

The vegetable consumer and Q2 11 trends

Veginsights

- The market – Q2 11

A profile of the three-month period ending 30 June 2011

Aug 2011

Prepared by Freshlogic as part of the Vegetable Industry Development Program



Content Overview

This version of 'Veginsights – The Market' addresses Q2 2011 and draws comparisons with the same quarter in the previous year (Q2 2010), profiling key trend indicators.

This version includes an analysis of influences on how consumers select the vegetables they buy. It also assesses seasonal shifts, and outlines the full range of preparation methods and competition that exists between vegetable products.

Data sources

The analysis in these documents draws on purpose built vegetable market models and detailed vegetable consumption data gathered by the **Mealpulse™** food panel. These sources are combined to define and track market volumes and values and derive insights of commercial relevance to vegetable producers.

Quarterly Report - Q2 2011

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Overview

This is the seventh quarterly Veginsights – The Market, developed under the Consumers and Markets sub-program of the Vegetable Industry Development Program. It provides market definition, quantification, and insights into the vegetable market and consumer behaviour.

It has been produced for Australian vegetable producers and the service providers who operate in supply chains that support vegetable producers.

This report confirms the settings for the market and consumer analysis and how they may have altered in this second calendar quarter of 2011, and makes comparisons with both the previous quarter and the second quarter of 2010. It values the annual retail market for all forms of vegetables at **\$7.2 billion** and profiles the market for the three-month period ending 30 June 2011 for fresh vegetables.

The report also highlights the influences on consumer selection of vegetables including a profile of the preparation methods for all main vegetables.

The report includes outputs and analysis from a market model, which consolidates and reconciles vegetable production output through to household consumption.

This report also aims to profile vegetable consumer-buyer behaviour and vegetable market performance. The information compiled in the report can be used by the target audiences to:

- Access market, channel, and category performances
- Guide production forecasting
- Guide business planning
- Enable and guide new product development decisions

Selected key findings

- The most significant demand shifts reflected in vegetable retail sales is the move from product used in salads over summer, towards cooked vegetables in winter.
- This demand shift equates to a 7.5% increase in the retail sales contribution over the summer six months.
- Expanding consumers' awareness of a wider array of preparation methods can help boost vegetable consumption.
- There is strong intra-category product competition between several soft cooked vegetable products, and between head lettuce and salad mix.
- Despite indications that more food is being prepared at home, expenditure on fruit and vegetables did not increase in line with this.
- In Q2 11, retail sales of all vegetables increased by \$144 million or 8.8% compared to the same time last year.
- Annual total food inflation lifted to 6.1%, largely influenced by price rises for fruit. Vegetables contributed 0.7% towards total food inflation (6.1%).
- Wholesale prices firmed over the quarter with many factors impacting on growing conditions during this time period.
- The number of vegetables products advertised increased by 6% over the quarter, reflecting the competitive intensity within the retail channel.
- The changes in the type of fresh vegetable product advertised reflect an expected shift away from salad components, towards hard and soft cooked vegetables.
- 82% of households reported purchasing fresh vegetables on a weekly basis.

Please contact **Martin Kneebone** at martin@freshlogic.com.au with any queries regarding the report's content.

This project has been funded by HAL using the National Vegetable Levy and matched funds from the Australian Government. It forms part of the VIDP and aims to inform vegetable producers and supply chain stakeholders on market influences and developments in the past quarter. We recommend that those seeking to act on the basis of this information first obtain independent professional advice.

1.0 Key findings and implications – Q2 11

Q2

Findings	Implications for vegetable producers and marketers
<p>1. The most significant demand shifts reflected in vegetable retail sales is the move from product used in salads over summer to cooked vegetables in winter. This equates to a 7.5% increase in the contribution of salad components to total vegetable sales over the summer six months, and is estimated at \$220 million.</p> <p>2. The value of vegetable sales generated in the summer six months from Oct to Mar is 14% greater than for the winter six months.</p>	<ul style="list-style-type: none"> The demand shift in early winter towards cooked vegetables is the start of higher vegetables sales over the following six months. Given the strength of this demand signal, it should be accommodated in ranging promotional activity and the target for new product development.
<p>3. Some vegetables can be prepared in a wide variety of ways and typically these products enjoy higher sales volumes. This invites the conclusion that expanding consumers' awareness of a wider array of preparation methods can only boost consumption.</p>	<ul style="list-style-type: none"> Finding and promoting new ways for vegetables to be prepared could prove a simple but effective way of increasing demand.
<p>4. The highest levels of alternative product competition is between several soft cooked vegetable products, including broccoli, beans, cauliflower and peas, and between head lettuce and salad mix. There is a lesser level of direct competition between standard and sweet potato varieties.</p>	<ul style="list-style-type: none"> Producers and marketers of products in direct competition with other vegetables need to remain informed of the prices and promotional activity of these products.
<p>5. Despite indications that more food is being prepared at home, expenditure on fruit and vegetables did not increase in line with this.</p>	<ul style="list-style-type: none"> Fruit and vegetables have not enjoyed the same lift in sales as other food categories that are purchased to prepare at home.
<p>6. In Q2 11, retail sales of all vegetables increased by \$144 million or 8.8% compared to the Q2 10 period, twelve months prior.</p>	<ul style="list-style-type: none"> All indications are that higher wholesale prices have flowed through to generate increased sales on last year.
<p>7. The ABS total annual food inflation lifted to 6.1%, which was largely influenced by price rises for fruit. Vegetables contributed 0.7% towards total food inflation (6.1%).</p>	<ul style="list-style-type: none"> Volatility in fruit prices have continued to draw media commentary, and as a result, both fruit and vegetables have been drawn into the spotlight.
<p>8. While variations occurred across products, in general, wholesale prices firmed over the quarter with many factors impacting on growing conditions during this time period.</p>	

1.0 Key findings and implications – Q2 11 (continued)

Q2

Findings	Implications for vegetable producers and marketers
<p>9. The number of vegetables products advertised increased by 6% over the quarter, reflecting the competitive intensity within the retail channel.</p>	<ul style="list-style-type: none"> The level of competitive intensity across the retail channel looks set to remain, with retail promotional activity being an active part of this competition.
<p>10. The changes in the type of fresh vegetable product advertised in Q2 2011 reflect an expected shift away from salad components, towards hard and soft cooked vegetables as the weather cools and indoor eating dominates.</p>	<ul style="list-style-type: none"> Cooked vegetables need to be elevated in promotional programs as they enjoy this seasonal lift in demand.
<p>11. Over the quarter, the use of salad preparation declined, while the use of cooking increased, in line with seasonal patterns.</p>	
<p>12. Over the quarter, 82% of households reported purchasing fresh vegetables on a weekly basis.</p>	<ul style="list-style-type: none"> Vegetable household penetration remains higher than many branded Fast Moving Consumer Goods (FMCG) products.
<p>13. Over the quarter, the most frequently purchased vegetables reflected the demand for hard and soft cooked vegetable at this time of the year.</p>	<ul style="list-style-type: none"> In Q2 11 the top six most frequently purchased vegetables were: carrots, potatoes, onions, tomatoes, mushrooms and broccoli.
<p>14. Seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter, while price was the main reason households purchased 'less'.</p>	<ul style="list-style-type: none"> Retail promotional activity remains a key driver behind household purchasing decisions, and as such, it is important that producers and marketers continue to monitor and understand the role and influence of promotional activity.

2.0 In Focus: Vegetable shopper buyer behaviour

This section undertakes detailed analysis on a number of key topical areas, and includes an analysis of the influences on the vegetables consumers purchase, specifically:

- The high level demand shifts over the calendar year
- The economic impact of these shifts
- The range of preparation methods for the main vegetables
- The level of intra-category competition within vegetable categories.

Vegetable buyer behaviour has a direct impact on supply chain income, and therefore the influences on this behaviour can provide valuable insight for guiding commercial decisions.

There are some high level trends in buyer behaviour that are reflected in product preference shifts as seasons change. When the impact of these shifts is quantified, the scale of these shifts can be better understood.

In order to consider how the preparation required for each vegetable may influence selection, an outline of preparation methods for all main vegetables is profiled. This reveals how some vegetables enjoy a breadth of demand due to a diversity of uses. The level of intra-category competition for products with similar preparation methods is also identified, highlighting products that are in direct competition.

The findings are summarised on pages 7-10 and a number of conclusions are drawn and collated on page 4, where each conclusion is then extended into implications for vegetable producers and marketers.

