Developing a marketing strategy for the Australian Potato industry

Linda Tagni
Market Equity Pty Ltd

Project Number: PT04011

PT04011

This report is published by Horticulture Australia Ltd to pass on information concerning horticultural research and development undertaken for the potato industry.

The research contained in this report was funded by Horticulture Australia Ltd with the financial support of the potato industry.

ISBN 0 7341 1492 3

Published and distributed by:

Horticultural Australia Ltd

Level 1
50 Carrington Street
Sydney NSW 2000
Telephone: (02) 8295 2300
Fax: (02) 8295 2399

E-Mail: horticulture@horticulture.com.au

Know-how for Horticulture™

Market Equity Pty Ltd ACN 054 505 127
1 Eden Street North Sydney
New South Wales 2060

Tel 02 9922 8192 **Fax** 02 9922 8178
Email marketequity@marketequity.com.au
www.marketequity.com.au

Developing a Marketing Strategy for the Australian Potato Industry

February 2005

a report for

HAL

Know-how for Horticulture™

AMI
AUSTRALIAN MARKETING INSTITUTE

National Award for Marketing Excellence 2003

AMRO

Member of Australian Market Research Organisation

IQCA

Accredited by Interviewer Quality Control Australia

Section 1: Introduction

Introduction

Background and Scope

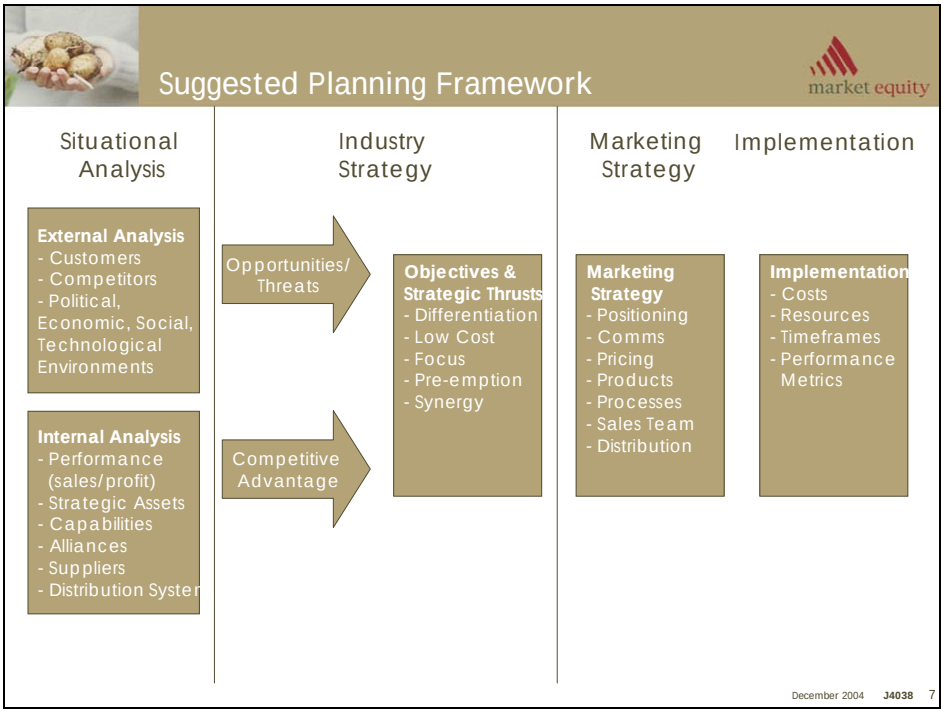
The Australian Potato Industry has identified the need for a national marketing strategy for fresh potatoes. This strategy is required if the industry is to build support for future marketing activities. Market research was identified as a key priority to address before the development of a marketing strategy. The industry would like to understand the future consumer and market environment in order to plan a marketing campaign that delivers benefits to potato growers.

This research project was commissioned to:

- Review existing market research, understand market trends and identify information gaps that could be addressed through further research;
- Conduct qualitative research to provide insights into consumer attitudes and behaviour regarding fresh potatoes; and,
- Develop objectives and strategy to feed into a comprehensive marketing plan for the Australian Potato Industry.

Planning Framework

The suggested framework for strategy development is illustrated in the diagram below.



This document covers the initial steps in the framework as follows:

- Section 2 – Situational Analysis. This section focuses on an external and internal analysis of the Australian Potato Industry.
- Section 3 – Consumer Perceptions of Fresh Potatoes. This section outlines qualitative findings to supplement the external customer analysis in section 2.
- Section 4 – Marketing Strategy for the Australian Potato Industry.

Section 2: Situation Analysis

Introduction

This section comprises a situational analysis of the Australian Potato Industry. It outlines the findings of a review of existing research.[1]

Objectives

The overall objective was to undertake a situational analysis of the Australian Potato Industry. Specific informational objectives included:

- Profile the market in terms of potato consumption and sales.
- Understand consumer attitudes to fresh potatoes, including barriers and motivators to purchase.
- Compare recent trends to those of other carbohydrates and vegetables.
- Briefly analyse the supply chain.
- Understand consumer-level and market-level trends and their impact on fresh potatoes.
- Undertake a high level PEST analysis.
- Understand the marketing strategies of comparable industries.
- Identify information gaps and their relevance.

Approach

To achieve the objectives an extensive review of existing market research was undertaken, with reports and data sourced from:

- Horticulture Australia.
- Potato Marketing Corporation of WA research conducted by Market Equity.
- Third party industry analysis.
- International and Australian bureaus of statistics.
- International trade and professional associations.
- Relevant industry and competitor websites.
- Academic and research institutions.

[1] This is a summary of *Developing a Marketing Strategy for Australian Fresh Potatoes, Stage One: Situation Analysis*, December 2004 by Market Equity.

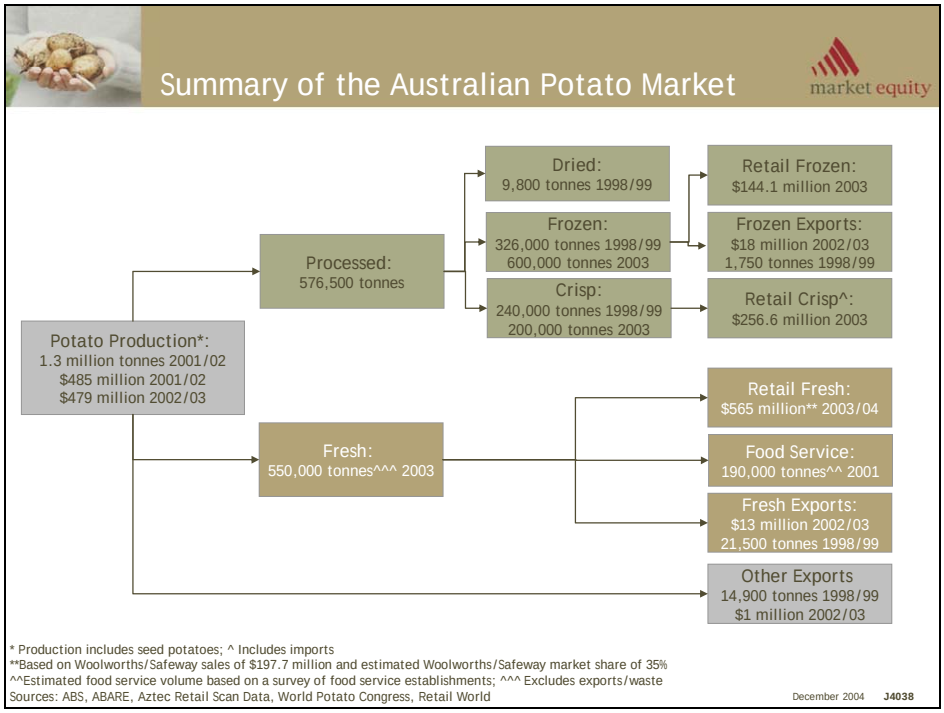
This information was analysed in the context of the knowledge required to develop an industry marketing plan.

Internal Analysis

Production

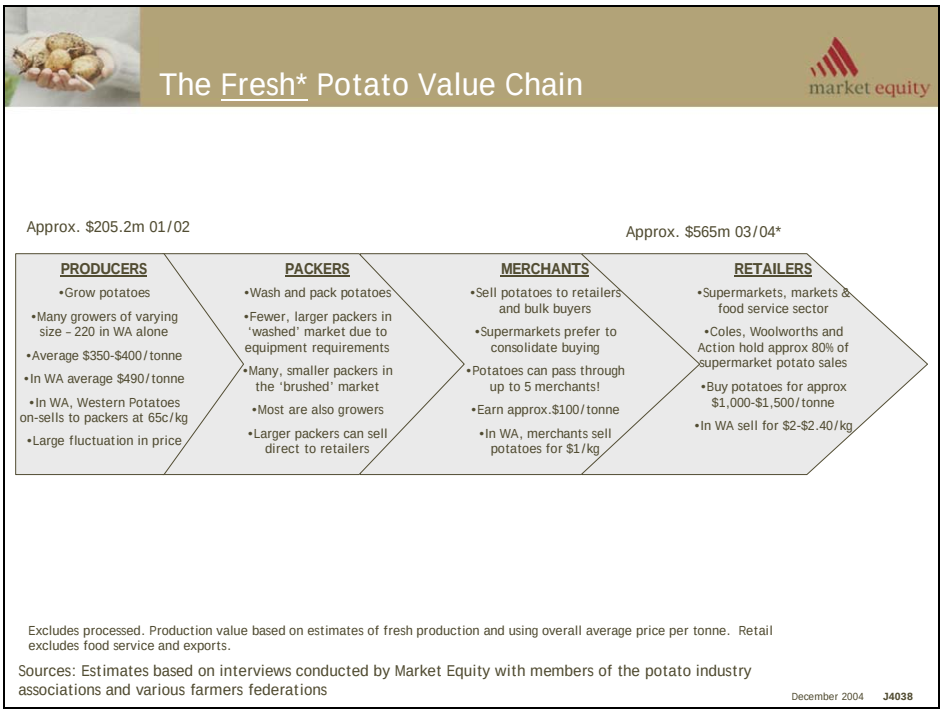
The overall volume and value of production of potatoes has remained fairly constant from 1994 to 2003 (Refer Appendix, chart 1).

The diagram below shows a summary of Australian Potato production using 2001 to 2003 data. It is estimated that approximately 39 percent of potatoes are sold as fresh. (Refer Appendix, chart 2.)



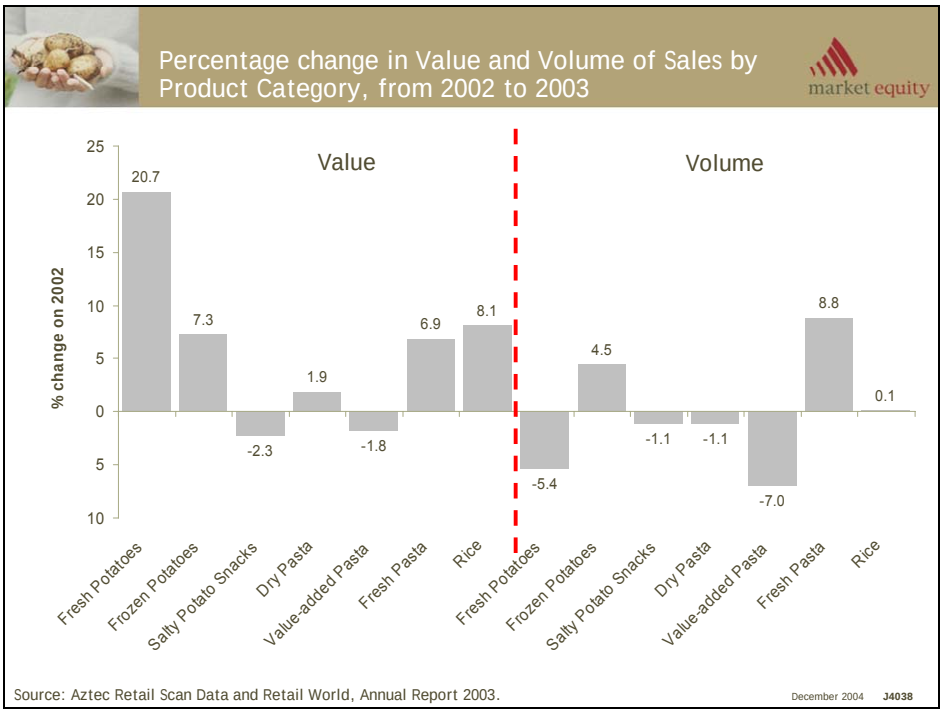
Supply Chain

There are four key components of the supply chain for fresh potatoes as is shown in the diagram below.



Retail Sales

An analysis of fresh potato sales at from Woolworths/Safeway between 2001 and mid 2004, shows that overall there was a 20.7 percent increase in value of fresh potatoes. However, during that same period there was a 5.4 percent decrease in sales volume. The diagram below shows the corresponding shift in value and volume for other carbohydrates during the same period. Refer also to charts 3 to 9 in the Appendix for an analysis of retail sales.



External Analysis

Consumption and Consumers

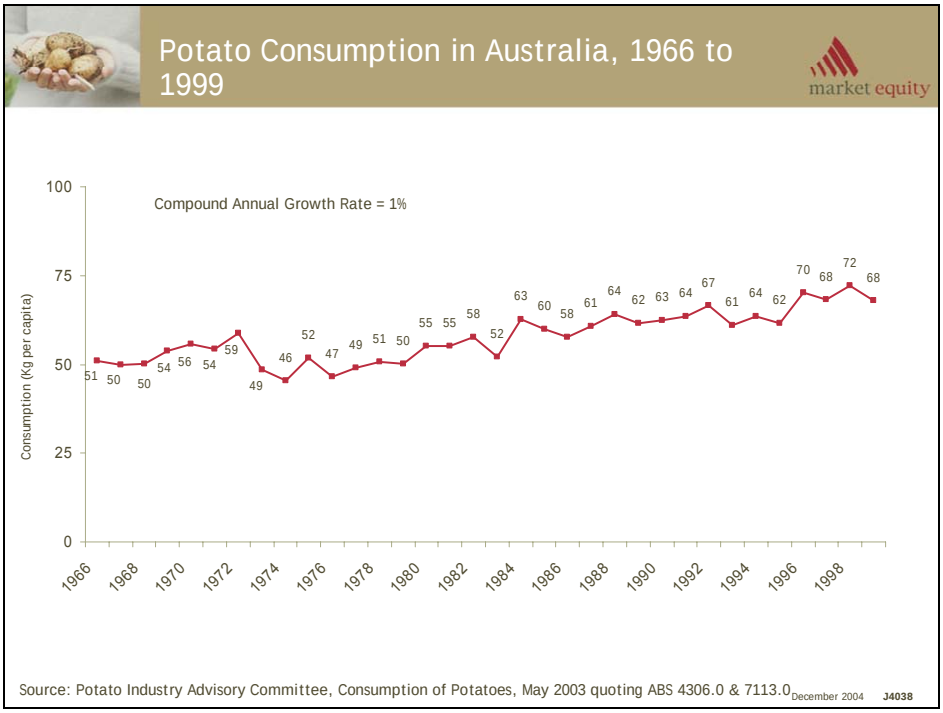
Vegetables

From 1989 to 1999 the consumption of fruit and vegetables in Australia was fairly constant. Customers consumed more vegetables (between 400-450g per day) than fruit (generally 320-340g per day). (Refer Appendix, chart 10.) Overall, the top five vegetables purchased the most between 1993 and 2002 included tomatoes (13%), sweet corn (10%), broccoli (9%), onion (7%) and potatoes (6%). (Refer Appendix, chart 11.)

Fresh potatoes

From 1966 to 1999, the compound annual growth rate of fresh potatoes in Australia was one percent (see chart overleaf). The Horticultural Research and Development Corporation commissioned a study in 1994[2] that found overall fresh potato consumption per person had been in decline. Conversely, the consumption of processed potatoes, rice and pasta increased. Specifically younger people (less than 40 years) were eating potatoes on a dramatically reduced basis, seeking more variety in their diets. Evidence showed the older the respondent, the greater the consumption of fresh potatoes was likely to be. (Refer Appendix, charts 12 and 13.)

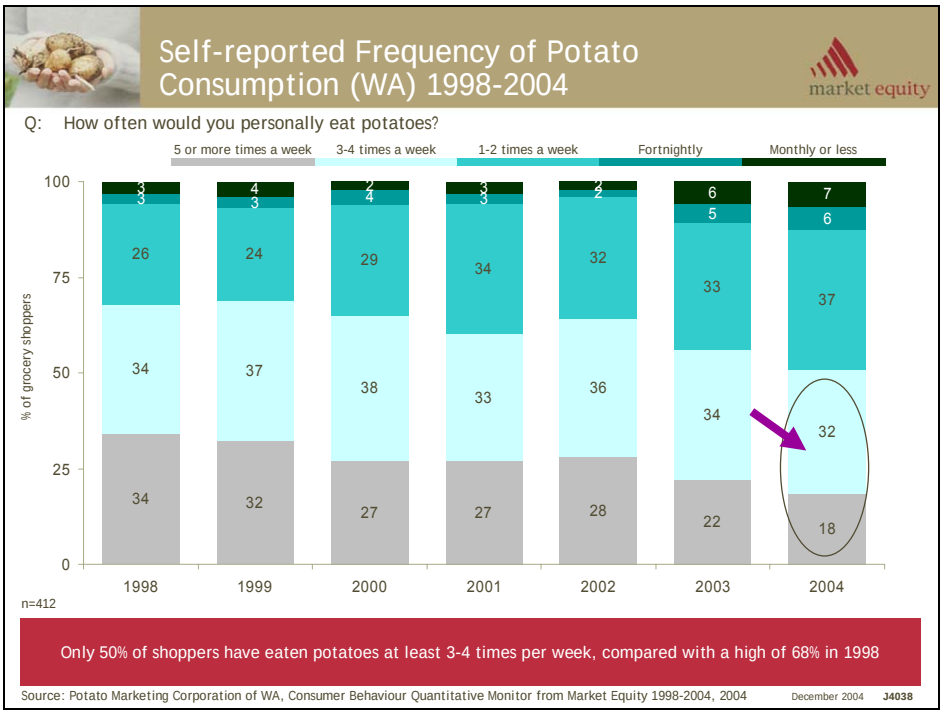
[2] Horticultural Research & Development Corporation, *Fresh Potato Marketing Research* by Harrison Market Research, 1994.



Studies undertaken in Western Australia[3] showed decreasing self reported consumption and frequency of consumption of fresh potatoes between 2000 and 2004. During this period the consumption of rice and pasta also fell.

In 2000, approximately three in five grocery shoppers claimed to eat potatoes more often (when compared to rice and pasta) compared with just over half in 2004. Fresh potatoes were still the most popular choice compared with pasta and rice. Almost 7 out of 10 reported eating potatoes at least 3 to 4 times per week in 2000 compared with half in 2004. These were consistently more likely to be older age groups. (Refer also Appendix, chart 14)

[3] *Potato Marketing Corporation of WA, Consumer Behaviour Quantitative Monitor 1998 - 2004*, Market Equity, 2004.



Consumer Attitudes to Potatoes

Research undertaken in Western Australia in 1998[4] revealed that fresh potatoes were more likely to be purchased loose and from Coles or Woolworths than other retailers.

