

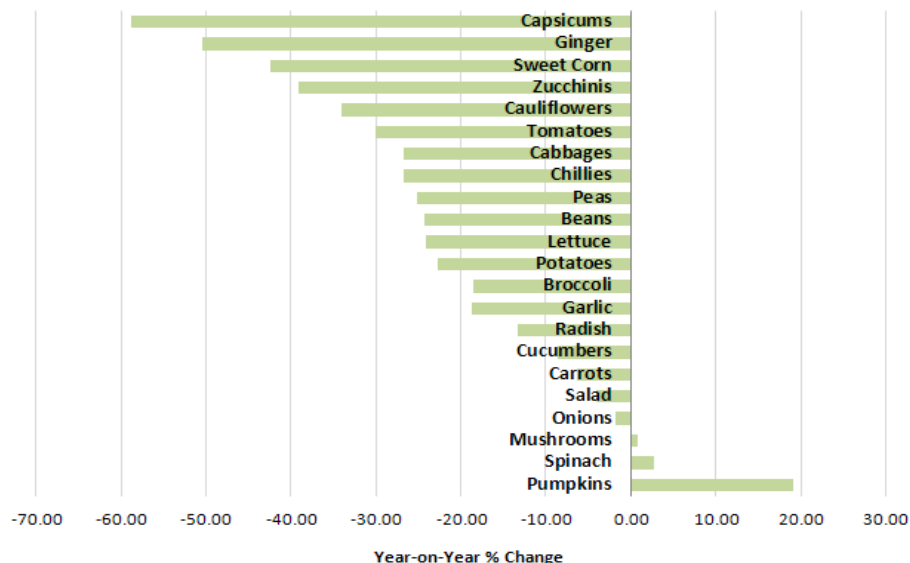
Highlights

- Greengrocers enjoy boost to get their offer online
- Consumers welcome help to manage home waste
- McDonald's offers a healthy alternative
- US school promotion schemes lift consumption by 15%
- Broccoli profile with an annual retail value of \$205m pa

Vegetable market

Wholesale vegetable prices – The wholesale price difference between Nov 2010 and Nov 2011 for the major vegetables is profiled in the chart below.

State weighted national wholesale price per kg
Change for Month comm 1 Nov 2011 vs 2010



Most products are in full supply and price levels appear set to settle at current levels. Cooler and wet summer weather in some eastern states has slowed demand for salad lines.

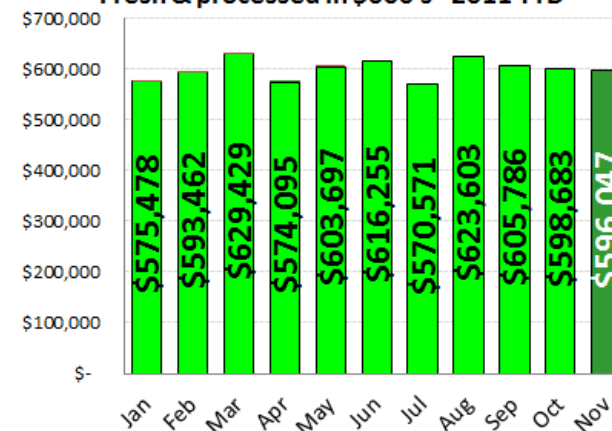
Wholesale prices for all vegetable categories decreased this month compared to November 2010. At the product level, the most significant changes were with capsicum, ginger, sweet corn, zucchinis, cauliflowers and tomatoes which decreased over the same month last year. Pumpkins, which were impacted by crop failure and storage problems, and spinach, were the products reported to be selling at prices higher than last year.

The weighted total vegetable wholesale price for the week commencing 28 November was \$2.06 per kg.

The total retail sales of fresh and processed vegetables in Nov 2011 are estimated at \$596.0m, as profiled in the adjacent chart.

These sales are \$80.0m or 11.8% lower than Nov 2011 and lower than the preceding month of Oct 2011. The major impact this sales value decline was the lower fresh vegetable wholesale prices in the month of November.