2.1 The fresh vegetables consumer select

Influences on vegetable selection

There are a number of factors that potentially influence which vegetables consumers purchase. Some influences are reflected in primary shifts in demand (e.g. seasonal influences), while others can be identified by understanding similarities in preparation methods which can draw vegetable products into being considered as direct alternatives. This analysis will identify the major demand shifts and explore the impact of the products that consumers see as being in direct competition. Understanding these demand shifts and competitive dynamics can be useful in business planning, new product development, promotional support and managing supply chains.

High level demand

The large demand shifts coincide with changes in weather and the flow-on lifestyle changes they stimulate. This is evident in the changes in vegetable retail sales contributions from winter to summer (reflected in Figures 1 and 2).

The major demand changes are:

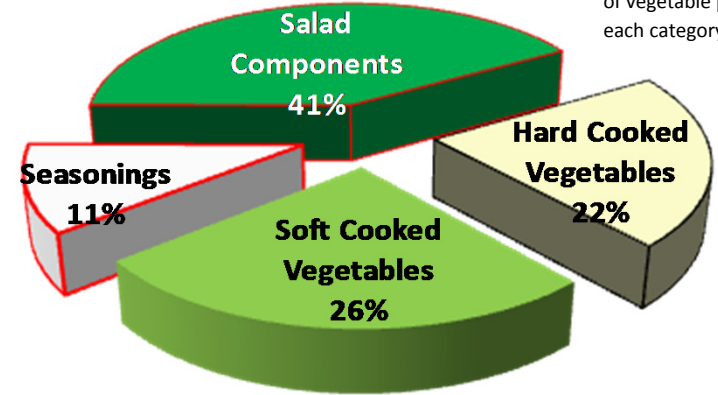
- Salad components show the greatest volatility, with the contribution made to total sales increasing by 7.5% in the summer six months from 1st Oct to 31st Mar.
- Hard cooked and soft cooked vegetables enjoy stronger demand in winter than in summer.
- Seasonings have a steady and similar level of demand in summer and winter.

While all products sell in some volume over the calendar year, these shifts indicate clear demand preferences for more cooked vegetables in winter, and salads in summer months.

1. The most significant demand shifts reflected in vegetable retail sales is the move from product used in salads over summer, towards cooked vegetables in winter. This equates to a 7.5% increase in the contribution of salad components to total vegetable sales over summer.

Fresh vegetable annual sales contribution by category

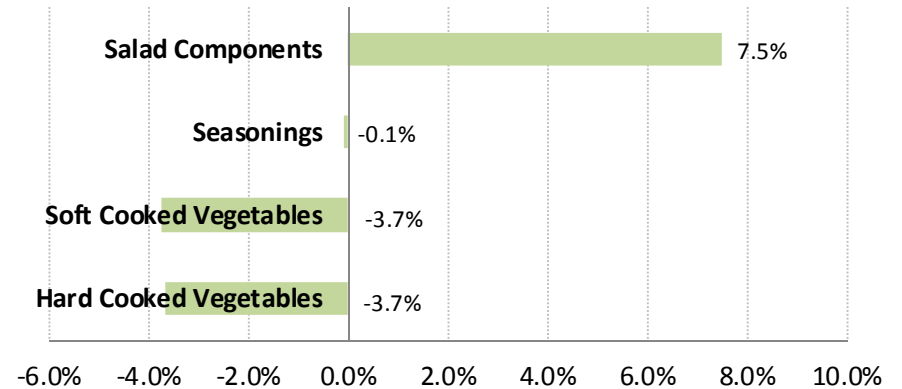
Figure 1



See page 23 for the detail of vegetable products in each category

Figure 2

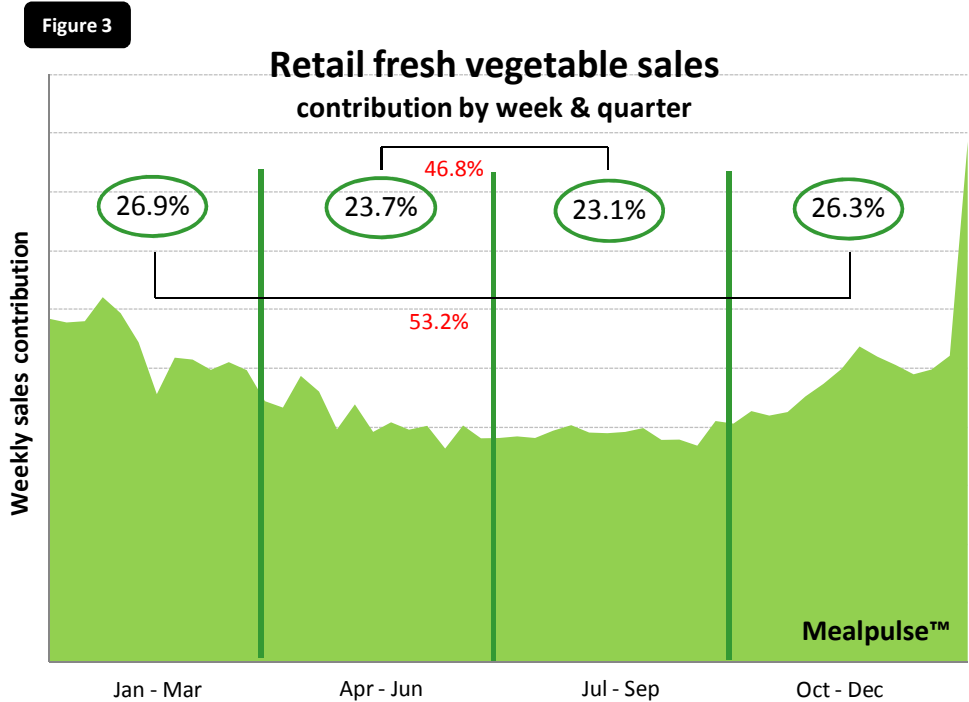
Changes in vegetable sales contribution in summer months



2.2 The scale of impact

Sales impact

- The value impact of the major demand shifts can be quantified by the level of sales they affect in the fresh vegetable retail market. This market is valued at \$6.0 billion. There is a need to take into account the sales contribution over the course of the year. Figure 3 indicates that the value of fresh vegetable retail sales over the summer months is 53.2% of the total annual sales, and therefore the contribution from the winter months is a lower 46.8%. This contribution variation is due to a combination of stronger demand, and increased sales of the higher value salad component vegetable products in the summer six month period.
- The impact does not start and finish with exact calendar timing. It is more gradual and varies across state markets.
- These changes are also impacted by events and holidays that trigger lifestyle changes, like football finals, the start and finish of daylight savings and the Easter break. Daylight savings is synonymous with outdoor BBQs, which takes some food preparation away from the indoor kitchen, and is more easily complemented with salads than cooked vegetables.
- The scale of the shift toward salads is quantified as 7.5% of total vegetable sales (see Figure 2) and this equates to \$220 million in national fresh vegetable retail sales for the summer six months.
- When considering the difference between the share of winter and summer sales, as a proportion of winter sales, it is estimated that the value of vegetable sales generated in the summer six months is 14% greater than for the winter six months.



2. The value of vegetable sales generated in the summer six months from Oct to Mar is 14% greater than for the winter six months. The national sales value of the shift towards salad lines in summer equates to a 7.5% contribution and an estimated \$220 million over the summer six months.

2.3 How vegetables are prepared

Preparation as an influence on shopper buying behaviour

Figure 4 profiles the preparation methods used for the main vegetable types throughout the year. Given that preparation method reflects likely use, this profile displays how some vegetables, like carrots, enjoy a wide array of uses in cooked and raw forms, while others vegetables like lettuce, clearly have more limited uses. Some preparation methods, like stir fry and fresh salad, suit more vegetables than others and some methods, like mashing and juicing, are only suitable for selected vegetable products. Different preparation methods can require different amounts of time, which is likely to impact selection for consumers who are more time sensitive. Similarly, consumers who are interested in the experience of ‘cooking from scratch’ may welcome products that require fuller preparation.

Figure 4

✓ Major use ✓ Minor use

Preparation method		Beans	Broccoli	Cabbages	Capsicums	Carrots	Cauliflowers	Celery	Chillies	Cucumbers	Garlic	Ginger	Lettuce	Mushrooms	Onions	Peas	Potatoes	Pumpkins	Radish	Salad mix	Spinach	Sweet Corn	Tomatoes	Zucchinis	
Vegetable preparation 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					✓		✓		✓			✓							✓	✓		✓	

3. Some vegetables can be prepared in a wide variety of ways and typically these products enjoy higher sales volumes. This invites the conclusion that expanding consumers awareness of a wider array of preparation methods can only boost consumption.

