

VEGINSIGHTS

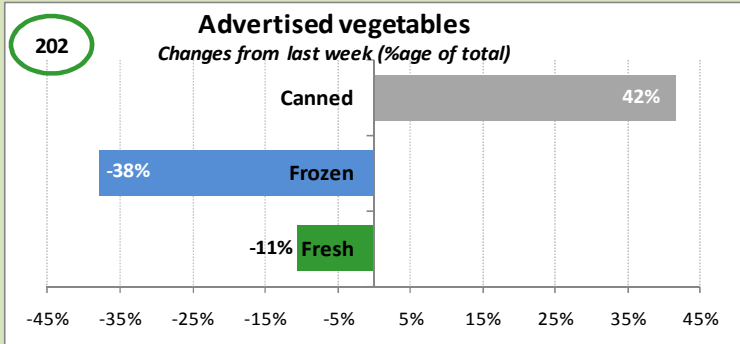
Weekly vegetable market insights - A VIDP initiative



2 June 2010

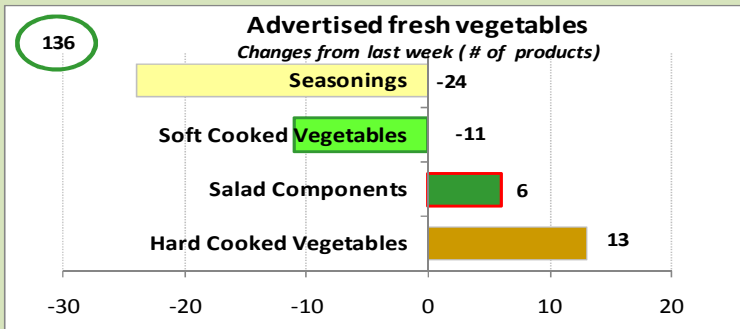
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Vegetable retail promotional activity



This week the exposure of vegetables decreased by 17% to have 243 vegetable products advertised by the major retailers. This was driven by decreases in Frozen at 38%, and Fresh 11% and an increase of 42% in Canned.

The number of fresh products advertised decreased by 11% to 136. There were decreases in the number of lines per category with the most significant being Seasonings at 24 and Soft Cooked Vegetables at 11.



Calorie, fat and salt content levels

could be included in the menus of fast-food chains, under a NSW govt proposal to counter obesity. It is proposed to provide this information at the point-of-sale and target the 2.6 million Australians who eat at a large fast-food chain everyday. If this proceeds it will favour low fat high fibre foods like vegetables. It will also require a large quantity of information, in front of hungry time poor consumers.



While the motive of this initiative is undeniably valid the execution runs the risk of information overload that may not be read or acted upon by time-poor consumers.

Headlines

- Veg wholesale prices trends in 2010
- Repositioning of the UK cauliflower
- Rapid expansion of pizza chain
- Fat content may be part of menus

UK cauliflower sector plans revamp.

The UK Brassica Growers Association (BGA) is raising cauliflower's profile by engaging celebrity chefs to introduce new recipes, to those who use caulis only as a "staple" for meat and 2 veggie meals. This follows research that revealed UK cauliflower sales dipped by 5% and consumption declined by 3.5% in 2009, with consumers stating they found the product to be expensive. It was also clear that cauliflower is mainly consumed by the 30+ segment; however, the younger generation moving into this age group do not view the vegetable as a meal ingredient. BGA also responded that a cauliflower head, which can feed up to 6 people, at £1.38 (A\$2.35) is good value for money.



The research findings were understood and a series of actions were taken to improve the situation. This is a practical example of how market information can be used.

Eagle Boys Pizza rapidly expands and commits to a \$20 million expansion in 2010, which will open one new store every two business days, or 20 new stores, in Sydney and Adelaide in June. The company's confident and rapid growth is driven by double-digits sales growth and more inquiries from potential franchisees. The new stores will incorporate greater space in the waiting area, more customer seating, repositioned menu boards and inbuilt fridges. This expansion will require greater quantities of tomato, onion, capsicum, mushroom, chilli, garlic and eggplant, which are the most common vegetable ingredients on pizzas.

Consumers are clearly still buying food away from home and in the form of pizza a mix of vegetables are required.

Weather	Sydney			Melbourne			Brisbane			Adelaide			Perth		
	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr
Period Highs & Lows °C	9-20	10-20	10-21	4-19	6-20	6-22	11-24	14-24	14-25	8-23	9-20	5-18	5-27	3-27	6-22
Rainfall															
Rainfall (mm)	95	46.2	20.2	0.0	8.0	6.4	22.6	12.8	9.6	2.2	41.6	27.8	39.0	0.8	26.6

Vegetable wholesale prices

The vegetable market establishes the value of product at the wholesale interface where available supply volumes are reconciled with demand. Therefore, the wholesale price becomes the basis for pricing further down the supply chain. Veginsights has developed a method to collate and summarise the trends in weekly vegetable wholesale prices. As an introduction the first five months of 2010 are profiled below.

