Consumer attitudes and usage in the green leaf category

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Harvest FreshCuts Pty Ltd

Project Number: VG10094

VG10094

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Consumer attitudes and usage in the green leaf category

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Report Purpose Statement

The purpose of this report is to collate and examine all the information gathered over the life of this project and provide industry with insights into the purchase behaviours of consumers of green leaf salads.

Acknowledgments

30 September 2013

Table of Contents

Media & Technical Summary

Problem Statement

Prior to this research there was very little consumer research relating to the value-added, green leaf, category. This project provides important insights into consumer purchase behaviour when engaging with this category.

Materials & Methods

The project adopted a formal and structured qualitative and quantitative approach to consumer research of the green leaf category consisting of 9 separate Focus Groups in 3 States; a National Omnibus Report with 1,200 participants; an on-line survey with 900 participants; and an analysis of AC Nielsen Homescan data for the green leaf category over a 6 year period

Results

It is clear that the green leafy category has now reached the mature phase of its lifecycle. 65% of main grocery buyers are now purchasing pre-packaged salads at least once per month whilst 26% of them purchase less than every 3 months or never

In contrast, 81% of all main grocery buyers purchase a whole lettuce at least once a month or more frequently and 39% purchase loose leaf over a month

The research revealed that Quality & Freshness are the single most important triggers to consumer purchase. Regular users are more forgiving about quality than occasional users

60% of pre-packaged salad purchasers perceive that the quality of fresh-cuts is as good as whole lettuce and 65% believe that fresh-cuts are as fresh as whole lettuce.

The consumer was also strongly interested in some different pack sizes and formats (family packs and single-serve packs).

Recommendations for future R&D

The green leaf consumer should be periodically engaged with formal market research to identify future changes in attitude

Recommendations for practical application to industry

Industry should adapt a through supply chain approach to optimising freshness and quality at each stage

BACKGROUND

Introduction

The retail value-added produce (fresh-cut) category has now existed in Australia for more than 15 years, yet prior to this project there was very little definitive research in the public arena into how today's consumer views this important category. We used qualitative and quantitative research to investigate consumer attitudes and shopping behaviours towards the total prepared green leaf category, exploring the consumer perceptions, purchase drivers and barriers to purchase.

The fresh-cuts sub-category accounts for 5-7% of the total produce category sales in Australia. In the US this value is 14% and in the UK it is 18-20%, indicating that there is the potential for significant market growth in Australia. This research project sought to identify the triggers and barriers to consumer uptake.

The origins of fresh-cut in Australia began in the late '60's in response to the arrival of Quick Service Restaurants (QSR's) such as Kentucky Fried Chicken (1968), Pizza Hut (1970), McDonalds (1971), Hungry Jacks (1971), Red Rooster (1972), Sizzler restaurants (1984), et al. The emergence and duplication of these restaurants introduced the concept of centralised commissaries and by the late '70's, 3rd party suppliers had evolved.

The retail fresh-cut salads industry in its current form has existed in Australia for about 15 years. Processors Harvest FreshCuts Pty Ltd and Vegco Pty Ltd both commenced production in 1995 licensing similar European modified atmosphere packaging (MAP) technologies and "Clean-Room" manufacturing practises to produce a small range of bagged products. Harvest FreshCuts P/L undertook a limited consumer research project in 1995 which was supported by HAL, and lead to the formulation of the first 5 products that were launched. Whilst these two entrants later merged under the Oneharvest banner a study in 2008(1) revealed at least 23 different operators in the Australian market. In 2010 the retail fresh-cut salads market is dominated by Oneharvest Group, Houston Farms, Convenience Foods, Coolibah Herbs, and Tripod Farms.

The current retail offer consists of ready-to-eat leaf in MAP bags and trays, unwashed leaf in bags and trays, ready-to eat kit salads, and value-added trays and bowls with additional protein, pasta, rice, salad dressings, etc. to transform the leafy base into a snack or meal product. The green leafy component is now dominated by various baby leaf cultivars including baby spinach, rocket, mizuna, baby corals, baby cos, tat-soi, etc. whilst the original components of shredded iceberg, chopped cos, etc. still have a loyal following by the consumer. It is estimated that >50% of the total output is now baby-leaf based, and that 44% of this total retail leaf offer is sold through the "big two" supermarkets, the remainder being shared between greengrocers, independent supermarkets, food service and export.

The retail products are merchandised by all leading supermarket chains, predominately as Private Label (house brand) products with the larger national supermarkets, and through the greengrocer channel, both as greengrocer house brands and as growers / manufacturer's brands.

With an estimated 3,000 plus people now depending upon the green leaf category for their livelihoods it is imperative that the entire supply chain gains an accurate understanding of the requirements of the consumer.

(1) Munton & Welch - unpublished

Materials & Methods

Phase 1 - Qualitative Research

A series of 3 Focus Groups were conducted in 3 regions across Australia, 9 focus groups in total, each with nine participants, making a total of 9 x 9 = 81 participants. The Focus Groups' composed of purchasers from different demographic skews, identified as frequent, occasional and non-buyers of green leaf.

The product research target defined was the "green leaf category". The research explored and identified some of the specific terminology used by the consumer when describing the category whilst interacting with a range of fresh-cut products. The research considered the varying packaging formats currently used within the category including trays, bowls, punnets, bags, pillow packs, loose leaf, and home grown leaf.

Harvest FreshCuts Pty Ltd (HFC) engaged market research agency Sprout Research Pty Ltd to carry out Phase 1 & Phase 2 research.

Phase 2 - Quantitative Research

a). National Omnibus

The information gathered from Phase 1 was used to formulate an on-line survey targeting 1,200 respondents. An online National Omnibus profiled the proportion of the Australian population who were shopping the green leaf category.

b). Customised Survey

The Australian Green Leaf Consumer – "a customised on-line survey of Australian green leaf buyers"

300 respondents by eastern seaboard state, providing a total sample of 900 nationally. The content of the quantitative stage will be dictated by the outputs from the group discussions. Multiple hypotheses were developed from phase 1 of the project and phase 2 determined the numeric statistics for each hypothesis.

This research was conducted through 15-20 minute online interviews.

Phase 3 - Homescan® Data

The survey was augmented with hard shopper data sourced from the Nielsen Homescan programme. Nielsen Homescan data for the category was collated for a 6 year period ending 2012 (that is historical data for 2007, 2008, 2009 and current data for 2010, 2011, and 2012).

Project Results

1. FOCUS GROUPS
   a. Total of 90 people across three states during December 2010
      i. Brisbane - 3 groups of 10 participants held week of 6th December 2010
      ii. Sydney - 3 groups of 10 participants held 13th December 2010
      iii. Melbourne - 3 groups of 10 participants held between 14th & 15th December 2010
   b. Demographic
      i. Green leaf category buyers; different demographic skews, frequent occasional and non-buyers of green leaf, and a representation of channel buyers
   c. The focus groups focused on the “why?” factor for some of the 16 key areas. Some of the key areas explored were:
      i. Role of a pre-packaged product and how it has changed over the last 4 years moving from occasional to everyday.
      ii. Why people are more inclined to purchase one packaging type over another and looked at how they choose their products.
      iii. Segmentation – how do consumers segment the products on offer and what is the role of shelf layout.
      iv. How and why they use the products
2. OMNIBUS SURVEY
   a. Respondents - 1,201 aged 18 years and over, held early December 2010
   b. Sample – conducted nationally among 1201 respondents aged 18 years and over
   c. Selection – Respondents selected via a random selection process which included;
      i. A quota for each capital city and non-capital city area and within these areas a quota being set for groups of statistical divisions and subdivisions
      ii. A random selection of telephone numbers within each area
      iii. Random selection of individuals within each house
   d. Interviewing – conducted by telephone over the period of 26 – 28 November 2010

i. To allow for those who are away a lot a system of call backs was put in place

e. Weighting – To reflect population distribution, results were post-weighted to Australian Bureau of Statistics data on age, highest level of schooling completed sex in the area
f. Analysis By – sex | age | grocery buyer | children | marital status | work status | area | social-economic status | highest education completed | household income
g. Question - Thinking about green salad such as lettuce, spinach, mixed salad leaf, rocket, mescalin etc. that you buy from a supermarket or green grocer on average about how often do you buy the following?

3. ON-LINE SURVEY
   a. 918 respondents participating in a 15 minute on-line survey held 4th to 18th February 2011.
   b. The on-line Survey questions explored:
      i. Frequency of Purchase by form i.e. Bagged Product, Loose, Whole, Tub, Bowl
      ii. Category cross buying
      iii. Purchase drivers - Role of leaf type
      iv. Purchase barriers
      v. Purchase decision process; where decision is made (Impulse versus planned)
      vi. Ease of category shopping
      vii. Place of Purchase - Green Grocer, Supermarket, Markets
      viii. Why they choose each different green leaf form
      ix. Usage occasions
      x. Demography/life stage
      xi. Life style
      xii. Perceptions by form is freshness/quality
      xiii. Care factor: washing, different leaf types
      xiv. Pack Format
      xv. Nutritional Statements
      xvi. Product Consistency in the bag

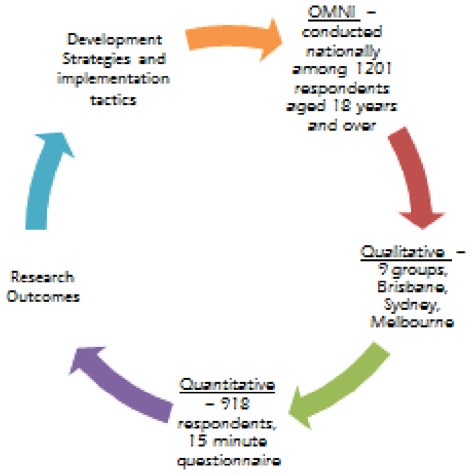
A report of the finding from the Focus Groups and surveys can be found in Appendix 1 ***(Leafy Green Research Project Final Report Key Findings)***

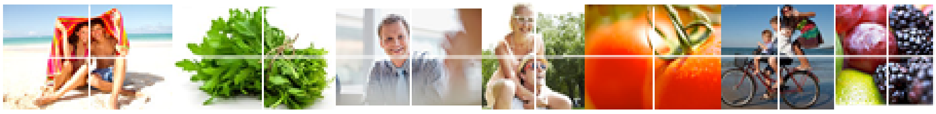
RESULTS OF THE QUALITATIVE & QUANTITATIVE RESEARCH METHODS

The results of the Focus Groups, Omnibus Survey and Online Survey have been compiled into the final report published by Sprout Research, which addresses the overall project objectives. The findings of these three combined research methodologies feed into the one final Leafy Green Consumer report, rather than a separate report for each methodology undertaken. Homescan data review results are provided as a separate results section.

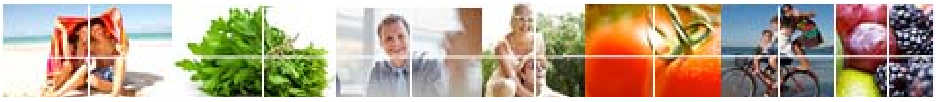
Focus Groups, Omnibus Survey & Online Survey- Key Findings

Methodology





ROLE OF THE CATEGORY IN THEIR LIFE



A Low Involvement Category

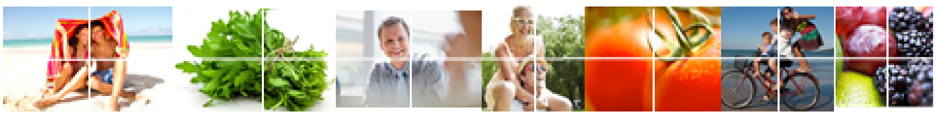
- To respondents a leaf is just leaf, there are obvious quality and freshness differentiators however outside of these there is no emotional involvement or attachment to the category.

- To pre-packaged and loose leaf respondents the category is part of their everyday diet.

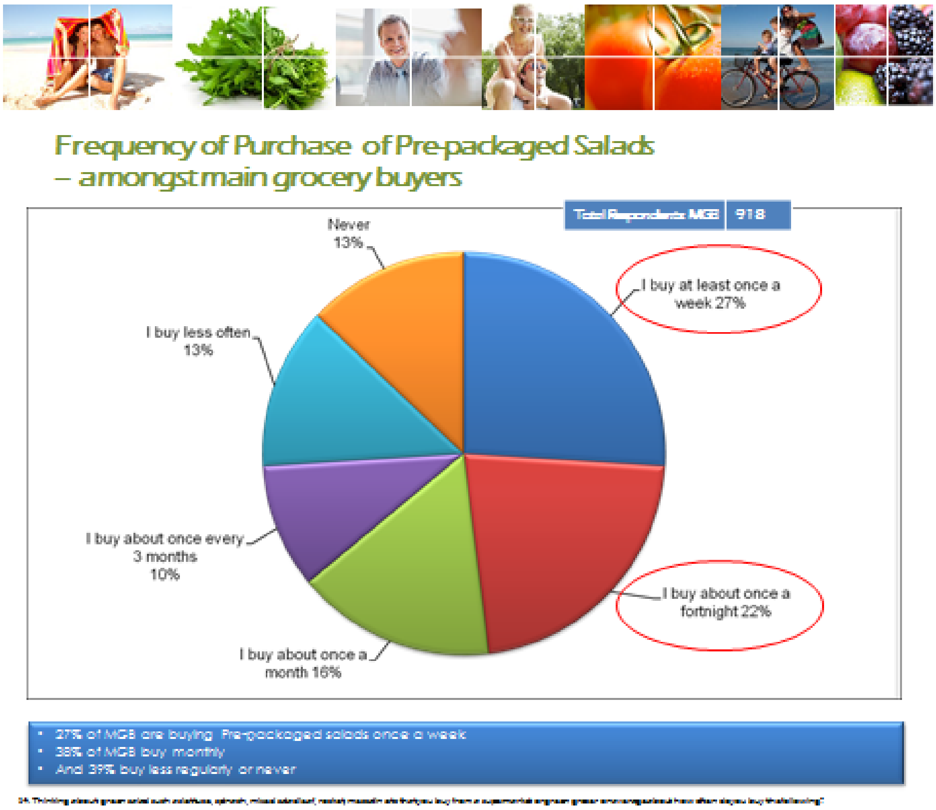
- The leaf is the base, what garnishes the salad is where the emotional attachment comes in.

- There is no perceived value in; brands, packaging, graphics, pack format, or to a lesser degree what leaf.

- Spinach and Rocket are the new age leaf however they still are just a leaf.



Frequency of Purchase



Frequency of purchase across buying formats from a supermarket or green grocer

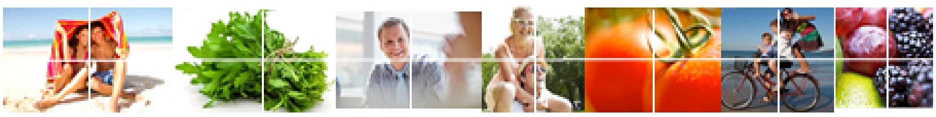
	Salad in Pre-Packaged Bag	A Whole Lettuce	Loose Leaves that you use tongs to put into a bag	Salad in a plastic Tub	Salad in a flow wrapped Tray
I buy at least once a week	27	28	12	3	4
I buy about once a fortnight	22	35	11	7	6
I buy about once a month	16	18	16	9	10
Total at least once a Month	65	81	39	19	20
I buy about once every 3 months	10	8	10	9	9
I buy less often	13	8	23	26	27
Never	13	2	28	45	44
TOTALS	100	100	100	100	100

- Of main grocery buyers 65% purchase pre-packed salad once a month or more frequently.
- 81% of all main grocery buyers purchase a whole lettuce at least once a month or more frequently. while 39% purchase loose leaf over a month.
- Availability <u>may be</u> a contributing factor as to why tubs and tray are lower than other format types.

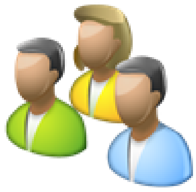
24. Thinking about green salad such as lettuce, spinach, mixed salad leaf, rocket, mesclun etc that you buy from a supermarket or green grocer on average about how often do you buy the following?

