Vegetable consumer hot spots and Q1 11 trends

Veginsights

• The market – Q1 11

A profile of the three-month period ending 31 March 2011

June 2011

Prepared by Fresh**logic** **as part of the Vegetable Industry Development Program**

freshlogic

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Know-how for Horticulture™

Contents

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Content Overview

This version of Veginsights – The Market considers Q1 2011, and draws comparisons to the same quarter in the previous year (Q1 2010), with profiles of the key trend indicators.

This version includes updated sections on consumer attitudes and values, and key trends in food spending and retailer used, as well as a new section highlighting the use of shopping lists.

A support document 'Veginsights – Market Settings and Methodology' is also available, which outlines the vegetable market settings and the methodology used in preparing this report.

Data sources

The analysis in these documents draws on purpose built vegetable market models and detailed vegetable consumption data gathered by the **Mealpulse**™ food panel. These sources are combined to define and track market volumes and values and derive insights of commercial relevance to vegetable producers.

Quarterly Report - Q1 2011

Support document - Vegetable market settings and methodology

Click here to access

1.0 Executive summary

Q1

Overview

This is the sixth quarterly Veginsights – The Market, developed under the Consumers and Markets sub-program of the Vegetable Industry Development Program. It provides market definition, quantification, and insights into the vegetable market and consumer behaviour.

It has been produced for Australian vegetable producers and the service providers who operate in supply chains that support vegetable producers.

This report confirms the settings for the market and consumer analysis and how they may have altered in this first calendar quarter of 2011, and makes comparisons to the first quarter of 2010. It values the annual retail market for all forms of vegetables at $7.06 billion and profiles the market for the three-month period ending 31 March 2011 for fresh vegetables.

The report also highlights a number of changes in consumer attitudes and values over the past year, the use of lists, and key trends in food spending and identifies implications arising from this.

The report includes outputs and analysis from a market model, which consolidates and reconciles vegetable production output through to household consumption.

This report also aims to profile vegetable consumer-buyer behaviour and vegetable market performance. The information compiled in the report can be used by the target audiences to:

- Access market, channel, and category performances
- Guide production forecasting
- Guide business planning
- Enable and guide new product development decisions

Selected key findings

- The ongoing interest in food and cooking presents an opportunity to capture value however, producers and markets will need to remain innovative in the face of ongoing caution to spending and demand for convenience.
- As price remains a key decision maker, producers and marketers should look to profile other product features, such as quality, portion size and value to boost sales.
- Evidence indicates that items placed on shopping lists have a more stable role in household menus and are more likely to be repurchased regularly.
- Take home food, and particularly supermarkets, continue to gain market share, as consumers remain cautious and continue to seek value for money.
- The shift towards lower levels of weekly spend on vegetables, highlights the importance of maintaining the patronage of higher spending households.
- Retail sales of all vegetables increased by $125.4m (7.5%) compared to the same quarter in the previous year, enabled by more eating at home and higher wholesale values.
- Total annual food inflation lifted to 4.3%, influenced by price rises for fruit and vegetables.
- Over the quarter, the total wholesale price peaked in late January, before declining over the later part of the quarter.
- Retailers continued to ease back on the exposure of vegetable products in advertising in favour of other fresh food lines.
- Over the year, the proportion of households buying fresh vegetables weekly decreased, with the largest decline in weekly penetration occurring among budget conscious households.

Please contact **Martin Kneebone** at martin@freshlogic.com.au with any queries regarding the report's content.

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 quarter. We recommend that those seeking to act on the basis of this information first obtain independent professional advice.

1.0 Key findings and implications – Q1 11

Q1

Findings	Implications for vegetable producers and marketers
1. Over the past year, there has been significant growth in the proportion of shoppers who say that they "love to cook". While this attitude has eased over the past quarter, there remains significant opportunities to capture value from this interest in food and cooking.	• Producers and marketers looking to exploit this interest in food and cooking are likely to benefit from product and consumer communications innovations, that support "home cooking".
2. Caution over spending continues to translate into an ongoing focus on the food budget. While sensitivity to price is lower than it was one year ago, shoppers have become more sensitive over the past quarter.	• Shoppers remain focused on price as a key decision maker. However, producers and marketers should look to profile other product features, such as quality, portion size and value to boost sales at this time.
3. 63% of shoppers always or often use a shopping list, with females and those who like to explore new foods from other countries more likely to use a list.	• Some aspects of 'list making' behaviour indicate that items placed on shopping lists have a more stable role in household menus and are more likely to be repurchased regularly. Therefore, there are potential opportunities if products can become a regular list item.
4. While total household spending on food remains under pressure, take home food continues to gain share. Over the past year supermarkets have experienced an increase in patronage, while greengrocers have experienced a small decline.	• While fluctuations occur from quarter to quarter, take home food, and particularly the supermarket channel, continues to gain market share, as consumers remain cautious about spending and continue to seek value for money.
5. The range of household expenditure on fruit and vegetables was largely maintained but with a larger proportion of households now spending less than $5 per week on fruit and vegetables.	• As spending by some households shifts to lower levels, it is increasingly important to maintain the patronage of higher spending households.
6. In Q1 11 retail sales of all vegetables increased by $125.4m or 7.5% compared to the Q1 10 period, twelve months prior.	• The modest vegetable market value growth compared to the same period last year, was largely enabled by more eating at home and higher wholesale values over that timeframe.
7. Total annual food inflation lifted to 4.3%, influenced by price rises for fruit and vegetables. Vegetable prices were reported to have increased 18.7% over the previous year, while fruit prices increased 24.9%.	• Consumer confidence continues to fluctuate and discretionary spending remains under pressure. While the high reported CPI figures may not reflect the experience of many consumers, it continues to draw attention to 'price', which in turn influences household decision making processes.

1.0 Key findings and implications – Q1 11 (continued)

Q1

Findings	Implications for vegetable producers and marketers
8. Over the quarter, the total wholesale price peaked in late January, before declining over the remainder of the quarter, particularly during the last 5 weeks. However, even with this declining trend, wholesale prices were 15.7% higher than the same period in 2010.	• Some producers and wholesalers will have experienced improving sales values over the start of the quarter, before some easing as a result of this trend.
9. The number of vegetables products advertised decreased by 11% to an average of 164 products per week.	• The retailers continued to ease back on the exposure of vegetable products in favour of other fresh food lines, as the retail market competitive intensity continues.
10. The changes in the type of fresh vegetable product advertised in Q1 11 reflect an expected shift towards hard cooked vegetables and seasonings as the weather starts to cool and outdoor living decreases.	• The content of advert activity reflects the cooler than usual weather experienced over the Q1 11, and the expected change in demand away from salad products.
11. A high proportion of households continued to purchase fresh vegetables. The purchasing of canned vegetables continued to decline over the year, while the purchasing of frozen vegetables increased notably.	• Consumer preference away from canned vegetables continued, while demand for fresh, and even more so frozen, vegetables remained strong.
12. Over the year, the proportion of households buying fresh vegetables weekly decreased slightly at a national level, with the largest decline in weekly penetration occurring with Singles and couples with low income, and Budgeting families.	• While there has been a decline in weekly vegetable purchasing levels among the more budget conscious households, growth opportunities remain among households with higher discretionary income.
13. Over the quarter, the most frequently purchased vegetables reflected a small demand shift towards hard cooked veg. Males bought more vegetables across 4 of the larger vegetable products.	• The shift in demand towards hard cooked vegetables is reflective of the cooler than usual weather, and the stronger value of these products compared to other vegetables. Males remain significant purchases of some vegetable categories, which may present an opportunity to capture greater value from males shoppers.
14. The proportion of consumers buying the same quantity of vegetables, decreased. In particular, more males purchased 'less' vegetables than normal. Seasonality, appearance and promotional activity continue to be the major influence towards shoppers buying 'more' vegetables, while price remains the major influence towards buying 'less'.	• While more males purchased 'less' vegetables than they normally do, male shoppers remain more consistent in their vegetable purchasing behaviour, representing both a challenge to encourage the uptake of new products, but also an opportunity to capture loyal shoppers if successful.

2.0 In Focus: Shopper attitudes, the use of shopping lists, and key trends in food spending.

This section undertakes detailed analysis on a number of key topical areas, and includes:

- An updated analysis on key consumer attitudes and values that were profiled in detail in Q4 10, specifically:
  - An interest in cooking
  - Price-related factors
- New, in depth analysis on the use of shopping lists considering:
  - Frequency
  - Motivations
  - Variations across states, gender, and household segments
- An outline of key trends in food spending and retailer used

Consumer attitudes and values can have a direct implication on shopping preferences and buyer behaviour, which in turn are core drivers of market demand. Changes in attitudes can also indicate shifts in demand and through that, potential opportunities. Understanding these attitudes is therefore important.

