VEGINSIGHTS

monthly vegetable market insights – April 2012

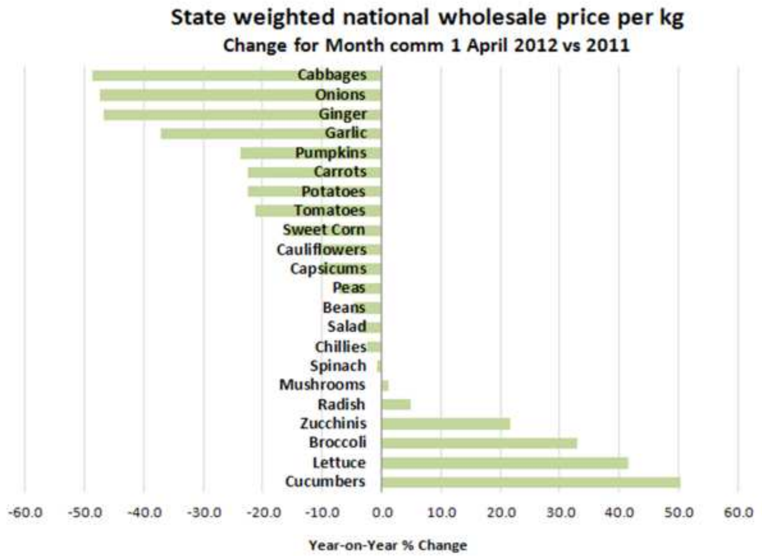
A VIDP initiative

Highlights

- **Wholesale values continue to challenge sales**
- **Retail customer loyalty schemes get a lift**
- **Recipe websites gaining popularity in Australia**
- **Potato Pete goes back to UK schools**
- **Mighty mini sweet peppers focus on kids**
- **Pumpkin profile with a retail value of $206m**

Vegetable market

Wholesale vegetable prices – The wholesale price difference between April 2012 and April 2011 for the major vegetables is profiled in the chart below.



The majority of products are in good supply and wholesale price levels remain low. The impact of wet and cooler weather has shortened supply of some softer lines but most high volume products are at lower prices than last year.

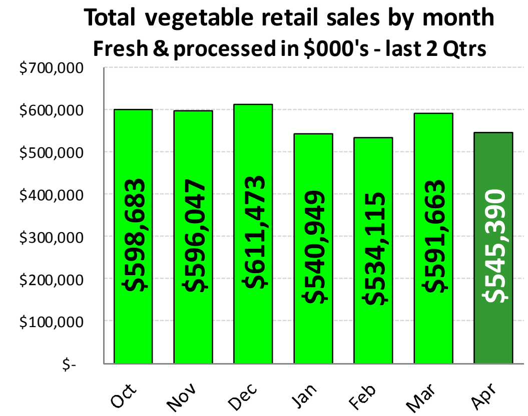
Wholesale prices for all vegetable categories were 7.3% lower compared to April 2011. The impacts across the products varied, with seasonings and hard cooked vegetables decreasing notably compared to salad components. In contrast, soft cooked vegetables reported a small increase compared to April 2011.

At the product level, the most significant changes were with cabbages, onions, ginger, and garlic which decreased over the same month last year. In contrast, cucumber, lettuce, broccoli, and zucchinis increased over the same month last year.

The weighted total vegetable wholesale price for the week commencing 23 April 2012 was $2.31 per kg.

The total retail sales of fresh and processed vegetables in April 2012 are estimated at $545.4m, as profiled in the adjacent chart. These sales are lower 6.0% lower than in April 2011.

The lower wholesale prices continue to cause overall lower sales values. The product level status of wholesale values compared with last year is profiled in the adjacent chart.



The Australian food market

Relaunched Flybuys – Coles launched a new campaign to upgrade its 18-year-old Flybuys scheme and introduced a 'supercharged' version 'My5'. This promises to increase rewards by up to 50% and give shoppers more opportunity to earn points with other companies and adding upfront discounts on nominated products.

My5 will give Coles' customers, whose grocery bill exceeds $50, 10% off five products of their choice. Cardholders can select these five items from 5,000 items in store, which will be locked in for the next six months. To select the five products Flybuys, card holders are given a view of their shopping history in what is a snapshot of the data the loyalty schemes collate.