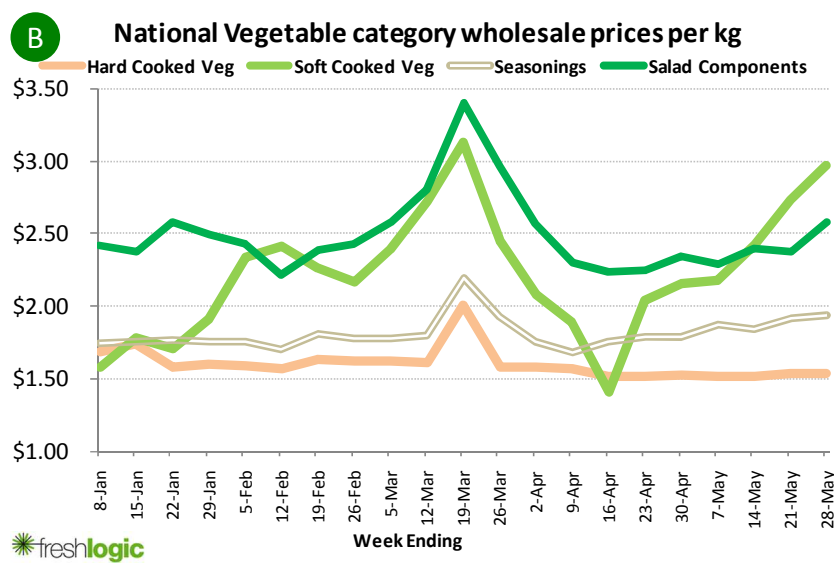
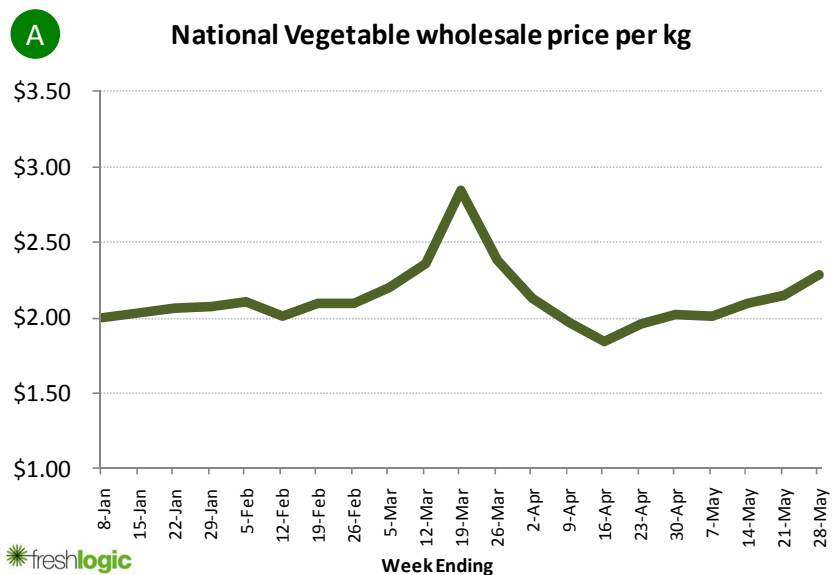
The wholesale vegetable price per kg

profiled in Chart A is based on a full range of vegetable wholesale market prices for high volumes products from the five main markets. The pack size and weight for each item is extended out to a price per kg and then weighted by the seasonal sales contribution of that item, to create vegetable category totals as per Chart B. These totals are then weighted into a national vegetable wholesale per kg as per Chart A.

The trends for this 5-month period, which commenced from week ending 8th Jan to last week, show a sharp rise of .76c/kg or 36.4% from late Feb to mid-March in Chart A. This rise was attributed to a combination of a supply shortage and continued warm weather leading into Easter. This rise was then followed by an equally sharp decline from mid-March to mid-April of \$1.01 per kg or 35.4%.

Chart B profiles the vegetable category contribution and the profiles how Soft Cooked Veg, which includes mushrooms, broccoli and cauliflower, and Salad Components, which includes tomato, lettuce and salad mix, are the major drivers of wholesale price volatility. These two categories contribute over 60% of fresh vegetable sales and are often in direct competition at the change of seasons. The wholesale price of Seasonings, which includes onions, chilli and ginger, and Hard Cooked Veg, which includes potato and pumpkin have more stable and lower prices per kg.

A full profile of the vegetable category structure used in this analysis can be viewed at www.freshlogic.com.au/veginsights



This wholesale price trend information can provide comparisons for growers who are assessing if changes in the wholesale prices they are achieving are reflective of the market. A weekly wholesale price movement snapshot will now be included in each of the weekly veginsights.