HLSG 3 – Assessing % market coverage of RD partners for the salt and artificial trans fats pledges.

Aim: To agree the approach used to assess market coverage by RD partners for the salt and artificial trans fats pledges

Summary

HLSG members have received data about the market coverage by RD partners for the out of home calorie labelling pledge. A similar approach for the salt and artificial trans fats pledges is not appropriate due to the differing nature of the pledges and limitations in the available data. A range of measures have therefore been developed for these pledges. Information is provided separately for the retail and catering markets.

HLSG members are invited to note the proportion of the market coverage by RD partners, and confirm they are content with the approaches taken to make these estimates. Details of the methodology used to estimate market coverage are given overleaf.

RETAIL

1. Salt Pledge - RD partners are estimated to account for 71% of the retail market, based on the volume of salt in food products.
2. Artificial trans fat pledge - RD partners are estimated to account for 69% of the retail market. The % volume sales of certain foods has been used as the most appropriate assessment of the market for the retail sector, as no data is available about the historic or current artificial trans fat content of foods.

CATERING

3. Salt Pledge - RD partners are estimated to account for 45% of the market.

4. Trans Pledge – RD partners are estimated to account for 49% of the market .

For each of these pledges the market is defined as the top 80 high street caterers (excluding leased pubs) and the top 16 staff contract caterers. This approach focuses on larger companies and caterers with the greatest number of outlets and has been adopted because it is impractical to make an assessment based on the whole market, which is primarily composed of small or micro businesses. Guidance is being developed specifically for small businesses to enable them to play their part in developing healthier products.

WHOLE MARKET DATA – combined retail and catering measures

As the data available for catering and retail sectors differ significantly, both in their nature and level of accuracy it is not appropriate to combine them to produce a single figure for overall market coverage.

See attached annex for details on % market coverage analysis

Annex – % Market Coverage Analysis for salt and trans pledge

Issues

The following issues have been considered when determining market coverage for these pledges:

1) Not all businesses are eligible to sign the RD pledges therefore, we must consider a subset of the whole market. This is because salt targets do not apply to all food groups, and not all businesses have used artificial trans fats in the past or currently use them.

2) Unlike the out of home calorie labelling pledge, salt and trans fat pledges cover the retail manufacturing and catering sectors. No single consistent data is available across all sectors; therefore, market coverage has been assessed using separate measures for each sector. Combining the different data, which also differs significantly in its levels of accuracy, would not provide a meaningful assessment.

Retail
Data available for this sector from Kantar World Panel provides aggregate food purchases information (including monetary and volume values) for the 52 weeks ending May 2011[1]. Product data is available for manufacturer, brand, size, and nutritional information[2] (including sodium).

SALT

It is possible to analyse how much the RD partners are responsible across three different measures of market coverage: monetary sales, volume sales and volume of salt in food products. It is recommended that the estimate used is volume salt sales as this provides the most accurate and appropriate measure to compare against the pledge.

Measure	**Units**	**% market coverage of RD partners**
Sales	£	70
Volume food sales	Kg	74
Volume salt in food products	Kg	**71**

TRANS FATS

No data is available about which companies have or currently use artificial trans fats (as partially hydrogenated vegetable oil (pHVO)). [There is no analytical method which can distinguish between artificial and naturally occurring trans fats, and the Department does not collect data on individual companies use of ingredients containing HVO]. It has been assumed therefore that the companies eligible to sign the pledge are those producing foods, which have the potential to contain them (data from previous compositional survey work undertaken for the National Diet & Nutrition Survey was used to inform the selection of food categories). As no information is available about actual levels of pHVO in foods an assessment of market coverage is limited to monetary or volume sales for the relevant food categories.

[1] The data used to assess the retail market account for around 80% of all sales
[2] Nutrition data were collected from labels between January and May 2011.

Measure	Units	% market coverage of RD partners
Sales	£	64
Volume food sales	Kg	**69**

Our contact with stakeholders suggests that this approach is likely to result in an overestimate of the number of potential RD partners, which in turn could result in an underestimate of market coverage. We recommend that volume food sales is the most appropriate estimate of market coverage.

Catering

Estimates of the size/value of the catering sector vary depending upon the source. Food service is believed to account for more than 114,500 businesses and is dominated (99%) by small and micro businesses, who may be unlikely to sign up to the Responsibility Deal. These businesses would nevertheless be the target for more practical small business guidance. The subset of the market representing potential responsibility deal partners is therefore much smaller than the retail/manufacturing sector.

Complete sales, volume and nutrition information are not available to enable a direct comparison with the retail/manufacturing sector. The available data for the catering sector from companies websites and Horizon[3] is limited to outlet numbers for businesses and incomplete information about meals sold. The value of this data in making an assessment of overall market coverage is limited because:

- the definition of a meal is very broad - defined as 2 menu items of which 1 is unwrapped;
- information about meals sold per outlet by different companies is incomplete, therefore any assessment would require an assumption that every outlet within a given sector (restaurant, quick service, leisure etc) sells the same number of meals ;
- multiple outlets in a central location eg theme park or railway station counted as one outlet;
- there is no way to take into account the variation in salt levels in products/meals from different sources; and
- there is no way to assess the level of accuracy of the data which is drawn from disparate sources over an extended period of time.

We therefore propose that the market for Responsibility Deal signatories which we monitor is assumed to be larger companies :

- the top 80 high street caterers – which covers all businesses with 5 or more outlets; and
- the top 16 staff caterers by outlet number – which covers all businesses with 50 or more outlets.

These high street (excluding lease pubs) and staff caterers account for around 8% and 3% respectively of the estimated 260,000 outlets in the UK.

For illustrative purposes, we have assessed market coverage simply using outlet numbers and also in combination with an average number of meals sold per outlet, weighted for the relevant sub-sectors (data on the average number of meals served is limited to broad sectors

[3] Horizon is a market research company

e.g. 221,000 fast food; 40,000 takeaways; and 28,000 café)[4]. These yield significantly different estimates of market coverage, and it is not clear which represents the more accurate measure. Given the lack of nutritional information and the shortcomings of the data for meals sold, we would propose that any assessment is limited to the outlet level, unless an ultra precautionary approach is required.

Taking this approach , total market coverage for the salt and trans fats pledges is 45% and 49% respectively, and the market covers major high street caterers and staff catering businesses (leased pubs excluded as these are small businesses) but excluding catering suppliers. We have not assessed coverage of the catering supply sector, as we hold no detailed information about this market. This is an area that could be explored if required.

Pledge	**Sector**	**% outlets of top companies (caterers = 80, contract = 16 & combined = 96)**	**% outlets and meals served across total target market***
SALT	High street caterers (excl lease pubs)	31	12
	Staff catering	78	33
	Combined	**45**	17
TRANS FATS	High street caterers (excl lease pubs)	48	32
	Staff catering	53	23
	Combined	**49**	30

*Target Market = only sectors relevant to the RD work have been included, such as Quick Service (Fast Food, Takeaways & Cafes), Restaurants, Pubs and Staff Catering

[4] These average figures are representative for the sector as a whole and not limited to the top 80 companies.