Total vegetable retail sales by month
Fresh & processed in \$000's - 2011 YTD



The Australian food market

Greengrocers boost their online presence –

Fruit and vegetable retailers can establish or boost their online presence to maintain market share and build a close relationship with customers, with an alliance formed between Sydney Markets Wholesalers and the SOC Exchange. Greengrocers associated with the markets will be able to set up their own web store; publish and email their weekly specials or offers; online ordering and shopping; publish blogs, recipes, messages, and reviews; and provide a free search listing.



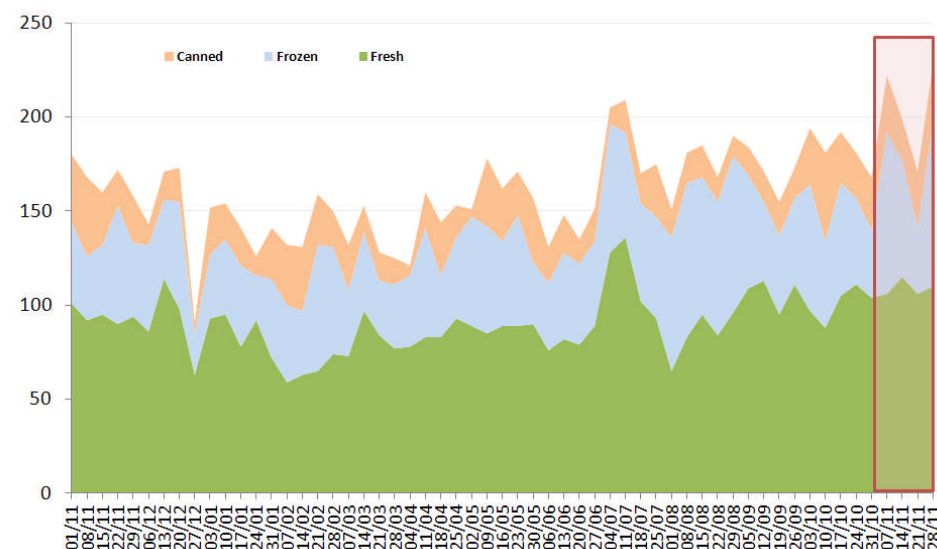
Retailers can sell unlimited items online for a flat fee of \$10 per year, with no commissions or additional charges. The Harris Farm Fruit Market in Edgecliff has already piloted the development of the online platform, creating a SOC Exchange website to communicate with their existing and new customers to promote their special offers and promotions.

→ **What it means?** This has provided a low cost entry platform for greengrocers to offer their product online to consumers.

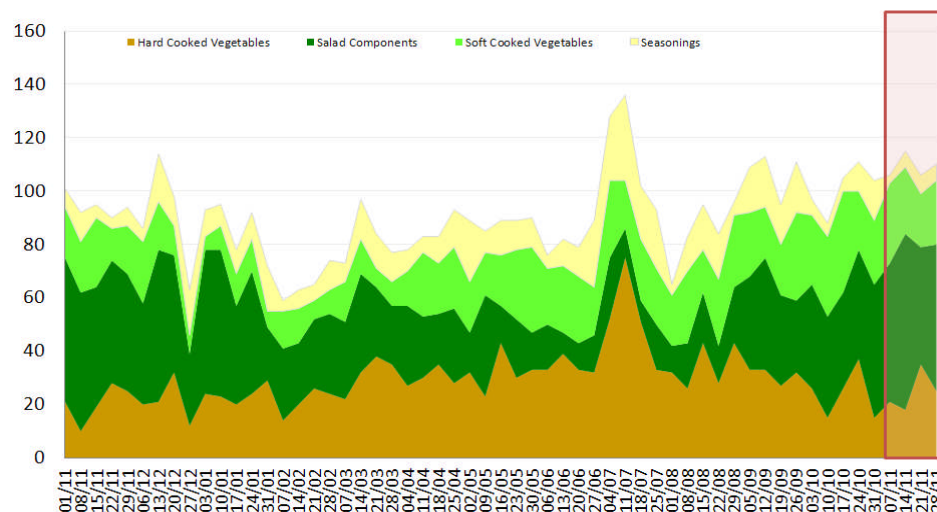
Retailer activity

Promotional activity in the month of November – The retail promotional activity reflects a pattern of increasing exposure for vegetables, continuing the increasing trend seen in September and October this year. Over the month, the exposure of the total vegetable products increased to an average of **198 products per week, up from 187 in October.**