While consumers have long used shopping lists, it is important to understand who is using them and how often they are used, as well as consider possible implications on purchasing behaviour.

The third topic considers the key trends in food spending, including the shift between take home food and eating out.

The findings are summarised on pages 7-10 and a number of conclusions are drawn and collated on page 4, where each conclusion is then extended into implications for vegetable producers and marketers.

2.1 Analysis of attitudes – "I love to cook"

Q1

Interest in cooking eases, following strong growth

- In Q1 2011, 67% of shoppers said that they 'love to cook', a significant increase over the same time in the previous year (49%).
- In Q1 2011, the strength of the attitude varied, ranging from 60% for Established families, to 65%-70% for Empty nesters, Budgeting families, and Singles and couples with low income.
- Compared to the same time last year, growth has occurred across all household segments, although the strongest growth occurred among Singles and couples with high income (+21% points) and Empty nesters (+20% points), as profiled in Figures 1.
- Growth over the year has been the result of a change in attitude by shoppers who previously *did not* love cooking, as well as those who previously held no particular view.
- While the attitude remains strong, there has been some easing compared to the previous quarter, visible across all household segments. This easing may be a reflection of a stabilising effect following repeated exposure to Master Chef and similar programs, as well a move away from the festive season which by its nature invites more outdoor and entertainment opportunities.
- Those who 'love to cook' have a higher level of weekly vegetable penetration (86%) compared to those who do not (80%); and spend an average of $4.97 more per week on average on fresh fruit and vegetables (i.e. an average weekly spend of $31.20). Results for penetration and spend are lower than in the previous quarter.

Figure 1

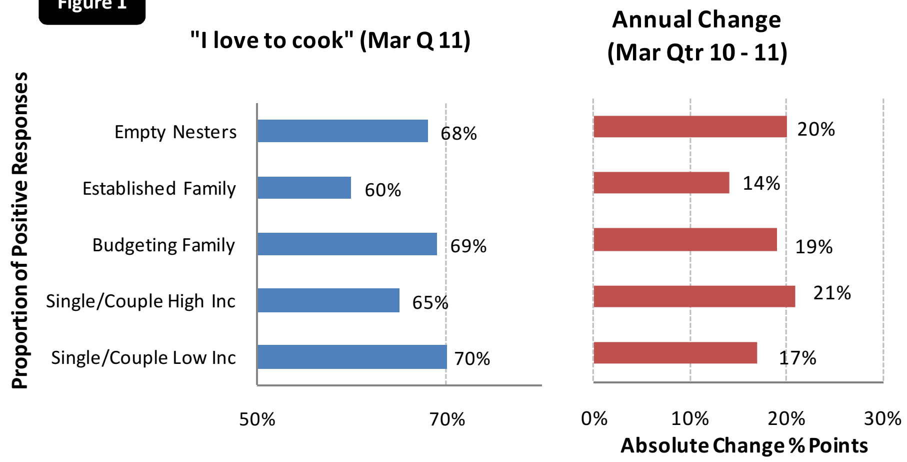
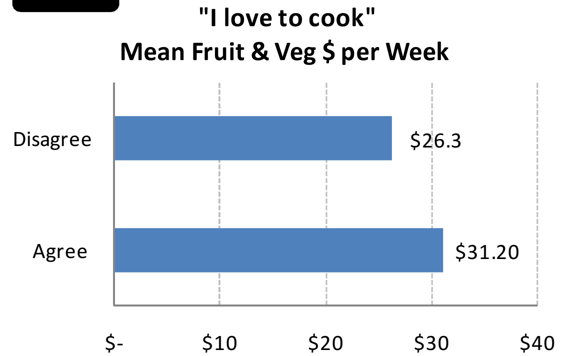


Figure 2



- Females (68%) remain more likely to hold this attitude compared to males (59%). In contrast to the previous quarter, when older shoppers were more likely to hold this attitude, results were largely consistent across age groups (66%-67%).

1. Over the past year, there has been significant growth in the proportion of shoppers who say that they "love to cook". While this attitude has eased over the past quarter, there remains significant opportunities to capture value from this interest in food and cooking.

Food budgets and prices remain a focus for shoppers

- Over the past year there has been an increase in the proportion of shoppers reporting that they have to watch the food budget carefully. Currently, 56% of shoppers hold this attitude, up from 48% at this time last year. Overall, results were consistent with the previous quarter, with only minor changes recorded across household segments.
- Compared to the same time in the previous year, fewer shoppers consider that higher prices have caused them to change some things that they eat. In March 2010, 46% of shoppers held this attitude, while currently only 41% do.
- Empty nesters are currently the most likely to hold this attitude (54%), followed by Established families (42%) and Singles and couples with low income (40%).
- While there are fewer people who hold this attitude now, compared to at the same time in the previous year, there has been an increase in the number of shoppers holding this attitude compared to the previous quarter. Figure 4 profiles this quarterly change. While growth has occurred across all household segments, the strongest growth has occurred among Established families and Budgeting families
- This recent increase in the sensitivity to higher food prices is likely to have been contributed to by the higher vegetable wholesale prices which have flowed through to retail. In addition, general economic conditions, including rising costs and the threat of further interest rates, may also be playing on shoppers' minds.

Figure 3

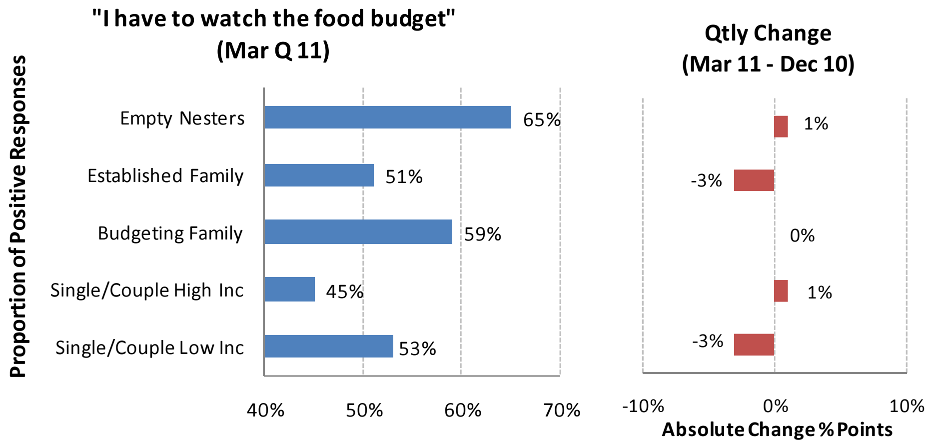
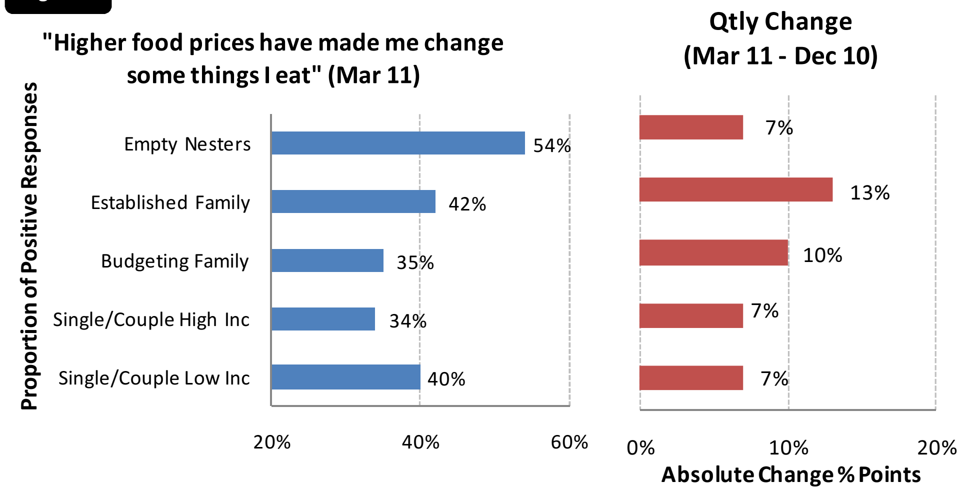


Figure 4



2. Caution over spending continues to translate into an ongoing focus on the food budget. While sensitivity to price is lower than it was one year ago, shoppers have become more sensitive over the past quarter.