The top factors influencing the purchase decision included:

- the appearance of the potato (marks on the skin have the greatest impact on quality perception);
- the meal the shopper is intending to cook; and
- price per kilo.

[4] Above, n2.

Over time, there was a decline in the proportion of Western Australian shoppers who believed that potatoes were cheap or reasonably priced (68% in 2004 compared with 86% in 1998). Over this period there was an increase in the price of potatoes partially due to a lack of differential pricing for different potato varieties. The price increase impacted on shoppers' perceptions of potatoes of the value for money of potatoes.

Western Australian shoppers' rated potatoes highly in terms of taste and versatility (can be cooked in many ways and goes with most meals).

Most commonly potatoes were roasted or baked, boiled and then eaten mashed, whole or in a salad. They were also most commonly eaten for the evening meal.

Price and Nutrition

National research undertaken in 2002[5] found that significant segments of the Australian market were not price sensitive, indicating opportunities for improved margins. These segments are outlined in the Appendix, chart 15.

It was also discovered that the majority of consumers were not picking up on the nutritional messages being promoted by the potato industry.

Low Carbohydrate diets

The low/no carbohydrate diet is seen as a potential threat to potato consumption. Low carbohydrate diets are high in protein and fat and low in carbohydrate foods such as potatoes, fruit, bread, rice, pasta and other cereal. The best known diets include:

- The Atkins diet.
- 'The Zone'.
- The South Beach diet.

[5] Creative Dialogue, *Putting Steam Back into the Potato Market*, 2002.

Some evidence has shown that the Atkins diet has had a negative effect on carbohydrate markets in the USA. Australian retailers are also aware of potential effects. For example, anecdotally Woolworths sales of rice, pasta and potatoes decreased in Queensland last year and the company and industry are blaming the Atkins diet for this.

Nutritionists (such as Dr Rosemary Stanton) question whether any benefits from such dieting extend beyond the short term. They suggest that after 12 months people who have been on a low carbohydrate diet are no more likely to have lost weight than other types of diets.

However, Australia is very much a weight-conscious nation:

- *"Eight million Australians claim they watch their weight"* – Carb Options marketing manager.
- *"2.5 million Australians (nearly 20 percent) have tried or intend to try a low-carbohydrate diet"*.
- *"70 percent of Australians believe that to lose weight you should reduce your consumption of breads, breakfast cereals, rice and pasta"* – NewsPoll quoted by ABC Online.

In November 2004, a raft of low carbohydrate products was released by food manufacturers:

- Pure Blonde – a low carbohydrate beer (Carlton and United Breweries).
- Carb Smart – low carbohydrate /low fat ice cream (Peters Ice Cream - promoted using PR and trade promotions only).
- Carb Options – range of 23 pasta, cereals, sauce and soup products (Unilever – launched with product sampling. Targeted at women aged 30 to 50). Unilever are expecting to generate sales of $50 million per annum within two years.

However, studies have shown that low carbohydrate diets may not be as popular as first forecast. While the threat of these diets is real, US research suggests that consumers find it difficult to stick to such eating plans. (Refer Appendix, charts 16 and 17).

Competitors

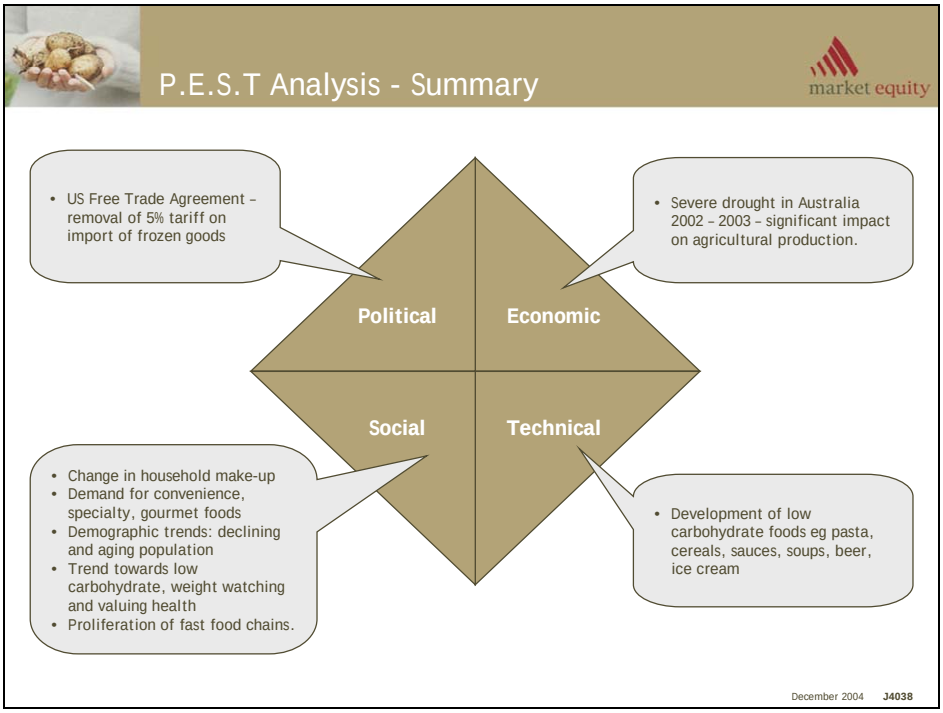
Research[6] has shown that rice and pasta are the main perceived competitors to fresh potatoes. To a lesser extent, fresh potatoes also compete with other types of vegetables. Potatoes were perceived as being versatile - something that goes with most foods and meals, whereas rice was perceived as being cheap, low in fat and value for money. Pasta was perceived as modern, good for entertaining and quick and easy to prepare. (Refer Appendix, charts 18 and 19.)

Between 1984 and 1999 the consumption of potatoes remained stable. Comparatively, there has been an increase in the consumption of rice, although rice had a higher price point per kilo than potatoes. Both the value of sales for rice and pasta grew between 2002 and 2003. (Refer Appendix, charts 20 to 24.)

[6] Above, n2.

Market Trends and Drivers

The diagram below highlights the key political, economic, social and technical influences in the fresh potato market. Social trends include less preparation of family meals, a demand for convenience foods, a greater preference for fresh potatoes amongst Baby Boomers and overall, a reduced emphasis on potatoes. (Also refer Appendix, chart 25.)



Comparable Marketing Campaigns

Various campaigns have been designed to combat declining consumption of fresh potatoes. These include campaigns commissioned by the United States Potato Board, British Potato Council and Potato Marketing Corporation of WA in Australia. A common thread running through these campaigns is the promotion of the nutritional benefits of fresh potatoes. Charts 26 to 34 in the Appendix detail various campaigns.

Conclusions and recommendations for further research

Overview

The situational analysis revealed the following.

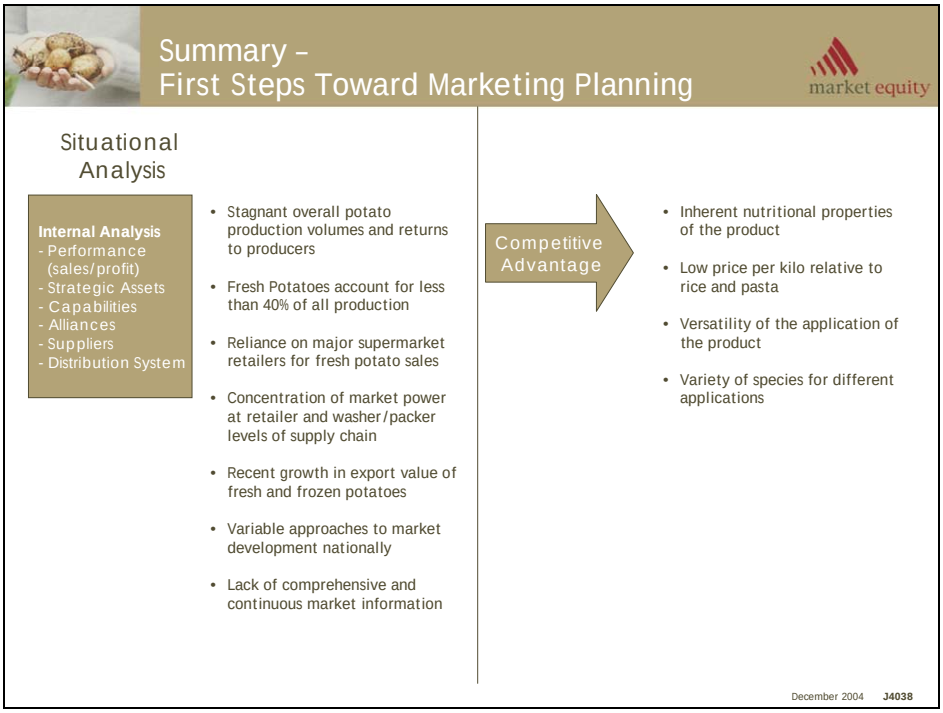
1. There is an uncertainty regarding actual market situation.
   - Key consumption data (from ABS) is 5 years out of date.
   - There has been a reliance on self-reported data (in part because of the above) which doesn't match with sales data.
   - There is incomplete coverage of retail channels and poor coverage of the food service sector.

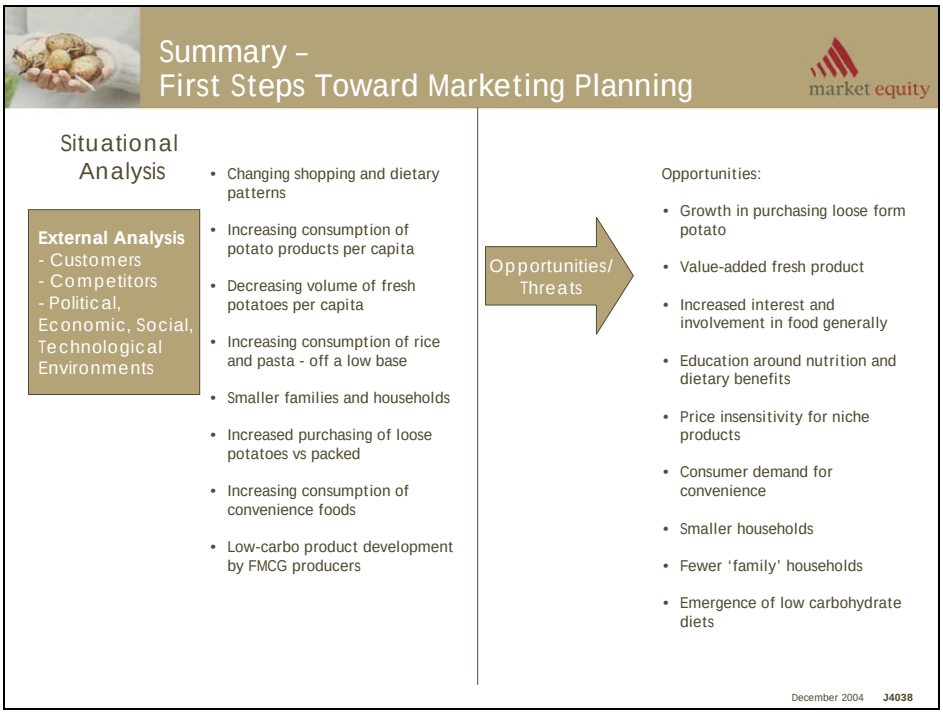
2. There is uncertainty regarding the impact of the US low carbohydrate phenomenon and whether it is an indicator of Australia's future.
   - An impact is yet to be clearly seen in Australian retail sales, although a slight decline in fresh potato retail sales is apparent.
   - Consumers have self reported eating fewer potatoes in recent times.

3. Significant changes in the external environment will continue to create major challenges for producing returns to fresh potato producers in the future.
   - Demographic changes including moves to smaller households and fewer families.
   - There is changing consumer expectations and behaviour in relation to food, diets and shopping.

Conclusions

The situational analysis revealed the following competitive advantages, opportunities and threats for the Australian Potato Industry. These are outlined in the two diagrams below.


Summary –
First Steps Toward Marketing Planning
market equity
Situational Analysis
Internal Analysis
- Performance (sales/profit)
- Strategic Assets
- Capabilities
- Alliances
- Suppliers
- Distribution System
• Stagnant overall potato production volumes and returns to producers
• Fresh Potatoes account for less than 40% of all production
• Reliance on major supermarket retailers for fresh potato sales
• Concentration of market power at retailer and washer/packer levels of supply chain
• Recent growth in export value of fresh and frozen potatoes
• Variable approaches to market development nationally
• Lack of comprehensive and continuous market information
Competitive Advantage
• Inherent nutritional properties of the product
• Low price per kilo relative to rice and pasta
• Versatility of the application of the product
• Variety of species for different applications
December 2004 J4038


Summary –
First Steps Toward Marketing Planning
market equity
Situational Analysis
External Analysis
- Customers
- Competitors
- Political, Economic, Social, Technological Environments
• Changing shopping and dietary patterns
• Increasing consumption of potato products per capita
• Decreasing volume of fresh potatoes per capita
• Increasing consumption of rice and pasta - off a low base
• Smaller families and households
• Increased purchasing of loose potatoes vs packed
• Increasing consumption of convenience foods
• Low-carbo product development by FMCG producers
Opportunities/ Threats
Opportunities:
• Growth in purchasing loose form potato
• Value-added fresh product
• Increased interest and involvement in food generally
• Education around nutrition and dietary benefits
• Price insensitivity for niche products
• Consumer demand for convenience
• Smaller households
• Fewer 'family' households
• Emergence of low carbohydrate diets
December 2004 J4038

Information Gaps

The situational analysis uncovered the following information gaps.

1. Current, ongoing market intelligence for potatoes and competing products. This would involve:
   a. retail sales including all major supermarkets and food service sales;
   b. issues for key stakeholders (such as processors); and,
   c. 'robust, quantitative data' on flow of goods (volume and value) through retail versus food service versus exports and on fresh potato production.
2. An up-to-date review of consumer attitudes and behaviour. Several important pieces of research are 10 years out of date, which is important, given the apparent changes around low carbohydrate dieting. There has been little segmentation of consumers carried out to date.
3. There is little consumer research with a national coverage. Much of the highest quality and continuous tracking research has been run in Western Australia only.
4. Available research has to date not been focused on continuous tracking information or anticipating market changes.
5. Evidence of causal links between promotional campaigns and sales of fresh potatoes – available information on measures influence on awareness and attitudes rather than behaviour.
6. Previous market/marketing reviews appear to be relatively tactical in focus, with limited attention to strategic marketing issues and opportunities.

Recommendations for further research

To develop a comprehensive marketing plan, the following research is recommended.

1. Consideration of a 'whole-of-sector' approach to gathering, analysing and communicating timely retail market information:
   - Renew Aztec subscription.
   - Combine with coverage of other major retailers (via AC Nielsen).
   - Consider using HomeScan or similar product.
   - Undertake separate restaurant/café/catering studies.

2. Further primary research

Qualitative research

Using focus groups/accompanied shopping/in-situ in-depths to uncover:

- Attitudes to potatoes, alternatives, cooking behaviour and diets.
- Barriers and drivers of fresh potato consumption.
- Communication options and messaging.

Quantitative research

- Benchmark prior to implementation of strategies.
- National scope – grocery buyers and consumers.
- Option of a consumption diary to link impact through to attitudes and behaviours.
- Segment on the basis of behaviour.
- Monitor effectiveness of communications.

Section 3: Consumer Perceptions of Fresh Potatoes

Introduction and Objectives

Several key information gaps relating to consumer perceptions, identified in the situation analysis (section 2) were addressed by qualitative research in order to develop the marketing strategy. The overall purpose of the qualitative research was to provide current insights into consumer attitudes and behaviour. This involved gaining an understanding of the motivations and barriers to purchase and consumption of fresh potatoes to input into the marketing strategy for the Australian Potato Industry.

Specifically, the research examined perceptions of both purchasers and consumers of potatoes as follows:

1. Purchase decision

i. Identify the motivations and barriers to purchase of potatoes (key inputs into marketing strategy);
ii. Determine customers' shopping habits in regard to fresh potatoes – establish the decision process used;
iii. Examine how the purchase of fresh potatoes fits within the broader context of how customers shop for fresh produce;
iv. Identify which products customers consider to be substitutes, and whether their purchase behaviour patterns change at different times throughout the year;
v. Determine customers' price sensitivity to fresh potatoes; and,
vi. Uncover customers' knowledge of potato varieties.

2. **Fresh Potato Consumption behaviour**

   i. Provide insights into the reasoning that shapes consumer perceptions of fresh potatoes;
   ii. Determine the ways potatoes are used and consumed. Determine where consumers get their inspiration for preparing potatoes;
   iii. Identify any issues and attitudes towards potatoes, include dieting and health patterns;
   iv. Reveal where consumers currently receive/seek out nutritional information on food in general and potatoes specifically; and,
   v. Identify the motivations and barriers to consumption of potatoes.

Methodology

A qualitative research approach was used to address the objectives and uncover a deep understanding of motivations and barriers to purchase and consumption of fresh potatoes. Six focus group discussions were undertaken in the week commencing 31 January 2005. The groups were constructed as follows:

Life stage	Purchasers	Consumers
Young Couples and Singles	**Group 1**	
Young Families	**Group 2**	**Group 3**
Older Families	**Group 4**	
Older couples / singles / empty nesters	**Group 5**	**Group 6**

Shopping – Trends and influences

Shopping for fresh produce

Fresh produce plays an important role in grocery shopping

The purchase of fresh fruit and vegetables plays an important part of consumers total grocery shop. Shoppers believe that:

- they currently purchase more produce than they have done in the past;
- vegetables play a big part in keeping people healthy and they an important part of the diet;
- they take more time to select produce than other items in the supermarket, as it is more important to determine the quality of produce than other grocery items;
- produce is situated in the first section of the supermarket and so it seems more important; and
- eating vegetables is an everyday part of life.