In addition, Coles' customers can go online and use a service called 'Flybuys Dollars' to convert points to Flybuys dollars. Shoppers will also earn points – which no longer expire as they did previously – on purchases at partner retail outlets. Coles has mailed out more than 16 million cards to Australian households and claims that currently, up to 20,000 new cards are being activated per hour.

Woolworths responds with tweak to Everyday Rewards by introducing 'Extra Special Extra Simple Savings' in what appears to be a move to blunt the impact of the Flybuys new scheme. This offer will provide savings of 20%- 40% on 1,200 grocery items that will change every six weeks.

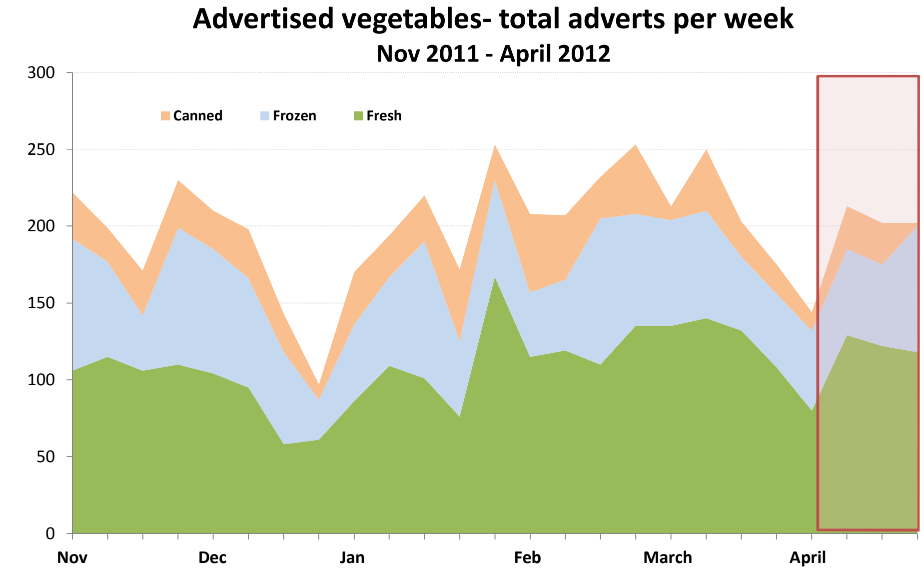
'The program could not be easier,' Woolworths' director of supermarkets Tjeerd Jegen said. 'We know our customers lead busy lives so we have devised a program that makes it simple and flexible for them.'

→ ***What it means?*** *Customer loyalty is now elevated to another level and new growth remains elusive. Based on global retail precedents, these changes are most likely to be the start of tailored loyalty scheme offers.*

Retailer activity

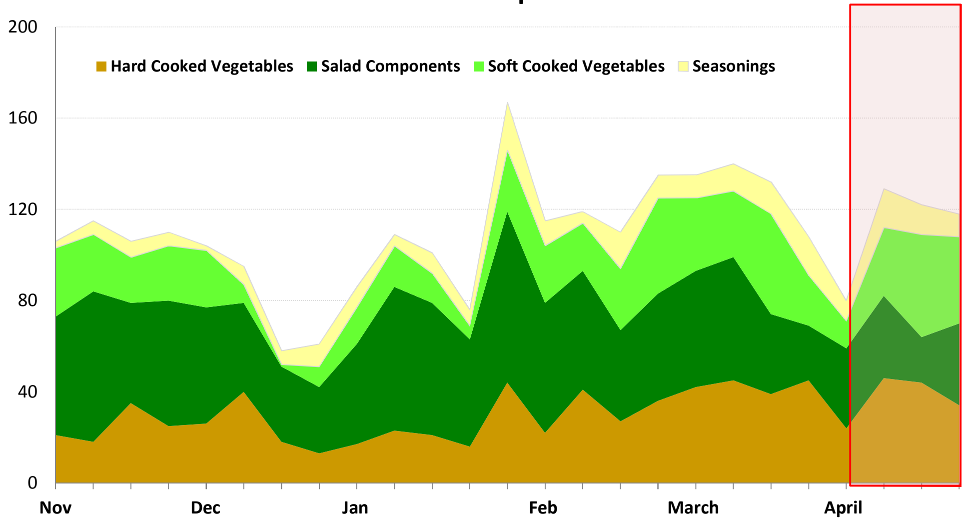
Promotional activity in the month of April – The retail promotional activity reflects a pattern of a decreasing exposure for vegetables, continuing the trend seen in March and reversing the increasing trend seen in February and January 2012.