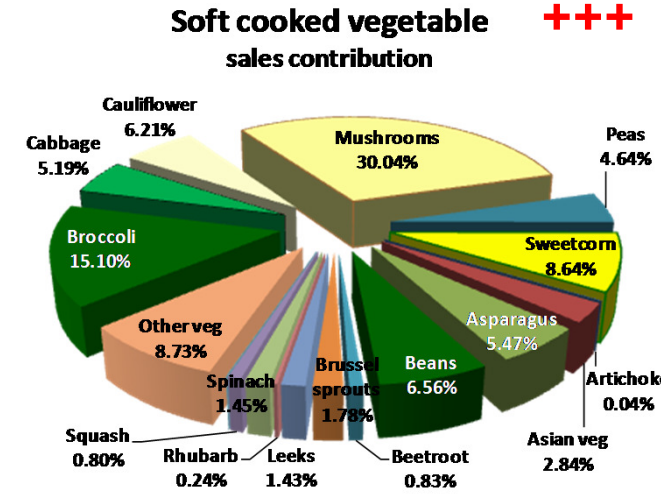
2.4 Similar Fresh vegetable category performance

Competition between vegetable products within the categories

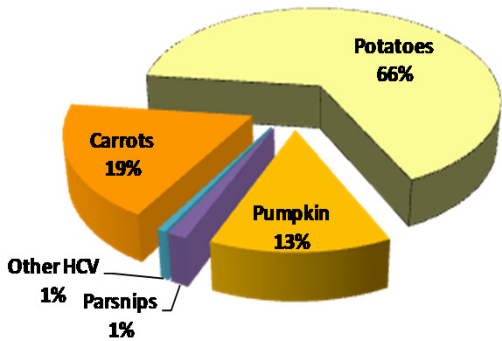
Some categories include similar products with similar preparation methods. These similarities create scope for competition between the products in each category, over the year. These products are identified along with their sales contribution, in the category charts on this page. The level of intra-category product competition the occurs is indicated (where +++ is high) and can be summarised as:

- Hard cooked vegetables: some competition within potato with sweet and standard varieties and parsnip, but in general most products have different and complementary meal roles.
- Seasonings: minimal competition between products with onions and herbs as base products that are often combined with other specialty lines.
- Salad components: strong competition between head lettuce and salad mix, but other products are complementary.
- Soft cooked vegetables: the highest level of competition is with broccoli, cauliflower, beans, peas, bean sprouts and asparagus, all competing as an alternative 'second green vegetable'.

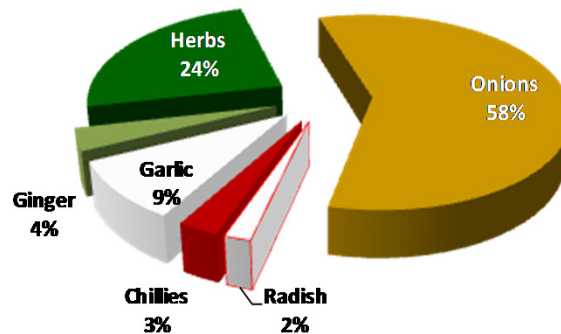
Figure 5



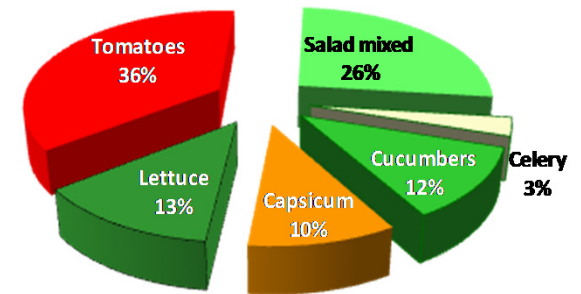
Hard cooked vegetable sales contribution +



Seasonings sales contribution



Salad components sales contribution +



4. The highest levels of alternative product competition is between several soft cooked vegetable products, including broccoli, beans, cauliflower and peas, and between head lettuce and salad mix. There is a lesser level of direct competition between standard and sweet potato varieties.

3.0 Vegetable Market Trends

The section reviews market performance for the second quarter of 2011

This section includes consideration of the following:

- Household spend on fruit and vegetables
- Market size and contribution
- Food and vegetable inflation
- Wholesale vegetable market price trends
- Vegetable retail promotional activity
- Vegetables purchased and preparation method
- Fresh vegetable buying patterns
- Most popular purchased vegetables
- Vegetable buying trends and reasons for buying

3.1 Household spend on fruit and vegetables

Household spend on fruit and vegetables

- In Q2 11, the average household weekly expenditure on fresh fruit and vegetables **was \$28.10 per household** (compared to \$28.35 in the previous quarter).
- As profiled in Figure 6, the range of spend per household varies substantially from <\$5 to >\$50 per week.
- In Q2 11, a further 4.6% of households moved into the two lower spend categories. In all, 46.3% of households spent less than \$20 per week on fruit and vegetables, while 53.7% of households spent \$20 or more per week on fruit and vegetables.
- This shift in spending is a reflection of a number of influences that are causing some households to 'manage down' expenditure.
- While there are indications that expenditure on take home food increases as expenditure on meals away from home continues to reduce (see Figure 7), this trend does not necessarily lead to more households spending more on fresh fruit and vegetables.
- This can explained by the fact that fruit and vegetables in themselves do not provide a direct alternative to eating out occasions. Products selected to provide this additional meal at home are often prepared and meal ready.

5. Despite indications that more food is being prepared at home, expenditure on fruit and vegetables did not increase in line with this.

Figure 6

Fruit & Veg weekly spend range per household

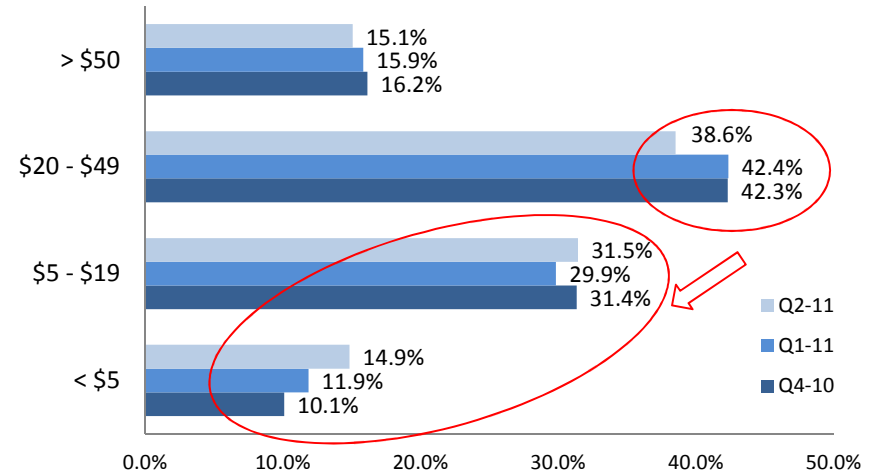
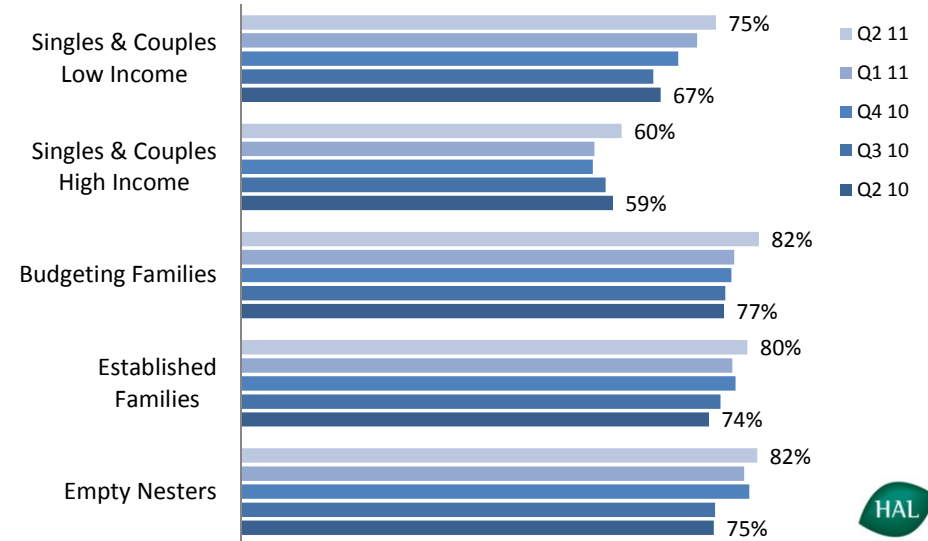


Figure 7

Spend on take home food as proportion of total weekly food spend



3.2 Market size and contribution

Total vegetable sales

- Total retail vegetable sales in Q2 11 for all fresh, frozen and canned vegetables were \$1.794 billion, as profiled in Figure 8.
- This was a decrease of \$4.3 million or 0.2% on the previous quarter, which is expected as higher quantities of the lower value hard cooked vegetables sell at this time of year.
- These sales were \$144 million or 8.8% higher than the same quarter in 2010, with the majority of the annual increase driven by increases in fresh vegetable values.
- In addition to retail sales, it is estimated that 58,000 tonnes of fresh vegetables were sold to the food service sector in Q2 11, and all indications are that demand continues to be flat in the food service sector.