Produce is purchased in several places

Consumers purchase fresh produce from a variety of sources, although supermarkets are the most common place of purchase. Sources include:

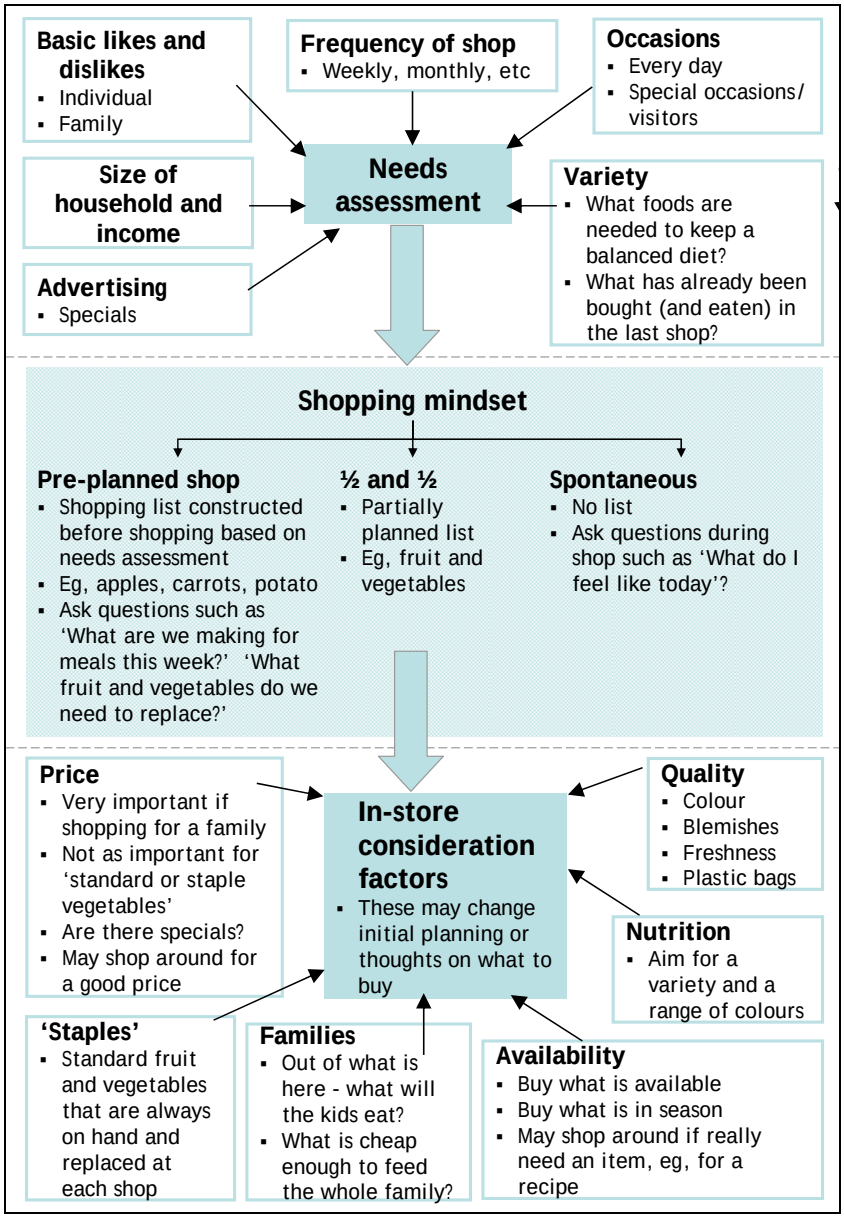
- supermarkets, for example Coles and Woolworths;
- green grocers; and,
- markets, for example Paddy's Market and Harris Farm markets.

Shoppers will often frequent more than one place to purchase produce. This is more common of families who are price conscious. Shopping for the family is more likely to involve price comparisons to get the best deal.

There is a perceived difference in quality of the produce sold in the supermarket and green grocers. Green groceries are seen as "old school" and sell produce of slightly better quality.

Considerations in the decision of what to buy

Many factors impact on the decision process involved in purchasing produce, as illustrated in the diagram below. Compared with other groceries, shopping for produce is more complex.



The first stage of the decision process is the assessment of food needs for the household. Where an individual has a low involvement with food and shopping, this stage may be realisation of a need to purchase food. Various factors impact on needs assessment from basic likes and dislikes, to household demographics.

After a needs assessment the shopper may or may not plan the actual foods they need to purchase depending on their shopping mindset. Some write a list, while others go to the supermarket with an idea about what they need or feel like.

Unlike many other grocery items, sticking to a pre-planned list when purchasing groceries is more difficult. Price, availability and quality of the produce available affects the shopper's ability to stick to a pre-planned list. Most shoppers are conscious of choosing produce as fresh and blemish free as possible. Some purchasers will even shop around to find a particular item or produce that is fresher. Price, availability and quality are less likely to impact on in-store decisions for other grocery items (for example a can of baked beans).

There are produce varieties that are less likely to be affected by in-store consideration factors. These are what purchasers perceive to be "standard vegetables" or "staples" – vegetables that will always be on hand in the household and replaced during most shops. Shoppers are less likely to vary whether or not they purchase and how much. They perceive that the prices of these vegetables are less likely to vary significantly and so many do not consider the purchase price. Staples vary according to cultural background. Potatoes are more likely to be a staple for Anglo-Saxon Australians.

Staple vegetables include:

- potatoes;
- carrots; and
- onions.

Children

Children play an increasingly important role in the decision process when purchasing food.

- Children generally have unsophisticated tastes and do not have as broad a repertoire as their parents. Bland food often has more appeal and potatoes are a vegetable readily enjoyed.
- The emergence of the 'pester power' phenomenon. Children have a greater influence in the selection of foods for the family than 20 to 30 years ago. Parents often purchase foods that children will eat, rather than telling them what they will eat. Children often demand certain foods (pester their parents) and this may dictate what is bought for the family. In some families, children are cooked different meals from parents.

Implications for Potatoes

- The purchase of produce is seen as the most important part of the shop for groceries and potatoes are part of that.
- The perception of potatoes as a staple vegetable means that they are in most shoppers produce repertoires. There is an opportunity to move potatoes up in their repertoire.
- Price is not a key factor in purchase so there is an opportunity to increase price.

Shopping for potatoes

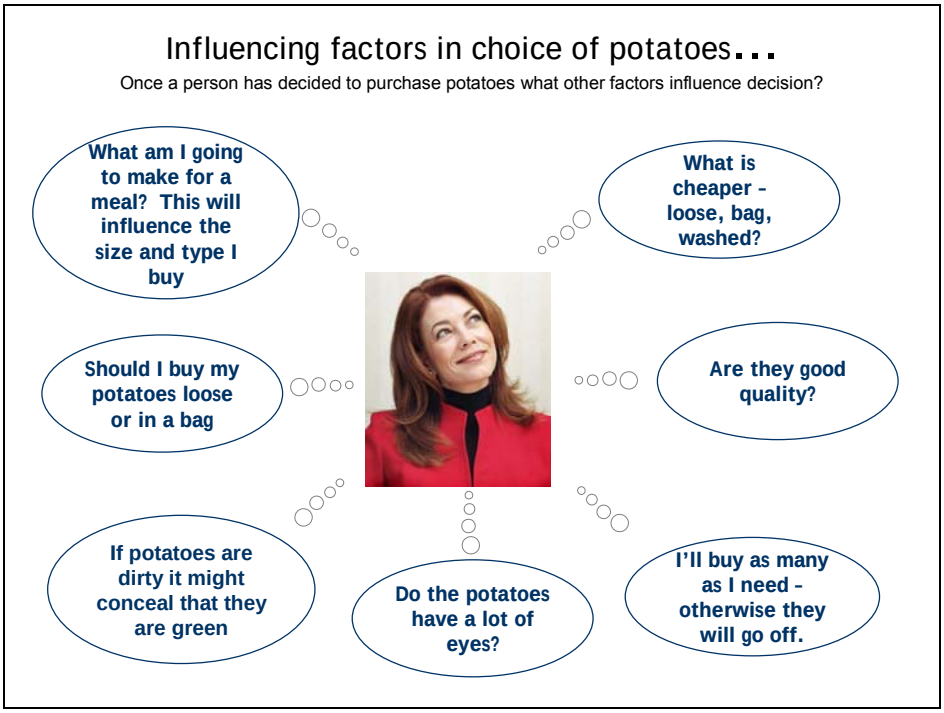
Other factors influencing purchase of potatoes include:

- influences on in-store potato choice;
- potential issues such as quality; and
- knowledge of potato varieties.

These issues are detailed in the sections following.

Influences on in-store purchase

Many factors influence whether or not potatoes may be bought at a shopping occasion, as is illustrated below.



Potential issues with potatoes

The two main issues shoppers had with potatoes was the packaging (loose or in bags) and green potatoes. Shoppers also noted that sometimes potatoes have too many 'eyes'. This sometimes prevents consumers from purchasing.

Purchasing potatoes loose versus in bags

- Choice of purchasing loose or in bags depends on:
  - the quantity required between shopping occasions;
  - household size; and
  - whether price is a consideration.
- Bags are more popular amongst family shoppers in search for the most cost effective way to feed the family. These shoppers buy in volume and seek out the best quality at the cheapest price.
- The main gripe with potatoes sold in bags is that the bag often contains bad potatoes. Many family shoppers think that if a bag contains a few bad ones this is OK if the cost of the bag is less than the same quantity of loose.
- Shoppers would like to be able to check the quality of potatoes sold in bags. During purchase, some consumers pick up the bag of potatoes and jiggle the potatoes around in the bag to try and determine quality. (This does not always show up bad ones however.)
- Shoppers believe that exposure of potatoes to light through the plastic bag is bad. The perception is that exposure to the light makes potatoes go green. Some suggested potatoes should be sold in an opaque bag.
- Shoppers like potatoes sold in bags which have information printed on them, such as the potato variety and the best uses for that variety.

Green potatoes

- Most shoppers perceive that green potatoes are bad for you. Some consumers will not use a potato if it has any green on it at all (for example they would not peel off green parts), as they believe that the green is poisonous and is linked with cancer.
- There is a perception that when potatoes presented for sale are very dirty (for example brushed potatoes) they can not always tell if the potato is green underneath.

Knowledge of potato varieties

Most consumers are aware that different potato varieties can be used in different ways, however sometimes this does not influence the actual variety purchased. Some shoppers are only aware of two choices – washed and dirty/brushed potatoes.

Shoppers determine the potato variety by reading the information printed on the bag of potatoes, or the sign at point of purchase. However, information at point of purchase is not always available.

Some of the varieties named by consumers included:

- Brushed
- Pontiac
- Desiree
- Coliban
- Sebago
- Chat

Knowledge about uses for each variety was not as widespread. Overall, consumers like to know the best uses for each variety.

Implications for Potatoes

- There are opportunities for development of different packaging to maintain potato quality but enable the contents to be checked by shoppers. Shoppers mention opaque packaging to shield potatoes from light. Package examples include: small cardboard boxes with lids that can be opened and the contents inspected; strong paper bags for self packing with information about varieties, uses and recipes.
- Budget bags/packed potatoes for families are required. Quantitative studies[7] have shown a decrease in purchase of potatoes in bags. This is likely to be as a result of the change in household size in Australia, which is smaller than it has ever been. Purchasing potatoes loose is more popular with small households but bags remain popular with families.
- Quality is an important consideration when purchasing potatoes. There is an opportunity for the industry to explore quality control options.
- There is an opportunity to educate consumers about the uses for different potato varieties. This information should be provided at point of purchase.

[7] *Western Potatoes, Consumer Behaviour Quantitative Monitor* by Market Equity 1998 – 2004.

Eating Trends and Influences

Our meal components have changed

In Australia, the components that make up a meal have changed over time.

- In past consumers commonly ate a meal of 'meat and three vege'. This consisted of three meal components: a protein (meat), vegetables, and a starch or carbohydrate (usually potato).
- Today, the majority of consumers believe that it is unnecessary to have a protein, carbohydrate and vegetables all in same meal.

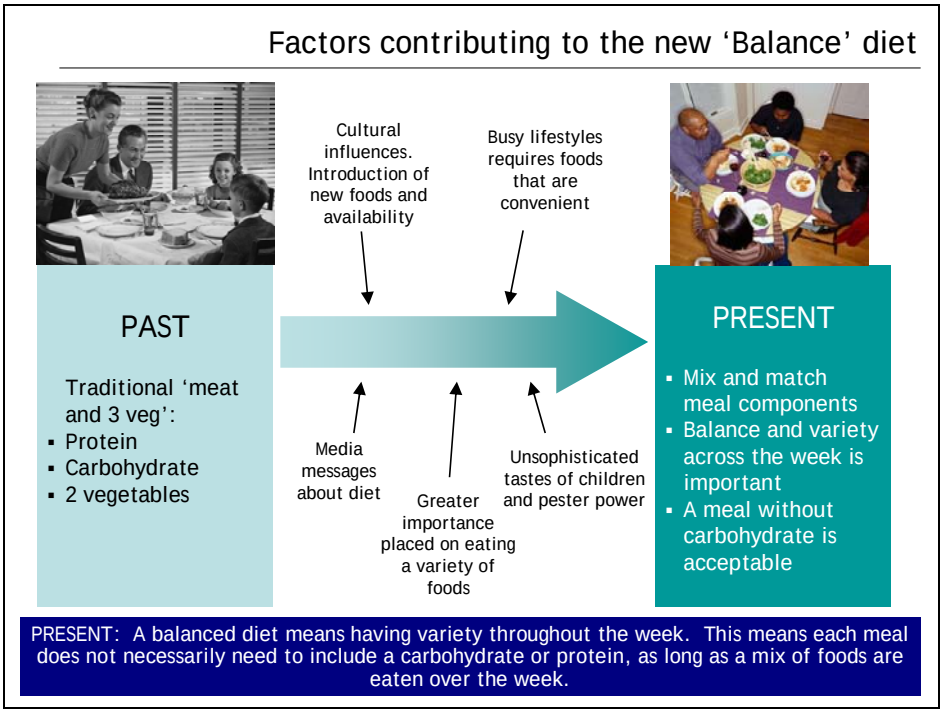
Consumers believe that the key to choosing meal components is 'balance'. Balance means the consumption of different proteins, carbohydrates and vegetables over a week but not necessarily in one meal.

A balanced diet means:

- A variety of foods consumed over the week:
  - For example, sometimes a meal will consist of a protein (eg fish) and salad, steak and vegetables, pasta and tomato sauce, beef curry and rice.
- Carbohydrates will be consumed over the week but at not necessarily at every meal.

Not all people are sure what foods are carbohydrates (besides potatoes, rice and pasta). For example one focus group participant asked if beans were a carbohydrate.

Many factors have contributed to this change in eating patterns as is shown below.



Potatoes play a smaller role in evening meals

Potatoes play a less regular part of a balanced diet because consumers attempt to include a wide range of foods across all potential meal opportunities.

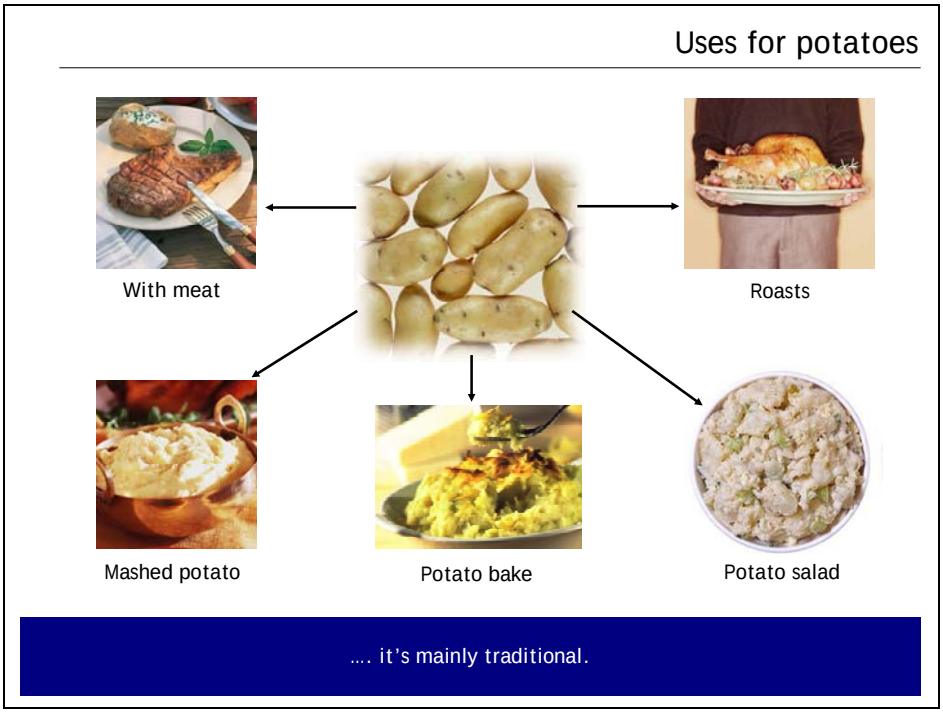
It seems accepted that potatoes are versatile and can be cooked in many ways. However they are not perceived as versatile when matching potatoes with different types of foods and ethnic meals.

"They are versatile within themselves – but not versatile in matches."

Consumers perceive that potatoes match certain foods or meal occasions. These meals tend to be traditional or comfort food occasions, for example Sunday roasts.

Potatoes were not perceived as matching well with modern culturally or ethnic foods, for example Italian or Asian.

Examples of matches perceived as good are shown in the diagram below.



In summary, potatoes are being consumed on fewer occasions because:

- consumers have a broader food repertoire and a balanced diet means eating a wide range of foods from this repertoire;
- inclusion of a wide range of foods means individual foods are eaten at less regular intervals, hence there are fewer meal occasions when potatoes can be consumed; and,
- as potatoes are only matched with a limited range of foods. This further limits potential meal occasions when potatoes are consumed.

Implications for Potatoes

- As consumers do not think it is necessary to have a carbohydrate at every meal, potatoes compete with a wider range of foods than standard carbohydrates. They also compete with other vegetables and multicultural foods for "share of plate".
- Potatoes are seen as versatile within themselves but not versatile in terms of matching. There is an opportunity to educate consumers about different food matches and recipe ideas. This may involve determining or developing alternative food matches.

Nutrition – it's a confusing topic!

General nutritional knowledge

- Consumers have clear perceptions about what is nutritious and what is not. However:
  - they are not sure if their perceptions are true in reality; and
  - although they can rate one food as more nutritious than another, they generally do not know why it is more nutritious.

- When regarding nutrition, often consumers are confused about what is right, what is good for them and what is not. There is a general frustration about media reports on nutrition.
  "One day they are saying a food is good and then bad – what is right?"

- There are different perceptions as to what is *healthy*, for example which foods make you fat and cause disease. For example one participant said "*we fry everything and we're not fat*", while another said "*Potatoes are fattening. I eat lots of potatoes so they must be making me fat*".

- People obtain nutritional information from a variety of sources. Information from these sources often conflict. Sources include:
  - information learnt from family and school growing up;
  - friends and family;
  - doctors;
  - internet;
  - magazines;
  - newspapers; and,
  - television programs.

- People tend to be polarised when it comes to the concern for health and nutrition. Older people tend to be more concerned about their health especially those who have had health scares (or members of their family or friends have). These people are more likely to seek out nutritional information. They are more likely to have been asked to watch their diet by their doctor. Some doctors also provide dietary advice or meal plans.

Impact of the low/no carbohydrate diet

- A large number of people are aware of this diet and many have seen other people lose weight on this diet.
- There appears to be more knowledge of the diet amongst older people and women, while men were less likely to be aware. There was also lower awareness amongst families, where at this lifestage, health and weight are less of a concern.
- A few participants were on some form of the diet to lose weight.
- Participants perceived that this diet requires that carbohydrates are cut out or reduced. This includes pasta, rice and potatoes, bread and ice cream.
- Many believe that this diet is a fad rather than a long term trend.

Nutritional perceptions of food

- Overall nutritional perceptions mentioned included:
  - green is better than other vegetables because they provide antioxidants;
  - white is bad;
  - Mum said eat your greens; and
  - coloured vegetables are more nutritious and you should try to get a range of colours on your plate.
- Parents attempt to get children to eat foods which are as nutritional as possible – but they will not eat everything. Children tend to have less sophisticated tastes. Some children may only eat one vegetable or one fruit and refuse to eat others.
- There were mixed perceptions on whether fresh or frozen vegetables were better for you. Many said that they believe that frozen is just as good as fresh (nutritional value) as vegetables are snap frozen soon after picking and fresh produce bought at a store could be a couple of weeks old. Even though this may be true, participants still felt fresh was better.

