

VEGINSIGHTS

A VIDP initiative

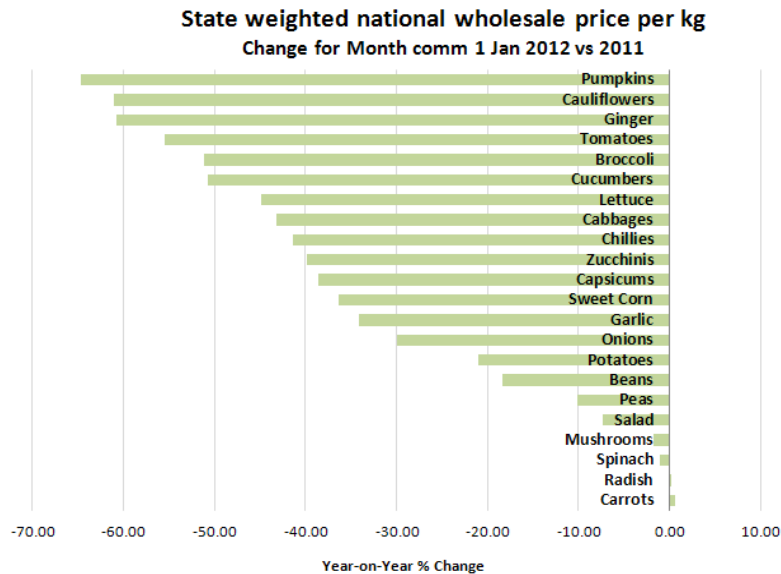


Highlights

- Consumer sentiment edges up in January
- Simple and small rewards can change kids' diets
- Jamie Oliver generation good for food retailers
- Glasshouses on parking building rooftops
- Working up an app-etite with the latest food apps
- Capsicum profile with a retail value of \$236m

Vegetable market

Wholesale vegetable prices – The wholesale price difference between Jan 2012 and Jan 2011 for the major vegetables is profiled in the chart below.



monthly vegetable market insights – January 2012

All products are in full supply and wholesale price levels have settled. Some wet weather in NSW & Qld has continued to dampen demand for salad lines.

Wholesale prices for all vegetable categories decreased this month compared to January 2011. The impacts across the products varied, with seasonings and salad components decreasing more than hard cooked vegetables and soft cooked vegetables. At the product level, the most significant changes were with pumpkins, cauliflower, ginger, tomatoes, broccoli, and cucumber, which decreased over the same month last year, and carrots and radish which increased over the same month last year.

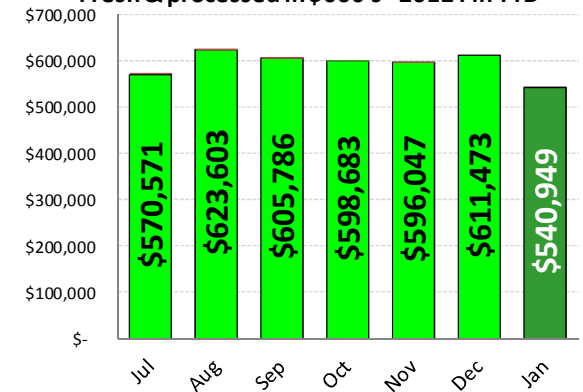
The weighted total vegetable wholesale price for the week commencing 23 January 2012 was \$2.34 per kg.

The total retail sales of fresh and processed vegetables in January 2012 are estimated at \$540.9m, as profiled in the adjacent chart. These sales are 6.0% lower than January 2011. They are also lower than the preceding month of December, which is expected due to the higher sales peak while household celebrate the festive season holidays.

The major driver of the sales value decline was the lower wholesale prices as is reflected in the adjacent wholesale price comparison chart.

While the value of vegetables are lower than last year there is every indication that consumers are taking advantage of this value to purchase larger quantities.