2.3 The use of shopping list

Q1

The use of lists when shopping for food

- Shoppers were asked “When you shop for food, how often do you use a shopping list?”, to which they could respond with; always, often, occasionally, and never. The responses for Q1 11 are profiled in Figure 5. Overall, 33% ‘always’ use a list; while 30% ‘often’; 27% ‘occasionally’ and 10% ‘never‘ use a list. In all, 63% ‘always’ or ‘often’ use a list.
- The motivation for using a shopping list will vary among shoppers but may include; the need for special items to complete a recipe, time consciousness, a desire to avoid multiple trips, and personal organisational habits. Some aspects of behaviour indicate that items placed on shopping lists have firmer roles in household menus and are more likely to be repurchased regularly.
- Considering A&O responses over the past 12 months there is some variation in list use across states, gender, and household segments.
  - In general, the use of lists is higher in QLD (66%), and lower in NSW/ACT (58%), SA/NT (59%), and WA (59%). Female shoppers are far more likely to use a shopping list (64%) compared to males (46%).
  - Singles and couples with low income (64%) and Empty nesters (70%) are most likely to use a list. Budgeting families (60%) and Established families (60%) are also quite likely to use a list. In contrast, Singles and couples with high income are less likely, with just over half reporting always or often using a list (52%).
  - Shoppers who report that they like to try foods from other countries are more likely to use lists (63% ‘always’ and ‘often’) than those who don’t (54%).
- Figure 6 highlights results for Q1 11 across household segments. See page 22 for full description of household segments

Figure 5

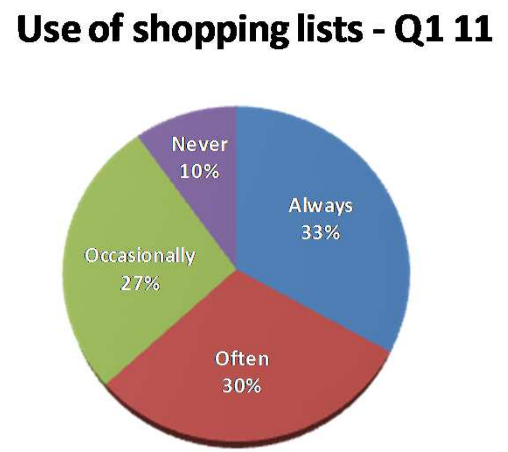
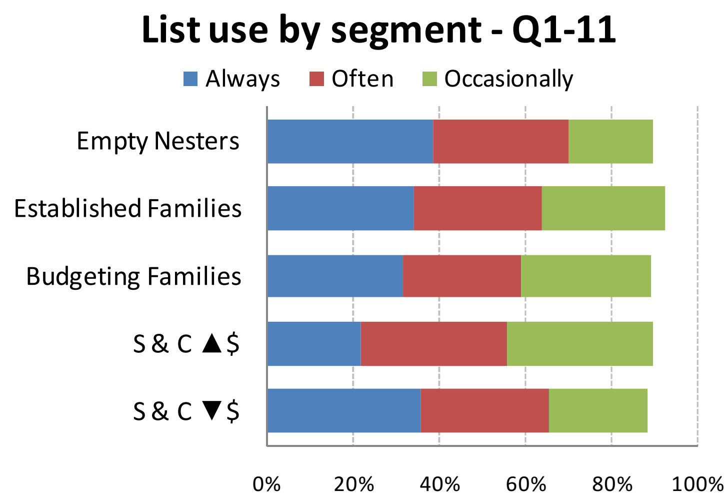


Figure 6



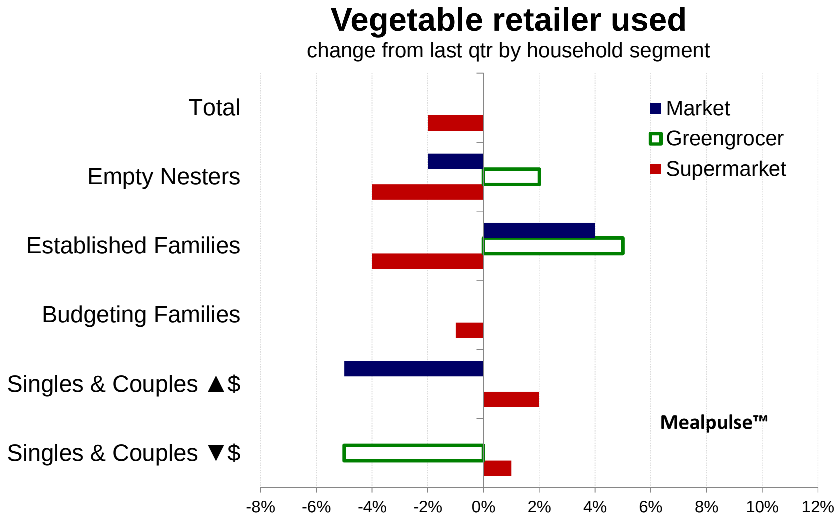
3. 63% of shoppers always or often use a shopping list, with females and those who like to explore new foods from other countries far more likely to use a list.

2.4 Trends in food spending and retailer used (trips or $)

Food spending trends and retailer used for fresh vegetables

- Total household spending on food remains under pressure. Total household weekly spending on all food is 8.8% lower than this time last year, and 6.2% lower than in the previous quarter. While shoppers are spending less across the board, as a proportion of total food spending, take home food continues to gain share, and now makes up 75% of total household weekly food expenditure (up from 74% this time last year).
- Consumers buy their fresh vegetables predominantly from supermarkets, greengrocers or markets. Figure 7 shows the changes in the type of retailer patronised compared to the last quarter (Q4 10). This data reflects 'where' consumers shop for their vegetables; it does not necessarily reflect the relative expenditure in each type of retail outlet.
- Overall, 75% of shoppers reported purchasing fresh vegetables from supermarkets over the quarter, indicating a small loss in share compared to the previous quarter (77%), but a small gain in share compared to the same quarter last year (74%).
- The proportion of shoppers who reported purchasing fresh vegetables from the greengrocer and markets remained consistent with the previous quarter (38% and 9% respectively), while the number who reported purchasing from the greengrocer declined over the year (down 3% from 41%).
- Over the current quarter, Empty nesters, Established families and Budgeting families reported a small decline in their patronage to supermarkets (which does not necessarily reflect spending); while Singles and couples of both low and high income reported an increase. Established families reported greater patronage to markets and greengrocers over the quarter.

Figure 7



4. While total household spending on food remains under pressure, take home food continues to gain share. Over the past year supermarkets have experienced an increase in patronage, while greengrocers have experienced a small decline in patronage.

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3.0 Vegetable Market Trends

The section reviews market performance for the first quarter of 2011

This section includes consideration of the following:

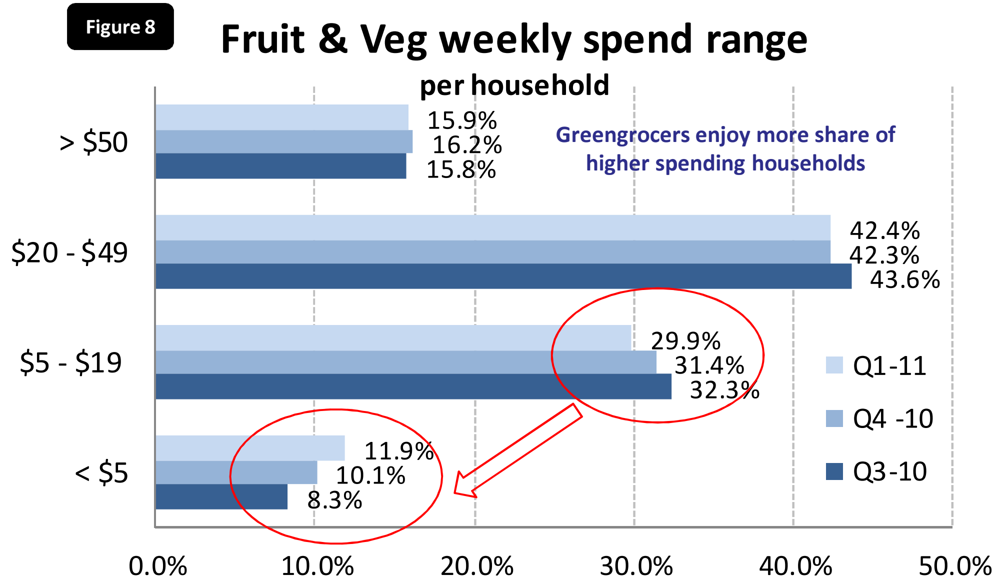
- Household spend on fruit and vegetables
- Market size and contribution
- Food and vegetable inflation
- Wholesale vegetable market price trends
- Vegetable retail promotional activity
- Vegetables purchased and preparation method
- Fresh vegetable buying patterns
- Most popular purchased vegetables
- Vegetable buying trends and reasons for buying

Household spend on fruit and vegetables

- The average household weekly expenditure on fresh fruit and vegetables **was $28.35 per household**.
- As profiled in Figure 8, the range of spend per household varies substantially from <$5 to >$50 per week and with an increase in the proportion of households spending <$5. In this quarter the drift has seen a further 1.8% of households move from spending $5-$19 per week to spending less than $5 a week on fruit and vegetables.
- This shift in spending is seen as a reflection of several influences that are causing some households to 'manage down' expenditure.
- The drivers of household expenditure on food are; the number of people in the household, the level of income, and the number of meals eaten away from home. With indications that expenditure on meals away from home has reduced, if follows that households would need to buy more food to prepare at home.
- This broad spending profile in Figure 8, indicates are that the shift to eating more meals at home did not lead to more households spending more on fresh fruit and vegetables. This is partially attributed to fruit and vegetables not providing a direct alternative to eating out occasions, as the products selected to provide this additional meal at home are often prepared and meal ready.
- The patronage of higher spending households looms as even more critical to commercial success. Amongst other things these higher spending households are known to patronise greengrocers and markets.

