Purchase Quantity Analysis and Vegetable Market Trends for Q1 12

Veginsights

• The market – Q1 12

A profile of the three-month period ending 31 Mar 2012

June 2012

Prepared by Fresh**logic** **as part of the Vegetable Industry Development Program**





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Contents

Content Overview

This version of Veginsights – The Market addresses Q1 2012, and draws comparisons to the previous quarter (Q4 2011) and the same quarter in the previous year (Q1 2011), with profiles of the key trend indicators.

This report also includes analysis of average purchase quantities, and considers the relationship between this and household penetration and retail price. It also includes a comparison between the average 'loose' quantities for selected vegetables and the respective pre-pack offer. This analysis incorporates key implications arising from the findings.

A support document 'Veginsights – Market Settings and Methodology' is also available, which outlines the vegetable market settings and the methodology used in preparing this report.

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 - Q1 2012

Support document - Vegetable market settings and methodology

Click here to access

1.0 Executive summary

Overview

This is the tenth 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; indicates how they may have altered in the first calendar quarter of 2012 and makes comparisons with both the previous quarter and the first quarter of 2011. It values the annual retail market for all forms of vegetables at $7.05 billion and profiles the market for the three-month period ending 31 March 2012 for fresh vegetables.

The report also provides analysis of the average purchase quantities across a range of vegetables, and considers the relationship between this and average household penetration, retail price and the pre-pack offer, and then highlights the resulting insights.

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:

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

Selected key findings

Analysis of Average Purchase Quantity

- Understanding the average purchase quantity chosen by shoppers can provide insights into shopper preferences and opportunities to increase sales returns.
- For vegetables where large quantities are typically purchased (e.g. pumpkin and cauliflower), it is advantageous to have an offer that also provides smaller quantities, so as to not limit sales to full or larger shops.
- Shoppers are often prepared to pay a higher price per kg for smaller purchase quantities, suggesting there may be opportunities to diversify the current product range further, to meet demands for smaller portion sizes.
- Suppliers and marketers should assess any significant gaps in the pre-pack offer, and look for opportunities to add greater value by offering shoppers quantities that meet their preferred size.

Australian Market – Veginsights Tracking Indicators – Q1 12

- While wholesale vegetable prices increased moderately over the quarter they were quite a lot lower than at the same time last year, as supply volumes were rebuilt.
- The retail channel remains very competitive and fresh produce remains a key focus. This is reflected in the level of promotional activity over the quarter.
- Promotions reflected demand at this time, which moved from salad components toward hard cooked vegetables over the later part of the quarter, in line with seasonal patterns.
- Top up shops are becoming increasingly common over time. Vegetable products need to suit being purchased on frequent and smaller shopping trips.

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.

Analysis of Average Purchasing Quantity

Findings	Implications for vegetable producers and marketers
Average Purchase Quantity - Ranking The average purchase quantity varies greatly across different vegetables and appears to be influenced by product density, shelf life, unit size and most likely the diversity of uses.	• Understanding the average purchase quantity chosen by shoppers for a particular vegetable, as well as the quantity chosen for complementary and competing products, can provide valuable insights into shopper preferences and opportunities to increase sales returns.
Average Purchase Quantity vs. Household Penetration Levels The relationship between average purchase quantity and average household penetration varies across vegetables and can indicate opportunities for increasing sales, through increased household penetration, increased purchase quantities and/or increased frequency of purchase.	• In particular there may be an opportunity where household penetration is low, but the average purchase quantity is quite high. Here, there may be opportunities to increase household penetration with smaller portions to encourage more frequent purchases. • For vegetables where large quantities are typically purchased, it is advantageous to have an offer that also provides smaller quantities, so as to not limit sales to full shops, which account for only one third of all shopping trips made.
Average Purchase Quantity vs. Retail Price In general, there is an inverse relationship between the average purchase quantity and average retail price. It is often easier to gain a higher retail price on products that have a lower average purchase quantity for a variety of reasons.	• Shoppers are often prepared to pay a higher price per kg for smaller purchase quantities – suggesting there may be opportunities to diversify the current product range further, to meet demands for smaller portion sizes. • Further, products that provide a known price, as is the case when sold in pre-pack or by the 'each', can support easier decision making for shoppers and may allow for a higher per kg price to be generated.
Case Study: Pre-Pack Quantity vs. Loose Quantity Selected Understanding the differences between purchase quantities for loose products can help determine a suitable size for a pre-pack offer.	• Suppliers and marketers should assess any significant gaps in the pre-pack offer, and look for opportunities to add greater value by offering shoppers quantities that meet their preferred size.

1.0 Key findings and implications – Q1 12 (continued)

Q1

Australian Market – Veginsights Tracking Indicators – Q1 12

Findings	Implications for vegetable producers and marketers
1. Household spend on fruit and vegetables lifted over the quarter, supported by stronger demand for fresh fruit. Spend on take home food remains consistent with the previous quarter, after coming off a peak in Q2 2011. 2. In Q1 12 retail sales of all vegetables were lower than the previous quarter and 7.3% down on the same first quarter in 2011.	• The tight retail competition together with the seasonal decline in home entertainment can make the March quarter a challenging time in terms of achieving sales targets. Further, vegetable consumption can also be impacted by high fruit consumption at this time, when many seasonal fruits come into peak supply.
3. The ABS total annual food inflation was -2.5% in Q1 12, and was largely influenced by falling fruit and vegetable prices. 4. Overall, wholesale prices increased moderately over the quarter, but eased considerably compared to the same quarter in the previous year.	• While wholesale vegetable prices increased moderately over the quarter they were quite a lot lower than at the same time last year, as supply volumes were rebuilt, and this was reflected in ABS inflation figures.
5. The number of vegetables products advertised increased by 14% over the quarter, reflecting the competitive intensity within the retail channel and seasonal influences.	• The retail channel remains very competitive and fresh produce remains a key focus. This is reflected in the level of promotional activity over the quarter. Promotions were mixed and reflected the changing weather, with increases recorded for all vegetable categories.
6. In Q1 2012 fresh vegetable advertising reflected an initial focus on salad components, followed by a stronger focus on hard cooked vegetables reflecting a seasonal shift as the weather cooled.	• Promotions reflected demand at this time, which moved from salad components toward hard cooked vegetables over the later part of the quarter, in line with seasonal patterns.
7. Over the quarter, the use of cooking preparation increased, while the use in salads eased, in line with seasonal patterns as cooler weather approaches. 8. Over the quarter, 86% of households reported purchasing fresh vegetables on a weekly basis.	• In line with seasonal patterns, use of cooking increased as salads decreased. • While household penetration for vegetables remained strong over the quarter, there was an increase in household penetration in fruit, which can create a level of substitution between fruit and vegetables.

1.0 Key findings and implications – Q1 12 (continued)

Q1

Findings	Implications for vegetable producers and marketers
9. Carrots were the most popular vegetable purchased weekly by households in Q1 12. Over the quarter, a slightly smaller proportion of households are undertaking more than 6 food buying trips per week.	• The popularity of carrots reflects their seasonal demand, supported by promotions. • Despite a very small decrease this quarter, top up shops are becoming increasingly common over time. Vegetable products need to suit being purchased on frequent and smaller shopping trips.
10. Appearance, seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter. Purchase patterns show that 19% of consumers have been influenced to buy less and 11% to buy more vegetables.	• If the reasons why 19% of households buy less vegetables can be understood and their negative impact reduced, this action could increase vegetable sales. • Similarly, with appearance and seasonality having a strong influence on the 11% of households who purchased more vegetables, this highlights the importance of these factors in increasing consumption and sales.

2.0 Analysis of Purchasing Quantity

This section provides an analysis of the average purchase quantity of selected vegetables and considers the following factors:

- Comparative ranking
- The relationship between average purchase quantity and average household penetration
- The relationship between average purchase quantity and average retail price
- A comparison between the average 'loose' quantity for selected vegetables and the respective pre-pack offer.

This analysis incorporates key implications arising from the findings.

Overview

The retail sales value of a vegetable is influenced by the average weekly penetration (i.e. the proportion of households who are regularly purchasing a particular vegetable), the quantity they buy, the purchase frequency (e.g. 2 times a week), and the price they pay. Changes in any one of these factors can influence overall sales at a retail level.

Therefore, analysis of the average purchase quantities of selected vegetables can provide important insights.

Comparing the average purchase quantity across vegetables helps identify features that influence consumers to buy larger or smaller quantities of particular vegetables – including shelf life, unit size and diversity of uses.