Fresh vegetable category sales contribution

- The quarterly category level contribution profiled in Figure 9 reflects the shift towards the vegetables used with indoor winter cooking. This shift led to a transfer of 9.6% of sales contribution away from salad components. This in turn led to sales contribution increases of 4.7% in soft cooked vegetables and 4.5% in hard cooked vegetables. The contribution from seasonings increased by 0.4%.

6. In Q2 11 retail sales of all vegetables increased by \$144 million or 8.8% compared to the Q2 10 period, twelve months prior.

Figure 8

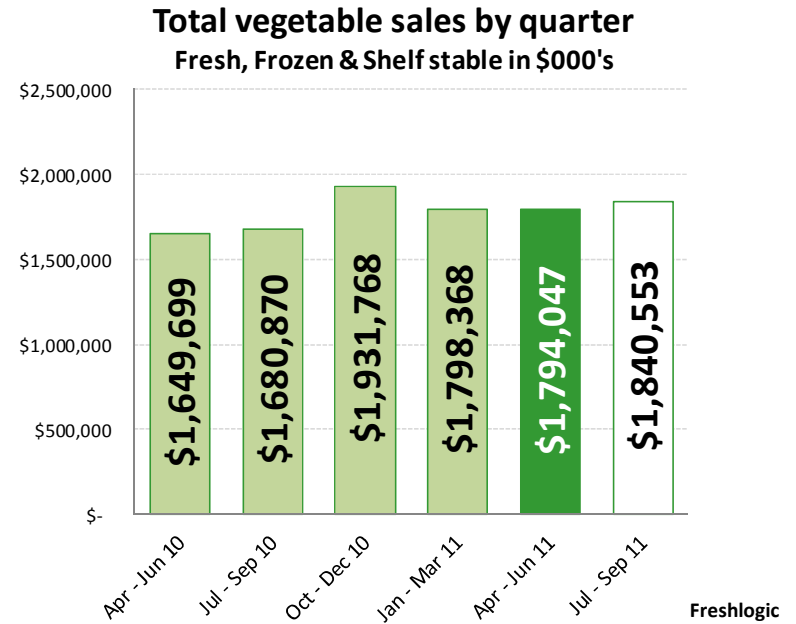
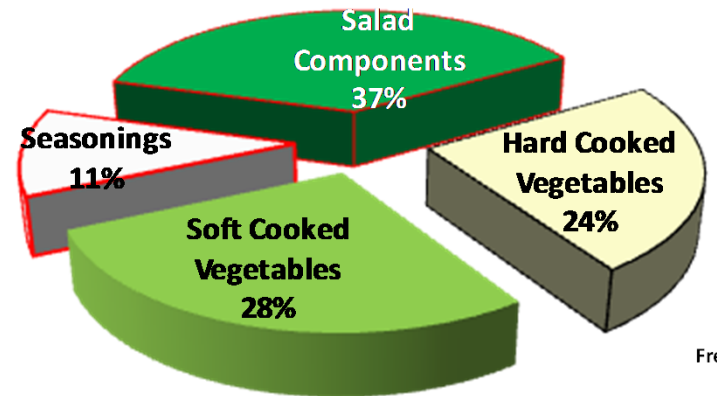


Figure 9

Fresh vegetable sales contribution by category Q2 -11



3.3 Food and vegetable inflation

Food inflation

- Food inflation, as reported by the ABS, was 6.1% compared to the same quarter in the previous year.
- This was driven by fruit prices, which increased 66.6% compared to the same quarter in the previous year, contributing 4.1% toward total food inflation (6.1%). The fruit category was largely influenced by the post-flood impact on banana prices.
- Vegetable prices were reported to have increased 9.7% on the same quarter last year, contributing 0.7% towards total food inflation (6.1%). The current vegetable inflation is lower than in the previous two quarters.



7. The ABS total annual food inflation lifted to 6.1%, which was largely influenced by price rises for fruit.

Figure 10

Food category percentage contribution to total Food CPI ABS

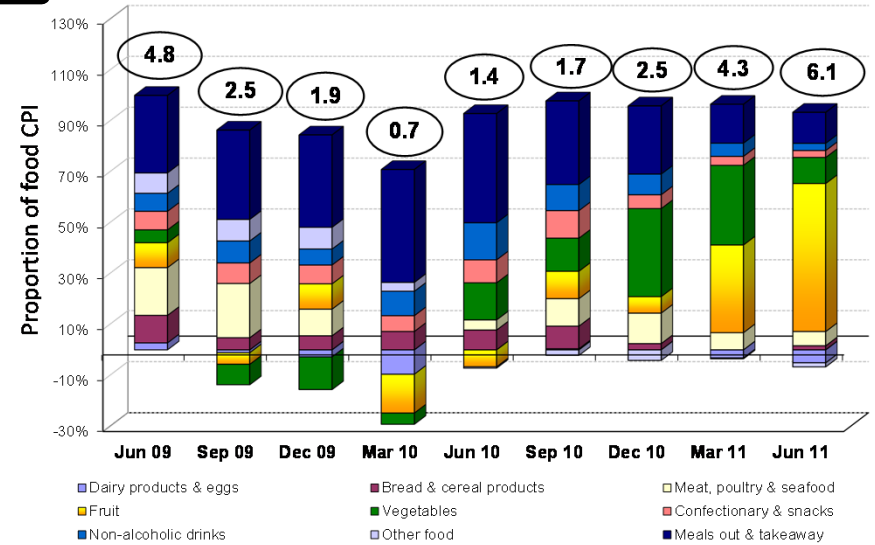
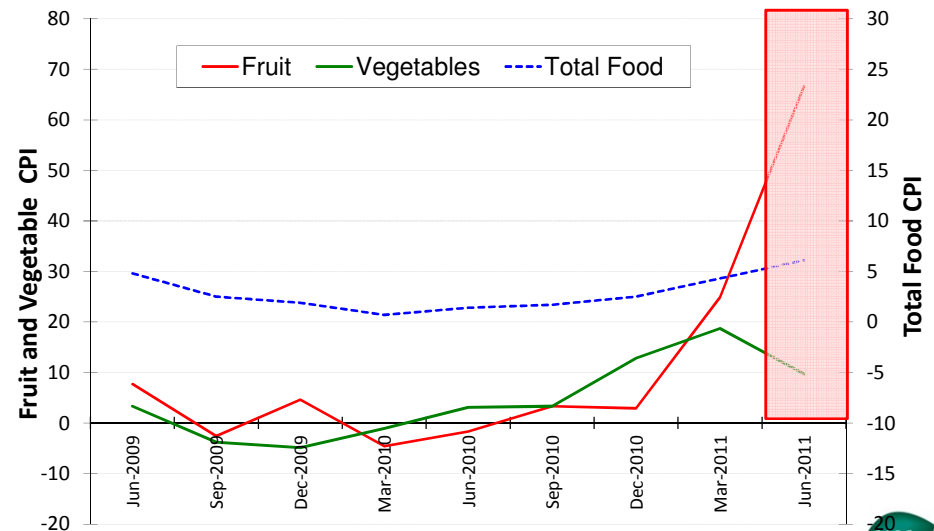


Figure 11

Total Food CPI, Fruit and Vegetable CPI
Percentage change on same quarter in previous year Jun 2009 to Jun 2011 ABS



