

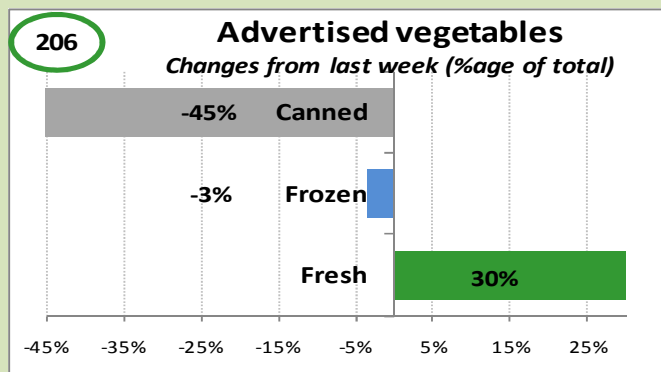
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative

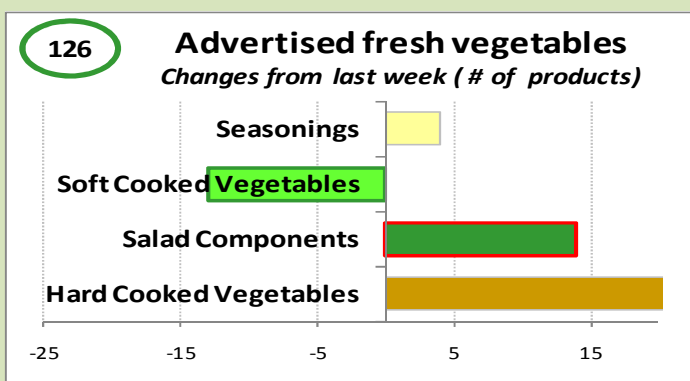


8 Dec 2009

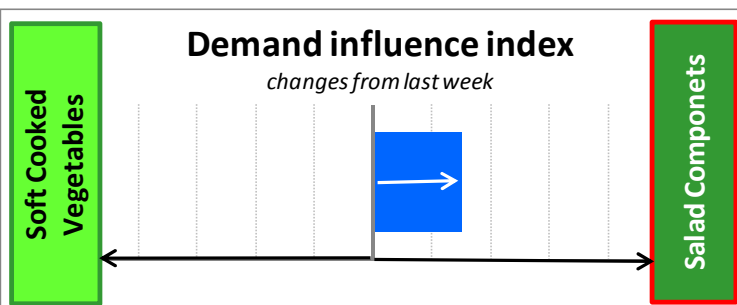
Vegetable retail promotional activity



206 vegetable products were advertised by the major retailers, which was 4% or 8 lines more than last week. The mixture of products reflected sharp reductions in canned lines and increases in fresh vegetables. Within the 126 fresh products advertised, Hard Cooked Vegetables and Salad Components enjoyed strong increases.



In the past week the factors that influence demand have shifted further in favor of salad components. This was driven by warmer weather and marked increased 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

- Restaurant sales lift but retail flat
- Green vegetables can prevent cancer
- Unit pricing now mandatory
- ABARE rubbish food miles
- Aldi seeking suppliers
- Over 30% of supermarket shoppers also buy from fruiterers

Restaurant sales on the rise, but low inflation hurts food retail figures

with the latest ABS retail trade figures showing Cafes, Restaurants & Takeaway Food Services (+1.1%) the second best performing sector. The news caps a reasonably good run for restaurants and takeaway outlets over the past few months as the economic recovery leads to more Australians going out for dinner. However, food retailing, which includes supermarkets, bakers and fresh food stores, saw seasonally adjusted sales fall 0.1%. Low inflation and, in some cases, deflation have hurt sales figures in this sector in recent months, with analysts speculating increasing private label sales are contributing to the low sales growth as consumers are able to buy more product volume at a lower cost.

Green pigments in vegetable may help prevent liver cancer,

according to a study by researchers at Linus Pauling Institute and published in the Dec 2, 2009 issue of [Cancer Prevention Research](#). Green vegetables are high in chlorophyll. And the study found intake of chlorophyll and chlorophyllin may reduce the bioavailability in humans of cancer-causing chemical aflatoxin B, which can induce liver cancer. The report concluded that eating plant-based foods like green vegetables and beans can reduce the impact of aflatoxin B and probably other cancer-causing agents as well.

