

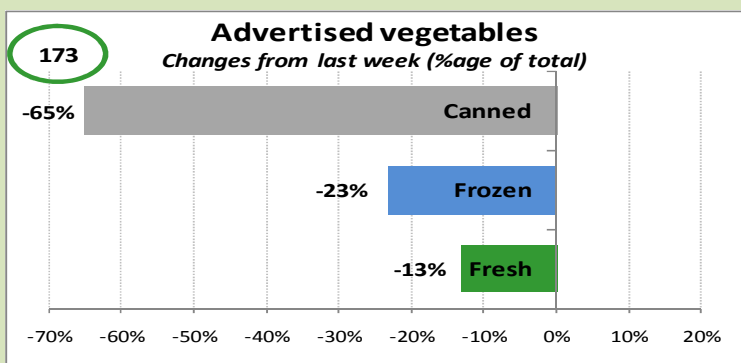
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



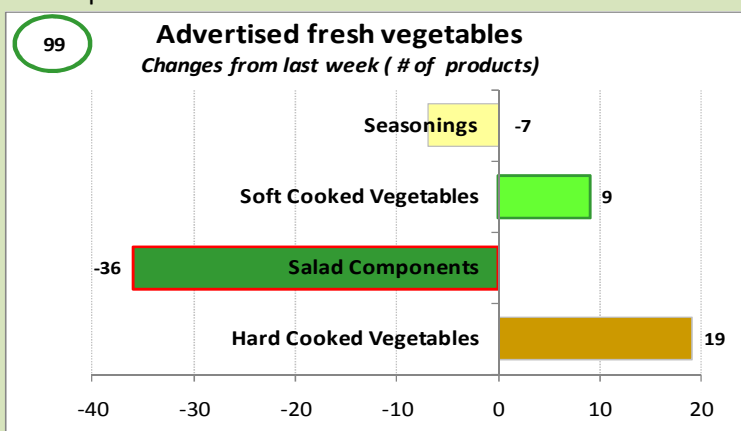
9 Feb 2010

Vegetable retail promotional activity



This week the exposure of vegetables was reduced sharply as the retailer focus moved to "back to school" promotions and products. Only 173 vegetable products were advertised by the major retailers. This was a 22% decrease from last week and was driven by decreases in all three product types.

Within the 99 fresh products advertised, the most significant changes were in Salad components which decreased by 36 lines and Hard Cooked vegetables which increasing by 19 lines on the previous week



The MarketFreshSchools program is teaching School children across Victoria about fruit & vegetables. Feedback from students has revealed that some children have never eaten some vegetable products. *This signals that investing in promotion to get consumers to eat more vegetables should be balanced with trying to reach those who are yet to get started.*



Headlines

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- Waitrose works with Brassica growers
- School kids eat veggies for 1st time
- Avocados prices slow consumption
- GM sensitivity for consumers
- Collaboration on ethical food signals

UK supermarket Waitrose will work with brassica growers

to bring something new to the market and sustain the sector. A spokesperson for the retailer said: "The volume market for brassicas is static at the moment, but we are prepared to work with our growers on items like spinach, broccoli and cauliflower to entice people back into the sector. "There are lots of miniatures that could be introduced and different ways of doing things. We rely on our own growers, who consistently meet our requirements and have growing groups in all the main sectors." *This situation and approach has similar potential in the Australian market.*

Avocados are getting beyond the budget

with wholesale prices reaching \$80 a tray when normally they sell for about \$30. This has flowed onto retail prices over \$3 each and out of some consumer's price range. This situation profiles the challenges of our supply and price setting systems, where a leading salad product like avocados, that have enjoyed investments in marketing to expand consumption occasions and are on the verge of substantial supply increases, are now priced at levels that discourage consumption. *This is a difficult situation to remedy but it warrants being acknowledged so the damage to consumption patterns can be managed.*

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	20-30	20-28	14-27	13-36	15-35	19-45	21-34	22-32	20-30	15-36	14-34	22-46	16-39	12-33	19-39
Rainfall															
Rainfall (mm)	2.6	77.4	0.0	0.0	12.6	0.0	5.4	89	6.2	0.0	2.8	0.0	0.0	0.2	0.4

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 lower income segment**



Singles and couples with lower income profile

- Households of singles or couples with no children and average or below average income.
- Makes up 17% of Australian Households and contributes 18% share of the food market.
- 58-61% of total food spend for this segment is on food prepared and eaten at home.
- This segment is more driven by budget constraints.
- Under budget pressure they have reduced their eating out expenditure by traded down in the type of restaurants and takeaways they buy.

Australians are uncomfortable with GM foods despite the government and GM industry claims of growing acceptance. Swinburne University's fifth National Science and Technology Monitor has found most people well informed about GM but mistrustful of the institutions that commercialise GM foods. A survey asked 1000 respondents how comfortable they were with GM plants for food and the latest average score was 3.9 on a scale of 10 where zero is 'not at all comfortable'. Gene Ethics director Bob Phelps said a lot of the mistrust came from the public's perception of leading commercial enterprises, who own the majority of the commercial GM soy, corn, canola and cotton lines. *These views profile the sensitivity and extent of the consumer challenge on GM foods.*



Collaborative solutions are evolving to get ethical foods messages to consumers.

These initiatives are responding to mounting consumer interest regarding genetic modification and sustainable farming practices, and are providing ways to communicate these product attributes to consumers. **The Non-GMO Project** is a standardized program that is based on third-party verification for products following best practices for GMO avoidance. The program has been initiated by the North American organic and natural products industry for companies who want to offer their customers verification. See <http://www.nongmoproject.org> This program requires adherence to production best practice for GMO avoidance and passing the required testing. This is then conveyed to consumers with a NON GMO seal, see (A).



Sustainability Flower from Nature & More informs and potentially directs consumers. It has been developed in partnership with organic companies from around the world, the international Nature & More Foundation has developed a web based sustainability navigator aimed at raising consumer awareness of sustainability. The 'Sustainability Flower' see (B), empowers the consumer to make an informed purchasing decision taking all relevant environmental and ethical implications into account. It is designed to deliver a credible, transparent concept aimed at sustainability communication. It has been initiated by 'Desert Club' – a group of international companies from the organic sector who have developed a common basis for sustainability measuring and communication, which they view as comprehensive and transparent. See www.natureandmore.com *These and other similar programs are responding to a clear consumer demand for information, which like all early movers will capture marketplace advantages. As these types of initiatives develop, the risk of concept and message credibility looms as a critical issue.*