3.4 Wholesale vegetable market price trends

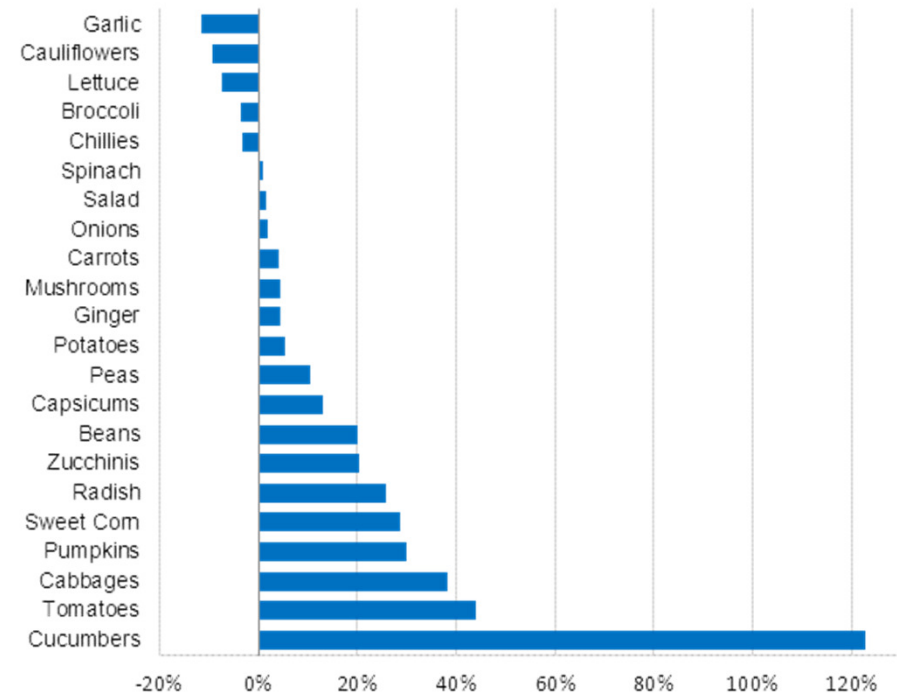
Q2

Wholesale prices

- The wholesale vegetable price trends (per kg) are based on a model that weights the range of vegetable products from the five main wholesale markets.
- The trend for Q2 11, which ran from the week commencing 4 April to 27 June 2011, reflects a firming in prices.
- Cucumbers, tomatoes and cabbages were among the products to experience the highest change in prices compared to Q2 in the previous year, while garlic, cauliflower and lettuce were among the products to experience a decline in prices (Figure 12).
- The sizeable annual change in prices for some products has been influenced by higher prices this year, and lower prices last year.
- There have been a number of impacts on growing conditions, including frosts and the lasting impact from floods earlier in the year, which has contributed to higher prices in the current quarter across a number of products.
- Over Q2 11, the major holidays and events that impacted demand include ANZAC Day, Easter and Queen's Birthday.

Figure 12

State weighted national wholesale price per kg
Change for Q2 2011 vs Q2 2010



8. While variations occurred across products, in general, wholesale prices firmed over the quarter, with many factors impacting on growing conditions during this time period.

3.5 Vegetable retail promotional activity

Retail promotional activity

- The promotional activity by retailers that featured vegetables increased by 6% to 2,251 products for Q2 11, compared to the previous quarter. Advertising increased over the first half of the quarter, before declining during late May and June.
- On average, 173 vegetable products were advertised in the five main states each week in Q2 11, compared to 164 lines per week in the previous quarter.
- Overall, increases were recorded in two of the three major categories compared to the previous quarter; specifically, fresh vegetables up 82 lines (+7%), and frozen vegetables up 71 lines (+11%). In contrast, canned vegetables declined by 34 lines (-10%).
- The increase in promotional activity during the quarter reflects the level of competitive intensity within the retail channel.
- The current level of promotional activity is 32% lower than during the same quarter in the previous year. This is true across three of the four major categories, with the exception being seasonings, which increased slightly (4%).
- The detail of the fresh product categories are explained on page 23.

Figure 13

Type of advert January - June 11

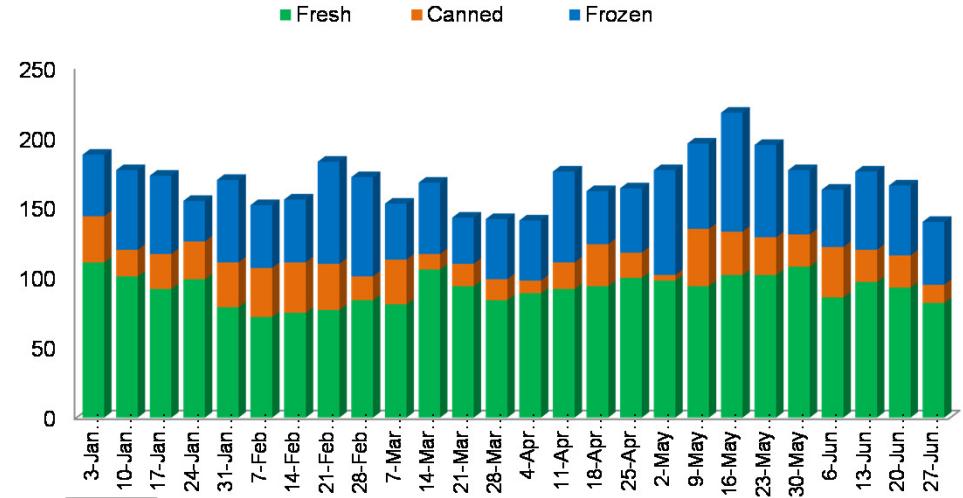
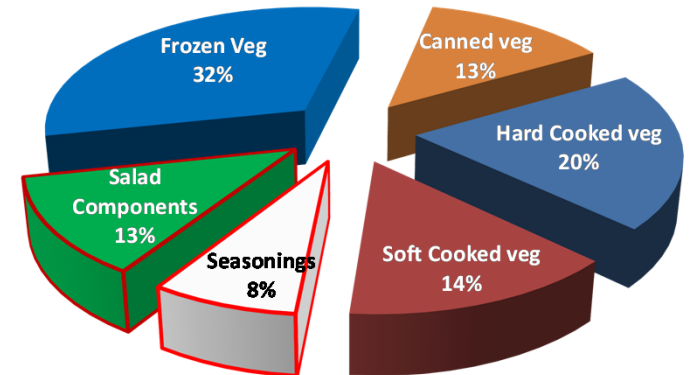


Figure 14

Advertised vegetable products
2,234 adverts by category - Q2-11



9. The number of vegetables products advertised increased by 6% over the quarter, reflecting the competitive intensity within the retail channel.

3.5 Vegetable retail promotional activity (continued)

Figure 15 Number of Advertised Fresh Vegetable Products
January - June 2011

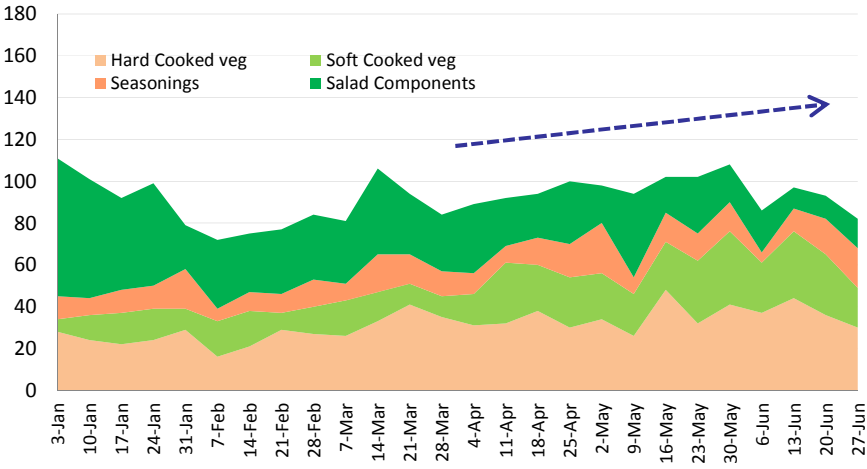
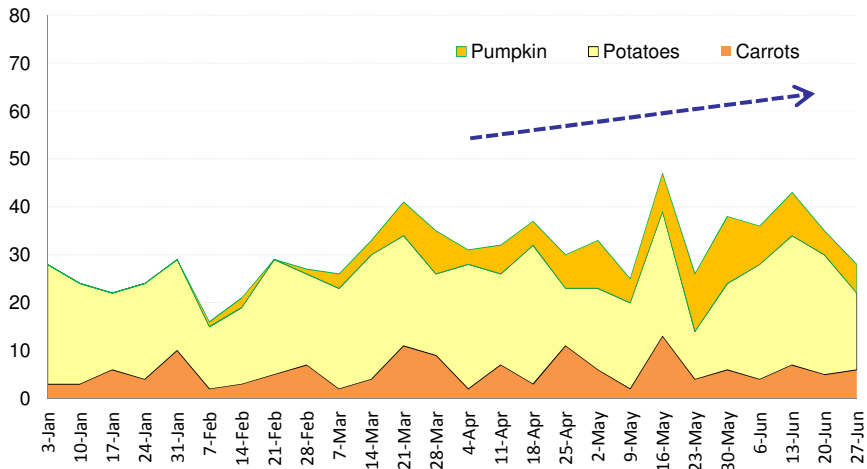


