIBUTION

More than 80% of bread and bakery products are produced in large plant bakeries. The majority of this is distributed direct to retail and catering outlets using manufacturers' own delivery fleets. As production of different lines tends to be concentrated at individual bakeries within multisite companies, there is a requirement for inter-company trunking to ensure efficient distribution of products.

Retail distribution is increasingly dominated by multiple grocers. These have capitalised on changing consumer tastes with the widespread adoption of ISBs. Multiple grocers continue to take the major share of the wrapped and sliced bread market.

The share of the traditional High Street craft baker — selling products baked on the premises — has been squeezed both by the multiples and by other outlets, such as petrol forecourts and convenience stores. Many of these sites have begun supplying bread and bakery products finished off in in-store bake-off units. For example, one in three of Spar's West Country outlets, many of them on petrol forecourts, now have bake-off units.

Within the craft retail sector, a number of large chains have been active both in expanding (often through acquisitions of smaller chains), and in diversification to encompass takeaway and seated catering business.

Table 15 shows how the three largest bakery chains have expanded since 1996.

Table 15: Number of Retail Units of Leading Multiple Bakers, 1996, 1999 and 2000

	1996	1999	2000
Greggs PLC	1,052	1,072	1,084
Lyndale Foods Ltd	230	345	355
Three Cooks Ltd	268	296	305

Source:Key Note

HOW ROBUST IS THE MARKET?

The baking industry has seen severe rationalisation over many years. The first was during the 1950s and 1960s as the growth in plant bakeries led to the demise of many small operations. The second phase included the expansion of supermarket multiples in the 1980s and 1990s. This led to further pressures on the market, both from fierce price-cutting of standard and premium sliced loaves, and from the widespread adoption of ISBs. These moves have affected both the dwindling craft sector and the larger plant bakeries, and the past year has seen the results of this pressure on the two largest players, including plant closures by Allied Bakeries, and the sell-off of British Bakeries' parent company, Ranks Hovis McDougall by Tomkins PLC.

LEGISLATION

The Ministry of Agriculture, Fisheries and Foods (MAFF) has ruled that craft bakers must gain accreditation if they are to bake and sell organic products. This means that individual bakeries must be registered with an approved body — such as the Soil Association — if they wish to enter the organic sector. Unless they have done so, they cannot use the terms 'organic' or 'made with organic ingredients', even for products made from the accredited organic premixes that have been developed by a number of major suppliers.

4. Competitor Analysis

THE MARKETPLACE

The bread and bakery products market is dominated by a few large plant bakers that between them account for around 80% of sales. The importance of these major players is intensified by a high degree of vertical integration within the industry — flour milling and a variety of bread baking and related activities increasingly take place within the same companies.

The growing importance of the bake-off sector, in tandem with a shift in consumer tastes towards Continental breads and patisserie products, has led to the entry of a number of companies from France and elsewhere in continental Europe. Some of these have subsequently been acquired by large UK plant bakers.

Table 16: Vertical Integration in the Milling and Baking Industry, 2000

Parent Company	Subsidiary	Activity
Ranks Hovis	Rank Hovis Ltd	Wheat flour milling
McDougall Ltd†	Ranks Meel BV	Wheat flour (Netherlands)
	British Bakeries Ltd	Bread and other bakery products
	Le Pain	
	Croustillant Ltd	Bakery products
	Martin Specialits SA	Bread products and patisserie
	Three Cooks Ltd	Bakery and catering outlets
Associated British	Allied Grain Ltd	Grain trading
Foods PLC	Allied Mills Ltd	Flour milling
	Westmill Foods Ltd	Packaging of flour and cereals
	AB Ingredients Ltd	Bakery ingredients
	Allied Bakeries Ltd	Bread and other bakery products
	Speedibake Ltd	Frozen and part-baked bakery products

Table continued overleaf...

Table 16: Vertical Integration in the Milling and Baking Industry, 2000

...table continued from previous page

Northern Foods PLC	Kara Grain D'Or Ltd	Bakery products
	Fletchers Bakeries Ltd	Bread and other bakery products
	Smiths Flour Mills Ltd	Flour milling

† — Sold by Tomkins PLC to Doughty Hanson in July 2000

Source:Company accounts/Key Note

MARKET LEADERS

Table 17: Selected Leading Companies in the UK Bread Market by Turnover (£m), 1999/2000

Company	Parent Company	Turnover (£m)	Year End
Allied Bakeries Ltd	Associated British Foods PLC	461.5	†18/09/99
British Bakeries Ltd	Tomkins PLC	407.7	01/05/99
William Jackson & Son Ltd‡	-	191.3	†29/04/00
Warburtons Ltd	-	162.4	30/09/99
Greggs PLC	-	308.7	01/01/00
Kears Group Ltd	Greencore Group PLC	94.9	25/09/99
Lyndale Foods Ltd	-	94.8	30/09/99
Fletchers Bakeries Ltd	Northern Food PLC	61.7	03/07/99
Three Cooks Ltd	RHM	52.4	01/05/99
Frank Roberts & Sons Ltd	-	27.0	04/09/99

Table continued overleaf...

Table 17: Selected Leading Companies in the UK Bread Market by Turnover (£m), 1999/2000

...table continued from previous page

Fine Lady Bakeries Ltd	Heygate & Sons Ltd	37.8	†27/03/99
Harvestime Ltd	William Price & Sons Ltd	41.9	01/01/00

† — turnover figures given for a 53-week period

‡ — known as William Jackson & Son PLC until 14/06/00

Source:ICC Juniper database

Allied Bakeries Ltd

Company Structure

Allied Bakeries Ltd is part of the Associated British Foods (ABF) PLC group, whose activities include agriculture, ingredients and oils and retailing (the Primark Stores Ltd clothing chain). Other grocery companies owned by ABF include sugar (The Silver Spoon Company Ltd), tea, ice creams and preserves. In October 2000, ABF announced that it would sell its Burtons Biscuits Ltd subsidiary to US company Hicks, Muse, Tate & Furst, in order to focus on products where it has a leading market position.

During 1998, Allied Bakeries was restructured into four divisions:

- Kingsmill division — produces high volumes of branded and own-label bread and rolls
- Sunblest division — supplies independent retailers, symbol groups and the convenience sector
- Special Products division — has three subdivisions covering part-baked bread, bread for sandwiches, and bakery snacks/speciality breads
- Allied Bakeries Ireland — supplies branded and own-label products to the Republic of Ireland and Northern Ireland.

The company produces the market-leading Kingsmill brand, plus Allinson, Mighty White, HiBrand and Sunblest.

Current and Future Developments

In response to the difficult market conditions of the late 1990s, when supermarket price wars led to economy loaves being sold for as little as 7 pence, Allied ceased production entirely at two of its plants (Nottingham and Norwich) in 1999. It further stopped bread production at Chester, while opening two new plants at West Bromwich and Glasgow. The closure of the company's Lytham and Ipswich bakeries were announced in 2000, and the Aberdeen depot is due to close in summer 2001.

The autumn of 2000 saw the launch of a scheme initiated by the Kingsmill brand, in conjunction with environmental regeneration charity Groundwork UK, to create children's play areas. The first site is close to the Kingsmill bakery plant at West Bromwich, and there are plans to extend the scheme to areas near the company's other UK bakeries.

The Kingsmill Tasty Crusty loaf, in white and wholemeal variants, was launched in April 2000.

Financial Results

In the 53-week period ending 18th Septembr 1999, Allied Bakeries Ltd reported a turnover of £461.5m, and a pre-tax loss of £83.7m. In the 52 weeks to 12th September 1998, the company made a turnover of £467.4m.

British Bakeries Ltd

Company Structure

British Bakeries Ltd is part of Ranks Hovis McDougall Ltd (RHM), which in July 2000 was sold to the private equity firm Doughty Hanson & Co. Ltd by Tomkins PLC — the multinational industrial congolomerate which it had owned since 1992.

RHM is the largest combined miller and baker in the UK, claiming approximately 28% of the milling and 32% of the bread market. As well as British Bakeries, RHM owns the Rank Hovis flour milling business, and the company's European Frozen Bakery division includes the French bakery Sofrapain. Recent acquisitions include Le Pain Croustillant Ltd and Martin Specialits. The group's activities also include the manufacture of packaged cakes, and branded and own-label grocery products.

In 2000, just prior to the sell-off, RHM launched a new division, The Enjoy Organic Company. This encompassed a cross-category range of organic products, including bread and rolls, as well as breakfast cereals, cooking sauces and ready meals.

Current and Future Developments

Following the sale of RHM to Doughty Hanson, British Bakeries underwent a major review of operations, and a restructuring of the roles of a number of senior managers.

British Bakeries has launched Hovis Crusty Golden Brown to add to the Crusty range, launched with Crusty White in June 1999. The range is based on new baking and bagging techniques, developed so that the loaf can remain crusty for several days without drying out.

The whole Hovis range, including white and brown bread, rolls and baps, was relaunched in 2000, following an extensive consumer research programme.

Financial Results

Both turnover and pre-tax profits in the year ending 1st May 1999 were down slightly on the previous year's figures. Turnover was £407.7m in 1998/1999 (compared with £410.8m in 1997/1998), and pre-tax profits were £10.8m.

William Jackson & Son Ltd

Company Structure

William Jackson Bakery is a division of William Jackson & Son Ltd. The bakery is based mainly in Yorkshire and the North East, with factories in Hull and Stockton-on-Tees. The business is organised in three divisions:

- Retail division — markets branded bread, snack products and speciality breads to the independent sector, supermarkets and wholesalers. It also supplies own-brand products to multiple retailers.
- Food Service division — supplies ambient and frozen bakery products, including sandwich, flavoured and crouton breads, to restaurants, sandwich makers and food manufacturers.
- Export division — deals with the export of ambient and frozen branded and own-label products to countries including Saudi Arabia and Iceland, as well as continental Europe.

Current and Future Developments

In 2000, the company launched Nutribread, a functional bread enriched with oestrogen and evening primrose oil, aimed at menopausal women.

Financial Results

In the 53-week period to 29th April 2000, turnover for William Jackson & Son Ltd was £191.3m, and pre-tax profits were £4.3m. In the year ending 24th April 1999, the company recorded a turnover of £194.9m.

Warburtons Ltd

Company Structure

Warburtons Ltd is a family company, founded in Bolton more than 120 years ago. It now has eight bakeries in the north of England and the Midlands, employing more than 5,000 people and producing over 1 million loaves of bread each day.

Current and Future Developments

The company has recently appointed a new Commercial Director, Peter Eglin, who was previously with the Centura Foods division of RHM. His brief is to develop the premium bread and morning goods business.

Among new product launches by Warburtons in 2000 were two new super premium products — a 400 gram (g) Original Brown Farmhouse loaf, and an 800g Malted Grain Farmhouse loaf. Both are soft-baked, thick-sliced loaves. An 800g Seeded Batch loaf was also launched in the super premium sector. According to its promotional literature, this product is designed to attract young aspirational consumers who, according to Warburtons' research, are always on the lookout for new and exciting bread products.

Another 2000 launch was an organic range consisting of White and Wholemeal Stoneground Organic loaves. A new soft white sliced loaf — a Blackpool Milk Roll featuring Rugrats cartoon characters — was launched in May 2000.