5. The range of household expenditure on fruit and vegetables was largely maintained but with a larger proportion of households now spending less than $5 per week on fruit and vegetables.

Figure 8



3.2 Market size and contribution

Total vegetable sales

- Total retail vegetable sales in Q1 11 for all fresh, frozen and canned vegetables were $1.798 billion, as profiled in Figure 9.
- This was an expected decrease of $133.4m or 6.9% on the previous quarter, and it was $125.4m of 7.5% higher than the same quarter in 2010. The large majority of the annual increase was generated by increases in fresh vegetable prices.
- It is estimated that a further 65,000 tonnes of fresh vegetables were sold to the food service sector in Q1 11, and all indications are that consumer demand continues to be flat in the food service sector, and this was compounded by resistance to higher wholesale vegetable prices, especially in January and February.

Fresh vegetable category contribution

- The category level contribution profiled in Figure 10 illustrates the peak of contribution from salad components at 49% of sales, which increased from 47% in the previous Q4 10 quarter. This increase was a transfer of 1% sales contribution from both soft cooked vegetables and hard cooked vegetables.
- This sales mix change is influenced by warmer weather and the peak of outdoor entertaining and BBQ use. Albeit it is likely to have been lessened by the cooler summer weather in Q1-11.

6. In Q1 11 retail sales of all vegetables increased by $125.4m or 7.5% compared to the Q1 10 period, twelve months prior.

Figure 9

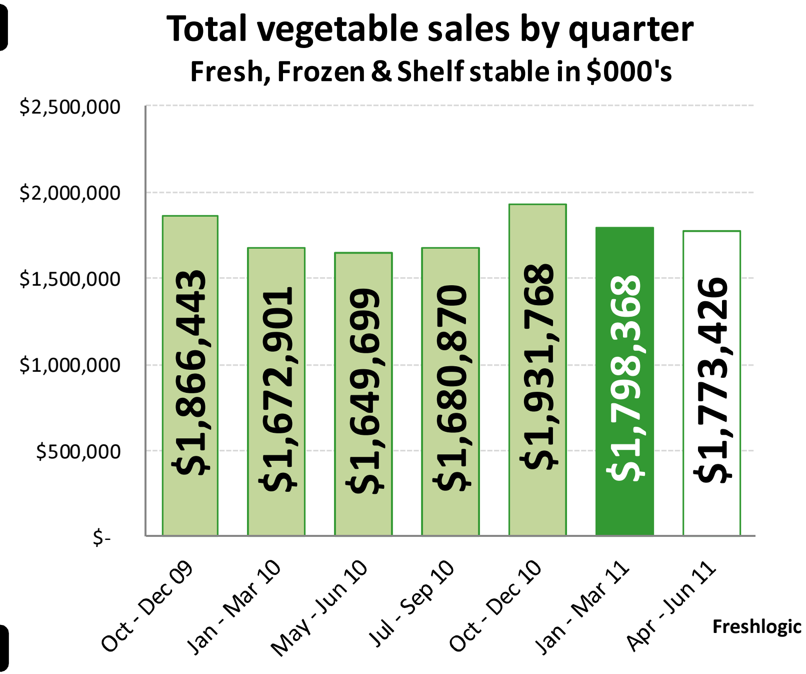
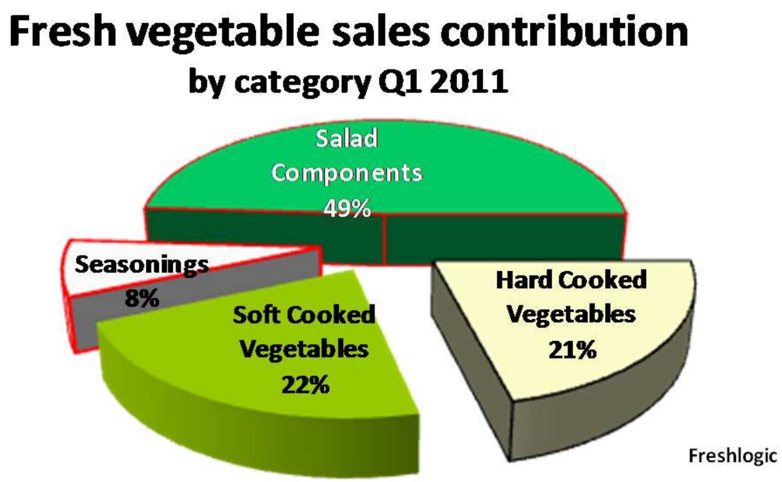


Figure 10



Food inflation

- The impact of vegetable prices on the overall food inflation increased in Q1 2011 as reflected in Figure 11. The food inflation was 4.3%*, and exceeded the 2% level for the second time in 6 quarters.
  (compared to the same quarter in the previous year.)*
- In Q1 11, the total food inflation was influenced most significantly by fruit which increased 24.9% (compared to Q1 10) and contributed 37.1% to overall inflation, together with vegetables (which increased 18.7% and contributed 33.7%).
- As reflected in Figure 12, vegetable prices in Q1 11 were reported by the ABS to have increased 18.7% on the same quarter in the previous year. Inflation in vegetable prices this quarter was higher than in the previous quarter (12.8%), and higher than the two quarters preceding that when vegetable inflation was between 3.1% and 3.3%.
- It should be remembered that this is a measure of an increase on the same quarter in the previous year and at that time vegetable prices were assessed at -1.1%. In essence, part of the increase is due to the low level of prices in the previous year.
- Additionally, food inflation as calculated by the ABS makes little (if any) allowance for the fact that consumers regularly substitute fruit and vegetables depending on seasonality, pricing and other factors. As such, the reported food inflation figure is not an accurate reflection of the experience of the average shopper.

Figure 11

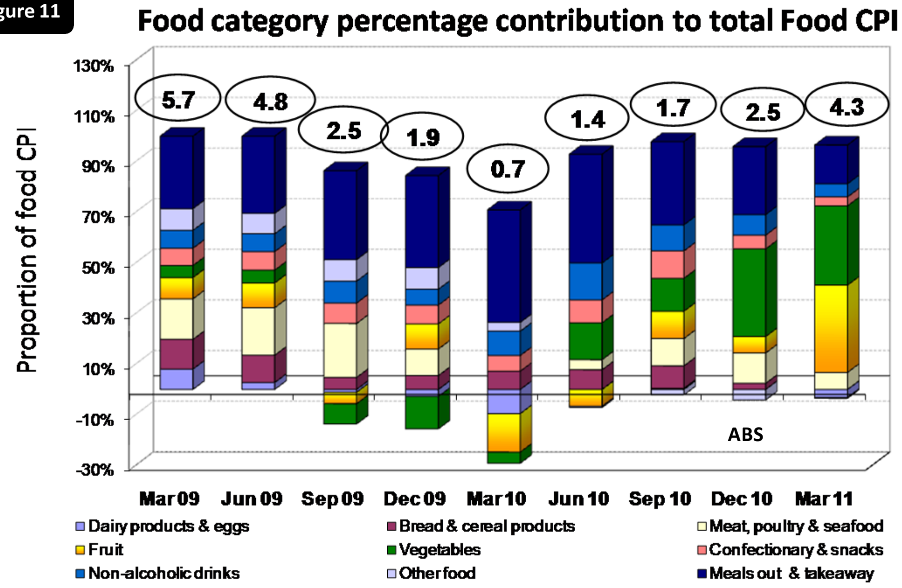
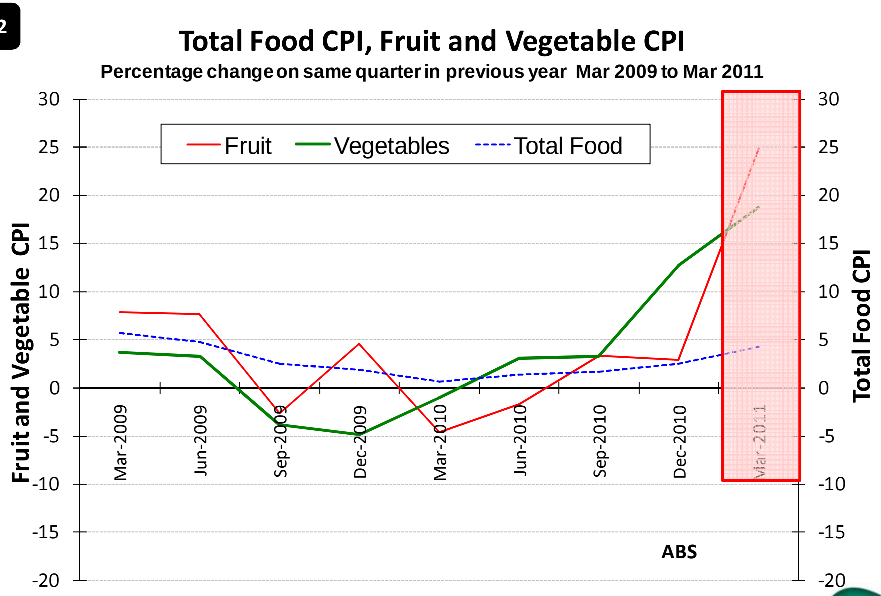


Figure 12



7. Total annual food inflation lifted to 4.3% influenced by price rises for fruit and vegetables. Vegetable prices were reported to have increased 18.7% over the previous year, while fruit prices increased 24.9%.