7

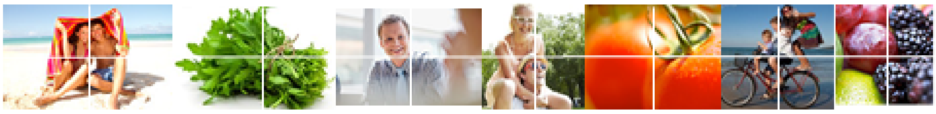
Who Are Our Buyers? Profiling; regular, occasional, irregular and non buyers



Regular User… purchasing habits

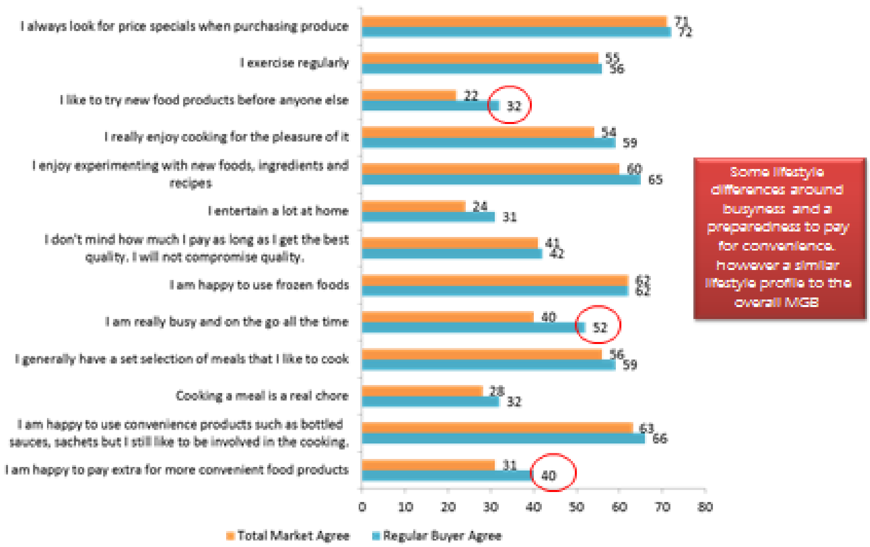


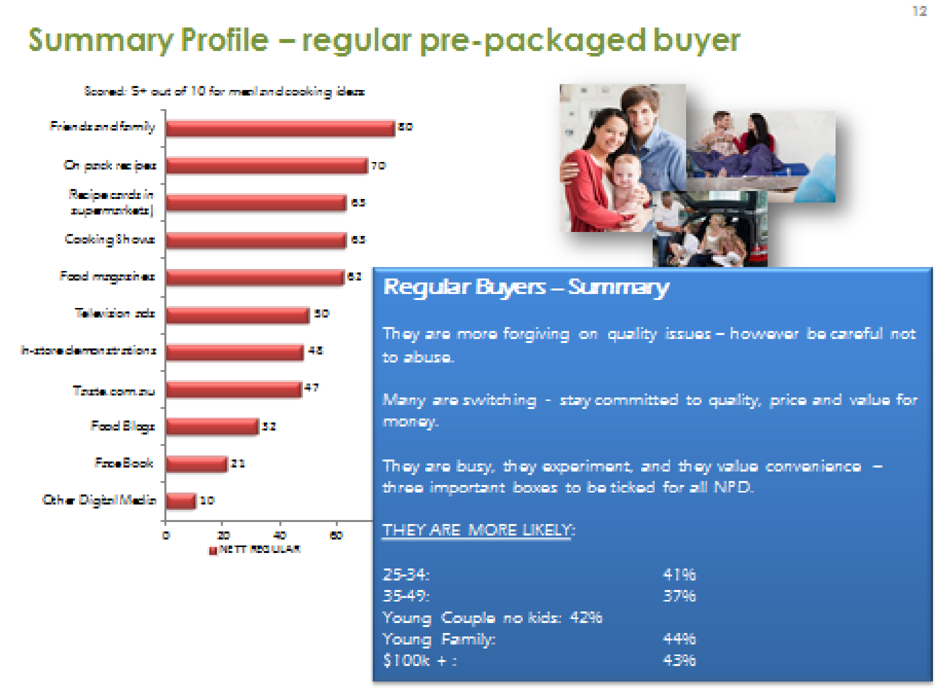
- Regular users are more forgiving, they spend a little more time at the shelf searching for the product that meets their quality and freshness expectation.
- A few are cross shopping however the majority purchase the same product each time.
- Regular users define the category by leaf, they segment based on single leaf, two leaves in the one bag or mixed.
- Any information or designs on the pack are not being used by the consumer during the purchasing process.
- Most regular respondents were not aware of the packs colour, pack format, or pack design, these pack elements had to be prompted.



Attitudes to Food and Lifestyle of Total population vs. Regular Pre-packaged Buyer

11

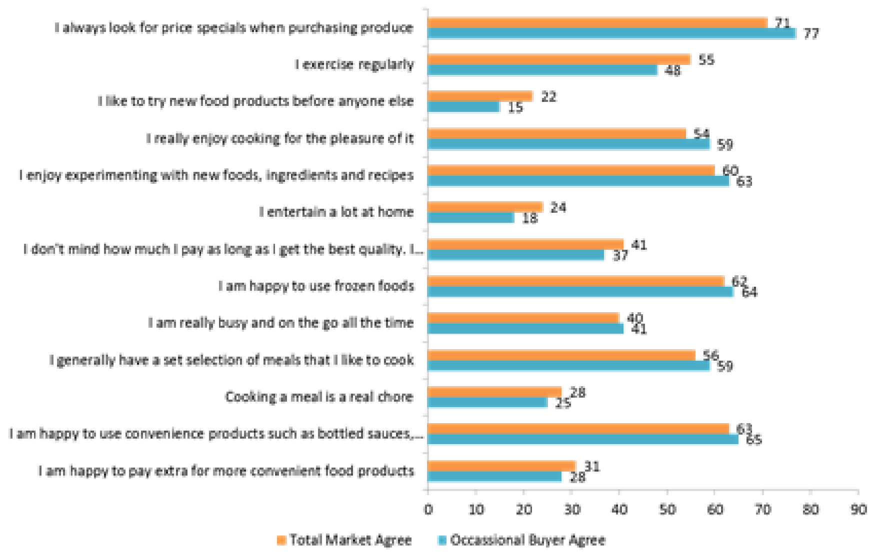



12
Summary Profile – regular pre-packaged buyer
Scored: 5+ out of 10 for meal and cooking ideas
Friends and family 80
On pack recipes 70
Recipe cards in supermarkets) 63
Cooking Shows 63
Food magazines 62
Television ads 50
In-store demonstrations 48
Taste.com.au 47
Food Blogs 32
FaceBook 21
Other Digital Media 10
0 20 40 60
NETT REGULAR
Regular Buyers – Summary
They are more forgiving on quality issues – however be careful not to abuse.
Many are switching - stay committed to quality, price and value for money.
They are busy, they experiment, and they value convenience – three important boxes to be ticked for all NPD.
THEY ARE MORE LIKELY:
25-34: 41%
35-49: 37%
Young Couple no kids: 42%
Young Family: 44%
$100k + : 43%


Occasional Buyers … purchasing habits
• Occasional users are buying from the category, just not as regularly as we want.
• They purchase more for the occasion, BBQ, Camping, Last Minute Meal.
• They would prefer to buy loose/whole, they perceive it as better quality, better value and believe it will last longer.
• They are already at the point of purchase, however to occasional consumers the category plays a different role and quality and freshness is a major contributing reason.

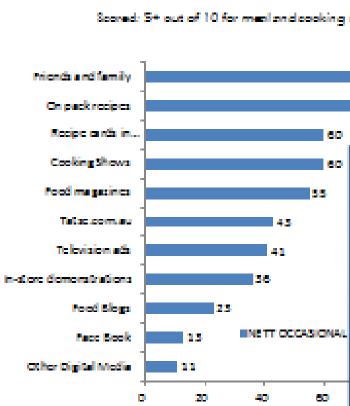
Attitudes to Food and Lifestyle of Total population vs. OCCASIONAL Pre-packaged Buyers

14



Summary Profile – Occasional pre-packed buyer

15



Occasional Buyers – Summary

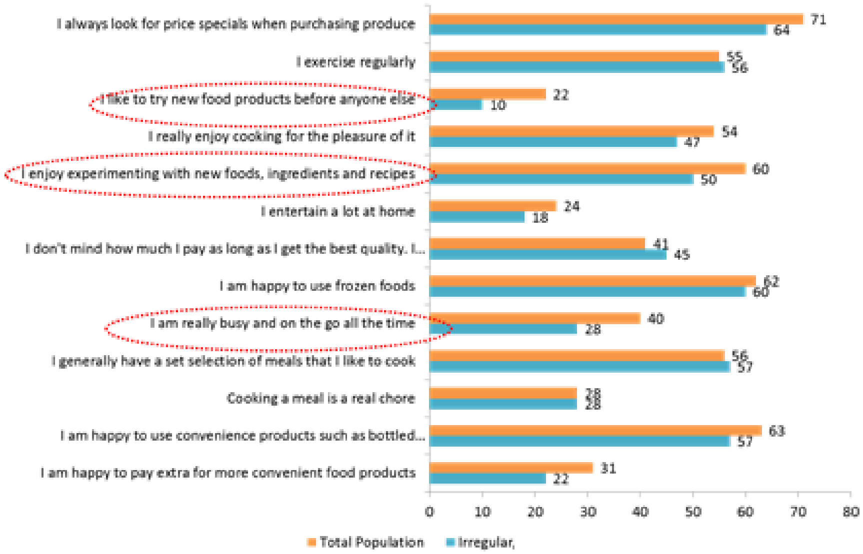
Profile is very similar to regular buyers, they are just buying less frequently.

Switching also happens with this group - stay committed to quality, price and value for money.

THEY ARE MORE LIEKLY:
25-34: 49%
35-49: 42%
Young Couple no kids: 43%
Single live with others: 49%
Higher income: 44%

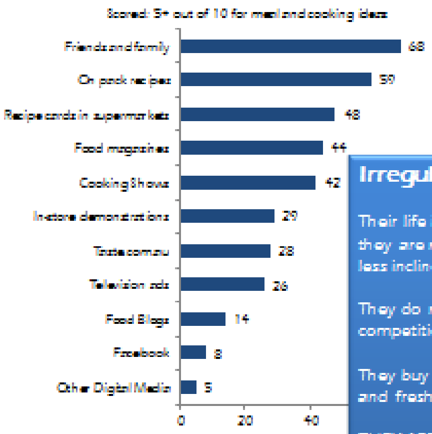
16

Attitudes to Food and Lifestyle of Total population vs. irregular pre-packaged Buyer



17

Summary Profile – Irregular pre-packed buyer



Irregular Buyers – Summary

Their life is different to regular and occasional pre-packed buyers - they are not as busy, do not like to experiment as much and are less inclined to try new foods.

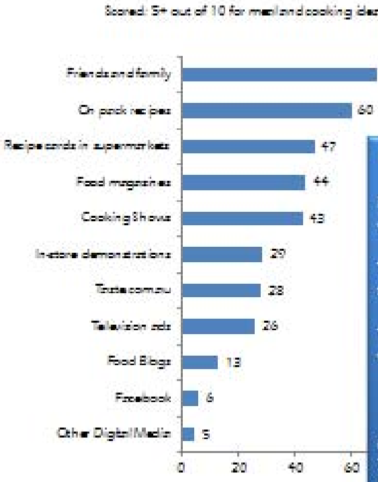
They do not believe the pre-packaged offer is as fresh as the competition – loose/whole.

They buy as a last minute or as a last choice. As opposed to quality and freshness

THEY ARE MORE LIKELY:

61-70:	31%
70+:	21%
Older Couple no kids:	32%
<$35k :	27%

Summary Profile – Non pre-packed buyer



Non Buyer – Summary

Pre-packaged is foreign to this group, they were bought up on whole/loose.

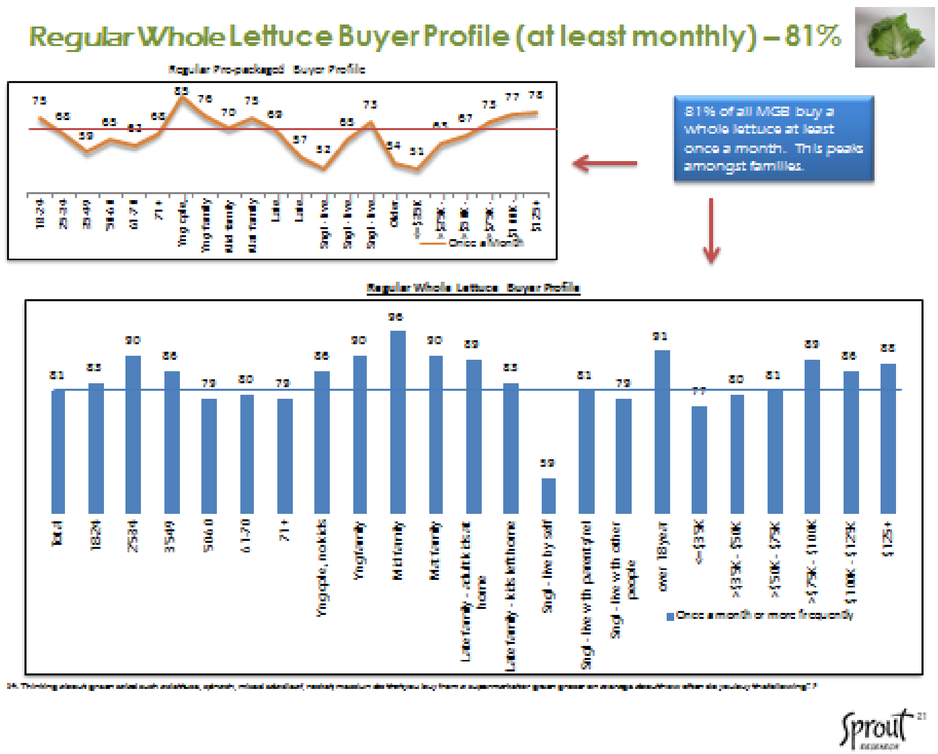
They value freshness and value for money, pre-packaged does not tick either of these boxes for them.

They are quite removed from the category, conversion would be very difficult.

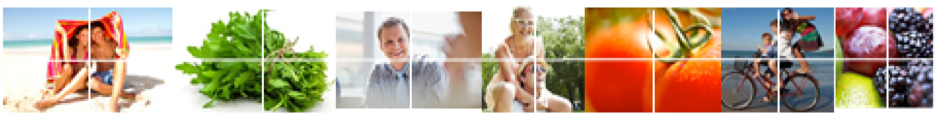
THEY ARE:

61-70:	34%
70+:	33%
Older Couple no kids:	37%
Single live alone:	36%

Regular WHOLE Lettuce Buyer Profile - Demographics

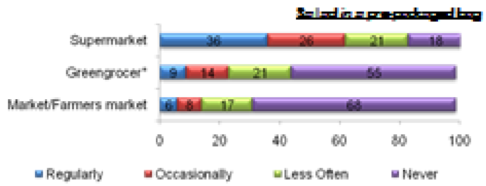


Frequency by Retailer



Purchase Frequency by Retailer and Format

- Regularly - at least fortnightly
- Occasionally - less than fortnightly and up to once a month
- Irregular- less than monthly



	Supermarket				Green Grocer (that is...a standalone fruit and veg shop that is not part of a supermarket)				Markets			
	Regular	Occasionally	Less Often	Never	Regular	Occasionally	Less Often	Never	Regular	Occasionally	Less Often	Never
Salad in a pre-packaged bag	36%	26%	21%	18%	9%	14%	21%	55%	6%	8%	17%	68%
A whole lettuce	58%	23%	14%	5%	27%	26%	23%	24%	14%	14%	24%	47%
Loose leaves	15%	23%	27%	34%	12%	13%	22%	53%	5%	7%	18%	70%
Salad in a plastic Tub	5%	15%	30%	50%	3%	8%	18%	70%	2%	4%	16%	78%
Salad in a flow wrapped tray	7%	14%	29%	50%	3%	7%	20%	70%	2%	4%	16%	78%

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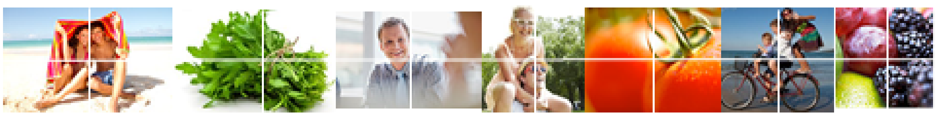
23

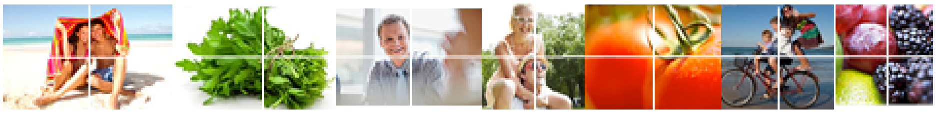
Purchasing – Reasons for Purchasing



Quality and Freshness

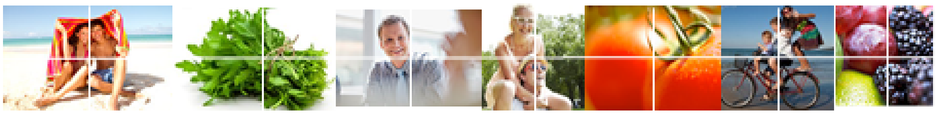
- Product Quality and Freshness are still the single most crucial element in the consumers decision making process.
- Quality and Freshness is the same across all the buying segments i.e. frequent buyers definition of Q&F is the same as an occasional buyers definition of Q&F.
- The definition of Quality and Freshness for all pre-packaged consumers is very similar to a non-users and occasional users definitions.
- Frequent (everyday) users are more willing and forgiving when it comes to Quality and Freshness. Frequent users will put up with (not forever) some of the blemish associated with a pre-packaged salad.

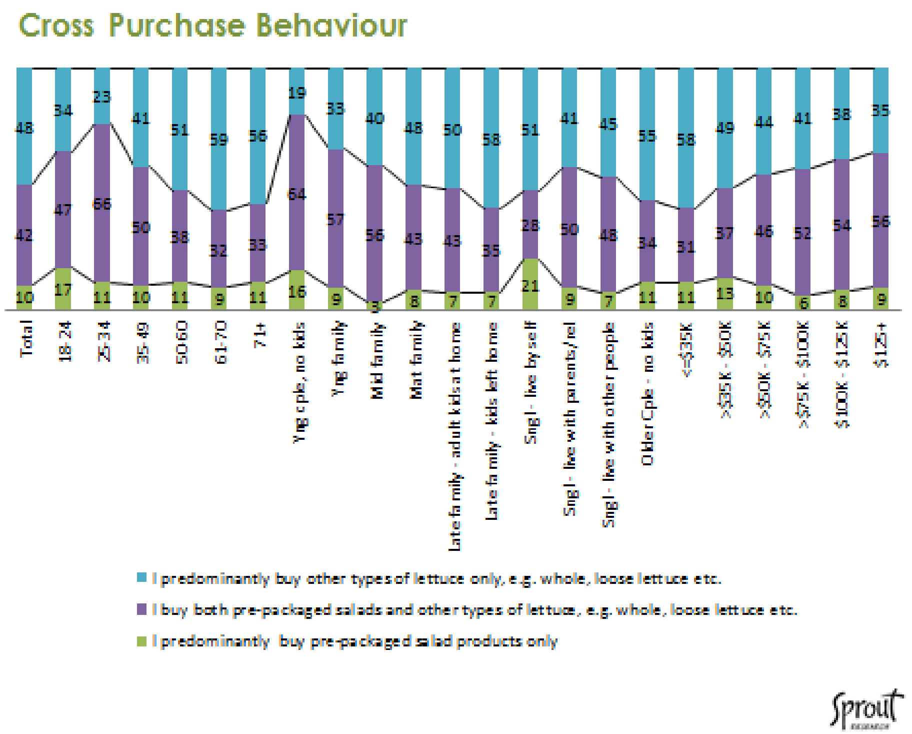
"I will search through the bags until I find the best one"



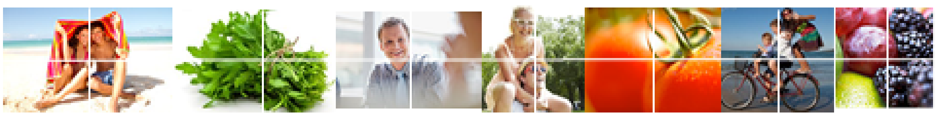
23

Switching Behaviour

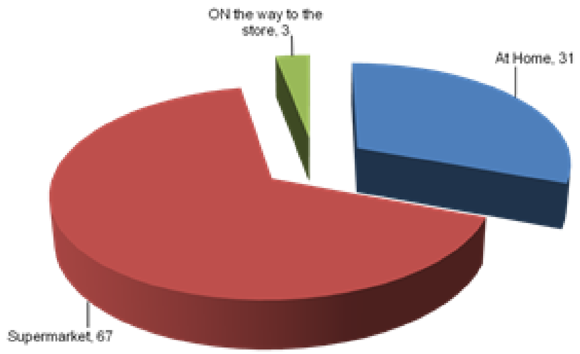




Pre-packed salad purchasing decision

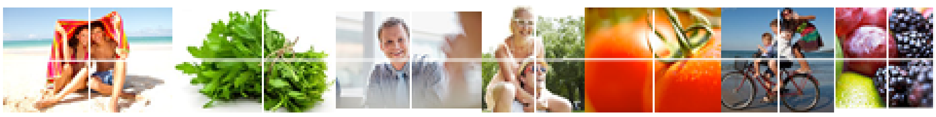


Where do consumers decide to purchase pre-packaged salad?