Total vegetable retail sales by month
Fresh & processed in \$000's - 2012 Fin YTD



The Australian food market

Push towards new food labelling - This month, South Australia and Queensland will join forces to push for new food labelling laws in order to provide consumers accurate and up-front information about products' country of origin, as reported widely in the media. The new approach aims to clarify the origin of the ingredients, regardless of how and where they were transformed. SA Minister for Business Services and Consumers John Rau said that the current system often left consumers with the wrong impression about the true origins of the food they were buying. A recent meeting of consumer affairs ministers had agreed that Queensland and South Australia would work together to develop a new national approach to the issue.

This action is being initiated to inform consumers about the true nature of a product's origin and allow consumers to support locally produce.

→ **What it means?** *This initiative is about clear consumer messages on product ingredients.*

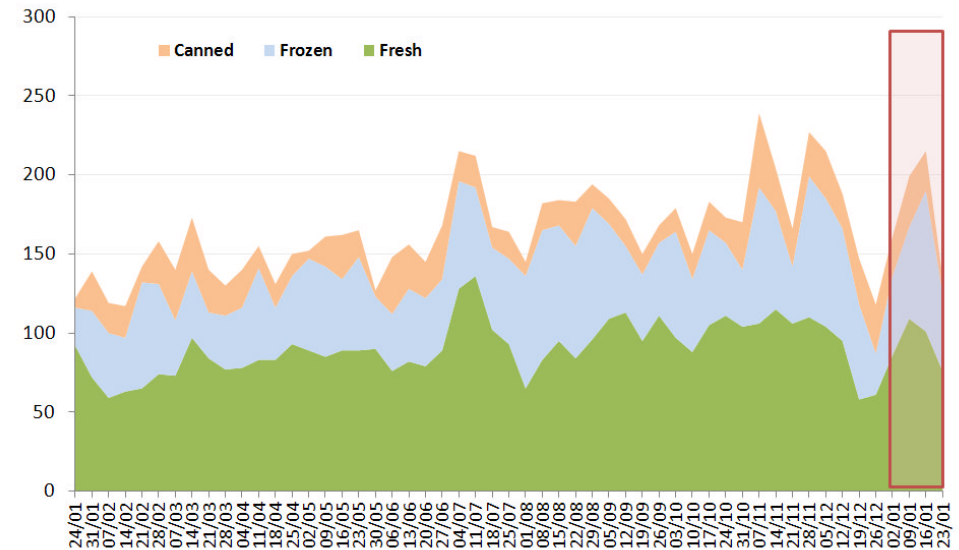
Retailer activity

Promotional activity in the month of January – The retail promotional activity reflects a pattern of an increasing exposure for vegetables, reversing the decreasing trend seen in December 2011. Over the month, the exposure of the total vegetable products increased to an average of **189 products per week, up from 162 products in December.**

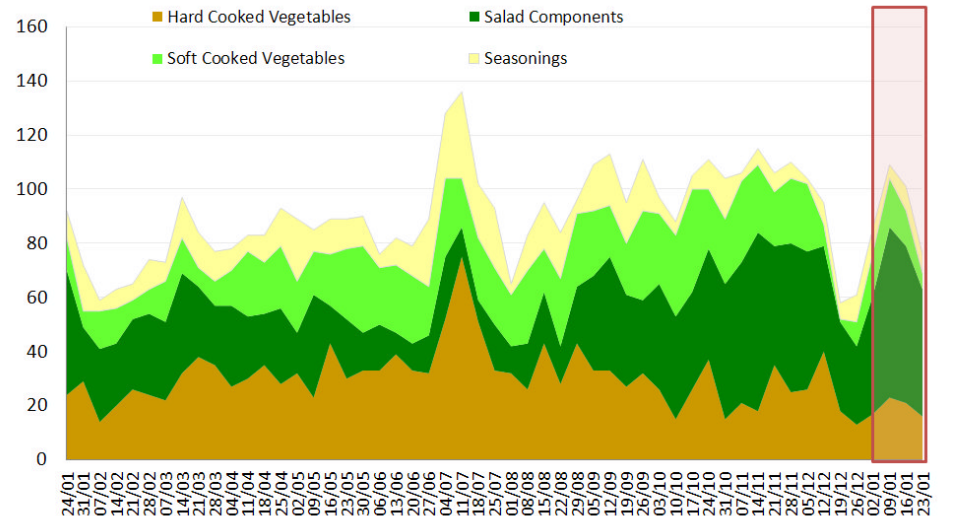
The increase in exposure has been driven by an increase in exposure for all three categories of vegetable products this month. Within the fresh vegetables, there was a sizeable increase in the number of salad components advertised, together with small increases in the number of soft cooked vegetables and seasonings in January. This was partly offset by a decrease in the number of hard cooked vegetables advertised this month.