Advertised vegetables- total adverts per week



Advertised fresh vegetables- total adverts per week



The increase in exposure has been driven by an increase in fresh vegetables and frozen vegetables advertised, offset by a decrease in canned vegetables advertised this month.

Within the fresh vegetables, the level of exposure increased for salad components, which was partly offset by a decrease in exposure for hard cooked vegetables and soft cooked vegetables advertised in the month. In comparison, there was no change in the level of exposure for seasonings advertised in November 2011.

Food waste cut as consumers manage supplies – Latest figures

from Waste and Resources Action Programme (WRAP) show that there was an estimated 7.2 million tonnes of household food waste in the UK in 2010, down 13% from the 8.3 million tonnes in 2006/2007. The reduction in food waste could be influenced by positive changes in shopping and to products and packaging, together with food price inflation changes to household incomes and how leftover food is collected from homes.



The British Retail Consortium said that retailers were working on WRAP's Love Food, Hate Waste campaign by providing information to consumers on food storage and use of leftovers, as well as offering a range of pack sizes and portions, such as half-loaves of bread.

→ **What it means?** *Value-sensitive consumers have welcomed help to reduce home waste. However, the flow on impact on the potentially lower volumes of food households would then require is yet to be revealed.*

The consumer

McDonald's offers healthy alternative – McDonald's Australia is now offering customers the choice of salad or fries for the same price with its Extra Value Meal, one of its most popular menu items. The move coincides with the start of kilojoule labelling on its menu boards at point of sale. The new displays will provide clear, consistent information at the point of purchase, helping

customers to make informed choices about food choices that are right for them.

These moves provide every indication that McDonald's is responding to consumer demand for these lighter foods and healthier menus.



→ **What it means?** *QSR restaurants are high volume mainstream offers and it can only be a positive influence towards fresh vegetable consumption, if the leader in the channel introduces salads as an option.*

Interest from children in food is mixed – Children's understanding and experience of food issues may be aided by concepts such as the Junior MasterChef franchise in various parts of the world, but there are indications that the trend is not reaching secondary-age kids who are not cooking as often as they used to and their involvement and interest is declining.

This is according to research recently carried out among some 2,500 school children in the UK. When the survey asked about cooking at home, 79% of children aged seven to 11 said they had cooked at home, with 32% doing so once a week. However, although a third of 11 to 15-year-olds said they cooked independently using either fresh or store-cupboard ingredients, the research highlighted that the number of this age group "not cooking" has doubled and their involvement and interest in cooking regularly is decreasing compared to five years ago.



→ **What it means?** *In spite of wide-spread food education and exposure in entertainment programs, more is required to convert the increases in interest in food into long-term food preparation behaviour.*

Help children discover vegetables – A US food psychologist at Cornell University has revealed few tips to help parents inspire their children to love vegetables.

Model your vegetables – Research shows that chances of a child eating the recommended amounts of healthy food doubles, if their parents do.

Stock the freezer – With carrots, corn, and peppers, the vegetables that children love.

Power Kids' Plates – Children should be allowed to create their own veggie-powered plates, on the MyPlate advice, by filling half the plate with fruits and vegetables.

Play the name game – Creating veggie names such as 'x-ray vision carrots' and 'broccoli bites' helps in increasing their popularity with kids. Children should be encouraged to come up with their own veggie names.

Encourage kids in the kitchen – Involving kids in simple meal preparations can help them discover vegetables and increase consumption too.

Bring kids on supermarket trips – Bringing kids on supermarket trips and encouraging them to pick their own vegetables or vegetable blends with different colours, taste, and textures can lift their interest in vegetables as well.

