

2011 Annual Review and Vegetable Market Trends for Q4 11

Veginsights

- The market – Q4 11

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

February 2012

Prepared by Freshlogic as part of the Vegetable Industry
Development Program



Content Overview

This version of Veginsights – The Market addresses Q4 2011, and draws comparisons to the previous quarter (Q3 2011) and the same quarter in the previous year (Q4 2010), with profiles of the key trend indicators.

This version also includes a summary of the major dynamics influencing the vegetable market in 2011 and a forecast for 2012.

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 - Q4 2011

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Support document - Vegetable market settings and methodology

Click [here](#) to access

1.0 Executive summary

Overview

This is the ninth 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; indicates how they may have altered in the fourth calendar quarter of 2011 and makes comparisons with both the previous quarter and the fourth quarter of 2010. It values the annual retail market for all forms of vegetables at \$7.18 billion and profiles the market for the three-month period ending 31 December 2011 for fresh vegetables.

The report also provides an assessment of the major dynamics influencing the vegetable market over the 2011 calendar year and provides a forecast for the year ahead.

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:

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

Selected key findings

2011 in Review and Forecast for 2012

- Growers should work closely with their networks to stay informed on the supply situation, which looms as the key impact on their returns.
- It is more important than ever to be informed about the market signals and in particular, the indicators of supply and demand.
- Confidence remains fragile. If sentiment falls further, value will become even more important to shoppers.
- Seek to balance existing relationships, with investing in other channels and new channels.
- There are benefits to having some exposure in the foodservice channels and being informed on these volumes.
- Supermarkets will remain a major driver of change in the near term.
- Products need to be in a form that will be purchased in smaller top up shops.

Australian Market – Veginsights Tracking Indicators – Q4 11

- Wholesale vegetable prices declined over the quarter and over the year, as supply volumes were rebuilt.
- The retail channel remains very competitive and this is reflected in the level of promotional activity over the quarter.
- The small reduction in household penetration coincides with higher household penetration for fruit and may suggest a level of substitution occurring between fruit and vegetables.
- Top up shops are becoming increasingly common and vegetable products need to suit being purchased on frequent and smaller shopping trips.
- Appearance and seasonality had a strong influence on the 12% of households who purchased more vegetables.

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 – Q4 11

2011 in Review – Key Dynamics Influencing 2011 and Implications for 2012

Forecast for 2012

Supply Dynamics

Continued full vegetable supply for 2012 with unsuitable production weather the only factor likely to reduce supply volumes.

Consumer confidence

Consumer confidence is fragile and remains vulnerable to external influences. The timing of these influences is difficult to predict and even harder to avoid. These conditions are most likely to prevail through the near term until concerns relating to the global financial market are allayed.

Competitive intensity

The proportion of household food spend on take home food will stabilise at 75-76%, which signals the end of share loss for foodservice and the chance of growth if sentiment lifts. Retail looks set to be more competitive as the largest retailer responds to increased competition.

Changes in shopper behaviour

Supermarkets seem destined to retain their market share gains. Vegetable products need to suit “top up” shopping trips or miss out on these trips. Fresh products could follow the tactics used in frozen products to meet demand for fresh product convenience.

Implications for vegetable producers and marketers

- Growers need to confer with their network of input providers, market intermediaries and buyers to avoid being caught in the spiral of oversupply and unviable returns.
- Set out to be more informed than you ever have been. Be proactive in contacting your network and seek to contribute information to discussion, rather than just request market information.
- Stay informed on the market indicators and when sentiment lifts prompt your market intermediaries to assess whether they see changes in wholesale demand.
- If global finances fall away and impact confidence, look for new ways to provide greater value to your customers.
- Set out to find a balance between supporting long term relationships, and investing in other channels, as well as some new channels.
- Ensure you have some exposure in the foodservice channels and are informed on these volumes. Request that your market intermediaries ask these buyers how you can help and what other things you can do to your product(s).
- Similarly, find out who is servicing the new channels and work to get some exposure with these buyers.
- Supermarkets will remain a major driver of change in the near term.
- Your products need to be in a form that will be purchased in smaller top up shops. If they are not, then work with your partners to develop suitable products to meet this demand.

1.0 Key findings and implications – Q4 11 (continued)

Australian Market – Veginsights Tracking Indicators – Q4 11

Findings

1. Household spend on fruit and vegetables lifted further in an expected seasonal pattern and spend on take home food has eased slightly, after coming off a peak.
2. In Q4 11 retail sales of all vegetables increased by \$24.5 million (or 1.4%) compared to the Q3 11 period, but was down 6.5% on Q4 10.
3. The ABS total annual food inflation fell from 6.4% in Q3 11, to 2.5% in Q4 11, which was largely influenced by a smaller increase in fruit prices.
4. Overall, wholesale prices decreased notably over the quarter and compared to the same quarter in the previous year.
5. The number of vegetables products advertised increased by 17% over the quarter, reflecting the competitive intensity within retail channel and seasonal influences.
6. The changes in the type of fresh vegetable product advertised in Q4 2011 reflect an expected seasonal shift towards salad components, away from hard cooked and soft cooked vegetables at this time of the year.
7. Over the quarter, the use of salad preparation increased, while the use of cooking eased, in line with seasonal patterns.
8. Over the quarter, 82% of households reported purchasing fresh vegetables on a weekly basis.

Implications for vegetable producers and marketers

- Part of the increased spend in fruit and vegetables can be attributed to greater purchasing of fruit. This combined with lower wholesale vegetable prices has flowed through to an easing in vegetable sales at this time.
- Wholesale vegetable prices declined over the quarter and over the year, as supply volumes were rebuilt and this was reflected in ABS inflation figures.
- The retail channel remains very competitive and this is reflected in the level of promotional activity over the quarter, and fresh promotions focused on seasonal salad components.
- Market demand has moved further to favour salads, in line with seasonal patterns.
- There are several indications that aligning promotional activity with known seasonal demand patterns is effective and potentially likely to generate incremental growth.
- The small reduction in household penetration coincides with higher household penetration for fruit, and may suggest a level of substitution occurring between fruit and vegetables.

1.0 Key findings and implications – Q4 11 (continued)

Findings

9. Tomatoes remained the most popular vegetable purchased weekly by households in Q4 11. A greater proportion of households are undertaking more than 6 food buying trips per week.

10. Appearance, seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter. Purchase patterns show that 19% of consumers can be influenced to buy less and 12% to buy more vegetables.

Implications for vegetable producers and marketers

- Top up shops are becoming increasingly common and vegetable products need to suit being purchased on frequent and smaller shopping trips.
- If the reasons why 19% of households buy less vegetables can be understood and their negative impact reduced, this action could increase vegetable sales.
- Similarly, with appearance and seasonality having a strong influence on the 12% of households who purchased more vegetables, this highlights the importance of these factors in increasing consumption and sales.

2.0 2011 – The Year in Review

This section provides a summary of the major dynamics influencing vegetable purchasing over the 2011 calendar year and draws implications for the year ahead.

It identifies and assesses the four main market influences or trends, which are:

- Supply dynamics
- Consumer confidence and value sensitivity
- Retail competitive intensity
- Shopper behaviour.

Overview

In 2011 the Australian retail vegetable market generated \$7.18 billion in sales of fresh, frozen and shelf stable products for the year ending December 2011.

Vegetable producers remain challenged by the factors that draw them into 'commodity' conditions and these factors aligned to do just that in 2011.

However, much encouragement can be drawn from the demand signals and substantial price premiums being captured for meal-ready products and products in portions, that are more suitable for tonight's meal or smaller households.

Vegetables combine with fruit to be everybody's health hero, but they both still seem to get much of the blame for causing inflation or deflation.

Wary consumers have been saving more and spending less for two years. This has gone from a passing trend to a pattern.

New buyer patterns have led to a clearer requirement to have products that will appeal to top up shoppers.

2.1 Supply and wholesale prices

Supply dynamics

- Supply volumes are a major influence on wholesale price settings and therefore grower returns and the calendar year of 2011 was marked by supply volatility.
- Major floods in north-eastern Victoria (Sept 10) and Bundaberg (Dec 2010), which are both major outdoor production regions, shortened supply in the first quarter of the year. Cooler weather in June and July also slowed some crops and firmed prices. Production recovered by August and full supply flowed on to create lower prices and lower returns to growers for the balance of the year.
- The trade differential continued to see imported volumes exceed exports, as the high \$AUD created challenges for exports sales while attracting imports.
- Despite these conditions, glasshouse production continued to expand, which can only reflect longer term confidence in the local market.
- The main impacts on local market supply volumes are:
 - Suitable production weather
 - The sales, marketing and new product activities of input providers including suppliers of seed, nutrition and protection
 - Export market conditions and prospects
 - Expanded output from more productive glasshouse operations
 - Incremental productivity improvements of ongoing R&D.
- These variables combined to increase supply in the later half of 2011.