3.4 Wholesale vegetable market price trends

Wholesale prices

- As profiled in Figure 13, wholesale vegetable price trends (per kg) are based on a model that weights the range of vegetable products from the five main markets.
- The trend for Q1 11, which ran from 3 January to 28 March 2011, shows a fluctuation and decrease in prices. At the start of the period prices were $2.72 per kg, followed by a high of $3.13 per kg at the end of January, before decreasing gradually to end the quarter at $2.39 per kg. Prices at the end of the period were 12% lower than at the beginning. Over Q1 11, the major holidays and events that impacted demand include the end of the Christmas holidays, Australia Day, and Labour Day.
- Figure 13 also profiles the extent of price fluctuation by vegetable category over the quarter. This ranged from 19-45%, and by category was; soft cooked vegetables 19%, hard cooked vegetables 20%, seasonings 25% and salad components 46%.

Relativity with last year

- While the price trend over the period reflects a decline, the relativity on the previous year (as profiled in Figure 13A), reflects the impact on vegetable inventory and therefore an impact on sales values.
- In Q1 11, the price was on average 15.7% higher than in 2010, and this was a major driver of the increase in the value of sales over the period. This rise was also the primary reason that vegetables earned some media blame for causing increases in food inflation, as profiled on page 14.

Figure 13

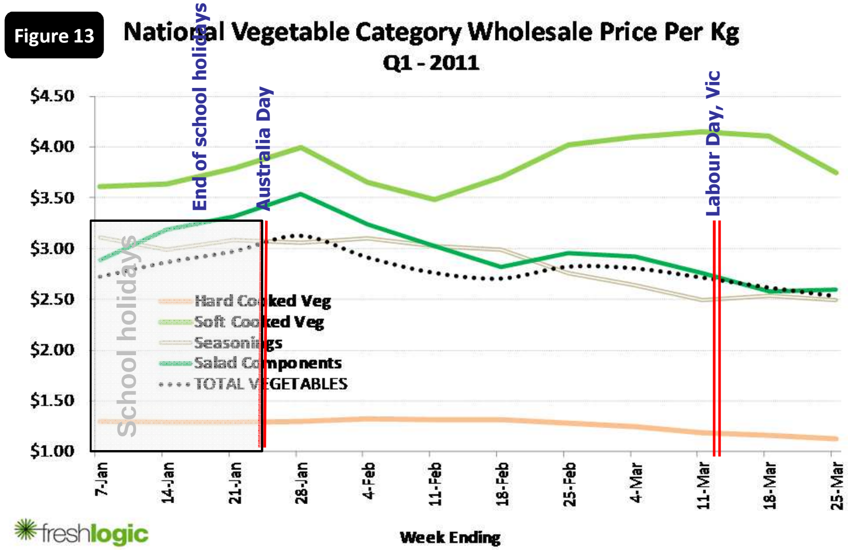
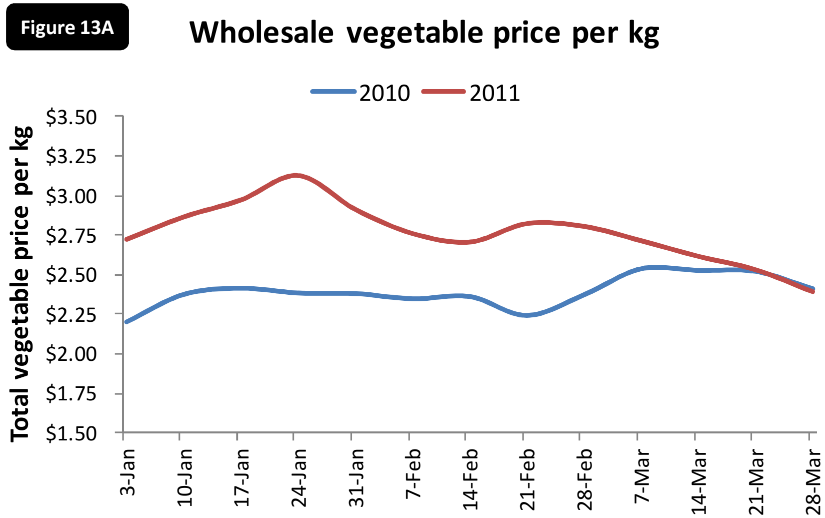


Figure 13A



8. Over the quarter, the total wholesale price peaked in late January, before declining over the remainder of the quarter, particularly during the last 5 weeks. However, even with this declining trend, wholesale prices were 15.7% higher than the same period in 2010.

3.5 Vegetable retail promotional activity

Retail promotional activity

- The promotional activity by retailers that featured vegetables decreased by 11% to 2,127 products for Q1 11, compared to the previous quarter.
- On average, 164 vegetable products were advertised in the five main states each week in Q1 11, compared to 185 lines per week in the previous quarter.
- Decreases were recorded in two of the three major categories compared to the previous quarter; specifically, fresh veg down 256 lines (-18%), and canned veg down 323 lines (-49%). In contrast, frozen veg almost doubled, up 311 lines (93%).
- The detail of the fresh product groupings are explained in the supporting document 'Vegetable Market Settings and Methodology' which can be accessed here.
- The pattern of adverts as profiled in Figure 14 shows the impact of school and public holidays, and a general decline in the advert space retailers are giving to vegetables products.

Promotional pricing

- In Q1 11, the promotional price averaged $2.77 and the category prices per kg ranged from a low of $1.50 (sprouts) to a high of $14.58 (garlic).
- The fresh category average prices per kg for the 13 weeks in this quarter and the change on Q4 2010 are as follows:
  - Soft cooked veg at $3.48 (+20%), seasonings at $2.85 (+2%), frozen at $3.00 (+10%), salad components at $3.14 (+23%), hard cooked veg at $2.71 (+33%), and canned veg at $1.41 (-19%).
- These higher promotional prices are a reflection of higher wholesale prices as supply shortages impacted, especially in January and February (see Figure 13A, page 15).

Figure 14

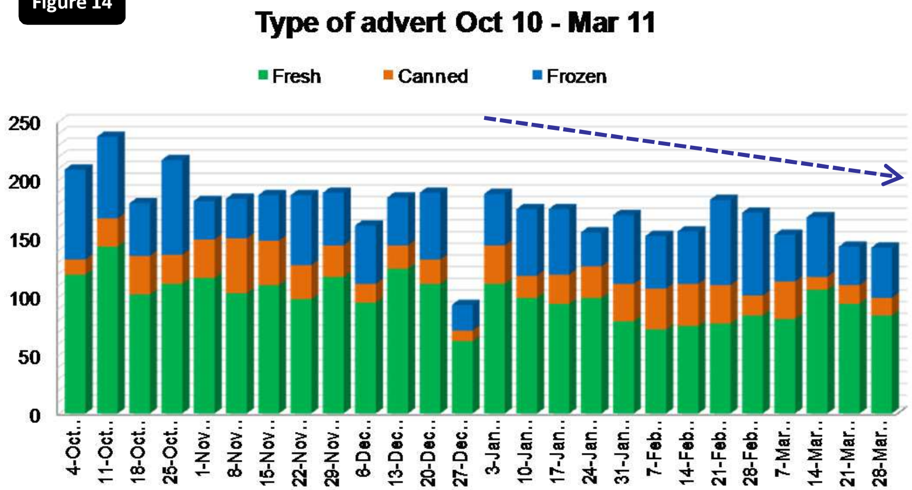
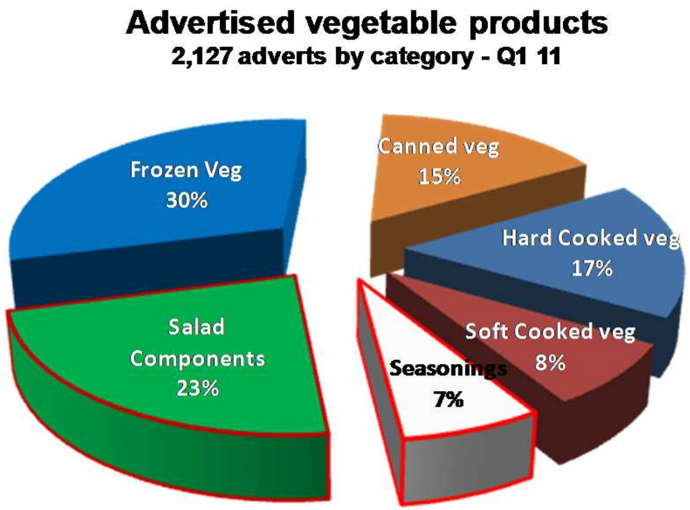