Veggie aspiration – Linking benefits of vegetable consumption to activities kids love to do can help in reinforcing healthy habits among them.

Choose the rainbow – Choose different colours and varieties of vegetables, including vegetable blends, to create a mix of nutrients that children require.

→ **What it means?** *These tips confirm that there are simple and effective ways for parents to get children to consume more vegetables by making choosing and eating an engaging activity.*



US school scheme increases consumption – An evaluation conducted by the USDA including 5,560 primary school students in 252 schools nationwide shows that the Fresh Fruit & Vegetable Program (FFVP) has helped increase the consumption of fresh fruits and vegetables by children at participating schools by a quarter of a cup, or 15%, which is twice as much as other interventions. Additional fresh produce consumed also replaced the consumption of less healthy options, and thus, did not increase total energy intake.



The FFVP began as a pilot programme in 2002, and expanded in 2008 Farm Bill. It aims to increase fruit and vegetable consumption among students in the nation's poorest primary schools by providing free fresh produce to schools beyond school meals.

→ **What it means?** *That investing in lifting the fresh fruit & vegetable consumption of school children is highly effective and can increase their consumption by 15%.*

US restaurant predictions for 2012 – US foodservice research reveals a list of trends that are expected to influence the American restaurant industry in 2012.

- **Comfort foods with slight innovations.** Comfort foods with a slight difference, or innovation in familiar foods, including sandwiches, pizza, or wraps
- **Demand for more information.** Consumers will want more information about the story of the meal and its ingredients
- **Expanded local sourcing.** Increased prevalence of local sourcing to be used as a selling feature
- **Social media's influence** would increase, as consumers trust friends and peers more than professional marketers
- **Changing outlet formats.** Outlets would change operating styles to enhance appeal, or use kitchens to gain sales in the catering market.



→ **What it means?** US food service market trends are often early indicators of what evolves in Australia foodservice channels. It is already clear local sourcing and the impact of social media has already reached this market.

Innovation from the world

App for 600 calories – A new smartphone app of US-based online restaurant guide ThinDish allows diet-conscious browsers to find restaurant dishes less than 600 calories in their area, and also offers them discounts up to 50% for purchasing those dishes through the site. Users with special dietary restrictions can also narrow their search to dishes that are gluten-free, low-sodium, diabetic-friendly, among others.



Once users choose a dish, they can buy it through the site and present a print-out voucher at the restaurant or display it there using their mobile device. For more information, see www.thindish.com

→ **What it means?** A new app will help health-conscious diners meet their needs of healthy eating when dining out. It will also bring pressure for restaurants to develop meals that meet these criteria and then communicate that offer online.

The return of the purple carrots – One of the oldest varieties of heritage purple carrots, marketed as Witches Noses, was launched at UK supermarket Sainsbury's for Halloween this year. Witches Noses is priced at £1 for 500 g.

In Australia, a different heritage variety of purple carrots – Deep Purple – was first trialled in Tasmania by Premium Fresh Tasmania. Compared to other varieties, which still have an orange centre, Deep Purple has a consistent dark purple colour through to its core. Available at Coles' supermarkets, Deep Purple is priced at \$4 per kg compared to its standard



varieties that are typically priced at \$1.81 per kg.

Purple carrots have an earthier flavour compared to the sweeter standard varieties and are best eaten raw, but as with all carrots can also be prepared and consumed in many ways.

→ **What it means?** These new products indicate there are some consumers who are prepared to pay a premium for new and distinctive carrot products.

Red Brussels sprouts for Christmas – Stronger, more intense flavoured red Brussels sprouts, 'super sprouts', have been launched by UK retailers Morrisons and M&S in time for Christmas. The red super sprouts are claimed to contain high levels of vitamin C than traditional green sprouts due to the higher levels of antioxidant anthocyanins. Grown locally in the UK, the innovative variety is sweeter than the green variety. They need to be lightly steamed, rather than boiled, in order to preserve the high nutritional content.



In addition, Morrisons will also be stocking sprout tops this year, which are the bushy green part at the top of the sprout stalk. With a taste like a cross between a sweet cabbage and a green sprout, the leaves are an alternative to spring greens and have seen resurgence in popularity in recent years, as people use the whole of the sprout plant.

