



## Introduction

**Clive Frampton, Chairman, British Egg Products Association**

### Credit crunch bites

The past 12 months have been dominated by the credit crunch. The ready meals market, of which egg products are an integral ingredient, has been buoyed by the economic climate over the past year as retailers bid to capture consumers trading down from eating out.

The shift in consumer habits has seen retailers making an increased focus of their ready meal offering to encourage people that convenient home dining can be done in style and on a budget. The 'meal deals' offered by leading retailers, garnered a particular amount of attention. This has minimised the impact on the egg products industry of lower demand from the food service industry, which has undoubtedly suffered as a result of the economic climate.

### Futureproof your business

A year ago I talked about the importance of preparing to meet certain challenges, such as the increasing demand for free range egg products, the ban on conventional cages in 2012 and WTO negotiations. These challenges can be met but producers and end-users must enter a meaningful dialogue now in order that their requirements can be met in future years.

The free range market has continued to develop, as forecast, with rapid growth expected for the next few years. Several leading companies, such as Unilever, Marks & Spencer and Waitrose, already specify free range eggs across a range of their products and more companies are set to follow.

Sainsbury's has stated that its products will not contain eggs from caged hens by 2012, when the EU's ban on conventional cages will come into force.

The UK egg industry has continued to invest in meeting the capacity challenges raised by increased demand and is in a good position. However, it's imperative that

manufacturers move to secure future supply now as large scale switches cannot be delivered overnight they require large volumes and intense planning.

Free range production will be helped by the decision to allow increased stocking density on the range for Lion flocks. The new limit of 2,000 birds per hectare is still well below the legal EU limit, but should provide a significant increase to the volume of free range egg available.

### Provenance prevails

Over the past couple of years, I have noticed an increasing level of interest from manufacturers in issues such as provenance, traceability, food miles, animal welfare and food safety.

This is excellent news for the British egg products industry and should be seen as a great business opportunity for the coming year. Many sectors of the UK egg products industry are already well placed to meet these demands but with the import market still strong, many more need to ensure they are also equipped to offer UK food manufacturers this point of difference.

It may seem strange that offering British Lion egg products should be seen as a point of difference rather than the norm. However, I do think this is changing and this year in particular, we have made some inroads in challenging imports as manufacturers and retailers increasingly acknowledge the benefits of Lion egg products.



**Clive Frampton,**  
British Egg Products  
Association Chairman

## The Egg Products Market

**Volume increases in the egg products market over the past two years have been consolidated in the first half of 2009 with sales remaining around 3,000 million eggs. This is a positive indication of the value of eggs even in a recession.**

In addition, significant value has been added to the market largely as a result of increases in feed prices around the world and the growing move to free range. The UK egg products market is now worth around £250m, up 25 % from the same period 2008.

Production of liquid and frozen whole egg is marginally down on the same period last year but volume is expected to reach similar levels to 2007 and 2008, levelling out at around 73-75,000 tonnes by the end of the fourth quarter.

The export of UK egg products showed an increase in the second half of 2008, a trend which has continued into 2009. There are a number of reasons for this, including increasing specification of Lion eggs as an ingredient and the value of the pound versus the Euro.

Although the export market is growing, volumes are small and do not compensate for the significant volumes of egg products which are imported into the UK every year. These remain a concern for the UK industry.

Imports rose some 57% in the first five months of 2008 but despite a two year

monthly high on import volume in February, breaking through the 300 thousand cases barrier, actual volume over the past 12 month period has remained steady, with no particular spikes or decreases.

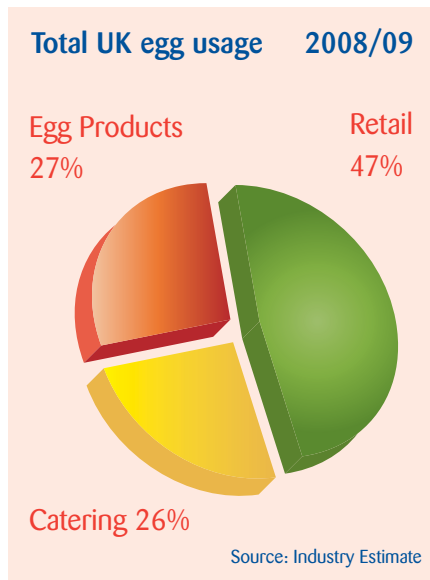
Lion egg processors have continued to take a proactive stance to combat imports with the relaunch of the Lion Code of Practice, along with a significant marketing campaign, highlighting the benefits of British Lion eggs.

The BBC programme, 'What's in your food?', aired recently and is an indication of the new found consumer interest in the ingredients industry. The programme covered the Italian egg products scandal, where incubated eggs got into the food chain, highlighting the risks food manufacturers can face.

The decline in out-of-home eating as the credit crunch continues to impact on consumer spending habits has not had a major impact on the market. This shortfall in egg product demand from caterers has been filled by the increased consumption of ready prepared meals, which was on the up previously, but has continued to grow strongly. According to market analysts Mintel the chilled and frozen ready meals market, 30 years old this year, was worth £2bn last year, a figure that is predicted to hit £2.3bn by 2013.