Financial Results

Turnover increased by 3.9% to £162.4m in the year ending 30th September 1999. The company reported pre-tax profits of £18.1m during this year.

Kears Group Ltd

Company Structure

Kears Group Ltd, which began as a small family bakery in Gloucestershire in the 1890s, operates nine bakeries located mainly in the Midlands, Wales and the north of England.

The Kears Group also incorporates Rathbones Bakeries Ltd, which it took over in 1999. In addition to a wide range of own-label products, the Group manufactures bread, rolls and morning goods under the Rathbones label.

The company is now part of the Irish Greencore Group PLC, which has recently taken over the Hazlewood Foods PLC sandwich business (see Chapter 7 of this report — Current Issues).

Current and Future Developments

The completion of the purchase process by the Greencore Group is due to take place in 2001. All the companies within the Kears Group, which previously traded under their own names (Starbake, Robertsons and Coolcore), had been renamed Rathbones by the end of 2000.

Financial Results

Turnover for Kears Group Ltd increased by 10.6% to £94.9m in the year to 25th September 1999. Pre-tax profit decreased to £5m.

Fletchers Bakeries Ltd

Company Structure

A family business founded in 1923 and based in Sheffield, Fletchers Bakeries Ltd supplies fresh speciality breads and bakery products to UK supermarkets, and frozen products to food service markets through frozen food wholesalers.

The company was purchased by Northern Foods PLC, which already had a 25% stake in the business, in 1999. It became part of the company's Convenience Food division alongside the existing speciality bakery business of Kara Grain d'Or Ltd.

Current and Future Developments

During the second half of 1999, the Fletchers and Kara Grain d'Or businesses were integrated, with management functions combined in Sheffield, and the closure of Kara's Milton Keynes bakery.

Financial Results

Turnover for Fletchers Bakeries Ltd in the 53-week period to 3rd July 1999 reachd £61.7m, with pre-tax profits decreasing to £2.8m. In the 52-week period to 27th June 1998, turnover for the company reached £57.5m.

Frank Roberts & Sons Ltd

Company Structure

Frank Roberts & Sons Ltd includes the Roberts Bakery Ltd business. The wholesale bread operation supplies both plant and craft breads and morning goods to shops and supermarkets in the north of England, Scotland, the Midlands, East Anglia and London, with exports to a number of European countries. Roberts Bakery stopped producing own-label bread some years ago.

Current and Future Developments

The company has extended the plant line at its bakery several times — it is now 44 metres long, probably making it the longest plant line in the country.

Financial Results

Turnover for Frank Roberts & Sons Ltd in the year ending 4th September 1999 was £27m, and pre-tax profits were £1m. The company recorded turnover of £25.8m in the 53-week period to 5th September 1998.

Fine Lady Bakeries Ltd

Company Structure

Fine Lady Bakeries Ltd has its total production facility in Banbury, Oxfordshire. The company, which has a workforce of 380, makes direct deliveries within a 150 mile radius, and supplies other parts of the UK and Europe using third-part hauliers. The company is part of the Heygate & Sons Ltd group, which is the largest independent flour miller in the UK.

Financial Results

Figures for the year ending 27th March 1999 showed turnover at £37.8m, an increase of 17.2% from the previous year, and pre-tax profits at £1.7m.

Harvestime Ltd

Company Structure

Harvestime Ltd is the plant bread baking division of the privately-owned William Price & Sons Ltd group. The William Price group also has a Speciality Bread division, comprising New Primebake Ltd, which makes added value breads, garlic and focaccia breads, and Boboli (UK) Ltd, which makes pizza and speciality breads.

Harvestime bakeries operate from two plants, in Walsall and Leicester, and coverage includes North West England, London, Wales and the South West. The company's products are also exported to Europe, and are used by the food service and sandwich-making industries.

Current and Future Developments

The company produces wrapped breads and morning goods under supermarket own-label brands, and also under the Harvestime brand, which is sold through Symbol Group stores. It also produces crusty bread for in-store bakeries (ISBs), and claims a 56% share of the UK ISB crusty bread market.

A dedicated organic bread production facility was recently opened at Leicester. The organic range includes premium sliced white, wholemeal and malted brown loaves. At the end of 2000 the company launched Organic Crusty, claiming to be the first ever organic crusty sliced loaf.

Financial Results

The company's turnover increased by 13.9% to £41.9m in the year to 1st January 2000. Pre-tax profits reached £302,000.

SPECIALIST RETAILERS

The three major chains of specialist retailers are Greggs PLC, Lyndale Foods Ltd and Three Cooks Ltd. All three continued to expand in 2000.

Greggs PLC

Company Structure

The Greggs chain was founded in the 1930s in Newcastle, and now has more than 1,000 outlets. The group has grown mainly through the purchasing of smaller regional chains. Some of these continued to operate under their original names, but they have been gradually rebranded. In 1999, the Leeds-based Thurston chain was rebranded as Greggs of Yorkshire, and the Braggs division became Greggs of Birmingham. This leaves only the specialist Birketts operation in the Lake District, and the Bakers Oven outlets — which were purchased from ABF in 1994, and are being converted into seated catering formats — which do not carry the Greggs name.

Current and Future Developments

The company opened 53 new outlets, and closed 41, during 1999. A new group technical centre has recently been opened at Newcastle-on-Tyne. A new shop design has been formulated for the Greggs brand, in two formats — one for city centres and one for suburban locations.

Greggs' profile has been boosted during 2000 by the presence of an outlet in the Millennium Dome, for which it has an exclusive contract to supply bakery products.

Financial Results

Turnover for the company was £308.7m during the financial year ending 1st January 2000, and pre-tax profits were £21.5m. In the 53-week period ending 2nd January 1999, the company recorded a turnover of £291.4m.

Lyndale Foods Ltd

Company Structure

Lyndale Foods Ltd was purchased from Warburtons Ltd in 1996, and consists of 355 outlets trading under a number of different names, including Spinks, Fords, Sayers, Mountstevens, Hampsons, Burtons and Anne's.

Financial Results

In the year to 30th September 1999, Lyndale Foods Ltd reported a turnover of £94.8m, an increase of 10.8% over the previous year's turnover, and a pre-tax profit of £1.7m.

Three Cooks Ltd

Company Structure

Three Cooks Ltd is part of the RHM Group, which has recently been sold by Tomkins PLC. It has 305 outlets spread throughout the country, which are supplied by the company's Birmingham bakery.

Current and Future Developments

The chain has followed the trend for bakery outlets to diversify into lunchtime take-away snacks and seated catering. 90 of the outlets also operate self-service cafés.

Financial Results

In the year ending 1st May 1999, Three Cooks Ltd's turnover fell by 4.8%, to £52.4m. The company made a pre-tax profit of £349,000.

OUTSIDE SUPPLIERS

Wheat Supplies

UK flour millers use 5.5 million tonnes of wheat each year to produce around 4.5 million tonnes of flour. The vast majority of wheat used by millers is UK-grown. Depending on the quality of the UK harvest, some wheat may be imported from other European countries (mainly France and Germany), or from the US. Imports of North American wheat — which is particularly suited to the type of high risen loaf favoured by UK consumers — have fallen dramatically due to improvements in the quality of UK wheat varieties, and technical improvements in baking.

Table 19: Total UK Wheat Harvest (million tonnes), 1985/1986-1999/2000

1985/1986	12.1
1990/1991	14.0
1995/1996	14.3
1996/1997	16.1
1997/1998†	15.0
1998/1999	15.4
1999/2000e	15.0

† — 53 weeks

e — Key Note estimates

Source:NIAB/Nabim

Despite the variable quality of the 1999 wheat harvest, UK grain still provided more than 80% of millers' requirements in 1999/2000. There has been an increase in the proportion of UK wheat production which is given over to breadmaking varieties (which accounted for approximately a third of the total wheat area in 2000).

Table 20: Wheat Usage by Millers (%), 1985/1986-1999/2000

	Home-Grown	EU	Third Country	Total
1985/1986	62	21	17	100
1990/1991	88	5	7	100
1995/1996	86	9	5	100
1996/1997	86	8	6	100
1997/1998†	81	12	7	100
1998/1999	81	8	11	100
1999/2000e	82	7	11	100

† — 53 weeks

e — Key Note estimates

Source:NIAB/Nabim

Flour Millers

A total of 34 flour milling companies, operating 70 mills, are now active in the UK; total industry turnover is in excess of £1bn. The two largest companies (Allied Mills Ltd and Rank Hovis Ltd, which are both part of companies active in the bread market) account for around half of all production.

During 1998, the Irish company Kerry Foods (NI) Ltd bought the Spillers flour milling business, consisting of eight mills. Kerry Foods subsequently sold six of these to Rank Hovis, but, following an investigation by the Office of Fair Trading (OFT), Rank Hovis was ordered to dispose of four mills. These were sold to the US-based company Archer, Daniel Midland (ADM) in April 1999.

In November 1999, Rank Hovis took advantage of the heightened interest in British-produced food by launching Cavalier — a flour made entirely from British wheat, but with the same baking characteristics as French flour.

Table 21: Flour Production by Type of Flour by Volume (000 tonnes and %), 1995/1996-1999/2000

	1995/ 1996	**1996/ 1997**	**1997/ †1998**	**1998/ e1999**	**1999/ e2000**
Tonnes (000)	4,357	4,449	4,530	4,478	4,480
Bread-Making Flour					
White	53.7	53.1	53.3	53.5	54.8
Brown	3.7	3.8	3.6	3.2	2.2
Wholemeal	5.2	4.7	4.5	4.2	5.4
Biscuit	13.6	13.1	13.2	12.6	12.0
Cake	1.4	1.4	1.7	1.7	1.9
Prepacked Flour					
Household	2.4	2.3	2.4	2.4	3.2
Self-raising	1.7	1.8	1.7	1.5	0.4
Other and starch	18.3	19.8	19.6	20.5	19.5
Total	**100.0**	**100.0**	**100.0**	**†100.0**	**†100.0**

† — does not sum due to rounding

e — Key Note estimates

Source:Ministry of Agriculture, Fisheries and Food (MAFF)

ADVERTISING AND PROMOTION

Bread and bakery products were supported with £12.4m of advertising in the year to September 2000, a slight decrease on the previous year.

Table 22: Main Media Advertising Expenditure on Bread and Bakery Products (£000), Year to September 1999 and 2000

	1999	2000
Allied Kingsmill Bread	1,553	1,638
Cuisine de France boulangerie range	-	128
Greggs Bakers product range	-	758
Hovis Bread	419	-
Hovis Crusty Bread	2,288	1,115
Hovis Granary Bread	1,263	-
Hovis Hoolies	782	-
Hovis White Bread	-	1,203
Nimble Amazing Grain Malted Bread	-	334
Pillsbury Toaster Pockets	994	523
Sharwoods Naan Bread	200	86
Soreen Malt Loaf	-	166
Warburtons Bakeries	168	-
Warburtons bread range	2,075	1,121
Warburtons organic bread range	-	444
Warburtons product range	-	757
Other	3,900	4,164
Total	**13,642**	**12,437**

Source:ACNielsen MMS

As in previous years, the 'big two' plant bakeries, Allied Bakeries and British Bakeries, took a major share of advertising expenditure. However, this share has decreased slightly, from 46.2% to 34.5% of the total. While the total expenditure by Allied Bakeries increased, taking their share to 13.2%, British Bakeries, which demerged from its former parent, Tomkins PLC during the year, saw its share of advertising expenditure decrease from 34.8% to 21.3%.