Nutritional perception of potatoes

- Generally, there is lack of knowledge about the nutritional value of potatoes.
- Aside from the perception that potatoes are a high carbohydrate food, some believe that potatoes are fattening in themselves. Others believe potatoes are only fattening depending on the way they prepared and cooked, for example frying in fat or oil, roasting in butter or mashing potatoes with milk and butter. Steamed and boiled potatoes were perceived as boring.

Implications for Potatoes

- As awareness of the nutritional value of potatoes is low, it is possible that if consumers were educated on potatoes' nutritional value, usage may increase.
- Education messages centred on nutrition must come from a reputable/credible source so that it cuts through other conflicting messages. Especially given the awareness of no or low carbohydrate diets.
- Educational messages can also include healthy ways to cook potatoes and the role of potatoes in a healthy, balanced diet.
- Coloured vegetables, especially green vegetables are perceived as having more nutritional value that white vegetables such as potatoes. Potatoes should be positioned in a different way from other vegetables.

Cooking inspiration comes from many sources

The foods consumers prepare for meals often reflect what they were brought up eating. Many consumers prepare standard meals each week.

- In addition, recipes are used by most participants but not frequently. Some estimate that they may use recipes up to around 20 percent of the time.
- Many use recipes for 'inspiration' on what to cook, rather than following every step using every ingredient. Following every step of the recipe is more likely carried out on a special occasion or when having visitors over.
- Recipe ideas come from different sources including:
  - magazines;
  - cookbooks;
  - cooking programs – not watched by big proportion;
  - friends and family; and
  - favourite restaurants.

Recipe cards

Most people are aware of recipe cards available in supermarkets although there is a perception that there are not many around currently. Recipe cards located in supermarkets are often viewed suspiciously. Many believe the cards include sponsored products and the manufacturer is "*just getting you to buy their product*."

Implications for Potatoes

- If recipe cards are used, it would be preferable to sponsor the cards by an association rather than a specific company. This may be perceived as having consumers' interests in mind.

Perceptions of Potatoes

Consumption habits vary

Many consumers reported a change in their consumption of potatoes over time. Overall, slightly more consumers claimed to be eating fewer potatoes than they were 5 years ago. Those claiming to eat the same amount or more potatoes tended to be from family households.

Consumers eating fewer potatoes than they were 5 years ago gave the following reasons. They:

- wanted to cut down on carbohydrates;
- perceive that potatoes are not a vegetable that should be eaten daily unless coupled with a lot of exercise; and,
- are eating less bad foods overall including oil. This means they have cut out, for example, fried chips and roast potatoes.

Comparison with carbohydrate substitutes

Perceptions of potatoes in comparison with other carbohydrates are varied. This is because of differing:

- personal tastes;
- cultural backgrounds;
- ranges of experience with different foods, for example gourmet breads; and
- levels of nutritional knowledge or understanding of how to compare healthy and less healthy forms of carbohydrates. For example stone-ground wholemeal breads versus brown and white breads.

Comparison on versatility and value for money

Versatility

Essentially potatoes are seen as being very versatile 'within themselves' and so were rated as more versatile than rice and pasta. For example, potatoes could be boiled, steamed, baked in their skin, roasted, mashed and made into potato bake. However, they were not perceived as versatile as rice in terms of matching with other foods. Potatoes were limited by consumers to traditional matches, whereas rice could be eaten at traditional type meals but also in other meals such as stir fries and with ethnic foods. Also, consumers stated that rice and pasta could be stored for long periods of time without spoiling. Hence, they could be 'on hand' for use at any time.

Value for money

Overall, potatoes are viewed as a commodity product so consumers tend to differentiate between carbohydrates on price rather than 'value'. Potatoes are perceived to be on par or of slightly less value than rice, but both were perceived to have more value than pasta. Dried pasta was perceived to have more value for money than fresh pasta as it can be stored in the cupboard and used at any time.

In comparison, consumers generally thought that more processed foods such as frozen chips had less value and versatility. Although, frozen chips were mentioned as being valuable for 'keeping the kids quiet'.

Comparison on taste and nutrition

Consumers believed that taste and nutritional value of different carbohydrates varied depending on how the foods are cooked (for example steamed versus fried) and what they are matched with (for rice and pasta). For example, a baked jacket potato is seen as tastier than a boiled potato. Many liked mashed potato.

Taste

When taken alone (without accompaniments) rice and pasta were generally seen as being less tasty than a potato. Many commented that you could eat a potato by itself whereas you could not eat pasta or rice in the same way.

On a scale of tasty to bland, potatoes were perceived to rate about mid-way. Generally bread was perceived to be a lot tastier than potatoes, rice and pasta. The type of bread influenced the degree of difference.

Fresh and dried pasta were generally perceived to be on a par (it's the sauce that makes the difference), however brown rice was perceived to be tastier than white.

Nutritional value

General lack of nutritional knowledge resulted in conflicting nutritional perceptions. Consumers rated one carbohydrate nutritionally higher than another but could not express why.

Generally 'brown' (for example brown rice) and 'colours' (eg sweet potatoes) were perceived to have higher nutritional value. The majority perceived that potatoes had a higher nutritional value that white rice (although a few believed they were on a par). Pasta was perceived to have less nutritional value than both rice and pasta.

When mentioned by consumers, brown rice was perceived to have more nutritional value than fresh potatoes.

Comparison with sweet potatoes or kumera

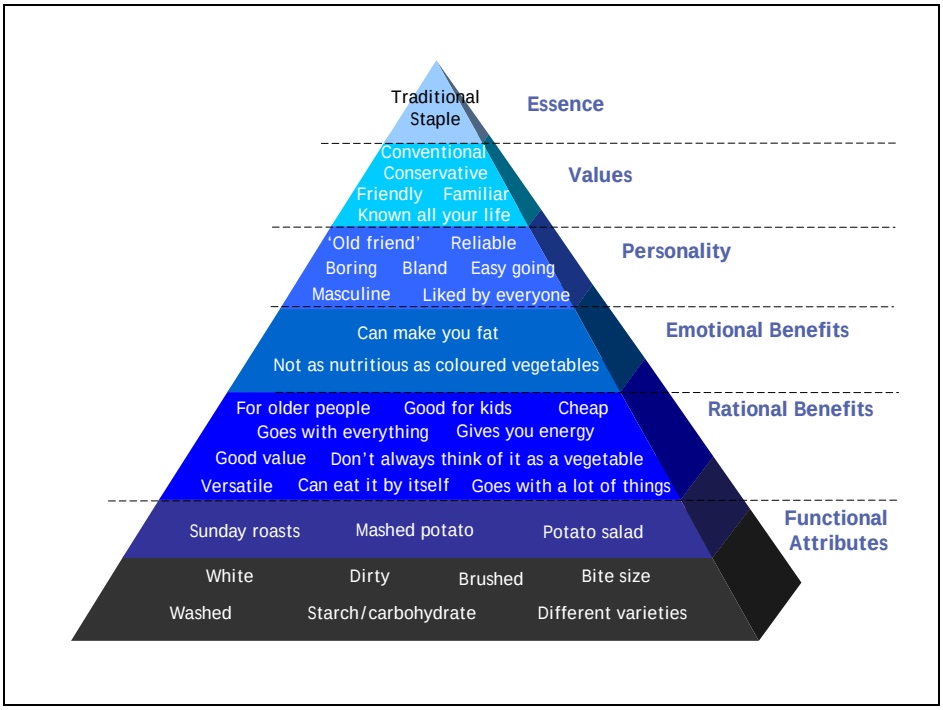
Many consumers mentioned sweet potatoes when talking about taste and nutrition. Sweet potatoes were perceived to be of greater nutritional value than potatoes due to the colour of their flesh. They were also perceived to be tastier (although tastes varied).

Potatoes as a convenience food

Due to an increasingly busy lifestyle, time pressures have resulted in a demand for convenient foods. Leaving aside pre-pared meals, potatoes are still regarded by many as quick and easy to prepare. Some consumers think that potatoes can be boiled in the same time that it takes to cook rice (there is a perception by some that store washed potatoes do not require further preparation prior to cooking). Many consumers mentioned that potatoes can also be microwave in their skin.

Perceptions of potatoes

The diagram below illustrates how potatoes are positioned in the minds of consumers. In essence, they are seen as being a 'traditional staple', likened to a reliable old friend who is always around.



Implications for Potatoes

- There is an opportunity to make potatoes more relevant to consumers in the 21st century – to make fresh potatoes more exciting and adaptable for different uses.
- There is a need to counteract negative associations with potatoes, for example that they make people fat.
- There is an opportunity to build on positive associations. Potatoes are generally seen as always playing a part (however small) in a consumer's food repertoire. They are seen as 'old friends' and have the 'comfort factor'.

Potatoes of the future

Consumers made the following suggestions for development of potatoes in the future. These factors can reveal unmet needs.

- New varieties.
- Varieties that can be stored for longer periods of time.
- More vitamins/higher nutritional value/other benefits.
- Different colours.
- New packaging.
- Environmentally friendly packaging.
- Taste improvement.

Section 4: Marketing Strategy for the Australian Potato Industry

Introduction

This section presents the initial steps in the development of a marketing strategy for the Australian Potato Industry. It builds on the findings from a review of the existing market information (section 2) and consumer insights gained from the qualitative research (section 3).

Critical Issues in Marketing Potatoes

SWOT Analysis

The SWOT analysis represents a summary of the Australian Potato Industry's strengths and weaknesses, opportunities and threats. Strengths and weaknesses are internal factors within the control or influence of the Potato Industry. Opportunities and threats are issues or trends external to the industry and represent factors that the industry can and should respond to in achieving established goals. These external factors may also impact upon competitors' activities, as they are part of the wider environment.

The SWOT analysis assists the identification of key issues for consideration in the development of marketing strategy. The foundation of successful marketing strategy is to focus on areas of genuine competitive advantage (strengths) and to leverage available opportunities in a market.

A summary of this analysis can be seen in the chart overleaf.

S.W.O.T Analysis - Summary

Strengths ✓	Weaknesses ✗
▪ Inherent nutritional properties of potatoes. ▪ Lower price per kilo relative to price and pasta. ▪ Versatility of applications of potatoes. ▪ Degree of price insensitivity among consumers. ▪ Different varieties of potato for different applications.	▪Stagnant overall potato production volumes and returns to producers. ▪Inconsistent quality. ▪Fresh potatoes account for less than 40% of all potato sales. ▪Reliance on major supermarket retailers for fresh potato sales. ▪Concentration of market power at retailer and washer/packer levels of supply chain. ▪Recent growth in export value of fresh and frozen potatoes. ▪Variable approaches to market development nationally. ▪Lack of comprehensive and continuous market intelligence
Opportunities	**Threats**
▪Purchase of potatoes in loose form is increasing. ▪Increased interest and involvement in food generally. ▪Increased focus on nutrition and dietary benefits. ▪Price insensitivity for niche products. ▪Some differentiation of varieties. ▪Consumer differentiation of formats (eg. organic). ▪Consumer perceptions of potatoes as Staple food (part of food repertoire). ▪Perceived as versatile within themselves and value for money.	▪Changing shopping and dietary patterns – more variety across week/meals without carbohydrates are acceptable. ▪Increasing consumption of non-fresh potato products per capita. ▪Decreasing volume of fresh potatoes per capita. ▪Increasing consumption of rice and pasta (off a low base). ▪Smaller families and households ▪Increased purchasing of loose potatoes vs packed. ▪Increasing consumption of convenience foods. ▪Low-carb product development by FMCG producers.

December 2004 **J4038**

Key marketing issues for the Australian Potato Industry

1. The alignment of potatoes with consumer needs

Current perceptions of potatoes are that they are bland and boring. They lack relevance to many consumers in the 21st century. Potatoes have a limited application in current diets where there is a trend towards eating a wide variety of foods and consumers believe that carbohydrates do not have to be eaten at every meal. There is now greater access to a range of food flavours in a fragmented and competitive environment.

There is an opportunity to make potatoes more relevant at more and different meal or snack occasions.

2. Lack of knowledge about nutritional benefits of potatoes.

Consumers are unsure about potatoes nutritional properties. Most cannot say why potatoes may be a good food. There are beliefs that potatoes are fattening and no/low carbohydrate diets have impacted on consumption. Consumers perceive that cooking methods impact on health and this has also negatively impacted on potato consumption. For example, steamed potatoes are better for you but not as well liked as mashed potatoes (containing butter and milk), roasted or fried chips. Most consumers cook potatoes in traditional ways.

There is an opportunity to educate consumers about the nutritional value of potatoes to encourage increased usage. Education could also cover healthy cooking methods.

Potatoes generally have a place within consumers' food repertoire but are not eaten often, as this repertoire is broad. Older people are more likely to eat potatoes because they were brought up eating them. But as they age, deteriorating health and overweight issues emerge. Often older people are trying to lose weight and they may omit potatoes from their diet if they perceive potatoes to be fattening.

There is an opportunity to dispel fat perceptions.

3. Consumers have perceived issues with quality

Consumers have issues with green potatoes and potatoes containing too many 'eyes'. In addition, consumers often have issues with volume purchases in bags. They believe that there are usually bad potatoes amongst a bag of good ones, and sometimes potatoes spoil before they can be consumed.

There are opportunities for product development, quality control procedures, storage and packaging initiatives.

4. Children have an influence over the purchase of food items

Shoppers who purchase potatoes in largest quantities are generally family shoppers. The likes and dislikes of children influence family purchases. Although potato consumption is declining amongst young people, potatoes are popular with families because they are often a vegetable many children will eat.

There is an opportunity to promote potatoes to children as being fun and good to eat. This approach would harness the pester power phenomenon, encouraging children to demand that they get potatoes to eat.

5. Level of food involvement

Marketing programs must take into account consumers differing levels of involvement or education about food. Consumers with a high involvement with food are more likely to seek out information about food and new foods to trial.

There is an opportunity to inspire and excite these consumers about new varieties and applications of potatoes. These consumers would also be prepared to pay more than others.

Target Markets

Based upon market analysis information and discussions with both purchasers and consumers of potatoes, a basic segmentation was undertaken and targets defined.

Consumer Segments

The segmentation process was simplified to align with consumer needs enabling a clear way of developing strategy with a practical focus.

The market for potatoes can be segmented on two factors:

- Lifestage – lifestage affects potato consumption. For example, families are more likely to volume purchase.
- Level of involvement with food – consumers with a high level of involvement with food are more likely to have sophisticated tastes, try new foods, and seek out information on food. There are more likely to be educated and have more discretionary income. Consumers with a low level of involvement with food have less sophisticated tastes, are less likely to try new foods.

The segments are shown in the diagram below:

Level of Involvement with food	**Young couples and singles** 	**Families** 	**Empty Nesters** 
High involvement with food	Young foodies	Sophisticate Families	Cultured Oldies
Low involvement with food	Young basics Needs	Cost Effective Families	Traditional Necessities

Customer Targets

1. The nutritionally unaware – cut across all segments.
2. The pester powers – include sophisticate families and cost effective families.
3. The food focussed – include young foodies, sophisticated families, and cultured oldies.

Marketing Objectives

Overall Marketing Objective

- To increase demand for and usage of potatoes by increasing relevance to consumers.
- To ensure that increased returns are realised by producers.
- To move potatoes up in consumers' repertoires.

Target objectives

The key objectives for each target are outlined below. Strategies for each program are discussed in the sections following.

1. Nutritionally unaware

Overall objective

- To increase nutritional knowledge about potatoes and the role of potatoes as part of a balanced diet.
- To educate and inspire consumers about versatile food matches.
- The key proposition for consumers is that potatoes *"help me keep healthy and eat well."*

2. Pester Power

Overall objective

- To retain and increase volume purchases by families.
- To educate and inspire consumers about versatile and easy food matches.
- The key proposition for pester powers is that potatoes *"help me feed my family in a cost effective way and satisfy the needs of my children."*

3. Food Focussed

Overall objective

- To newly inspire and excite the food focussed about potatoes and different potato varieties.
- The key proposition for the food focussed is *"help me get excited about something new."*

The aim of this program is to attract new customers on quality or a premium product. This segment requires fewer resources to reach because they are more likely to seek out information about food.

Overall Strategic Thrusts

EDUCATE

1. Reassure health conscious consumers of the nutritional benefits of fresh potatoes.

ENTERTAIN

2. Build interest and involvement among children for fresh potato product at meal times to build higher consumption among today's families and ensure familiarity and affinity with potatoes with the grocery buyers of tomorrow.

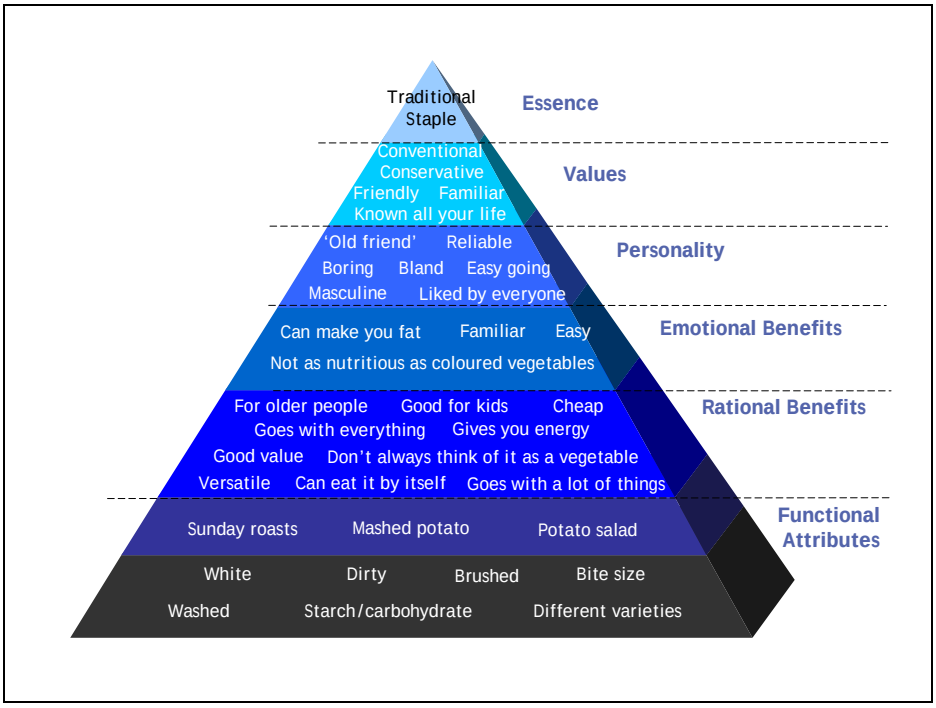
INSPIRE

3. Create greater involvement in the fresh potato category by inspiring food-focused consumers with new varieties, new ways and new applications for fresh potatoes.

Branding and Positioning Strategies

Current Positioning

The following diagram illustrates the current positioning of potatoes in the minds of consumers.



Future Positioning

The following outlines the suggested shifts in positioning for fresh potatoes. (It is assumed functional attributes remain unchanged).

Repositioning involves a shift from traditional to relevant and 'you've known me all your life' to 'you've known me all your life but now discover everything that's good about me'.