Figure 16 Number of Advertised Hard Cooked Veg
January - June 2011



Trends:
Q1 10 & Q2 11

- The type of product advertised in Q2 11 reflects a shift towards hard and soft cooked vegetable lines, together with a move away from salad components.
- At a product level, this was most evident in the increase in pumpkin, broccoli and cauliflower, together with a move away from salad components.

Figure 17 Number of Advertised Soft Cooked Veg
January - June 2011

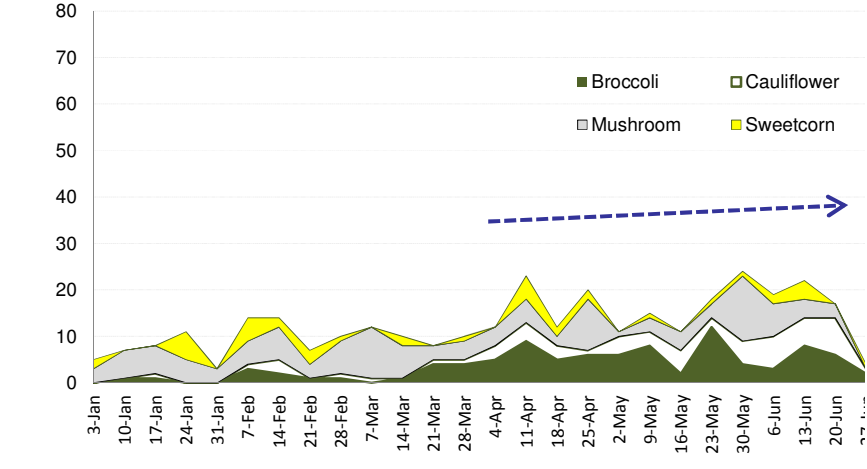
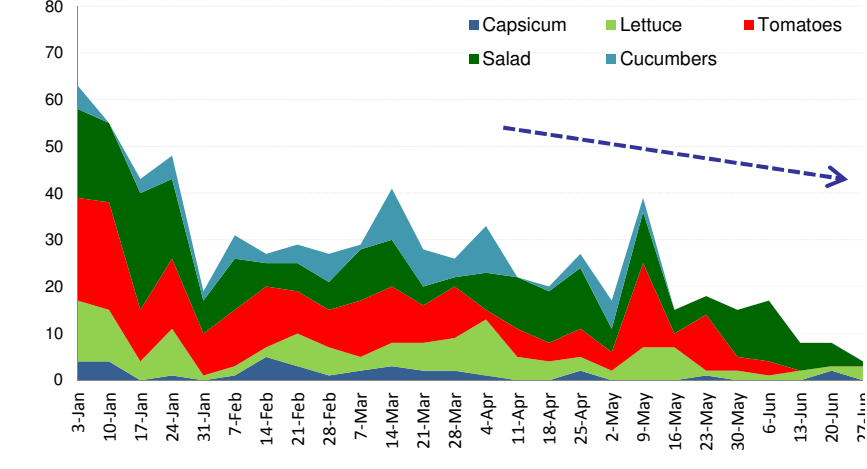


Figure 18 Number of Advertised Salad Components
January - June 2011



10. The changes in the type of fresh vegetable product advertised in Q2 2011 reflect an expected shift away from salad components, towards hard and soft cooked vegetables as the weather cools and indoor eating dominates.

3.6 Vegetables purchased and preparation method

Participation by vegetable form

- Figure 19 profiles the proportion of households that purchased vegetables in frozen, canned and fresh forms in Q2 11 and Q1 11.
- Compared to the previous quarter, there was a small decline in the proportion of households purchasing fresh and frozen products, while purchasing of canned products remained consistent.
- Compared to the same time last year, fewer households purchased fresh and canned products. In contrast more households purchased frozen products (54%, compared to 47% last year).

Vegetable preparation

- Cooking, which includes steaming, boiling, roasting and stir frying, remains the dominant method of preparation, with 95% of households using this method in Q2 11. Cooking has become more popular over the quarter, in light of cooler weather.
- The use of salads declined to 44%, compared to the previous quarter when 61% of households used this method.
- In line with the trend towards cooking, fewer households reported eating vegetables raw (38%), down from 43% in the previous quarter.
- These changes reflect seasonal demand shifts and the transition towards cooked foods in cooler months.

11. Over the quarter, the use of salad preparation declined, while the use of cooking increased, in line with seasonal patterns.

Figure 19

Type of vegetables purchased by household

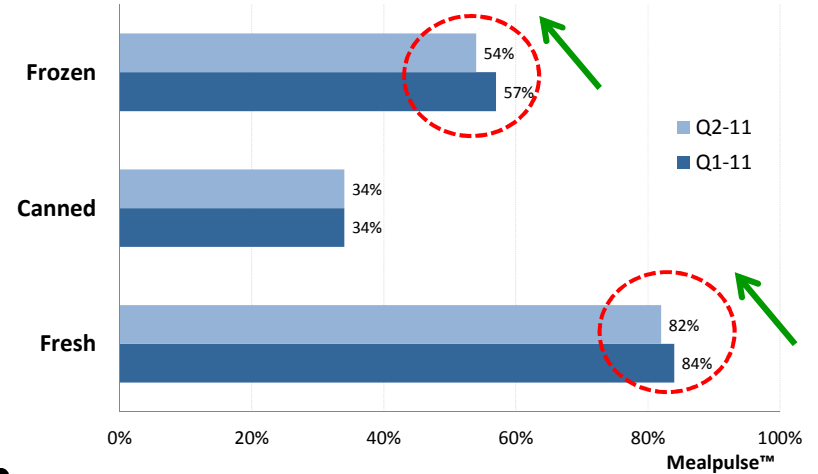
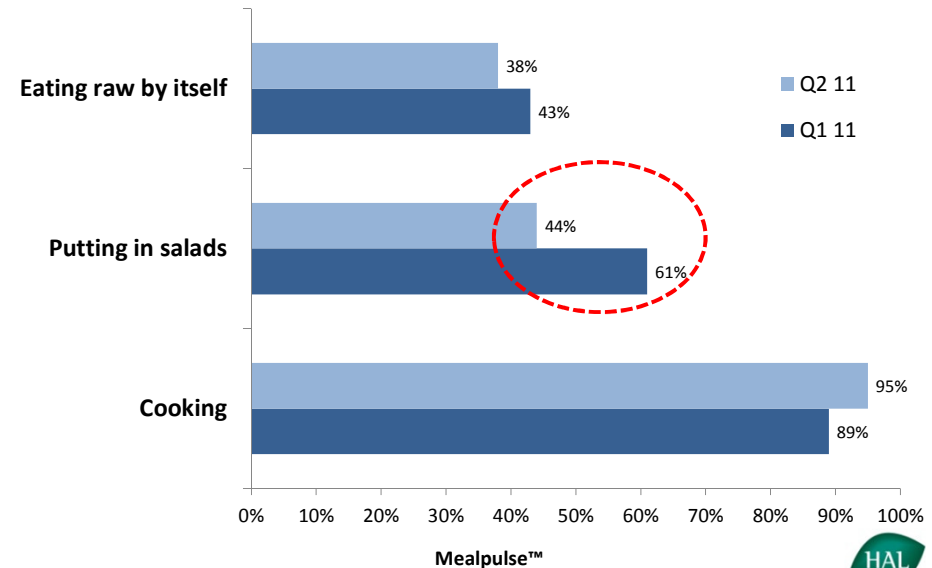


Figure 20

Method of vegetable preparation



3.7 Fresh vegetable buying patterns

Fresh vegetables purchased

- Figure 21 profiles the changes in the level of weekly fresh vegetable purchases by gender and household segment, in Q2 11 and Q1 11.
- In Q2 11, the total weekly household penetration decreased slightly to 82%, down from 84% in the previous quarter.
- Most of the household segments reported only minor changes from the previous quarter, while Established families reported a larger decline, down 5% to 83%.
- Note that this measure identifies the proportion of households who purchase fresh vegetable weekly. It does not consider whether these households are buying more or less vegetables. This is covered in Section 3.9.
- Compared to the same quarter in the previous year, total weekly household penetration decreased by 4%, from 86% to 82%.