A £3.5m television advertising campaign for the newly-launched Kingsmill Tasty Crust loaf began in July 2000, featuring comedians Mel and Sue. Allied Bakeries has also invested £500,000 in women's magazine advertising for Kingsmill rolls and baps.

In 2000, the family firm Warburtons took an 18.7% share of total advertising expenditure — a similar level to the previous year. The 2000 marketing campaign for the Warburtons' range includes television advertising in Scotland, the north of England and the Midlands — where the brand has most strength — with three separate executions for the Organic range, Toastie and Seeded Batch loaves. The campaign also features posters, sampling and coupons and, in an attempt to capture the interest of younger consumers, the company has produced point-of-sale (POS) material incorporating lifestyle photography, with postcard-sized reproductions available in bars in northern cities.

Table 23: Main Media Advertising Expenditure by Allied Bakeries, British Bakeries and Warburtons (£000), Year to September 1999 and 2000

	1999		2000	
	£000	% of Total	£000	% of Total
Allied Bakeries — Kingsmill	1,553	11.4	1,638	13.2
British Bakeries — Hovis/Nimble	4,752	34.8	2,652	21.3
Warburtons	2,243	16.4	2,322	18.7

Source:ACNielsen MMS

Exhibitions

The major exhibition for the trade is Food and Bake, which is organised by Bakery Exhibitors Ltd (BEL), an industry consortium which has run the exhibition since 1989. The management of Food and Bake is undertaken for BEL by publisher Turret RAI PLC. The 2000 exhibition, which took place at the NEC in Birmingham, attracted nearly 19,000 visitors.

5. Strengths, Weaknesses, Opportunities and Threats

TOTAL MARKET

Strengths

- Bread is a staple item in the UK diet, and as such has high household penetration.
- Its nutritional benefits fit in well with government guidelines concerning healthy eating.
- It is a regular purchase for supermarket shoppers.

Weaknesses

- Continued price-cutting has had a damaging effect on market value.
- The overall bread market is mature and saturated, with little room for growth.
- Changing eating habits have meant the disappearance of meals such as 'high tea', at which bread was traditionally consumed.
- British consumers eat less bread than those in other European countries, who tend to use bread as an accompaniment to main meals.

Opportunities

- The boom in organic foods has yet to be fully exploited by the bread market, and offers many new opportunities.
- Consumers are becoming more discerning in their approach to food, and are generally willing to pay more for premium products.
- Despite saturation in terms of market penetration, there is scope for increasing frequency of purchase; for example, by encouraging consumers to eat more bread with meals.

Threats

- Some of the industry's efforts to add value to the market by developing premium and super premium ranges may be counter-productive, as the wide range of product positionings can be confusing to consumers.
- Bread still has a commodity image, which is hard to shake off.

WHITE BREAD

Strengths

- The taste and texture of white bread tends to be preferred by consumers, particularly men and children, who are the heaviest users of bread.
- Most health educators agree that white bread has many nutritional benefits.
- Even without the heavy discounting characteristic of recent years, white bread offers the consumer excellent value for money.

Weaknesses

- The image of white bread is less sophisticated than that of wholemeal and specialist breads.
- The above weaknesses, combined with the fact that it is frequently used by retailers as a loss-leader, means that it tends to have a rather downmarket positioning.

Opportunities

- There are still opportunities to develop the super-premium sector by attempting to give sliced and wrapped bread more of the characteristics of craft-baked products.
- The development of the organic sector may help to add value to the market for white bread.
- Initiatives aimed at lengthening the shelf life of white bread have encouraged convenience stores to carry larger stocks, and a wider variety of products.
- There are opportunities for new product development (NPD) focusing on white bread products that are more suitable for smaller households.

Threats

- Retail price-cutting activity represents a bigger threat to the white bread sector than to any other.
- There are signs that the premium sector has already been devalued by price cuts, and no guarantee that in time this will not also apply to the super premium sector.
- The white bread sector is most at risk of losing sales in the face of the success of other sectors.
- Consumer confusion over product positioning is mainly centred on the white bread sector.

BROWN AND WHOLEMEAL BREAD

Strengths

- The sector generally has a more up-market image, and consumer base, than white bread.
- Consumers of brown and wholemeal bread tend to be more loyal to the sector, and less likely to be influenced by price cutting.
- Wholemeal bread contains more fibre than white bread, and as such still has a healthier image in the minds of many consumers.

Weaknesses

- Brown bread has less mass consumer appeal than white bread.
- Those most likely to reject brown or wholemeal include men and children, who have the higest penetration levels for bread overall.
- The cost to the consumer of brown and wholemeal bread is usually higher than white bread.

Opportunities

- The sector has been the focus of much NPD during the past 2 years. This is addressing some of the issues concerning taste and texture that have prevented products within the sector from reaching a wider consumer base.
- As wholemeal bread already has a ’healthy’ image, the development of organic varieties is likely to appeal to existing users.
- Younger consumers are particularly promising as a potential market.
- Premium and super premium products within the brown and wholemeal sector will help add value to sector sales.

Threats

- The strengthening position of the specialist bread sector — which has the same upmarket appeal as brown and wholemeal bread — is likely to have a detrimental effect on sales.

ETHNIC AND SPECIALITY BREADS

Strengths

- The products fit in well with increased consumer demand for quality and authenticity.
- The internationalisation of eating habits has been prompted by foreign travel and multi-ethnic communities in many areas of Britain.
- Growing interest in cookery, and the desire to try exotic and unusual dishes, has benefited the market.
- The products generally benefit from higher profit margins than other types of bread.
- Some speciality breads — for example pitta and naan — have relatively long shelf lives.

Weaknesses

- The sector is more prone than others to the effect of short-term fashions in eating habits — some new products which sell well at first may prove to have only novelty value.
- Crusty continental breads, especially those produced in in-store bakeries (ISBs) by the bake-off method, generally need to be consumed shortly after purchase. This does not fit in well with British shopping habits.

Opportunities

- The growth of specialist sandwich outlets means that consumers are being constantly exposed to new and innovative bread varieties, which eventually make their way to in-home use.
- One of the most recent examples of innovation within the market is the 'wrap', or flour tortilla, which is a new and growing product area.
- Traditional varieties, such as Irish soda breads, are becoming increasingly popular.
- There is scope for the development of organic varieties of many specialist breads.
- Some ethnic ready meals now come packaged with the appropriate breads — for example pitta or naan — to accompany them. This is a principle which can be extended to other forms of bread.

Threats

- The sector may be prone to discounting in the future.

BAKERY PRODUCTS

Strengths

- The sector encompasses a wide variety of products, and there are still many opportunities for NPD.
- The products are even more 'convenient', in terms of ease of preparation and eating, than those in other sectors.
- They fit in well with today's eating habits, and in particular with the trend for snacking and 'grazing', as opposed to conventional meals.
- The products generally freeze well, and have short defrosting times.

Weaknesses

- Bakery products are generally more expensive to the consumer than white and brown loaves.
- There is still a strong regional bias in respect of some products.

Opportunities

- Many products (such as hot cross buns, which were originally available only on a seasonal basis) are now on sale for most of the year.
- The sector lends itself well to impulse purchasing.
- Bakery products are particularly suitable for children, and especially for use in school lunchboxes and for after-school snacks. They are also well suited to the needs of smaller households.
- The bakery products sector can accommodate brand extensions of many premium and super premium products developed within the white and brown bread sectors.

Threats

- The sector is approaching maturity, and is beginning to exhibit some of the characteristics of the white bread sector — including price-cutting and a slowing down of NPD.
- Many 'standard' products within the sector (such as bread rolls, buns, etc.), now have commodity status.

6. Buying Behaviour

INTRODUCTION

This section is based on the annual Target Group Index (TGI) survey, which is carried out by BMRB International Ltd. The following tables show bread usage among female housewives.

CONSUMER PENETRATION

Despite the fact that penetration of bread is still almost universal, there has been a small but steady decrease since 1998. Even so, virtually all female housewives (97.7%) said they use bread in 2000.

Table 24: Penetration of Bread (% of female housewives), 1998-2000

	1998	1999	2000
Any bread	99.3	98.4	97.7
White bread	86.6	86.5	86.7
Brown bread	46.1	45.5	47.8

Source:Target Group Index (TGI), © BMRB International Ltd, 1998, 1999 and 2000

The popularity of white bread remains constant, and at 86.7% penetration, it is still much more widely used than brown bread. However, the fortunes of brown bread do seem to be on the upturn slightly, with 47.8% penetration in 2000, compared with 45.5% in 1999.

Usage of Bread

Nearly a half of all female housewives (47.6%) fell into the light usage category in 2000, getting through two or fewer loaves each week. Just under four in ten (37.2%) used between three and five loaves a week, with only 12.8% using six or more.

Table 25: The Usage of Bread (% of female housewives), 1998-2000

	1998	1999	2000
Heavy users	13.7	12.6	12.8
Medium users	37.9	39.2	37.2
Light users	47.7	46.6	47.6

Heavy users — use 6 or more loaves per week

Medium users — use 3 to 5 loaves per week

Light users — use 2 loaves or less per week

Source:Target Group Index (TGI), © BMRB International Ltd, 1998, 1999 and 2000

The proportion of heavy users, which fell between 1998 and 1999, actually rose between 1999 and 2000. There was also an increase in the number of light users, while penetration within the 'medium usage' category fell by two percentage points.

Number of Loaves Purchased

The high household penetration of bread is offset by the fact that consumption levels are fairly low. More than one in five of all female housewives who use bread, use only one loaf a week, and a further one in four use only two loaves each week.

Table 26: Number of Loaves Used Per Week (% of female housewives), 1999-2000

	1999	2000
8 loaves a week or more	5.1	5.6
6 or 7 loaves a week	7.7	7.5
5 loaves a week	8.9	9.4
4 loaves a week	14.4	12.6
3 loaves a week	16.5	16.1
2 loaves a week	25.4	25.6
1 loaf a week or less	21.4	22.5

Source:Target Group Index (TGI), © BMRB International Ltd, 1999 and 2000

Just over one in 20 female housewives say they use eight loaves of bread or more each week.

Type of Bread Purchased

Usage of wholemeal, brown and granary bread has been falling steadily, while the fortunes of white bread has been rising correspondingly. In 2000, nearly seven in ten female housewives (69.6%) said that white bread was the type they used most often, with just over one in five (21.5%) using wholemeal most often.

Table 27: Type of Bread Most Often Used (% of female housewives), 1998-2000

	1998	1999	2000
White bread	66.4	66.7	69.6
Wholemeal bread	22.6	22.3	21.5
Brown bread	14.7	14.3	13.4
Granary bread	11.1	11.1	10.6
Other types of bread	3.0	3.0	2.2

Source:Target Group Index (TGI), © BMRB International Ltd, 1998, 1999 and 2000

The relative unpopularity of brown bread is underlined by the fact that less than one in ten of all female housewives (8.8%) use three or more loaves a week. Just under four in ten (39%) are light users of brown bread, using two or fewer loaves each week.