Competitive intensity in the retail sector continued to heighten over January.

Advertised vegetables- total adverts per week



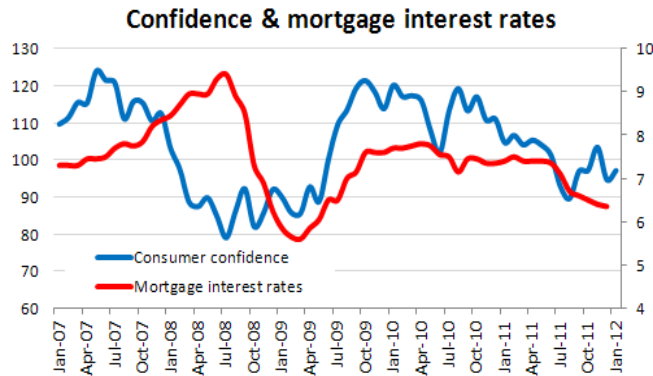
Advertised fresh vegetables- total adverts per week



The consumer

Consumer sentiment edges up – Australian consumer sentiment improved slightly in January, helped partly by the two interest rate cuts by the Reserve Bank of Australia.

In January 2012, the Westpac-Melbourne Institute Index of Consumer Sentiment rose 2.4% to 97.1, from 94.7 points in December 2011. However, despite this monthly gain, in annual terms, the consumer sentiment index was down 7.2 per cent, with the monthly reading in trend terms falling 2.5% in January and contributing to a 10.7% annual decline.



→ **What it means?** *The correlation between lower interest rates and consumer sentiment remains aligned but recent cuts have not had the positive impact on confidence they have had previously.*

Colour and design of meals have special

appeal for children – A new study by American and UK scientists has revealed that colourful food appeals more to children than adults.

The study presented pre-teen children and adults with full-size photos of 48 different combinations of food on plates that differed by number of items, placement of entrée, and food organisation. Children were found to prefer meals with seven different items and six different colours (compared to adults who preferred three items and



colours). Children also preferred their entrees placed in front of the plate with figurative designs.

→ **What it means?** *Results convey that the visual presentation of food can influence children to eat more vegetables.*

Simple and small rewards can change

kids' diet – A new UK research reveals that providing children with tangible rewards, such as stickers, can help overcome their dislike for certain vegetables and boost longer-term consumption of healthier foods.

The study tracked the vegetable intake of 173 children, aged three to four years old, who were randomly assigned to one of the three groups over a three-month period. In the first group, children were given a sticker as a reward for taking a bite of the disliked vegetable, while they were only verbally praised by their parents in the second group. The children in the third group were not rewarded or praised. The vegetables given to the children included carrots, cucumbers, white cabbage, red pepper, celery, and sugar snap peas.



Findings show that children in the first group who were given stickers as rewards significantly increased their intake of that vegetable and compared to the group receiving verbal praise.