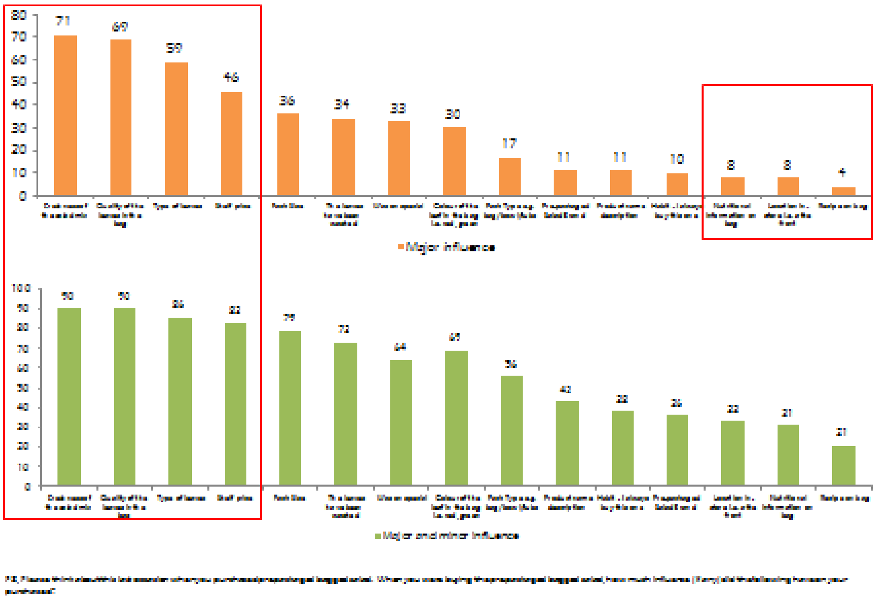


[illegible] Again thinking about your last shop, when did you decide to purchase the pre-packaged salad product

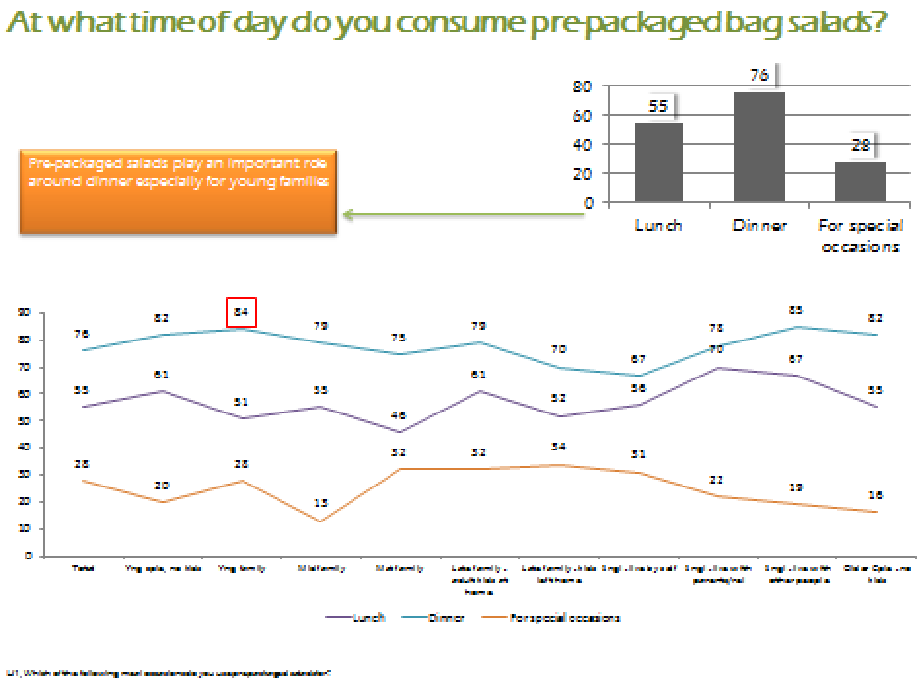
Purchase Drivers - Last Shop (n=593)

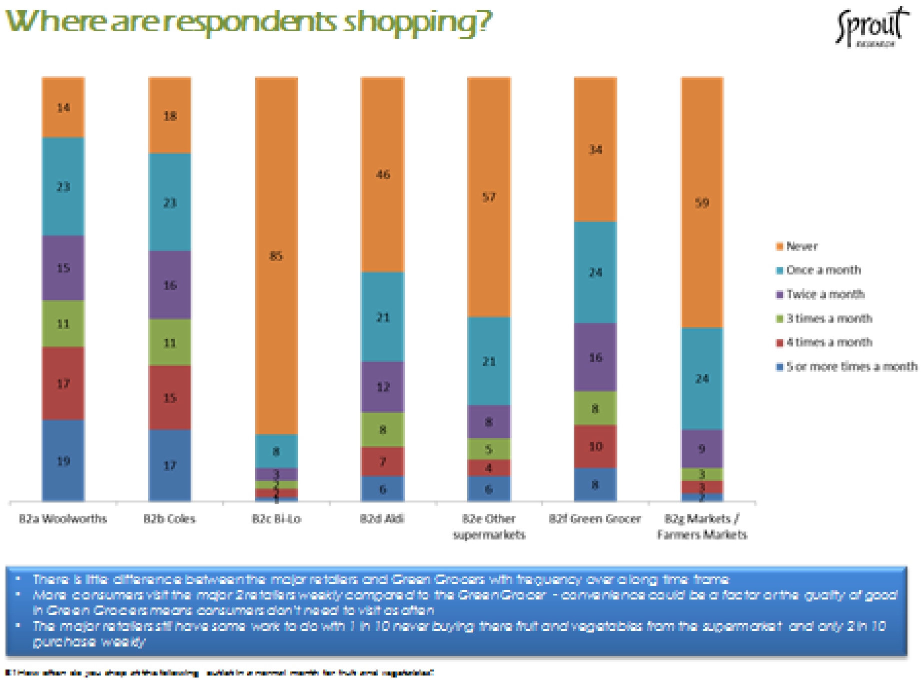


What were the major influences last purchase?



Pre-packed salad Usage





Focus Groups, Omnibus Survey & Online Survey- Key Findings summarised

Taking into account the summary of the results above, the below is a written summary of the report results, highlighting the major insights of the project.

The major insight derived from the research was that the green leafy category has reached the mature phase of its' lifecycle with 65% of main grocery buyers now purchasing the pre-packaged salads category at least once per month, and 26% purchase less than every 3 months or never. It was further identified that 81% of all main grocery buyers purchase a whole lettuce at least once a month or more frequently, while 39% purchase loose leaf over a month. The customer is clearly shopping across the green leafy category.

Regular users are more forgiving about quality than occasional users. They typically spend a little more time at the shelf searching for the product that meets their quality and freshness expectation. A few are cross shopping the category; however the majority purchase the same product each time.

Regular users define the category by leaf. They segment the category based on single leaf, two leaves in the one bag or mixed. Any information or designs on the pack are not being used by the consumer during the purchasing process. Most regular respondents are not aware of the packs colour, pack format, or pack design, and these pack elements had to be prompted.

60% of pre-packaged salad purchasers perceive that the quality of fresh-cuts is as good as whole lettuce and 65% believe that fresh-cuts are as fresh as whole lettuce.

Occasional users are buying from the category, but just not as regularly as we want them to. The Occasional Buyer purchases more for the occasion; that is a BBQ, Camping Trip, or a last minute meal. They would prefer to buy loose / whole, as they perceive it as better quality, better value and believe that it will last longer. They are already at the point of purchase, however, to occasional consumers the category plays a different role and quality and freshness is a major contributing reason.

The green leafy category is a "low involvement" category. To respondents a leaf is just leaf. There are obvious quality and freshness differentiators. Outside of these there is no emotional involvement or attachment to the category.

To pre-packaged and loose leaf respondents the category is part of their everyday diet. There is little or no perceived value in brands, packaging, graphics, pack format, or to a lesser degree what the leaf is. Whilst Spinach and Rocket are considered to be the new age leaf, in the eyes of the consumer they are still regarded as "just a leaf".

Availability and visibility at POP is important for this category with 67% of respondents saying they make the decision to purchase while at the supermarket. When asked, *"How often do you shop at the following outlet in a normal month for fruit and vegetables?"*, there was little difference found in the purchasing frequency between the major retailers and Green Grocers over a long time frame. More consumers visit the major two supermarket retailers weekly compared to the Green Grocer. However, the convenience of location or the relative quality of produce in Green Grocers may mean that consumers don't need to visit as often. The major retailers still have some work to do with 1 person in 10 never buying fruit and vegetables from the supermarket, and only 2 in 10 are purchasing weekly.

Homescan Data Review- Phase 3 Results.

Below are the results from the historical Homescan data obtained, which reveals the shifting consumer trends in the Value Add Produce category in Australia, according to the AC Nielsen Homescan key consumer metrics - Household Penetration, Average Purchase Occasions/Yr, Inter-Purchase Interval Days, and Average $ spend per purchase occasion.

Shifting Consumer Behaviour and Trends revealed

Value Add Produce Category
2007 – 2013

AC Nielsen Homescan Data Review

Project VG10094
Final Report
HAL / Harvest FreshCuts
Consumer Attitudes & Usage in the Green Leaf Category

Review of Key Consumer Metrics over time
Value Add Produce (VAP) Category

1. **Household Penetration** (How many households are purchasing from the VAP category)
2. **Average Occasions** (how many times per year the consumer is shopping the VAP category)
3. **Inter-Purchase Interval Days** (the average duration between purchases by consumers from the VAP category)
4. **Value Per Occasion** (the average $ spend per purchase from the VAP category)

1. Household Penetration

How many households are purchasing from the VAP category?

Household Penetration	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	69.5%	66.2%	75.9%	79.7%	83.9%	84.9%
Sprouts	0.0%	0.0%	35.2%	35.7%	36.6%	35.9%
WMEM	26.1%	23.0%	23.2%	28.7%		
Salad	24.6%	20.0%	29.0%	27.2%	59.5%	60.6%
Baby Leaf	21.0%	25.0%	23.4%	25.9%		
Salad Kits	11.6%	10.6%	14.7%	17.6%	17.1%	18.5%
Coleslaw	11.8%	13.5%	11.9%	14.1%	16.9%	18.8%
Leafy Bowls	14.6%	9.6%	11.9%	10.8%	11.2%	13.1%
Stirfrys	8.4%	7.9%	7.5%	8.0%	9.7%	10.4%
Vegetables (Other)	3.3%	3.8%	7.3%	6.5%	6.3%	6.5%
Potato	3.4%	3.4%	2.9%	2.1%		
Loose Leaf	0.0%	0.0%	0.0%	5.2%	35.4%	31.3%
Prepared Fruit	0.0%	0.0%	2.9%	5.2%	3.7%	6.5%

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- Significant gains in Household Penetration for the total VAP category seen over time - 15% increase in households shopping the category between 2007 and 2013
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) has seen a step change in Household penetration over time, which is inline with strong category scan sales
- Loose Leaf salads have seen gains in Household Penetration, as the offer is now ranged in major supermarkets, where it was previously only a greengrocer offer.

2. Average Occasions

How many times per year the consumer is shopping the VAP category?

Average Occasions	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	6.3	6.0	7.6	8.0	10.0	10.3
Sprouts	0.0	0.0	3.1	3.2	3.2	3.2
WMEM	3.0	3.0	3.4	3.8		
Salad	3.0	2.5	3.6	3.5	6.8	7.3
Baby Leaf	3.4	3.4	3.7	3.7		
Salad Kits	2.4	2.4	3.3	3.2	3.5	3.5
Coleslaw	2.8	2.7	2.7	2.9	3.2	3.0
Leafy Bowls	2.8	2.2	2.6	2.6	2.9	3.1
Stirfrys	2.5	2.4	2.4	2.2	2.5	2.3
Vegetables (Other)	1.9	1.9	2.5	2.3	1.9	2.1
Potato	2.3	2.3	2.3	1.9		
Loose Leaf	0.0	0.0	0.0	1.2	4.2	4.5
Prepared Fruit	0.0	0.0	1.4	1.6	2.0	2.1

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- The VAP consumer is now shopping the category more frequently
- Since 2007, the consumer is now shopping the VAP category an additional 4 times per year
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) and Loose Leaf segments are driving the increase in average occasions.

3. Inter-Purchase Interval Days

The average duration between purchases by consumers from the VAP category

Inter-Purchase Interval (Days)	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	42.5	43.3	38.0	36.0	31.3	30.2
Sprouts	0.0	0.0	55.0	56.0	47.4	51.0
WMEM	51.1	50.0	49.0	47.0		
Salad	45.3	52.0	48.0	47.0	35.8	34.0
Baby Leaf	50.2	54.0	45.0	48.0		
Salad Kits	40.5	40.0	42.0	43.0	37.1	43.0
Coleslaw	45.8	48.7	46.0	49.0	43.0	42.2
Leafy Bowls	45.2	46.7	46.0	42.0	33.0	39.5
Stirfrys	46.0	49.5	48.0	51.0	49.3	51.0
Vegetables (Other)	35.2	42.0	39.0	56.0	49.0	47.0
Potato	45.0	61.0	50.0	52.0		
Loose Leaf	0.0	0.0	0.0	7.0	41.5	39.0
Prepared Fruit	0.0	0.0	42.0	37.0	40.5	36.7

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- The duration between shopping occasions has reduced from 42.5 days between purchases, to 30.2 days.
- Since 2007, the consumer has reduced their inter-purchase interval by 12.3 days- this is reflected by consumers increasing their average number of occasions shopping the category
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) and Leafy Bowl segments are driving the decrease in time between shopping purchase.

4. Value Per Occasion

The average $ spend per purchase from the VAP category

Value per Occasion ($)	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	$3.90	$4.00	$3.40	$3.50	$3.46	$3.56
Sprouts	$0.00	$0.00	$2.00	$2.10	$2.09	$2.28
WMEM	$2.40	$2.50	$2.70	$2.70		
Salad	$2.90	$3.30	$4.50	$4.60	$3.25	$3.22
Baby Leaf	$4.10	$3.80	$3.60	$3.40		
Salad Kits	$3.80	$4.10	$4.20	$4.50	$4.41	$4.49
Coleslaw	$2.50	$3.00	$2.60	$2.90	$3.22	$3.11
Leafy Bowls	$4.20	$4.20	$4.60	$4.90	$5.57	$5.98
Stirfrys	$3.90	$3.80	$3.80	$4.30	$4.04	$4.05
Vegetables (Other)	$3.20	$4.10	$3.70	$3.90	$3.64	$3.36
Potato	$3.80	$4.00	$2.80	$3.30		
Loose Leaf	$0.00	$0.00	$0.00	$2.00	$2.13	$2.29
Prepared Fruit	$0.00	$0.00	$3.40	$3.40	$4.11	$4.29

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- Value per occasion for the VAP category has fluctuated from 2007-2013, mainly driven by product mix in the category.
- Increased degree of value add/innovation has driven increased value per occasion- as seen in the Salad Kits, Leafy Bowls and Coleslaw segments
- Segments which as more standard commodity products e.g. Salad Leaf (Wash Me Eat Me, Salads, Baby Leaf) have seen a decrease in value per occasion over time.

Industry Communication Activities Undertaken

During the life of this Project, HFC conducted a series of activities to communicate the findings to all stages of the leafy green supply chain. This included the following activities.

