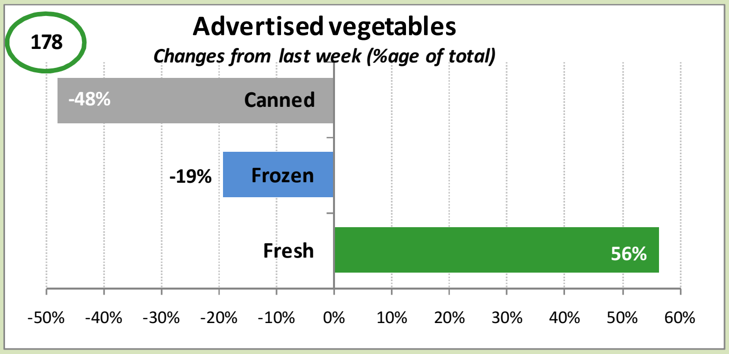
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



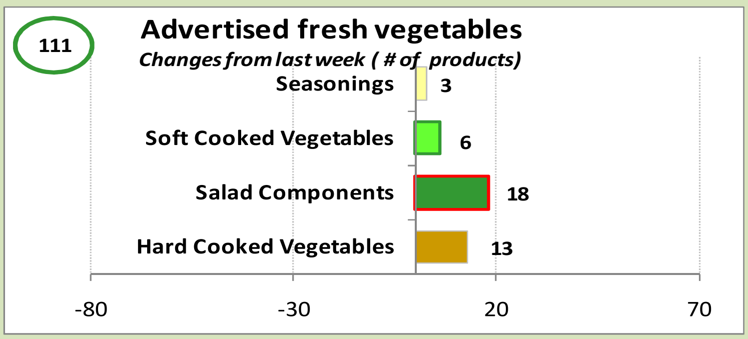
7 Apr 2010

Vegetable retail promotional activity



This week the exposure of vegetables increased by 9%. 178 vegetable products were advertised by the major retailers. This was driven by major increases in fresh and decreases in canned and frozen products.

The number of fresh products advertised increased by 56% to 111. The most significant changes were in Salad components, which increased by 18 lines and Hard Cooked Veg , which decreased by 13 lines.



Headlines

Page 1

- Reserve Bank lifts rates as retail sales fall
- Buderim taps into medicine market
- Dominant reasons driving veg selection
- Vegetable buying trends of segments

Australian retail sales down, but Reserve Bank lifts rates again. After a surprise fall in retail sales in February, analysts were divided on whether this fall would discourage the Reserve Bank of Australia from raising rates at its monthly policy meeting, as this slump could indicate that the economy might not be as strong as previously thought. However, the Reserve Bank has lifted official interest rates by 25 basis points taking the official cash rate to 4.25%. If consumer confidence is eased it could flow on to reduce eating out of home food expenditure.

These events may impact consumers confidence and could also trigger a lift in demand for retail vegetables, as consumers eat more meals at home.

Buderim Ginger launches first range of tablets. After 70 years of producing ginger sweets, drinks, and condiments, Buderim Ginger has launched two tablets – for nausea and arthritis—under the Buderim Naturals brand, which approved by the Therapeutic Goods Administration are now being sold at Amcal and Guardian chemists. Buderim's Naturals' General Manager Paul Ritchie said that about 50% of herbal medicines in Asia contained ginger, which has been known for its medicinal qualities; hence, they have tapped into the $2 billion alternative medicine market. Buderim Ginger farms grow about 4,000 of the 10,000 tonnes of ginger produced in Australia every year.

This initiative taps the medicinal benefits of ginger and gains some exposure to a higher value form of ginger based product.

Pricing and product appearance are the leading influences on vegetable purchasing, according to recent Mealpulse panel responses, where the dominant stand-alone reasons were "on special" at 47% and when "in season and looked good" at 39%. This confirms consumers are influenced by retail "specials", and a judgment on product quality based on product appearance, and influenced by "in season" signals, which is regarded as a positive attribute reflective of quality.