Just over one in ten (10.2%) are heavy users of white bread, consuming six or more loaves a week, while nearly a third (32.1%) use three to five loaves a week. A total of 44.4% of all female housewives are light users of white bread, whose weekly usage amounts to no more than two loaves.

Purchase of Bread by Age

Those in the 35 to 44 age group are the heaviest users of bread, with 21.4% using at least six loaves per week, and 45% using three to five loaves. This is the age group most likely to be catering for families with older children, who tend to be heavy consumers of bread.

Table 28: Usage of Bread by Age (% of female housewives), 2000

	Heavy Users	Medium Users	Light Users
All female housewives	12.8	37.2	47.6
Age			
15-24	11.9	31.7	54.9
25-34	15.5	38.9	44.1
35-44	21.4	45.0	32.7
45-54	15.0	41.5	41.5
55-64	9.2	37.4	50.9
65+	4.9	28.1	62.7

Heavy users — use 6 or more loaves per week

Medium users — use 3 to 5 loaves per week

Light users — use 2 loaves or less per week

Source:Target Group Index (TGI), © BMRB International Ltd, 2000

Female housewives at the younger and older ends of the age spectrum eat less bread. A total of 54.9% of 15 to 24 year-olds, and 62.7% of those over 65, are light users, consuming no more than two loaves per week. As well as the fact that both of these age groups tend to live in smaller households, it is also the case that 15 to 24 year-olds often have busy lifestyles and may eat a high proportion of meals away from home, while those over 65 may have smaller appetites.

Purchase of Bread by Social Grade

Social class has a strong influence on bread usage, with those in the C2 and D groups considerably more likely than ABs and C1s to be heavy users of bread. This may be partly related to income, and to the fact that alternatives to bread are often more expensive than standard white sliced loaves, and partly to eating habits.

Table 29: Usage of Bread by Social Grade (% of female housewives), 2000

	Heavy Users	Medium Users	Light Users
All female housewives	12.8	37.2	47.6
Social Grade			
AB	9.3	34.1	54.5
C1	9.3	34.4	54.1
C2	16.5	44.3	37.1
D	17.8	41.3	38.5
E	14.1	32.3	50.3

Heavy users — use 6 or more loaves per week

Medium users — use 3 to 5 loaves per week

Light users — use 2 loaves or less per week

Source:Target Group Index (TGI), © BMRB International Ltd, 2000

A relatively high proportion of those in the E group (50.3%) are light users of bread. This is no doubt related to the fact that a high proportion of these are pensioners, who have smaller appetites and live in smaller households.

Purchase of Bread by Region

There are some strong regional variations in the extent to which female housewives use bread, with levels of bread usage no doubt linked to differences in eating habits. Those living in Wales and the north west of England tend to eat the most bread, with those in London, the South East and South West eating the least.

Table 30: Usage of Bread by Region (% of female housewives), 2000

	Heavy Users	Medium Users	Light Users
All female housewives	12.8	37.2	47.6
Region			
Greater London	10.9	34.3	53.0
South East/East Anglia	10.9	36.2	50.8
South West	9.6	35.4	53.1
Wales	15.9	43.0	37.9
East and West Midlands	15.1	37.7	44.3
North West	17.1	42.3	38.5
Yorkshire and Humberside	11.6	37.6	48.3
North	14.4	40.5	43.3
Scotland	12.8	32.6	52.1

Heavy users — use 6 or more loaves per week

Medium users — use 3 to 5 loaves per week

Light users — use 2 loaves or less per week

Source:Target Group Index (TGI), © BMRB International Ltd, 2000

Purchase of Bread by Presence and Age of Children

Female housewives with children in the 10 to 15 age group use more bread than any other group; nearly three in ten (29.4%) use at least six loaves a week, underlining the importance of bread as an ingredient in main meals, packed lunches and after-school snacks for this age group. Those with children in the 5 to 9 age group also use more bread than most (26.7% are heavy users).

By contrast, more than half of those with no children in their households (56.9%) use only two or fewer loaves of bread each week.

Table 31: Usage of Bread by Presence and Age of Children (% of female housewives), 2000

	Heavy Users	Medium Users	Light Users
All female housewives	12.8	37.2	47.6
No children in household	8.0	32.2	56.9
Children under 1 year	15.8	39.4	42.3
Children 1-4 years	20.4	47.0	31.1
Children 5-9 years	26.7	48.7	23.3
Children 10-15 years	29.4	49.7	19.8

Heavy users — use 6 or more loaves per week

Medium users — use 3 to 5 loaves per week

Light users — use 2 loaves or less per week

Source:Target Group Index (TGI), © BMRB International Ltd, 2000

Household Purchasing of Bread

Data from the National Food Survey (NFS) indicates that a higher proportion of households purchased sliced standard white loaves in 1999 than in 1998, with rather fewer households buying sliced premium loaves. There was also an increase in the percentage of households buying wholemeal bread in 1999.

Table 32: Percentage of Households Purchasing Each Type of Bread Within the Survey Week (%), 1998 and 1999

	1998	1999	% Difference 1998-1999
White unsliced standard	14	14	-
White sliced standard	33	35	2
White sliced premium	24	21	-3
White soft grain, sliced	3	2	-1
Brown (sliced and unsliced)	17	17	-
Wholemeal (sliced and unsliced)	18	20	2
Rolls	27	27	-
Malt/fruit bread	4	4	-
Vienna/French bread	15	15	-
Starch reduced bread and rolls	2	2	-
Sandwiches	5	5	-
Other bread	14	15	1

Source:National Food Survey (NFS)/Key Note

7. Current Issues

SALT IN BREAD

Having previously resisted the idea of reducing salt levels in bread, the Federation of Bakers has capitulated. Its members have agreed to implement a 10% reduction in salt usage. This means that, taken in tandem with a reduction of 12.5% in salt levels at the end of the 1980s, the salt content of sliced and wrapped bread has now been reduced by nearly a quarter.

Safeway PLC also announced during the year that it would be reducing the amount of salt in its standard bread lines, again by 10%.

PRODUCT LAUNCHES

Honeytop Speciality Foods Ltd, which produces own-label products for supermarkets, has launched Naan Pockets — specially-baked naan bread to form a pocket which can hold a filling, in a similar fashion to pitta bread.

Delice de France PLC has introduced the Pain Nature range, which has been produced according to the Control Registered Culture (CRC) concept. The concept offers total traceability and quality guarantees at all stages of the process, through agriculture, milling and baking. It was developed by CAPS, an agricultural co-operative in northern France.

A number of products have been added to Le Pain Croustillant Ltd's range, including Pain Rustique (a traditional roll made to a French medieval recipe, with a hand-made appearance).

CORPORATE ISSUES

The Greencore Group, the Irish food company which owns the Kears Group of bakers, announced in November 2000 that it was buying Hazlewood Foods PLC, the largest British sandwich producer.

8. The Global Market

PLANT BAKERIES BEGINNING TO CHALLENGE THE DOMINATION OF CRAFT BAKERS IN EUROPE

Despite the growing internationalisation of eating habits in most European countries, national variations in eating and shopping habits still have an effect on individual markets for bread.

Table 33: Total Turnover of Bread Production in Selected European Countries (million DM), 1998

Germany	30,000
Italy	18,000
France	12,800
UK	5,859
Austria	3,990
Belgium	3,004
Sweden	2,487
Netherlands	1,375
Denmark	1,344

Source:Federation of Bakers

Germany has the largest bread market, in terms both of overall market size and per capita consumption. The UK lags behind most other European countries in terms of per capita consumption.

Table 34: Per Capita Consumption of Bread in Selected European Countries (kg per year), 1998

Germany	84.4
Austria	69.0
Italy	68.0
France	60.0
Netherlands	60.0
UK	47.0
Belgium	46.5
Spain	30.4

kg — kilograms

Source:Federation of Bakers

Craft-baked bread has a more dominant position in most continental European countries — and particularly in Southern Europe — than is the case in the UK.

Table 35: Market Share of Craft and Industrial Bakeries in Selected European Countries (% of turnover), 1998

	Craft Bakeries	Industrial Bakeries
Spain†	92	8
Italy	92	8
Austria	90	10
France	77	23
Belgium	75	25
Germany	64	35
Denmark	46	54
Netherlands	44	56
UK	20	80

† — figures for 1997

Source:Federation of Bakers

According to the Federation of Bakers, craft bakers accounted for 48% of total European bread production in 1998, with industrial bakers taking a 36% share, and the remaining 16% taken by 'semi-industrial bakeries' (including frozen part-baked products and in-store bakery [ISB] production). The situation is changing, however, and the trend throughout Europe is for plant bakeries to gain share at the expense of craft bakers. For example, it is expected that, in Germany, the number of craft bakers (around 18,000 in 1998) will halve over the next few years.

Although difficulties in recruiting young craft bakers (who are not prepared to work the long hours required) has been cited as one factor leading to this slow decline, the main reason is that industrial and semi-industrial bakeries have increasingly been adapting their strategies to take consumer tastes into account. For example, plant bakeries are turning more and more to producing artisan-style breads, and retail strategies have also been changing. ISBs are capitalising on the fact that most continental consumers prefer to purchase their bread daily for same-day consumption — the production of frozen dough and part-baked bread products for use in bake-off units has been a particular growth area in France. Another trend (notably in Germany) is for plant bakeries to supply their own chains of small retail shops, exploiting the consumer preference for purchasing bread from smaller outlets.

Other similarities with the UK market include the growing demand for ethnic breads, partly due to increased foreign travel, but also due to the movement of ethnic groups within Europe. In Germany, for example, it is estimated that around 10% of all bread production is Turkish bread produced by, and for, the Turkish community. An increasing emphasis on premium products — and particularly on 'exotic' and unusual regional specialities — is another trend which is becoming apparent in some European countries.

There is much evidence of vertical integration within the European industrial baking sector, with many large bakers being owned by agricultural or milling copanies. Multinational groups are less in evidence than in some other food sectors, and most industrial bread bakers concentrate solely on their domestic market.

ISB SALES SLOW DOWN IN THE US

The ISB sector grew strongly in the US between 1987 and 1994, due mainly to supermarket operators adding bakery units (around 7,000 ISBs were introduced into supermarkets during this time). By 1994, nearly eight out of ten supermarkets featured ISBs, and subsequent growth has been through expansion and refurbishment of existing units, and through units being added to new supermarkets.

Table 36: US In-Store Bakery Units, 1987-2000

	In-Store Bakery Units
1987	18,900
1992	23,060
1994	25,907
1996	26,890
1998	28,660
2000	30,770

Source:Modern Baking (www.bakery-net.com)

The total ISB industry reached an estimated $16.6bn in 2000, a 12.9% increase on the 1998 figure.

Table 37: Total US In-Store Bakery Sales by Average Industry Sales Per Year ($bn and %), 1996-2000

	$bn	% Change Year-on-Year
1996	13.2	-
1998	14.7	11.4
2000	16.6	12.9

Source:Modern Baking (www.bakery-net.com)

Growth in average weekly unit sales slowed down during the years between 1998 and 2000, during which there was a 1.5% increase, compared with a 4.7% increase between 1996 and 1998.

