

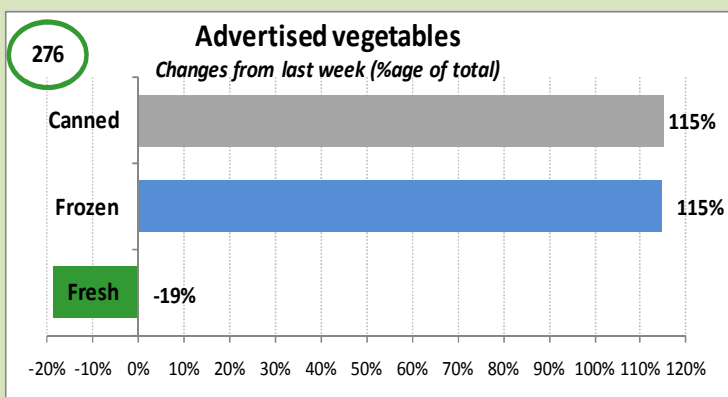
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



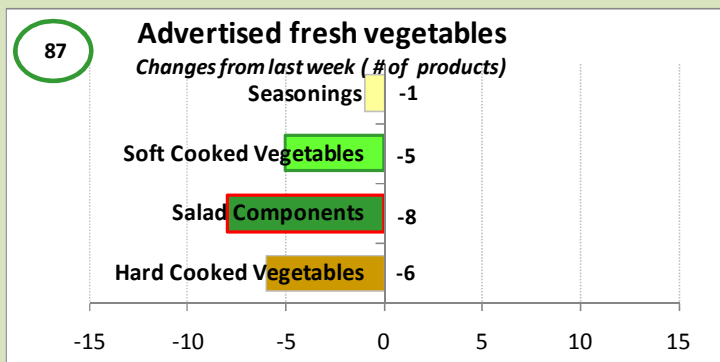
02 Mar 2010

Vegetable retail promotional activity



This week the exposure of vegetables increased by 41.5% to have 276 vegetable products advertised by the major retailers. This was driven by major increases in canned and frozen products and reductions in fresh.

Within the 87 fresh products advertised, all products decreased, with the most significant changes in Salad Components, which decreased by 8 lines.



Headlines

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- Forced rhubarb gets name protection
- Harrods launches locally grown range
- Indian PM supports hold on eggplant
- Mandatory calorie info for fast foods
- Home cooking lifts prepared vegetables

Mandatory calorie

count disclosure for all fast food is being proposed by Victorian health authorities



who are hopeful it will spark a fat-busting war among retailers as consumers switch to healthier options. A similar calorie disclosure program in New York is reported to have been successful in changing consumer habits, leading to competition among fast food outlets for healthier alternatives. The regulators have planned discussions with the fast-food industry over the disclosure of the calorie content in fatty and sugar-laden foods. Some of the major fast food operators are already proving this information.

Fast food continues to be under increasing regulatory pressure to profile nutritional content.

Indian PM supports hold on commercial growing of modified eggplant

until more scientific studies are done. In doing so he has supported his Environment Minister's decision to seek more scientific studies but sought a time-frame for these tests. This decision came after the PM had met with Government Ministers responsible for Agriculture, Science & Technology and Human Resources. The agricultural minister led the criticism of the initial decision claiming it would hold back research in this area.

In a country that is 70% vegetarian this is a major milestone in the global roll out of GM foods.

Home cooking lifts demand for prepared fresh vegetables

in the last quarter of 09 according to the Mealpulse™ food panel. In this quarter the increased preparation of meals at home continued and the vegetable products purchased for these meals reflected higher demand for "meal ready" options. These increases were well above their normal seasonal trend and were lead by prepared salad mix at over 30% and a range of products in smaller meal size portions sizes.

More home cooking has stimulated demand for vegetable products that are easier to prepare.

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	18-30	18-35	18-31	16-34	13-33	14-35	20-33	20-34	19-32	17-37	15-36	13-39	18-34	16-42	14-37
Rainfall															
Rainfall (mm)	12.8	0.2	3.0	8.8	0.0	1.4	8.0	11.6	1.0	22.6	0.0	0.0	9.8	0.0	7.6

Marketing to Processors

Guidelines to expanding sales into the Australian retail market.

With 15-20% of household expenditure on vegetables going on processed product and the Food Service channel are purchasing more processed than fresh product, clearly processed vegetables are a significant part of the local market. With imports now competing strongly for this business it is worth considering how to plan and deal with local processors.

Food processors are high volume buyers of food ingredients who use these ingredients in the manufacture of more complete food products. They typically purchase and manage ingredient volumes through contracted supply agreements and as such have strong buying power with suppliers.

Food processors will seek to add value through their manufacturing process and then typically maintain control of the product marketing through the use of their own brands. While the range of ingredients may be conveyed on product packaging this message is in the background behind the dominant brand messages.

Their production processes are structured, streamlined and therefore highly dependent on ingredient suppliers. This allows suppliers to plan outputs and streamline production.

There is a need to build customer loyalty beyond a contract arrangement. It will help if a product can be differentiated from other supply alternatives. It will be more compelling if this is done in ways that will make the end product more valuable. Some options include;

- Further process your product to suit the food processor's manufacturing set up.
- Combine with other ingredient suppliers to improve what you can offer the manufacturing process.
- Gain acknowledgement for regional attributes that evoke positive consumer responses and can be claimed on end products.

The optimum scenario is to have an ingredient acknowledged as part of the end product.

The Italian speciality Radicchio Castelfranco to be

supplied in small consumer packs in the EU. Until now the Castelfranco was mainly used in the catering Industry but this new product will see new consumer packs of 200gr introduced. Radicchio Castelfranco is a distant relation of chicory, but can also be compared to other vegetables. The colouring of Castelfranco is very decorative, with leaves which stand out with a speckled with light cream and red colouring that brings visual appeal to salads.



This new product leverages off food service success and is provided in meal size consumer portions.

Harrods (UK) launches new range of local produce exclusively by growers and farmers in The East of England. Working with specialist seasonal brand, From My Farm, Harrods now provide a comprehensive fresh range of best in season British produce throughout the year. Each product in the From My Farm range is clearly stamped with the name and location of the grower which provides the shopper with the true provenance of the produce. For more information about From My Farm, the range and regions available, and the growers involved visit www.frommyfarm.co.uk

An offer to meet the demand for local product has been met through the collaboration of retailer, marketer and local growers.

Forced Rhubarb has gained European Protected Food Name (PFN) status after

a five-year wait. The rhubarb, grown by candlelight, has proven popular with consumers and tourists alike and is grown at farms in the 'Rhubarb Triangle' between Leeds, Wakefield and Bradford. Under the legislation, Yorkshire Forced Rhubarb will be given legal protection on its geographical recipe, highlighted to the consumer with an on-product logo.



A long term product differentiation is secured.