→ **What it means?** *Simple incentives and positive affirmation from parents can help young children eat more vegetables. This sort of flexible and low cosy program can be easily implemented at local and or national level.*

'Jamie Oliver generation' emerges from foodie revolution

– IGD research on 1,000 shoppers shows the emergence of a new 'Jamie Oliver generation' – shoppers under 35, who are twice as likely to want organic food compared to those over 35, more likely to cook from scratch and waste less food compared to those over 35 – a result of the foodie revolution over the last 20 years.

- 51% of them claim to be cooking from scratch (compared to 35% of over 35)
- 43% of younger shoppers are cooking with more leftovers (compared to 30% of over 35)
- 30% are prepared to pay extra for premium quality food (compared to 16% of over 35)
- 19% aspire to use specialist stores, like butchers, bakers, and fishmongers, more over the coming 12 months (compared to just 8% of over 35).



That the new generation is better travelled and more tech-savvy, which helps them bring global recipes into their kitchen. These are important factors that have shaped attitudes towards scratch cooking and willingness to experiment with food choices.

→ **What it means?** *That the new generation shoppers are more informed, more open to scratch cooking and more aware of using all the food they buy.*

Innovation from the world

High-tech greenhouse on parkade rooftop – Vancouver-based Valcent Products has entered into a contract with EasyPark, the corporate manager of the city’s parkades, to build a 6,000-square-foot greenhouse – VertiCrop system - on underutilized space on the roof of the parkade in the heart of the city.

The city-owned parkade will be converted into a high-tech vertical growing space capable of producing 95 tonnes of fresh vegetables a year. Four-metre-high stacks of growing trays on motorised conveyors will move plants up, down, and around for watering, to capture the sunlight, and then move them into position for an easy harvest. The system can be used to grow at least 20 varieties of lettuces, herbs, and greens, and is



expected to produce about the same amount of produce as 6.4 hectares of California fields in the US.

Construction on the VertiCrop system will commence in January 2012, and the first crops are expected to be harvested in April.

→ **What it means?** *An innovative rooftop vertical farming system that has the potential to connect consumers with fresh vegetable products.*

Working up an app-etite – An selection of the latest food-related tools for the smartphone, which are well-developed, easy to navigate, and offer extras for the users, is as follows:

The Age Good Food Guide 2012, \$9.49 – This electronic annual Victorian restaurant guide lists more than 640 city and country venues that are updated by professional reviewers each year. Users can browse by name, suburb, or cuisine; use the GPS ‘food around me’ function to pinpoint a restaurant’s location; and the ‘book online’ function for easy booking.



As the Cheesemonger, \$1.99 – This app reviews 320 cheeses and offers its users a ‘cheese challenge’ quiz, frequently asked questions, and the option to ask questions. A ‘wine matcher’ function also helps users search by drink or by cheese.

Ask the Butcher, \$1.99 – The app lists diagrams and lists of lamb, beef, veal, and port cuts with explanations about which cut is best for which style of cooking. Also suggests cooking time and temperature, offers a timer function, and option to ‘ask the butcher’.

Do Eat Raw, 99c – Includes more than 300 recipes that users can search by category – mains, dressings, desserts – or by ingredient.



BBC Worldwide Good Food Healthy, \$2.99 – An offshoot of the BBC Good Food website, this app offers 175 recipes, including ‘ultimate makeover’ dishes, such as fish pie; recipes of fewer than 200 calories; and low-fat soups and sides. Also includes videos of cooking demonstrations, such as preparing whole fish or mussels.

Chemical Maze, \$7.49 – This app lists 1,200 food additives and ingredients and provides an easy navigation for users to filter by symptoms and ailments (depression and hyperactivity); dietary restrictions (lactose-intolerant); effects (immune system); or the additive or ingredient derived from animal, plant, or mineral.

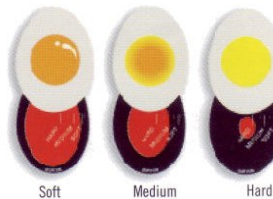
Margaret Fulton Favourites, \$7.49 – This app includes a collection of Margaret Fulton’s best recipes gathered over the past 50 years. Users can search by ingredient or recipe.