1. Display at PMA-ANZ Conference
   a. Harvest FreshCuts purchased and manned a 3m x 3m display stand at PMA-ANZ 2011 Conference.
      i. An animated film was produced that displayed in summary the principal findings of the Focus Groups and National Omnibus on-line Survey.
      ii. One wall of the stand was entirely dedicated to leafy greens and in particular, the leafy greens research outcomes. The video presentation was developed to communicate the leafy greens research outcomes to the industry, capturing all foot traffic passing through the PMA exhibition hall. There were 700 delegates in attendance at PMA 2011 from the Australia and New Zealand fresh produce industry. This video was run on-loop continuously throughout the PMA conference.
      iii. The booth was continually manned through the duration of the Conference
2. Data from the Qualitative and Quantitative research was presented to the entire supply chain including growers, senior buyers of leading supermarkets, independent supermarkets, and green grocers. The findings of this research can be found in Appendix 2 ***(Leafy Green Salads & the Consumer Grower Presentation)***
3. Nielsen Homescan^{TM} for period 2007-2013 has been analysed
   a. Industry Reports were prepared and presented to the supply chain.
   b. The summary of this research can be found in Appendix 3 ***(Consumer Behaviour & Trends Review Homescan)***

<u>Recommendations</u>

The research has resulted in a series of new initiatives taken up by the green leaf supply chain.

a. The research has identified a market opportunity for single serve packs and for family packs which were not previously widely available in the leafy salad market place
   i. As a direct consequence of this research HFC has presented and taken to market a range of single serve salads with major supermarkets. This new product range created an ex-farm demand for 332 Tonnes of baby-

leaf in 2012.

ii. As a direct consequence of this research HFC has presented and taken to market a range of family sized salads with major retailers. Sales for this new product range created an ex-farm demand for 855 Tonnes of baby-leaf in 2012.

iii. The value created from these new products is estimated to be $3.5 million per year at farm gate as a direct result of this Project.

b. A further outcome of this research has been to increase the Supply Chain focus on "FRESHNESS". The consumer surveys carried out at the start of this project revealed the following insights:

   i. Product Quality and Freshness are still the single most crucial element in the consumers' decision making process.

   ii. Pack design and format is a distant second in the consumers mind when choosing to purchase…or not to purchase. (the majority of respondents knew very little about the pack)

   iii. Quality and Freshness is the same across all the buying segments i.e. frequent buyers definition of Q&F is the same as an occasional buyer's definition of Q&F.

   iv. The definition of Quality and Freshness for all pre-packaged consumers is very similar to a non-user and occasional user definitions.

   v. Frequent (everyday) users are more willing and forgiving when it comes to Quality and Freshness. Frequent users will put up with (not forever) some of the blemish associated with a pre-packaged salad.

      1. "I will search through the bags until I find the best one"

c. Delivering on Quality and Freshness is a vital strategy moving forward

   vi. A through-supply-chain focus on "FRESHNESS" has been a primary outcome for growers, manufacturer and retailers.

   vii. During the last year there has been a deliberate and coordinated shelf-life reduction across the entire retail leafy salads category which has seen customer shelf-life (use-by date) reduced by 2 days, a 20 – 25% reduction in total shelf-life

   viii. The inbound shelf-life of raw materials has been negotiated with growers resulting in improved freshness and quality

ix. Key specification changes

x. The harvest to processing specification of 48 hours was reduced to 24 hours

xi. Free leaf moisture standard reduced from <5% to <2%

xii. Seasonal levels of permissible leaf defects were removed

xiii. The product range has been consolidated in consultation with retailers to make the Fresh-cuts category easier to shop for the consumer. Consumers frequently referred to the “sea-of-green” which made the category very confusing for them. Whilst there is still room for further rationalisation the first steps have been taken.

xiv. Order multiples have been decreased in many cases, which in turn leads to a faster turn-over of stock purchased units (the carton) which in turn leads to increased “Freshness” on retail shelf

xv. The OneHarvest Grower GAP quality standard has been implemented with all growers

xvi. Growers have been instructed to make modifications to harvesters to reduce the incidence of insect contamination during the harvest process

xvii. The fresh-cut leafy greens category has been reviewed and category tiering has been substantially improved. New products with different pack weights and price points have been introduced to provide better value and reach different demographics (e.g. 2 serve packs; family packs)

xviii. The research data has been extensively used in all presentations to growers and customers.

xix. The combined effect of all of these activities has resulted in a significant and measurable increase in consumer confidence. Scan data from supermarkets is demonstrating a year-on-year growth of 20.2% across the VAP salad leaf category. The median category growth in VAP salad leaf over recent previous years has been between 0% and 5%, so this growth can be directly attributed to the supply chain focus on Freshness. In contrast the whole fresh vegetable category is growing at only 2.4%

xx. All increase in sales volume directly flows through to growers as an increased input volume.

Acknowledgments

The project team would like to thank the following organisations for their input into this project:

- Horticulture Australia Limited
- AUSVEG
- Sprout Research Pty Ltd
- Harvest FreshCuts Pty Ltd

APPENDIX 1

Leafy Green Research Project Final Report Key Findings

APPENDIX 2

Leafy Green Salads & the Consumer Grower Presentation

APPENDIX 3

Consumer Behaviour & Trends Review

LEAFY GREEN PROJECT – FINAL REPORT PRESENTATION – KEY FINDINGS

PREPARED AND PRESENTED BY: SPROUT RESEARCH
MARCH 2011

Overall Project Objectives

1. Role of the category in their life
2. Market Map and Segmentation through their eyes
3. Purchase Drivers: what are the triggers; what are their priorities; why are these important
4. How do they shop the category – planned/impulse? Ease of shopping at POP
5. Usage Occasions
6. Product: understanding definitions of quality, wash (role, awareness , care factor)
7. Packaging, Pricing, labelling
8. Define a good green leaf experience
9. Purchase barriers and incentives

Methodology

Development Strategies and implementation tactics

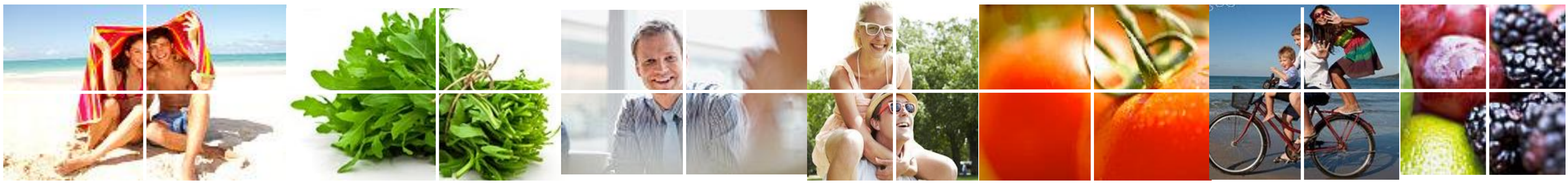
<u>OMNI</u> – conducted nationally among 1201 respondents aged 18 years and over

<u>Qualitative</u> – 9 groups, Brisbane, Sydney, Melbourne

<u>Quantitative</u> – 918 respondents, 15 minute questionnaire

Research Outcomes

ROLE OF THE CATEGORY IN THEIR LIFE



A Low Involvement Category

- To respondents a leaf is just leaf, there are obvious quality and freshness differentiators however outside of these there is no emotional involvement or attachment to the category.

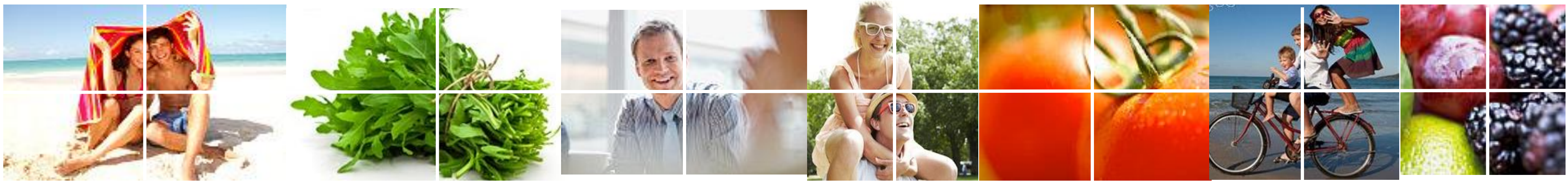
- To pre-packaged and loose leaf respondents the category is part of their everyday diet.

- The leaf is the base, what garnishes the salad is where the emotional attachment comes in.

- There is no perceived value in; brands, packaging, graphics, pack format, or to a lesser degree what leaf.

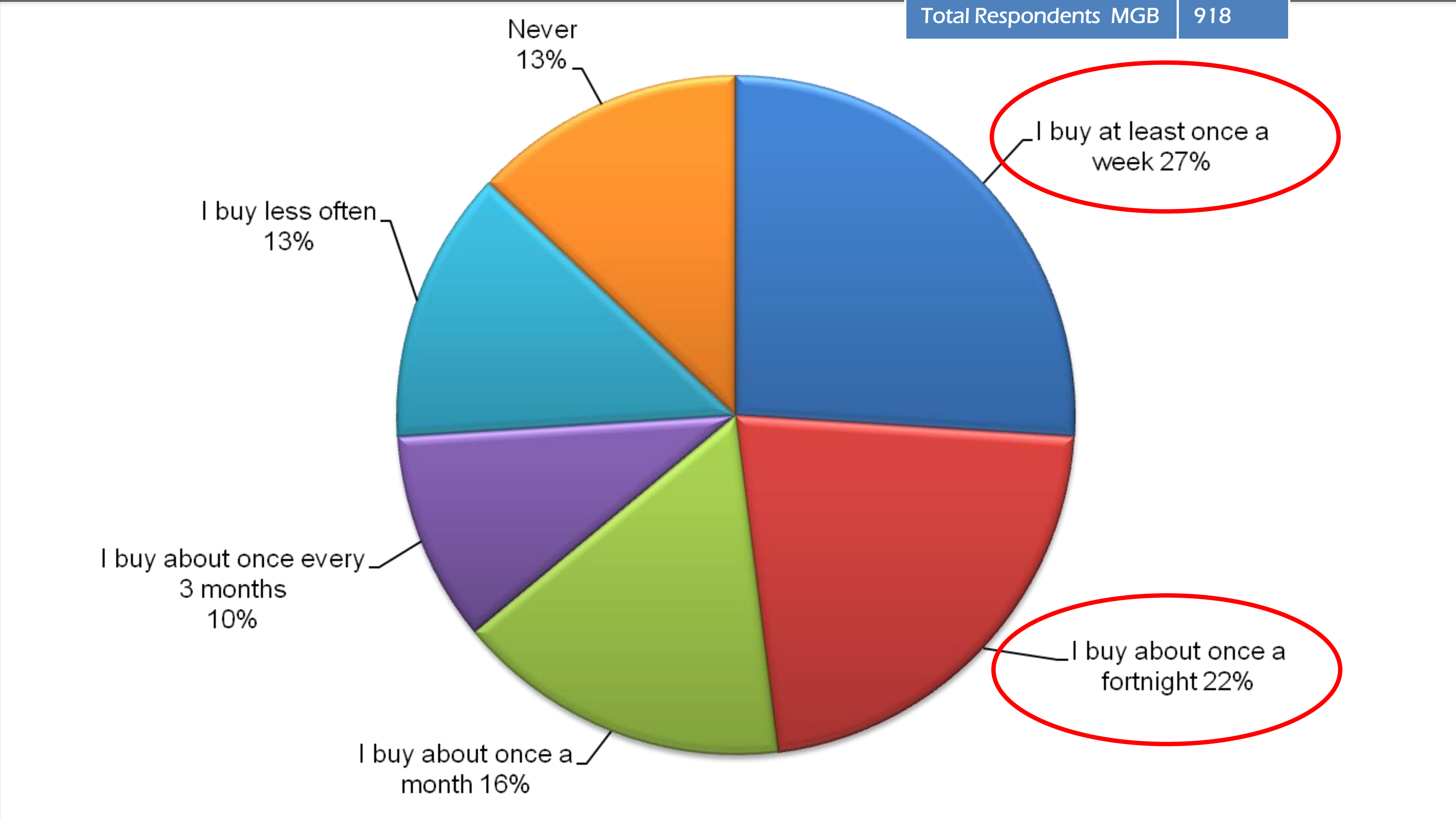
- Spinach and Rocket are the new age leaf however they still are just a leaf.

Frequency of Purchase



Frequency of Purchase of Pre-packaged Salads – amongst main grocery buyers

Total Respondents MGB	918



- 27% of MGB are buying Pre-packaged salads once a week
- 38% of MGB buy monthly
- And 39% buy less regularly or never

S4. Thinking about green salad such as lettuce, spinach, mixed salad leaf, rocket, mescalin etc that you buy from a supermarket or green grocer on average about how often do you buy the following?

Frequency of purchase across buying formats from a supermarket or green grocer



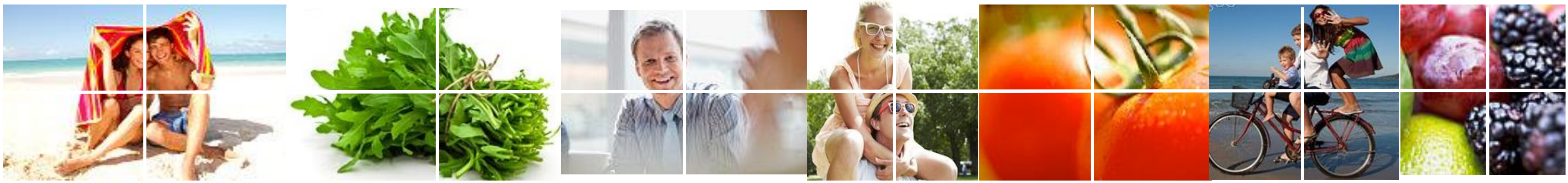


	Salad in Pre-Packaged Bag	A Whole Lettuce	Loose Leaves that you use tongs to put into a bag	Salad in a plastic Tub	Salad in a flow wrapped Tray
I buy at least once a week	27	28	12	3	4
I buy about once a fortnight	22	35	11	7	6
I buy about once a month	16	18	16	9	10
Total at least once a Month	65	81	39	19	20
I buy about once every 3 months	10	8	10	9	9
I buy less often	13	8	23	26	27
Never	13	2	28	45	44
TOTALS	100	100	100	100	100

- Of main grocery buyers 65% purchase pre-packed salad once a month or more frequently.
- 81% of all main grocery buyers purchase a whole lettuce at least once a month or more frequently , while 39% purchase loose leaf over a month.
- Availability **may be** a contributing factor as to why tubs and tray are lower than other format types.

S4. Thinking about green salad such as lettuce, spinach, mixed salad leaf, rocket, mescalin etc that you buy from a supermarket or green grocer on average about how often do you buy the following?

Who Are Our Buyers?
Profiling; regular, occasional, irregular and non buyers



Regular User… purchasing habits

- Regular users are more forgiving, they spend a little more time at the shelf searching for the product that meets their quality and freshness expectation.

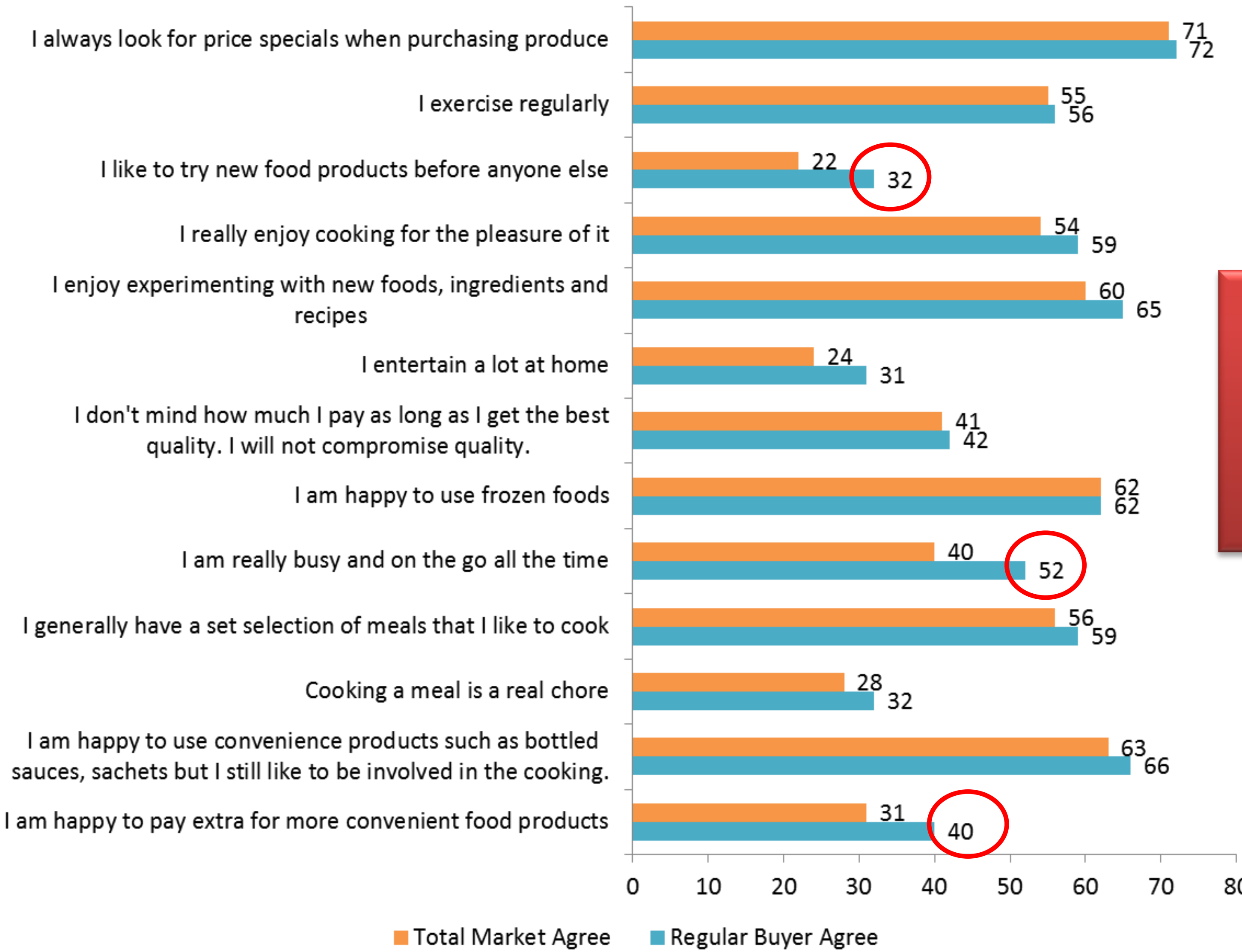
- A few are cross shopping however the majority purchase the same product each time.