Level	Retain	Lose	Gain
Essence		Traditional staple	Relevant staple
Values	Known all your life. Friendly. Familiar. Comforting.	Conventional. Conservative.	Modern. Adaptable.
Personality	Reliable. Easy going. Liked by everyone.	Old friend. Boring. Bland. Masculine.	Old friend with new applications. Inspiring. Exciting.
Emotional Benefits	Easy Familiar	Can make you fat. Not as nutritious as coloured vegetables.	Nutritious. Not fattening if prepared in a healthy way.
Rational Benefits	Good for kids. Cheap. Goes with everything. Gives you energy. Good value. Versatile. Can eat by itself. Goes with a lot of things.	For older people. Don't always think of it as a vegetable.	Good for everyone. Goes with ethnic foods. Good for different occasions.

Objectives and Strategies

Target	Objectives	Strategy
Nutritionally Unaware	▪ Increase the association of potatoes as a nutritionally (healthy) valuable and energy creating food. (Food for busy/modern lifestyles.) ▪ Increase preference to consume potatoes as part of a balanced diet.	▪ Engage the endorsement of trusted health professionals or dieticians. ▪ Promote scientific or evidence based assessment of potato benefits. ▪ Utilise the endorsement of sports celebrities.
Pester Power	▪ Increase preference for potatoes as part of regular meals amongst children. ▪ Increase association of potatoes with being tasty and fun to eat.	▪ Demonstrate creative and fun ways of eating potatoes. ▪ Create novelty and involvement within the category.
Food focussed	▪ Increase association of potatoes with being an interesting and a developing category of food. ▪ Increase the perception of potatoes as offering a variety of species and applications.	▪ Promote the product via creative food professional spokespersons (up and coming). ▪ Educate and inspire (**new** varieties, **new** ways of using potato varieties).

Product and Distribution

Target	Objectives	Strategy
All targets	▪ Increase the ease of storage and handling. ▪ Increase shelf/cupboard life. ▪ Decrease the incidence of poor quality product. ▪ Increase convenience of preparation.	▪ Develop packaging innovation. ▪ Develop value added new products. ▪ Develop semi-cooked potato meals, for example, microwave ready potatoes. Develop partnership with retail for this purpose. ▪ Innovation in potato peeling and slicing tools.
Food Focussed	▪ Increase the availability of range of potato varieties. ▪ Enable consumers to differentiate on quality.	▪ New species development program coordinated across industry over an extended period of time. (Alternatively actively promote little know potato varieties.) ▪ Implement a graded quality system) - farm gate to retail. (Premium product quality standards for packing and handling.)

Promotion

Target	Objectives	Strategy
Nutritionally Unaware	▪ Increase awareness of the specific nutritional benefits of potatoes. ▪ Increase awareness of potatoes as a healthy energy food and part of a balanced diet.	▪ Form alliances with dieticians/health peak bodies – cooperative studies. ▪ Utilise print media/editorial/website. ▪ Apply point of sale communications. ▪ Organise a promotional event, for example 'Potato Week'.
Pester Power	▪ Achieve the highest rating for potatoes as 'my favourite vegetable' amongst children. ▪ Increase the incidence of children **demanding** potatoes from their parents at meal times.	▪ Utilise TV based advertising. ▪ Develop a character appealing to children, driven to link through to in-store. ▪ Develop stickers and merchandising appealing to children. ▪ Build a website to entertain and engage children and support promotions.
Food Focussed	▪ Increase awareness of potato varieties. ▪ Increase awareness of applications. ▪ Increase trial of new varieties and applications.	▪ Provide in-store communications/demonstrations. ▪ Form alliances with cooking schools. ▪ New potato cook-book and/or in-store recipe cards. ▪ Develop food magazine editorials or features. ▪ Build a website to support content for new ideas/applications and information about new varieties.

Chart 35 in the Appendix shows the nutritional properties of fresh potatoes.

Price

Target	Objectives	Strategy
Nutritionally Unaware /Pester Power	▪ Maintain affordable price points for bulk potato species. ▪ Increase returns on higher quality bulk product. ▪ Maintain lower price point for bulk pre-packed product.	▪ Introduce a graded quality system for bulk potatoes which is consumer differentiated. ▪ Differentiate between quality grades in-store which allows customers to recognise the value of different grades and is a basis for increasing pricing on better quality bulk product.
Food Focussed	▪ Increase percentage of producer returned derived from pricing of premium varieties.	▪ Build equity and demand for niche varieties to increase platform for varietal prices.

Key Performance Indicators

The following Key Performance Indicators (KPIs) are suggested in order to evaluate the impact of marketing strategy.

Overall Key Performance Indicators

Evaluation of marketing strategy would require monitoring the following metrics:

- Incidence of fresh potato purchases per month.
- Consumption of fresh potatoes per capita per month.
- Average number of meal occasions where potatoes are served per household per month.

Target objectives

The KPIs for each target group are outlined below.

1. Nutritionally unaware

To evaluate the performance of marketing plans targeting the Nutritionally Unaware segment, this would require the measurement of:

- Awareness of nutritional properties of potatoes.
- Awareness of ways to prepare and cook potatoes including food matches.

2. Pester Power

To evaluate the performance of marketing plans targeting the Pester Power segment, this would require the measurement of:

- Volume of purchase and consumption amongst families.
- Awareness of ways to prepare and cook potatoes and food matches.

3. Food Focussed

To evaluate the performance of marketing plans targeting the Food Focussed segment, this would require the measurement of:

- Knowledge of potato varieties.
- Trial and repeat purchase of potato varieties.