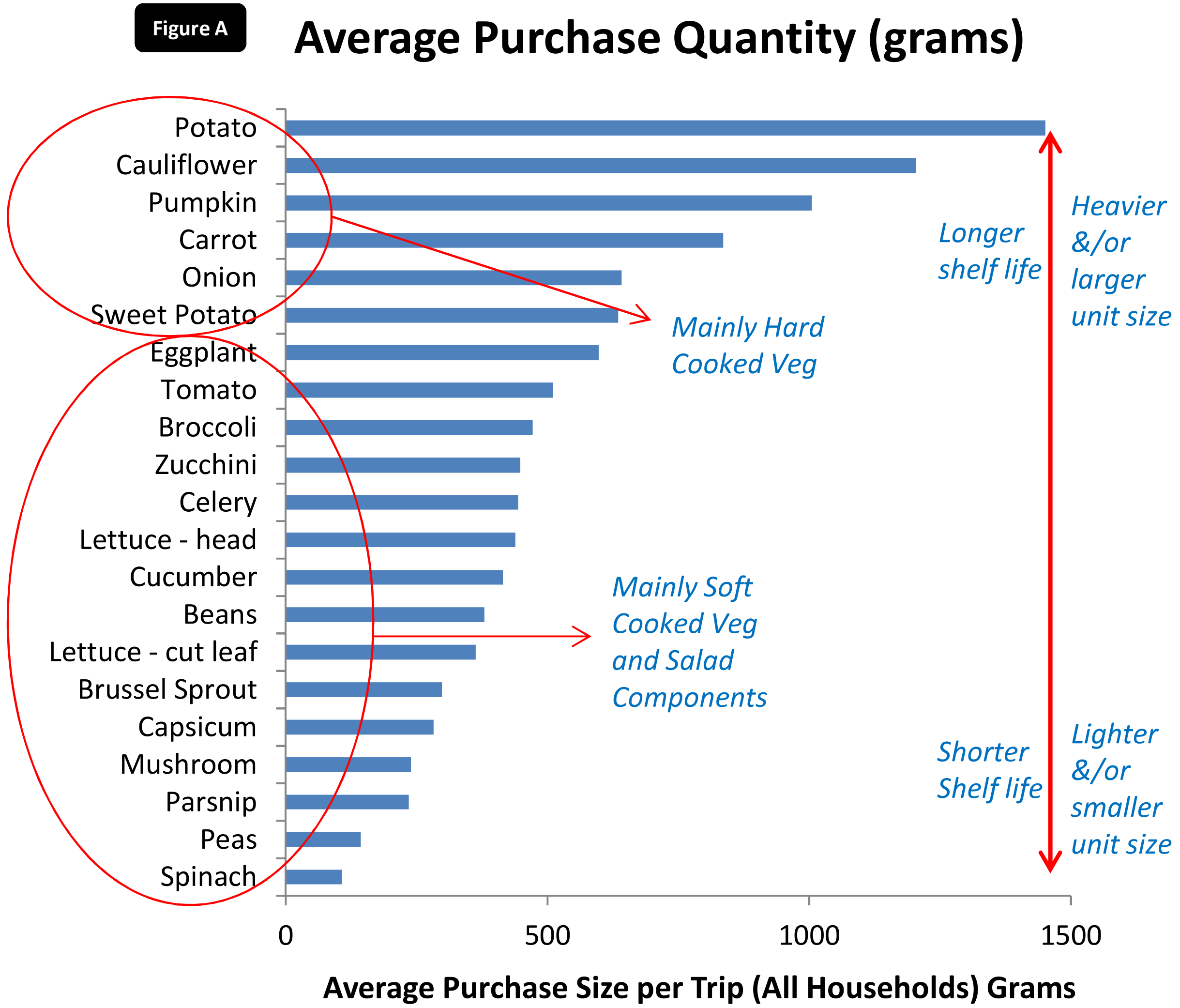
Exploring the relationship between the average purchase quantity and the retail price, can indicate opportunities for potential growth.

Considering the difference between the quantity shoppers purchase in loose form and the pre-pack offer can also indicate opportunities.

Average Purchase Quantity - Ranking

- Figure A profiles a range of fresh vegetables and the associated average purchase quantity – that is, the average quantity purchased on a single shopping trip. This takes into account purchases of all product forms including loose product and pre-packed.
- The chart highlights the wide range in average quantity, which appears to align with a variety of factors including; the weight/density of the vegetable, unit size and shelf life.
- The hard cooked vegetables of potato, pumpkin, carrot and sweet potato have a higher average purchase quantity, influenced by vegetable weight/density and shelf life.
- Onions also have a relatively high average purchase quantity, driven by a wide range of uses and a relatively long shelf life.
- Soft cooked vegetables and salad components are spread across the remainder of the chart – depending on density, typical unit size (e.g. cucumbers sold by the 'each') and shelf life.
- When the diversity of uses are considered, all indications are that it will have an influence on purchase quantity. It is expected that consumers will be more comfortable buying a larger quantity of a particular vegetable where it has a more diverse range of uses on the household menu.

Figure A



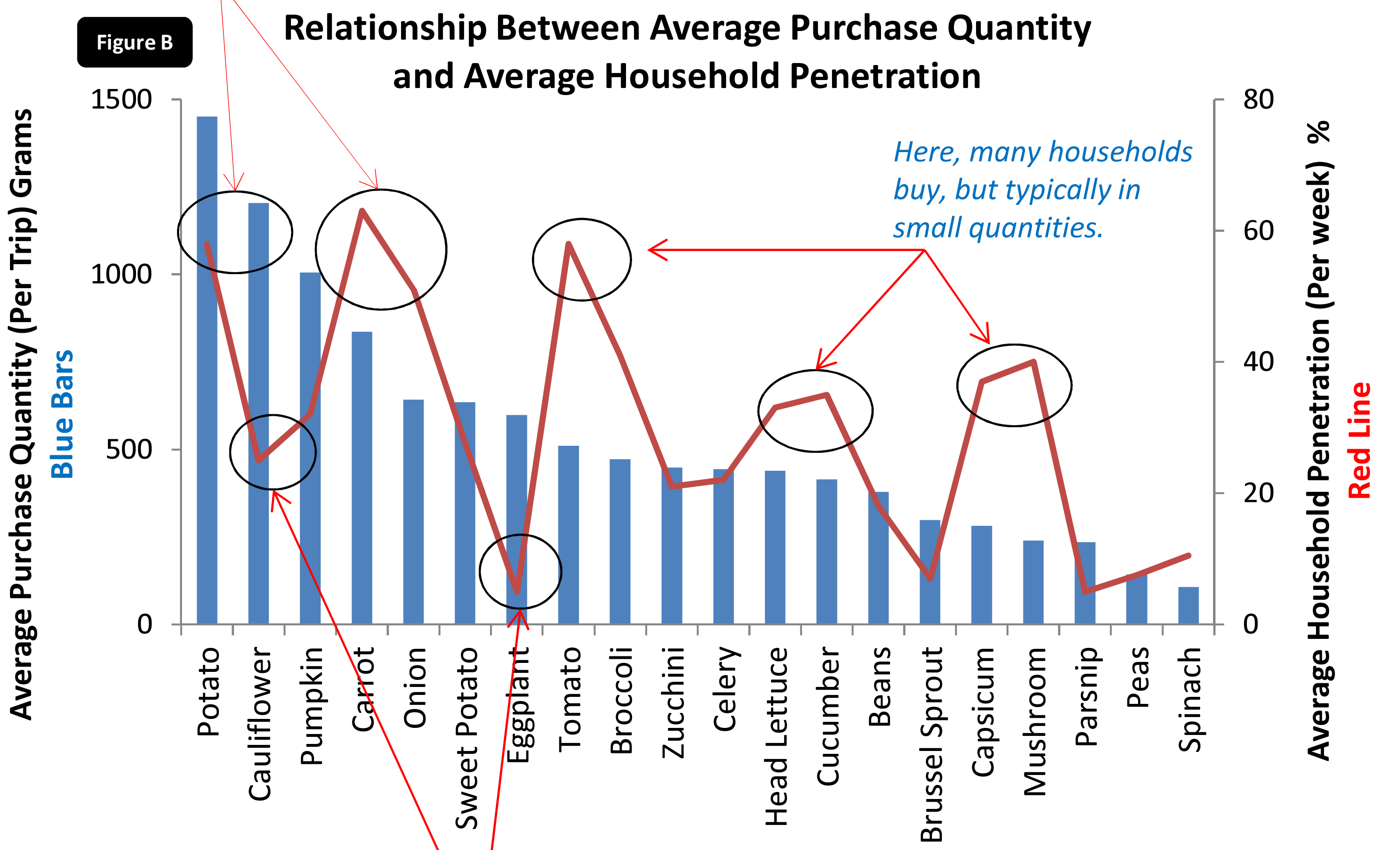
The average purchase quantity varies greatly across different vegetables and appears to be influenced by product density, shelf life, unit size and most likely the diversity of uses.

Average Purchase Quantity vs Household Penetration Levels

- Figure B illustrates the relationship between the average purchase quantity and average household weekly penetration. The relationship clearly varies between vegetables.
- For example, around 65% of households purchase carrots each week and these shoppers purchase an average of 830-840 grams per trip. This is influenced by loose and pre-pack purchases.
- Vegetables purchased in smaller quantities are more suited to a 'top-up' shop, which typically involves a basket and is subject to size/weight considerations.
- Where large quantities are typically purchased, it may be advantageous to have an offer that allows for smaller quantities, so as to not limit sales to full shops, which only account for one third of all shopping trips made.
- Where household penetration is high but purchase quantities low, the challenge is to increase the average quantity purchased and/or the frequency of trips, in order to increase sales volumes.

Here, many households buy, and typically in relatively large quantities.

Figure B



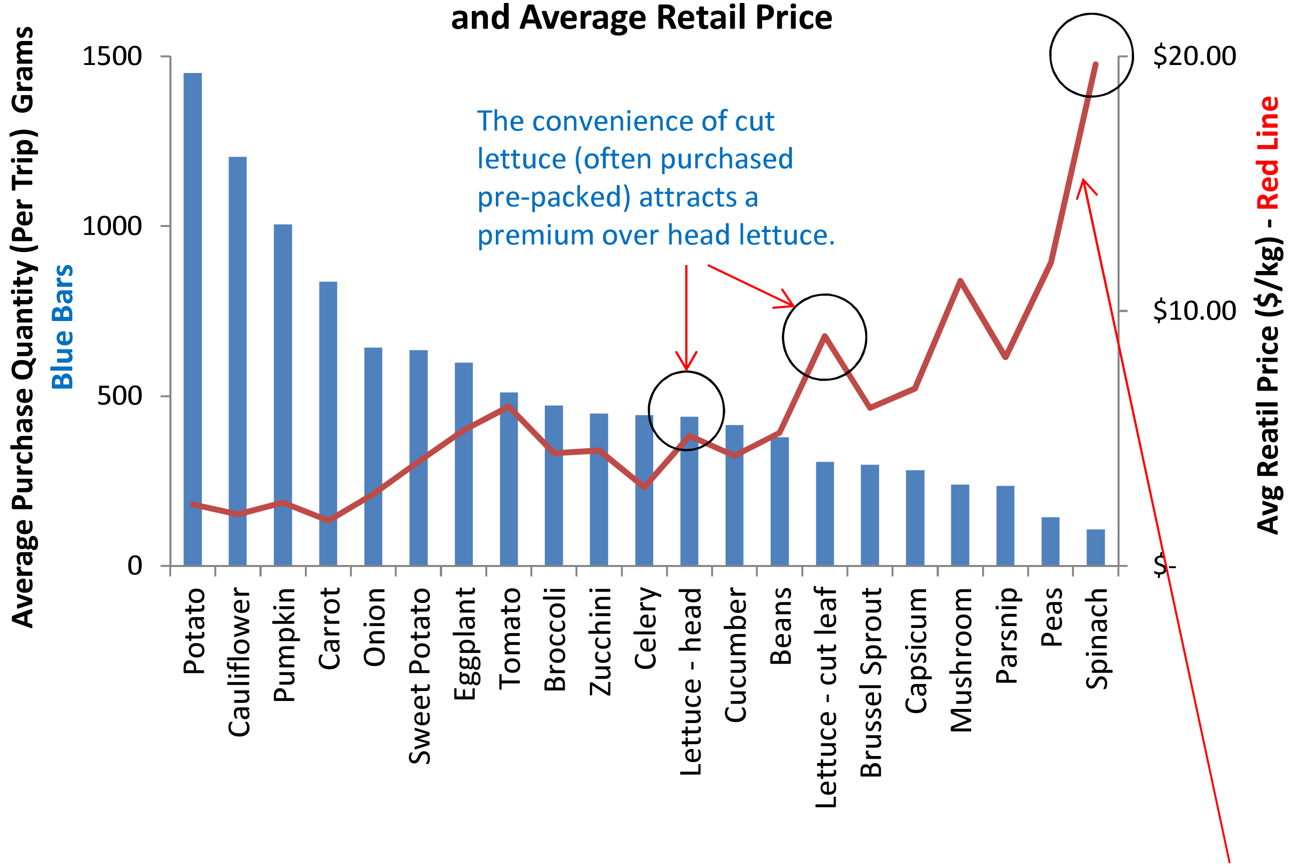
Here, fewer households buy, but those that do typically buy a medium-large average purchase quantity. There may an opportunity to increase household penetration with smaller portions to encourage further sales.

