

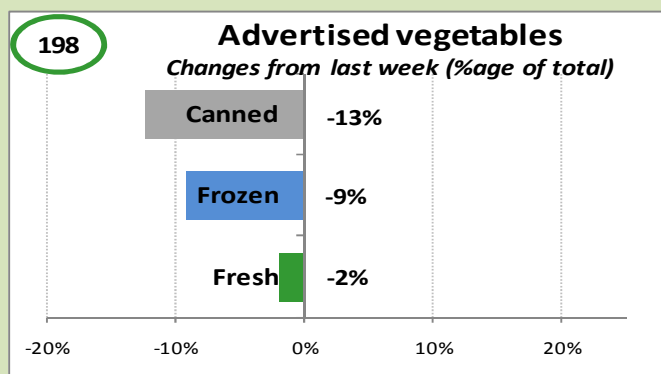
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative

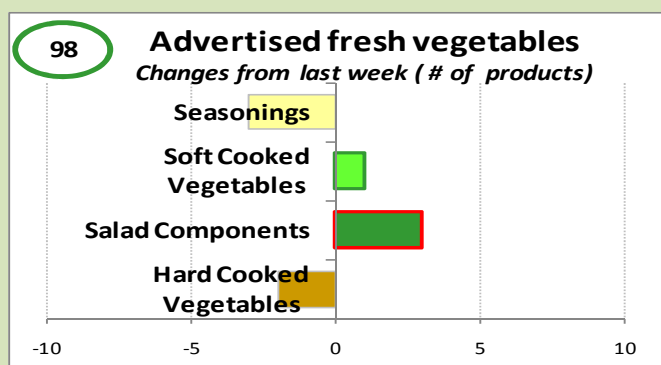


1 Dec 2009

Vegetable retail promotional activity



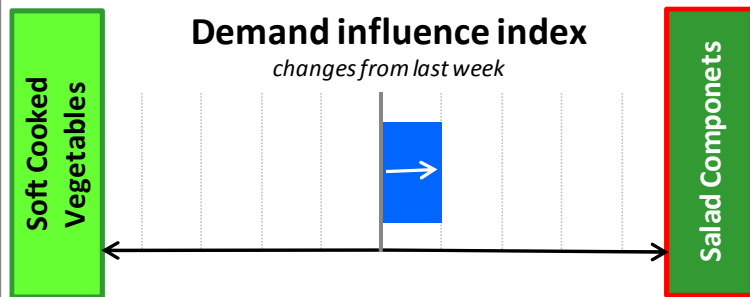
198 vegetable products were advertised by the major retailers, which was 7% or 14 lines less than last week. The mixture of products reflected a reduction in canned and frozen and the same level in fresh vegetables. Within canned less beetroot was featured and the increases in fresh vegetables were due to more salad component products.



In the past week the factors that influence demand have shifted back to salad components. This was largely driven by warmer weather and an increased quantity of salad lines involved in retailer promotion activity.

Demand influence index

changes from last week



Take note: This index is an indicator of the sum impact of the factors that affect demand for Soft Cooked Vegetables or Salad components. These two categories of vegetables make up over 63% of the total market vegetable sales and are highly exposed to consumer switching in response to changing demand influences.

Headlines

- Simplot enters prepared meals
- Demand influence towards salads
- Less vegetable adverts this week
- Consumers making 6-7 shops a week
- Green veg bought from fruiterers
- UK consumers want GM label info
- Kroger packaging provides new traceability
- Latest choice grocery basket survey

Simplot enters prepared meals

An increased investment in the ready meals market is on the way to provide greater competition for fresh vegetables. The expanding US-owned food processor Simplot says it will enter the ready meals market with the purchase of the Papa Guiseppi pizza brand and the licensing of Lean Cuisine and Maggi frozen brands from Nestle. Simplot's Pakenham Gippsland Food Company factory will be the base of the expanded operation. Simplot promises expansion of the operations and says it will achieve synergies along the supply chain and in the marketplace with its existing frozen and processed food lines.



UK consumers want more info and labelling about GM foods

Research done for the UK's Food Standards Agency concluded that there is "widespread" support among consumers for the labelling of all GM food products, including those where GM is used in animal feed or as a processing aid. The UK market has a much wider prevalence of GM vegetables on offer. The study found there is also a certain amount of mistrust surrounding the current delivery of information on GM foods. The study however shows there's the usual grab bag of wants that information-hungry consumers seek when they away from the shopping aisles - information on the extent to which GM is available, potential long-term consequences of GM foods, and GM's potential impact on the environment and animal welfare. Behaviour in the store is generally less precise.