→ **What it means?** The marketing investment to reposition brussel sprouts continues with a festive flavour.

New pink pumpkin at US stores – A new variety of pumpkin - Porcelain Doll F1 – has been released by US DP Seeds in the US.

Being developed for over six years, the innovative pumpkin has a light-pink skin and orange flesh with a sweet taste. It is scheduled to be available at retailers by October 2012, in time for both the Halloween and the National Breast Cancer Awareness Month. The launch will be accompanied by consumer marketing campaign – Pink Pumpkin Patch – aimed at increasing awareness of breast cancer research and prevention.



→ **What it means?** A new product that is set to gain leverage by linking in and supporting one of the more well-known health campaigns.

Cinderella pumpkins at Waitrose – 10,000 new pumpkins called Cinderella hit retail shelves at Waitrose in response to the Halloween festivity. The name is coined from its ribbed sides, deep orange colour, and distinctive shape that resemble the fairy-tale princess Cinderella's carriage.

Although popular and available in France for the past 100 as Rouge Vif d'Etampes, these pumpkins are now grown in Hampshire, the UK, from seeds planted in late June.

Priced at £5.99, the Cinderella pumpkins are between 24 cm and 40 cm in diameter and have a sweet flesh, ideal for soups and risottos. Its debut in Waitrose comes as shoppers in the UK increasingly follow the US tradition of carving out pumpkins to create Halloween lanterns and cooking seasonal pumpkin dishes. The new variety follows the huge success of last year's giant Sumo pumpkin and tiny Munchkin pumpkins that are both available in selected Waitrose stores this month.



→ **What it means?** Upmarket retailer taps into the increased demand for pumpkins with launch of unique variety at Halloween. This invites a similar approach in the Australian market where there is an awareness of Halloween but far lower levels of pumpkin sales to celebrate this occasion.

Miss Blush potatoes launched – A new red and white potato – Miss Blush – has been launched by Preva Produce in the UK. Grown in Norfolk, the colourful gourmet spud is a versatile cooking potato, which has currently been released into foodservice sector in the UK.



→ **What it means?** A new variety of a staple product that might gain leverage into households through initial launch into food service channels.

The report has been produced by Freshlogic as part of the National Vegetable Levy and matched funds from the Australian Government. It forms a 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.

Category in profile: Broccoli

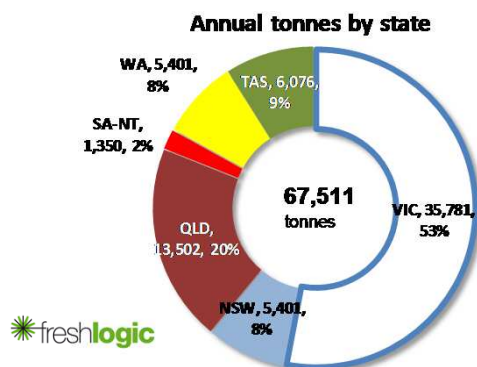
- Broccoli was the 5th most frequently purchased vegetable by households (weekly) in the September quarter 2011.
- Over the last 4 quarter (Oct 10 – Sep 11) broccoli had an average weekly penetration of **41%** across all households.
- Broccoli is a high value product that is purchased by consumers for an average of **\$4.42** per kg, which is significantly higher than the average retail price of **\$3.50** per kg for all vegetables.



Key Facts

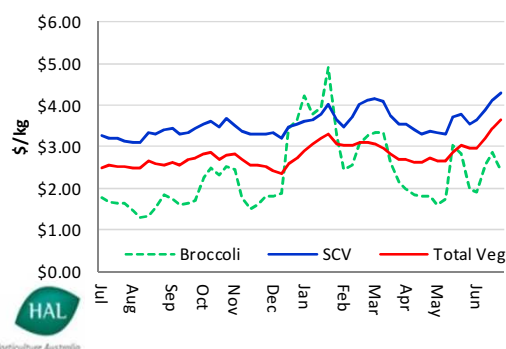
- Broccoli production was 67,511 t in 2010/11.
- The retail channel buys 57,371 t.
- The foodservice channel buys 7,978 t.
- The current domestic retail market value of fresh broccoli purchased by consumers is \$203 million.

