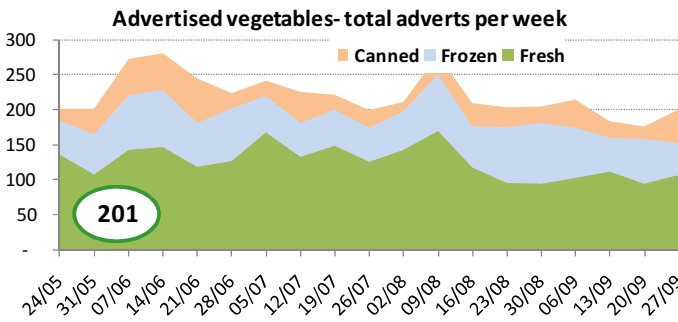


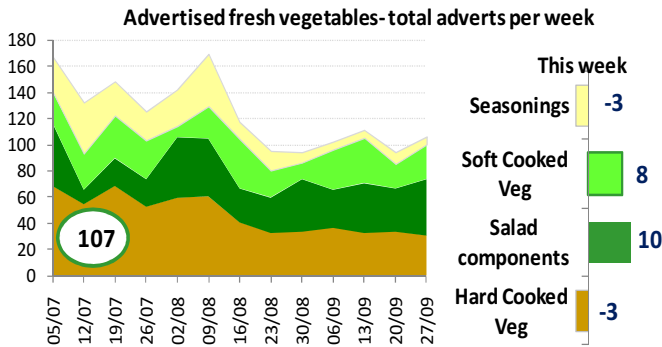


Vegetable retail promotional activity



The overall exposure of vegetables in retail promotional advertisements **increased by 14%** from last week's volume to a total of 201 lines. This was driven by increases in fresh and canned lines and a decline in the number of frozen lines advertised.

The volume of **fresh veg adverts** increased by 13% to 107 lines, with decreases in salad components and soft cooked vegetables.



Health & convenience on shopping lists

The latest Rabobank Market Update on EU fresh-cut fruits & vegetables (F&V) reveals that sales of pre-packed F&V have continued to grow across the EU despite the recession. Rabobank states that consumers have not turned away from fresh-cut F&V despite the broad availability of often cheaper substitutes, proving that they still want healthy and time-saving solutions. Rabobank estimates that the growth in the F&V sector will continue at 4% a year.



The convenience of meal-ready products continues to win support from value discerning consumers.

Headlines

- Supermarkets lift market share
- New ways to connect with growers
- Health & convenience on shopping lists
- Veg wholesale price firms to \$2.29 per kg

Supermarkets lift share of fresh vegetable sales

The analysis of the Mealpulse™ panel responses for the 2nd quarter of 2010 confirms that the major supermarkets have won the fresh vegetable market share from greengrocers and markets. These changes have been reflected in the retail outlets that consumers have patronised for primary vegetable shopping trips and the extent to which those consumers shopping in supermarkets have also purchased fresh vegetables elsewhere. The extent of share capture equates to 1-1.25% of the market value for fresh vegetables, which equates to national weekly sales of \$1.14-\$1.41 million. This share increase comes after substantial investments by the major supermarkets in their retail stores and a sharper focus on vegetables in retail promotional activity.



The greengrocer is under some pressure as supermarkets are winning support from consumers with investments in their stores and adjusted promotional priorities.

New ways to connect with growers

Foodservice company Reynolds has launched a new development kitchen at its office and warehouse facility in the UK, with the aim of connecting its customers with growers. This £250,000 investment has been five years in the making and is now demonstrating to customers how different kinds of fresh produce can be used, working hand-in-hand with both UK and Dutch growers.



The resource will get some high-quality market feedback flowing between growers, chefs and consumers.