Appendix

Chart 1 – Historical Potato Production

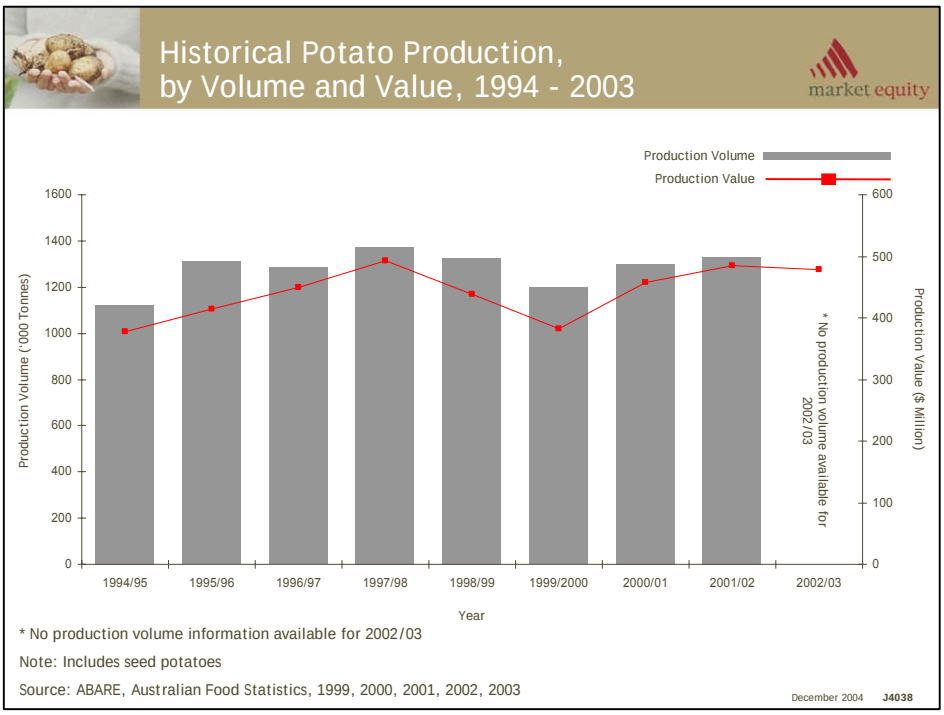


Chart 2 – Estimated Potato Production by End Market

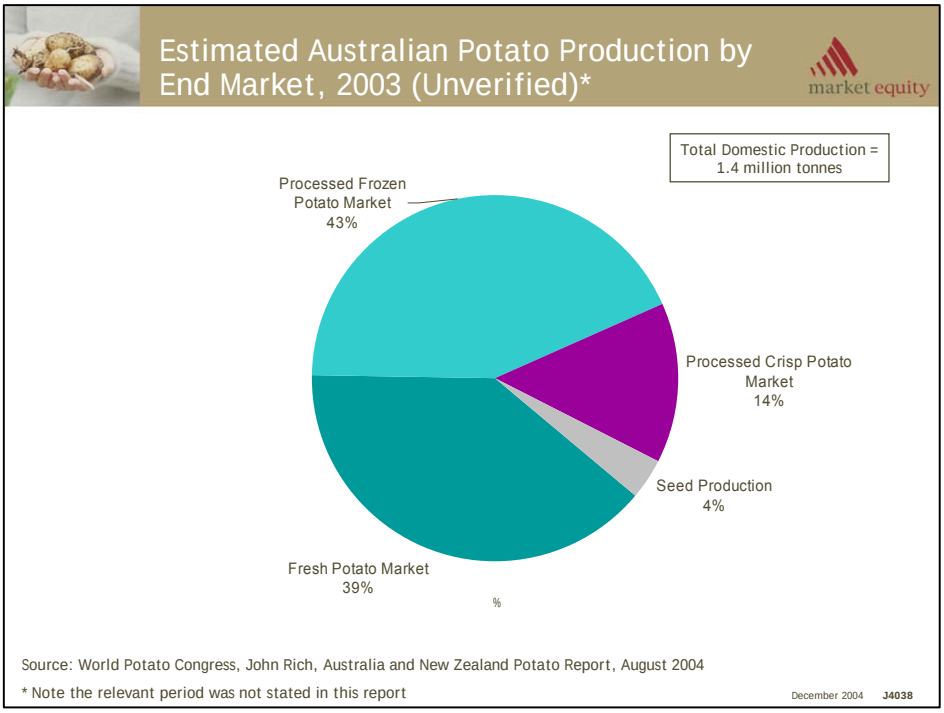


Chart 3 – Value of National Woolworths/Safeway Retail Sales

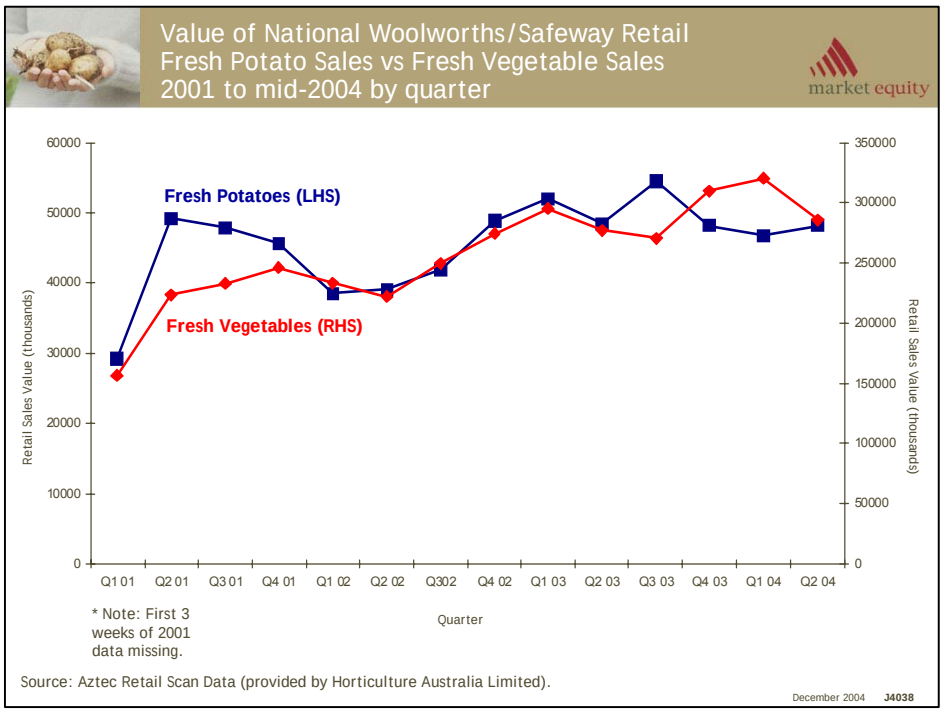


Chart 4 – Value of National Woolworths/Safeway Retail Sales

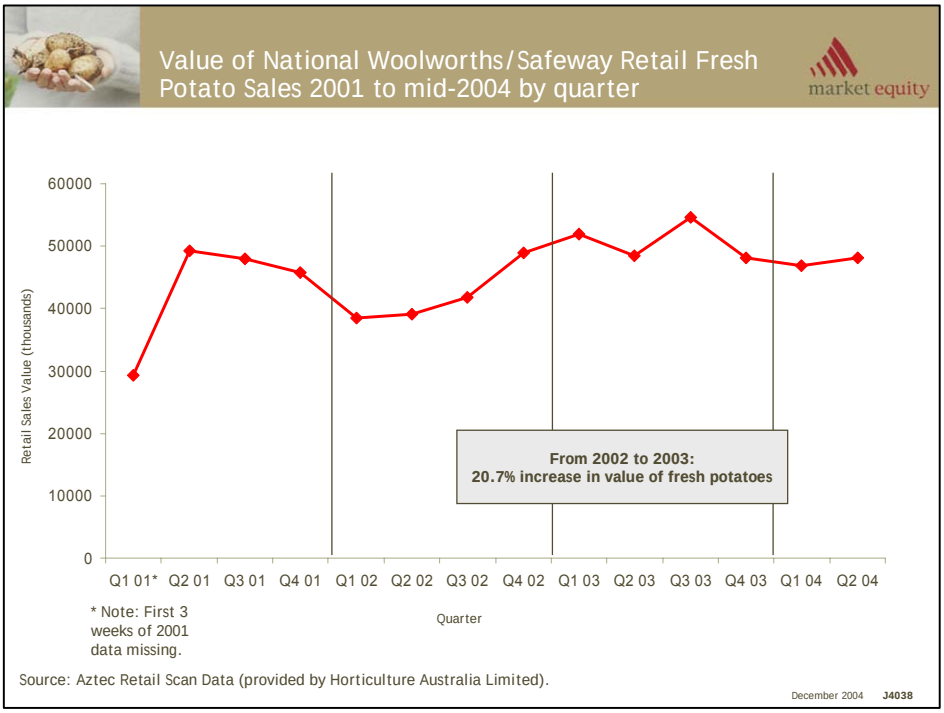


Chart 5 – Volume of National Woolworths/Safeway Retail Sales

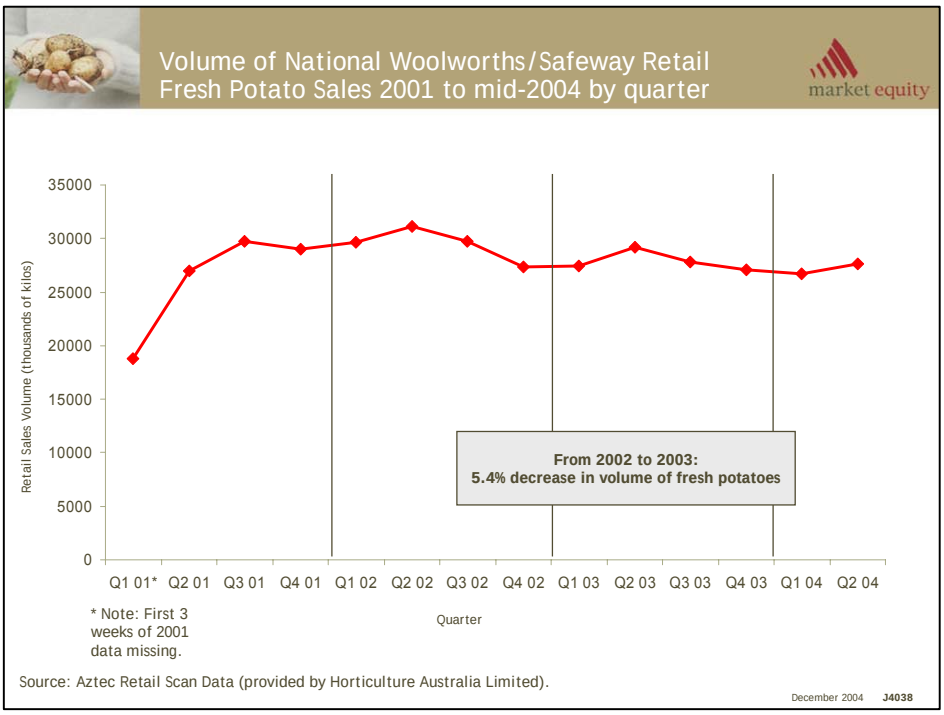


Chart 6 - Value of National Woolworths/Safeway Retail Sales by Week

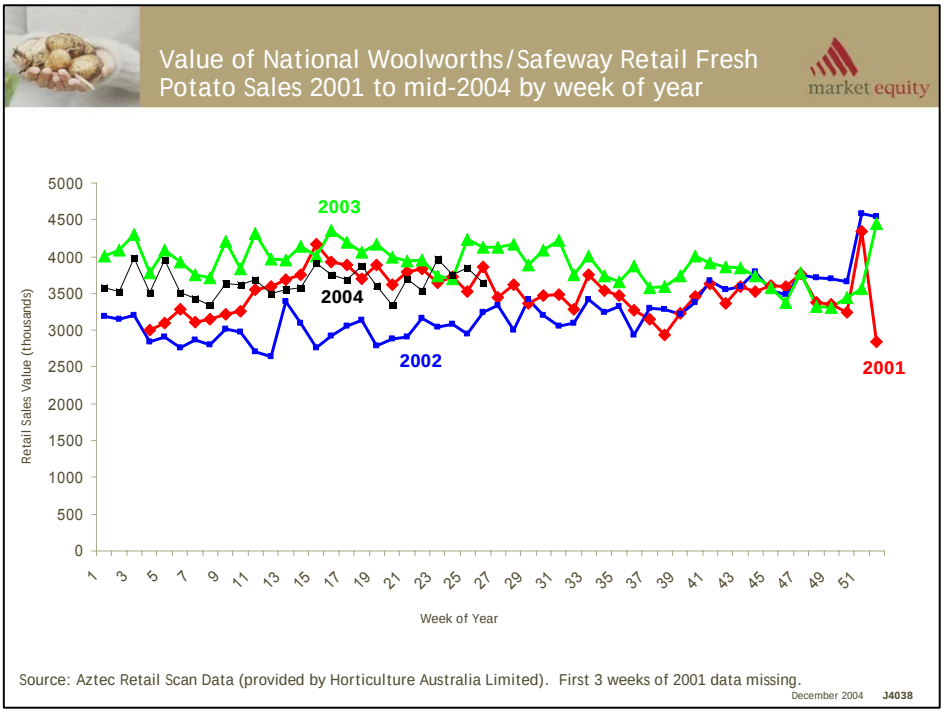


Chart 7 – Return Per Kilo

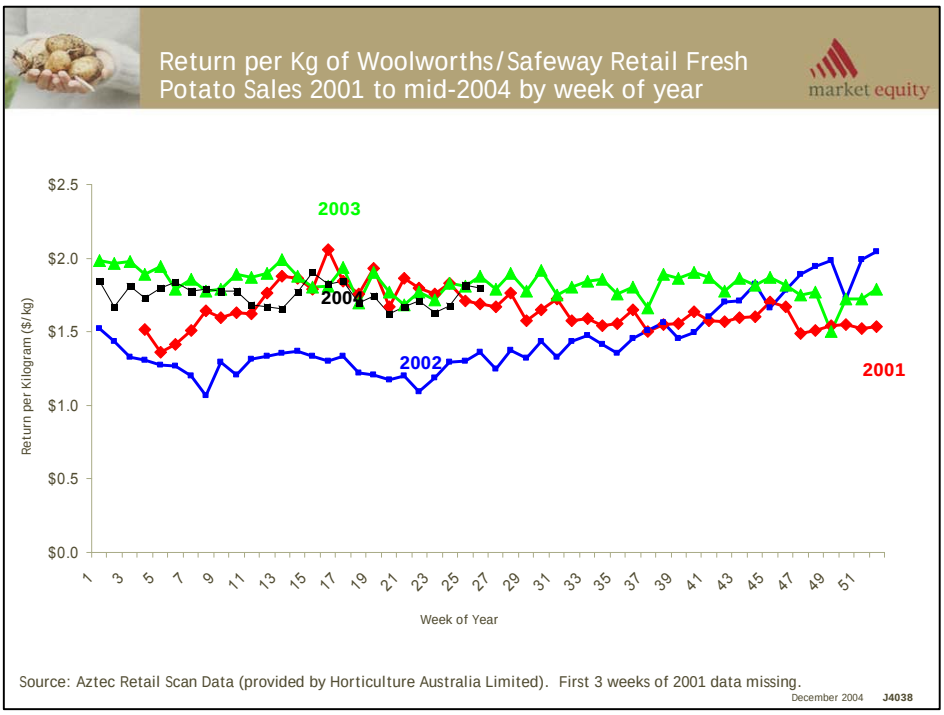


Chart 8 – Value of Australian Retail Sales of Frozen Potatoes

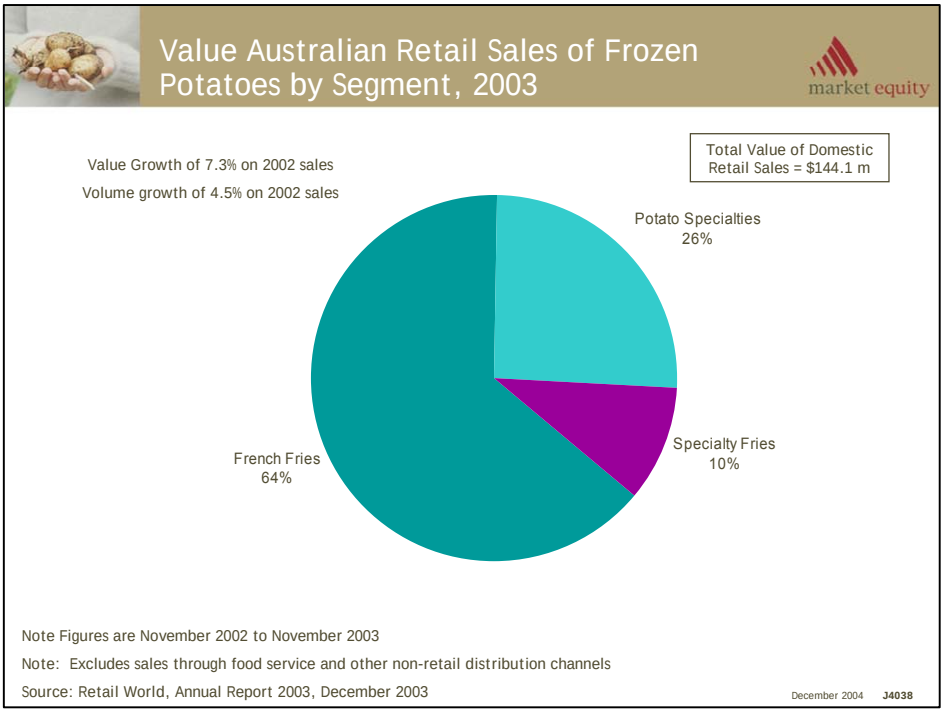


Chart 9 – Share of Australian Retail Sales of Salty Potato Snacks

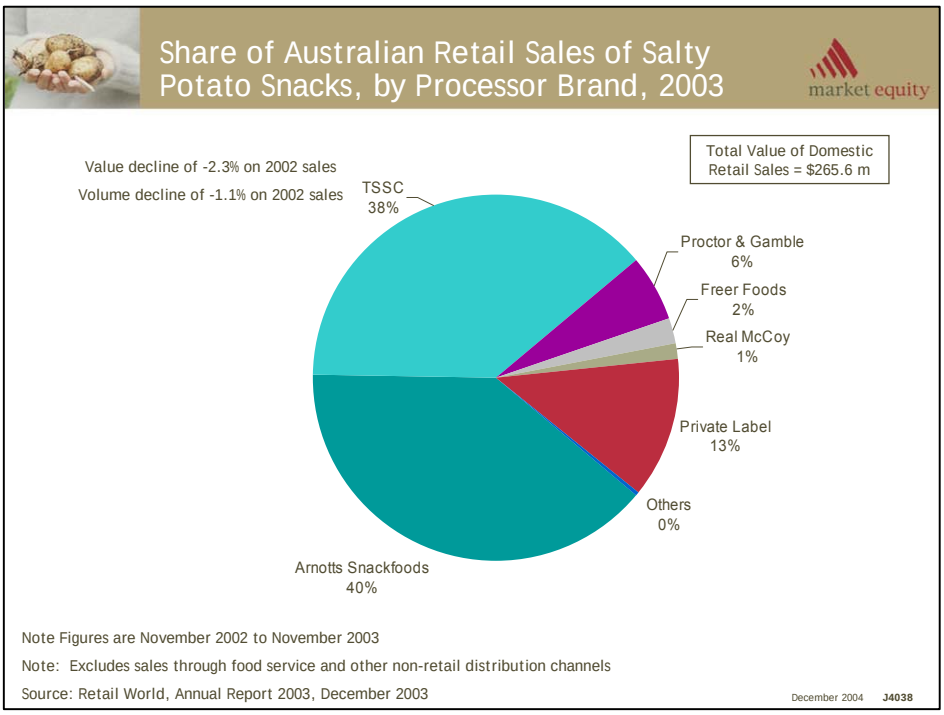


Chart 10 – Apparent Consumption of Fruit and Vegetables

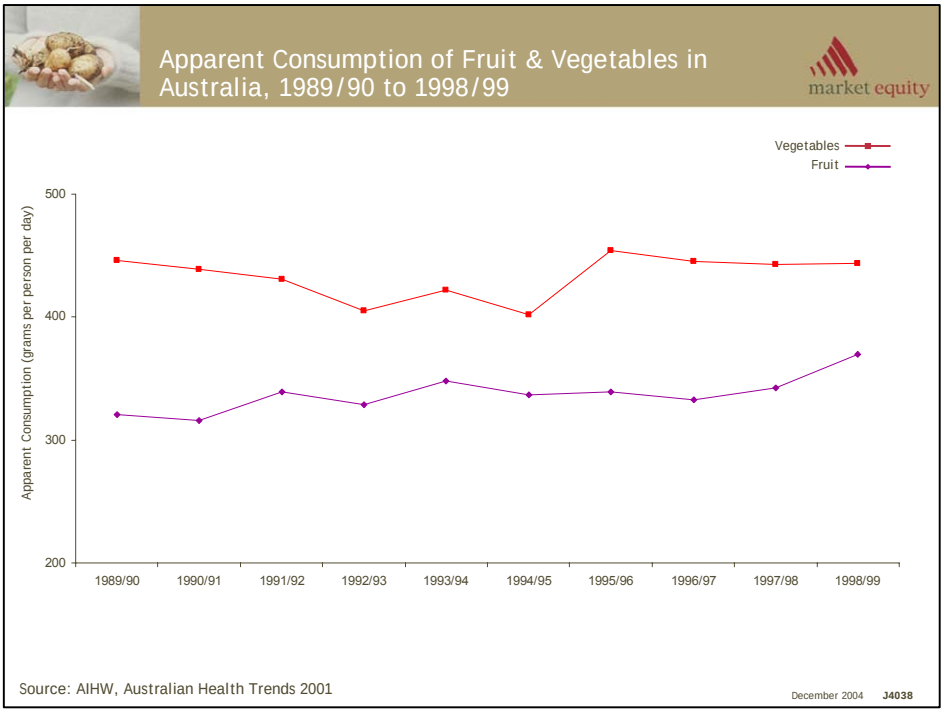


Chart 11 – Self Reported Vegetable Purchases

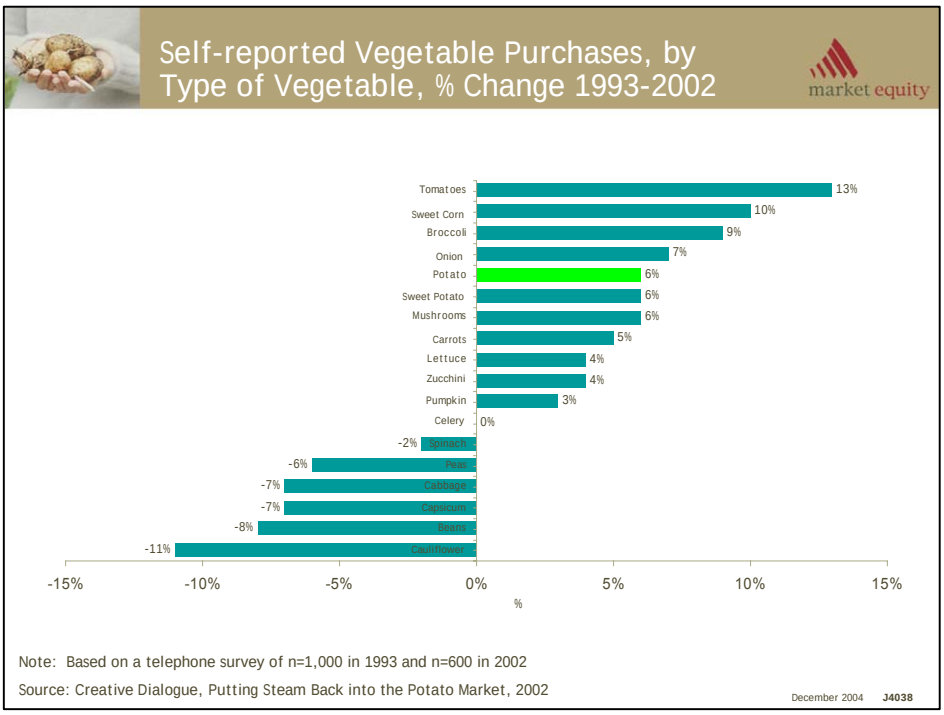


Chart 12 – Consumption Per Capita of Ware vs Processed

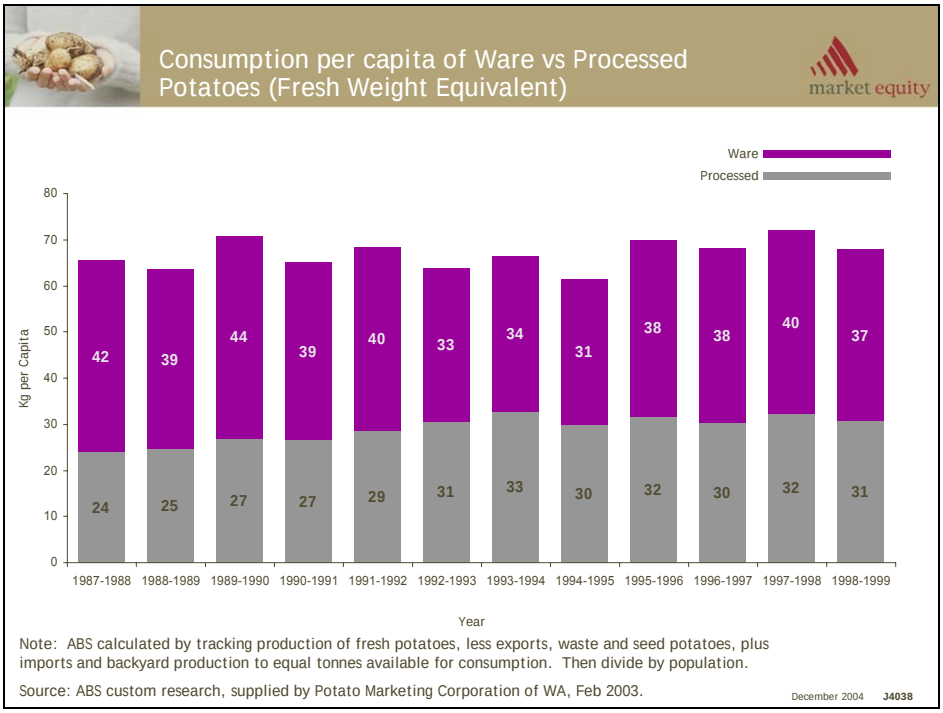


Chart 13 - Consumption Per Capita of Ware vs Processed

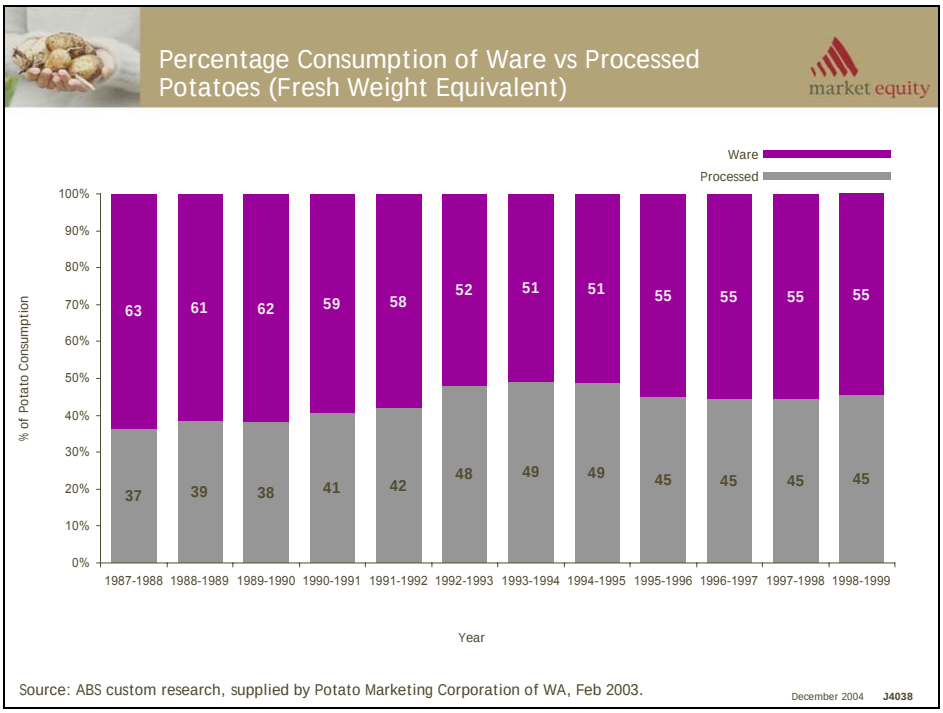


Chart 14 – Self Reported Potato Consumption

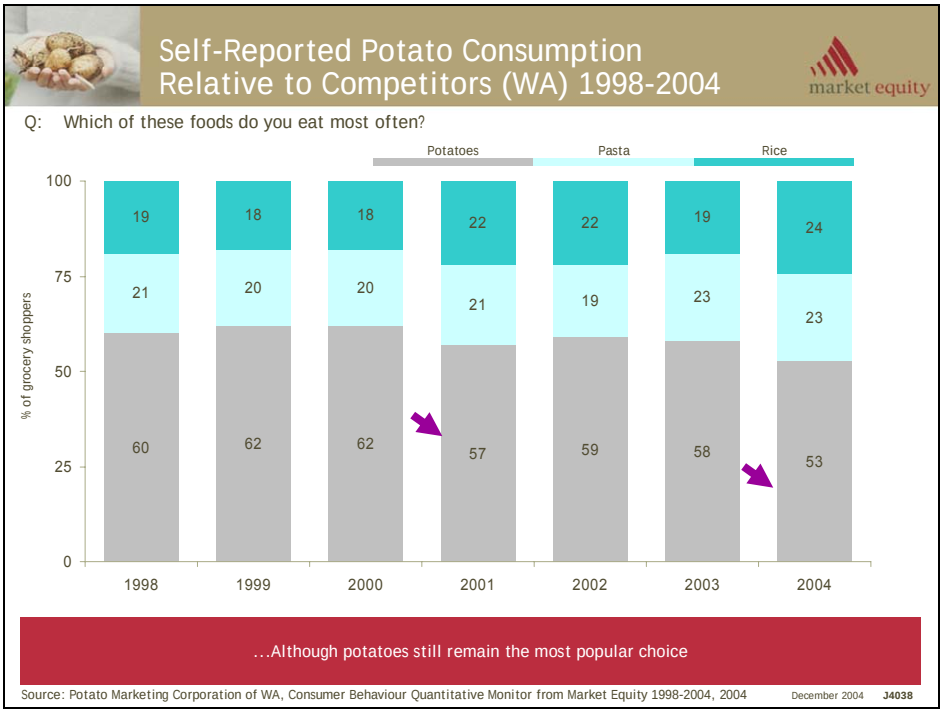


Chart 15 – Consumer Attitudes to Potatoes in Australia

Consumer Attitudes to Potatoes in Australia

- Research in 2002 found that significant segments of the Australian market were not price sensitive, indicating opportunities for improved margins.
- The research concluded that the Australian market could be split into user segments defined by their ideal fresh potato products. These segments included:
  - **All purpose potato** (13%) – these users want one type of potato to serve all their needs.
  - **Chip segment** (11%) – these users want the best type of potato for making chips.
  - **Gourmet potatoes** (9%) – these users are willing to buy new and exotic varieties.
  - Users who want the '**best potato' for each type of preparation** (10%).
- In 2002 the research found that the majority of consumers were not picking up on the nutritional messages being promoted by the potato industry.

Note: The segment clusters and their size were: price sensitive 13%; bulk 13%; all purpose 13%; chips 11%; time rich 11%; time poor 10%; best 10%, gourmet 9%; low involvement 8% - these were analysed and grouped into the above segments by Creative Dialogue

Source: Creative Dialogue, Putting Steam Back into the Potato Market, 2002

December 2004 **J4038**

Chart 16 – Low Carbohydrate Diets

Low Carbohydrate Diets

- **In the US, low carb options aren't as popular as first forecast – for a number of reasons:**
  - Replacing starch means low carb products don't taste as good, and can give a feeling of abdominal bloating and gas
  - Labelling issues have created scepticism – low carb vodkas and olive oils were found to not be low carb at all
  - Low carb alternatives are more expensive than traditional foods
  - Desire for natural, simple ingredients works against low carb processed foods ("how do make the stuff low carb?")
  - Consumers find it difficult to avoid to consciously avoid the main 'culturally prominent' carbohydrate rich foods (potatoes, white rice, bread and pasta.
- **US research suggests consumers find it difficult to stick to a low carb diet – more than traditional diets:**
  - 52% of low carb dieters quit because it was "too hard to maintain" (compared to 26% of all dieters)
  - 34% of low carb dieters quit due to boredom (compared to 29% of all dieters)
  - Only 14% stopping a low carb diet reached their weight loss goal (compared to 29% of those stopping other diets)

Source: Defining Low Carb from a Consumer Perspective, Low Carb Retailer, 2004.