- Regular users define the category by leaf, they segment based on single leaf, two leaves in the one bag or mixed.

- Any information or designs on the pack are not being used by the consumer during the purchasing process.

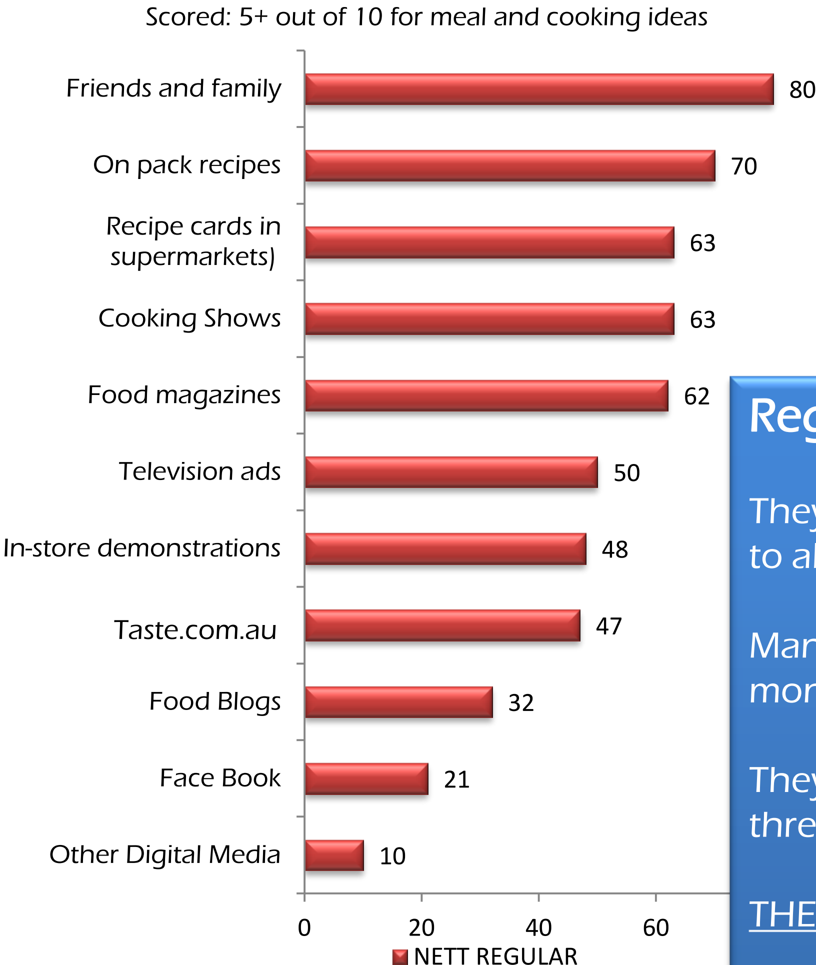
- Most regular respondents were not aware of the packs colour, pack format, or pack design, these pack elements had to be prompted.

Attitudes to Food and Lifestyle of Total population vs. Regular Pre-packaged Buyer



Some lifestyle differences around busyness and a preparedness to pay for convenience, however a similar lifestyle profile to the overall MGB

Summary Profile – regular pre-packaged buyer



Regular Buyers – Summary

They are more forgiving on quality issues – however be careful not to abuse.

Many are switching - stay committed to quality, price and value for money.

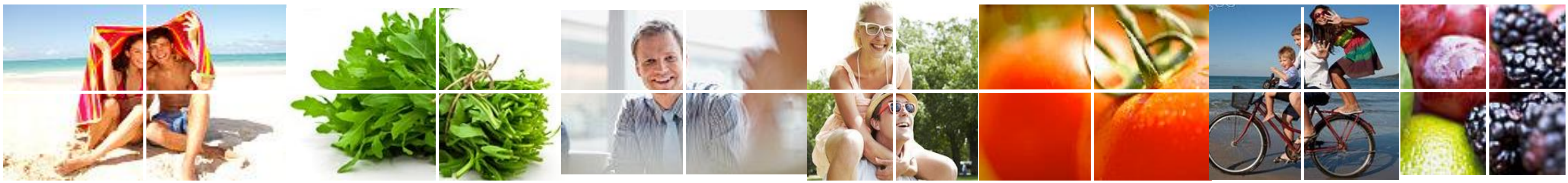
They are busy, they experiment, and they value convenience – three important boxes to be ticked for all NPD.

<u>THEY ARE MORE LIKELY</u>:

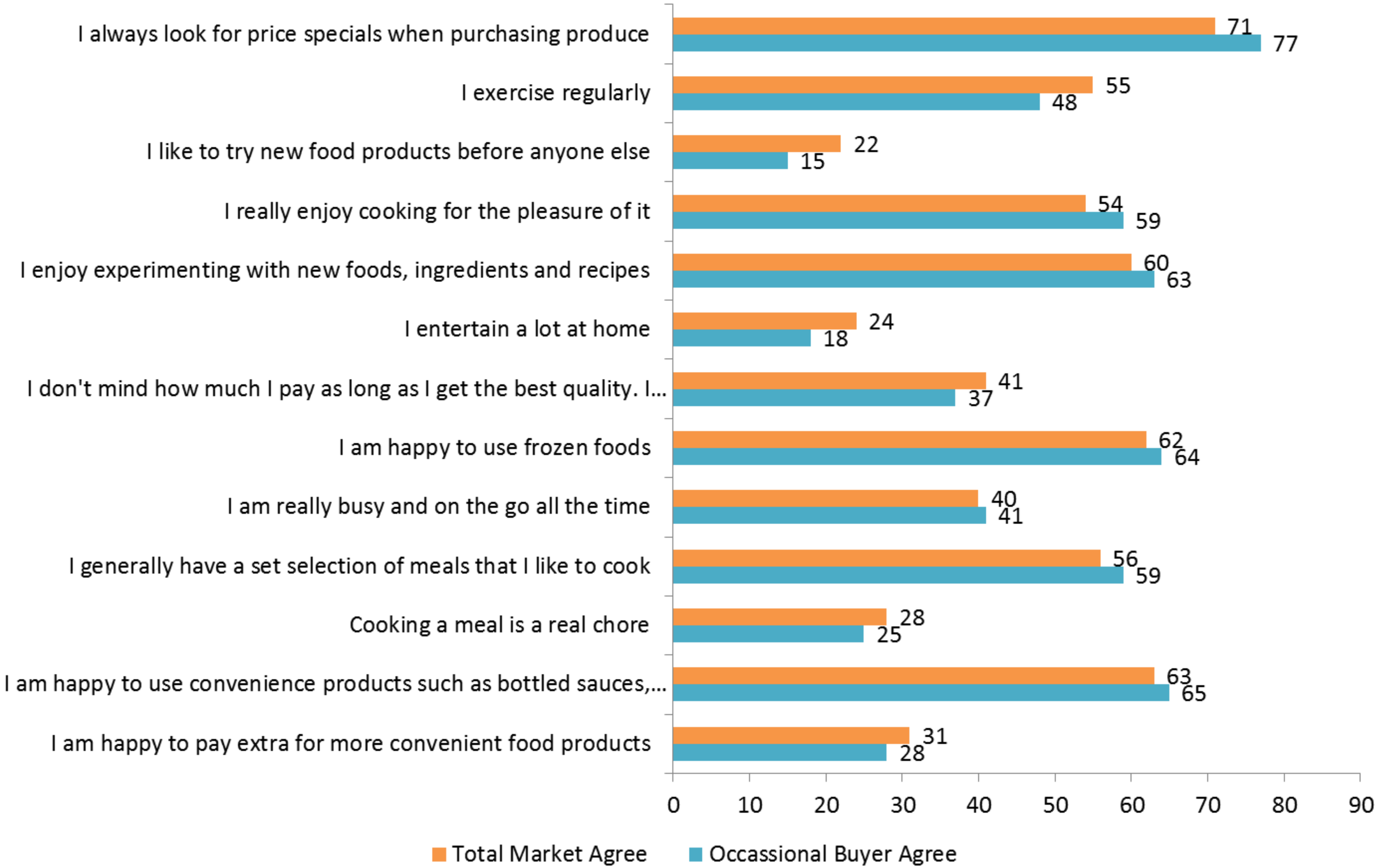
25-34: 41%
35-49: 37%
Young Couple no kids: 42%
Young Family: 44%
$100k + : 43%

Occasional Buyers … purchasing habits

- Occasional users are buying from the category, just not as regularly as we want.
- They purchase more for the occasion, BBQ, Camping, Last Minute Meal.
- They would prefer to buy loose/whole, they perceive it as better quality, better value and believe it will last longer.
- They are already at the point of purchase, however to occasional consumers the category plays a different role and quality and freshness is a major contributing reason.

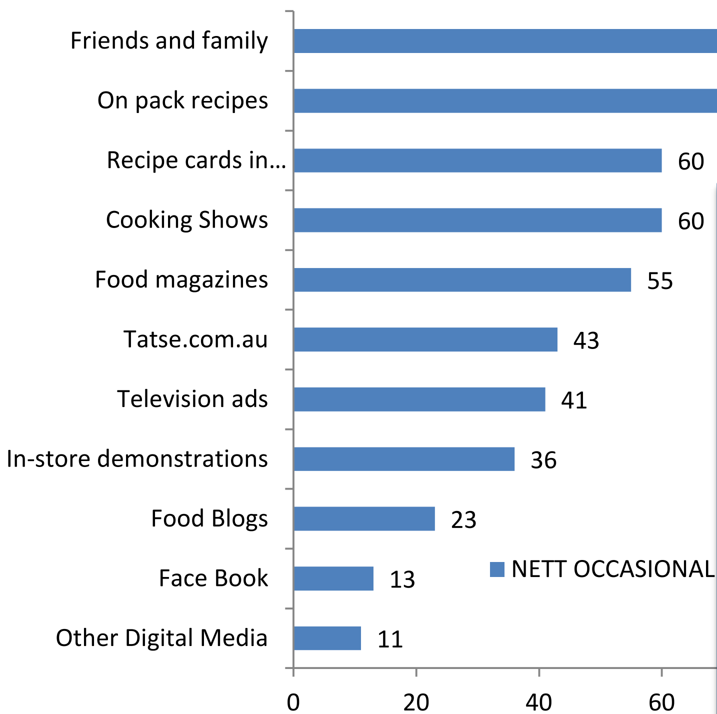


Attitudes to Food and Lifestyle of Total population vs. OCCASIONAL Pre-packaged Buyers



Summary Profile – Occasional pre-packed buyer

Scored: 5+ out of 10 for meal and cooking ideas



Occasional Buyers – Summary

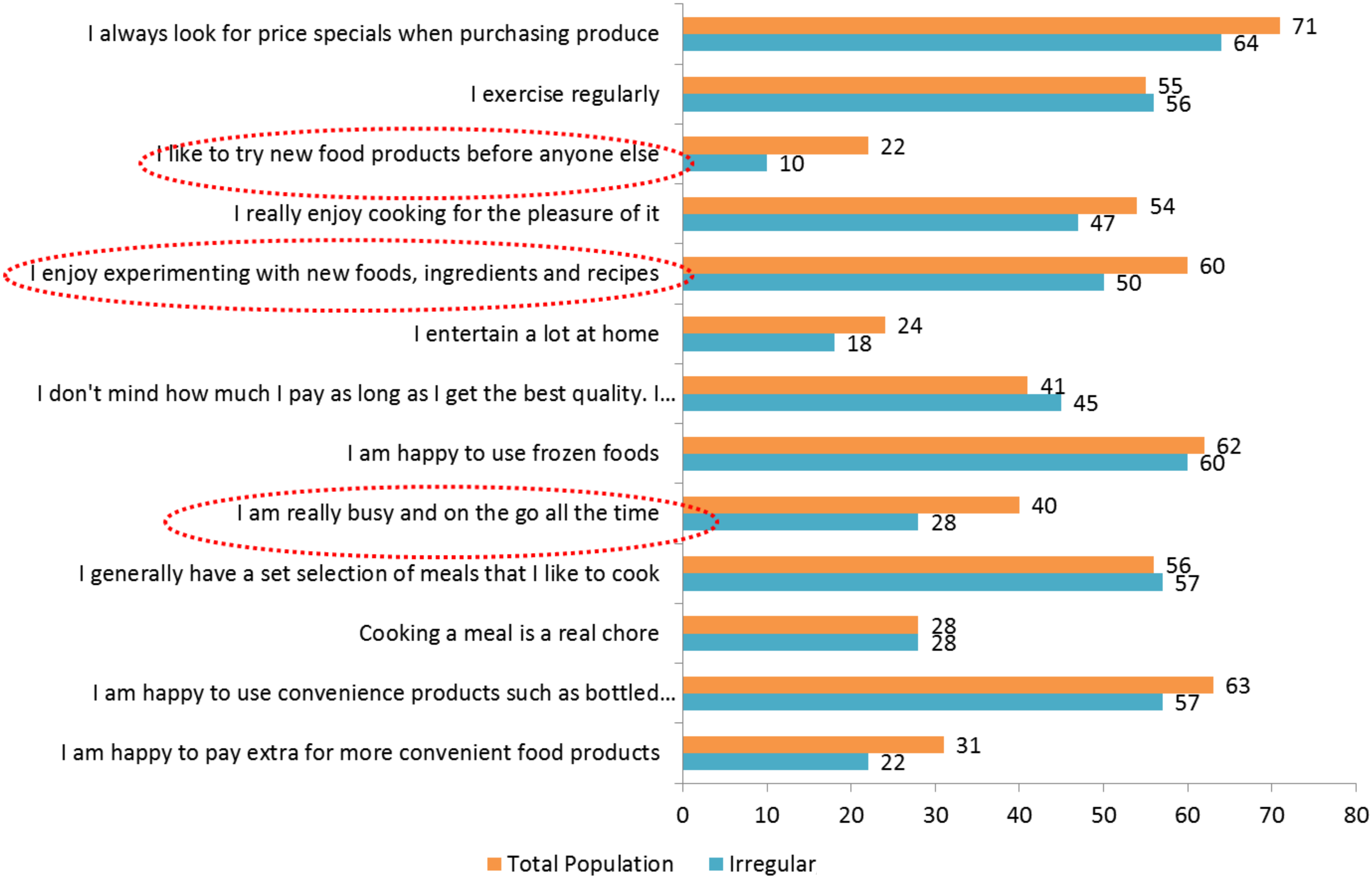
Profile is very similar to regular buyers, they are just buying less frequently.

Switching also happens with this group - stay committed to quality, price and value for money.

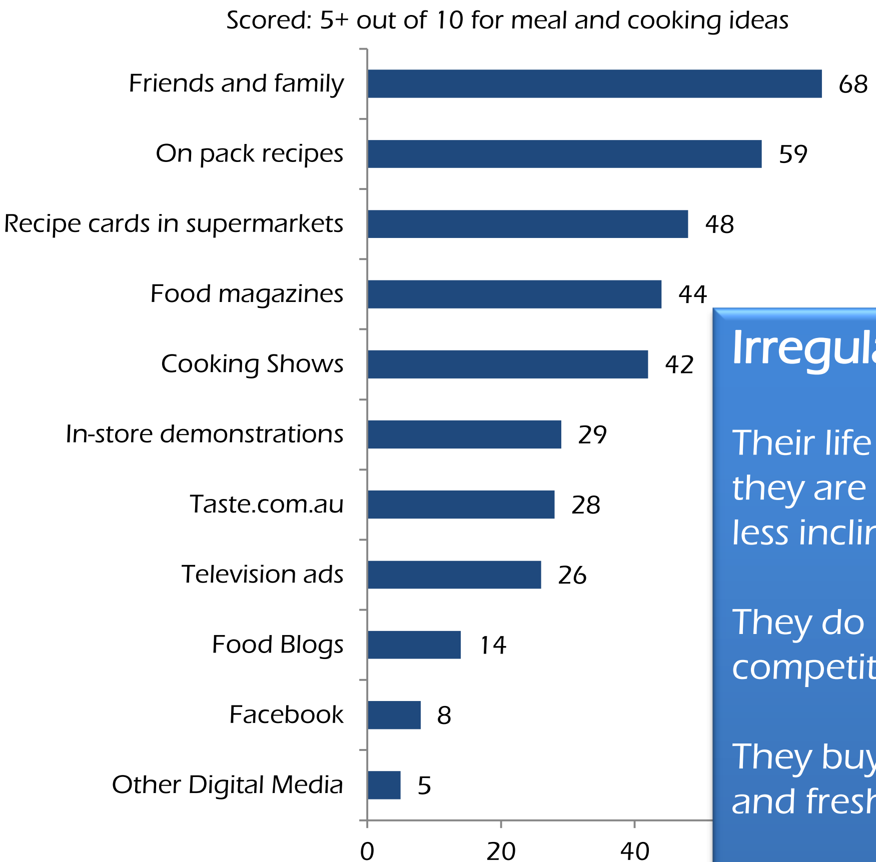
THEY ARE MORE LIEKLY:

25-34: 49%
35-49: 42%
Young Couple no kids: 43%
Single live with others: 49%
Higher income: 44%

Attitudes to Food and Lifestyle of Total population vs. irregular pre-packaged Buyer



Summary Profile – Irregular pre-packed buyer



Irregular Buyers – Summary

Their life is different to regular and occasional pre-packed buyers - they are not as busy, do not like to experiment as much and are less inclined to try new foods.

They do not believe the pre-packaged offer is as fresh as the competition – loose/whole.