Figure 15



9. The number of vegetables products advertised decreased by 11% to an average of 164 products per week.

3.5 Vegetable retail promotional activity (continued)

Figure 16

Number of Advertised Fresh Vegetable Products

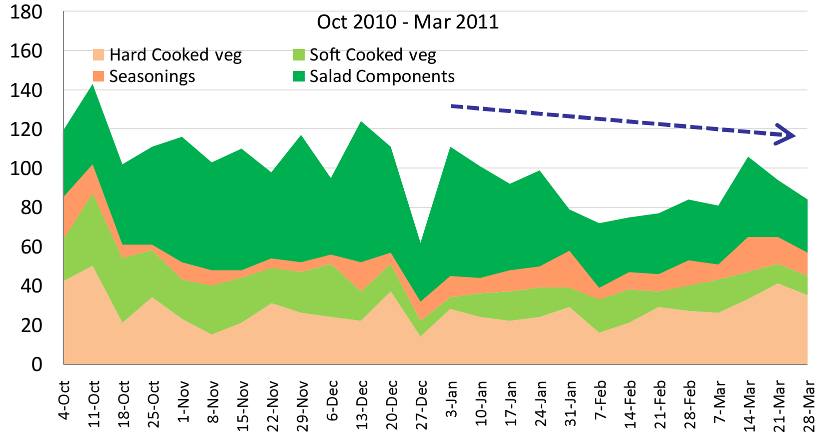
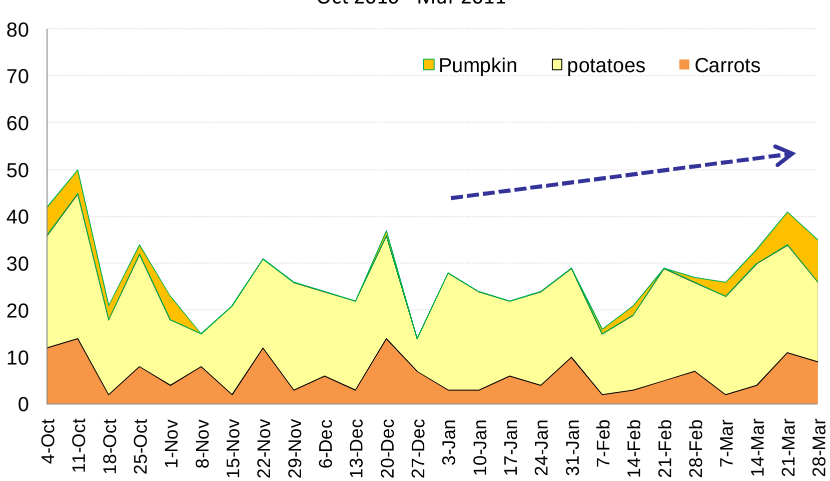


Figure 17

Number of Advertised Hard Cooked Veg



Trends:

Q4 10 & Q1 11

- The type of product advertised in Q1 11 reflects a shift towards hard cooked veg lines and seasonings; together with a moderate decline in salad components and soft cooked veg compared to the previous quarter.

- At a product level, this was most evident in the increase in pumpkin and potatoes, and the decrease in the primary salad lines of salad mix, tomato, cucumber and lettuce; as well as decreases in key soft cooked veg of cauliflower and mushrooms.

Figure 18

Number of Advertised Soft Cooked Veg

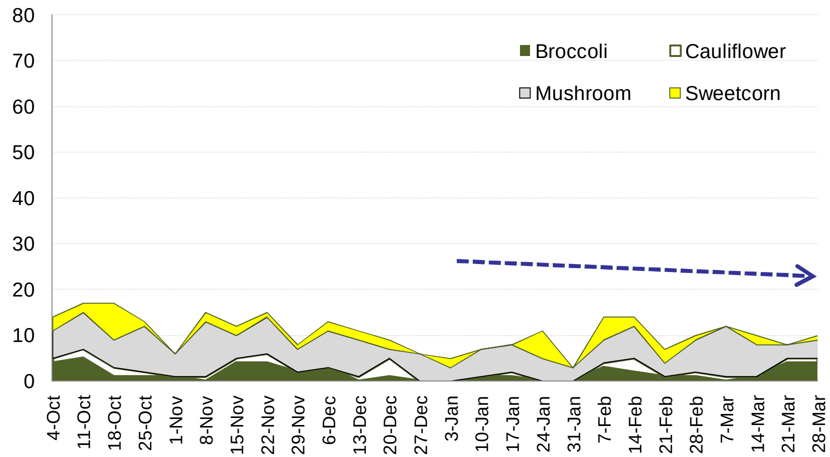
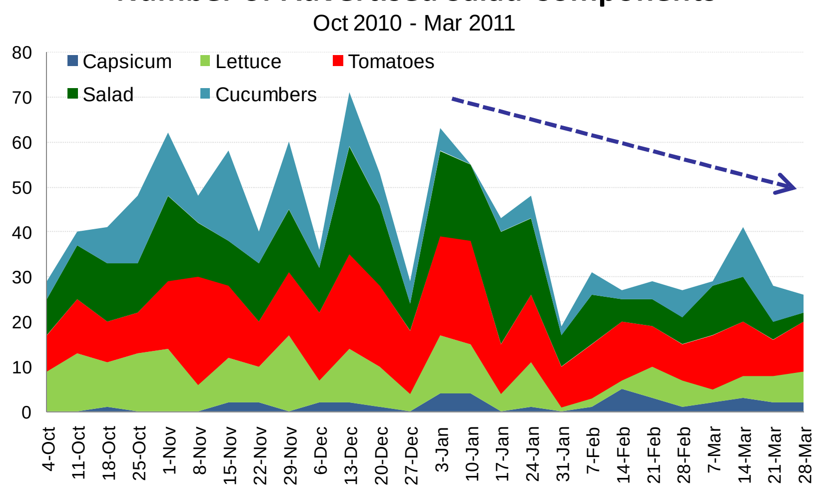


Figure 19

Number of Advertised Salad Components



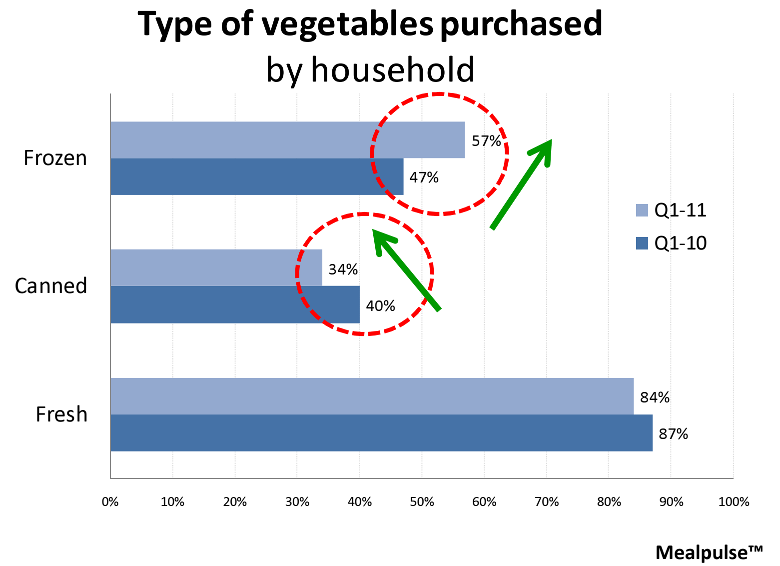
10. The changes in the type of fresh vegetable product advertised in Q1 2011 reflect an expected shift towards hard cooked vegetables and seasonings as the weather starts to cool and outdoor living decreases.

3.6 Vegetables purchased and preparation method

Participation by vegetable form

- Figure 20 profiles the proportion of households that purchased vegetables in frozen, canned, and fresh forms in Q1 11 and Q1 10.
- While there are many households that buy vegetables in each form, there are a number of notable changes that have occurred over the past year. In particular, the proportion of households purchasing canned vegetables declined (34%, down from 40% in Q1 10), as has the proportion of households purchasing fresh vegetables (84%, down from 87% in Q1 10).
- In contrast, a greater proportion of households are purchasing frozen vegetables (57%, up from 47% on year ago).