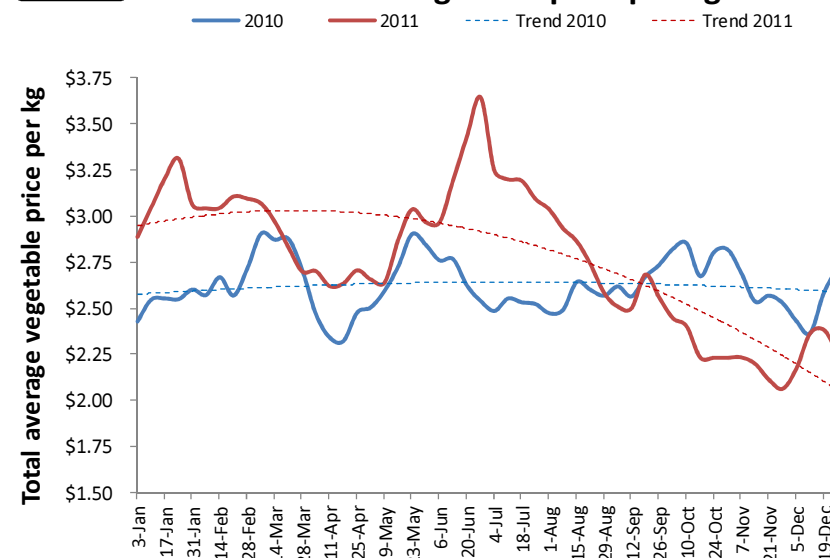
Forecast for 2012

Continued full vegetable supply for 2012 with unsuitable production weather the only factor likely to reduce supply volumes.



Figure A

Wholesale vegetable price per kg



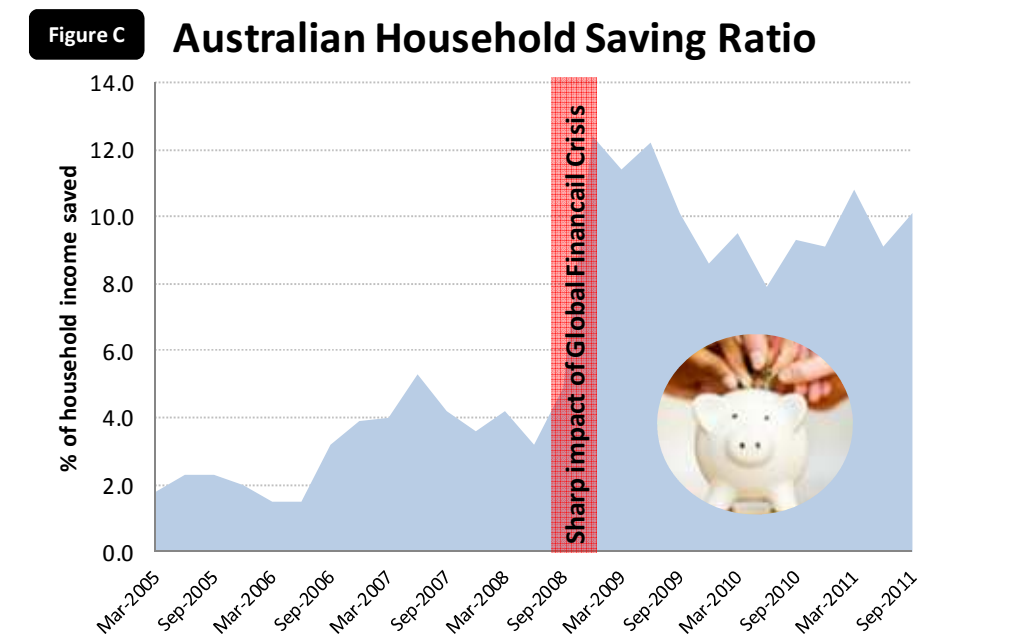
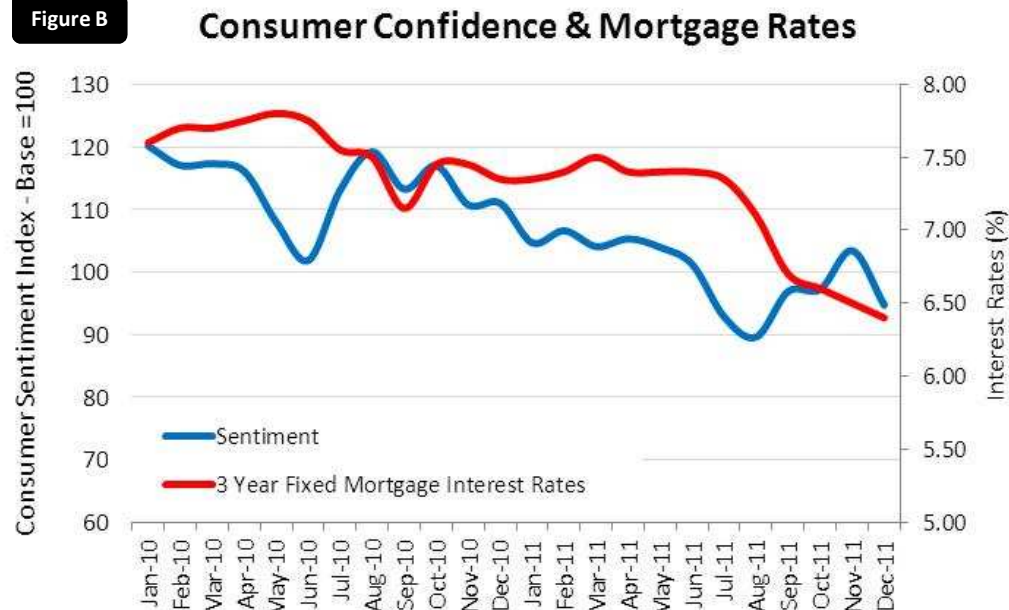
2.2 Consumer sentiment and value sensitivity

Consumers remain cautious

- Over 2011, consumers remained cautious in their spending habits due to concerns about their wealth and financial security.
- Consumers have realised that wealth will no longer be built from rising house prices, so those with the ability, have scaled back discretionary spending in favor of saving. The current level of saving is in sharp contrast to the level immediately prior to the GFC. Similar levels were last seen in the late 1980's. Further, global economic uncertainty remains in the back of consumers' minds and feeds the cautious attitude.
- The cautiousness led to slower retail sales as consumers continue to allocate discretionary dollars towards savings and paying down debt.
- The ability of interest rates to be used as a lever to lift confidence has been diluted under the current circumstances.
- The propensity for consumers to "trade down", which is reflected in buying lower priced products and products on special, has strengthened. Under these conditions this behaviour is now a given, but particularly in households with greater budget constraints. This is where consumer confidence has most affected vegetable sales.
- However, there is still some promise reflected in a willingness by some to pay more for products that offer convenience and portions to suit. These buyers tend to be those with higher incomes.
- This "saving" and "trading down" behaviour has firmed from a trend into permanent behavioural patterns.

Forecast for 2012

Consumer confidence is fragile and vulnerable to external influences. These conditions are most likely to prevail through the near term until concerns relating to the global financial market are allayed.



2.3 Competitive intensity

Competitive intensity

- The proportion of household spend on food eaten away from home (foodservice) declined in favour of take home food (retail), until the third quarter of the year, when the decline stopped. However, spend levels at this point remain a substantial 6.9% behind the level of Q4 08.
- Within retail the competition between the major supermarkets is intense and there is a flow-on pressure impact on the greengrocer. Coles has enjoyed stronger sales growth than Woolworths for the past two years and a market share response from the largest retailer is expected.
- The level of intensity has been fuelled by deflation across most retail food categories, meaning higher volumes have to be sold to match last years income.
- New channels, which include providers like Aussie Farmers Direct, Jenny Craig and Lite n' Easy, along with a diverse array of internet based offers, have strengthened and their gains has made growth for existing retailers even more elusive. The growth of these channels is also a reflection of household demand for more than just product at a price.

Promotional activity

- Both major players have sought to exploit and extend the "Masterchef" momentum into meal deals. Over the course of the year there were also changes to timing, number of lines, advert duration and year long pricing.
- This diversity in 2011 reflects the new and increased level of retail competitive intensity.

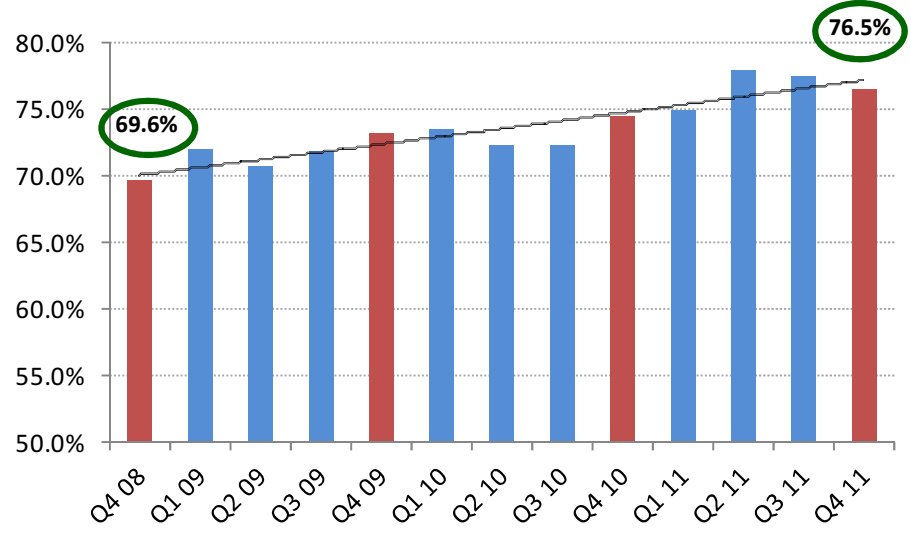
Forecast for 2012

The proportion of household food spend on take home food will stabilise at 75-76%, which signals the end of share loss for foodservice and the chance of growth if sentiment lifts. Retail looks set to be more competitive as the largest retailer responds to increased competition.