Over the month, the exposure of the total vegetable products decreased to an average of **190 products per week, down from 210 products in March 2012**. The decrease has been driven by a decline in exposure for canned and fresh vegetable products this month. This was partly offset by small increase in exposure for frozen vegetables advertised this month.



Within the fresh vegetables, there was a decrease across all fresh vegetable categories – salad components, hard cooked vegetables, soft cooked vegetables, and seasonings – advertised in April 2012.

Advertised fresh vegetables- total adverts per week
Nov 2011 - April 2012



The promotional activity among the majority of the top retailers in March 2012 reflects a decreasing trend in Fruit and Vegetables (F&V) exposure compared to March 2012, reversing the increasing trend seen last month.

However, compared to the same month last year, the vegetable promotional activity this month increased notably at Woolworths (up 95%), followed by Supa IGA (up 48%), IGA (up 33%), and Coles (up 32%).

Retailer F&V activity - April 12 v March 12

Fruit	Apr-12	on prior month
Coles	177	↓
WW	166	↓
IGA	72	↓
Supa IGA	85	↓
Vegetables	**Apr-12**	**on prior month**
Coles	233	↑
WW	142	↓
IGA	129	↑
Supa IGA	161	↓

Morrisons revamps fresh packs to focus on UK sourcing – UK Morrisons introduced a new 'Fresh' brand across all of its produce lines on 16 April, to emphasise to customers its commitment to British sourcing and close links with suppliers, highlighting the expertise it gains from this sort of integration.

The launch follows the packaging refresh of the prepared salads, vegetables, and fruit ranges in February 2012 and is part of a two-year review that also includes the evolvement of its brand tiering from a 'food-better-best' model to one that better understands customers' needs. The new 'modernised and streamlined' range has consistent colours and updated on-pack messages, which are easier to understand.

Additionally, Morrisons claims that being the only supermarket to have its own manufacturing sites, it is able to offer customers' value-for-money and industry leading offers across its entire produce range (e.g. the retailer has at least 50 lines of product on offer every week).

→ ***What it means?*** *That this mainstream retailer has understood the strength of consumer demand for locally sourced food and is taking significant steps to highlight its level of activity in this area.*

The consumer

Recipe websites gain popularity in Australia – Recent market research shows that there has been a notable increase in visitor numbers to food and recipes websites in recent years.

The research conducted between Jan 2011 and Dec 2011 on 18,935 Australian consumers (over the age of 14) reveals in the five years since 2006, the number of Australians who visited one of the five most popular recipe websites in the four weeks prior to being surveyed increased to nearly 1.51 million in 2011 from 138,000 in 2006. The most popular recipe websites include:

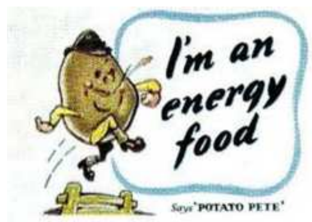
1. **Taste.com.au** was found to be the most popular food/recipes website, with an average of 1.2 million visitors (6.4%) visiting the website in an average four-week period in 2011
2. **Allrecipes.com** with 473,000 visitors
3. **Ninemsn Food** with 221,000 visitors
4. **Cruisine.com.au** with 92,000 visitors
5. **Gourmet Traveller** with 52,000 visitors.