Table 38: US In-Store Bakery Average Weekly Unit Sales ($ and %), 1996-2000

	$	% Change Year-on-Year
1996	9,450	-
1998	9,890	4.7
2000	10,040	1.5

Source:Modern Baking (www.bakery-net.com)

9. Forecasts

FORECASTS 2001 TO 2005

Despite a buoyant economy, there is little prospect of any marked increase in value within the already saturated bread market. A number of factors, including the status of bread as a staple item in the national diet, mean that there is little room for growth. Although consumers may be willing to pay more for new products within the speciality bread sector, and for organic breads, it is unlikely that this will have a dramatic effect on overall market value in the long term, although it might give the relevant sectors a short-term boost.

Table 39: Forecast UK Bread and Bakery Products Market by Value at Current Prices (£m at rsp), 2001-2005

	2001	2002	2003	2004	2005
Value (£m at rsp)	2,883	2,929	2,958	2,985	3,012
% change year-on-year	*1.6*	*1.6*	*1.0*	*0.9*	*0.9*

rsp — retail selling prices

Source:Trade estimates

FUTURE TRENDS

Demographics

The fact that the population is ageing, plus the trend towards smaller household sizes, will tend to favour the bakery snacks sector. This is because traditional loaves are still available, mainly in large sizes, which may go stale before they are eaten in smaller households.

Although the birth rate is declining, a slight increase is forecast over the next 5 years in the population of 10 to 14 year-olds. As teenagers are among the heaviest consumers of bread, this will have a beneficial effect in the short term.

Market Segmentation

The speciality and ethnic bread sector holds the most promise for the future, and may help to regenerate consumer interest in bread as more than simply a commodity. This sector is expected to grow at an increased rate over the next few years.

Product innovation within the wholemeal sector may succeed in overcoming consumer resistance to brown bread. However, any increases in sales within this sector may be at the expense of plant-baked white bread rather than adding value to the market as a whole.

New Product Development

Organic bread and bakery products are likely to be the focus of much new product development (NPD) over the next few years. The extent of their success will depend largely on the success of the organic sector as a whole, but if they do become mainstream products, they may add much-needed value to the market.

Corporate Issues

The trend for consolidation within the industry will continue. In particular, it is likely that large manufacturing concerns, having bought up small European bakeries to help boost their presence within the in-store bakery (ISB) sector, may now turn their attention to small producers of ethnic and speciality breads.

Craft Bakers

The craft sector, under pressure from both plant bakeries and multiple food retailers, has been shrinking for many years. The outlook may be somewhat brighter for those businesses which have managed to survive, especially as retail activity is beginning to shift back to High Streets and city centres rather than out-of-town locations. Many have already diversified into takeaway food and/or seated catering. At the more upmarket end of the spectrum, ’boutique’ bakeries are appearing. These survive by supplying restaurants and other small outlets, such as delicatessens, with craft-baked bread.

EUROPEANISATION

Although the wide variations in eating habits, and in overall bread consumption, which still exist within individual European countries are unlikely to diminish much over the next few years, the growing internationalisation of eating habits, especially among younger and more upmarket consumers, is already having some impact on the bread market. This is likely to continue. As bread is consumed on a more frequent basis in most European countries than it is in the UK, any trend towards more European-style eating habits is to be welcomed by the industry.

The popularity of continental and other foreign bread and bakery products is still on the rise. UK manufacturers will continue to take advantage of this through product innovation and, in the case of larger manufacturers, through the acquisition of European companies. The adoption of the UK-style sandwich on the near continent may be good news for larger plant bakers, who are already exporting fresh sliced and wrapped breads to service the French market.

10. Company Profiles

INTRODUCTION

The following section contains financial profiles of some of the principal companies identified as operating within the market sector discussed in this report. The financial results of some of the important names within the sector may not be reported if:

- their principal activities are so varied that their results are not considered applicable to the survey
- they are no longer trading as separate companies
- their financial data is very out of date.

DEFINITIONS

A company which has a 'Y' consolidated value has filed consolidated accounts for the relevant year.

† — denotes that the growth rate calculation is invalid, because the figures either move from positive to negative or from negative to positive.

Turnover (Sales)

This includes all income derived from the principal activities of the firm, net of VAT. It encompasses UK sales, exports and overseas and intercompany sales.

Pre-Tax Profits

The net trading profit figure after deduction of all operating expenses, including depreciation and finance charges but before deduction of tax, dividends, subventions or group relief, and other appropriations. Where applicable, it will include the share of profits and losses of associated companies. Items described by the company as exceptional are included; extraordinary items are excluded.

Profit Margin

Pre-tax profits expressed as a percentage of sales.

Average Remuneration

Total employee remuneration divided by the number of employees.

Sales per Employee

Sales divided by the number of employees.

FURTHER INFORMATION

For more detailed financial information telephone *ICC Customer Services* on: +44 (0) 29 2066 0370

ALLIED BAKERIES LTD

Registered Office	Weston Centre Bowater House 68 Knightsbridge London, SW1X 7LT Tel:01784-451366
Company Registration Number	00079590
Date of Incorporation	30/12/1903
Holding Company	Sunblest Bakeries Ltd
Ultimate Holding Company	Wittington Investments Ltd

Previous Name(s) and Date(s) of Change

Sunblest Bakeries Ltd (25/12/91)
Allied Bakeries Ltd (26/11/91)
Sunblest Bakeries Ltd (15/09/91)

Principal Activities

The manufacture and sale of food.

SIC Code

15810, Manufacture of bread; manufacture of fresh pastry goods and cakes

Structure

Allied Bakeries Ltd's parent company is the Associated British Foods PLC (ABF), the activities of which include agriculture, ingredients and oils and retailing (the Primark Stores Ltd clothing chain). Other grocery companies owned by ABF include sugar (The Silver Spoon Company Ltd), tea, ice creams and preserves.

Allied Bakeries consists of four divisions: Kingsmill division, which produces branded and own-label bread and rolls; Sunblest division, supplying independent retailers, symbol groups and the convenience sector; Special Products division, whose three subdivisions cover part-baked bread, bread for sandwiches and bakery snacks/speciality breads; and Allied Bakeries Ireland, which supplies branded and own-label products to the Republic of Ireland and Northern Ireland.

Brand Information

Allied brands include the market leader Kingsmill, plus Allinson, Mighty White, HiBrand and Sunblest.

Recent Developments

In 1999, Allied ceased production entirely at two of its plants (Nottingham and Norwich) and stopped bread production at Chester. Two new plants were opened at West Bromwich and Glasgow. The closure of the company's Lytham and Ipswich bakeries, and of its Aberdeen depot, were announced in 2000.

The Kingsmill Tasty Crusty loaf, in white and wholemeal variants, was launched in April 2000.

FINANCIAL PROFILE

Year End	18/09/99	12/09/98	13/09/97	14/09/96
Weeks	53	52	52	52
Consolidated	N	N	N	N
Sales				
Sales (£000)	461,490	467,401	459,810	478,414
% change year-on-year	-1.26	1.65	-3.89	-
Exports (£000)	-	-	-	-
Exports/Sales (%)	-	-	-	-
Profits				
Pre-tax Profits (£000)	-83,706	-37,416	-31,353	-34,654
% change year-on-year	123.72	19.34	-9.53	-
Profit Margin (%)	-18.14	-8.01	-6.82	-7.24
Operating Profit (£000)	-83,710	-37,424	-31,209	-34,688
Employees				
Number of Employees	6,021	6,431	6,567	6,840
Average Employee Remuneration (£)	19,015.32	19,102.01	18,385.26	18,537.28
Sales per Employee (£)	75,200.57	72,679.37	70,018.27	69,943.57
Profit per Employee (£)	-13,640.03	-5,818.07	-4,774.33	-5,066.37
Capital Employed per Employee (£)	27,476.17	32,734.57	30,450.13	28,620.76
Balance Sheet/Ratios				
Capital Employed (£000)	165,434	210,516	199,966	195,766
Return on Capital (%)	-49.64	-17.77	-15.68	-17.70
Net Worth (£000)	42,778	20,664	24,725	20,434
Current Ratio (%)	1.45	1.33	1.28	1.12
Liquidity Ratio (%)	1.28	1.17	1.11	0.97

BRITISH BAKERIES LTD

Registered Office	Chapel House Liston Road Marlow Buckinghamshire, SL7 1TJ Tel:0115-938 3391
Company Registration Number	00241018
Date of Incorporation	13/07/1929
Holding Company	Ranks Hovis McDougall Ltd
Ultimate Holding Company	Tomkins PLC

Previous Name(s) and Date(s) of Change

British Bakeries (Midlands) Ltd (02/09/88)

Principal Activities

The production and sale of bakery products.

SIC Code

15810, Manufacture of bread; manufacture of fresh pastry goods and cakes.

Structure

British Bakeries Ltd is part of Ranks Hovis McDougall Ltd (RHM), which is the largest combined miller and baker in the UK, claiming approximately 28% of the milling and 32% of the bread market. As well as British Bakeries, RHM owns the Rank Hovis Ltd flour milling business, and the company's European Frozen Bakery division includes the French bakery Sofrapain. Recent acquisitions include Le Pain Croustillant Ltd and Martin Specialits. The group's activities also include the manufacture of packaged cakes, and branded and own-label grocery products.

Brand Information

British Bakeries brands include Hovis and Mothers Pride, as well as Nimble and Granary.

Recent Developments

In July 2000, RHM was sold to the private equity firm Doughty Hanson & Co. by Tomkins PLC, the multinational industrial congolomerate which had owned it since 1992.

In 2000, just prior to the sell-off, RHM launched a new division, The Enjoy Organic Company, encompassing a cross-category range of organic products — including bread and rolls, as well as breakfast cereals, cooking sauces and ready meals.

FINANCIAL PROFILE

Year End	01/05/99	02/05/98	03/05/97	27/04/96
Weeks	52	52	53	52
Consolidated	N	N	N	N
Sales				
Sales (£000)	407,680	410,836	426,773	417,192
% change year-on-year	-0.77	-3.73	2.30	-
Exports (£000)	5,971	4,617	4,146	2,778
Exports/Sales (%)	1.46	1.12	0.97	0.67
Profits				
Pre-tax Profits (£000)	10,804	13,933	7,539	8,634
% change year-on-year	-22.46	84.81	-12.68	-
Profit Margin (%)	2.65	3.39	1.77	2.07
Operating Profit (£000)	10,829	13,860	17,788	8,630
Employees				
Number of Employees	6,723	6,837	6,984	7,241
Average Employee Remuneration (£)	18,747.43	17,965.92	17,963.54	17,920.31
Sales per Employee (£)	60,639.60	60,090.10	59,954.28	57,615.25
Profit per Employee (£)	1,607.02	2,037.88	1,059.10	1,192.38
Capital Employed per Employee (£)	17,216.57	17,126.52	16,292.67	17,158.54
Balance Sheet/Ratios				
Capital Employed (£000)	115,747	117,094	113,788	124,245
Return on Capital (%)	9.33	11.90	6.50	6.95
Net Worth (£000)	34,326	25,811	15,095	9,338
Current Ratio (%)	1.07	1.03	0.98	0.91
Liquidity Ratio (%)	0.99	0.95	0.90	0.84

GREGGS PLC

Registered Office	Fernwood House Clayton Rd Jesmond Newcastle Upon Tyne, NE2 1TL Tel:0191-281 7721
Company Registration Number	00502851
Date of Incorporation	29/12/51
Holding Company	None
Ultimate Holding Company	None

Previous Name(s) and Date(s) of Change

Greggs Bakeries Ltd (30/12/83)

Principal Activities

A group engaged in the manufacture and retail of bread, flour confectionery, sandwiches and savoury products and the provision of catering within the shops.