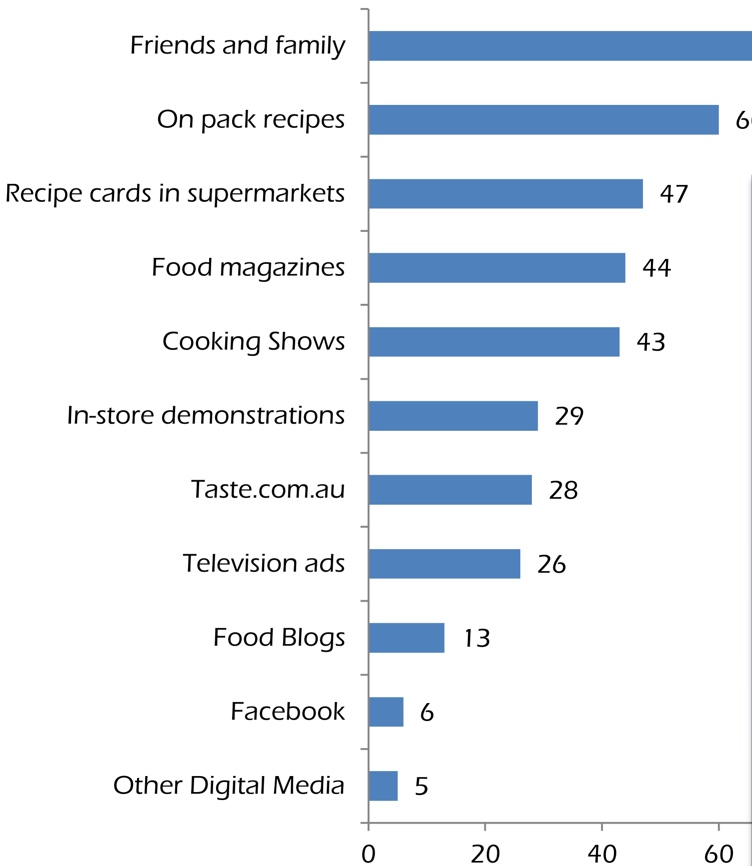
They buy as a last minute or as a last choice. As opposed to quality and freshness

THEY ARE MORE LIKELY:

61-70:	31%
70+:	21%
Older Couple no kids:	32%
<$35k :	27%

Summary Profile – Non pre-packed buyer

Scored: 5+ out of 10 for meal and cooking ideas



Non Buyer – Summary

Pre-packaged is foreign to this group, they were bought up on whole/loose.

They value freshness and value for money, pre-packaged does not tick either of these boxes for them.

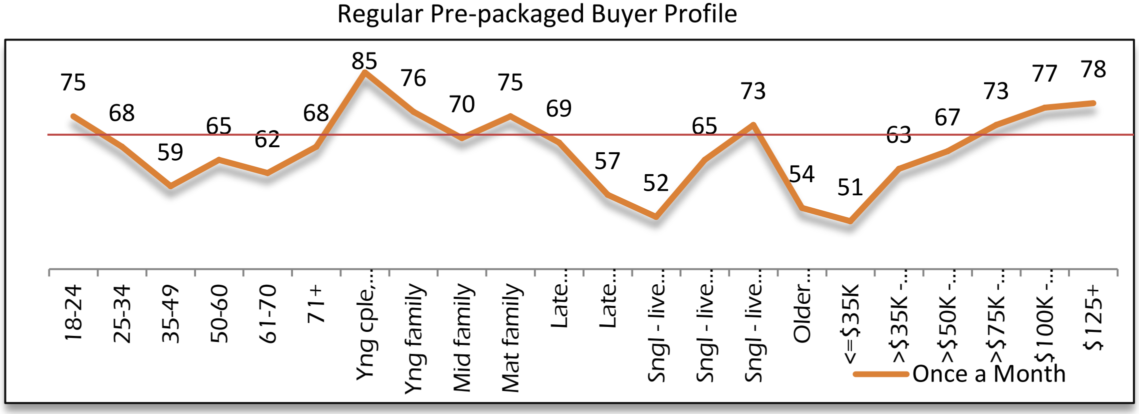
They are quite removed from the category, conversion would be very difficult.

<u>THEY ARE</u>:

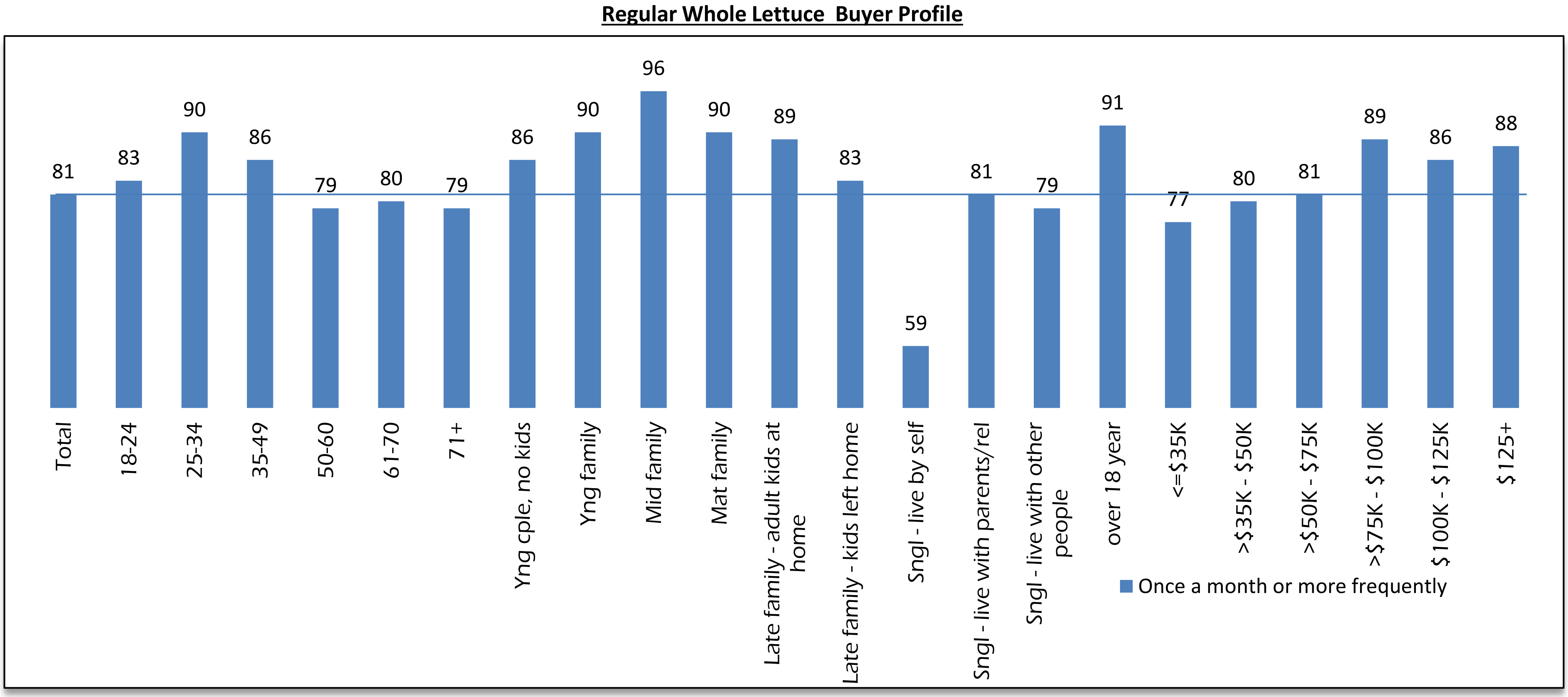
61-70:	34%
70+:	33%
Older Couple no kids:	37%
Single live alone:	36%

Regular WHOLE Lettuce Buyer Profile - Demographics

Regular Whole Lettuce Buyer Profile (at least monthly) – 81%



81% of all MGB buy a whole lettuce at least once a month. This peaks amongst families.

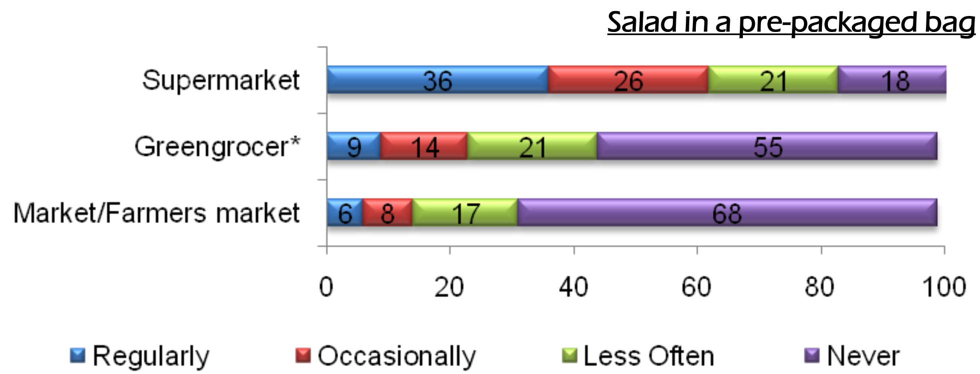


S4. Thinking about green salad such as lettuce, spinach, mixed salad leaf, rocket, mesclun etc that you buy from a supermarket or green grocer on average about how often do you buy the following? P

Frequency by Retailer

Purchase Frequency by Retailer and Format

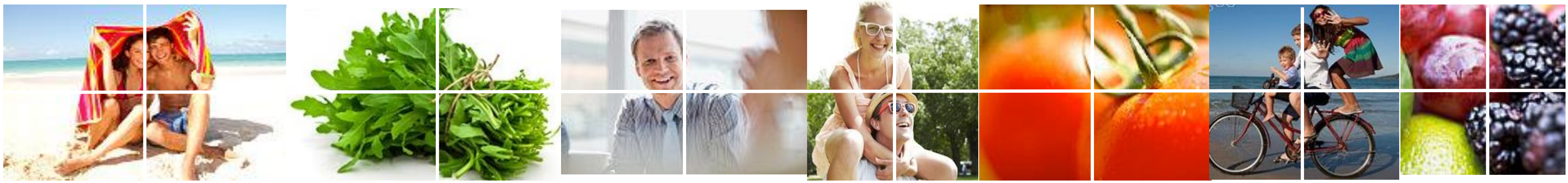
- Regularly - at least fortnightly
- Occasionally - less than fortnightly and up to once a month
- Irregular- less than monthly



	Supermarket				Green Grocer (that is , a standalone fruit and veg shop that is not part of a supermarket)				Markets			
	Regular	Occasionally	Less Often	Never	Regular	Occasionally	Less Often	Never	Regular	Occasionally	Less Often	Never
Salad in a pre-packaged bag	36%	26%	21%	18%	9%	14%	21%	55%	6%	8%	17%	68%
A whole lettuce	58%	23%	14%	5%	27%	26%	23%	24%	14%	14%	24%	47%
Loose leaves	15%	23%	27%	34%	12%	13%	22%	53%	5%	7%	18%	70%
Salad in a plastic Tub	5%	15%	30%	50%	3%	8%	18%	70%	2%	4%	16%	78%
Salad in a flow wrapped tray	7%	14%	29%	50%	3%	7%	20%	70%	2%	4%	16%	78%

P1: Please select how often you buy green salad such as lettuce, spinach, mixed salad leaf, rocket, mesclun etc from the following type of outlet.
Where (a) regularly is at least fortnightly, b) occasionally is less than once a fortnight up to once a month c) and less often is less than monthly

Purchasing – Reasons for Purchasing

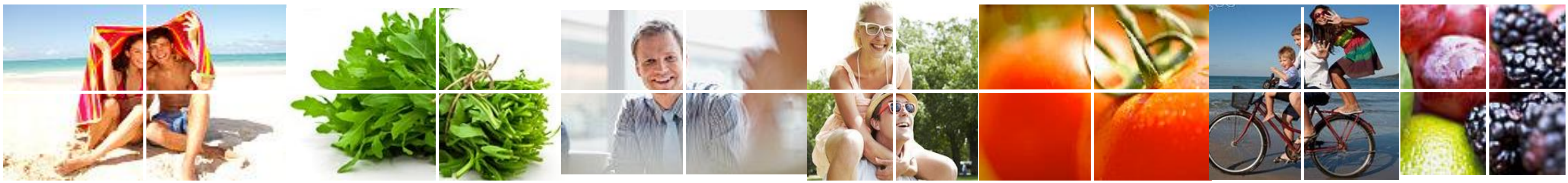


Quality and Freshness

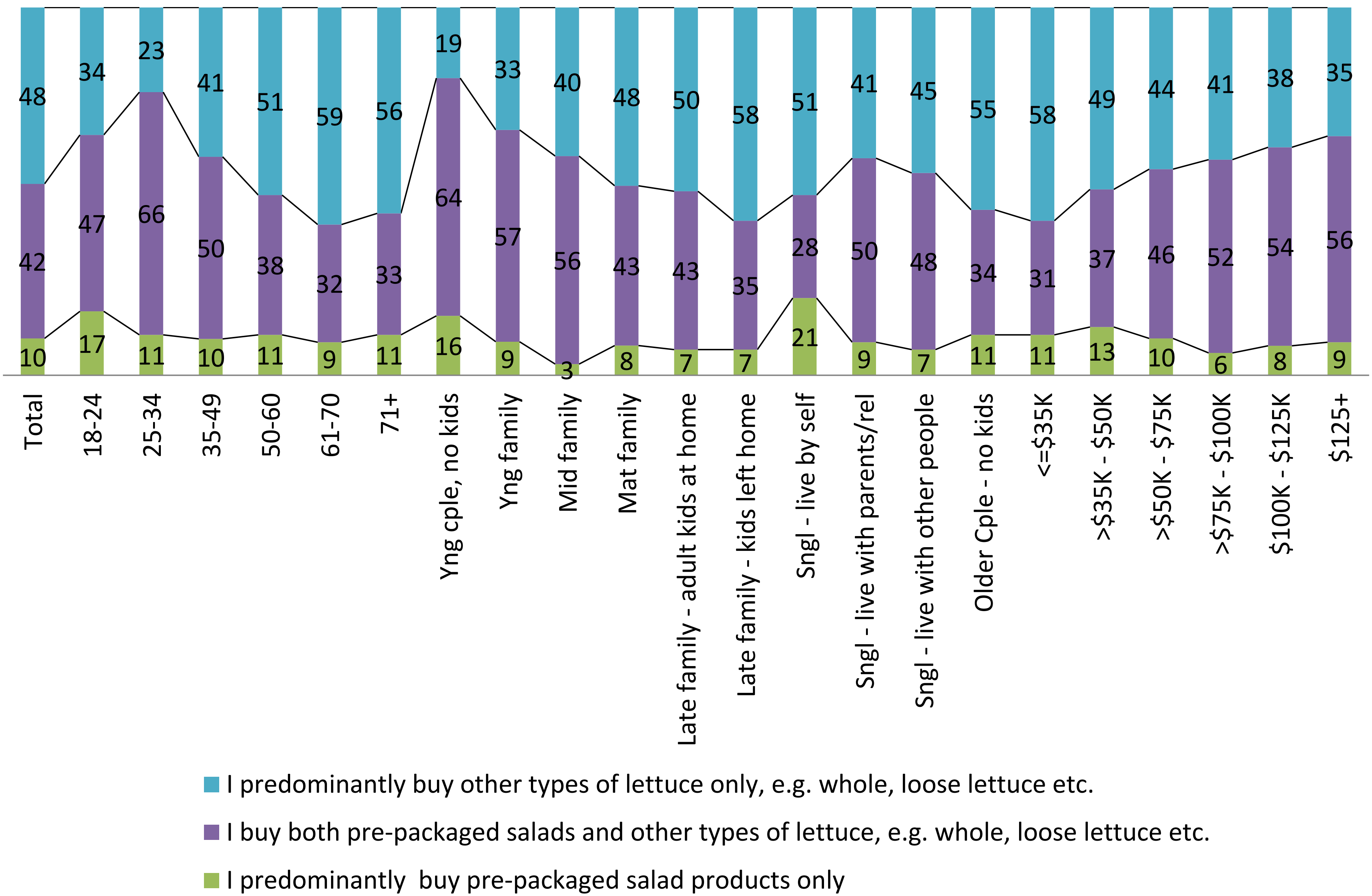
- Product Quality and Freshness are still the single most crucial element in the consumers decision making process.
- Quality and Freshness is the same across all the buying segments i.e. frequent buyers definition of Q&F is the same as an occasional buyers definition of Q&F.
- The definition of Quality and Freshness for all pre-packaged consumers is very similar to a non-users and occasional users definitions.
- Frequent (everyday) users are more willing and forgiving when it comes to Quality and Freshness. Frequent users will put up with (not forever) some of the blemish associated with a pre-packaged salad.