→ ***What it means?*** *This demonstrates the growing demand for food content for scratch cooking – a reflection of higher interest in meal preparation at home or by more people in the household. This also represents opportunity for new products launching to reach consumers who use convenience of access to huge archives of recipes, advice, and information on food.*

5 A DAY? Make mine a muffin, say kids – Approximately one in six UK children think blueberry muffin counts towards their five-a-day, according to a new survey by Dolmio in the UK. The survey was conducted on children aged between 8 and 15 in more than 500 families and found that while kids' general knowledge of healthy eating was good, there was still confusion over what counted towards their five-a-day quota.

The poll found that 16% of children thought jam counted as one of their 5 A DAY, 15% included blueberry muffins, 12% said milk could be counted along with 12% who cited cereal as a contributor, and 6% who said that water was part of their daily intake.

→ ***What it means?*** *Despite all the wide-spread food and entertainment programs, more is required to improve children's basic understanding of fruit and vegetables.*



Potato Pete back to school – Thousands of school kids across the South East and East of England will have a chance to understand more about where their food comes from and discover about the lifecycles of potatoes as they are visited by fresh produce experts Fenmarc and special guest 'Potato Pete'. The educational program includes a presentation on the cycle of potatoes from the field and a fun, interactive quiz.

Nearly 5,000 schools in this region have taken part in the Potato Council's Grow Your Own Potatoes project in 2012 and are growing Rudolph potatoes supplied by Fenmarc. Pupils planted their seeds in March and will be harvesting their crop in June when Fenmarc will be visiting them to help with the harvest. The school in the region that grows the most Rudolph will receive a limited edition engraved bulldog spade and certificate.

Rudolph potatoes have the ability to grow quickly, and therefore suit this scheme; further, their red skin makes them colourful when grown. The Grow Your Own Potatoes project, which is in its eighth year, sent out more than 17,000 kits nationwide containing nearly 10 tonnes of seed.

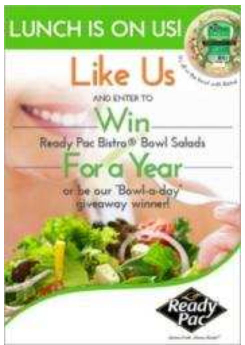
→ ***What it means?*** *A successful collaborative effort to get potatoes to kids and advancing their knowledge by making the process a fun, informative, and rewarding activity.*

US consumers choose functional foods over dietary supplements – US consumers are increasingly choosing foods for their inherent nutritional value, rather than using dietary supplements, according to a new US consumer research company Sloan Trends Inc.

Findings revealed the number of people making an effort to serve meals that are naturally high in vitamins and nutrition has increased to 42% in 2011, up 6% from 2009. At the same time, people have significantly cut down on their vitamin and supplement use, based on belief that quality and nutrition benefits in foods is best and concerns about the long-term effects on the digestive system.

→ ***What it means?*** *That the consumer awareness about healthy diets and lifestyles that has been gaining traction over the years might be now being put into action. This can only help to lift the fruit and vegetable consumption.*

Ready Pac launches 'Lunch is on us' - Ready Pac has announced a new, streamlined digital and social media focus campaign. The company has launched a new 'Lunch is on us' contest on Facebook to reward consumers with 'Ready Pac Bistro Bowl Salads' for a year.



During the four-week content from 26 April to 24 May 2012, consumers are required to visit the Ready Pac Facebook page and enter their name and email address for a change to win. Visitors to the page also have the chance to enter a Bowl-a-Day Giveaway drawing by simply liking the page and filling out a short entry form. The contest will be promoted on the company's website, Facebook, and Twitter. A winner will be chosen at random and given a coupon book good for 104 Ready Pac Bistro Bowls (two per week).

Ready Pac Bistro Bowls include a variety of salads, with fewer than 300 calories each, including Chicken Caesar, Chef, Cranberry Walnut, Italiano, Santa Fe Style Caesar, Smokehouse BBQ, Spinach Dijon, and Turkey & Bacon Cobb. All bowls are ready-to-eat and include both a single serving of dressing and a fork, making it easy for consumers to take the salads on-the-go.

→ ***What it means?*** *Another example of the integration of social and digital media to align consumer engagement and strengthen brand and lift sales.*

Innovation from the world

Red spring onions for the season – New red spring onions are now being delivered by US fresh produce supplier Vegiworks from Coke Farm to chefs and markets in the US. Red spring onions are sweeter and tender, compared to their green counterparts, and considered ideal for roasting or grilling and adding flavour, texture, and also colour to soups and salads.

