

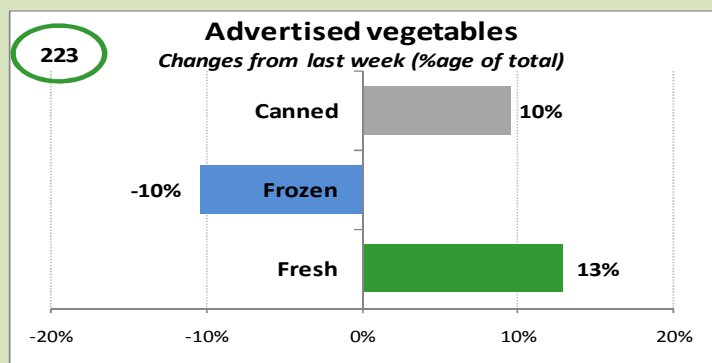
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



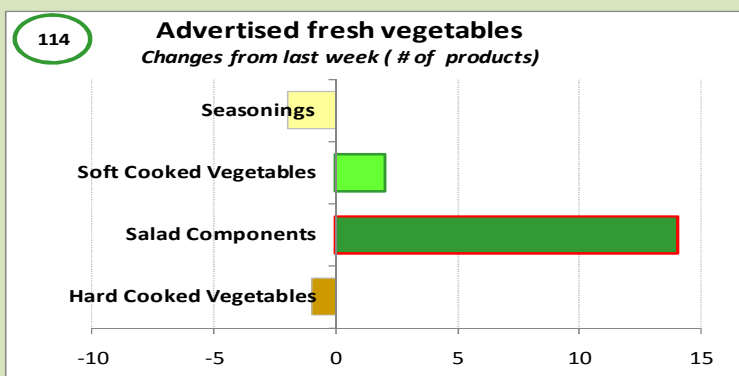
2 Feb 2010

Vegetable retail promotional activity

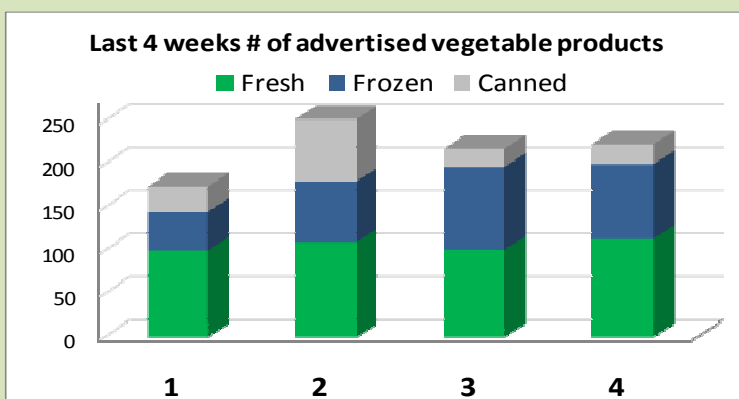


223 vegetable products were advertised by the major retailers,. This was a 2.3% increase from last week and was impacted by increases canned and fresh vegetables advertised and reductions in frozen.

Within the 114 fresh products advertised, Salad components enjoyed an increase of 14 lines on the previous week.



The patterns of vegetables products advertised over the last 4 weeks are profiled in the chart below. An average of 217 lines per week were advertised with the largest variations in the volumes of canned and frozen vegetable products featured.



Headlines

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- Japanese firm considers TAS options
- Campbell's adjust V8 juice again
- Woolworths sales growth slows
- Panama exports square melons
- New sprout hits M&S in UK

Japanese firm considers opening a vegetable plant in Tasmania

as they explore the merit of buying Tasmanian vegetables and fish. Late last year McCain Foods said they would be shutting down their Tasmanian vegetable processing plant in November 2010, a move that would leave a significant void in the market. While it is early days in negotiations, Primary Industries Minister David Llewellyn has said there is interest from a major Japanese food firm in filling that void. Mr Llewellyn did not name the company but noted that McCain's departure would present a great opportunity for new players to enter the market.