The relationship between average purchase quantity and average household penetration varies across vegetables and can indicate opportunities for increasing sales, through increased household penetration, increased purchase quantities and/or increased frequency of purchase.

Average Purchase Quantity vs Retail Price

- Figure C illustrates the relationship between average purchase quantity and average per kg retail price.
- While there are exceptions, in general there is an inverse relationship: higher average purchase quantities typically have a lower average retail price, and small quantities a higher average price.
- Keep in mind that this information incorporates a combination of loose and pre-pack product, and is influenced by the unit size, and at times the marketing of the different products. For example, pre-packed tomatoes typically attract a premium, while pre-packed onions generally do not.
- When purchasing low quantities, shoppers are often less concerned about the per kg price, as the total amount they will pay is still quite small. Further, where a set price is visible (as in many pre-packs) it offers an easier buying decision, as the purchase price is known.
- Smaller purchase quantities may also be preferred where this means less home waste.
- All indications are that it is harder to generate a higher retail price ($/kg) for products with a higher average purchase quantity.

Figure C



Spinach, which includes baby spinach, is an example of a product that has a low average purchase quantity, but is able to attract a high average retail price.

In general, there is an inverse relationship between the average purchase quantity and average retail price. It is often easier to gain a higher retail price on products that have a lower average purchase quantity for a variety of reasons.

Pre-Pack Quantity vs Loose Quantity

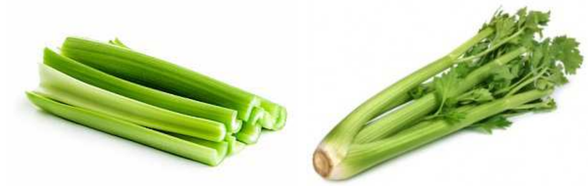
- Figure D compares the size of the average quantity purchased in pre-pack form versus a loose form, for 5 products. Understanding what a consumer seeks to buy in loose form can provide insight into the ideal size for a pre-pack offer.
- However, strategies can differ with some promoting pre-pack product as 'value-for-money', while others promote it as a premium product, offering assured quality and convenience attributes.
- Further, many vegetable uses are diverse and shoppers may purchase pre-pack and loose for different purposes. With some vegetables, both forms can be purchased on the same shopping trip.

Figure D

Product	Size Factor: Size of pre-pack vs. loose selection
Carrots	2.0
Potatoes	2.5
Celery	2.8
Beans	1.4
Lettuce	0.7

Here, the **average purchase quantity for a pre-packed product is bigger than what shoppers select in loose form.** For example the average quantity of **carrots** purchased in pre-pack form is twice the size (x2) of what shoppers choose when the product is loose. For **potatoes** it is more than twice the size (x2.5).

For the purpose of this analysis**,** loose **celery** encompasses pieces (in loose), while the pre-pack offer includes bunch, whole or half.



In contrast, the average quantity of a pre-pack purchase for **lettuce** is smaller than the quantity chosen when the product is sold loose (note: "loose" here includes "head lettuce").

Both pre-pack and loose lettuce is generally used as a salad base. While head lettuce offers good value, as it may be contribute to multiple salads, it may lead to waste if only one salad is required. It also requires preparation in washing, cutting and storing.

However, a pre-pack generally offers a smaller quantity, and may suit a smaller household and/or those seeking to reduce waste. Many pre-packs offer reduced preparation being pre-cut and washed.

Understanding the differences between purchase quantities sought for loose products can help determine a suitable size and pre-pack offer.

3.0 Vegetable Market Trends

The section reviews market performance for the first quarter of 2012

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 and shopping trip patterns
- Vegetable buying trends and reasons for buying

Household spend on fruit and vegetables

- In Q1 12, the average household weekly expenditure on fresh fruit and vegetables was $31.50 per household (compared to $30.20 in the previous quarter). This higher spend has been influenced by stronger demand for fresh fruit, which is typical at this time of the year.
- As profiled in Figure 1, the range of spend per household varies substantially from <$5 to >$50 per week. In Q1 12, 0.6% of households moved out of the two lower spend categories into the higher spend categories. In all, 39% of households spent less than $20 per week on fruit and vegetables, while 61% of households spent $20 or more per week on fruit and vegetables.
- Figure 2 indicates that expenditure on take home food, i.e. food purchased at retail to be prepared at home, is currently 76.5% of total household food spend, consistent with the previous quarter (76.5%), but higher than in the same quarter last year (74.9%).
- Compared to the previous year, most household segments have shown a small increase in the proportion of their total food spend allocated to take home food, while Empty Nesters are spending slightly less.
- Since 2008 the proportion of spending on take home food has continued to increase, but reached a peak in Q2 2011 and has since eased. This implies that households are content with the value they have captured (supported by lower inflation) and/or that they wish to maintain some level of eating out.

1. Household spend on fruit and vegetables lifted over the quarter, supported by stronger demand for fresh fruit. Spend on take home food remains consistent with the previous quarter, after coming off a peak in Q2 2011.

Figure 1

Fruit & Veg weekly spend range

per household

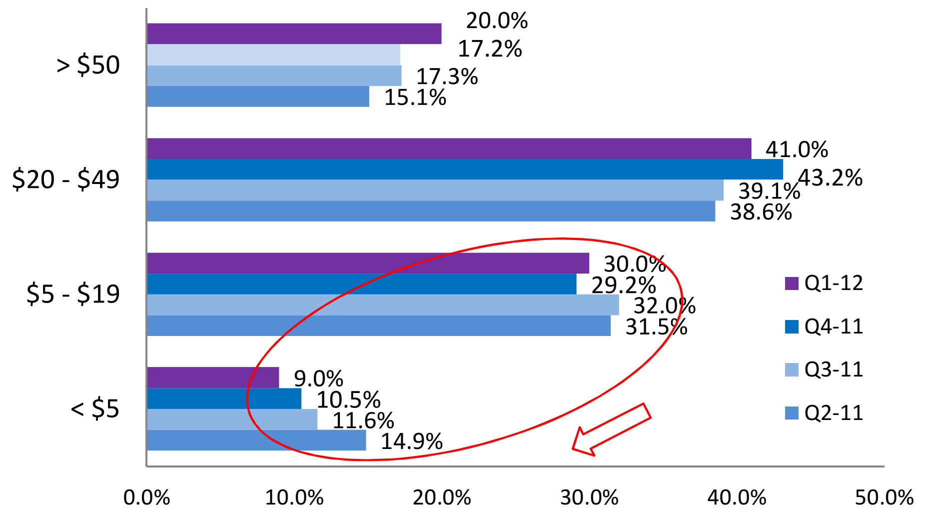
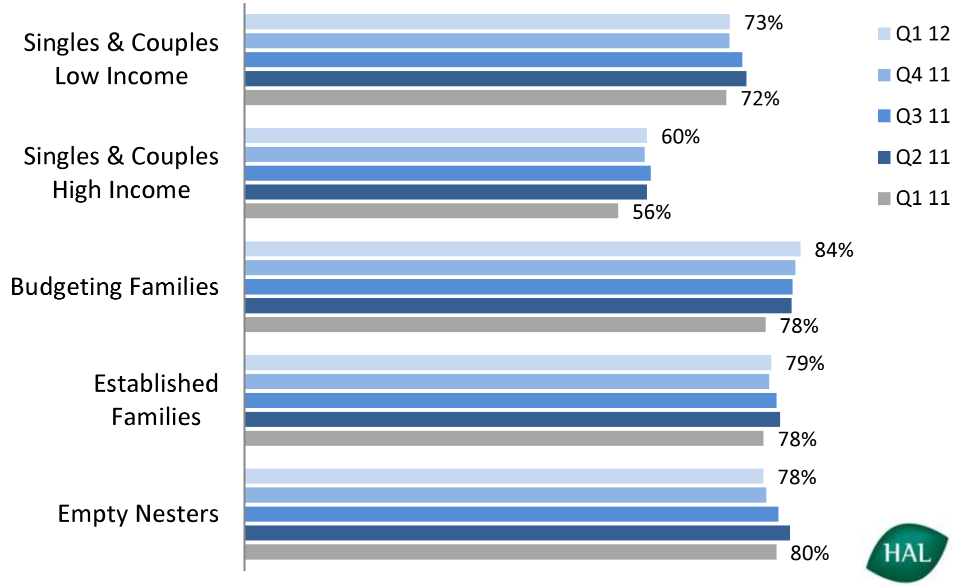


Figure 2

Spend on take home (retail) food

as proportion of total weekly food spend



Total vegetable sales

- Total retail vegetable sales in Q1 12 for all fresh, frozen and canned vegetables were $1.67 billion as profiled in Figure 3.
- This sales level was an expected seasonal decrease of $139.5 million or 7.7% on the previous quarter, which is attributed to strong retail competitor intensity, and an easing in formal home entertainment (which is common in the lead up to Christmas).
- These sales were $131.6 million or 7.3% lower than the same quarter in 2011 and is attributed to declining wholesale prices, which were notably lower than at the same time in the previous year.
- In addition to retail sales, it is estimated that 58,000 tonnes of fresh vegetables were sold to the foodservice sector in Q1 12. This was lower than the previous quarter due to less holiday season sales.