Figure D

Take Home (retail) food purchases as a % of all food (Q4 08 - Q4 11)



2.4 Changes in shopper behaviour

Retail Market Share

- With most households, spend and trips to greengrocers has been replaced with more purchases at the supermarket, allowing the supermarkets to pick up 1.5-2% retail market share, or \$180-\$240 million per year.
- Foodservice continues to be constrained by restricted spend on eating out.

Vegetable products shoppers are buying

- Fresh vegetables enjoy widespread household penetration, with minor movements driven by seasonal peaks. However, frozen vegetables with new product introductions and promotional plans, have lifted penetration and share of household vegetable spend.
- There is also demand for fresh and fresh chilled products that deliver ready to eat vegetables in portions that suits smaller households.

Type of shop

- Households are shopping an average of 3-4 times a week, but of most significance is in the type of shops they are undertaking. At present 65% of all shopping trips are “top up” shops; they typically average to \$45 in value and include 9-12 items and importantly these consumers use a basket. The other 35% of shopping trips are the “main” shop, where a trolley is used and they amount typically an average of \$175 in value and include 42-50 items.
- The simple, yet critical, issue that impacts fresh vegetables is the suitability of the product for purchase in a top up shop. If a vegetable product is not suitable for a top up shop, because it is too large or heavy, then it is restricted to being purchased on 35% of household shopping trips.

Forecast for 2012

Supermarkets seem destined to retain their market share gains. Vegetable products need to suit “top up” shopping trips or miss out on these trips. Fresh products could follow the tactics used in frozen products to meet demand for fresh product convenience.

Figure E

Share by Channel (% Chng 2011 vs 2010)

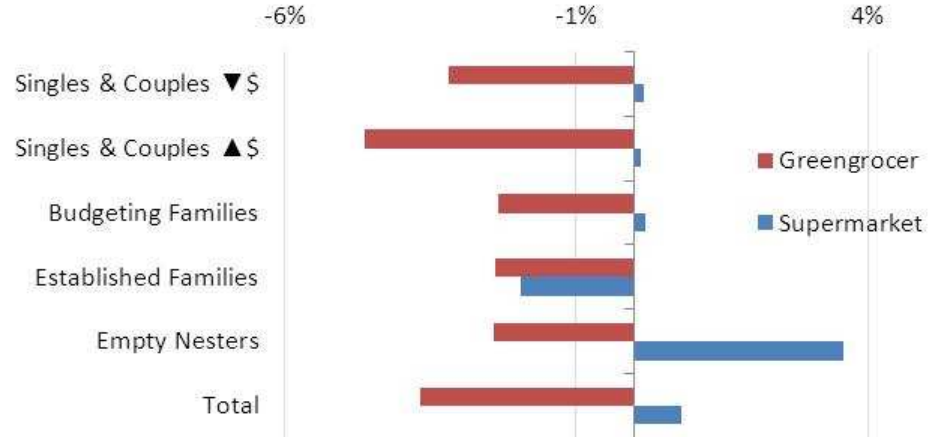


Figure F

Shop type



3.0 Vegetable Market Trends

The section reviews market performance for the fourth 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 and shopping trip patterns
- Vegetable buying trends and reasons for buying

3.1 Household spend on fruit and vegetables

Household spend on fruit and vegetables

- In Q4 11, the average household weekly expenditure on fresh fruit and vegetables was \$30.20 per household (compared to \$29.75 in the previous quarter). It is also known that the price and penetration of fresh fruit was up during this period, which led to higher share of the total fruit vegetable spend.
- As profiled in Figure 1, the range of spend per household varies substantially from <\$5 to >\$50 per week. In Q4 11, 3.9% of households moved out of the two lower spend categories into the higher spend categories. In all, 37.9% of households spent less than \$20 per week on fruit and vegetables, while 60.3% of households spent \$20 or more per week on fruit and vegetables.
- This shift in spending is assessed as being influenced the seasonal change to warmer weather, promoting more outdoor activity and typically leads to a positive influence on the purchase of fruit and vegetables.
- Figure 2 indicates that expenditure on take home food, i.e. food purchased at retail to be prepared at home, is currently 76.5% of total household food spend, down slightly on the previous quarter (77.5%), but higher than in the same quarter last year (74.5%).
- Compared to the previous year, Singles and Couples and Budgeting Families are now spending a greater proportion of their total food spend on take home food, Established Families are spending the same proportion, while Empty Nesters are spending slightly less.
- Since 2008 the proportion of spending on take home food has continued to increase, but reached a peak in Q2 2011 and has since eased. This implies that households are content with the value they have captured (supported by lower inflation) and/or that they wish to maintain some level of eating out.

1. Household spend on fruit and vegetables lifted further in an expected seasonal pattern and spend on take home food has eased slightly, after coming off a peak in Q2 2011.

Figure 1 Fruit & Veg weekly spend range per household

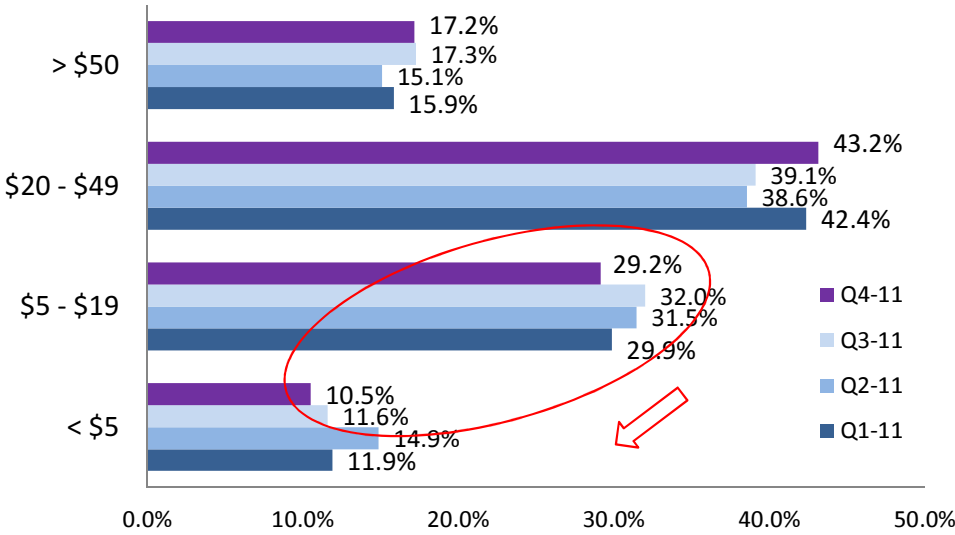
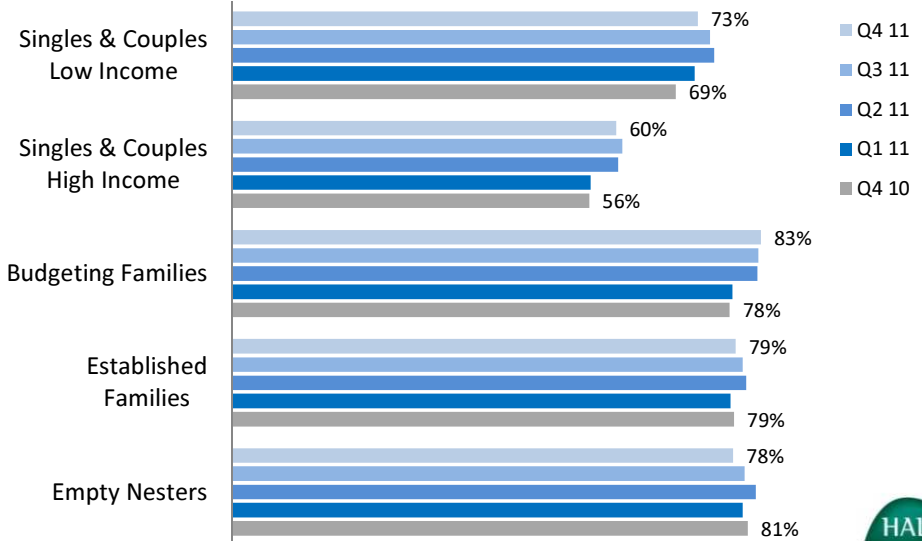


Figure 2 Spend on take home food as proportion of total weekly food spend



3.2 Market size and contribution

Total vegetable sales

- Total retail vegetable sales in Q4 11 for all fresh, frozen and canned vegetables were \$1.806 billion as profiled in Figure 3.
- This sales level was an increase of \$24.5 million or 1.4% on the previous quarter, which is attributed to the holiday season increases in home meal preparation.
- These sales were \$125 million or 6.5% lower than the same quarter in 2010 and is attributed to declining wholesale prices compared to the previous year.
- In addition to retail sales, it is estimated that 70,000 tonnes of fresh vegetables were sold to the foodservice sector in Q4 11. This being higher than the previous quarter due to holiday season sales.