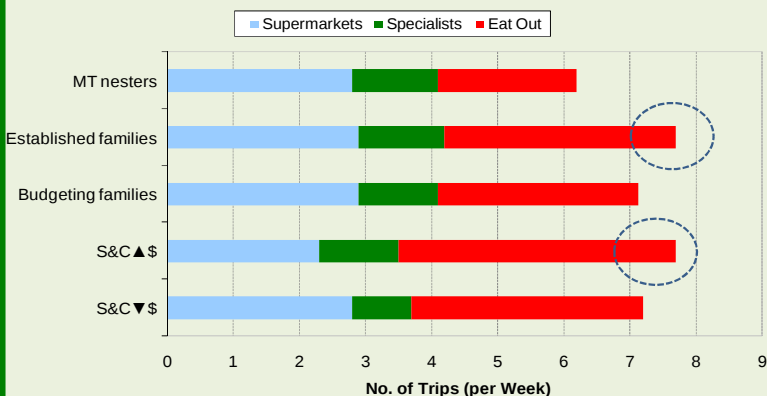
State capital weather

Weather	Sydney			Melbourne			Brisbane			Adelaide			Perth		
Period	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr
Highs & Lows °C	18-40	18-33	12-27	14-38	11-28	8-21	19-34	21-34	16-32	14-39	11-32	8-27	11-26	11-35	11-26
Rainfall															
Rainfall (mm)	1.4	0.4	36.0	60.8	17.4	24.6	3.2	1.4	238.6	13.4	3.4	6.0	34.8	0.0	20.8

Shopper behaviour

Fig 3.1 - Shopping Trips per Household Segment

A-9.A



Consumers 6-7 shopping time a week.

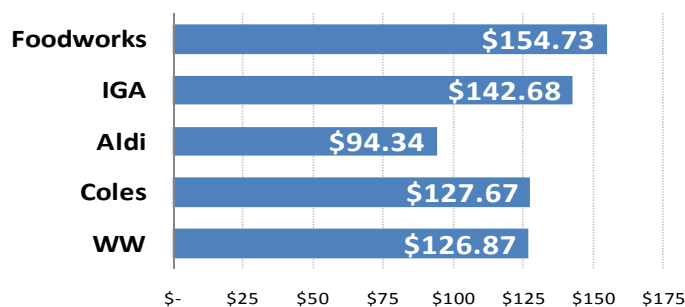
This is made up of 3-4 trips to the supermarket at least 1 trip to a specialist (i.e. Fruiterer, Butcher, Baker etc). The other 2-3 trips are to buy food from food service outlets. The consumer segments with higher discretionary dollars, circled above, are more heavily drawn into this top-up shopping mode where the average supermarket sales is now just **\$38.00**. This mode of shopping has been enabled by the extended shopping hours in most states, and welcomed by time poor consumers. The higher frequency of shopping trips has also allowed the food retailers to sell more impulse products.

Given that fresh vegetables are amongst the most frequently purchased products they are a draw card to attract the higher spending more frequent shoppers.

Choice basket price comparison

Consumer advocate Choice has resumed its focus on providing price comparisons of shopping baskets after the recent controversy over the Federal Government's decision to scrap the GroceryChoice website. Choice is keen to keep the issue of supermarket scrutiny in the news after running into a dispute with the major chains last May as the grocery comparison website neared release. A new national independent survey of grocery prices in Coles and Woolworths stores found that residents of Geelong, Victoria, and the NSW Central Coast enjoy the cheapest baskets of groceries in the country. Choice sent its hired shoppers to 145 supermarkets in 24 localities covering Coles, Woolworths, Aldi, IGA and FoodWorks stores. The results of the basket analysis is profiled below, with minimal difference between WW & Coles and a basket of like products from Aldi 25% less. The independents IGA & FoodWorks were the most expensive.

Choice price basket - Nov 09



New traceability from Kroger



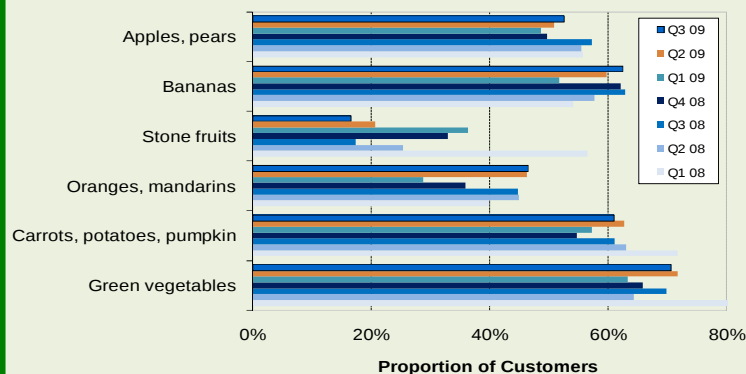
US retailer Kroger's new line of fresh salads includes technology on the packaging that enables customers to learn where the produce was grown. In response to shoppers becoming more interested in the nutrition, origin and quality of the food they purchase, The Kroger Co has teamed with HarvestMark, to give customers an easy way to learn more about where the produce was grown. Each bag carries a 16-digit code shoppers can enter at www.harvestmark.com to learn more about the salad's origin, packing location, ingredients, date and time the product was packed.

This level of traceability will appeal to some customers and it also provides interesting precedents on who interacts with the end consumers on these sensitive issues.

Some abbreviations and new terms are used in veginsights and that allows us to efficiently convey weekly news and insights. A fuller description of these terms and the basis for calculating indexes and charts can be viewed at www.freshlogic.com.au/Services/Veginsights.aspx

Category Participation - Greengrocer

19



Green veg purchases high at greengrocer

Green vegetables are used by consumers as a reflection of the product freshness on offer from a retailer. Consumers understand they will visibly wilt under stress and when they are in good condition consumers transfer this "freshness" to other products. Over the last seven Qtrs, as per the chart above, over 60% of households purchase Green vegetables from greengrocers. This profiles the strong quality advantage that these specialists enjoy over their retail competitors.