SIC Codes

15132, Other meat and poultry meat processing.
15810, Manufacture of bread; manufacture of fresh pastry goods and cakes.

Structure

The Greggs PLC chain of retail bakers was founded in the 1930s in Newcastle, and now has more than 1,000 outlets. The group has grown mainly through the purchasing of smaller regional chains, some of which continued to operate under their original names. Most have now been rebranded, apart from the specialist Birketts operation in the Lake District, and the Baker's Oven outlets, which were purchased from ABF in 1994, and are being converted into seated catering formats.

Recent Developments

Greggs opened 53 new outlets, and closed 41, during 1999. A new group technical centre has recently been opened at Newcastle on Tyne. A new shop design has been formulated for the Greggs brand, in two formats — one for city centres and one for suburban locations.

The Bakers Oven seated catering concept has experienced some problems, with capital and running costs found to be too high, and investment in this has been slowed down.

Greggs' profile was boosted during 2000 by the presence of an outlet in the Millennium Dome, for which it had an exclusive contract to supply bakery products.

FINANCIAL PROFILE

Year End	01/01/00	02/01/99	27/12/97	28/12/96
Weeks	52	53	52	52
Consolidated	Y	Y	Y	Y
Sales				
Sales (£000)	308,678	291,420	265,941	238,465
% change year-on-year	5.92	9.58	11.52	-
Exports (£000)	-	-	-	-
Exports/Sales (%)	-	-	-	-
Profits				
Pre-tax Profits (£000)	21,520	20,214	18,035	15,673
% change year-on-year	6.46	12.08	15.07	-
Profit Margin (%)	6.97	6.94	6.78	6.57
Operating Profit (£000)	21,666	20,157	17,988	15,539
Employees				
Number of Employees	14,035	13,420	13,281	12,380
Average Employee Remuneration (£)	8,479.59	8,026.57	7,470.60	7,014.70
Sales per Employee (£)	21,993.44	21,305.63	20,024.17	19,262.12
Profit per Employee (£)	1,533.31	1,477.84	1,357.95	1,265.99
Capital Employed per Employee (£)	6,064.20	5,652.46	5,008.13	4,622.21
Balance Sheet/Ratios				
Capital Employed (£000)	85,111	75,856	66,513	57,223
Return on Capital (%)	25.28	26.15	27.12	27.39
Net Worth (£000)	81,077	69,791	58,619	48,369
Current Ratio (%)	0.50	0.48	0.54	0.65
Liquidity Ratio (%)	0.37	0.36	0.43	0.54

HARVESTIME LTD

Registered Office	38 Raleigh Street Walsall West Midlands, WS2 8RB Tel:01922-444546
Company Registration Number	00251769
Date of Incorporation	01/11/30
Holding Company	William Price & Sons Ltd
Ultimate Holding Company	William Price & Sons Ltd

Previous Name(s) and Date(s) of Change

None

Principal Activities

Bakers and confectioners.

SIC Code

15810, Manufacture of bread; manufacture of fresh pastry goods and cakes.

Structure

Harvestime Ltd is the plant bread baking division of the privately-owned William Price & Sons Ltd group, which also has a speciality bread division, comprising New Primebake Ltd, which makes added value breads, garlic and focaccia breads, and Boboli (UK) Ltd, which makes pizza and speciality breads.

Harvestime Bakeries operates from two plants, in Walsall and Leicester, and coverage includes North West England, London, Wales and the South West. The company's products are also exported to Europe, and are used by the food service and sandwich-making industries.

Brand Information

The company produces wrapped breads and morning goods under supermarket own-label brands, and also under the Harvestime brand, which is sold through symbol group stores. It also produces crusty bread for in-store bakeries (ISBs), and claims a 56% of the UK ISB crusty bread market.

Recent Developments

Harvestime recently opened a dedicated organic bread production facility at its Leicester plant. This will produce an organic range which includes premium sliced white, wholemeal and malted brown loaves.

FINANCIAL PROFILE

Year End	01/01/00	02/01/99	03/01/98	28/12/96
Weeks	52	52	53	52
Consolidated	N	N	N	N
Sales				
Sales (£000)	41,932	36,800	32,013	37,172
% change year-on-year	13.95	14.95	-13.88	-
Exports (£000)	-	-	-	-
Exports/Sales (%)	-	-	-	-
Profits				
Pre-tax Profits (£000)	302	138	304	600
% change year-on-year	118.84	-54.61	-49.33	-
Profit Margin (%)	0.72	0.38	0.95	1.61
Operating Profit (£000)	490	313	472	689
Employees				
Number of Employees	482	474	456	423
Average Employee Remuneration (£)	17,612.03	17,708.86	17,755.05	18,548.46
Sales per Employee (£)	86,995.85	77,637.13	68,879.34	87,877.07
Profit per Employee (£)	626.56	291.14	654.09	1418.44
Capital Employed per Employee (£)	7,811.20	9,151.90	8491.23	9401.89
Balance Sheet/Ratios				
Capital Employed (£000)	3,765	4,338	3,872	3,977
Return on Capital (%)	8.02	3.18	7.70	15.09
Net Worth (£000)	2,258	2,543	2,587	2,462
Current Ratio (%)	0.88	0.94	0.95	0.91
Liquidity Ratio (%)	0.72	0.70	0.75	0.73

KEARS GROUP LTD

Registered Office	Claremont Lydney Gloucestershire, GL15 5DX Tel:01594-845678
Company Registration Number	02101165
Date of Incorporation	18/02/87
Holding Company	Kear Family Ltd
Ultimate Holding Company	Greencore Group PLC (Ireland)

Previous Name(s) and Date(s) of Change

RJT 62 Ltd (30/07/87)

Principal Activities

A group engaged in the manufacture, marketing and distribution of bakery products.

SIC Code

15810, Manufacture of bread; manufacture of fresh pastry goods and cakes.

Structure

Kears Group Ltd began as a small family bakery in Gloucestershire in the 1890s, and is now part of the Greencore Group. It operates nine bakeries located mainly in the Midlands, Wales and the North of England.

The Kears Group also incorporates Rathbones Bakeries Ltd, which it took over in 1999.

Brand Information

The Group manufactures breads, rolls and morning goods under the Rathbones label, and also produces a wide range of own label products.

FINANCIAL PROFILE

Year End	25/09/99	26/09/98	27/09/97	28/09/96
Weeks	52	52	52	52
Consolidated	Y	Y	Y	Y

Sales

Sales (£000)	94,879	85,795	86,209	82,689
% change year-on-year	10.59	-0.48	4.26	-
Exports (£000)	745	286	579	546
Exports/Sales (%)	0.79	0.33	0.67	0.66

Profits

Pre-tax Profits (£000)	5,026	6,293	6,630	5,929
% change year-on-year	-20.13	-5.08	11.82	-
Profit Margin (%)	5.30	7.33	7.69	7.17
Operating Profit (£000)	5,400	6,598	7,581	7,369

Employees

Number of Employees	1,256	1,119	1,111	1,113
Average Employee Remuneration (£)	16,854.30	16,722.07	16,203.42	14,779.87
Sales per Employee (£)	75,540.61	76,671.13	77,595.86	74,293.80
Profit per Employee (£)	4,001.59	5,623.77	5,967.60	5,327.04
Capital Employed per Employee (£)	21,777.07	22,828.42	26,842.48	31,405.21

Balance Sheet/Ratios

Capital Employed (£000)	27,352	25,545	29,822	34,954
Return on Capital (%)	18.38	24.63	22.23	16.96
Net Worth (£000)	15,896	22,091	20,759	17,995
Current Ratio (%)	0.48	0.66	0.77	0.94
Liquidity Ratio (%)	0.36	0.51	0.60	0.78

THREE COOKS LTD

Registered Office	Chapel House Liston Road Marlow Buckinghamshire, SL7 1TJ Tel:01903-882590
Company Registration Number	00091981
Date of Incorporation	06/02/1907
Holding Company	Ranks Hovis McDougall Ltd
Ultimate Holding Company	Doughty Hanson & Co. Ltd

Previous Name(s) and Date(s) of Change

RHM Retail Ltd (09/11/94)
John Crampton & Company Ltd (31/12/81)

Principal Activities

The manufacture and retail of bread, cakes, flour confectionery and sugar confectionery.

SIC Code

52240, Retail sale of bread, cakes, flour confectionery and sugar confectionery.

Structure

Three Cooks Ltd is part of the Ranks Hovis McDougall group, which has recently been sold by Tomkins PLC. It has 305 outlets spread throughout the UK.

Recent Developments

Three Cooks has already developed many of its outlets to incorporate seated catering and take-away snack bars. 90 of the outlets also operate self-service cafés.

FINANCIAL PROFILE

Year End	01/05/99	02/05/98	03/05/97	27/04/96
Weeks	52	52	53	52
Consolidated	N	N	N	N
Sales				
Sales (£000)	52,447	55,094	58,474	55,690
% change year-on-year	-4.80	-5.78	5.00	-1.67
Exports (£000)	-	-	-	-
Exports/Sales (%)	-	-	-	-
Profits				
Pre-tax Profits (£000)	349	1,686	1,667	1,076
% change year-on-year	-79.30	1.14	54.93	-
Profit Margin (%)	0.67	3.06	2.85	1.93
Operating Profit (£000)	342	1,681	1,665	1,078
Employees				
Number of Employees	1,515	1,570	1,720	1,705
Average Employee Remuneration (£)	11,350.50	10,927.39	10,028.65	9,857.48
Sales per Employee (£)	34,618.48	35,091.72	33,355.07	32,662.76
Profit per Employee (£)	230.36	1,073.89	950.90	631.09
Capital Employed per Employee (£)	4,077.89	3,220.38	2,265.12	1,410.56
Balance Sheet/Ratios				
Capital Employed (£000)	6,178	5,056	3,896	2,405
Return on Capital (%)	5.65	33.35	41.98	44.74
Net Worth (£000)	5,140	5,056	3,896	2,405
Current Ratio (%)	0.44	0.38	0.42	0.44
Liquidity Ratio (%)	0.30	0.26	0.28	0.28

WARBURTONS LTD

Registered Office	Hereford Street Bolton Lancashire, BL1 8JB Tel:01204-523551
Company Registration Number	00178711
Date of Incorporation	29/12/1921
Holding Company	None
Ultimate Holding Company	None

Previous Name(s) and Date(s) of Change

None

Principal Activities

The production and distribution of food.

SIC Code

15810, Manufacture of bread; manufacture of fresh pastry goods and cakes.

Structure

Warburtons Ltd, which is a family company founded in Bolton in 1913, now has eight bakeries in the north of England and the Midlands. It employs more than 5,000 people and produces over a million loaves of bread each day.