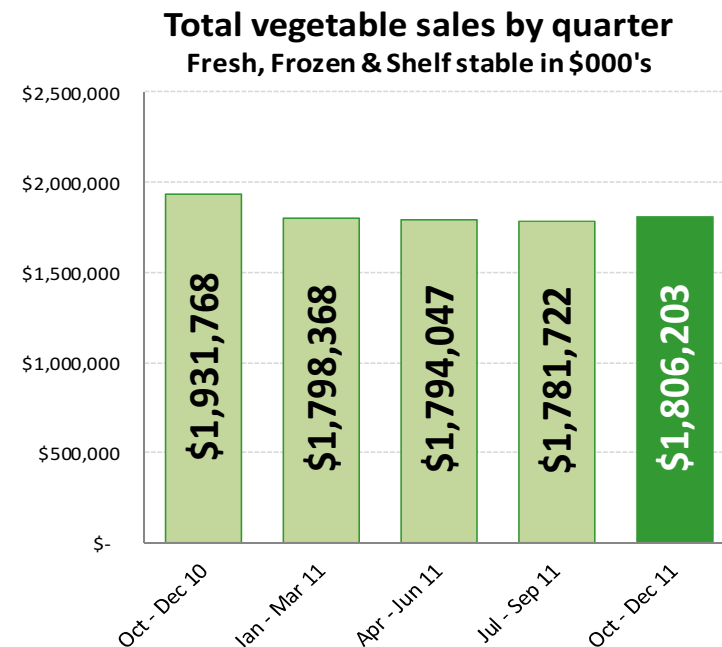


Fresh vegetable category sales contribution

- The quarterly category level contribution profiled in Figure 4 reflects the shift to the summer mix of vegetables. This is due to the onset of warmer weather and the daylight saving impacts on meal preparation behaviour.
- This shift is reflected in a transfer of 5.5% of sales contribution towards salad components and a corresponding decreases of -2.9% in soft cooked vegetables and -2.8% in hard cooked vegetables compared to last quarter.

2. In Q4 11 retail sales of all vegetables increased by \$24.5 million (or 1.4%) compared to the Q3 11 period, but was down 6.5% on Q4 10.

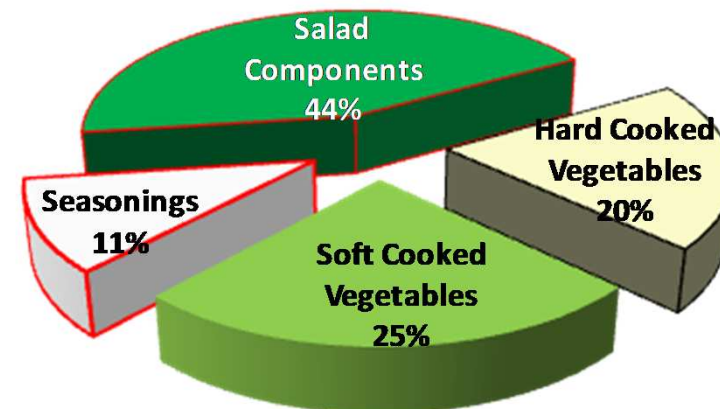
Figure 3



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Figure 4

Fresh vegetable sales contribution by category Q4 -11

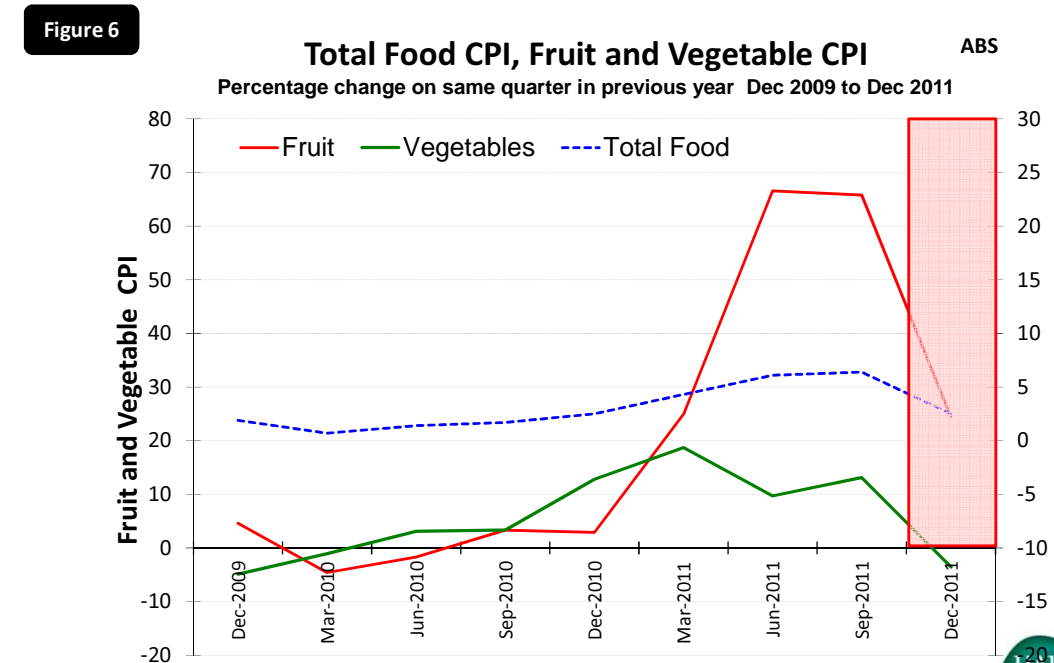
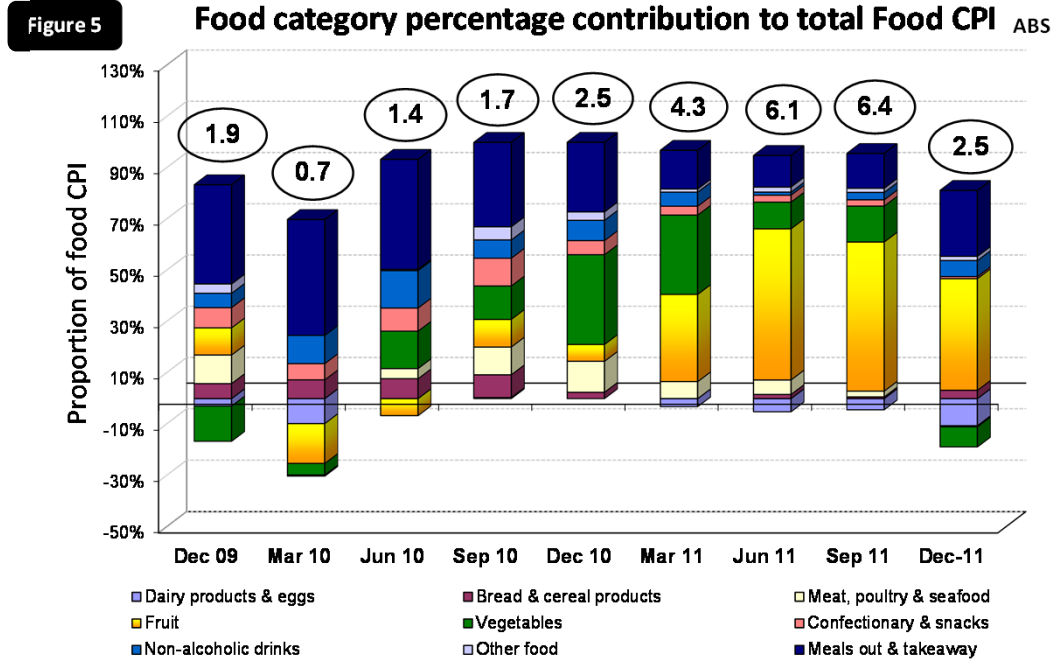


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3.3 Food and vegetable inflation

Food inflation

- Food inflation, as reported by the ABS, was 2.5% in Q4 2011.
- This compares to 6.4% reported in the previous quarter, and 2.5% at the same time last year (see Figure 5).
- In Q4 11, the total food inflation was influenced most significantly by fruit prices, which increased 24.4% (compared to Q4 10), contributing 1.5% toward the total food inflation of 2.5%.
- Other contributors included; meals out and takeaway food expenditure which rose 3% compared to the same quarter last year, and non-alcoholic beverages which rose 2.9% compared to the previous year.
- Vegetable prices were reported to have decreased 3.6% on the same quarter last year and have contributed -0.3% towards total food inflation of 2.5%.
- The last time vegetable 'deflation' (negative inflation) was recorded, was in March 2010 – seven quarters ago.



3. The ABS total annual food inflation fell from 6.4% in Q3 11, to 2.5% in Q4 11, which was largely influenced by a smaller increase in fruit prices.

