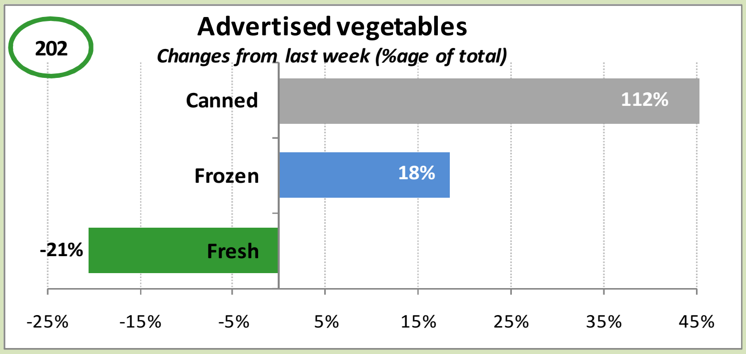
# VEGINSIGHTS

*Weekly vegetable market insights - A VIDP initiative*



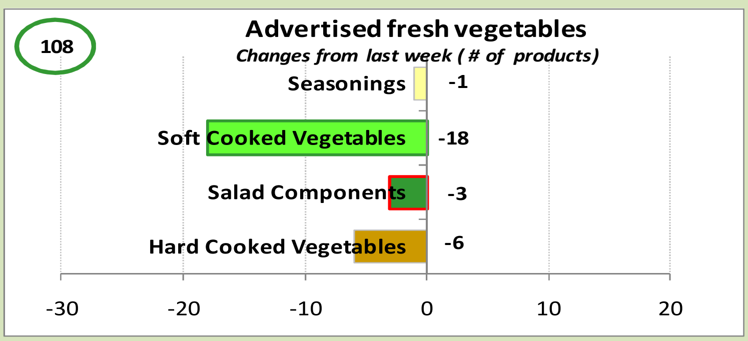
**9 June 2010**

## Vegetable retail promotional activity




This week the exposure of vegetables matched last week with 202 vegetable products advertised by the major retailers. This was driven by increases in Canned at 112%, Frozen at 18% and decreases in Fresh at 21%.

The number of fresh products advertised decreased by 20% to 108. There were decreases in the number of lines per category with the most significant being Soft Cooked Vegetables at 18.




## Headlines

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- "Good Natured" looks a strong option
- UK peas & beans enjoy marketing
- New products in smaller portion size
- C-stores invest & build fresh capacity
- Veg wholesale prices decline by 3.5%

## Good Natured (GN) aubergines

launched by Angus Soft Fruits in the UK is the second GN product launched in 2010 and it adds to a range that includes tomatoes, living herbs, peppers, cucumbers and potatoes.

These products are grown with production systems that minimise pesticide use and the GN program is looming as an effective way to communicate these sensitive but credible claims to consumers. There are indications that the GN program has the potential to do for vegetable and fruit what "free range" did for meat and poultry.

*Good Natured may have the potential to clearly signal sensitive production system benefits to consumers.*

## UK peas & beans have enjoyed marketing support

**UK peas & beans have enjoyed marketing support** for a 4th year with the *Taste of Summer* campaign set to educate UK customers about the vegetables. The objectives were to lift interest and promote new ways that people can enjoy these vegetables. In 2009, a period of economic uncertainty, the campaign successfully reached 37 million people and led to 60% increase in the sales of green beans, broad beans and fresh peas. About 220,000 households also increased consumption of runner beans and about 40% of consumers visited the campaign's recipe section on its website.

*Regular investment marketing the basics of vegetable consumption has clearly worked for UK peas & beans.*

## Smaller portion sizes are a feature of many new products

**Smaller portion sizes are a feature of many new products** as innovators target the snacking consumption occasions. NatureSweet in the US has developed bite-sized yellow tomatoes, packed with vitamins, nutrients and intense taste, but low in sodium and packaged in resealable containers to retain their freshness and longevity. These tomatoes are aimed as a savoury snack enjoyed on the run. NZ's Plant & Food Research has produced a bite-sized red apple variety called *Rockit* that is "about the size of 1.5 golf balls," and is aimed at competing with snack items such as chocolate. Both these new products reflect smaller bite-sized quantities of food and typically capture unit price premiums above larger quantities.