→ ***What it means?*** *Innovative development of a popular fresh product that has attributes of unique taste, versatility, and colour.*

Open Heart Cos in British Sandwich Industry awards – Open Heart Cos lettuce – developed by vegetable breeder Rijk Zwaan – has been nominated for the BSA Technical Excellence Award. The Open Heart Cos lettuce is an open, dark green lettuce with solid ribs and long leaves of equal width. This new lettuce – considered ideal for sandwiches – offers significant advantages for everyone in the supply chain, from the grower to the consumer. Growers can harvest the leaves mechanically, due to its open structure, and the product can be processed very efficiently. For retailers and consumers, the product's veins result in sweet taste and a long-shelf life.

This new lettuce has already become a core ingredient in sandwiches manufactured by Greencore, who first learned about these benefits in Rijk Zwaan's demo field. Soon afterwards, Greencore, Rijk Zwaan, a growing company Valefresco, and processing company Hazeldere entered into a chain operation. This resulted in Open Heart Cos becoming an ingredient in many of Greencore's sandwiches sold at Marks & Spencer in the UK.

The award is designed to recognise the work being done by technologists to advance systems and working practices across the sandwich industry. The winner will be announced on 17 May 2012.

→ ***What it means?*** *How the unique attributes of a new product can be enhanced and elevated through an effective supply chain.*

Mighty Minis hit the market – Following five years of research and development, new Mighty Mini Sweet Peppers have been launched in one-pound bags by US producers Wilson Produce and its long-term seed partner Enza Zaden.

For the introductory distribution, more than 20,000 one-pound bags of sweet mini peppers will be available at Walmart and Target. The key features of Mighty Minis include: superior shelf life, original Holland variety, year-round availability, and greenhouse grown and vine ripened.

The one-pound bag seeks to offer better value for the consumer and also highlights the Mighty Mini messaging, communicating the unique taste and the versatility of the sweet peppers. The launch is complemented by marketing the branding message to the consumers via digital, social media, public relations, and on-pack marketing. The companies are also developing new recipes for sweet mini peppers including a focus on kids and healthy eating.

→ ***What it means?*** *Clever multi-coloured innovation in an eye-catching packaging to expand the appeal of peppers as a snacking option among children.*

New lettuce variety 'Frescada' in the US –
A new US-grown lettuce – Frescada – that is a cross between iceberg and Romaine lettuces has been developed by Misionero Vegetables and Seminis Vegetable Seeds.

Frescada, compared to iceberg lettuce, is claimed to be more flavourful, greener, and more nutritious (added nutrition equal to 246% of the folate and 174% of the vitamin C in iceberg), and compared to Romaine lettuce, has a crunchier texture, and juicier, less bitter, sweeter flavour. Frescada will be available in select Sam's Club stores in six states in its initial distribution.

→ ***What it means?*** *An innovation that targets consumers with its improved taste, colour, and additional nutritional attributes.*

Darlise, the most developed white asparagus in Europe – Darlise, the earliest and most precocious white asparagus in Europe (developed by leading Spanish nursery company Planasa) has positioned as itself as a variety increasingly valued in Germany, Switzerland, and France, followed by other newer varieties like Darbella (white asparagus) and Placosesp and Darzilla (both green varieties).

Asparagus genetics specialists at Planasa work in two different production lines: one for the warm and Mediterranean climates and the other for more cold and continental climates. However, while Darlise is a favourite among farmers for its earliness and quality (large yields of straight, high quality spears with an average diameter of 16-22mm when established), the best suited white variety to cooler climates is Darbella.

In green asparagus, Placosesp is the leader, continuing to increase its market share for being a very early variety and very productive (15%-20% higher volume than other older varieties). In comparison, Darzilla is a 'super resistant' asparagus, born out of a project to develop more consistent and productive varieties.

→ ***What it means?*** *Clearly breeding unique asparagus varieties that can provide early season availability as well as taste and yield is a valued and effective product attribute.*

Nature's Way in salad brand re-launch – Fresh salad and fruit producer Nature's Way Foods is relaunching its Lasting Leaf bagged salad brand with the introduction of an innovative re-sealable pack design to cut down on waste, reinforcing the 'longer lasting' message.