3.4 Wholesale vegetable market price trends

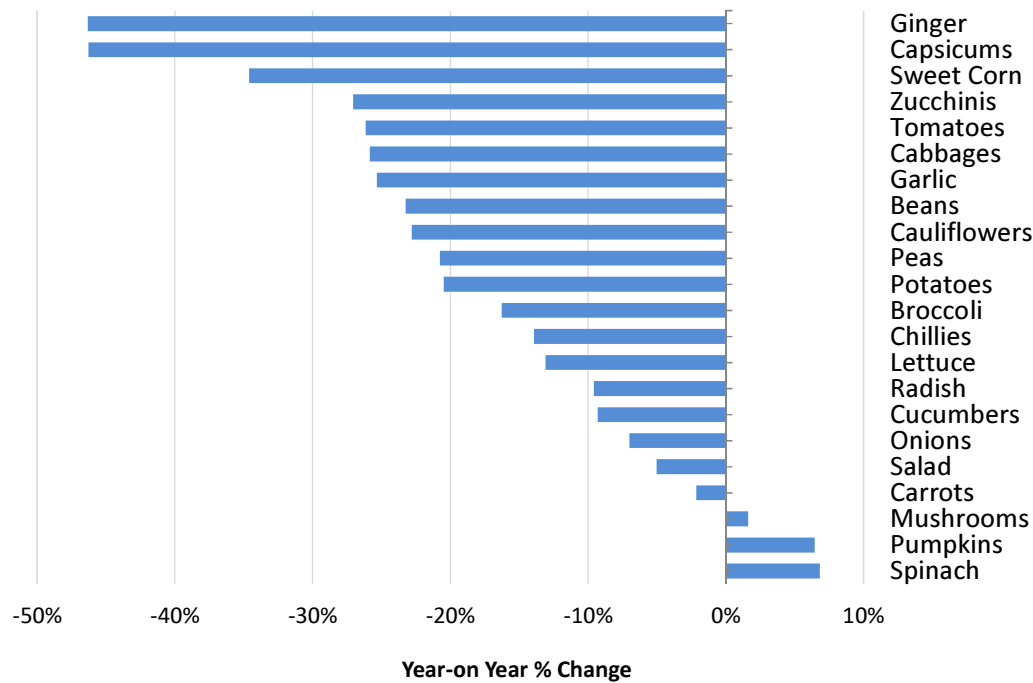
Wholesale prices

- The wholesale vegetable price trends (per kg) are based on a model that weights the range of vegetable products from the five main wholesale markets.
- The trend for Q4 11, which ran from the week commencing 3 October to 26 December 2011, reflects an easing in prices with the average price over the period 21% lower than in the previous quarter.
- Prices have also eased compared to the same quarter in the previous year (see Figure 7), with the average price 15% lower than at the same time last year. Ginger, capsicum, sweet corn, zucchinis, tomatoes and cabbages were among the products to experience the highest change in prices compared to Q4 10, while spinach, pumpkin and mushroom experienced a moderate increase in prices over this period.
- Over Q4 11, the major holidays affecting demand included Christmas Day, Boxing Day and Labour Day in some states. Further, school holidays and traditional work holidays occurred during December.
- The lift in demand at this time of year did not translate into firmer prices due to full levels of supply.



Figure 7

State weighted national wholesale price per kg
Change for Q4 2011 vs Q4 2010



4. Overall, wholesale prices decreased notably over the quarter and compared to the same quarter in the previous year.

3.5 Vegetable retail promotional activity

Retail promotional activity

- The promotional activity by retailers that featured vegetables increased by 17% to 2,802 products for Q4 11, compared to the previous quarter. Retail advertising increased over the first half of the quarter, before slowing in the latter part of the quarter.
- On average, 216 vegetable products were advertised in the five main states each week in Q4 11, compared to 185 lines per week in the previous quarter.
- The increase in promotional activity over Q4 11 was driven by adverts for canned vegetables and frozen vegetables, which increased 66% and 41%, respectively, compared to the previous quarter. Almost half of all frozen vegetable promotions were for frozen potatoes.
- Over the quarter, frozen vegetables contributed 32% of total adverts, while canned vegetables contributed 16%. Adverts for fresh produce remains prominent, contributing 52%.
- While adverts for fresh vegetables declined marginally (-3%), there was a strong increase in adverts for salad components, which accounted for 25% of total adverts.
- The contribution of hard cooked vegetables was 13%, soft cooked vegetables 11%, and seasonings 4%.
- The overall increase in promotional activity during the quarter reflects the level of competitive intensity within the retail channel and seasonal influences.
- The continued strength of frozen vegetables adverts corresponds to ongoing growth in the use of frozen vegetables by households (see page 19).

5. The number of vegetables products advertised increased by 17% over the quarter, reflecting the competitive intensity within the retail channel and seasonal influences.

Figure 8

Type of advert October - December 2011

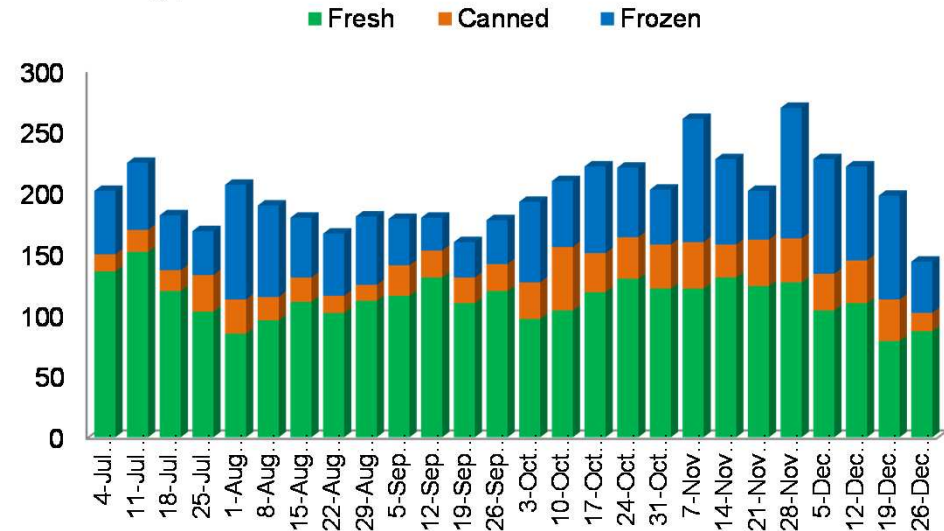
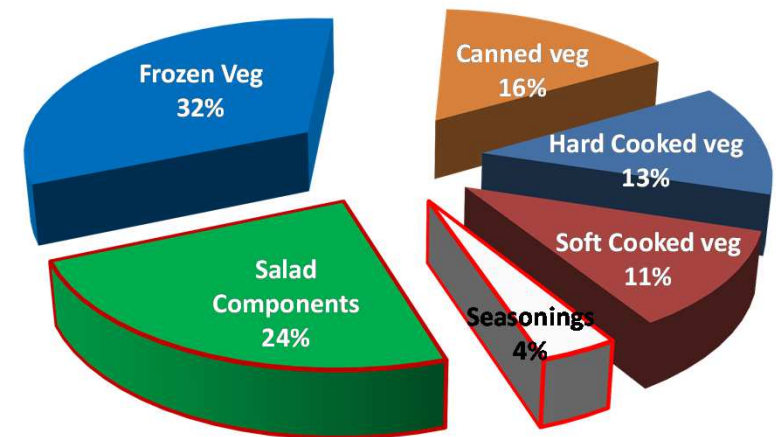


Figure 9

Advertised vegetable products 2,802 adverts by category - Q4 -11

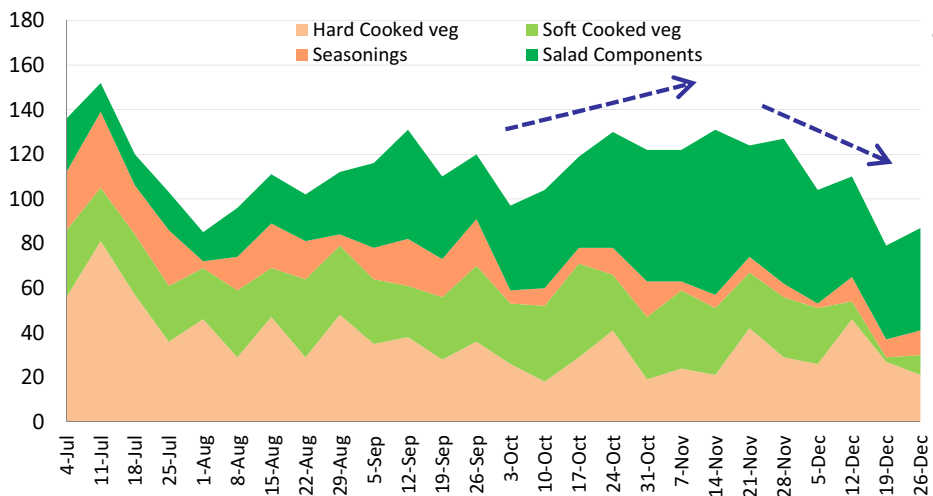


3.5 Vegetable retail promotional activity (continued)

Figure 10

Number of Advertised Fresh Vegetable Products

October - December 2011



Trends:

Q3 10 and Q4 11

- The type of product advertised in Q4 11 reflects a continuing strong focus on salad components and a shift away from hard cooked vegetables compared to the previous quarter. Adverts for soft cooked vegetables eased over the quarter.
- At a product level, this was most evident in an increase in cucumbers, tomatoes, salad, and lettuce advertising.