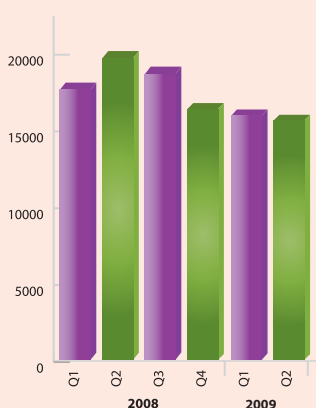
Consumer awareness of the role eggs can play in maintaining a healthy diet and lifestyle has resulted in their increasing use

as a meal solution. This trend emerged in last year's report but the positive public perception of eggs was further bolstered by the British Heart Foundation lifting their recommendations that limited the number of eggs people should consume weekly. No major heart or health organisations now set limits for egg consumption, great news for all those in the egg industry and an opportunity for food manufacturers and caterers to exploit.



Egg products now account for almost one third of all eggs eaten in the UK with free range, in terms of Lion egg products at least, accounting for almost a quarter of all sales.

**Liquid and frozen whole eggs production in the UK (tonnes)**



**Import/export of egg products in the UK (thousand cases)\***



## Future trends

**The fundamental issue facing the egg industry looking forward is ensuring availability as the changing cage legislation approaches in 2012 (when conventional cages are banned to be replaced by more welfare friendly colony systems).**

Many companies have indicated that they may use this as a date to move to free range. This cannot happen without careful planning, which needs to happen now. The egg industry needs

time to increase production of free range eggs.

Currently it can take in excess of two years for a free range flock to get into production, largely as a result of the difficulties of planning permission. With 2012 just over two years away, this has now become a critical issue.

On the positive side, there appears to be increasing concern over the provenance of ingredients used in manufactured products and this has benefited the industry. This is expected

to continue with Pork Farms recently taking the decision to display the British Lion logo prominently on its packaging, becoming the first food manufacturer to do so.

The market for quality British eggs looks set to continue to increase its share of the overall market. With careful planning, the requirements of all manufacturers can be met, ensuring the support of British farming and meeting the needs of the consumer.



## The food manufacturer's view: Pork Farms



**Pork Farms, the market leading savoury pastry producer, specifies British Lion egg products and made the decision to display the Lion logo on pack earlier this year.**

Andy Napthine, Head of Marketing for Pork Farms, explains: "We're always keen to attract new customers. Eggs are an integral ingredient in the production of our delicious scotch and snack eggs and we re-designed our packaging this year not just to update it but to incorporate the British Lion Quality logo which we felt would resonate with the consumer.

"Quality assurance and traceability are key to our customers and by displaying the logo we're demonstrating that it's key for us too. We're very proud to lead the field in sourcing and using 100% British eggs."

Pork Farms, first established in 1931, currently sell around 7.9m individual scotch or snack eggs per year.



# The baker's view: Birds the confectioners

**Mike Holling, retail operations manager of Birds of Derby and chairman of the National Association of Master Bakers.**

"Birds probably use the equivalent of 1,000 eggs a day across products such as custards and other bakery products. With such an integral ingredient and with the volume we get through we need to know that we are going to receive consistently high quality eggs. The Lion is a well respected mark and offers us the quality assurance and peace of mind we're after."

Birds, first established in 1919, have 50 shops and are looking at extending the use of Lion across other ranges.



## What the consumer thinks

**New research<sup>1</sup> by British Lion egg products has shown that consumers are confused about the origin of ingredients in food products.**

Just two per cent of consumers buying quiche, cake, sandwiches, scotch eggs or mayonnaise, expect them to contain imported eggs, yet industry figures estimate that at least a third of these products are made using foreign egg product.

The survey revealed that if consumers were offered the choice, 78% would prefer these products to be made with British Lion eggs. For 9 out of 10 consumers stating this was because they preferred to buy British and 84% said it was because they trust the Lion mark.

Lower food miles, food safety and supporting British farmers were high among the other reasons consumers would prefer the use of British Lion egg products in products such as quiche and egg sandwiches.

More than 80% wanted the introduction of labelling to help clear up any confusion and help consumers to make an informed choice over the origin of food they purchase.

Clive Frampton, British Egg Products Association Chairman, said: "The majority of consumers who prefer to buy British may be being misled about the origins of their food. Consumers concerned about where their food comes from would be appalled to know 'Made in the UK' is not a clear indication of provenance. It's time to come clean with consumers and tell them where their ingredients come from."

"The combination of the highest food safety standards plus rising consumer awareness of sustainability make British Lion egg products the logical choice."

British Lion egg products are produced to the highest food safety standards, adhering to a strict Code of Practice that covers feed control and food safety regulations. Provenance and traceability are guaranteed.



<sup>1</sup>GfK NOP Market Research and Consumer Insights company - survey of 1000 adults 16+ by telephone, representative of the UK 31.07.09 - 02.08.09



## The caterer's view: Wetherspoon



**Wetherspoon, the UK's most successful and popular high street pub chain, has it cracked when it comes to eggs..**

The Wetherspoon's recipe for success is no secret, but one fundamental ingredient is less well known - they use 100% Lion shell eggs and egg products.

This simple formula has seen Wetherspoon's customers polish off the equivalent of more than 14 million free range British Lion shell eggs in the last year.

Jameson Robinson, Wetherspoon's Food Development Manager, commented: "Wetherspoon is proud to serve British Lion Quality Standard eggs and egg products across all its sites. The use of British Lion Egg Products not only underlines our commitment to sourcing the best ingredients for our customers but helps us to fulfil meal orders on-time and to a high standard."