The brand, which has a national distribution across the UK supermarkets, will feature smart, colour-coded resealable bags to help consumers identify their favourite salad varieties on the shelf. This innovation is in response to strong consumer demand for clearer packaging differentiation, less waste, and longer-lasting products that save time and money.

In addition, a new salad mix has been introduced – Mild & Crispy – which contains frisee, lambs lettuce, and radicchio leaves. Lasting Leaf salads were first introduced 18 months ago and is produced using a blanching method that helps them staying fresher once the packs are opened. This core proposition has proved appealing to customers and the brand now worth approximately £6.5 million and has reported year-on-year growth of 116% both through increased sales and distribution gains.

→ ***What it means?*** *That a salad that is fresh and long-lasting and clearly packaged to help minimise home waste has good appeal to consumers.*

New tomato variety arrives in the market – A new Marmande tomato variety – Nun 03518 TOF F1 – has been launched by specialist seed development company Nunhems in both Spanish and global markets.

Marmande has a higher yield and longer shelf life compared to traditional varieties and an intense green colour that progressively becomes bright red during the cultivation cycle, while retaining its consistency and taste. Because of its sweetness, colour, and taste, it is expected to win appeal in the Spanish market; however, it will also be exported because of its strong colour, durability, and firmness which make it very easy to handle.

For producers, the new variety stands out for its profitability and resistance to plant disease tomato yellow leaf curl virus (TYLCV), and complements the existing Marmalindo F1, tomato variety, already popular in the Marmande market, but limited by its susceptibility to TYLCV.

→ ***What it means?*** *An innovative product development of a high volume vegetable type that combines features of benefits to both producers and consumers.*

The report has been produced by Freshlogic as part of the National Vegetable Levy and matched funds from the Australian Government. It forms a part of the VIDP and aims to inform vegetable producers and supply chain stakeholders on market influences and developments in the past week. We recommend that those seeking to act on the basis of this information first obtain independent professional advice.

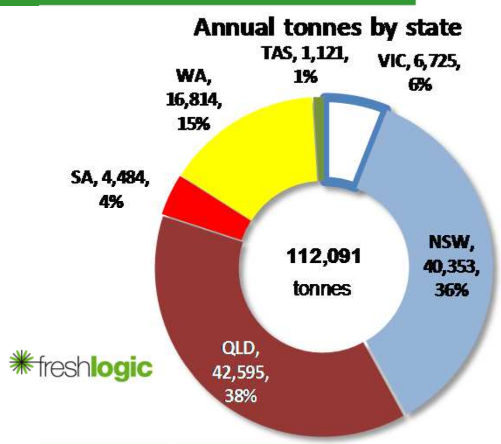
Category in profile: Pumpkin

- Pumpkin was the 10th most frequently purchased vegetable by households (weekly) in the March quarter 2012.
- Over the last 4 quarters (Jun 11 – Mar 12), pumpkin had an average weekly penetration of **31%** across all households.
- Pumpkin is a lower value vegetable that is purchased by consumers for an average of **$2.67** per kg, which is lower than the average retail price of **$3.50** per kg for all vegetables.

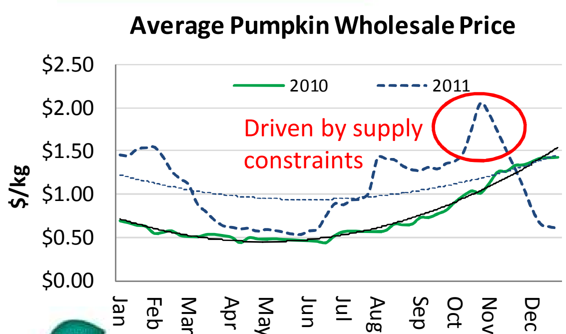
Key Facts

- Pumpkin production was 112,091 t in 2011.
- The retail channel buys 87,729 t.
- The foodservice channel buys 21,097 t.
- The current domestic retail market value of fresh pumpkin purchased by consumers is $206 million.