Fresh vegetable category sales contribution

- The quarterly category level contribution profiled in Figure 4 reflects the shift to the full summer mix of vegetables.
- This shift is reflected in a transfer of 3.0% of sales contribution towards salad components and a corresponding decreases of -2.0% in soft cooked vegetables and -1.0% in hard cooked vegetables compared to last quarter of Q4 -11.

2. In Q1 12 retail sales of all vegetables were lower than the previous quarter and 7.3% down on the same first quarter in 2011.

Figure 3

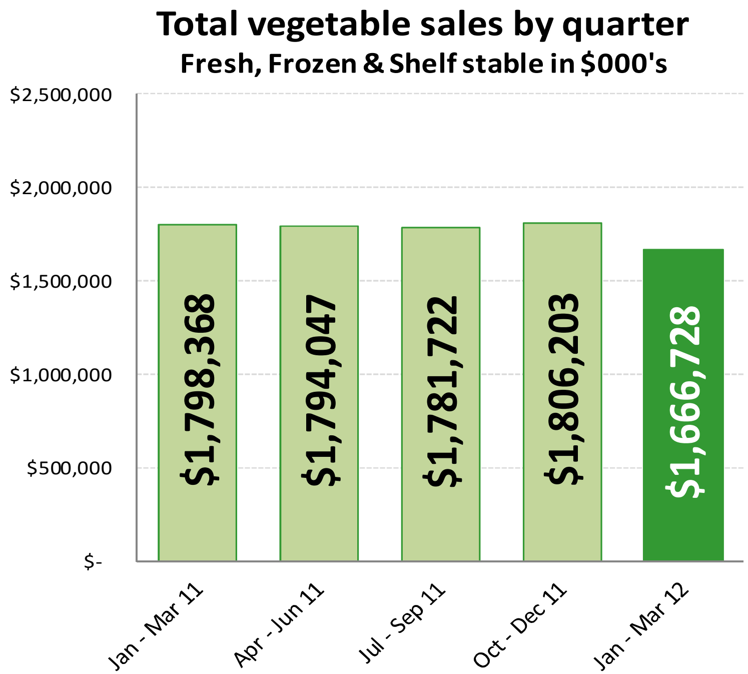


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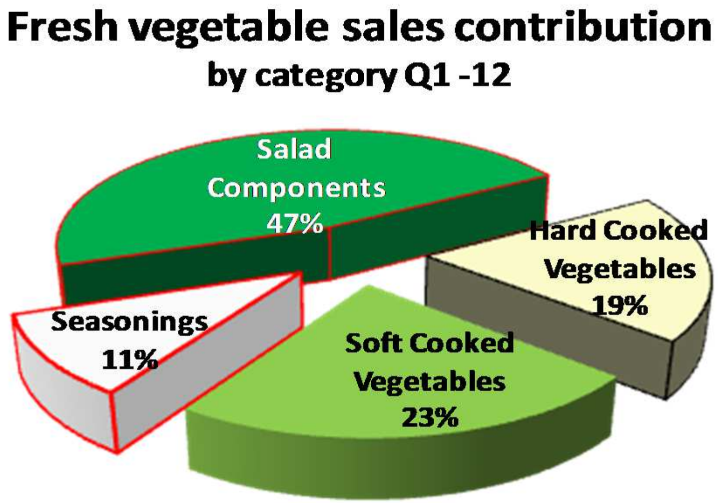
Figure 4



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Food inflation

- Food inflation, as reported by the ABS, was -2.5% in Q1 2012.
- This compares to 2.5% reported in the previous quarter, and 4.3% at the same time last year (see Figure 5).
- In Q1 12, the total food inflation was influenced most significantly by fruit and vegetables prices. Fruit prices decreased by 24.0% (compared to Q1 12), contributing -1.5% toward the total food inflation of -2.5%; while vegetable prices decreased by -17% (compared to Q1 12) contributing -1.3% towards the total food inflation.
- In comparison, meals out and takeaway rose 2.9% compared to the same time in the previous year and contributed 0.9% to total inflation.
- This is the second consecutive quarter where vegetable deflation (negative inflation) was recorded.

3. The ABS total annual food inflation was -2.5% in Q1 12, and was largely influenced by falling fruit and vegetable prices.

Figure 5

Food category percentage contribution to total Food CPI ABS

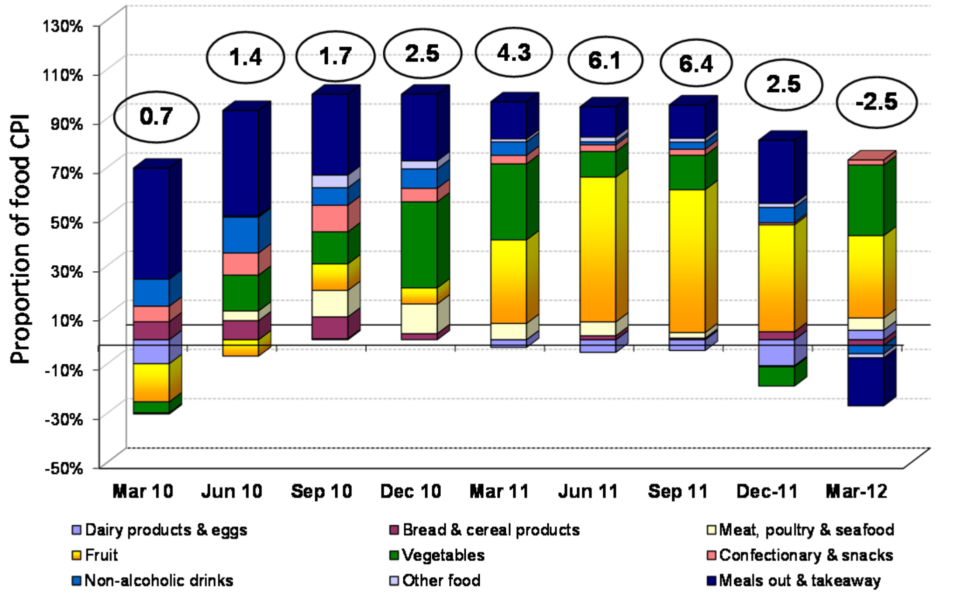
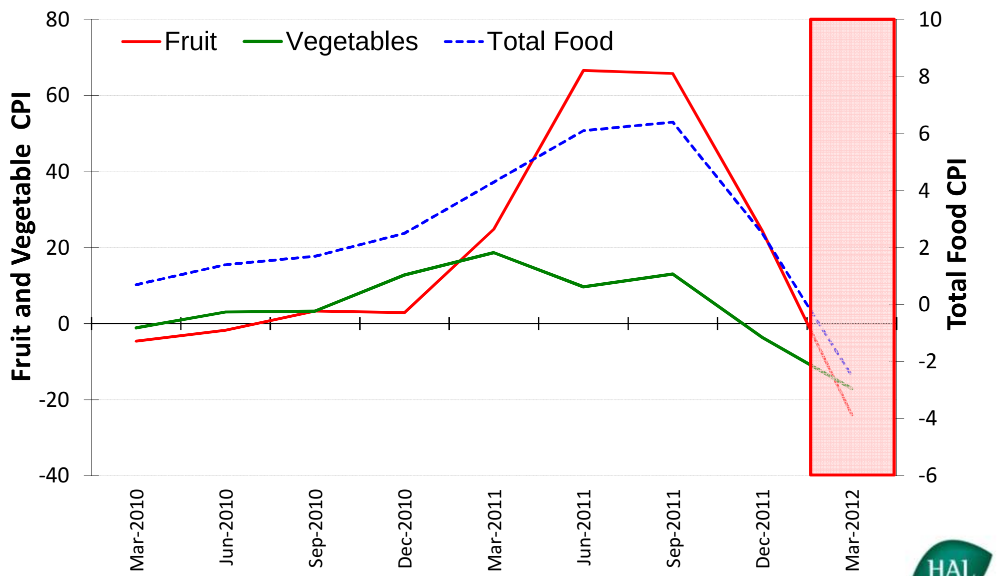