*Demand for snacks on the go is being met with smaller sized vegetables and fruit.*

| Weather | Sydney | | | Melbourne | | | Brisbane | | | Adelaide | | | Perth | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Period | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr | Last wk | This wk | Last yr |
| Highs & Lows ℃ | 10-20 | 9-20 | 9-19 | 6-20 | 6-19 | 5-18 | 14-24 | 10-25 | 12-24 | 9-20 | 5-18 | 7-18 | 3-27 | 5-21 | 6-26 |
| Rainfall | | | | | | | | | | | | | | | |
| Rainfall (mm) | 46.2 | 119.8 | 30.2 | 8.0 | 14.8 | 3.8 | 12.8 | 0.4 | 15.0 | 41.6 | 2.2 | 6.4 | 0.8 | 0 | 11.4 |

## Distribution Channels

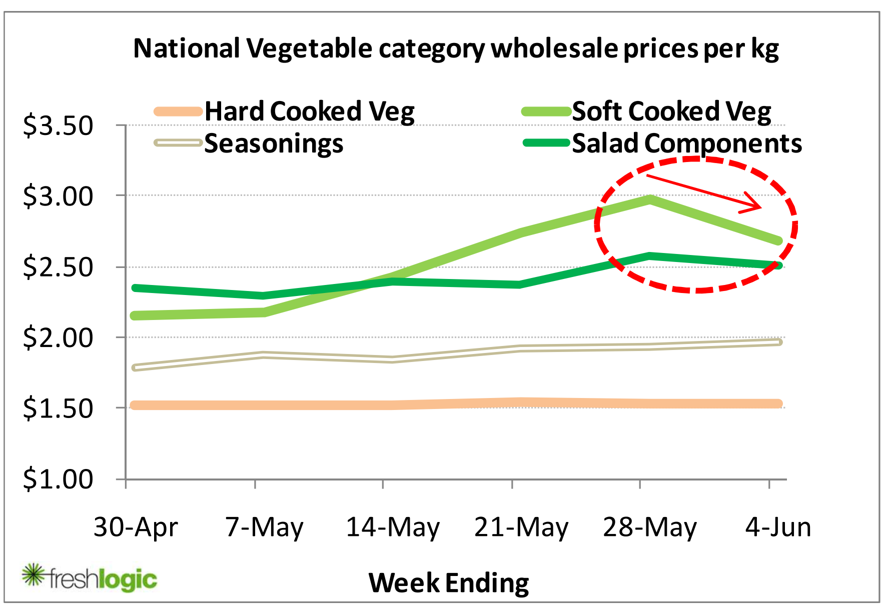
**There are several retail distribution channels available to get vegetables to consumers** and this week we explore some recent changes in the C-store channel ownership and capacities with fresh food in Australia and how C-stores are performing in UK.

**The Convenience store (C –store) channel** has seen some major moves this week with confirmation that the 295 retail fuel stations of Mobil Oil Australia will be acquired by 7-Eleven Australia. This move will strengthen 7-Eleven's presence in the main metropolitan regions to more than 650 outlets, increase consumer transactions to about 160 million per year, and help generate sales of more than $2.84 billion.


While the typical C-store offer has been based on fuel, cigarettes, snacks, drinks, newsagency and confectionary, in recent years 7-Eleven's have built their capacity to sell fresh products. With the capacity to deliver to stores daily they have introduced and now range fresh bananas in all stores (see the adjacent picture of a counter display). Given that Australian households are shopping for food 2-4 times a week, if the likes of 7-Eleven can lift their credibility with fresh products they will increase their appeal as an outlet for a greater share of these shopping trips. With a refrigerated capacity already in-store it would be an easy addition for these stores to range some ready to eat fresh vegetables. Night Owl C-stores that are based in SE QLD also range bananas and other fresh foods.

Findings from a recent study in the UK show that the C-store sector is growing at a faster rate than the supermarkets and the overall grocery market in the UK. In 2009, the C-sector accounted for more than €1.20 in every €6 spent on groceries with a total €37 billion spent in the sector. Furthermore, analysts have predicted that the sector – which accounts for 20.9% of the total UK grocery market – will capture growth in market share through to 2015. The study identifies factors such as strong promotional programmes, new stores, and launches of new private label ranges as being contributors to the strong C-store performance in the UK market.

*The leaders in C-Stores are investing and improving their capacity to retail fresh foods.*




**The wholesale vegetable price per kg** declined last week by 3.44% to **$2.21 per kg**. This was driven by declines of 9.75% in soft cooked veg and 2.78% in the salad components category, both of which were at high points during the last 5 weeks. Seasonings firmed by 1.53% and hard cooked vegetables matched the previous week.

Cauliflower, broccoli and tomatoes were the most significant product declines from the previous week. Garlic firmed as the various supply of imported products and strong winter demand impacted prices.

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