December 2004 **J4038** 58

Chart 17 – Low Carbohydrate Diets

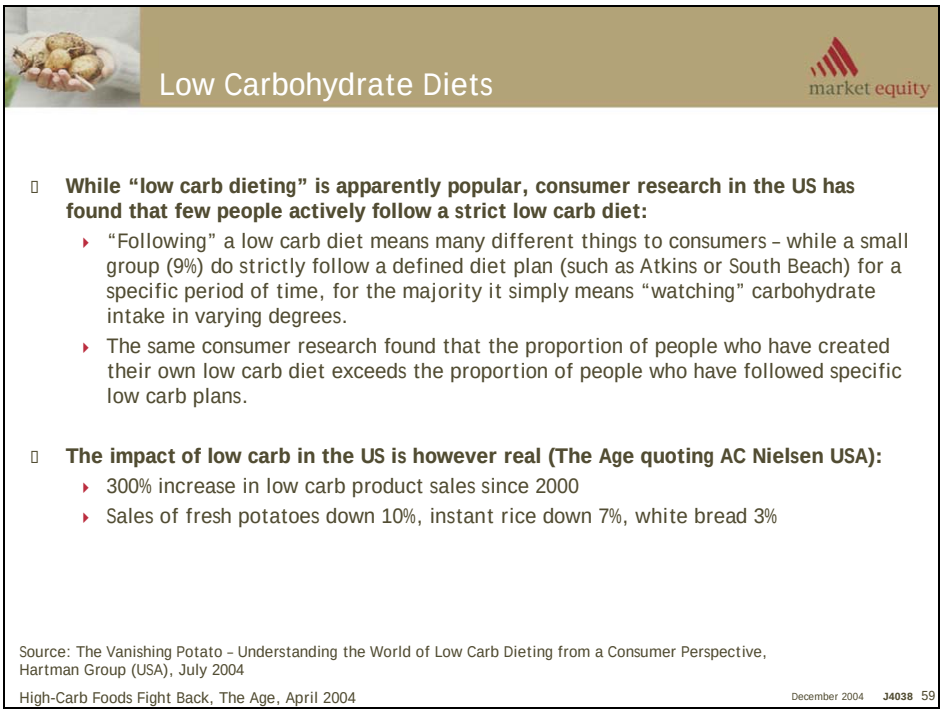


Chart 18 – Perceived Potato Substitutes

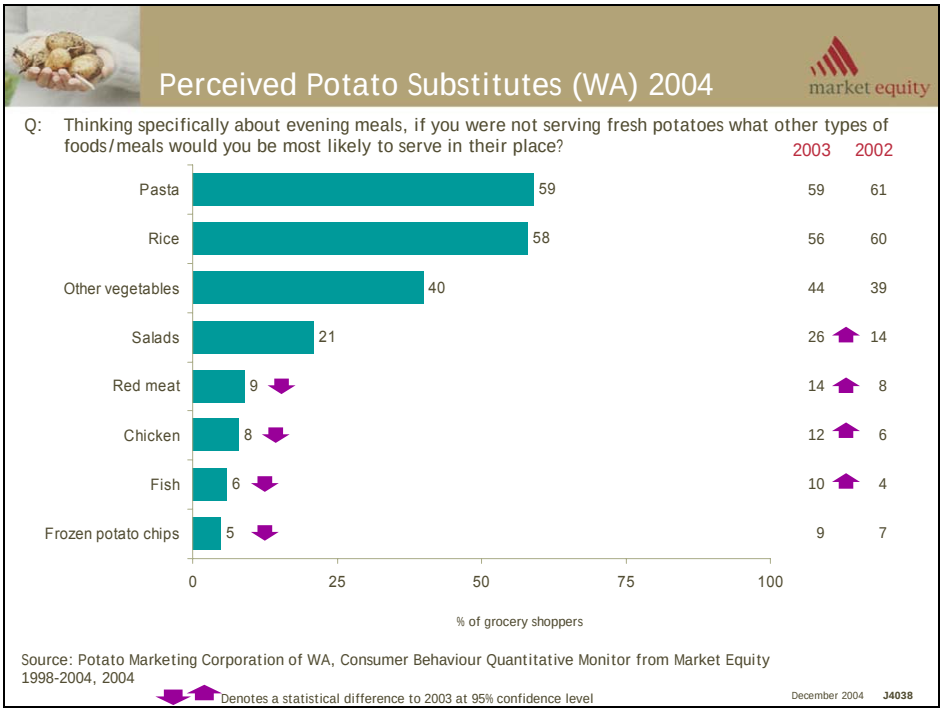


Chart 19 – Map of Potatoes Relative to Competitors

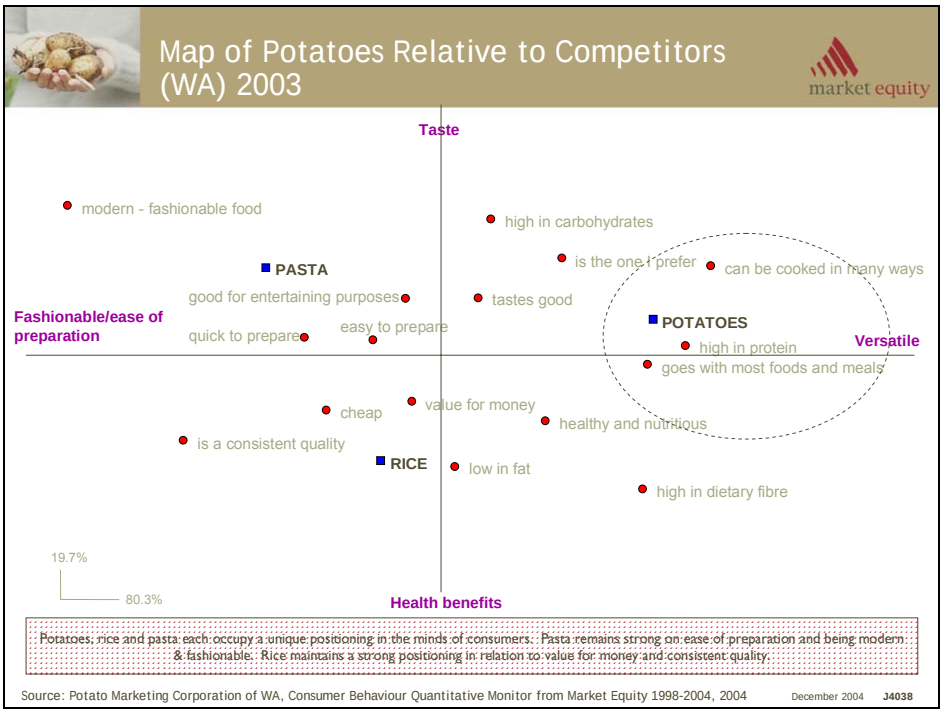


Chart 20 – Average Weekly Household Expenditure

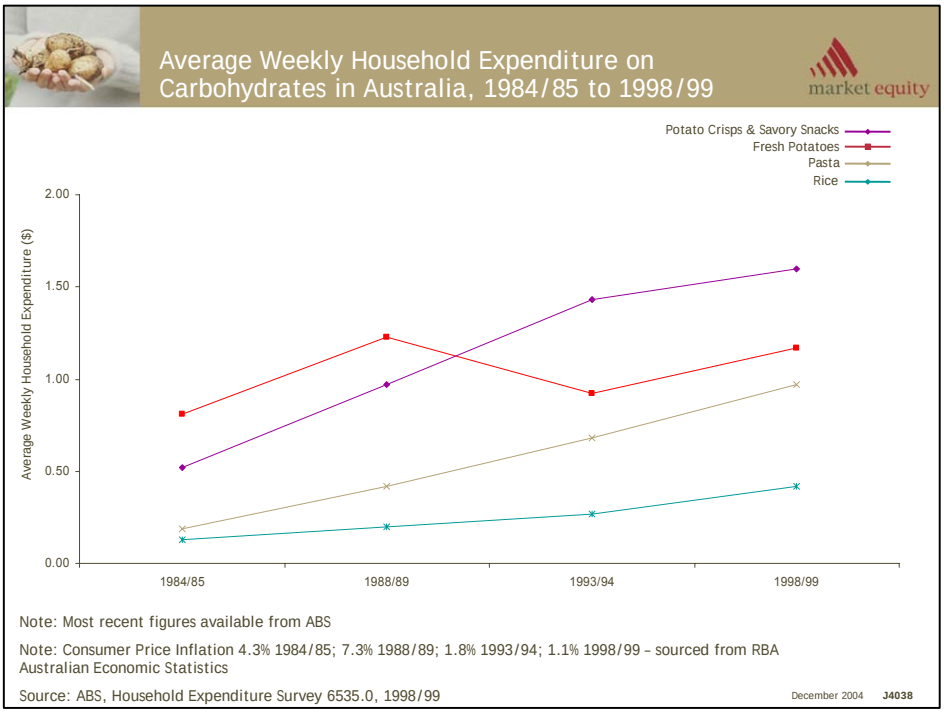


Chart 21 – Apparent Consumption of Potatoes versus Rice

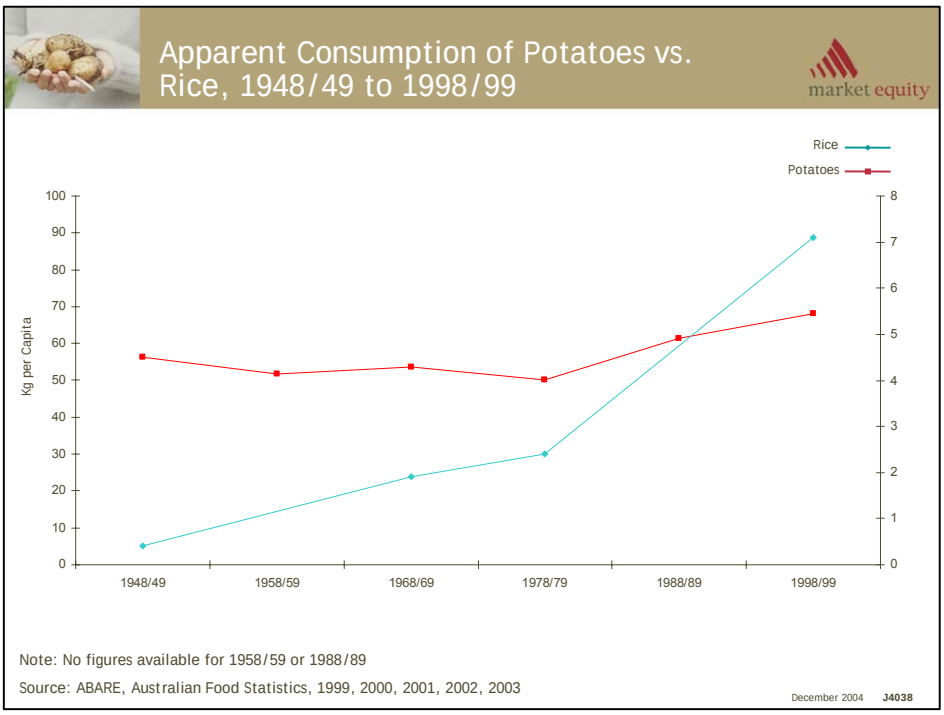


Chart 22 – Average Retail Prices of Potatoes versus Rice

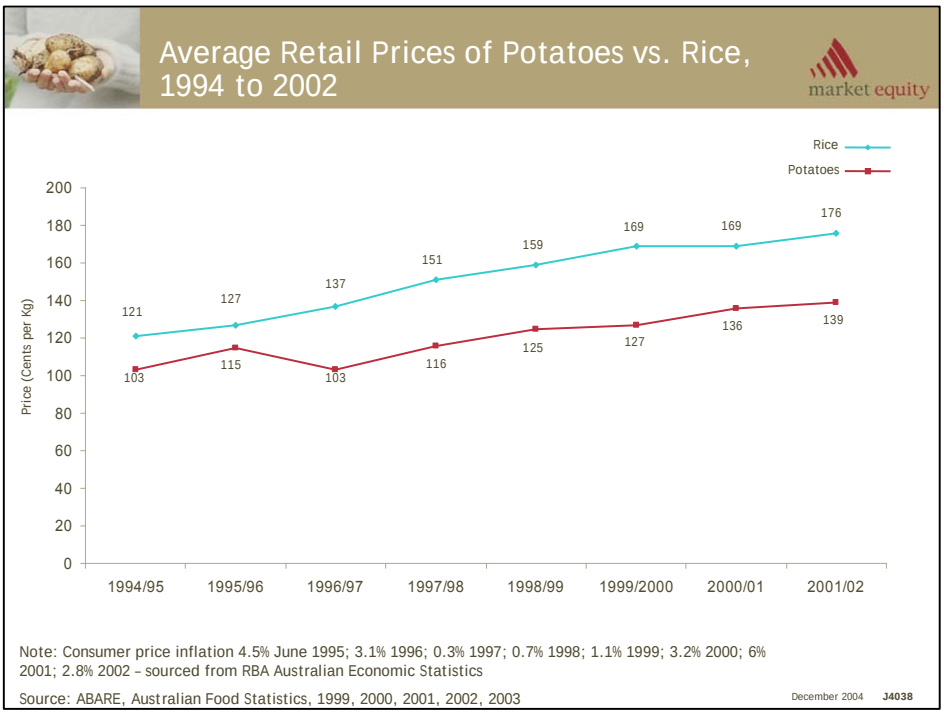


Chart 23 – Value Australian Sales of Pasta

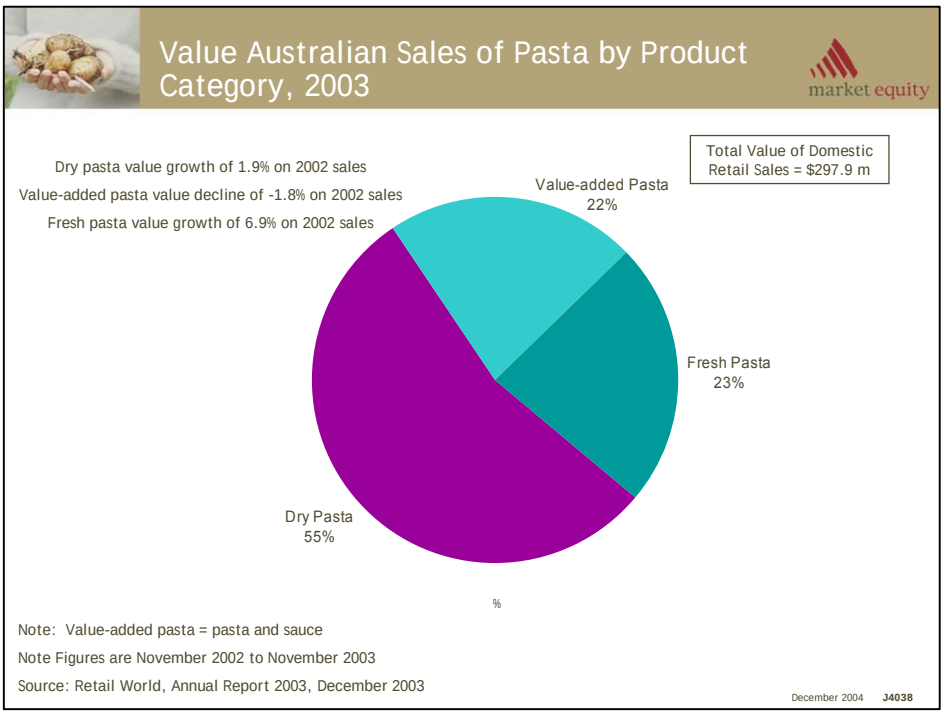


Chart 24 – Value Australia Sales of Rice

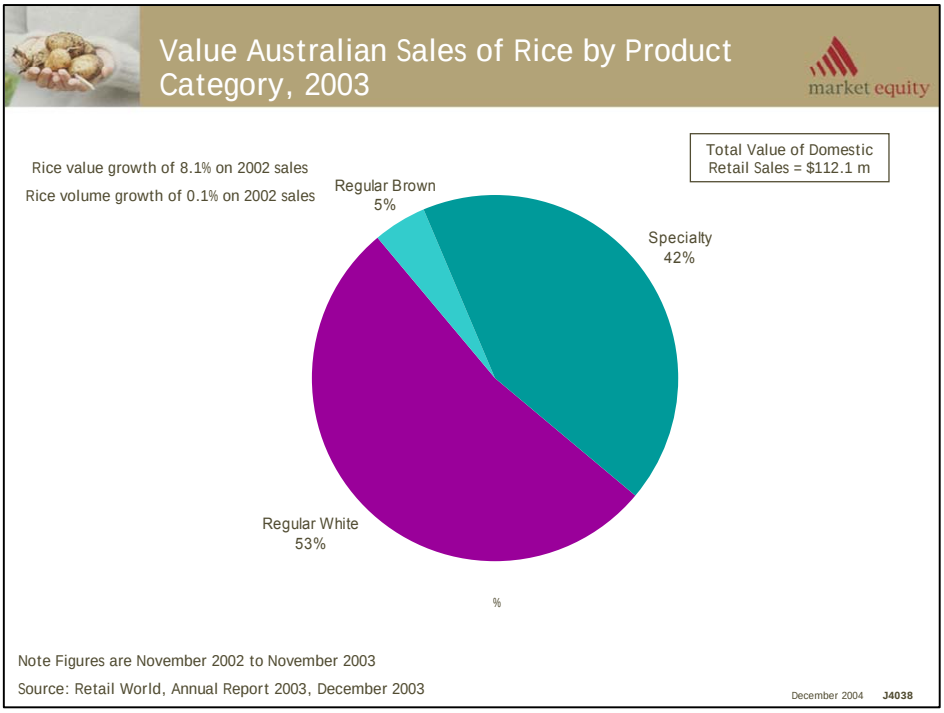


Chart 25 – Social Trends

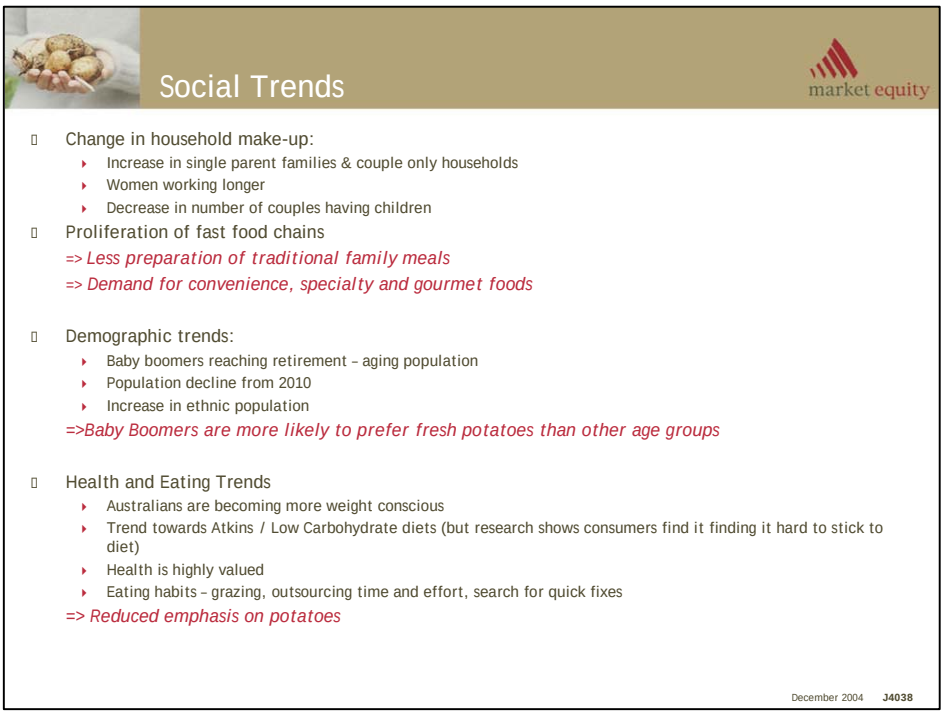


Chart 26 – United States Potato Board

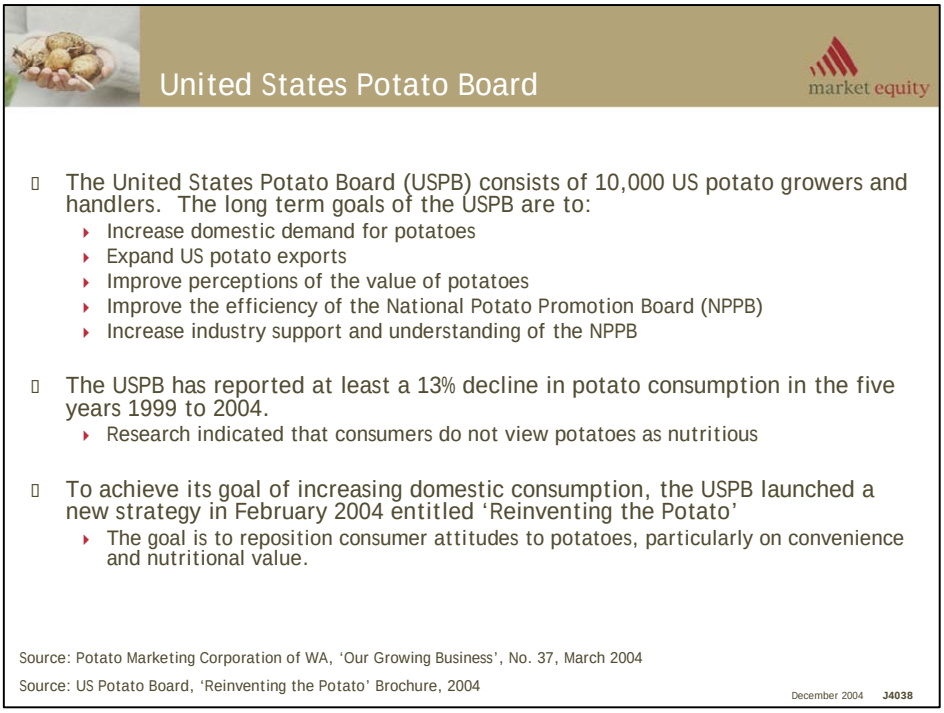


Chart 27 - United States Potato Board

Chart 28 - United States Potato Board

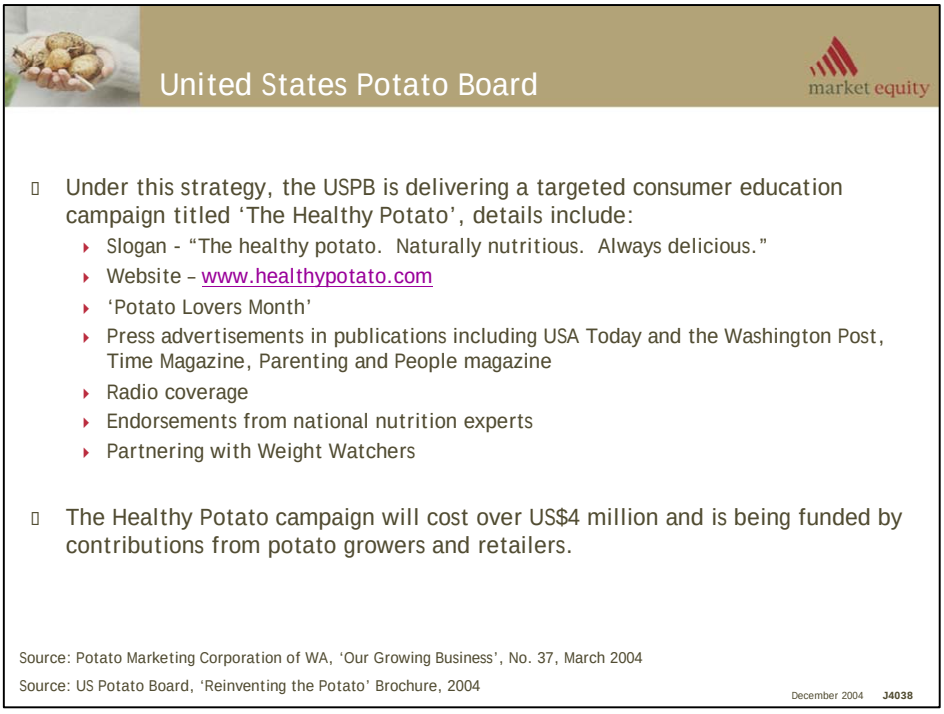