Figure 6

Total Food CPI, Fruit and Vegetable CPI ABS

Percentage change on same quarter in previous year Mar 2010 to Mar 2012



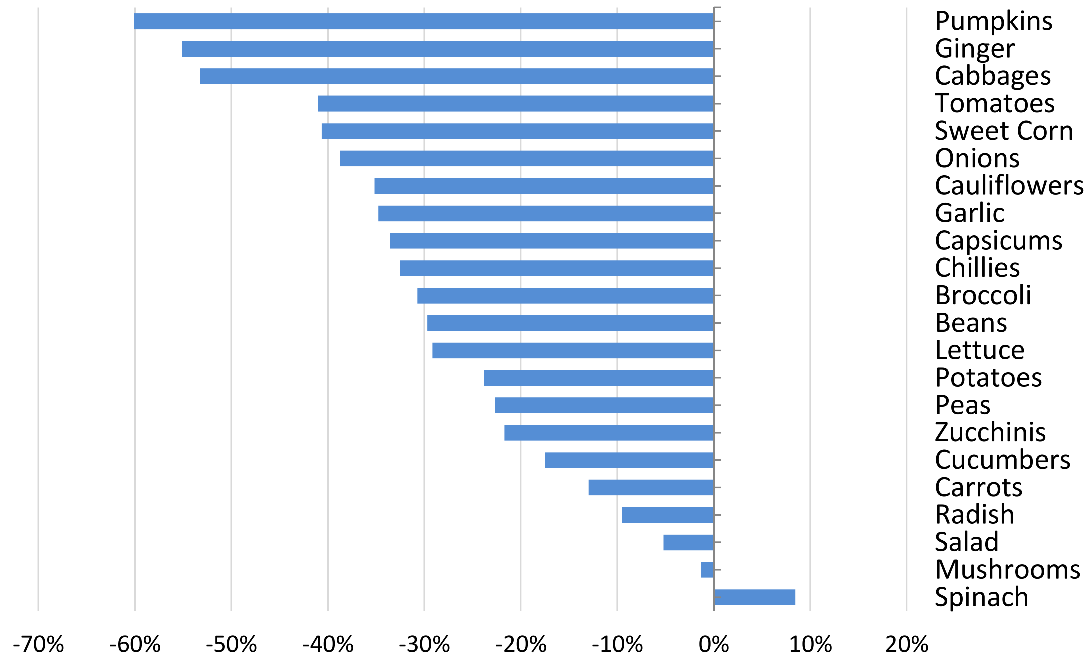
Wholesale prices

- 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 Q1 12, which ran from the week commencing 2 January to 26 March 2012, reflects an increase in prices with the average price over the period 6% higher than in the previous quarter. This was influenced by temporary supply shortages and logistical challenges resulting from state-based weather events.
- However prices have eased compared to the same quarter in the previous year (see Figure 7), with the average price 21% lower than at the same time last year.
- Almost all vegetables experienced a decline in prices over the year, and in particular pumpkin, ginger and cabbages, while spinach experienced a moderate increase in prices over this period.
- Over Q1 12, the major holidays affecting demand included New Years Day, Australia Day and Labour Day in some states. Further, school holidays and traditional work holidays occurred during January, and major sporting events such as the Grand Prix and Australian Tennis Open also took place during this period.

Figure 7

State weighted national wholesale price per kg

Change for Q1 2012 vs Q1 2011



4. Overall, wholesale prices increased moderately over the quarter, but eased considerably compared to the same quarter in the previous year.

Retail promotional activity

- The promotional activity by retailers that featured vegetables increased by 14% to 3,192 products for Q1 12, compared to the previous quarter. Retail advertising increased following a slowdown over Christmas period and fluctuated a little over the remainder of the period.
- On average, 246 vegetable products were advertised in the five main states each week in Q1 12, compared to 216 lines per week in the previous quarter.
- The increase in promotional activity over Q1 12 was driven by fresh and canned promotions which increased 20% and 17% respectively compared to the previous quarter. Frozen vegetable promotions increased a modest 4%.
- In all, 43% of total frozen vegetable promotions were for frozen potatoes.
- Over the quarter, frozen vegetables contributed 30% of total adverts, while canned vegetables contributed 16%. Adverts for fresh produce remains prominent, contributing 55% (up from 52% in the previous quarter).
- Within the fresh vegetable category, the strongest drivers of growth were hard cooked by (up 34% compared to the previous quarter) and seasonings (up 64%).
- Promotions for salad components increased 10% compared to the previous quarter, and contributed almost one quarter of all vegetable promotions in Q1 12 (see Fig 9). The contribution of hard cooked vegetables was 15%, soft cooked vegetables 11% and seasonings 5%.
- The overall increase in promotional activity during the quarter reflects the ongoing level of competitive intensity within the retail channel and seasonal influences.
- The continued strength of frozen vegetables adverts corresponds to the longer term growth in the use of frozen vegetables by households (see p. 19).

5. The number of vegetables products advertised increased by 14% over the quarter, reflecting the competitive intensity within the retail channel and seasonal influences.

Figure 8

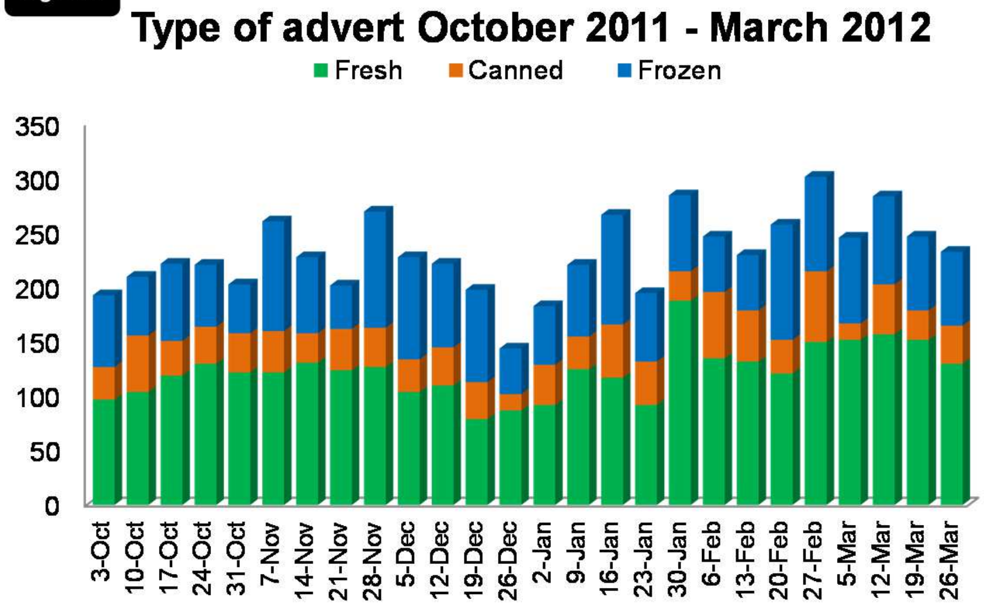
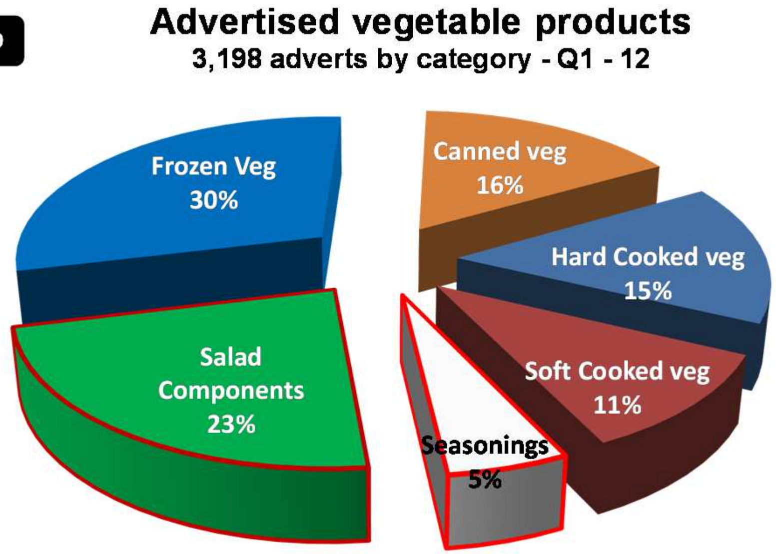


Figure 9



3.5 Vegetable retail promotional activity (continued)

Figure 10

Number of Advertised Fresh Vegetable Products

October 2011 - March 2012

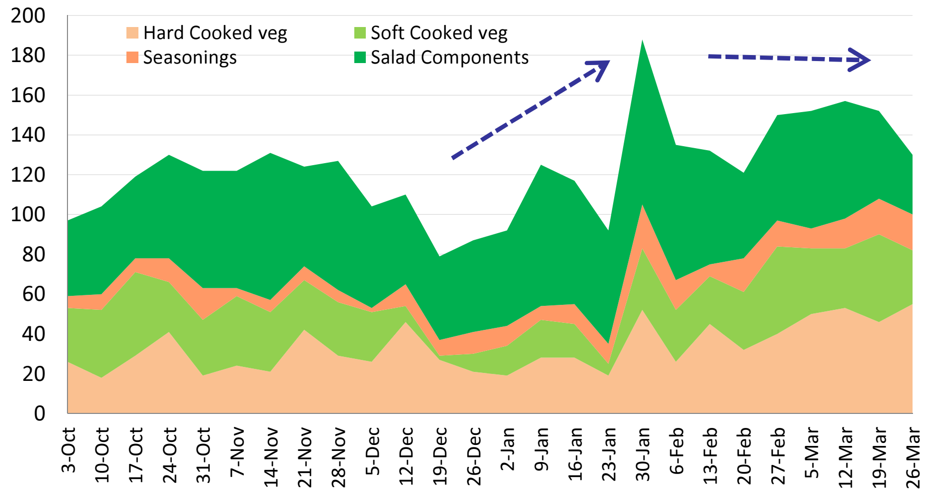
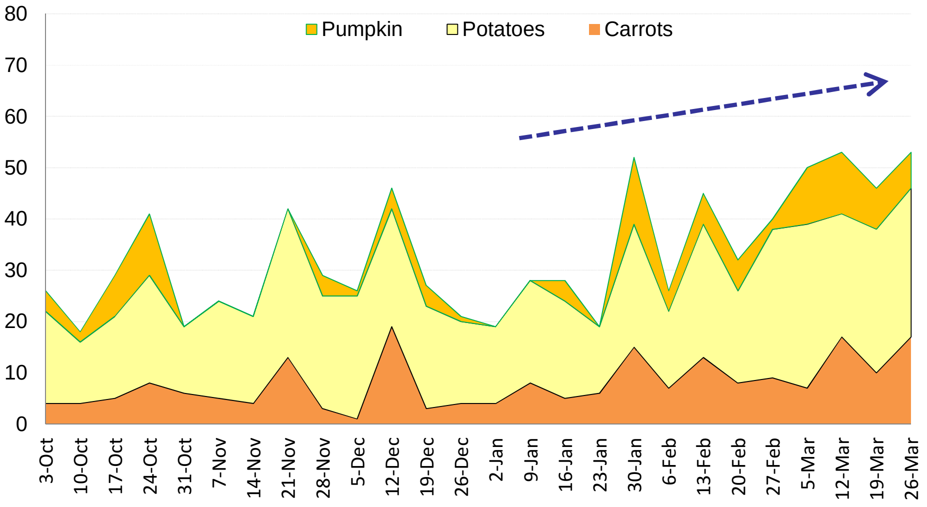


Figure 11

Number of Advertised Hard Cooked Veg

October 2011 - March 2012



Trends:

Q4 11 and Q1 12

- The type of product advertised in Q1 12 reflects a continued focus on salad components, particularly over the first half of the quarter, combined with a move towards hard cooked vegetables towards the end of the quarter.
- At a product level this was most evident in strong promotion of tomatoes and lettuce, together with potatoes.