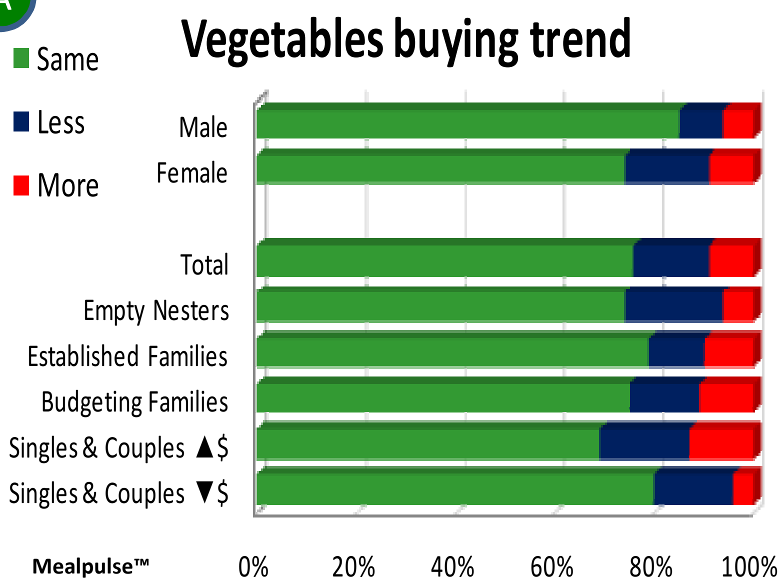
A vegetable product's visual appearance and its relative retail price drive the buyer's selection.

Weather	Sydney			Melbourne			Brisbane			Adelaide			Perth		
Period	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr
Highs & Lows ℃	19-30	15-28	9-30	13-32	13-26	11-33	18-30	19-30	19-31	10-34	13-29	11-34	15-33	14-32	10-30
Rainfall															
Rainfall (mm)	0.0	25.0	65.4	0.0	8.0	18.0	5.0	5.8	128.8	0.2	6.2	0.0	40.4	0.0	0.0

Vegetable Market settings

The Mealpulse panel, which analyses vegetable consumption data, collects responses on vegetable buying trends and their variations and similarities across household segments. The two charts and commentary below provide a factual picture of whether consumers bought the same, more, or less vegetables in the last quarter of 2009.

A



B

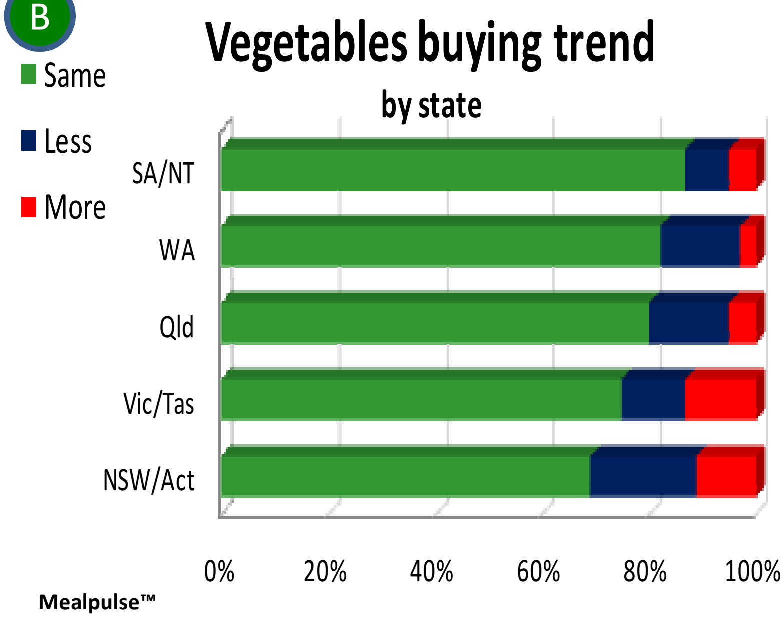


Chart A shows that 76% of households are purchasing the same quantity of vegetables as they have done previously. Of those who altered buying, 15% purchased less and 9% purchased more.

There was more variation in the buying patterns of female shoppers, who make up 80% of household vegetable shoppers, with 17% buying less and 9% buying more. Conversely, 85% of males bought the same amount of vegetables, with 9% buying less and 6% buying more. The two family segments reflect a very similar trend in terms of buying more vegetables; however, the budgeting families at 14% were more inclined to buy less vegetables than the established families at 11%.

The empty nesters segment reflected the highest decline with 74% buying the same quantity, but 20% buying less and only 6% buying more. Similarly, declines were evident with the low income singles and couples with 80% buying the same, but 16% buying less and only 4% buying more.

The singles and couples with higher income had the lowest level of buying the same at 69% but those buying less at 18% were almost compensated for by the highest level of those buying more at 13%.

The state-based profile of buying trends in Chart B shows that VIC/TAS and NSW/ACT have greater variations and hence, more households who have reduced their vegetable purchases than the other smaller states. SA/NT had the least amount of change with 87% of households buying the same quantity, 8% buying less and 5% buying more. WA recorded the highest net reduction with 83% buying the same, 15% buying less and only 3% buying more.

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