

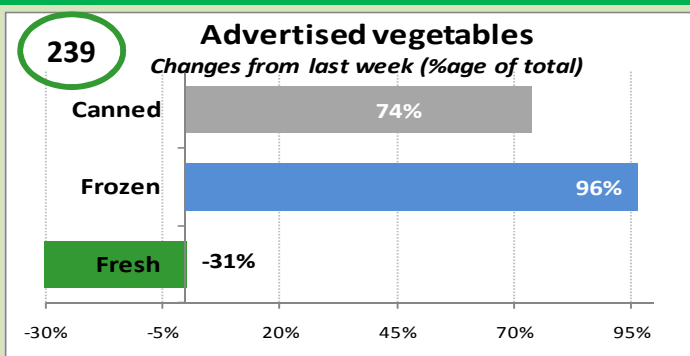
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative

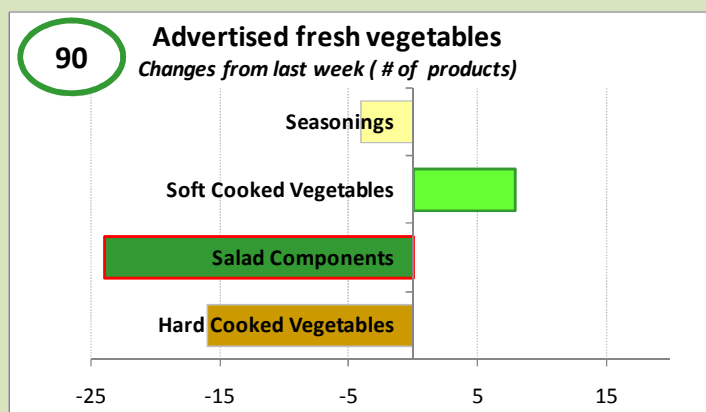


15 Dec 2009

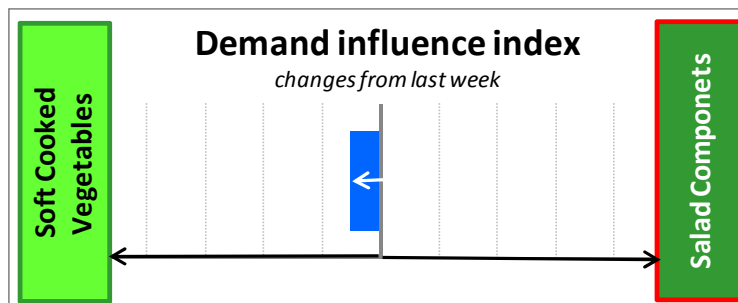
Vegetable retail promotional activity



239 vegetable products were advertised by the major retailers, which was 16% or 33 lines more than last week. The mixture of products reflected sharp reductions in fresh vegetables and large increases in canned and frozen. Within the 90 fresh products advertised, only Soft Cooked Vegetables enjoyed an increase.



In the past week the factors that influence demand have shifted away from salad components. This was driven by similar weather to the previous week and a reduced quantity of salad lines involved in retailer promotion activity.



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

- New SkirtAll retro packaging
- Olympics goes organic
- Challenges for canned vegetables
- EU will move to single organic logo
- Farmers supermarkets assessed in SA
- Water in new Vic pipeline by Feb

Sealpac goes retro introducing a retro-style pack for cherry tomatoes. **SkirtAll** is a patented packaging solution invented by Abarka Packaging Solutions in The Netherlands. The company turned to Sealpac to develop the required machine technology on its A-series traysealers. **SkirtAll** is based on a jam jar with fabric cap held in place with string. Applying this packaging concept means using a Sealpac traysealer to form a top film with the appropriate outside cut into an old-fashioned skirt and sealing it onto a round tray.