State Production

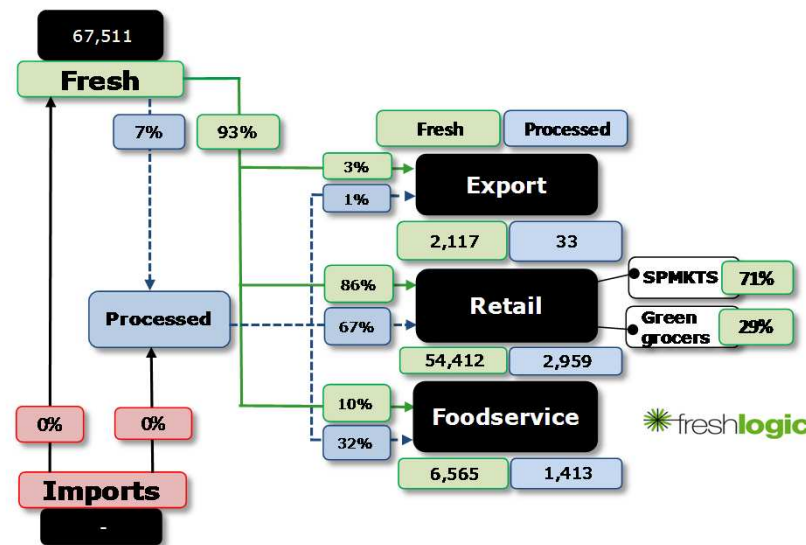


Wholesale Price

Average Wholesale Prices 2010-11



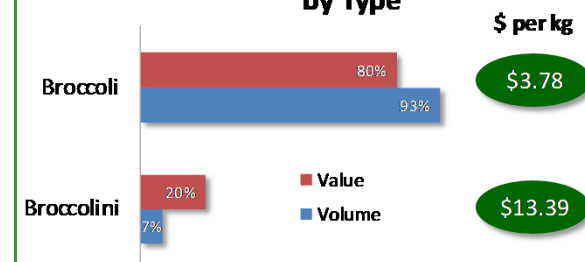
Volumes and shares through the chain



- The fresh domestic market is supplied with 60,977 tonnes of broccoli and a further 2,117 tonnes is exported.
- The processed domestic market is supplied with 4,372 tonnes of broccoli and a further 33 tonnes is exported.

Fresh retail sales

Fresh Broccoli Sales Contribution- by Type



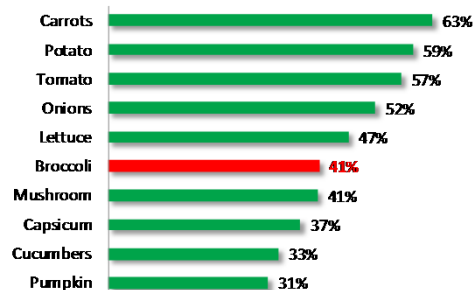
- The current retail market sells **45,909** tonnes, worth a total value of **\$203 million**.
- The overall average price paid for broccoli was **\$4.42** per kg.
- All products are sold in loose self-select form, with broccoli predominantly being sold by the kg and broccolini by the each with an average weight of 200 grams.
- Broccolini generates significant value compared to it's volume contribution, with a 254% price premium over loose sold head broccoli.

Consumer Penetration

Household Segments	Average Purchased Quantity (kg)	Purchase Weekly
Singles & Couples with lower income	0.549	40%
Singles & Couples with higher income	0.476	39%
Budgeting families	0.459	41%
Established families	0.408	44%
Empty Nesters	0.490	39%

Top 10 Vegetables

based on avg weekly penetration for YTD



- For the year ending June 2011, the average purchase quantity across all household was **472g** of broccoli.
- In the **September quarter 2011**, broccoli was the **5th** most frequently purchased fresh vegetable based on weekly purchase patterns and regularly feature in the top 10 vegetables over the last 4 quarters. Broccoli has generated an average weekly penetration of **41%** over the last 4 quarters (Oct 10-Sept 11).