Figure 12

Number of Advertised Soft Cooked Veg

October - December 2011

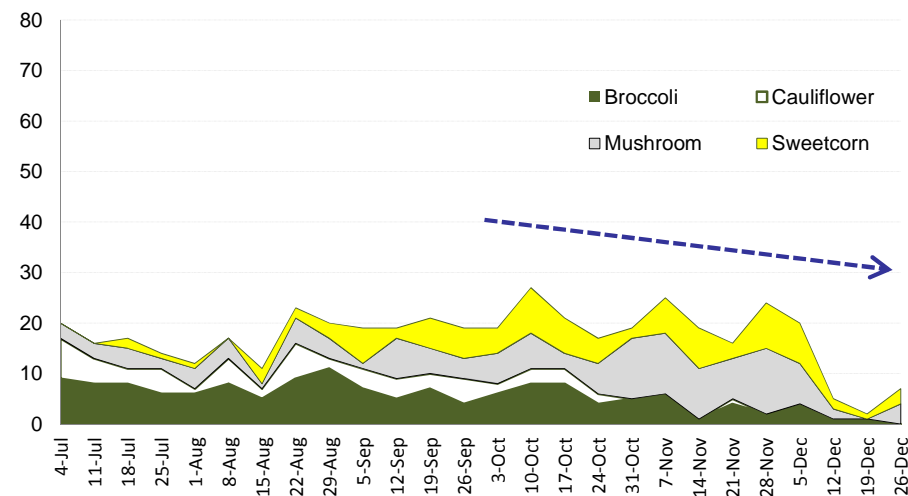


Figure 11

Number of Advertised Hard Cooked Veg

October - December 2011

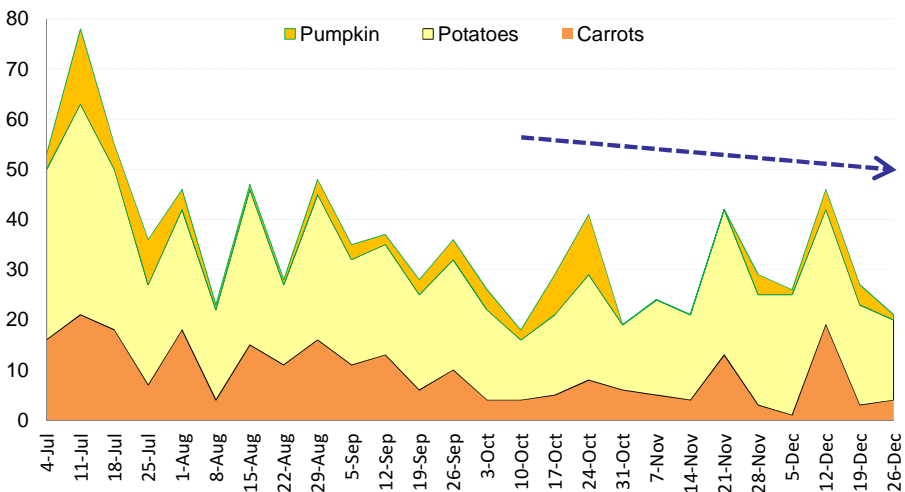
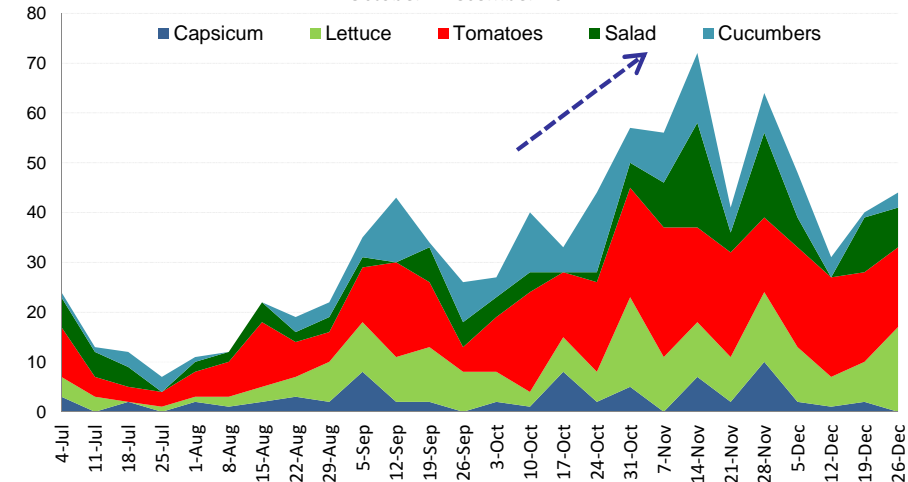


Figure 13

Number of Advertised Salad Components

October - December 2011



6. The changes in the type of fresh vegetable product advertised in Q4 2011 reflect an expected seasonal shift towards salad components, away from hard cooked and soft cooked vegetables .

3.6 Vegetables purchased and preparation method

Participation by vegetable form

- Figure 14 profiles the proportion of households that purchased vegetables in frozen, canned, and fresh forms in Q3 11 and Q4 11.
- Compared to the previous quarter, more households purchased frozen products, supported by promotional advertising. There was little change in the proportion of households purchasing canned products. The number of households purchasing fresh products eased slightly and may indicate some level of switching towards frozen product.
- Compared to last year, the proportion of households who purchased canned products remained largely consistent, while those who purchased fresh products declined slightly.
- Compared to the same time last year, slightly more households purchased frozen products. Purchasing of frozen vegetables has become more common over the past two years, increasing from 47% in Q4 09 to 61% in Q4 11.

Vegetable preparation

- Cooking, which includes steaming, boiling, roasting and stir frying, remains the dominant method of preparation, with 88% of households using this method in Q4 11. The use of cooking eased over the quarter, as it typically does during the summer months.
- In contrast, the use of salads increased to 66%, compared to the previous quarter when 52% of households used this method and is a reflection of seasonal factors, availability and promotions at this time.
- The proportion of households who reported eating vegetables raw (44%), increased compared to the previous quarter.

7. Over the quarter, the use of salad preparation increased, while the use of cooking eased, in line with seasonal patterns, a decline of 3% on the previous quarter.

Figure 14

Type of vegetables purchased by household

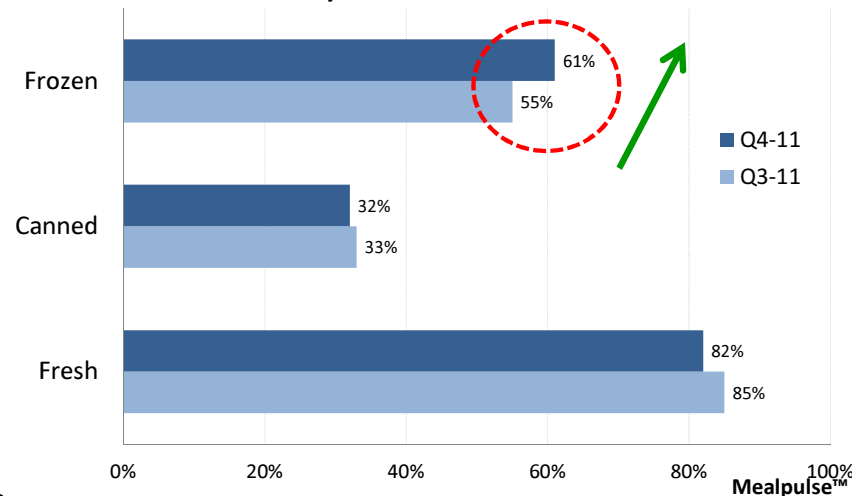
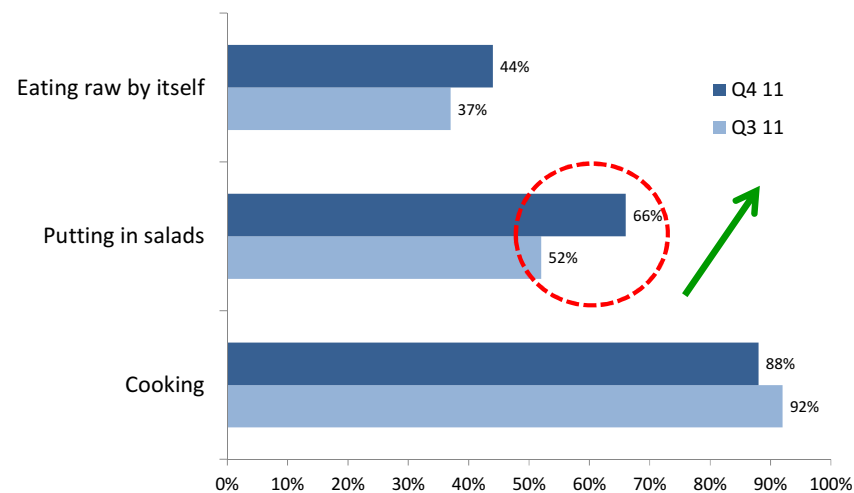


Figure 15

Method of vegetable preparation



3.7 Fresh vegetable buying patterns

Fresh vegetables purchased

- Figure 16 profiles changes in the level of weekly fresh vegetable purchases by gender and household segment in Q4 11 and Q3 11 – that is, the proportion of households who bought any fresh vegetables over the period of a week.
- In Q4 11, the total weekly household penetration decreased to 82%, down from 85% in the previous quarter. This small decline coincides with an increase in weekly household penetration for fruit.
- Lower weekly vegetable penetration levels were reported across Singles and Couples households, Empty Nesters and Established Families, while Budgeting Families remained consistent.
- Compared to the same quarter in the previous year, total weekly household penetration decreased by 3%, from 85% to 82%.