Figure 12

Number of Advertised Soft Cooked Veg

October 2011 - March 2012

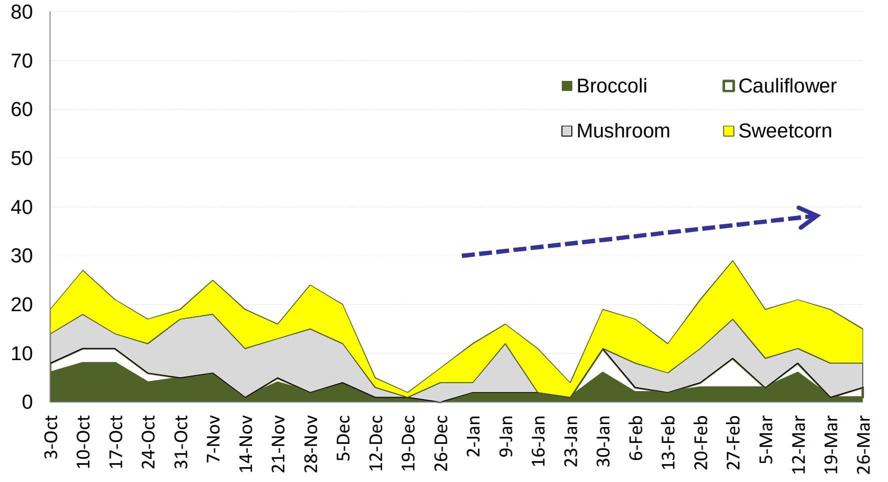
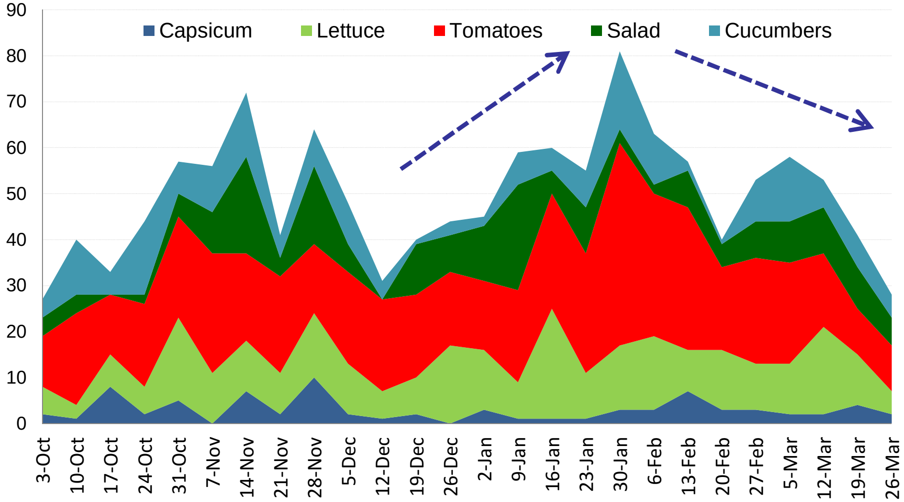


Figure 13

Number of Advertised Salad Components

October 2011 - March 2012



6. In Q1 2012 fresh vegetable advertising reflected an initial focus on salad components, following by a stronger focus on hard cooked vegetables reflecting a seasonal shift as the weather cooled.

3.6 Vegetables purchased and preparation method

Participation by vegetable form

- Figure 14 profiles the proportion of households that purchased vegetables in frozen, canned, and fresh forms in Q4 11 and Q1 12.
- Compared to the previous quarter, more households purchased fresh products, which may have been supported by promotional advertising. There was no change in the proportion of households purchasing canned products. The number of households purchasing frozen products eased slightly, although the longer term trend still indicates ongoing growth in the frozen category.
- Compared to the previous year, the proportion of households who purchased fresh and frozen products has increased slightly, while those who purchased canned products declined slightly.

Vegetable preparation

- Cooking, which includes steaming, boiling, roasting and stir frying, remains the dominant method of preparation, with 89% of households using this method in Q1 12. The use of cooking increased slightly over the quarter, which may reflect the cooler/wetter summer experienced in some states.
- In contrast, the use of salads decreased to 63%, compared to the previous quarter when 66% of households used this method and is a reflection of seasonal factors, availability and promotions at this time.
- The proportion of households who reported eating vegetables raw (41%) decreased compared to the previous quarter (44%).

7. Over the quarter, the use of cooking preparation increased, while the use in salads eased, in line with seasonal patterns as cooler weather approaches.

Figure 14

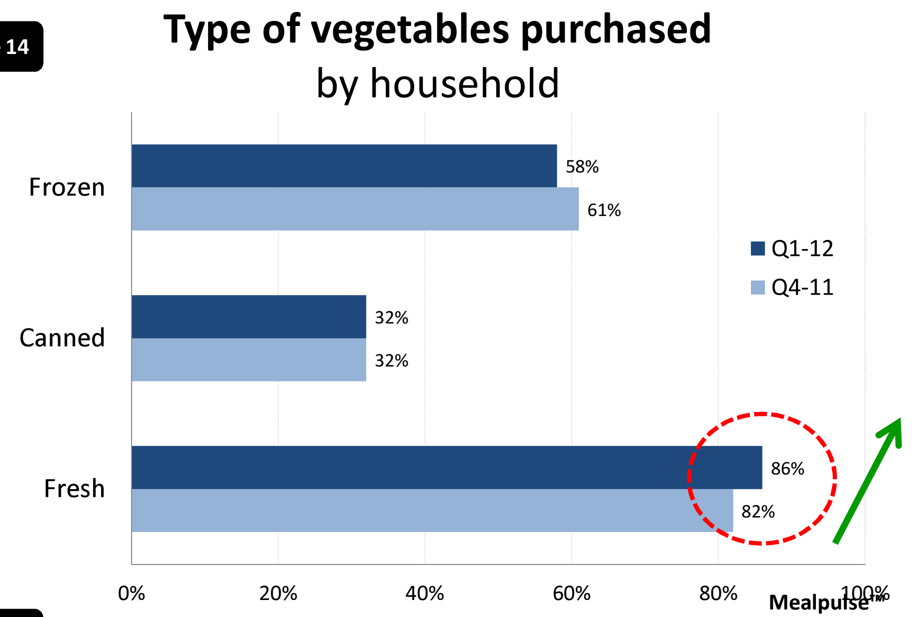
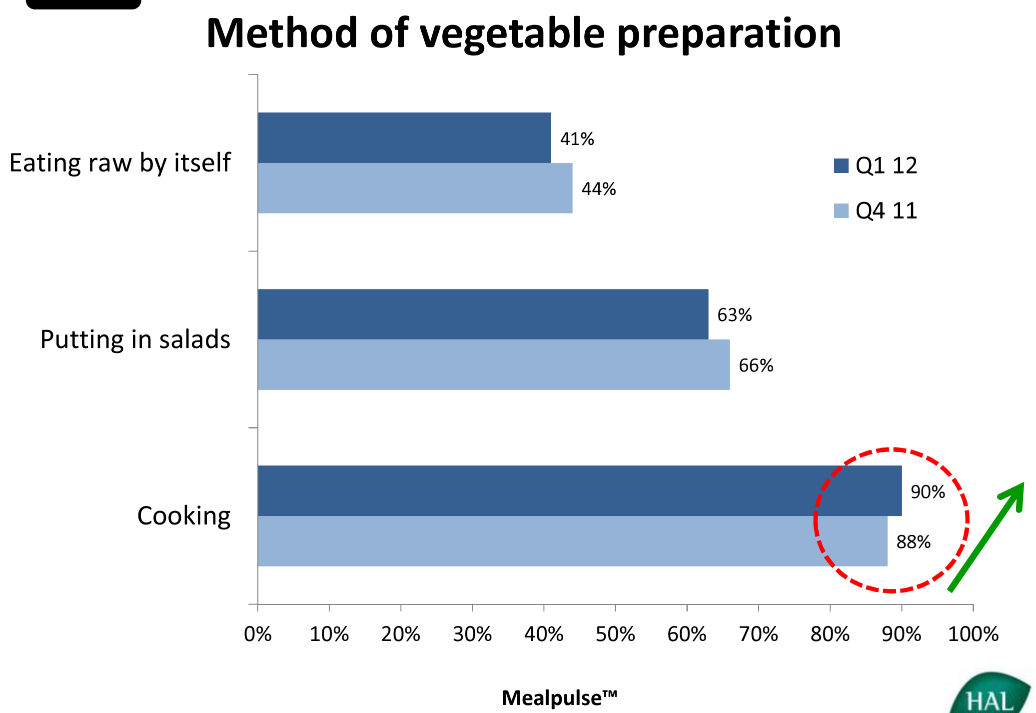


Figure 15



HAL Know-how for Horticulture™

Fresh vegetables purchased

- Figure 16 profiles changes in the level of weekly fresh vegetable purchases by gender and household segment in Q1 12 and Q4 11 – that is, the proportion of households who bought any fresh vegetables over the period of a week.
- In Q1 12, the total weekly household penetration increased to 86%, up from 82% in the previous quarter.
- Higher weekly vegetable penetration levels were reported across almost all segments, particularly among Budgeting and Established Families, and Empty Nesters. In contrast, Single and Couples with low income remained consistent with the previous quarter.
- Compared to the same quarter in the previous year, total weekly household penetration increased by 2%, from 84% to 86%.