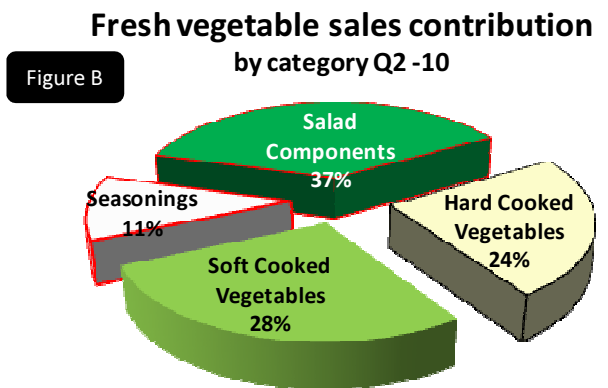
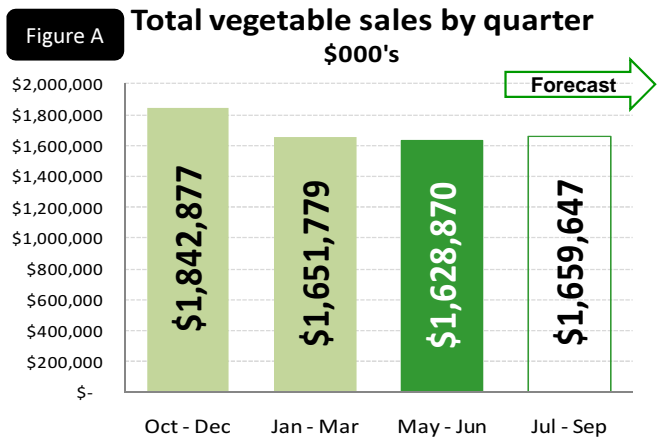
Weather	Sydney			Melbourne			Brisbane			Adelaide			Perth		
	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr
Period															
Highs & Lows °C	11-27	9-27	10-26	10-20	6-21	8-24	13-25	14-28	9-29	5-19	5-22	7-26	5-28	7-29	4-26
Rainfall															
Rainfall (mm)	2	14.6	12.6	1.0	5.6	5.0	37.8	42.0	0.0	0.0	0.6	2.2	0.0	0	9.8

Quantifying the impact of seasonal sales trends

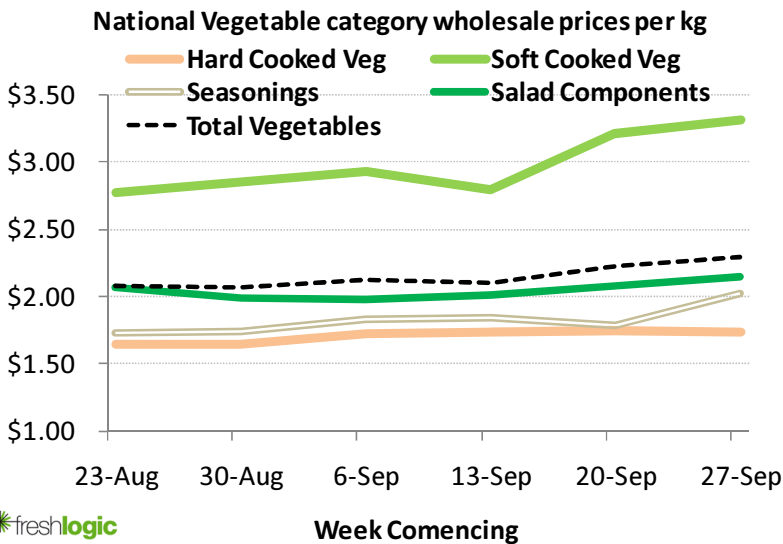
Vegetable consumption is heavily influenced by seasonal factors such as weather, lifestyle trends and product availability. This analysis explores the impact of these seasonal changes on the fresh vegetables sold in the 2nd calendar quarter of 2010.

Vegetable sales trends: the 2nd quarter of 2010

- The total retail vegetable sales in Q2 10 for all fresh, frozen and canned product forms amounted to \$1,628,870 billion, as profiled in Figure A. This was a decrease of \$22.9 million or 1.4% on the previous first calendar quarter of 2010.
- The category level contribution for fresh vegetables sales for this quarter is profiled in Figure B, which reflects the impact of seasonal demand trends.
- The contribution from salad components decreased by 9.6% and increased by 4.7% in soft cooked vegetables and 4.5% in hard cooked vegetables for fresh vegetable sales in Q2 10.
- These are substantial changes, dominated by a 20% reduction in the sales contribution from salad components during this period. This level of change invites questions about the extent to which these changes are driven by consumer demand and/or driven or supported by grower, wholesaler or retailer actions.



All industry participants understand the broad impact of seasonal demand changes which, in many respects, are reflected in grower planting plans. However, with a more detailed understanding of these changes, it may be possible to better service the demand and manage the commercial results more effectively.



The wholesale vegetable price increased 3% or 6c per kg last week to **\$2.29 per kg**. This was influenced by increases of 13% in seasonings and 3% in soft cooked veg and salad components. This was countered by a 14% decrease in hard cooked veg.

These changes were caused by double digit increases in garlic, zucchinis, beans, lettuce and cauliflower. All salad lines except cucumber increased. Pumpkin prices decreased by 16% compared to the previous week.

The demand for salad lines and soft cooked veg was firm and in these conditions, short supply quickly led to higher prices.