Chart 29 – British Potato Council

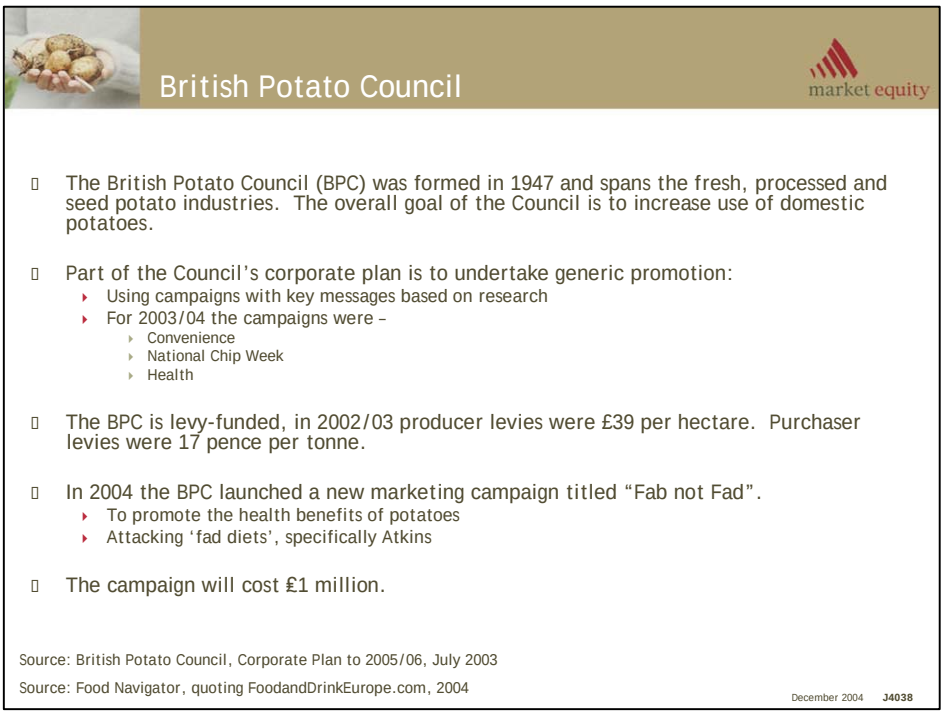


Chart 30 – Potato Marketing Corporation of WA

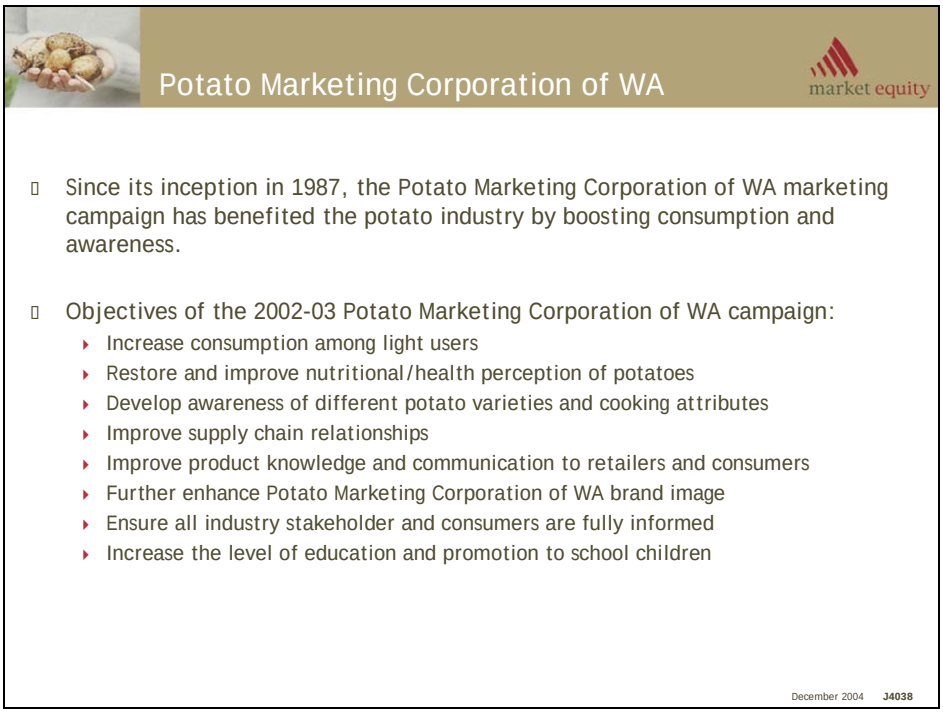


Chart 31 – Potato Marketing Corporation of WA

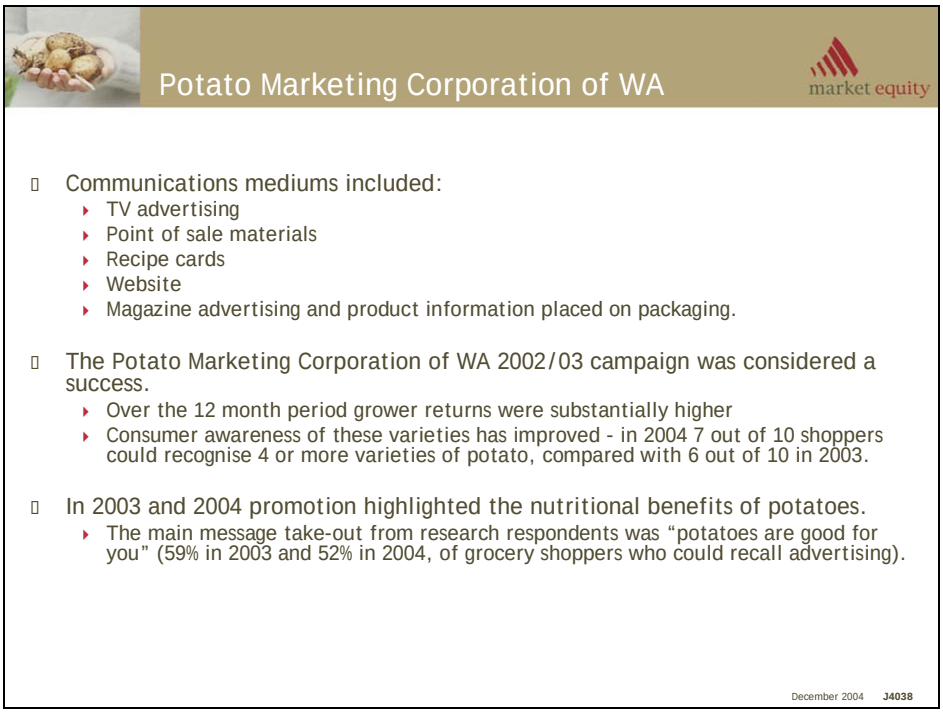


Chart 32 - Potato Marketing Corporation of WA

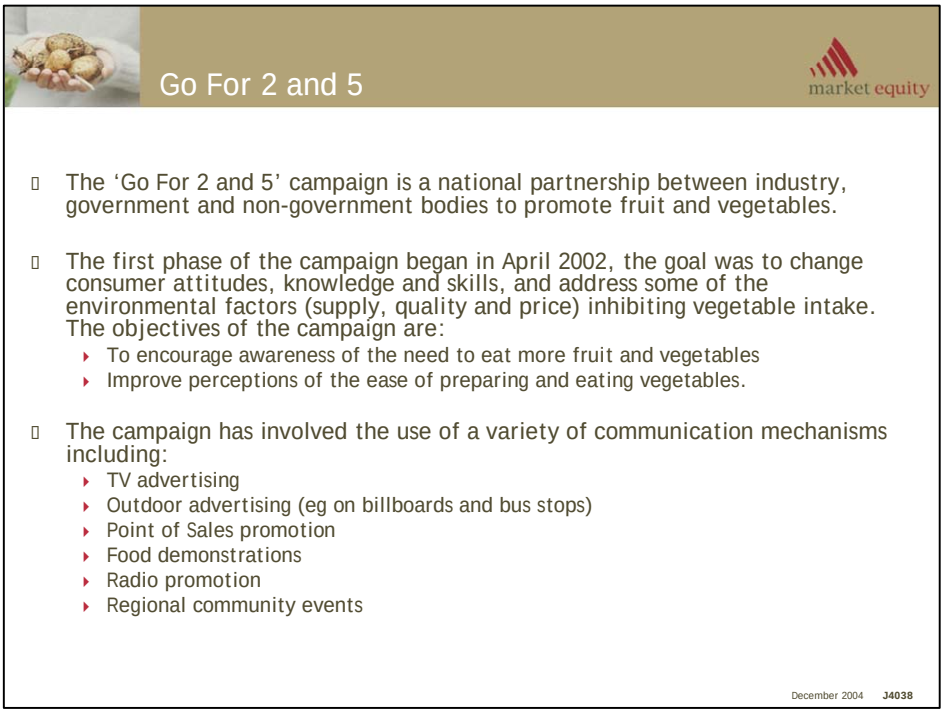


Chart 33 - Potato Marketing Corporation of WA

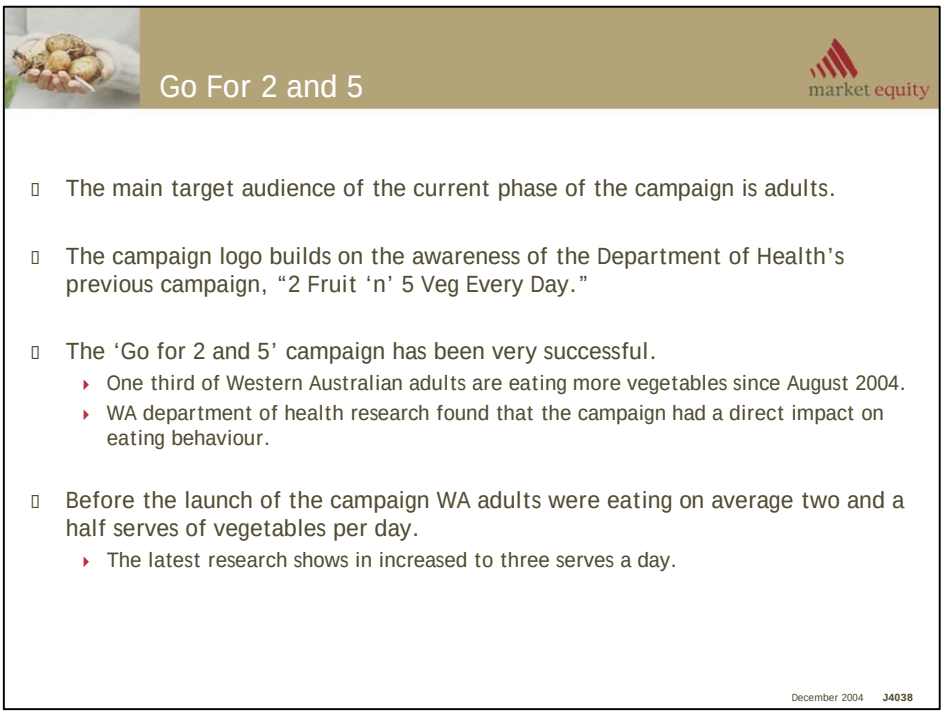
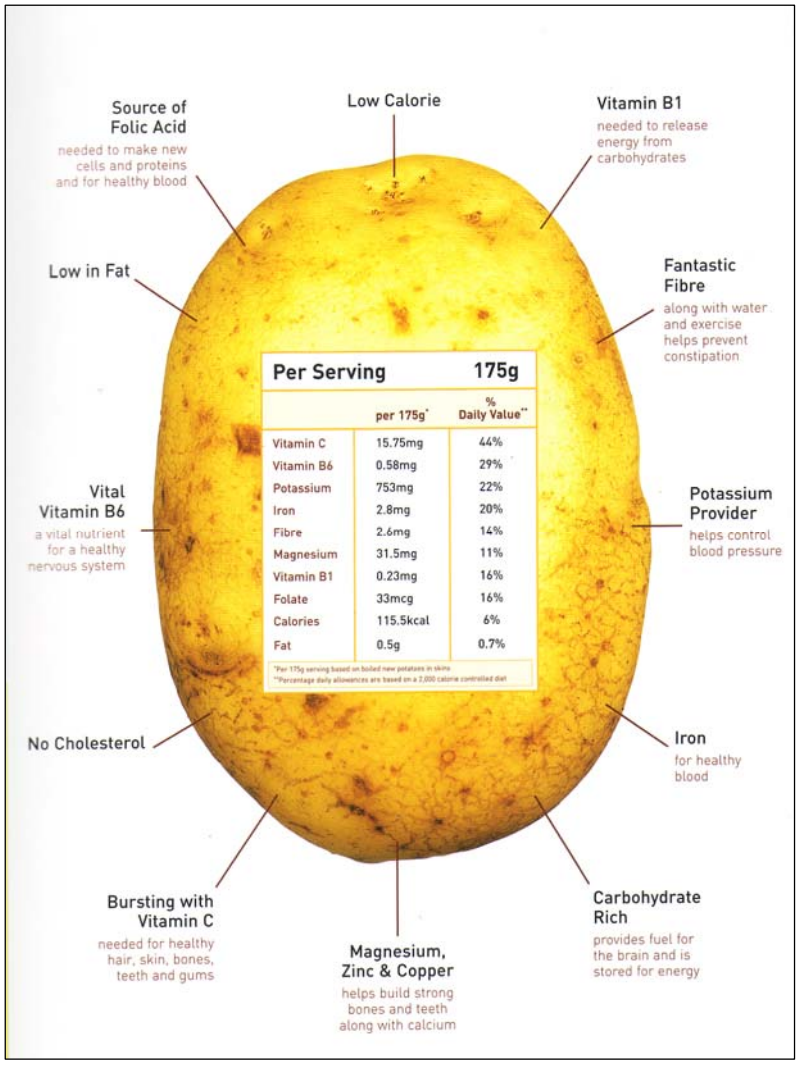


Chart 34 – Other Marketing Campaigns

Chart 35 – Nutritional Properties of Fresh Potatoes

Source: Potatoes, a healthy market. The British Potato Council, 2004.



Per Serving	175g	
	per 175g*	% Daily Value**
Vitamin C	15.75mg	44%
Vitamin B6	0.58mg	29%
Potassium	753mg	22%
Iron	2.8mg	20%
Fibre	2.6mg	14%
Magnesium	31.5mg	11%
Vitamin B1	0.23mg	16%
Folate	33mcg	16%
Calories	115.5kcal	6%
Fat	0.5g	0.7%

*Per 175g serving based on boiled new potatoes in skins
**Percentage daily allowances are based on a 2,000 calorie controlled diet

Contents