Epicurious recipes and shopping list, Free - A free app that allows users to build shopping lists, organise ingredients, and share via email, twitter, and Facebook, as well as helps to build a complete recipe box. It offers a base of more than 30,000 recipes – a catalogue of recipes augmented by a virtual test kitchen of thousands of cooks.

Foodictionary: International Food and Beverage Translator, \$1.99 – This app helps translate 87,500 food and beverage items into English, French, German, Italian, Spanish, Russian, and Greek, and is targeted at travellers or those wanting to understand a foreign-language menu.

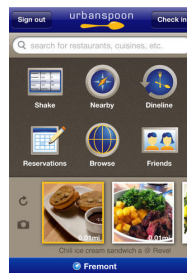
The Perfect Egg Timer, \$1.99 – The app to help users cook the perfect egg – liquid, soft, or hard. Includes an ‘egg spy’ camera that shows how the inside of the egg changes as it is cooking!



Gluten Free Eating Dictionary 1.0.3, Free – Targeted at diners with gluten allergies, this app is grouped into ‘eateries and shops’, ‘online shopping’, ‘manufacturers’, and ‘services and publications’. Also includes recipes and reference books.

Shop Ethical! 2011, \$4.49 – To be launched in March this year, the app will list more than 2,800 Australian supermarket products, each marked with a symbol that reflect the ethical merit of the product.

Sustainable Seafood Guide, Free – The app lists more than 100 types of seafood in Australian waters, including fish farms, wild-caught fisheries, and imported species. Compiled by the



Australian Marine Conservations Society, the app helps users search alphabetically or by sustainability with icons that indicate if the fish is a keystone species, if it is overfished, or if its fishing practices are potentially destructive to the environment.

Urbanspoon, Free - This app provides users with a slot machine-like listing of cuisine types and price of shortlisted restaurants. Users need to give the app a shake, and the slot-style interface randomly pulls up a restaurant based on suburb, cuisine, and price. Users can also filter by child-friendly, happy hour, free wi-fi, and GPS for finding restaurants.

Food Guide, The Culinary Encyclopedia, \$5.49 – This app is an European multilingual dictionary written by food journalist Ingeborg Pils, which covers more than 2,000 food items with translations in English, French, German, Spanish, and Italian.

4 Ingredients, \$2.99 – Based on the cookbook series – 4 Ingredients – this app contains more than 340 fast and easy recipes that need only four or fewer items.

OMG! I Can Eat That? \$4.49 – Includes recipes for tasty, low-fat meals by Australian actor Jane Kennedy, author of the cookbook ‘Fabulous Food Minus the Boombah’.

Jamie Oliver 20 Minute Meals, \$7.49 – This app includes 60 new recipes and videos providing cooking tips (even sharpening knives) by the celebrity cook Jamie Oliver, together with handy feature to link the portion size to the number of guests.



Woolworths, Free – A product finder that saves time spent in searching items in the aisles, a barcode scanner, and a function to create shopping lists.

→ **What it means?** *The new communications technology has reached the kitchen and influencing what consumers buy. This powerful reach is also providing a way to have conversations with today’s tech-savvy younger generation.*

WA Government introduces free iApp for shoppers – A free smart-phone app – iShopWA – has been developed by the WA state government agency Consumer Protection, to help shoppers in the State of Western Australia

to easily access information about their rights under the new Australian Consumer Law.

Users can also use iShopWA to store photos of receipts and set reminders for warranty, gift voucher, or online coupon expiry dates, or pick-up dates for something on lay-by. West Australians have also been urged to contribute to this campaign to help themselves, as the app allows users to email photos of illegal 'no refund' shop signs directly to Consumer Protection for further action – the only one of its kind in Australia with such a capability. The iShopWA app can be downloaded for free from both the iPhone app store and the Android market.