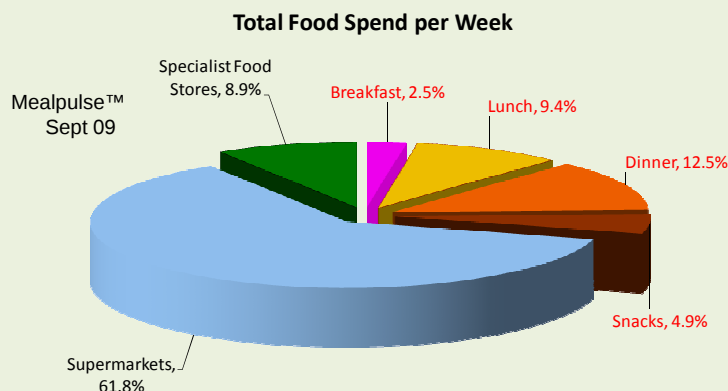
The skirt is then pressed down and sealed onto the side of the tray to create a creased look. By using the promotional opportunities of the skirt, products can be branded in many different ways. Sealpac is targeting both the cherry tomato segment and the fresh prepared fruit salad manufacturers. For more information see <http://www.skirtall.nl/index.html>. These type of packaging innovations that allow products to be differentiated and deliver smaller portions sizes have in general been welcomed by consumers and generated price premiums.

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

State capital weather

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 °C	13-24	17-29	15-35	11-32	10-26	10-33	17-34	22-33	17-33	10-32	10-28	11-25	12-36	13-32	12-28
Rainfall															
Rainfall (mm)	10.4	0.6	11.2	10	11.4	1.4	6.6	0.6	9.6	0.6	6.2	0.8	0.0	0.0	0.8

Shopper behaviour



The last quarter results from Mealpulse show that Australian households are currently spending 70.7% of their food dollar on food prepared at home. Supermarkets capture the large majority and specialist food stores, which include fruiterers, capture the balance.

Food eaten away from home has 29.3% of household food expenditure. The large majority of this is spent on Lunch & Dinner with Breakfast and Snacks on the run making up the total.

Farmer supermarkets in SA to be assessed

South Australian Farmers Federation is undertaking a study and considering a business plan for a farmer-owned retail outlet with the intention of setting up a state-wide chain. According to chief executive Carol Vincent, the push for a farmer-owned retail outlet has come from consumers, not just producers. "Farmers' markets have taken off in South Australia ... consumers are making it clear that what they want most is choice." Horticulture group Grow SA chief executive Mike Redmond labelled the move "ambitious". "It's admirable, but a very big ask," Mr Redmond said "a more viable alternative would be to encourage sections in supermarkets dedicated to Australian produce to give consumers more choice".

Water will flow to Melbourne in north-south pipeline as soon as February

Water is expected to flow down the north-south pipeline to Melbourne as early as February next year, despite State Opposition attempts to block it. Should the Opposition be successful they will hold back 10,000ML of water saved last season by the Northern Victorian Irrigation Renewal Project. However 12,000ML traditionally supplied from the Goulburn system to the Wimmera Mallee is now available due to the completion of their own \$688m Grampians Wimmera Mallee pipeline. 10,000ML is also available to Melbourne from water quality reserves held in Eildon.

London 2012 Olympics targets organic produce

The London Organising Committee of the 2012 Olympic Games' Food Vision report has stated an aspiration to get organic produce to make up the 330-plus tonnes that will be required.

Local suppliers are unhappy that this could potentially risk excluding the conventionally grown product by the vast majority of the UK produce industry and hope to influence this aspiration in the lead up to the games. This is an interesting precedent with a global event of this scale taking a position on food production systems.

Imported asparagus debate frames the challenge for local canned vegetables

Tinned Australian asparagus produced by Windsor Farms will soon to make a comeback at Coles. However, this is a small win for local growers against a tide of Imports from Peru, China, the Philippines and Thailand that continue to take over the canned vegetable shelves as supermarkets increasingly import their canned private label (PL) products. The expansion of retailer PL ranges has happened when consumers, who are seeking better value, have shown a willingness to trade down. These two trends have now combined into a spiral that has the retailers competing with the lower cost private label products. This places local canned product producers up against lower cost global scale operations with exchange rate advantages. As volumes fall local producers are challenged to maintain economies of scale. In all this the level of demand for locally produced product seems to have been overlooked.

EU moving to one organic logo

The European Commission has opened a public vote for a new EU organic logo. Three logos (below) have been short-listed and voters have until January 31, 2010 to make their choice.



The Commission believes the new logo will enhance consumer protection and promote organic farming. The winning entry will be obligatory for all pre-packaged organic products that derive from the 27 EU member states and meet the required labelling standards. This move reflects the common message that goes to consumers in the US with the USDA organic logo and begs questions about the clarity of signals in place in the Australian domestic market.