Recent Developments

The company has recently appointed a new Commercial Director whose brief is to develop the premium bread and morning goods business.

Warburtons launched a number of new products in 2000, including several super premium products, and an organic range consisting of White and Wholemeal Stoneground Organic Loaves. A new soft white sliced loaf — a Blackpool Milk Roll — featuring Rugrats cartoon characters was launched in May 2000.

FINANCIAL PROFILE

Year End	30/09/99	30/09/98	30/09/97	30/09/96
Weeks	52	52	52	52
Consolidated	N	Y	Y	Y

Sales

Sales (£000)	162,393	156,223	147,871	172,373
% change year-on-year	3.95	5.65	-14.21	-
Exports (£000)	-	-	-	-
Exports/Sales (%)	-	-	-	-

Profits

Pre-tax Profits (£000)	18,149	18,712	18,563	10,820
% change year-on-year	-3.01	0.80	71.56	-
Profit Margin (%)	11.18	11.98	12.55	6.28
Operating Profit (£000)	16,595	16,475	17,106	9,441

Employees

Number of Employees	2,652	2,493	2,295	3,990
Average Employee Remuneration (£)	18,161.01	17,467.71	17,102.83	12,454.14
Sales per Employee (£)	61,234.16	62,664.66	64,431.81	43,201.25
Profit per Employee (£)	6,843.51	7,505.82	8,088.45	2,711.78
Capital Employed per Employee (£)	35,605.96	33,344.97	31,122.44	15,034.84

Balance Sheet/Ratios

Capital Employed (£000)	94,427	83,129	71,426	59,989
Return on Capital (%)	19.22	22.51	25.99	18.04
Net Worth (£000)	94,427	83,129	71,426	59,725
Current Ratio (%)	1.63	1.68	1.70	1.73
Liquidity Ratio (%)	1.56	1.61	1.63	1.66

11. Further Sources

Associations

• Association of Bakery Ingredient Manufacturers
'interests of manufacturers and suppliers of ingredients to the bakery trade'
• Scottish Association of Master Bakers
'craft bakery trade and employers association'
4 Torphichen Street
Edinburgh, EH3 8JQ
Telephone:0131-229 1401
Fax:0131-229 8239
WWW:http://www.abim.org.uk

Bakers', Food and Allied Workers' Union
Stanborough House
Great North Road
Stanborough
Welwyn Garden City
Hertfordshire, AL8 7TA
Telephone:01707-260150
Fax:01707-261570
WWW:http://www.bfawu.org.uk

Biscuit, Cake, Chocolate and Confectionery Alliance
'trade-related information on the sales of biscuits, cakes, chocolate and confectionery for the home market and for export'
37-41 Bedford Row
London, WC1R 4JH
Telephone:020-7404 9111
Fax:020-7404 9110
WWW:http://www.bccca.org.uk

British Nutrition Foundation
'to provide unbiased information; to encourage education; to foster research concerned with human nutrition'
High Holborn House
52-54 High Holborn
London, WC1V 6RQ
Telephone:020-7404 6504
Fax:020-7404 6747
WWW:http://www.nutrition.org.uk

The British Sandwich Association
8 Home Farm
Ardington
Oxfordshire, OX12 8PN
Tel:01235-821820
Fax:01235-862200

British Society of Baking
'promotion of good practices in the baking industry'
8 Lendel Close
Formby
Liverpool, L37 3PT
Telephone:01704-831535
Fax:01704-831535

Campden & Chorleywood Food Research Association
'research and development work for the food and allied industries; food packaging, machinery, manufacturers, distributors, retailers and growers, drink and cereal processing'
Station Road
Chipping Campden
Gloucestershire, GL55 6LD
Telephone:01386-842000
Fax:01386-842100
WWW:http://www.campden.co.uk

- Flour Advisory Bureau

'for the flour milling industry'
21 Arlington Street
London, SW1A 1RN
Telephone:020-7493 2521
Fax:020-7493 6785
WWW:http://www.fabflour.co.uk

- Food and Drink Federation

'to represent, promote and further the interests of the UK food manufacturing industry with government, EC institutions and other decision-making bodies'

- Federation of Bakers

'representation of the UK's largest bakers'

- United Kingdom Association of Manufacturers of Bakers' Yeast

6 Catherine Street
London, WC2B 5JJ
Telephone:020-7836 2460
Fax:020-7836 0580
WWW:http://www.faf.org.uk

Food, Drink and Tobacco Federation
Confederation House
84-86 Lower Baggot Street
Dublin 2
Republic of Ireland
Telephone:00-3531 660 1011
Fax:00-3531 660 1717

Homegrown Cereals Authority
'delivers a co-ordinated range of focused services essential to the probability of the cereals and oil seeds industry'
Caledonia House
223 Pentonville Road
London, N1 9HY
Telephone:020-7250 3926
Fax:020-7520 3958
WWW:http://www.hgca.com

International Milling Association
9 Avenue Gauloise
1040 Brussels
Belgium
Telephone:00-322 736 5354
Fax:00-322 732 3427

National Association of Master Bakers
'to represent small- and medium-sized bakery businesses in England and Wales; to act as the Industry Training Organisation for craft bakers'
21 Baldock Street
Ware
Hertfordshire, SG12 9DH
Telephone:01920-468061
Fax:01920-461632

Periodicals

- Bakers' Review
- Industrial Baker

Turret RAI PLC
Armstrong House
38 Market Square
Uxbridge
Middlesex, UB8 1TG
Telephone:01895-454545
Fax:01895-454647

The Bakery Magazine
NFBSS/IBB Alliance
76 Gaver Road
Haywards Heath, RH16 4PN
Telephone:01444-453945
Fax:01708-727033

British Baker
Quantum Publishing Ltd
Quantum House
19 Scarbrook Road
Croydon, CR9 1LX
Telephone:020-8565 4200
Fax:020-8565 4202

- Convenience Store
- Food Manufacture
- The Grocer
- Multiple Buyer and Retailer

William Reed Publishing Ltd
Broadfield Park
Crawley
West Sussex, RH11 9RT
Telephone:01293-613400
Fax:01293-610330
WWW:http://
www.foodanddrink.co.uk

European Baker
Crier Publications Ltd
Arctic House
Rye Lane
Dinton Green
Sevenoaks
Kent, TN14 5HB
Telephone:01732-451515
Fax:01732-451383
WWW:http://www.crier.co.uk

Food Trade Review
Food Trade Press Ltd
Station House
Hortons Say
Westerham
Kent, TN16 1BZ
Telephone:01959-563944
Fax:01959-561285

- Independent Retail News
- Super Marketing

Reed Business Information
Quadrant House
The Quadrant
Sutton
Surrey, SM2 5AS
Telephone:020-8652 8275
Fax:020-8652 8907
WWW:http://www.reedbusiness.com

Directories

Retail Directory of
the UK
Newman Books Ltd
32 Vauxhall Bridge Road
London, SW1V 2SS
Telephone:020-7973 4649
Fax:020-7973 4798
WWW:http://www.
newmanbooks.co.uk

Scottish Association of Master Bakers:
Yearbook
Scottish Association of
Master Bakers
4 Torphichen Street
Edinburgh, EH3 8JQ
Telephone:0131-229 1401
Fax:0131-229 8239

The Food Pocket Book
NTC Publications Ltd
PO Box 69
Farm Road
Henley-on-Thames
Oxfordshire, RG9 1GB
Telephone:01491-411000
Fax:01491-571188

General Sources

ACNielsen MMS
Madison House
High Street
Sunninghill
Ascot
Berkshire, SL5 9NP
Telephone:01344-627553
Fax:01344-621037

Ashgate Publishing Co. Ltd
Ashgate House
Unit 2
Lower Farnham Road
Aldershot
Hampshire, GU12 4DY
Telephone:01252-333871
- Sources of Unofficial UK Statistics — D Mort & L Siddall

ASLIB: The Association for Information Management
Staple Hall
Stone House Court
London, EC3A 7PB
Telephone:020-7903 0000
Fax:020-7903 0011
- ASLIB Directory of Information Sources in the UK

BMRB International Ltd
Hadley House
79-81 Uxbridge Road
Ealing, W5 5SU
Telephone:020-8579 9809
Fax:020-8579 9809

British Overseas Trade Board
c/o Arlington Management Publications Ltd
25 New Bond Street
London, W1Y 9HD
Telephone:020-7495 1940
Fax:020-7409 2557
- Market Search

Export Market Information Centre
Kingsgate House
66-74 Victoria Street
London, SW1E 6SW
Telephone:020-7215 4954/4955
- Sources of Statistics and Market Information

Headland Press
1 Henry Smith's Terrace
Headland
Cleveland, TS24 0PD
Telephone:01429-231902
Fax:01429-861403
- Business Information Sourcebook
- How to Access Market Research Information from your Microcomputer

Interstat
IRN
Greenhill House
90-93 Cowcross Street
London, EC1M 6BF
Telephone:020-7251 4040
Fax:020-7251 8452
WWW:http://www.irn-research.com

Bonnier Information Sources

Bonnier PLC
Field House
72 Oldfield Road
Hampton
Middlesex, TW12 2HQ

ICC Information Ltd
Telephone:020-8481 8800
Fax:020-8941 6014
msn:ICC_FRMMGR@msn.com
Internet:webmaster@icc.co.uk

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- Analysed financial information of every trading British company
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- The Guide: A Practical Handbook of Marketing Sources in the UK and Western Europe £165

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- Retailing in the UK

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- Diet and Fat Free Foods
- Fresh/Frozen Foods
- Functional Foods
- Organic Foods

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Government Publications

HM Customs & Excise
New Kings Beam House
22 Upper Ground
London, SE1 9PJ
Telephone:020-7620 1313

Available from:

HMSO Publications Centre PC51D
Room 308
3rd Floor
51 Nine Elms Lane
London, SW8 5DT
Telephone:020-7873 0011
(postal services)

or

HMSO Bookshop
49 High Holborn
London, WC1V 6HB
Telephone:020-7873 0011
(personal callers)

National Statistics
1 Drummond Gate
London, SW1V 2QQ
Telephone:020-7533 5888
Fax:01633-812599
WWW:http://www.statistics.gov.uk

Business Monitor Series:
PA1003 — Size Analysis of UK Businesses

Annual Abstract of Statistics
£39.50

Economic Trends
£22.50

Family Spending 2000
£39.50

Financial Statistics
£22.50 monthly

National Food Survey 1999
£28.00

Monthly Digest of Statistics
£12.00

Social Trends Annual
£39.50

UK National Accounts 1999
£39.50

Other Sources

ACNielsen
Nielsen House
Headington
Oxford, OX3 9RX
Telephone:01865-742742
Fax:01865-742222

Business Information Futures
1 Henry Smith's Terrace
Headland
Cleveland, TS24 0PD
Telephone:01429-231902
Fax:01429-861403

ERC Statistics International Ltd
5-11 Shorts Gardens
London, WC2H 9AT
Telephone:020-7497 2312
Fax:020-7497 2313

Gira Group
Grilly
01220 Divonne Les Bains
France
Telephone:00-33 50 40 24 00
Fax:00-33 50 40 24 02

Marketpower Ltd
84 Uxbridge Road
London, W13 8RA
Telephone:020-8840 5252
Fax:020-8840 6173

Maurice Palmer Associates Ltd
Chesterton Tower
Chapel Street
Chesterton
Cambridge, CB4 1DY
Telephone:01223-68705
Fax:01223-324125

MSI UK
Viscount House
River Lane
Saltney
Chester, CH4 8QY
Telephone:01244-681424
Fax:01244-681457

NOP Research Group Ltd
Lindgate House
245 Blackfriars Road
London, SE1 9UL
Telephone:020-7890 9000
Fax:020-7890 9001

The Oxford Institute of Retail Management
Kennington Road
Kennington
Oxford, OX1 5NY
Telephone:01865-735422
Fax:01865-736374

Plimsoll Publishing Ltd
The Vanguard Suite
Broadcasting House
Middlesbrough, TS1 5JA
Telephone:01642-230977
Fax:01642-243560

Stats (MR)
Gloucester House
Smallbrook Queensway
Birmingham, B5 4HP
Telephone:0121-631 3232
Fax:0121-631 3637

Taylor Nelson Sofres PLC
The Research Centre
West Gate
London, W5 1AU
Telephone:020-8967 0007
Fax:020-8967 4060
WWW:http://www.tnsofres.com
• AGB Superpanel

Understanding TGI Data

TGI Tables, produced by BMRB International Ltd, are generally based on one of the following groups:

- **Households** — a private household consists of either one person living alone or a group of people, usually, but not always, members of one family, who live together and whose food and other household expenses are managed as one unit.
- **Adults** — any person aged 15 or over.
- **Housewives** — a member of a private household who is solely or mainly responsible for the household duties.