→ **What it means?** *An initiative that helps consumers record their shopping activity and also enables and encourages more consumer activism.*

New Side Kits on US shelves – A new fresh product line – Side Kits – has been launched by GreenLine, one of the leading producers of fresh, trimmed 'ready to cook' green beans in North America, in order to provide a quick, convenient, and easy side dish for time-pressed families.



Side Kits contains washed and trimmed green beans, a sauce/flavour packet, and a topping in a convenient, resealable package. The Side Kits range will be initially available in three flavours – Asian Tamari, Classic Almondine, and Garlic Parmesan – and later expanded to include 'Seasonal Side Kits' in a larger size and a 'Summer Side Kit' that can be served hot or cold.

→ **What it means?** *An innovation that suits lifestyle trends by adding convenience and taste to a fresh vegetable.*

Seedless peppers on UK retail shelves – The world's first seedless pepper – Angello – has been launched at UK retailer Marks & Spencer, in a bid to encourage kids to lift their intake of colourful salad vegetables. A



product of a 15-year natural breeding program by M&S, supplier

Melrow Salads, and vegetable seed developer Syngenta, Angello was developed after research showed the process of removing seeds from traditional peppers had hit the product's appeal among consumers.

Grown in southern Spain, Israel, and the Netherlands to ensure a year-round supply, the new seedless pepper is said to be crunchier and sweeter, with a brix sugar level (commonly used to measure sweetness in fruit and vegetables) 25% higher than conventional, seeded peppers. Angello is ideal for cooking as well as for snacking, picnics, and children's lunchboxes. It is priced at £1.79 per 100g pack.

→ **What it means?** *A clever innovation that expand the appeal of peppers (capsicums) by making suitable as a raw snacking option.*

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: Capsicum

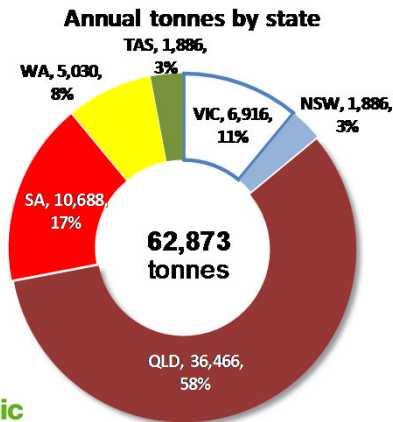
- Capsicum was the 8th most frequently purchased vegetable by households (weekly) in the December quarter 2011.
- Over the last 4 quarter (Mar 11 – Dec 11) capsicum had an average weekly penetration of **38%** across all households.
- Capsicum is a high value product that is purchased by consumers for an average of **\$6.97** per kg, which is significantly higher than the average retail price of **\$3.50** per kg for all vegetables.