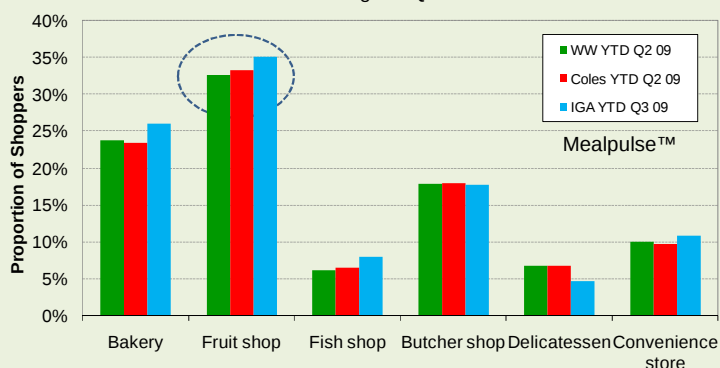


State capital weather

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	18-33	13-24	15-27	11-28	11-32	7-20	21-34	17-34	17-32	11-32	10-32	8-27	11-35	12-36	11-29
Rainfall															
Rainfall (mm)	0.4	10.4	29.4	17.4	10	14.2	1.4	6.6	79.4	3.4	0.6	4.8	0.0	0.0	17.4

Shopper behaviour

Supermarket Shoppers using Specialists
YTD average to Q3 2009

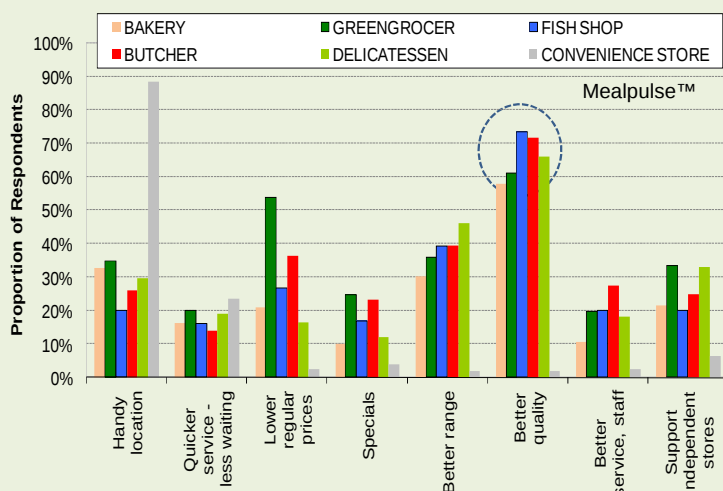


Fresh Food Specialist

Australian food shoppers continue to share their food dollar between their favoured supermarkets and local fresh food specialist. The chart above shows that over 30% of the shoppers who buys groceries at one of the 3 leading supermarkets also purchase fruit and vegetables from the local fruit shop. This shopping pattern is also reflected in the other large fresh food categories, but it is clear that a larger proportion of fruit and vegetables are purchased outside the supermarkets. .

Given the level of patronage that the fresh food specialists enjoy it is valuable to understand the reasons consumers shop this way. In the chart below these reasons are profiles and they are lead by Better Quality, Range with Lower prices close behind. These reasons combine into a strong set of advantages for the specialists and mean they will remain a viable distribution channels for the foreseeable future.

- Reasons for Shopping at Specialists



Unit pricing now mandatory

Unit pricing became mandatory in supermarkets across Australia on 1 December, with the country's competition minister suggesting the move will see the average family save at least \$96 a year. Unit pricing, a recommendation stemming from the ACCC's grocery inquiry, is where grocery items are priced by reference to common units of measure such as per 100 grams and per 100 millilitres. The Unit Pricing Code became law on 1 July and supermarkets larger than 1000 square metres have been implementing the new measure. Smaller supermarkets can participate voluntarily, but if they decide to do so they must comply with the code.

Food miles concept rubbish

by a new report from the ABARE, asserting that how far food has travelled before it reaches a supermarket has little to do with its carbon footprint. ABARE is concerned that Australian farmers and exporters could be hit hard if overseas consumers start to buy produce under the "food miles" principle. "The food miles concept results in less-informed consumption choices and does not reflect the carbon emissions embodied in many products," the report says. The report cited a New Zealand study of food products sent to Britain, where lamb, cheese and apples had lower carbon pollution associated with them than the same British products. The validity of food miles is significant for vegetables,, given that a high proportion of local products, travels to interstate markets.

ALDI is seeking suppliers to support continued expansion in Australia. The chain first opened in Australia in January 2001 and now has over 220 stores operating across NSW, ACT, QLD and VIC – and is adding 25-30 new stores a year. The company has started a program of open days, which allow prospective suppliers to visit their new head office and learn more about how they do business. ALDI has just opened a new A\$145 million Warehouse and Distribution Centre in Preston, western Sydney providing a key plank in their expansion plans into southern Sydney. The new facility, one of the largest ALDI facilities in the world, will be supplying 31 stores with all their produce – dry, chilled, frozen, fresh as well as weekly specials. Those servicing the retail sector should appreciate that Aldi's approach is to carry a limited range of products and therefore the sales of each product are typically at higher volumes per store than other retailers.



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

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