Fresh vegetables purchased - state-based variations

- Figure 17 profiles the variations in household weekly penetration for fresh vegetable purchasing by state between Q4 11 and Q3 11.
- Compared to the previous quarter, all states reported a decrease in fresh vegetable purchasing in Q4 11.
- Compared to the same time last year, most states reported a fall in fresh vegetable purchasing, while Queensland reported a small increase.

8. Over the quarter, 82% of households reported purchasing fresh vegetables on a weekly basis.

Figure 16

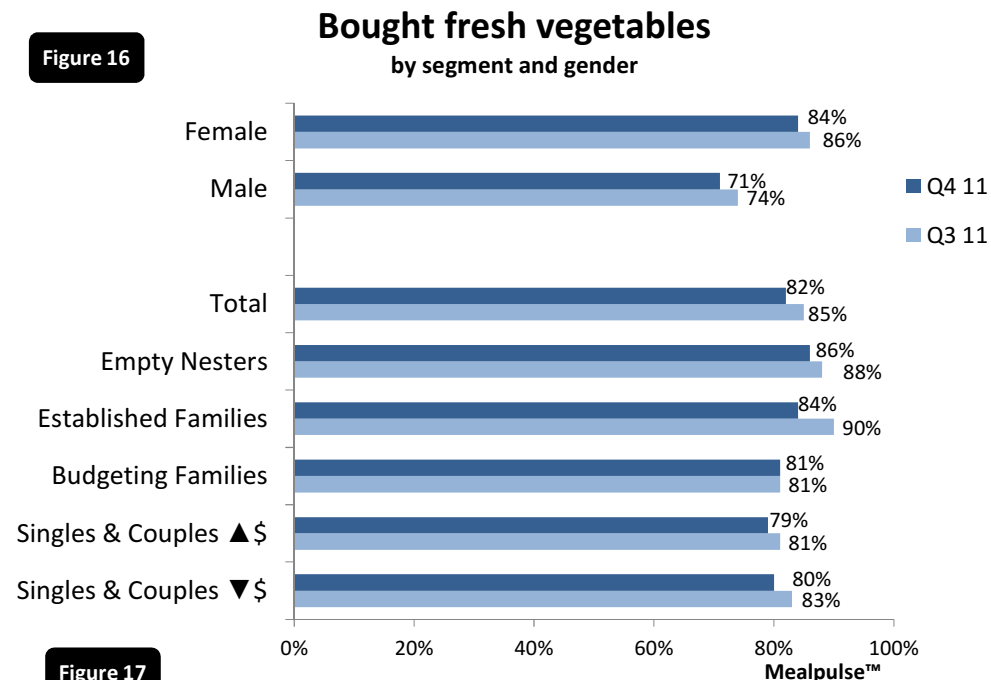
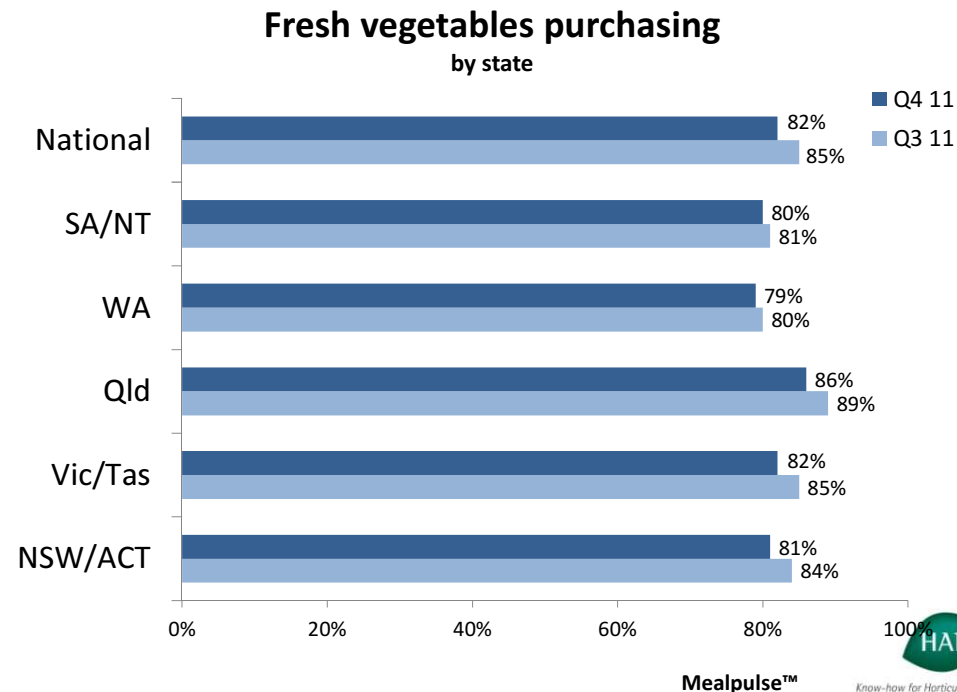


Figure 17



3.8 Most popular purchased vegetables and shopping trip patterns

Most popular vegetable purchased weekly

- Figure 18 profiles the 10 most commonly purchased fresh vegetables in Q4 11, and the respective levels in the previous quarter (Q3 11).
- In Q4 11, tomatoes were the most popular vegetable, purchased by 66% of households weekly, followed by carrots (65%) and potatoes (53%).
- The increase in households purchasing tomatoes and lettuce is reflective of their use as core salad components during the summer months, as is the increase in households purchasing cucumbers.
- The continued popularity of carrots and potatoes reflects their versatility and most likely the consistent pricing that they provide, as well as the relative affordability that they offer compared to other vegetables.

Shopping trip patterns

- In Q4 11, 46% of households made less than 4 food buying trips per week, 33% made between 4 and 6, while the remaining 22% made more than 6 trips per week.
- Compared to the previous year, a greater proportion of households are undertaking more than 6 food buying trips per week. In the same quarter last year, 43% of households were making less than four food buying trips per week, 45% were making 4 to 6 trips, and 11% were making more than 6 food buying trips per week.

9. Tomatoes remained the most popular vegetable purchased weekly by households in Q4 11. A greater proportion of households are undertaking more than 6 food buying trips per week.

Figure 18

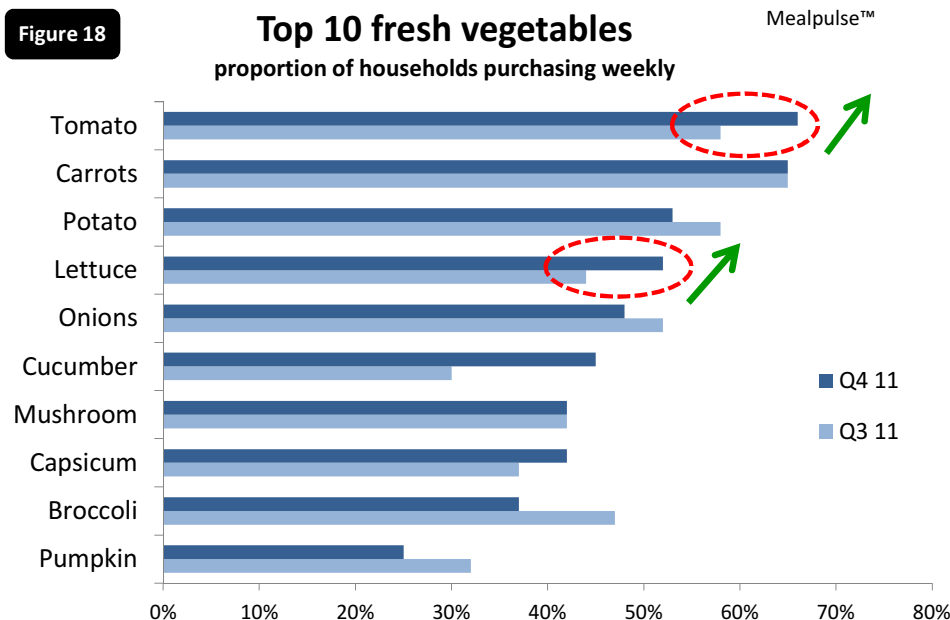
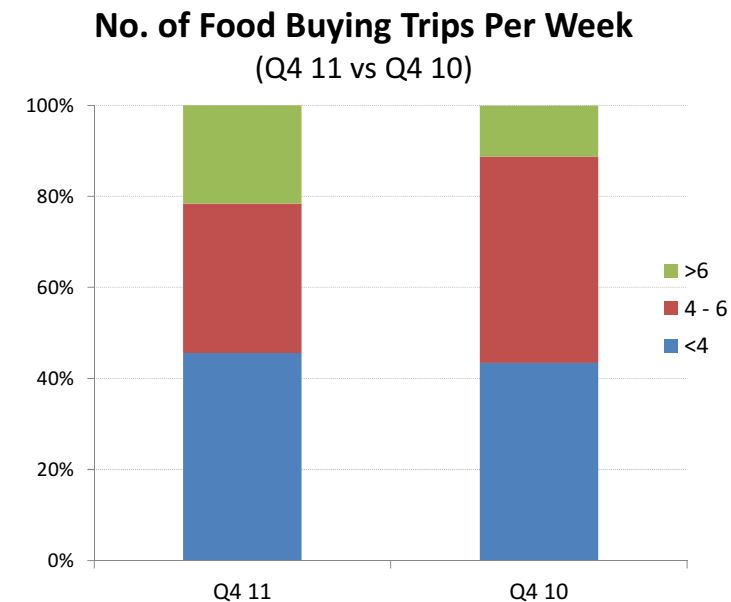


Figure 19



3.9 Vegetable buying trends and reason for buying

Vegetable buying trend

- This section profiles whether those who do purchase vegetables on a weekly basis, purchased 'more' or 'less' than they did in the previous quarter.
- Overall, 69% of households were consistent in their purchasing habits, having reported purchasing the 'same' amount of vegetables this quarter as they did in the previous quarter.
- The changes in vegetable buying over the last 4 quarters reflects common patterns as profiled in Figure 20. Over the period, 69% of households continue to buy the same quantity and of the 31% that change, 19% bought less and 12% bought more. This profiles a consumer base where 81% are consistently buying similar or more vegetables. The exposure in terms of an adverse impact on sales and consumption is with 19% who are likely to buy less.