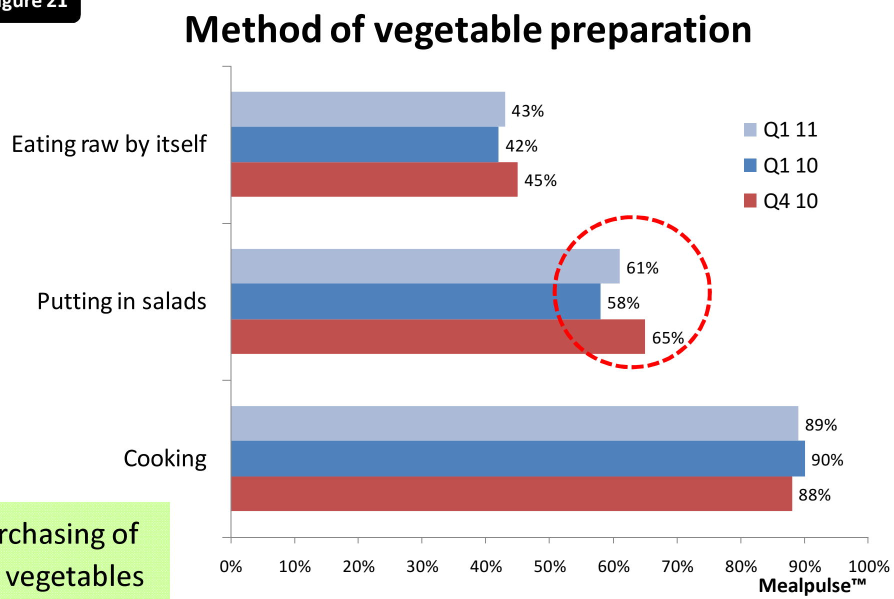
Figure 20



Vegetable preparation

- Cooking, which includes steaming, boiling, roasting and stir-frying, remains the dominant method of preparation, with 89% of households using this method in Q1 11. This has remained stable over the past year.
- The use of salads increased to reach 61%, a decline on the previous quarter, but higher than at the same time last year.
- Over the quarter, 43% of household used eating raw, 1% more than at the same time last year, but 2% less than in the previous quarter.
- These changes reflect seasonal demand shifts and an commencement of the transition away from eating cold foods in the warmer summer months.

Figure 21



11. A high proportion of households continued to purchase fresh vegetables. The purchasing of canned vegetables continued to decline over the year, while the purchasing of frozen vegetables increased notably.

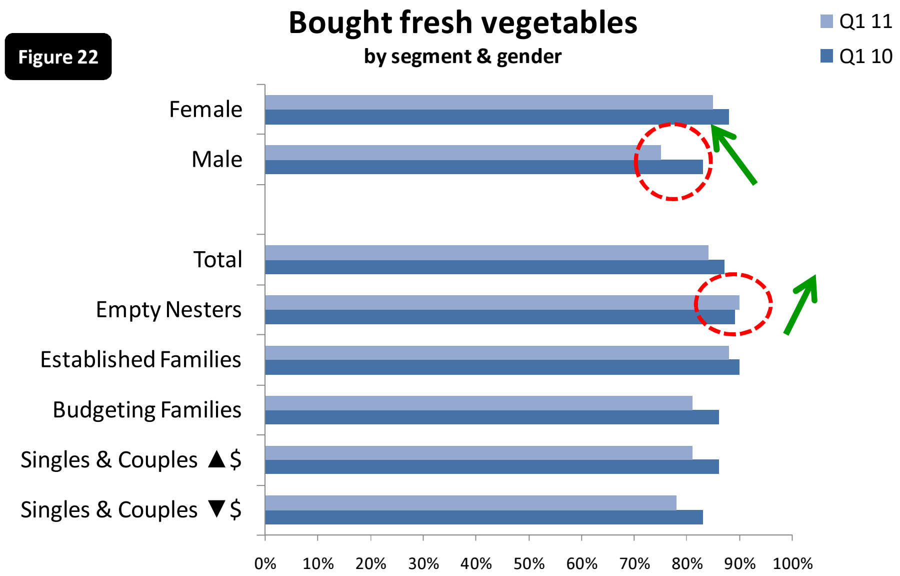
Fresh vegetables purchased

- Figure 22 profiles the changes in the level of weekly fresh vegetable purchases by gender and household segment, in Q1 11 and Q1 10. In the current quarter, the total weekly household penetration decreased to 84%, down 3% from the same time in the previous year.
- The most notable trends over this timeframe included a small increase by Empty nesters (+1%), and a decrease by Established families (-2%), together with a 5% decline across all other household segments (Singles and couples with both high and low income, and Budgeting families).
- Over the year, fresh vegetable penetration has decreased for females (-3%, to 85%) and males (-8%, to 75%).
- Changes from the previous quarter were modest at a total level (-1%). Across household segments, Singles and couples with high income increased penetration levels (+11%), in line with the fact that their consumption tends to fluctuate across seasons more than other household segments. This was partly offset by an increase for Singles and couples with low income (-8%) and Budgeting families (-5%).

Fresh vegetables purchased - state-based variations

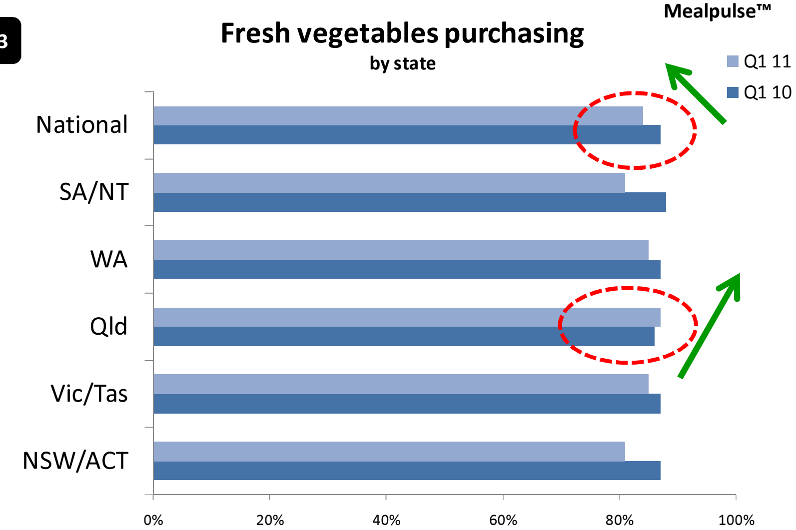
- Figure 23 profiles the variations in household weekly penetration for fresh vegetable purchasing by state between Q1 11 and Q1 10.
- At a national level, weekly penetration declined 3% over the year.
- A number of states contributed to this downward trend over the year including; NSW/ACT (-6%), SA/NT (-7%), WA (-2%), and Vic/Tas (-2%). Only Qld went against the national trend, up 1% over the year.

Figure 22



Mealpulse™

Figure 23



Mealpulse™

12. Over the year, the proportion of households buying fresh vegetables weekly decreased slightly at a national level, with the largest decline in weekly penetration occurring with Singles and couples with low income, and Budgeting families.

3.8 Most popular purchased vegetables

Most popular vegetable purchased weekly

- Figure 24 profiles the 10 most commonly purchased fresh vegetables in Q1 11, and compares their levels to those applicable in Q1 10.
- In Q1 11 carrots were the most popular vegetable, followed by potatoes, tomatoes, lettuce and onions. Over the year, the vegetables making up the 'top 5' have remained consistent, although their order has changed slightly.
- In Q1 11, potatoes and carrots were the only two vegetables to be purchased by 60% or more of households weekly.
- Over the year, there has been a decline in the proportion of households purchasing weekly, across all of the top 10 vegetables, the most significant of which has been pumpkin (-7%) and onions (-6%).
- Compared to the previous quarter, Q4 10, there has been an increase in purchasing of pumpkin and potatoes, in line with a move to hard cooked veg at this time of the year; and a decrease in cucumbers, mushrooms and tomatoes, reflecting decreasing demand in light of changing seasons.

Vegetable purchasing by gender

- Figure 25 profiles the top vegetables and shows the level of purchasing by male and female. In Q1 11, males purchased more vegetables than females across 4 of the top 13 products (chilli, cauliflower, garlic and carrots). All other categories saw more female purchases than male.
- In the previous quarter males purchased more than females across 6 categories. While females typically have a higher level of vegetable purchasing than males, males regularly purchase more than females across a range of products, which may be influenced by seasonality, together with greater shopping responsibilities at various times of the year.