Mealpulse™

Consumption Profile

- Broccoli has traditionally been boiled or steamed and served as a side dish complemented with other vegetables.
- Broccoli also enjoys strong involvement as an ingredient in stir-fries, and more recently warm salads.
- Broccolini is can also be baked and grilled, similar to asparagus.



Horticulture Australia

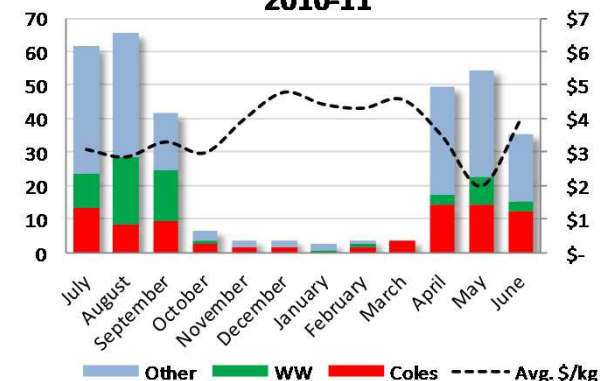
Broccoli consumption profile	Cooked	Boiled, M-W, Steamed	✓
		Deep fried	
		Mashed	✓
		Roasted	
		Baked/Grilled	✓
		Salad - cooked	✓
		Soup/Sauce	✓
		Stir fry	✓
	Raw	Juiced	
		Salad - fresh	✓
		Sandwich/burger/wrap	
		Snack	

- For the year ending June 2011, there were a total of **228** adverts and some level of retail promotion activity in **37** of the 52 weeks. This generates an average of **19.0** promotional adverts per month.
- Standard broccoli** generated the largest share of total adverts with 88%. Over the period the advertised price ranged from \$0.99 to \$6.23 per kg and averaged \$3.08 per kg.
- Broccolini** generated 12% of the total adverts for 2010-11. Over the period the advertised price ranged from \$9.00 to \$20.00 per kg and averaged \$12.21 per kg.

Adwatch™

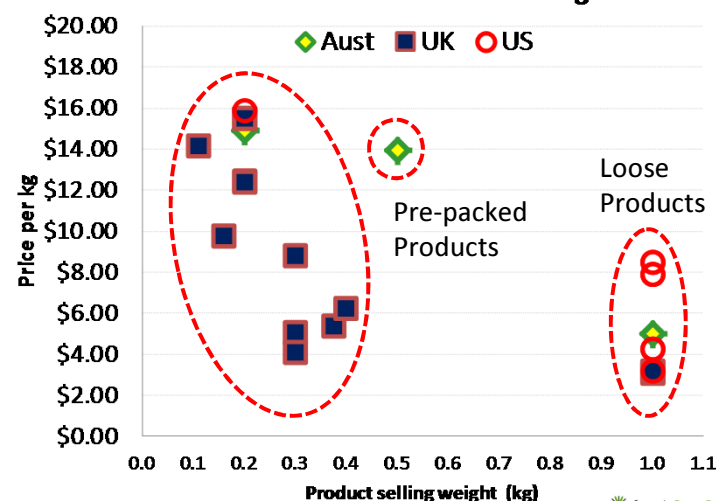
Promotional Activity- 2010/11

Broccoli Promotional Activity- 2010-11



UK -US -AUST retail range profile

UK-US-Aust Retail Fresh Broccoli Range Profile



- This analysis has drawn on data gathered from Australia in retail and UK and US online sites. It is considered representative of the retail ranges in each market.
- There are three common product types that are broccolini, florets and crown.

- All markets offer loose product that is sold by the kg, or by lbs in the US.
- The UK market predominantly offers pre-packed product, while the US and Australia focus on loose sold product.
- In comparison, the Australian range offers fewer smaller-sized products.
- The patterns in this profile reflect a link between smaller pack sizes and higher prices.