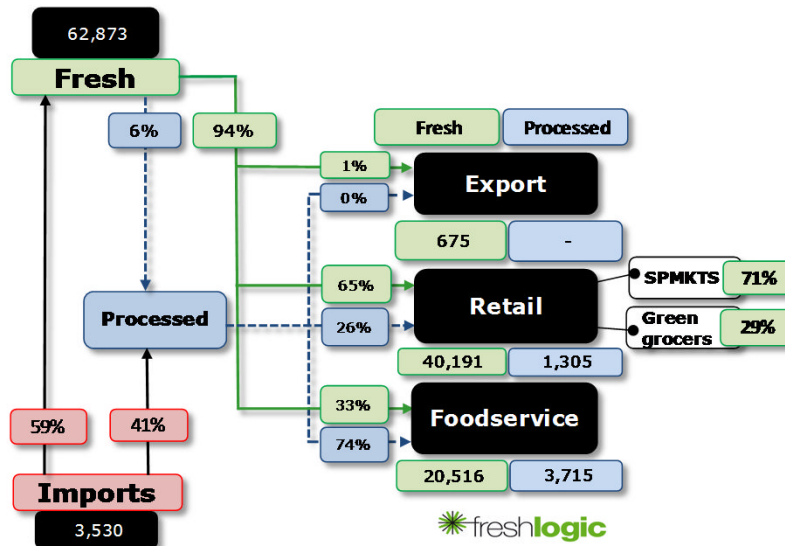
Key Facts

- Capsicum production was 62,873 t in 2010/11.
- The retail channel buys 41,496 t.
- The foodservice channel buys 24,231 t.
- The current domestic retail market value of fresh capsicum purchased by consumers is \$236 million.

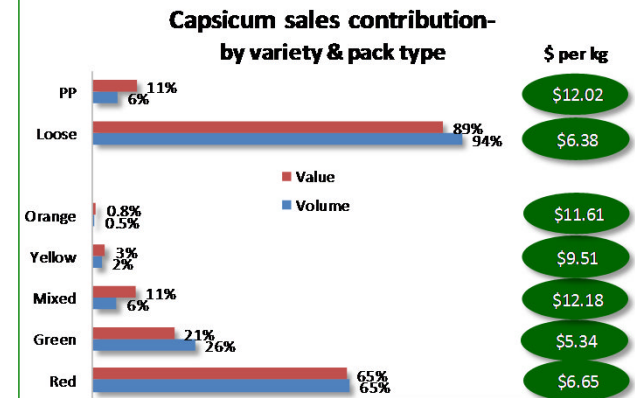
State Production



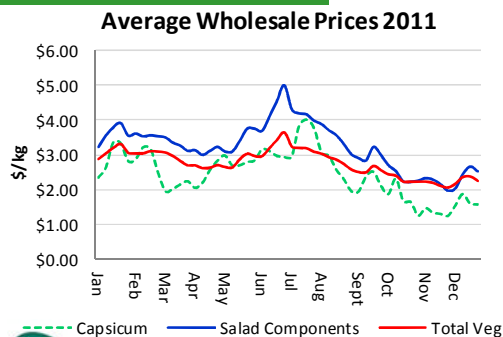
Volumes and Shares Through the Chain



Fresh Retail Sales








Wholesale Price



- The fresh domestic market is supplied with 60,707 tonnes of capsicum, of which 2,068 tonnes is sources from imported product. A further 675 tonnes is exported.
- The processed market is supplied with 3,559 tonnes of locally produced product with a further 1,462 tonnes being imported.

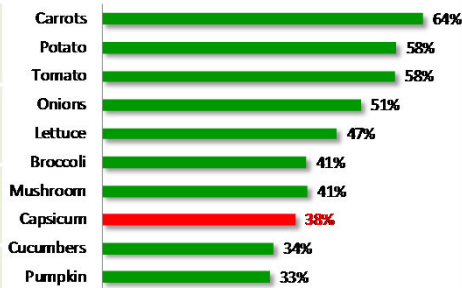
- All figures presented are for the year ending June 2011.
- The current retail market sells **33,911 tonnes** of fresh capsicums, worth a total value of **\$236 million**.
- The average retail price paid for capsicum was **\$6.97** per kg.
- There are 4 types of capsicums sold through Australian retail markets. These include: block, bullhorn, long and baby. All types produce a number of different colours throughout the ripening process.

Consumer Penetration

Household Segments	Average Purchased Quantity (kg)	Purchase Weekly
Singles & Couples with lower income 	0.269	37%
Singles & Couples with higher income 	0.224	41%
Budgeting families 	0.327	38%
Established families 	0.275	44%
Empty Nesters 	0.207	33%

Top 10 Vegetables

based on avg weekly penetration for 2011



- In the December quarter 2011, capsicums were the 8th most frequently purchased fresh vegetable based on weekly purchase patterns and regularly feature in the top 10 vegetable products.
- Based on the analysis of retail Docket data for the year ending December 2011, provided as part of the Mealpulse™ panel, the average quantity of capsicum Australian consumers selected was **282 grams**.