Number, Profile, Penetration

Tables used in Key Note reports may give figures for the Number, Profile, and/or Penetration. These terms are explained in the following Table.

The total number of adults, housewives, households, etc.

Across
The % of 15-24 year-olds, etc. who are users.

Table Heading

	Population	Number (000)	Profile (%)	Penetration (%)
All housewives	20,371	13,535	100.0	66.4
Age				
15-24		1,045	7.7	0.03
25-34		2,697	19.9	12.1
Social Grade				
AB			.0	61.5
C1			.0	71.9
Region				
Greater				
London		2,557	10.4	55.2

This is the projected number of people in each subgroup who use the product.

Down
The % of each subgroup who are users. Each subgroup should total 100% vertically.

Source:Target Group Index, © BMRB International, 1995

TGI data used in Key Note reports is broken down by age, social grade and standard region.

Social Grade

This is normally based on the occupation of the Head of the Household, or if the Head of the Household is retired, their former occupation. If this information is not available social grade is based on environmental factors such as type of dwelling, amenities in the home, presence of domestic help etc.

Social grade is assessed by the interviewer when collecting the information and is, therefore, based on information given personally and verbally by the respondent. Social grade is checked by BMRB's coding and editing office.

The following table broadly defines the six social grades used. The relationship between social grade and net income of the Head of the Household is a complex one and readers should note that **income is not determinant of social grade**.

Social Grade	Social Status	Head of Household's Occupation
A	Upper middle class	Higher managerial, administrative or professional
B	Middle class	Intermediate managerial, administrative or professional
C1	Lower middle class	Supervisory or clerical and junior managerial, administrative or professional
C2	Skilled working class	Skilled manual workers
D	Working class	Semi and unskilled workers
E	Those at lowest levels of subsistence (no other earner)	State pensioners or widows

Standard Region

This is as defined by the Registrar-General.

Key Note Research

Key Note is a leading supplier of market information, publishing an extensive range of consumer, industrial, business-to-business and services titles. With over 25 years' experience, Key Note represents clear, concise, quality market information.

For all reports, Key Note undertakes various types of research:

Online searching is carried out by product code or free search method, and covers the period from the last edition of the report to the current day.

The internal **ICC Juniper database** is used to select company information relevant to the particular report. The financial information extracted may then be backed up by further online searching on particular companies.

Trade sources, such as trade associations, trade journals and specific company contacts, are invaluable to the Key Note research process.

Secondary data is provided by BMRB International (TGI) and ACNielsen MMS for consumer/demographic information and advertising expenditure respectively. In addition, various official publications published by the ONS, etc. are used for essential background data and market trends.

Interviews are undertaken by Key Note for various reports, either face-to-face or by telephone. This provides qualitative data ('industry comment') to enhance the statistics in reports; **questionnaires** may also be used.

Field research is commissioned for various consumer reports and market reviews, and is carried out by either The Gallup Organization or BMRB International (BMRB Access).

Key Note estimates are derived from statistical analysis and trade research carried out by experienced research analysts. Up-to-date figures are inserted where possible, although there will be some instances where: a realistic estimate cannot be made (e.g. the number of disabled people in the UK); or external sources request that we do not update their figures.

Key Note Publishing Manager, 2001

The Key Note Range of Reports

Key Note publishes over 180 titles each year, across both the Key Note and Market Assessment product ranges. The total range covers consumer, lifestyle, financial services and industrial sectors.

Title	Edition	Published
Market Reports and Pluses		
A		
Accountancy	4	2000
Access Control	3	2001
Advertising Agencies	7	1998
Aerospace	11	1998
Agrochemicals & Fertilisers	2	2000
Airlines	13	2000
Airports	6	2001
Animal Feedstuffs	10	1999
Automatic Vending	14	1999
Automotive Services	2	1998
Autoparts	14	1999
B		
Baths & Sanitaryware	9	1999
Betting & Gaming	13	2000
Biscuits & Cakes	10	2001
Book Publishing	14	1999
Bookselling	10	2000
Bread & Bakery Products	16	2001
Breakfast Cereals	10	1999
Breweries & The Beer Market	19	2000
Bricks & Tiles	12	1999
Bridalwear	2	1999
Builders' Merchants	12	2000
Building Contracting	5	2000
Building Materials	9	2000
Business Press	10	1999
Business Travel	8	1998
Bus & Coach Operators	5	2000
C		
Cable & Satellite TV	8	2000
Cameras & Camcorders	3	1999
Camping & Caravanning	12	2000
Carpets & Floorcoverings	14	2000
Cash & Carry Outlets	15	2000
Catering Equipment	5	2000
CDs & Tapes	2	1999
Chemical Industry	8	2000
Childcare	2	1999
Childrenswear	3	2000
Chilled Foods	10	2000
China & Earthenware	17	2000
Cigarettes & Tobacco	15	2000
Cinemas & Theatres	8	2000
Civil Engineering	7	1998
Closed Circuit Television	4	2000
Clothing Manufacturing	12	2000
Commercial Radio	6	2000
Commercial TV	6	1999
Commercial Vehicles	10	1999
Computer Hardware	3	1999
Computer Services	5	1999
Computer Software	3	1999
Confectionery	19	2000
Consumer Internet Usage	4	2000
Consumer Magazines	10	1999
Contract Catering	13	2000
Contract Cleaning	15	2000
Convenience Retailing	11	2001
Corporate Hospitality	2	2000
Cosmetics & Fragrances	14	2000
Cosmetic Surgery	3	1999
Courier & Express Services	11	2000
Credit & Other Finance Cards	12	1999
D		
Debt Management & Factoring	13	1999
Defence Equipment	8	2000
Design Consultancies	3	2000
Digital TV	1	1998
Direct Marketing	13	2000
Disposable Paper Products	9	2000
Domestic Heating	11	2000

Title	Edition	Published
Dry Cleaning & Laundry Services	2	2000
E		
Electrical Contracting	6	2000
Electrical Wholesale	1	2000
Electronic Component Distribution	11	2000
Electronic Component Manufacturing	10	1999
Electronic Games	2	1998
Employment Agencies (see Recruitment Agencies)	14	1999
Equipment for the Disabled	2	1999
Equipment Leasing	11	1999
Estate Agents	11	2000
Ethnic Foods	9	1999
Exhibitions & Conferences	5	1998
F		
Fast Food & Home Delivery Outlets	16	2000
The Film Industry	3	2000
Finance Houses	11	2000
Fire Protection Equipment	5	1999
Fish & Fish Products	10	2000
Fitted Kitchens	9	2000
Floristry	1	1998
Food Seasonings	1	1999
Footwear	12	1999
Franchising	7	2000
Freight Forwarding	12	2000
Frozen Foods	17	1999
Fruit Juices & Health Drinks	8	2000
Fruit & Vegetables	15	2000
Further & Higher Education	3	2000
G		
Garden Equipment	9	1999
The Gas Industry	1	2001
Giftware	10	2001
Glassware	10	1999
Greetings Cards	16	2000
H		
Health Clubs & Leisure Centres	4	2000
Health Foods	20	2000
Heating, Ventilating & Air Conditioning	8	1998
Home Furnishings	13	1999
Home Shopping	8	2000
Horticultural Retailing	14	2000
Hotels	15	2000
Housebuilding	14	2000
Household Appliances (Brown Goods)	8	1999
Household Appliances (White Goods)	13	1998
Household Furniture	15	2000
Household Soaps & Detergents	12	1999
I		
Ice Creams & Frozen Desserts	7	2000
Industrial Fasteners	7	1998
Industrial Pumps	5	2000
Industrial Valves	7	1999
Insurance Companies	8	1999
Internet Usage in Business	4	2000
IT Security	2	2000
IT Training	5	1999
J		
Jewellery, Watches & Fashion Accessories	17	2000
K		
Kitchenware	4	2000
L		
Laboratory Equipment	8	1998
Lighting Equipment	13	2000
Lingerie	4	2000
M		
Management Consultants	7	2000
Meat & Meat Products	15	2001
Mechanical Handling	8	1999
Medical Equipment	12	1998
Metal Recycling	2	2000
Metalworking Machine Tools	12	2000
Milk & Dairy Products	15	2000
Mobile Phones	3	2000
Mortgage Finance	3	1999

Title	Edition	Published
N		
New Media Marketing	3	2000
Newspapers	14	1999
Nursing Care	2	1999
O		
Office Furniture	17	2001
The Oil & Gas Industry	1	2000
Ophthalmic Goods & Services	12	1999
OTC Pharmaceuticals	9	1999
Own Brands	8	1999
P		
Packaging (Food & Drink)	4	1999
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Packaging (Paper & Board)	12	1999
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Plastics Processing	9	2000
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Premium Lagers, Beers & Ciders	4	2000
Printing	7	2001
Private Healthcare	15	1999
Process Plant	7	1998
Protective Clothing & Equipment	3	2000
Public Houses	16	2000
R		
Rail Travel	4	2000
Ready Meals	5	2000
Recruitment Agencies (Temporary/ Contract)	1	2000
Recruitment Agencies (Permanent)	1	2000
Restaurants	15	2000
Retail Chemists & Drugstores	11	1999
Road Haulage	16	1999
Rubber Manufacturing & Processing	8	1999
Rugby Clubs & Finance	1	1999
S		
Sauces & Spreads	7	2000
Shopfitting	10	2000
Short Break Holidays	3	1999
Slimming Market	8	2000
Small Domestic Electrical Appliances	8	2000
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Soft Drinks (Carbonates & Concentrates)	13	1999
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Sports Equipment	12	2001
Sports Sponsorship	1	1998
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T		
The Take Home Trade	13	2000
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U		
The Under-16s Market	1	1998
V		
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Market Assessment Reports		
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