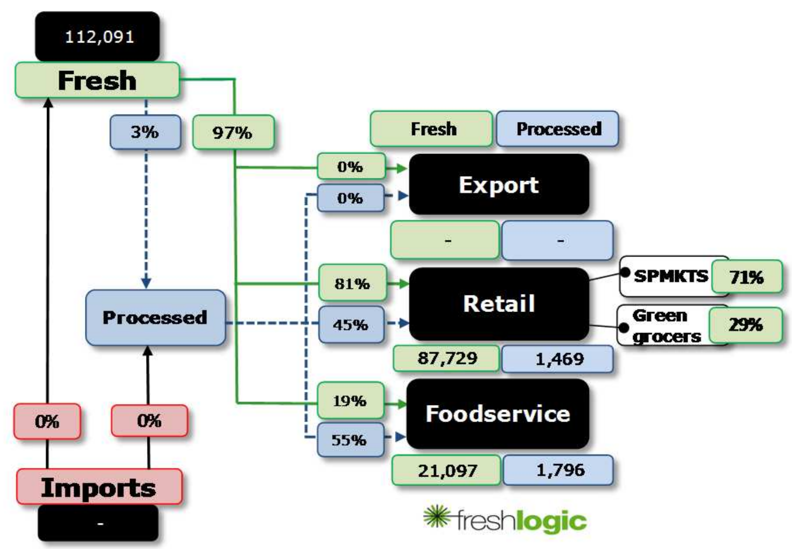
State Production



Wholesale Price

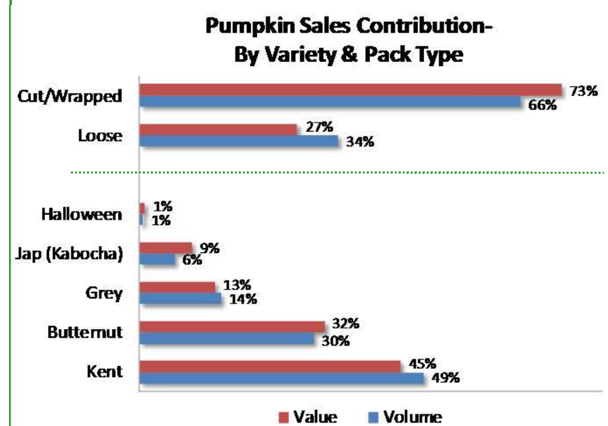


Volumes and shares through the chain



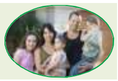
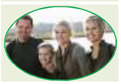
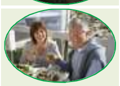
- The fresh pumpkin market is supplied with 112,091 tonnes of locally produced product.
- The processed domestic market is supplied with 3,194 tonnes of locally produced pumpkin.

Fresh retail sales

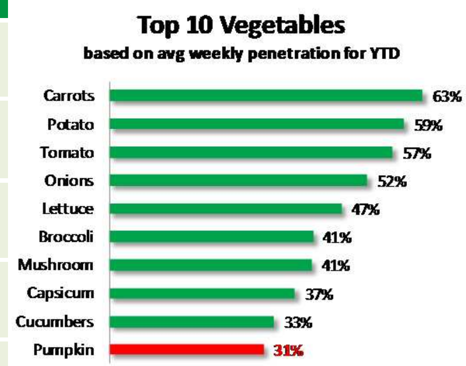


- All figures presented are for the year ending December 2011.
- The current retail market sells **77,280 tonnes** of fresh pumpkin, worth a total value of **$206 million**.
- The overall average price paid for pumpkins was **$2.67 per kg**.
- All loose self-select products are sold by the kg, with the exception of the baby pumpkin varieties (butternut & kent) which are sold by the each.

Consumer Penetration

Household Segments		Average Purchased Quantity (kg)	Purchase Weekly
Singles & Couples with lower income		0.792	28%
Singles & Couples with higher income		1.454	32%
Budgeting families		1.073	31%
Established families		1.049	31%
Empty Nesters		1.228	37%

Mealpulse™



- In the March quarter 2012, pumpkins were the 10th most frequently purchased fresh vegetable based on weekly purchase patterns and regularly feature in the top 10 veg products.
- Based on the analysis of retail Docket data, provided as part of the Mealpulse™ panel, the average quantity of pumpkin Australian consumers selected in 2011 was **1.104 kg**.