Fresh vegetables purchased - state-based variations

- Figure 17 profiles the variations in household weekly penetration for fresh vegetable purchasing by state between Q1 12 and Q4 11.
- Compared to the previous quarter, almost all states reported an increase in fresh vegetable purchasing in Q1 12, and was particularly strong in Western Australia, South Australia/Northern Territory, and New South Wales/Australian Capital Territory. In contrast, fresh vegetable purchasing in Queensland remained consistent.
- Compared to the same time last year, many states reported an increase, while Queensland reported a small decrease, and Victoria/Tasmania remained consistent.

8. Over the quarter, 86% of households reported purchasing fresh vegetables on a weekly basis.

Figure 16

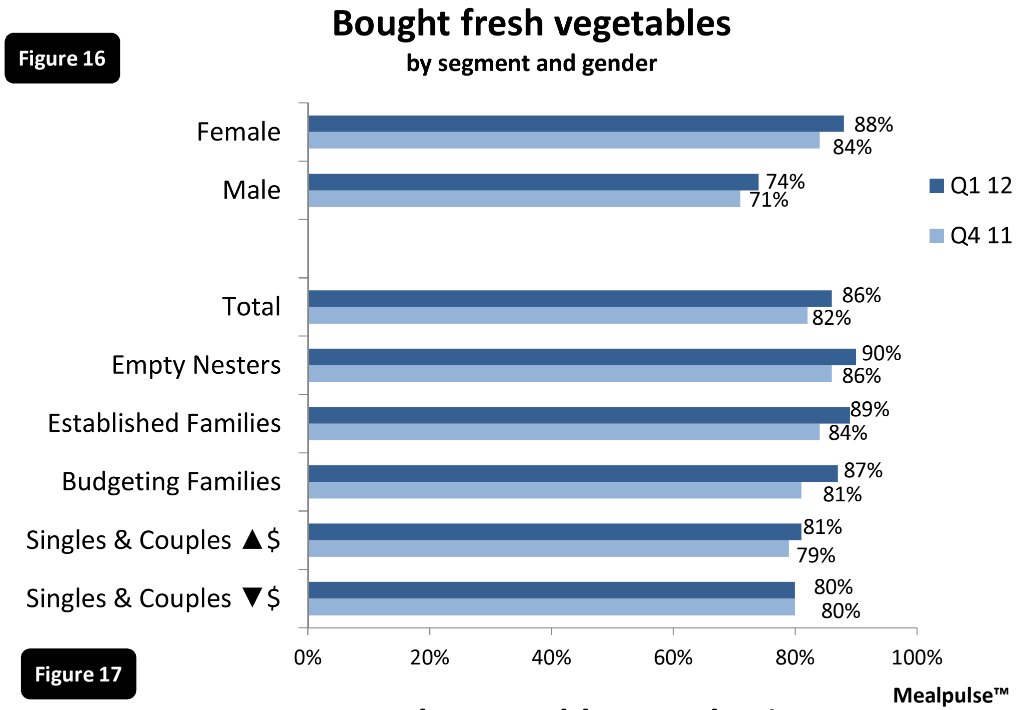
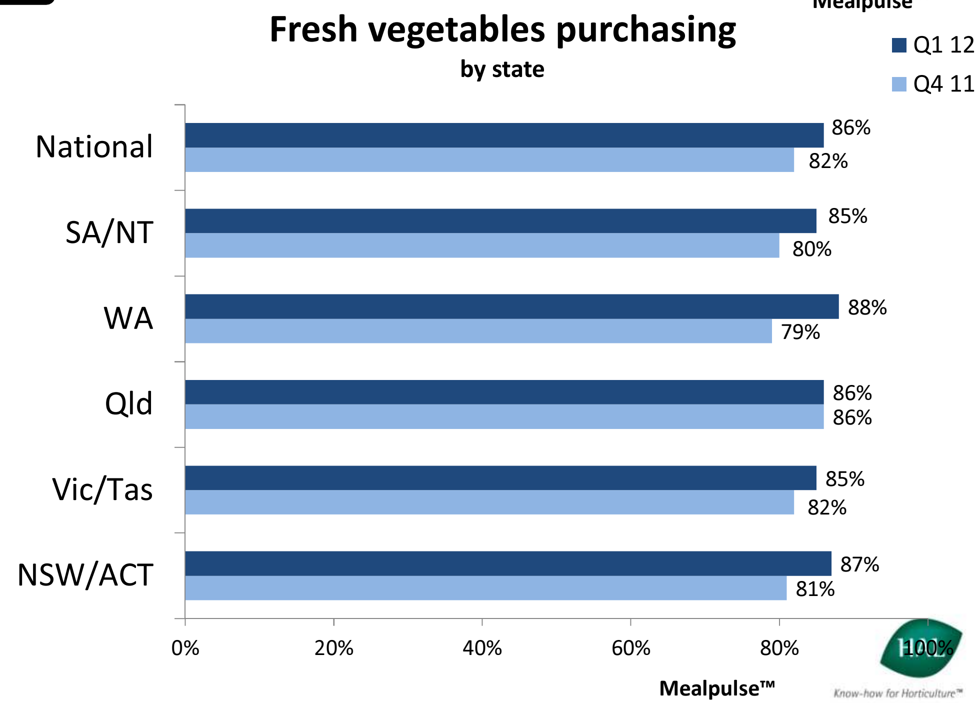


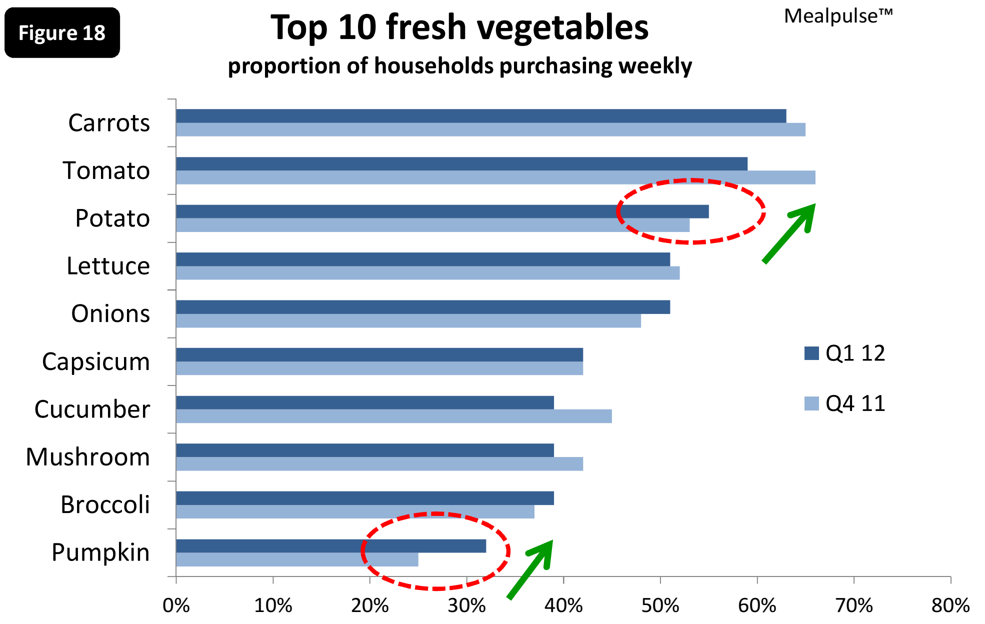
Figure 17



Most popular vegetable purchased weekly

- Figure 18 profiles the 10 most commonly purchased fresh vegetables in Q1 12, and the respective levels in the previous quarter (Q4 11).
- In Q1 12, carrots were the most popular vegetable, purchased by 63% of households weekly, followed by tomatoes (59%) and potatoes (55%).
- The increase in households purchasing carrots and potatoes reflective of their use as core components during cooler months, as is the increase in households purchasing pumpkins and onions. The cooler-than-expected weather over the March quarter has seen an earlier-than-usual switch to winter vegetables.
- The continued popularity of carrots, potatoes and tomatoes reflects their versatility and most likely the consistent pricing that they provide, as well as the relative affordability that they offer compared to other vegetables.

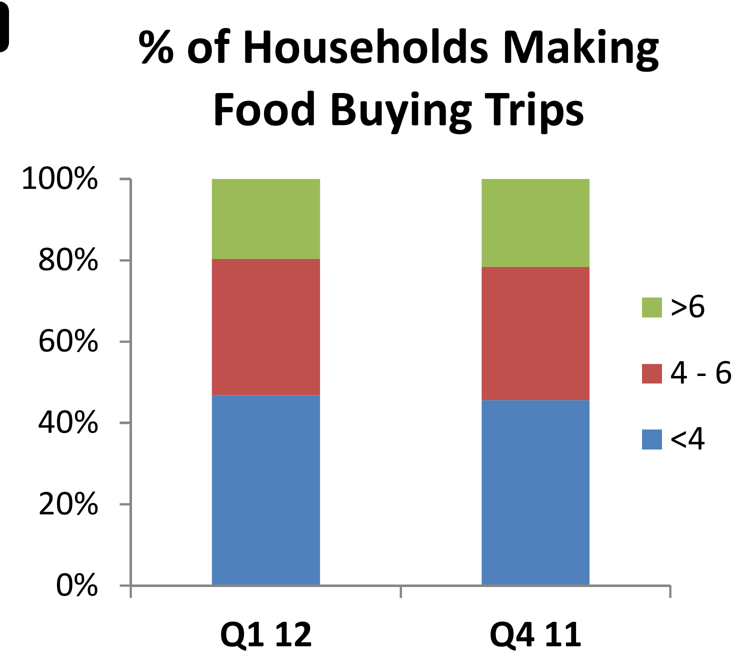
Figure 18



Shopping trip patterns

- In Q1 12, 47% of households made less than 4 food buying trips per week (to supermarkets and specialists), 34% made between 4 and 6, while the remaining 20% made more than 6 trips per week.
- Compared to the previous quarter, a greater proportion of households are undertaking less frequency trips, with fewer undertaking more than 6 trips per week.
- Despite this small decrease, the long term trend more top up shops continues.