Fresh vegetables purchased - state-based variations

- Figure 22 profiles the variations in household weekly penetration for fresh vegetable purchasing by state, between Q2 11 and Q1 11.
- Compared to the previous quarter, many states reported little or no change. Further, SA/NT reported a small increase (+2%), while Vic/Tas reported a decrease (-4%).
- Compared to the same time last year, Qld remained constant at 86%, while all other states have decreased moderately.

12. Over the quarter, 82% of households reported purchasing fresh vegetables on a weekly basis.

Figure 21

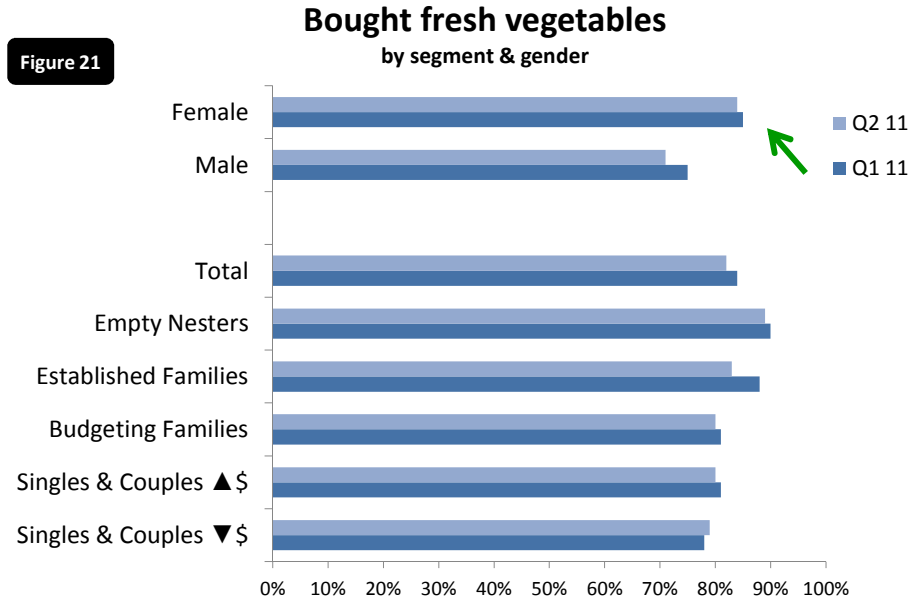
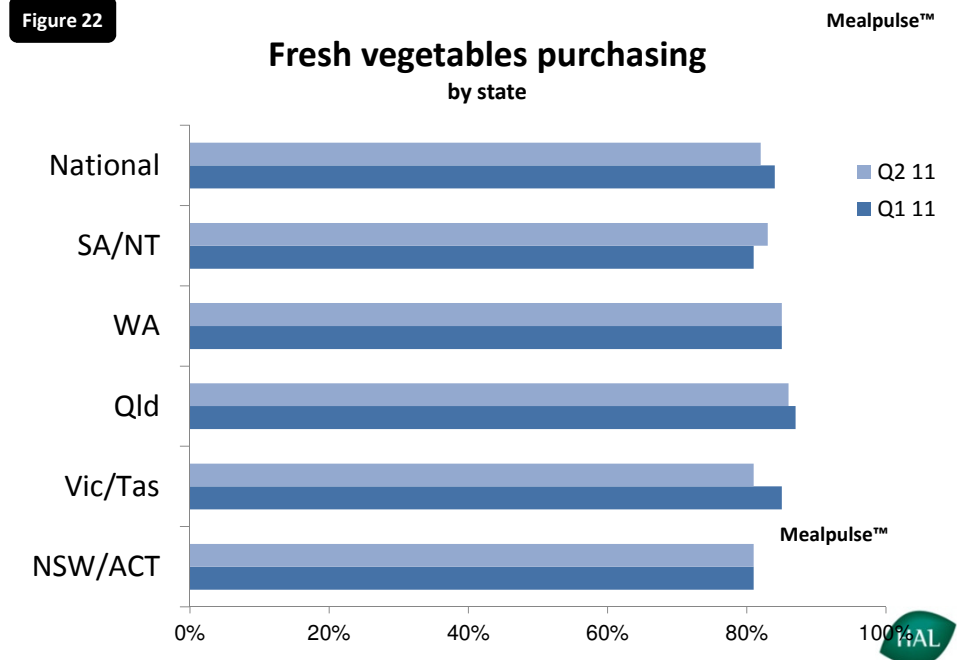


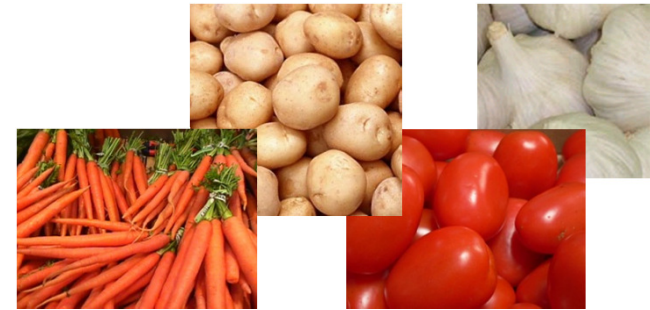
Figure 22



3.8 Most popular purchased vegetables

Most popular vegetable purchased weekly

- Figure 23 profiles the 10 most commonly purchased fresh vegetables in Q2 11, and the respective levels in the previous quarter.
- In Q2 11 carrots remained the most popular vegetable, followed by potatoes, onions, tomatoes and mushrooms.
- In the previous quarter, lettuce was included in the 'top 5' vegetables in place of mushrooms, and tomatoes were more popular than onions. This reflects the popularity of salad components during the summer months.
- Over the quarter, there has been an increase in the weekly purchase of soft and hard cooked vegetables, including carrots, potatoes, mushrooms, broccoli, pumpkin and cauliflower.
- In Q2 11, potatoes and carrots were the only two vegetables to be purchased by 60% or more of households weekly.

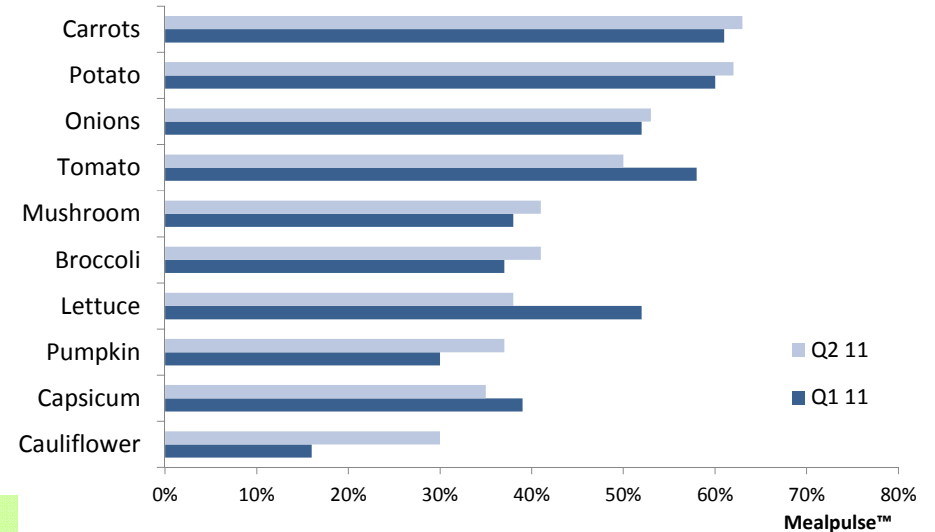


13. Over the quarter, the most frequently purchased vegetables reflect the demand for hard and soft cooked vegetables at this time of the year.