"I will search through the bags until I find the best one"

Switching Behaviour

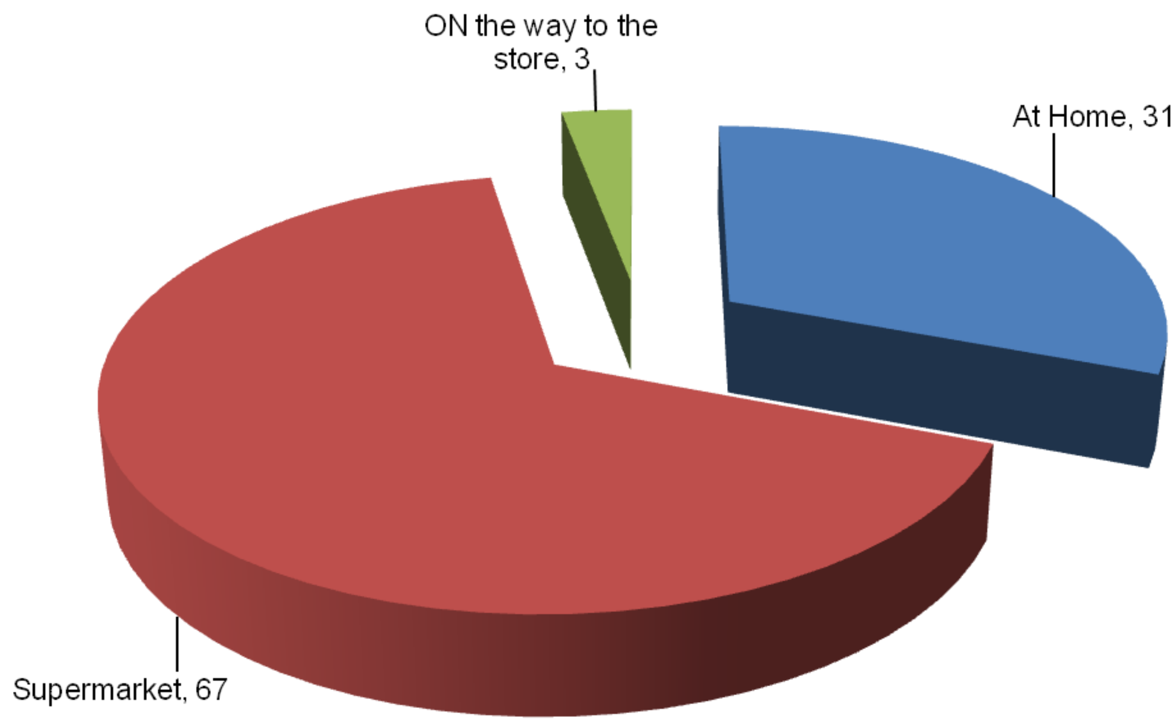


Cross Purchase Behaviour



Pre-packed salad purchasing decision

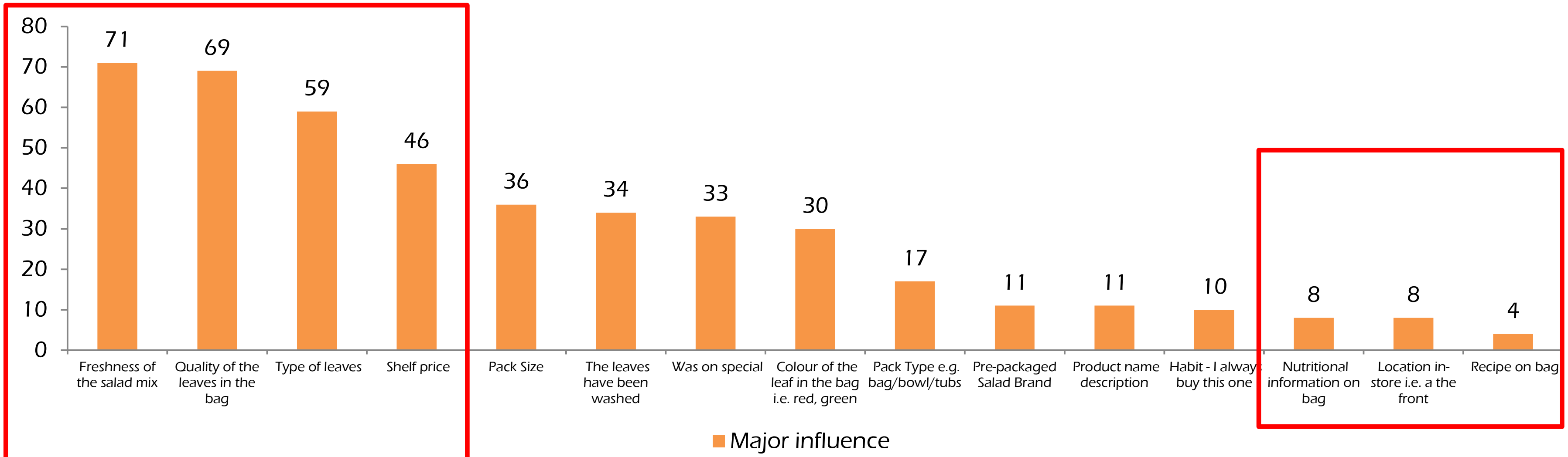
Where do consumers decide to purchase pre-packaged salad?

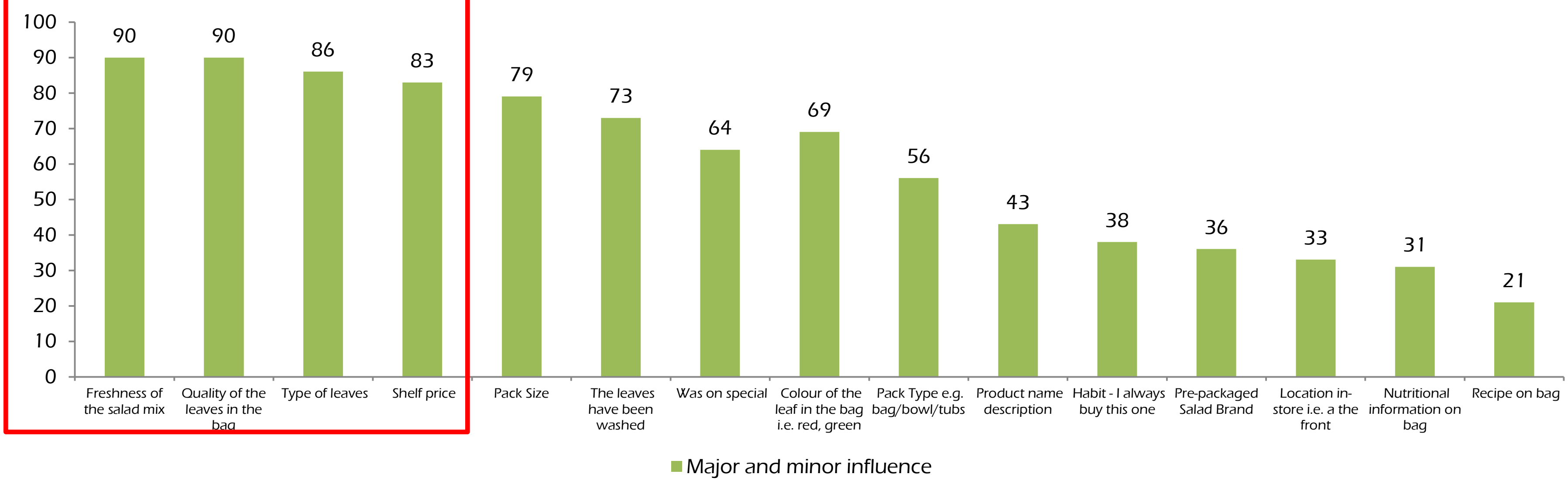


P7 Again thinking about your last shop, when did you decide to purchase the pre-packaged salad product

Purchase Drivers - Last Shop (n=593)

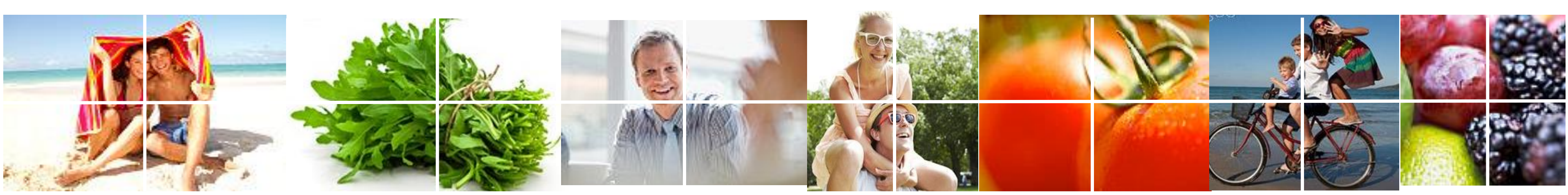
What were the major influences last purchase?





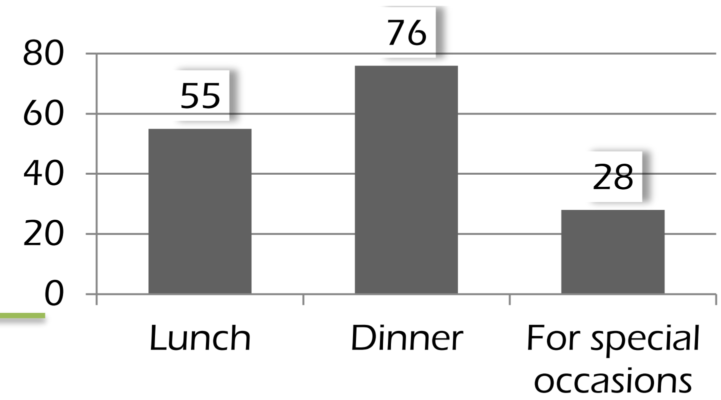
P8, Please think about this last occasion when you purchased pre-packaged bagged salad. When you were buying the pre-packaged bagged salad, how much influence (if any(did the following have on your purchased?

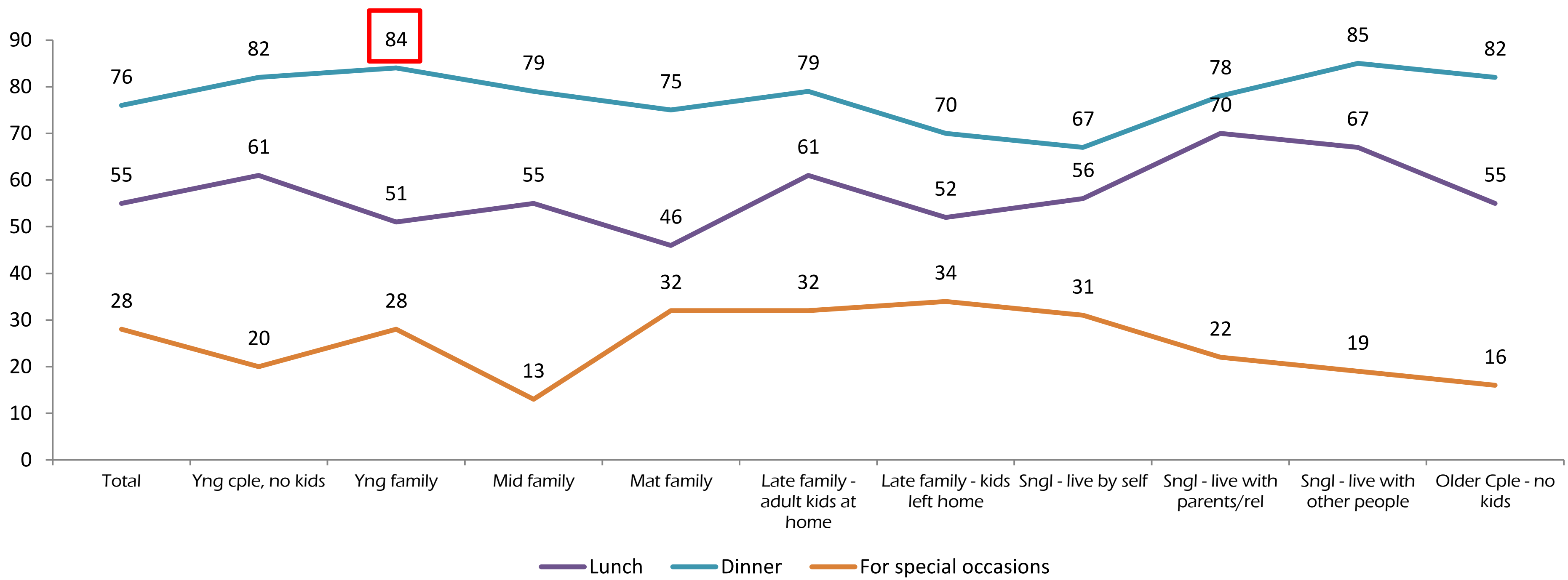
Pre-packed salad Usage



At what time of day do you consume pre-packaged bag salads?

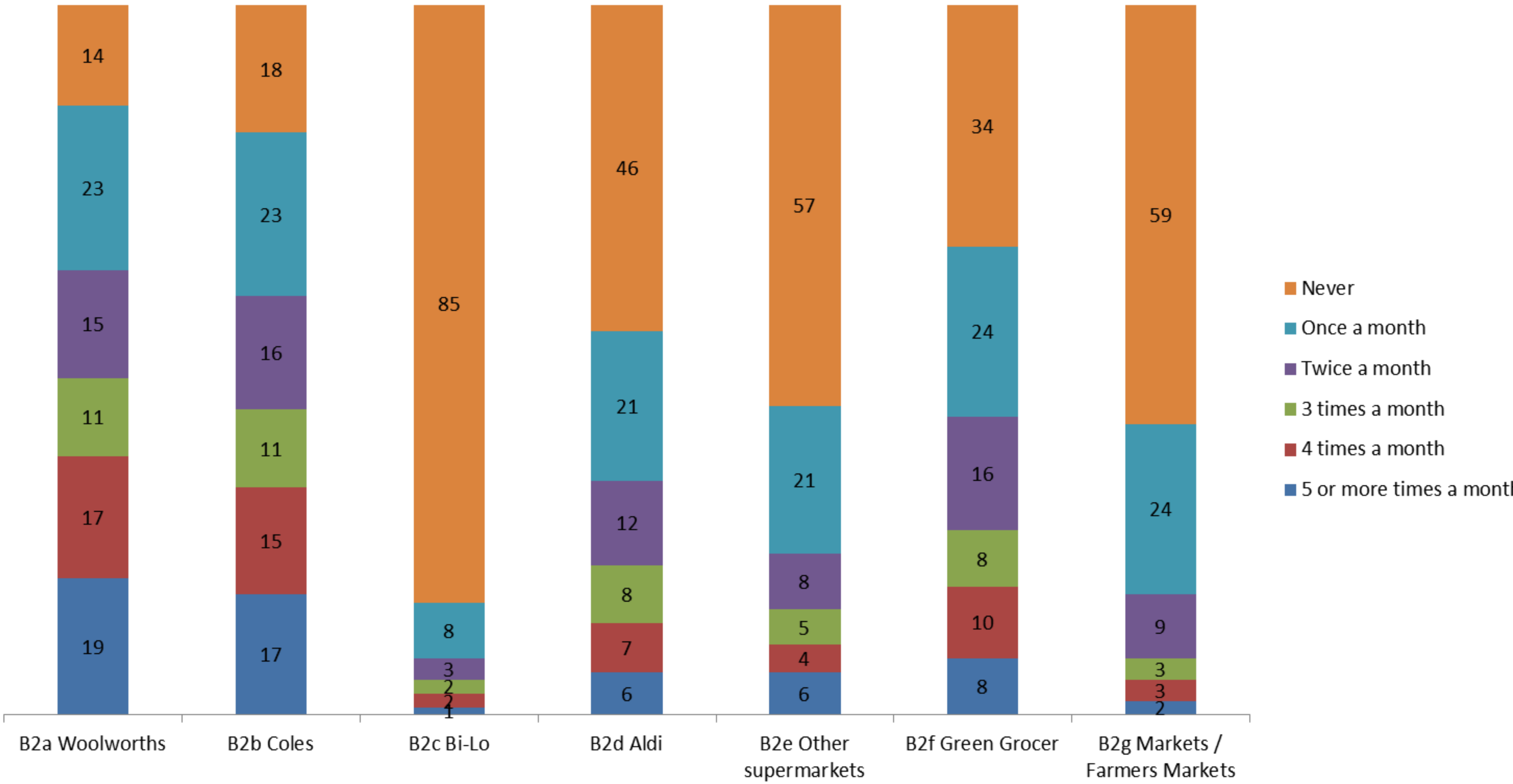
Pre-packaged salads play an important role around dinner especially for young families





U1, Which of the following meal occasions do you use pre-packaged salads for?

Where are respondents shopping?



- There is little difference between the major retailers and Green Grocers with frequency over a long time frame
- *More consumers visit the major 2 retailers weekly compared to the Green Grocer - convenience could be a factor or the quality of good in Green Grocers means consumers don't need to visit as often*
- *The major retailers still have some work to do with 1 in 10 never buying there fruit and vegetables from the supermarket and only 2 in 10 purchase weekly*

B1How often do you shop at the following outlet in a normal month for fruit and vegetables?