Figure 19



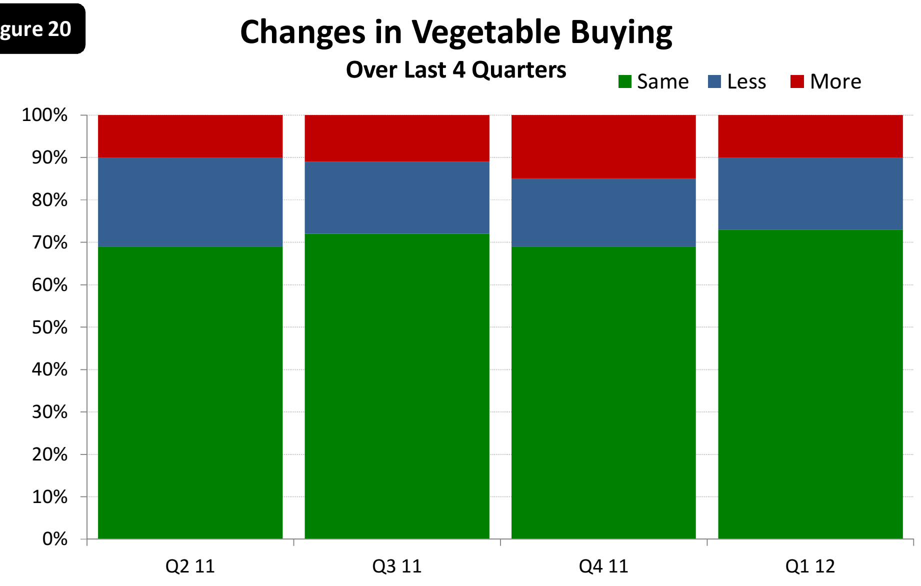
9. Carrots were the most popular vegetable purchased weekly by households in Q1 12. Over the quarter, a slightly smaller proportion of households are undertaking more than 6 food buying trips per week.

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, 73% 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 changes in vegetable buying over the last 4 quarters reflects common patterns as profiled in Figure 20. Over the 4 quarters, 70% of households continue to buy the same quantity and of the 30% that change, 19% bought less and 11% bought more. This profiles a consumer base where 81% are consistently buying similar or more vegetables. The exposure, in terms of an adverse impact on sales and consumption, is with 19% who are likely to buy less.

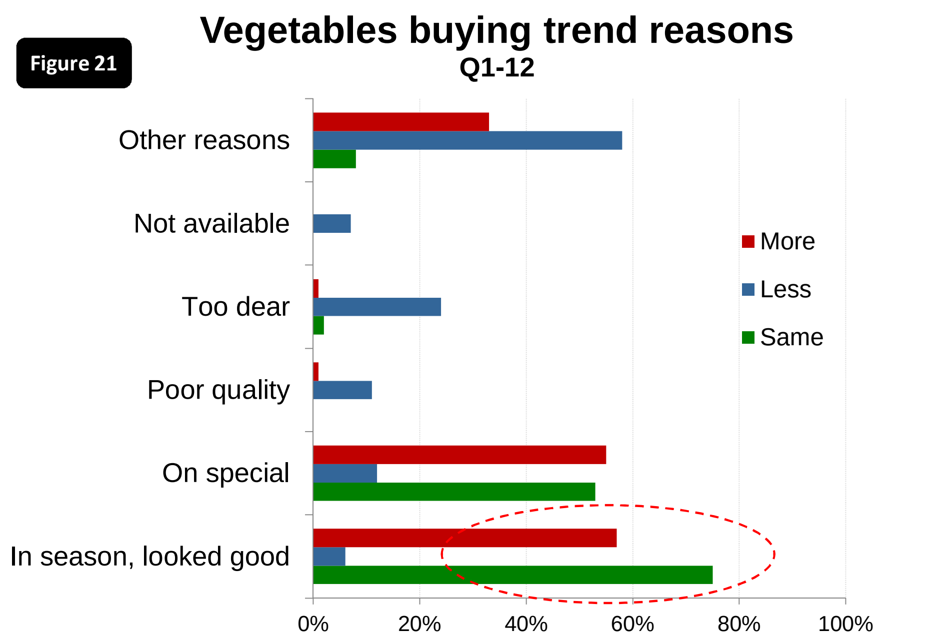
Figure 20



Vegetable buying trend reasons

- Figure 21 profiles reasons why households purchased more, less or the same quantity of vegetables as they did in the previous quarter.
- Of the 10% of households who purchased more in Q1 12, 75% reported that being 'in season/looked good' supported their decision, while 53% were encouraged by the fact it was 'on special'.
- Of the 17% of households who purchased less, 24% reported that they did so because it was 'too dear', which is slightly higher than in the previous quarter when 22% reported this as an influence.

Figure 21



10. Appearance, seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter. Purchase patterns show that 19% of consumers have been influenced to buy less and 11% to buy more vegetables.

4.0 Summary - Household segments and key characteristics

Q1

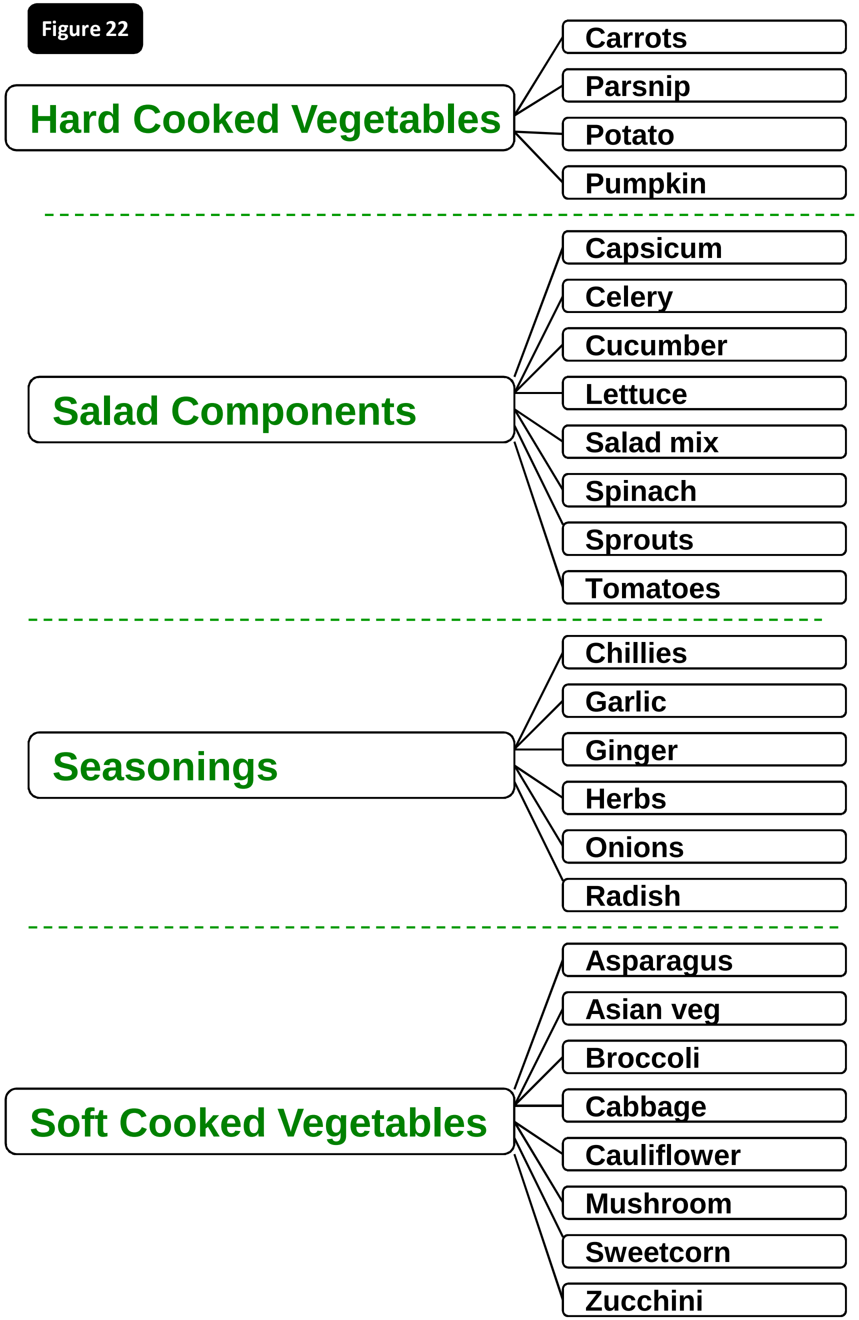
This table provides a reference, summarising household segments and their key characteristics.

	Household Segment	Description	Fresh Vegetable Weekly Household Penetration Q2-11 to Q1-12	Key Characteristics (incl. shopping habits, food spend, retailer patronage, price sensitivity)
	**Singles & Couples with Lower Income (S&C▼$)**	• No children, lower income, eating out restricted by income.	• 79%-83%	• 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. • **73%-75%** of total food $ spent on food at home. (Q2-11 to Q1-12)
	**Singles & Couples with Higher Income (S&C▲$)**	• No children, higher income and available discretionary dollars, eats out often.	• 79%-81%	• 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. • **60%-61%** of total food $ spent on food at home.
	**Budgeting Families**	• Single and dual parent families with children, financially stretched and time pressured.	• 80%-87%	• 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. • **82%-84%** of total food $ spent on food at home.
	**Established Families**	• Single or couples with children and above average income, at least one adult eats out regularly.	• 83%-90%	• 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. • **79%-80%** of total food $ spent on food at home.
	**Empty Nesters**	• 60 years plus, no children permanently at home, generally have income to eat out often but prepare and eat most meals at home.	• 86%-90%	• 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. • **78%-82%** of total food $ spent on food at home.

5.0 Fresh vegetable categories

Q1

Figure 22



Vegetable category structure

Based on like or complementary products, the vegetable types are grouped into categories listed in Figure 22, 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.