Figure 23

Top 10 fresh vegetables
proportion of households purchasing weekly

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3.9 Vegetable buying trends and reason for buying

Vegetable buying trend

- This section profiles whether those who do purchase vegetables on a weekly basis, purchased 'more' or 'less' than they did in the previous quarter.
- Overall, 69% of households were consistent in their purchasing habits, having reported purchasing the 'same' amount of vegetables this quarter as they did in the previous quarter.
- The remaining households altered purchasing levels, with 21% purchasing less and 10% purchasing more vegetables.
- A greater proportion of males who do purchase vegetables, reported buying more than they did in the previous quarter.

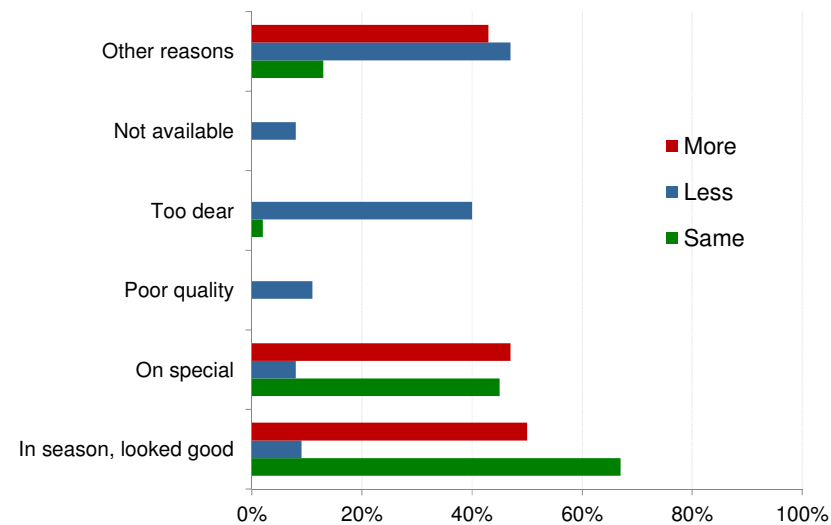
Vegetable buying trend reasons

- Figure 24 profiles reasons why households purchased more, less or the same quantity of vegetables as they did in the previous quarter.
- Of those who purchased more, 50% reported that being 'in season/ looked good' supported their decision, while 47% were encouraged by the fact it was 'on special'.
- Of those who purchased less, 40% reported that they did so because it was 'too dear', while 47% reported other reasons.

14. Seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter, while price was the main reason households purchased 'less'.

Figure 24

Vegetables buying trend reasons Q2-11








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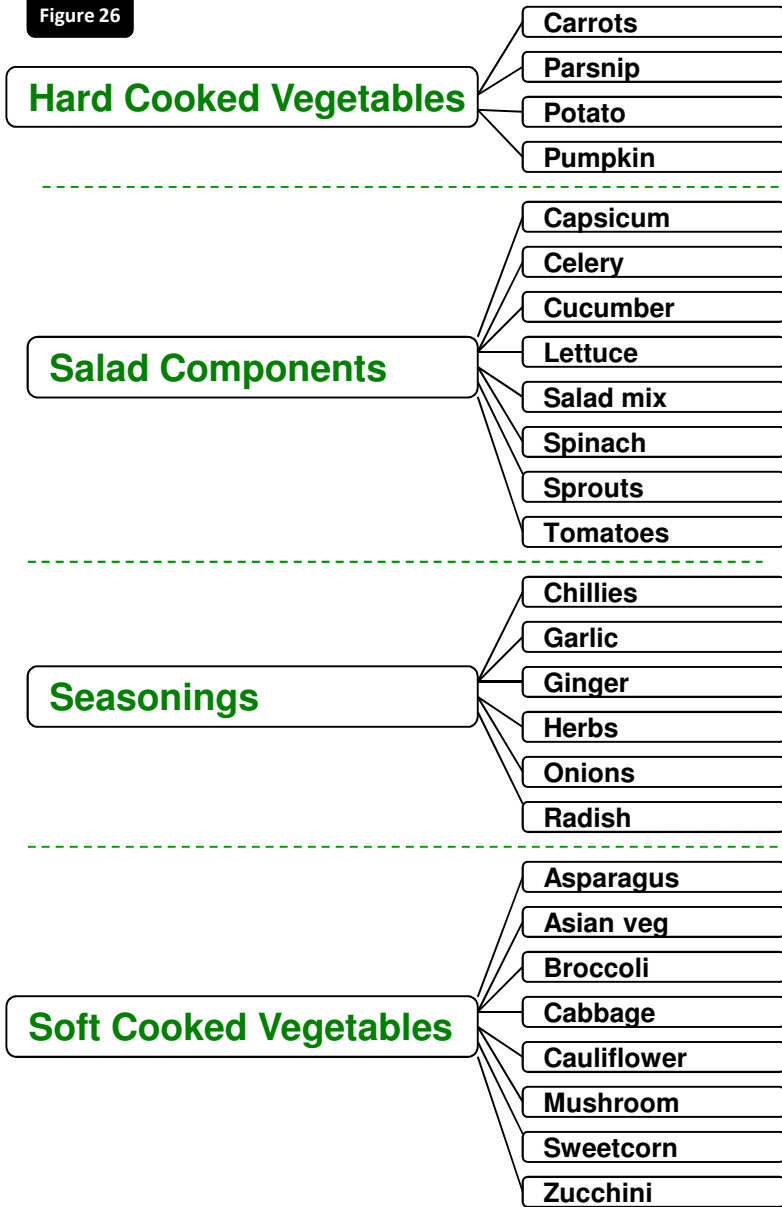
4.0 Summary - Household segments and key characteristics

This table provides a reference, summarising household segments and their key characteristics.

Household Segment	Description	Fresh Vegetable Weekly Household Penetration Q3-10 to Q2-11	Key Characteristics (incl. shopping habits, food spend, retailer patronage, price sensitivity)
 <p>Singles & couples with lower income (S&C▼\$)</p>	<ul style="list-style-type: none"> No children, lower income, eating out restricted by income. 	<ul style="list-style-type: none"> 78%-86% 	<ul style="list-style-type: none"> Does not plan much shopping. Shops on convenience and price. Chooses greengrocer if price is okay. Is constrained by budget. Often has a busy, active lifestyle. Health considerations have some impact on food purchases. 65-75% of total food \$ spent on food at home. (Q3-10 to Q2-11)
 <p>Singles & couples with higher income (S&C▲\$)</p>	<ul style="list-style-type: none"> No children, higher income and available discretionary dollars, eats out often. 	<ul style="list-style-type: none"> 70%-85% 	<ul style="list-style-type: none"> Does not plan shopping. Likes farmers' markets and ethical foods. Uses greengrocer when has time. Driven by lifestyle demands on time and is a frequent top up shopper. Health influences diet, but taste remains important. Will buy convenience ready meals. 56-60% of total food \$ spent on food at home.
 <p>Budgeting families</p>	<ul style="list-style-type: none"> Single and dual parent families with children, financially stretched and time pressured. 	<ul style="list-style-type: none"> 80%-86% 	<ul style="list-style-type: none"> Plans some shopping to manage budget. Top up shops 2-3 times a week. Likes greengrocer. Often has an active lifestyle. Conscious of the food budget. Some health factors influence diet. 77-82% of total food \$ spent on food at home.
 <p>Established families</p>	<ul style="list-style-type: none"> Single or couples with children and above average income, at least one adult eats out regularly. 	<ul style="list-style-type: none"> 83%-89% 	<ul style="list-style-type: none"> Plans some shopping but mostly top up shops. Understands and seeks ethical foods. Patronises 1-2 supermarkets. Likes markets and greengrocer. Will buy for taste. 76-80% of total food \$ spent on food at home.
 <p>Empty nesters</p>	<ul style="list-style-type: none"> 60 years plus, no children permanently at home, generally have income to eat out often but prepare and eat most meals at home. 	<ul style="list-style-type: none"> 89%-90% 	<ul style="list-style-type: none"> Plans shopping. Seeks out and buys specials. Patronises 2-3 supermarkets. Uses greengrocer on the basis of value. Often sensitive to food prices and budgets. Is influenced by health considerations and ethical foods. Will buy for convenience. 75-82% of total food \$ spent on food at home.

5.0 Fresh vegetable categories

Figure 26



Vegetable category structure

Based on like or complementary products, the vegetable types are grouped into categories listed in Figure 26, which enables a summary level analysis of all the vegetables.

The categorisation rationale is driven by the inclusions of like product that consumers will trade off and products that are consumed together.