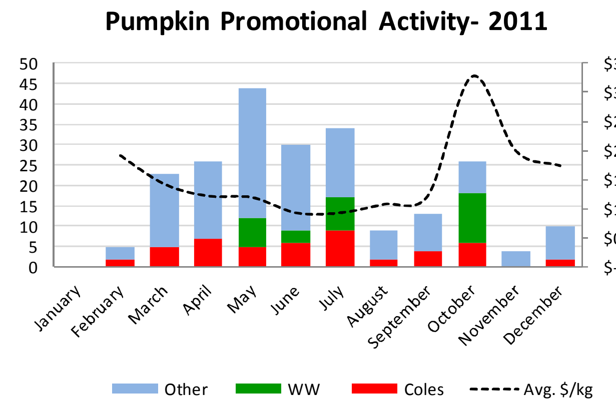
Consumption Profile

- Traditional preparation methods of pumpkin involve roasting, mashing, and soups.
- The majority of these methods are better suited to cooler months of the year.
- Pumpkin has enjoyed an increased use in cooked salads and as a component on sandwiches. This is reflected and possibly influenced by an increased use in the foodservice channel.

Pumpkins consumption profile			
	Cooked	Boiled, M-W, Steamed	✓
		Deep fried	✓
		Mashed	✓
		Roasted	✓
		Baked/Grilled	✓
		Salad - cooked	✓
		Soup/Sauce	✓
		Stir fry	
	Raw	Juiced	
		Salad - fresh	
		Sandwich/burger/wrap	✓
		Snack	

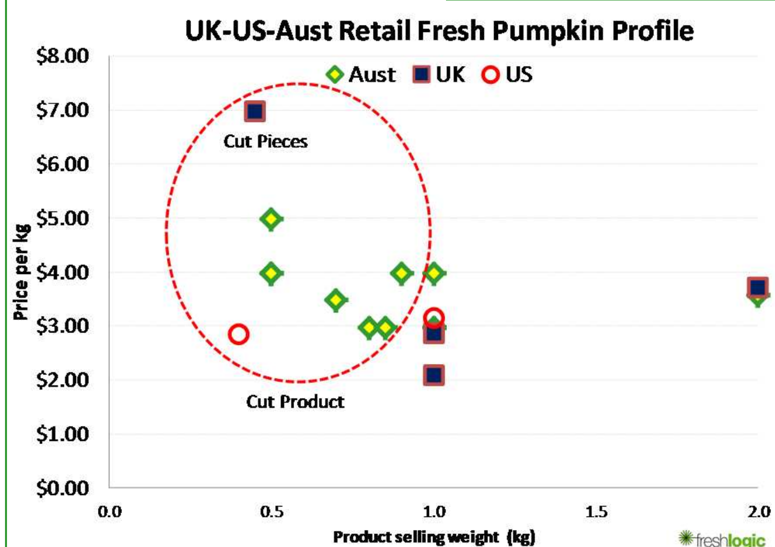
Promotional Activity- 2011

- This graph details the number of promotional adverts by retailer for each month.
- For the year ending December 2011, there were a total of **224** adverts for pumpkin and some level of retail promotion activity in **38** of the 52 weeks. This generates an average of **18.7** promotional adverts per month.
- During 2011, Kent generated 37% of the total promotional activity, Japanese 22% (majority with IGA, Ritchies, and FoodWorks), Butternut 16%, Grey 6%, Jarrahdale 1%, and other 17%.



Adwatch™

UK -US -AUST retail range profile



- This analysis has drawn on data gathered from Australian retail and the UK and US online sites. It is considered representative of the retail ranges in each market at the current point in time.
- In the UK and US, pumpkins are referred to as squash. Australian market offers a fuller size range compared to both of the other markets.

- All loose self-select products were sold by the kg or by the lb in the US.
- The UK market has extended the cut product further to provide 400g packs of portion cut pieces that contain 6-8 pieces in each pack.