13. Over the quarter, the most frequently purchased vegetables reflected a small demand shift towards hard cooked veg. Males bought more vegetables across 4 of the larger vegetable products.

Figure 24

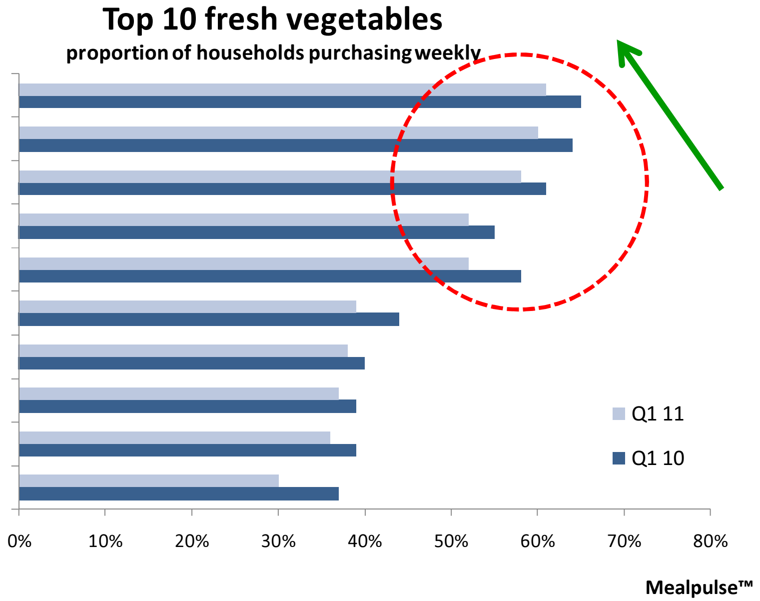
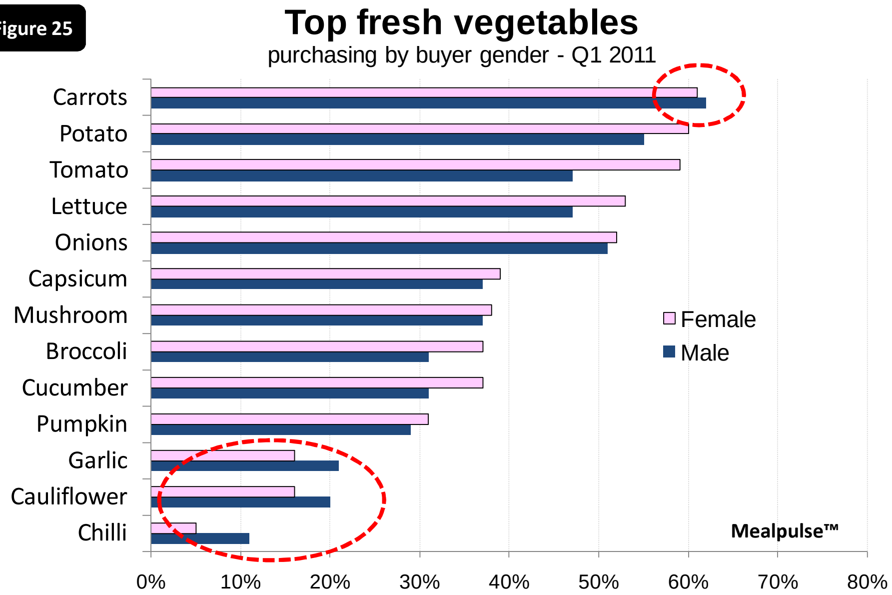


Figure 25

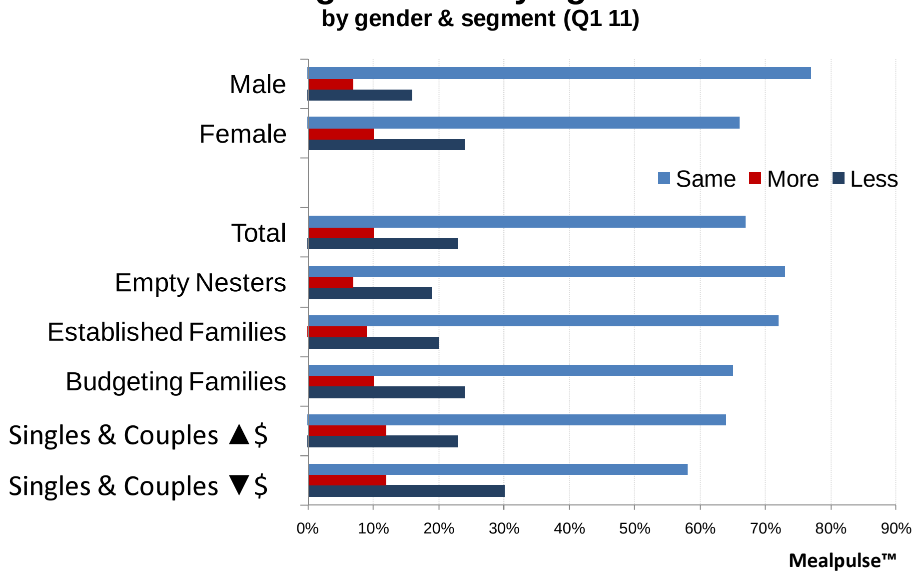


3.9 Vegetable buying trends and reason for buying

Vegetable buying trend

- Figure 26 profiles buying trends and indicates that 67% of households purchased the same amount of vegetables in the period, 3% fewer than in Q4 10.
- The remaining households altered purchasing levels with 23% purchasing less and 10% purchasing more vegetables. Compared to the previous quarter, a greater proportion of households purchased fewer vegetables, particularly Singles and couples with low income, Budgeting families, and Empty nesters.
- Overall, 66% of females and 77% of males purchased the 'same' amount of vegetables. In all, 24% of females, and 16% of males purchased less than they normally do.
- Over the course of the year, it is clear to see that males tend to be more consistent in their purchasing levels, with 75%-79% buying the 'same' amount as they usually do. In contrast, females tend to have a greater degree of variation in their purchasing behaviour. Over the past year between 66%-76% of females purchased the 'same' amount as they usually do.
- The increase in the trend toward buying less is reflective of fewer advertisements and 'cost conscious' shoppers.
- While seasonality, appearance and promotional activity continued to be the major influences on shoppers who reported buying more vegetables, they were less of an influence compared to the previous quarter. In contrast, more shoppers reported products being 'too dear' (44%) as a reason for purchasing less, than in the previous quarter (33%).

Figure 26



14. The proportion of consumers buying the same quantity of vegetables, decreased. In particular, more females purchased 'less' vegetables than normal. Seasonality, appearance and promotional activity continue to be the major influence towards shoppers buying 'more' vegetables, while price remains the major influence towards buying 'less'.

4.0 Summary - Household segments and key characteristics

Q1

This table provides a reference, summarising household segments and their key characteristics.

	Household Segment	Description	Fresh Vegetable Penetration (Wkly)	Key Characteristics (incl. shopping habits, food spend, retailer patronage, price sensitivity)
 	**Singles & couples with lower income (S&C▼$)**	• No children, lower income, eating out restricted by income.	• 82%-84%	• Does not plan much shopping. Shops on convenience and price. • Chooses greengrocer if price is okay. Is constrained by budget. • Often has a busy, active lifestyle. • Health considerations have some impact on food purchases. • **65-71%** of total food $ spent on food at home.
 	**Singles & couples with higher income (S&C▲$)**	• No children, higher income and available discretionary dollars, eats out often.	• 70%-86%	• Does not plan shopping. Likes farmers' markets and ethical foods. • Uses greengrocer when has time. • Driven by lifestyle demands on time and is a frequent top up shopper. • Health influences diet, but taste remains important. • Will buy convenience ready meals. • **56-59%** of total food $ spent on food at home, the lowest of all segments.
 	**Budgeting families**	• Single and dual parent families with children, financially stretched and time pressured.	• 79%-86%	• Plans some shopping to manage budget. Top up shops 2-3 times a week. • Likes greengrocer. Often has an active lifestyle. • Conscious of the food budget. Some health factors influence diet. • **77-79%** of total food $ spent on food at home.
 	**Established families**	• Single or couples with children and above average income, at least one adult eats out regularly.	• 84%-90%	• Plans some shopping but mostly top up shops. • Understands and seeks ethical foods. • Patronises 1-2 supermarkets. Likes markets and greengrocer. • Will buy for taste. • **72-79%** of total food $ spent on food at home.
 	**Empty nesters**	• 60 years plus, no children permanently at home, generally have income to eat out often but prepare and eat most meals at home.	• 87%-91%	• Plans shopping. Seeks out and buys specials. Patronises 2-3 supermarkets. • Uses greengrocer on the basis of value. • Often sensitive to food prices and budgets. • Is influenced by health considerations and ethical foods. • Will buy for convenience. • **75-81%** of total food $ spent on food at home, the highest of all segments.