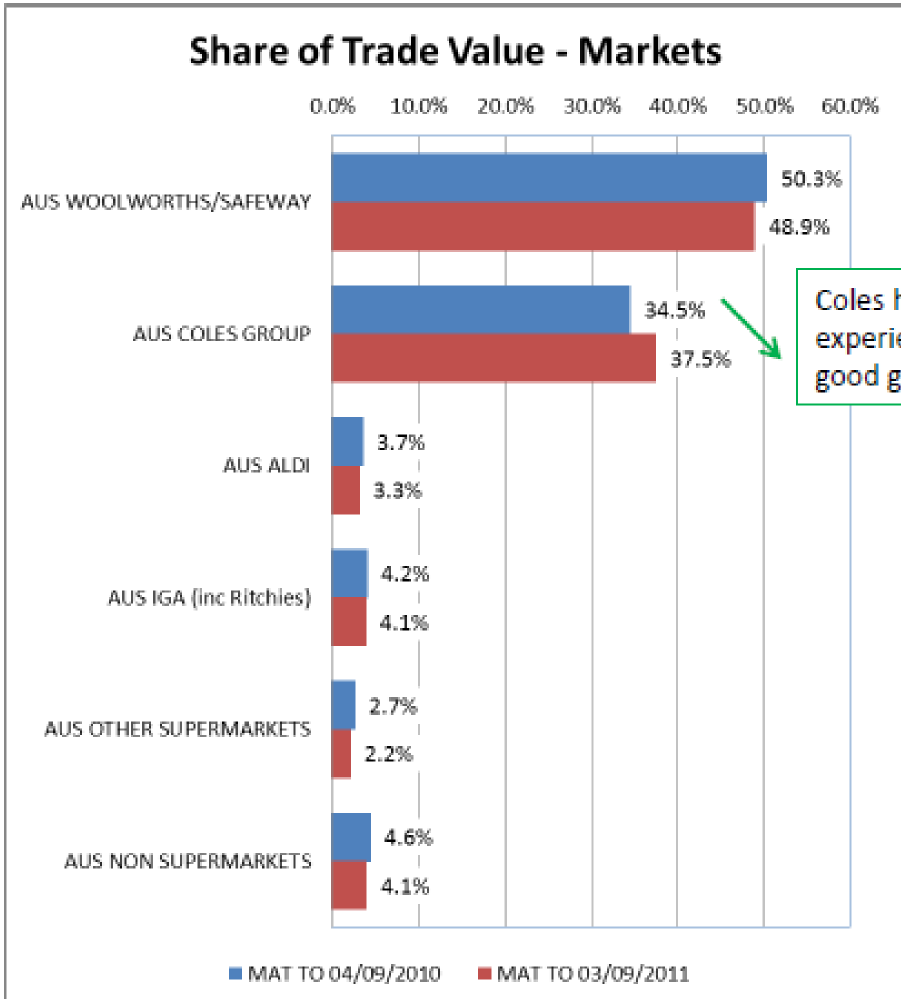
Leafy Green Salads & The Consumer

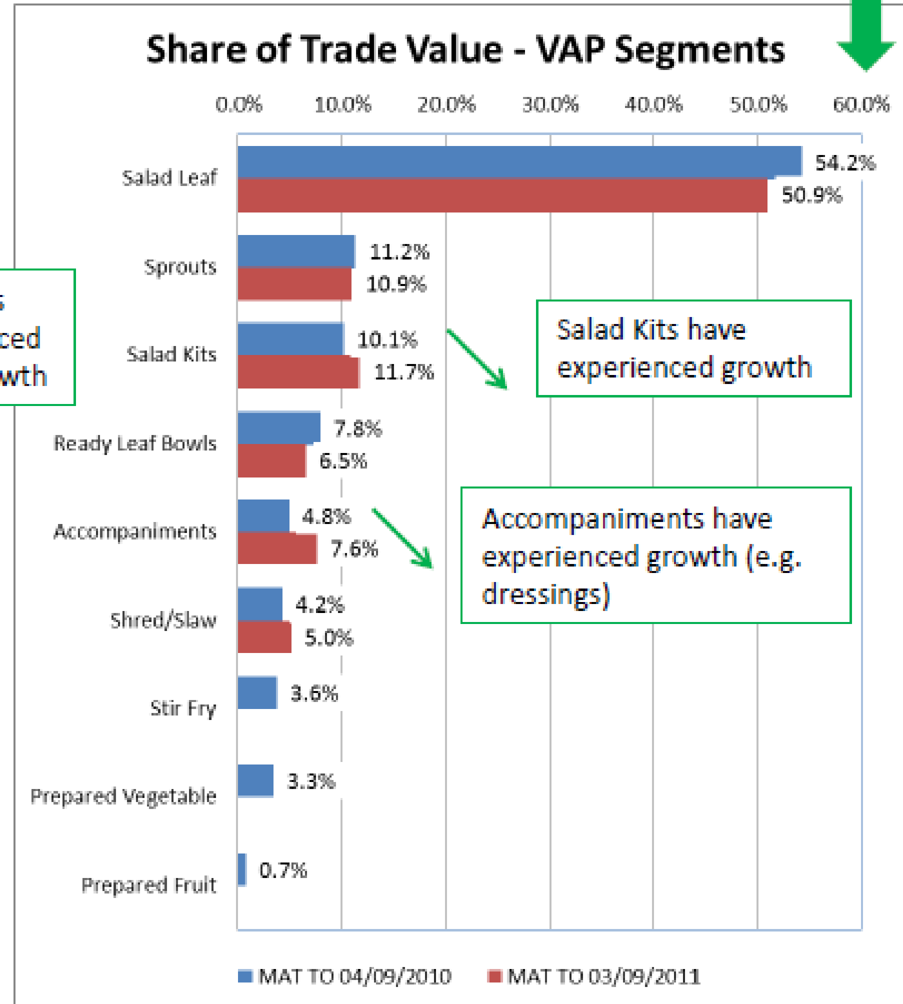
May 2012

What are market and segment shares of VAP?

MAT 03/09/2011

New products are evening out the share across the product categories





How many households are shopping and how often?

MAT 21/01/2012

Penetration	Number of Occasions
NATIONAL	NATIONAL
Shopped for Groceries (including Fresh) **100% of households**	Shopped for Groceries (including Fresh) **122.2 times**
Shopped for Fruit & Veg (all formats) **99.8% of households**	Shopped for Fruit & Veg (all formats) **60.2 times**
Shopped for VAP (all formats) **81.5% of households**	Shopped for VAP (all formats) **8.5 times**
Shopped for Pre-packed Salad Leaf **58.4% of households**	Shopped for Pre-packed Salad Leaf **6.3 times**

Part of everyday life and an everyday grocery item with most households buying. No longer novelty – a packaging option.

<u>As a Benchmark</u>
Head Lettuce
Penetration is 83.5%

Opportunity to attract shoppers to buy VAP

Opportunity to attract shoppers to buy Salad Leaf on more occasions

Summary: 6 out of 10 households are buying our pre-packed salad bags and they are buying every 8 weeks.

Growth Opportunity: *Imagine if Australians were buying every 3 weeks!*

Data Source : Nielsen Homescan

How **big** are the **opportunities** for Pre-packed Salad Leaves?

It is a $208 million category (using Retailer pricing)

If we reach our targets,
to get 85% of households buying and every 3 weeks…

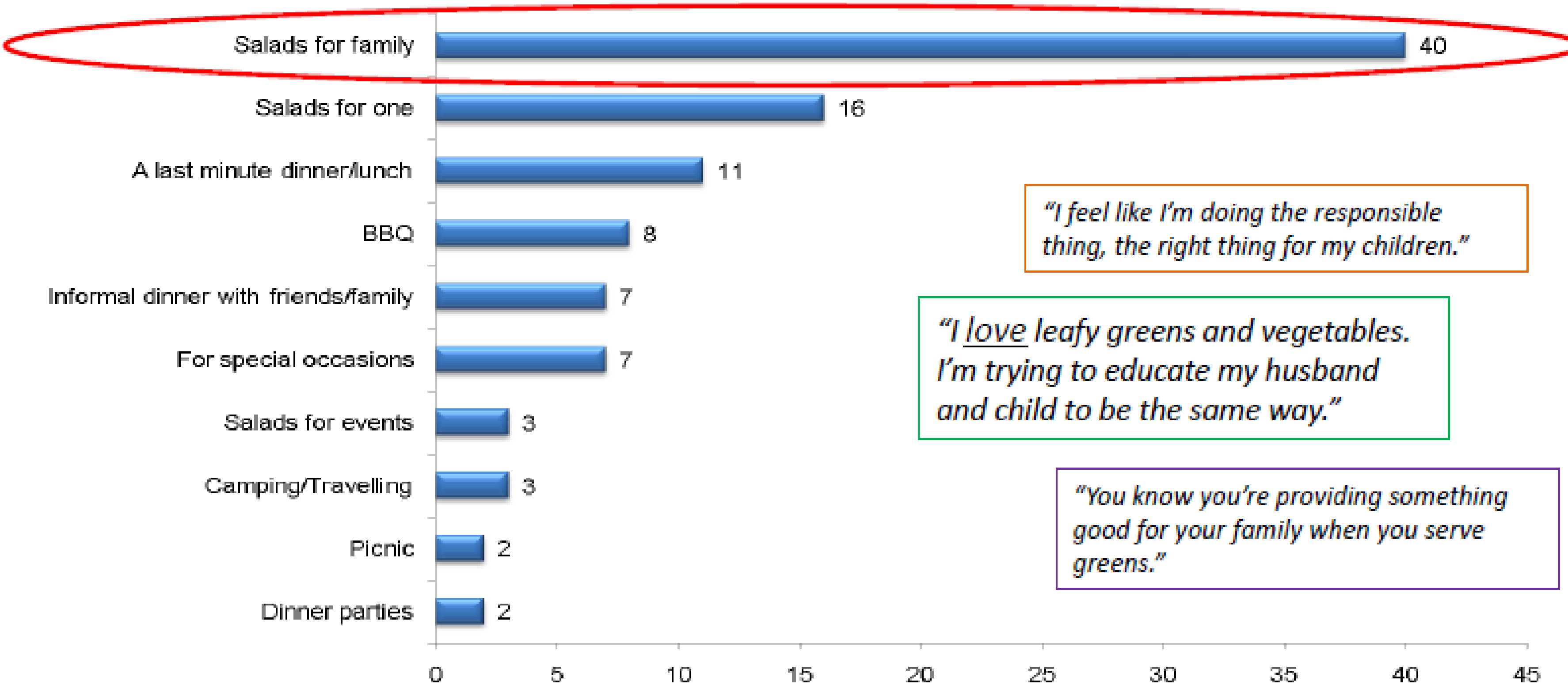
you <u>will</u> see an increase in demand by 230%

These values are based on scanned sales – that is actual dollar sales through the registers at Coles and Woolworths.

When Leafy Green Salads are being used?

Side salads for the family at dinner

time is the most common time pre-packaged salads are used.



"I feel like I'm doing the responsible thing, the right thing for my children."

"I love leafy greens and vegetables. I'm trying to educate my husband and child to be the same way."

"You know you're providing something good for your family when you serve greens."

What are the barriers to our customers purchasing more?

- Pre-packed salad is viewed as a **quality compromise**
- Price and perceived value for money
- Switching behaviour (between pre-packed/whole/loose)



The reasons for consumers switching between pre-packed and whole or loose are:

- Freshness and quality
- Convenience
- Price (RRP)


Data Source : Leafy Greens Research (March 2011)

Quality & Freshness: Fresh food is <u>always</u> a visual purchase decision.

A key purchase driver in this category is QUALITY & FRESHNESS.

Freshness is crisp, full, fresh, fluffy bags.

- No browning, pinking, or *wilting*
- No excess moisture, bruising, or old leaves
- No chaff, excess core, or insect damage
- No changes to specification

EYE CANDY

"I actually pick up the packet to see how much is in it and what the product looks like. I also want to be able to pick them up to ensure I am getting value for money".

"I want to be able to make sure the product is not wilting or brown or slimy on the bottom...you can tell if they have been left out of the fridge".

"I buy what looks freshest at the time."

Trust in Freshness & Quality

- We need to supply our customers and consumers with the **best quality** product on the market

- Because they will buy more; if our consumers buy more - the retailers buy more

- We are never going to achieve our penetration and FOP targets if we don't address the product quality



Data Sources

- Nielsen Homescan to 03/09/2011
- Aztec Scan Data to 11/09/2011 (Coles and Woolworths scan)
- Leafy Greens Research March 2011
    - OMNI 1201 respondents
    - Qualitative 9 groups (Brisbane, Sydney, Melbourne)
    - Quantitative 918 respondents

Shifting Consumer Behaviours and Trends revealed

Value Add Produce Category
2007 – 2013

AC Nielsen Homescan Data Review

Project VG10094
Final Report
HAL / Harvest FreshCuts
Consumer Attitudes & Usage in the Green Leaf Category

Review of Key Consumer Metrics over time
Value Add Produce (VAP) Category

1. **Household Penetration** (How many households are purchasing from the VAP category)

2. **Average Occasions** (how many times per year the consumer is shopping the VAP category)

3. **Inter-Purchase Interval Days** (the average duration between purchases by consumers from the VAP category)

4. **Value Per Occasion** (the average $ spend per purchase from the VAP category)

1. Household Penetration

How many households are purchasing from the VAP category?

Household Penetration	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	69.5%	66.2%	75.9%	79.7%	83.9%	84.9%
Sprouts	0.0%	0.0%	35.2%	35.7%	36.6%	35.9%
WMEM	26.1%	23.0%	23.2%	28.7%	59.5%	60.6%
Salad	24.6%	20.0%	29.0%	27.2%		
Baby Leaf	21.0%	25.0%	23.4%	25.9%		
Salad Kits	11.6%	10.6%	14.7%	17.6%	17.1%	18.5%
Coleslaw	11.8%	13.5%	11.9%	14.1%	16.9%	18.8%
Leafy Bowls	14.6%	9.6%	11.9%	10.8%	11.2%	13.1%
Stirfrys	8.4%	7.9%	7.5%	8.0%	9.7%	10.4%
Vegetables (Other)	3.3%	3.8%	7.3%	6.5%	6.3%	6.5%
Potato	3.4%	3.4%	2.9%	2.1%		
Loose Leaf	0.0%	0.0%	0.0%	5.2%	35.4%	31.3%
Prepared Fruit	0.0%	0.0%	2.9%	5.2%	3.7%	6.5%

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- Significant gains in Household Penetration for the total VAP category are seen over time: 15% increase in number of households shopping the category between 2007 and 2013.
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) has seen a step change in Household Penetration over time, which is in-line with strong supermarket scan sale growth.
- Loose Leaf salads have seen gains in Household Penetration, as the offer is now ranged in major supermarkets, where it was previously only a greengrocer offer.

2. Average Occasions

How many times per year the consumer is shopping the VAP category?

Average Occasions	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	6.3	6.0	7.6	8.0	10.0	10.3
Sprouts	0.0	0.0	3.1	3.2	3.2	3.2
WMEM	3.0	3.0	3.4	3.8	6.8	7.3
Salad	3.0	2.5	3.6	3.5		
Baby Leaf	3.4	3.4	3.7	3.7		
Salad Kits	2.4	2.4	3.3	3.2	3.5	3.5
Coleslaw	2.8	2.7	2.7	2.9	3.2	3.0
Leafy Bowls	2.8	2.2	2.6	2.6	2.9	3.1
Stirfrys	2.5	2.4	2.4	2.2	2.5	2.3
Vegetables (Other)	1.9	1.9	2.5	2.3	1.9	2.1
Potato	2.3	2.3	2.3	1.9		
Loose Leaf	0.0	0.0	0.0	1.2	4.2	4.5
Prepared Fruit	0.0	0.0	1.4	1.6	2.0	2.1

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- The VAP consumer is now shopping the category more frequently.
- Since 2007 to date, the consumer is now shopping the VAP category an additional 4 times per year.
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) and Loose Leaf segments are driving the increase in average occasions.

3. Inter-Purchase Interval Days

The average duration between purchases by consumers from the VAP category

Inter-Purchase Interval (Days)	2007	2008	2009	2010	MAT to 08/09/2012	MAT to 07/09/2013
Total Value Added Produce	42.5	43.3	38.0	36.0	31.3	30.2
Sprouts	0.0	0.0	55.0	56.0	47.4	51.0
WMEM	51.1	50.0	49.0	47.0		
Salad	45.3	52.0	48.0	47.0	35.8	34.0
Baby Leaf	50.2	54.0	45.0	48.0		
Salad Kits	40.5	40.0	42.0	43.0	37.1	43.0
Coleslaw	45.8	48.7	46.0	49.0	43.0	42.2
Leafy Bowls	45.2	46.7	46.0	42.0	33.0	39.5
Stirfrys	46.0	49.5	48.0	51.0	49.3	51.0
Vegetables (Other)	35.2	42.0	39.0	56.0	49.0	47.0
Potato	45.0	61.0	50.0	52.0		
Loose Leaf	0.0	0.0	0.0	7.0	41.5	39.0
Prepared Fruit	0.0	0.0	42.0	37.0	40.5	36.7

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- The duration between shopping occasions has reduced from 42.5 days between purchases, to 30.2 days.
- Since 2007, the consumer has reduced their inter-purchase interval by 12.3 days- this is reflected by consumers increasing their average number of occasions shopping the category.
- Salad Leaf segment (Wash Me Eat Me, Salad, Baby Leaf) and Leafy Bowl segments are driving the decrease in time between shopping purchase.

4. Value Per Occasion

The average $ spend per purchase from the VAP category

<table>
<tr><th>Value per Occasion ($)</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>MAT to 08/09/2012</th><th>MAT to 07/09/2013</th></tr>
<tr><td>Total Value Added Produce</td><td>$3.90</td><td>$4.00</td><td>$3.40</td><td>$3.50</td><td>$3.46</td><td>$3.56</td></tr>
<tr><td>Sprouts</td><td>$0.00</td><td>$0.00</td><td>$2.00</td><td>$2.10</td><td>$2.09</td><td>$2.28</td></tr>
<tr><td>WMEM</td><td>$2.40</td><td>$2.50</td><td>$2.70</td><td>$2.70</td><td rowspan="3">$3.25</td><td rowspan="3">$3.22</td></tr>
<tr><td>Salad</td><td>$2.90</td><td>$3.30</td><td>$4.50</td><td>$4.60</td></tr>
<tr><td>Baby Leaf</td><td>$4.10</td><td>$3.80</td><td>$3.60</td><td>$3.40</td></tr>
<tr><td>Salad Kits</td><td>$3.80</td><td>$4.10</td><td>$4.20</td><td>$4.50</td><td>$4.41</td><td>$4.49</td></tr>
<tr><td>Coleslaw</td><td>$2.50</td><td>$3.00</td><td>$2.60</td><td>$2.90</td><td>$3.22</td><td>$3.11</td></tr>
<tr><td>Leafy Bowls</td><td>$4.20</td><td>$4.20</td><td>$4.60</td><td>$4.90</td><td>$5.57</td><td>$5.98</td></tr>
<tr><td>Stirfrys</td><td>$3.90</td><td>$3.80</td><td>$3.80</td><td>$4.30</td><td>$4.04</td><td>$4.05</td></tr>
<tr><td>Vegetables (Other)</td><td>$3.20</td><td>$4.10</td><td>$3.70</td><td>$3.90</td><td rowspan="2">$3.64</td><td rowspan="2">$3.36</td></tr>
<tr><td>Potato</td><td>$3.80</td><td>$4.00</td><td>$2.80</td><td>$3.30</td></tr>
<tr><td>Loose Leaf</td><td>$0.00</td><td>$0.00</td><td>$0.00</td><td>$2.00</td><td>$2.13</td><td>$2.29</td></tr>
<tr><td>Prepared Fruit</td><td>$0.00</td><td>$0.00</td><td>$3.40</td><td>$3.40</td><td>$4.11</td><td>$4.29</td></tr>
</table>

Source: AC Nielsen Homescan to 07/09/13

Key Observations:

- Value ($) per occasion for the VAP category has fluctuated from 2007-2013, mainly driven by product mix in the category.
- Increased degree of value add/innovation has driven increased value per occasion- as seen in the Salad Kits, Leafy Bowls and Coleslaw segments
- Segments which as more standard commodity products e.g. Salad Leaf Bags (Wash Me Eat Me, Salads, Baby Leaf) have seen a decrease in value ($) per occasion over time.