US: Campbell further reduces sodium in V8 100% vegetable juices

while still maintaining the same zesty taste. The company will roll out original V8 100% vegetable juice with 420 milligrams of sodium per 8-ounce glass – a 12 percent reduction and the second in the last three years. In addition, the popular Spicy Hot V8 variety has been reduced in sodium to 480 milligrams per serving, bringing the entire line of V8 beverages to meet the U.S. government-designated "healthy" criteria. This top 10 food company advises their goal for V8 juices is to provide people with a variety of great-tasting, healthy beverages that help them to get their daily vegetable servings. *When a major food processor adjusts their products to meet health considerations this confirms the strength of consumer demand for these product attributes.*

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	16-41	20-30	20-41	10-38	13-36	13-41	17-35	21-33	19-33	11-40	15-36	14-43	17-43	16-39	16-33
Rainfall															
Rainfall (mm)	6.2	2.6	14.2	5.8	0.0	0.0	4.4	5.4	29.8	0.0	0.0	0.8	0.0	0.0	0.0

Shopper behaviour

The Mealpulse panel, which tracks vegetable consumption data has defined five different household segments. Each week we will profile one segment. This week's profile is the **Singles and Couples with higher income**



Singles and couples with higher income profile

- Households of singles or couples with no children and above average income.
- Makes up 21% of Australian Households and contributes 20% share of the food market.
- Is the second largest of the five Mealpulse segments in terms of the number of households in the segment.
- 51-53% of total food spend for this segment is on food prepared and eaten at home, which is the lowest of all five segments and reflects that this segment spend nearly half their food expenditure on food eaten away from home.
- This segment have been reluctant to trade off their lifestyle of eating out and did not move to economise on food expenditure until the security of employment was questioned.

New sprout for Marks & Spencers in UK

this week. The new vegetable named Flower Sprout, a cross between a Brussels Sprout and a kale. Bred by Tozer Seeds, the Flower Sprout is a new vegetable that will arrive at the retailer following ten years of development from the Surrey-based breeder. Just one variety has been released so far, but other varieties in a range of colour forms and maturities will be available shortly. The Flower Sprout, developed using traditional hybridization techniques, has a Brussels sprout-like plant habit, a tall stem with rosettes forming all the way up to a frilly-leaved top. *New products are the drivers of growth for packaged grocery products and similar acceptance of new fresh vegetables can only help deliver similar sales growth.*



Woolworths sales slow down with 2nd quarter sales increase of 4.1% from a year ago,

a marked slowdown from the same quarter last year when spending was boosted by the government's stimulus package. The sales result disappointed investors and the share price for WOW fell with the sales seen as a slowdown from 4.2 per cent sales growth in the first quarter despite Christmas trading and post-Christmas sales and an even larger slowdown from the same quarter in the 2009 fiscal year when sales rose 8.1 per cent. Comparable store sales in Food and Liquor increased 4.8% during the half but fell to just 3.8% for the second quarter. The decrease from last half year's comparable sales was explained by the company as directly related to the decline in inflation which in the half decreased to 1.6% from 4.1% last year. Australia's largest grocer has said 2010 will be a "challenge" for retailers with the retailer expecting competition to be fierce around the fourth quarter. *This forecast, combined with a round of price reduction promises from the major retailers last week, indicates that the level of retail food competitive intensity is set to increase.*

Panama exports square watermelons to Europe

into the demanding European market for the first time. The Panamanian fruit has enjoyed demand and this led the producers to explore the potential for a square watermelon, whose shape is obtained through a costly mould. The squaring mechanism for the fruit was developed in Japan, with the invention attributed to a Japanese farmer on the island of Shikoku. It makes the fruit easy to handle and easily cut into slices. This benefit is earning a substantial premium with fruit selling for the equivalent of US\$11.00 per kg. *It would be easy to allow the signals from many consumers in Europe to dominate how this market is serviced. However, this initiative has shown even in these conditions there are some consumers in the market who are prepared to pay a premium for this type of innovation.*