Consumption Profile

Mealpulse™

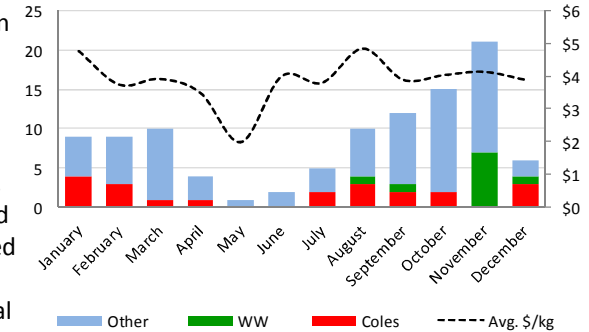
- Capsicums are very versatile and are commonly used in salads, baked dishes, stews, stir-fries, salsa and pizzas.
- Capsicums main role in a dish is provide a flavor base as well as add color and texture, allowing capsicums to enjoy a large range of meal uses in both warm and cold seasons.
- The use of raw capsicum in salads is popular, with red and yellow capsicums being better suited for this role, as they offer a sweeter flavor.
- The use of 20,516 tonnes pa of capsicum in foodservice for pizzas and salads, can only have helped expand home consumption.

Capsicums 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	

Promotional Activity- 2011

- This graph details the number of promotional adverts by retailer for each month.
- For the year ending December 2011, there were a total of **104** adverts and some level of retail promotion activity in **34** of the 52 weeks. This generates an average of **8.7** promotional adverts per month.
- Red** capsicums generated the largest share of total adverts with 67% in 2011. During 2011 the advertised price ranged from **\$2.44 to \$6.99 per kg** and averaged **\$4.32 per kg**.
- Green** capsicums generated 13% of total adverts in 2011. During 2011 the advertised price ranged from **\$2.98 to \$5.99 per kg** and averaged **\$3.96 per kg**.

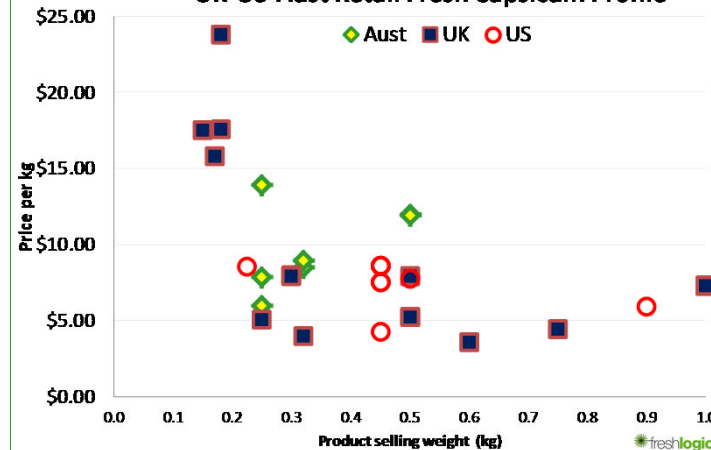
Capsicum Promotional Activity- 2011



Adwatch™

UK-US-AUST Retail Range Profile

UK-US-Aust Retail Fresh Capsicum Profile



- In Australia, these products are called capsicums, in the UK, 'peppers', or 'sweet peppers', and in the US 'bell peppers'.
- All markets include similar product varieties and pre-packed options, with UK offering a 2 pack and the US offering 4 and 6 packs of mixed capsicums.
- There is an inclusion of vine ripened product in all three markets, which in all cases are baby varieties.
- There is an absence of pre-sliced packs within the Australian market, that in US and UK are aimed at providing smaller portions and easier meal preparation. The selling multiples are the same in each market with all products sold by the each, except for selected pre-packs in Australia.