Vegetable buying trend reasons

- Figure 21 profiles reasons why households purchased more, less or the same quantity of vegetables as they did in the previous quarter.
- Of the 16% of households who purchased more, 64% reported that being 'in season/ looked good' supported their decision, while 43% were encouraged by the fact it was 'on special'.
- Of the 16% of households who purchased less, 22% reported that they did so because it was 'too dear', which is lower than in the previous quarter when 28% reported this as an influence. This may be a reflection of strong level of promotional activity in salad components, popular at this time of year.

10. Appearance, seasonality and promotions were the main reasons households purchased 'more' vegetables over the quarter. Purchase patterns show that 19% of consumers can be influenced to buy less and 12% to buy more vegetables.

Figure 20

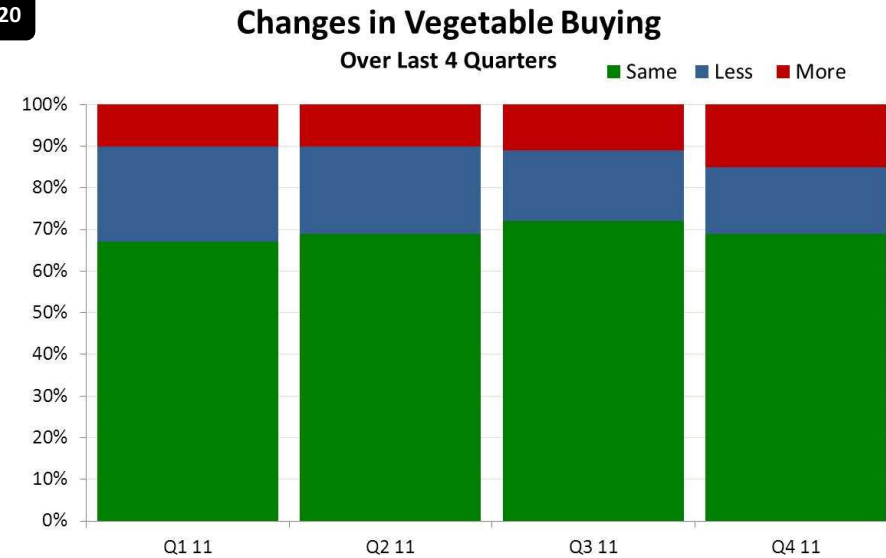
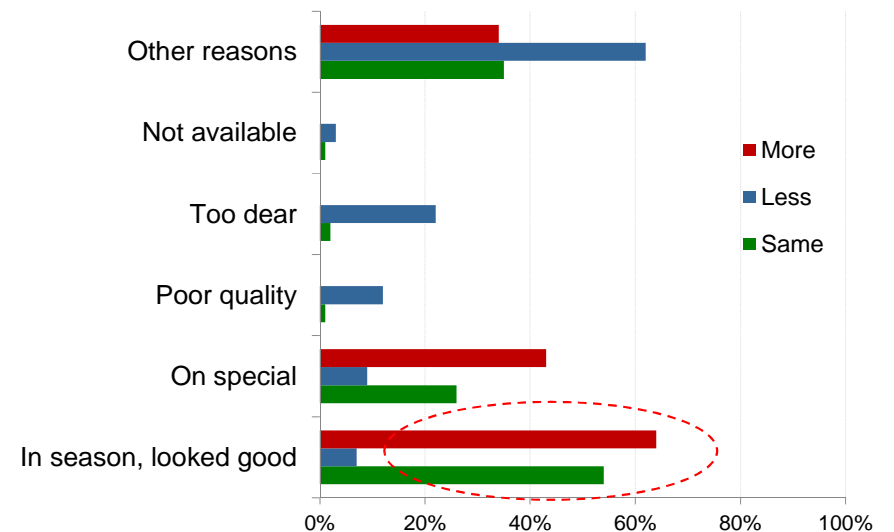







Figure 21

Vegetables buying trend reasons Q4-11



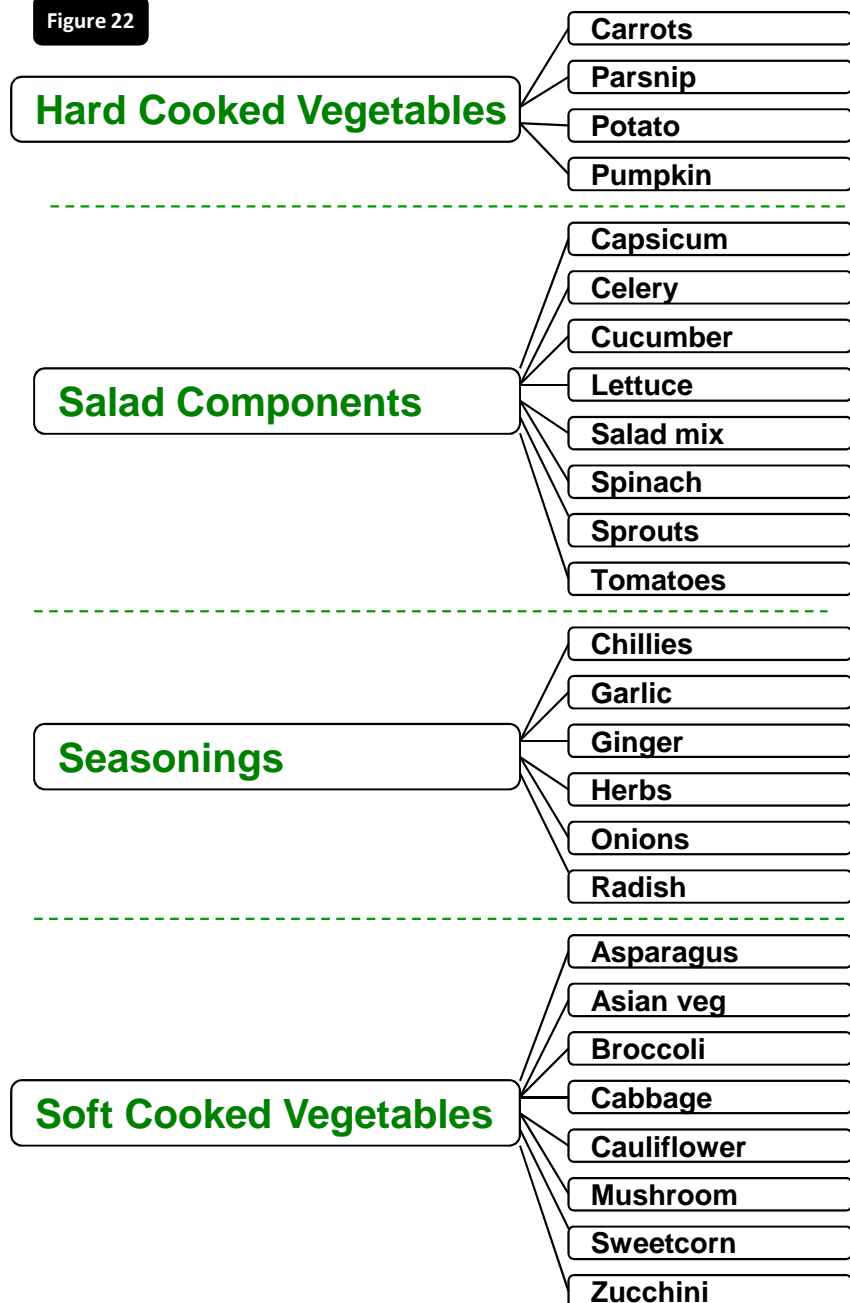
4.0 Summary - Household segments and key characteristics

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

Household Segment	Description	Fresh Vegetable Weekly Household Penetration Q1-11 to Q4-11	Key Characteristics (incl. shopping habits, food spend, retailer patronage, price sensitivity)
	<p>Singles & Couples with Lower Income (S&C▼\$)</p>	<ul style="list-style-type: none"> • 78%-83% 	<ul style="list-style-type: none"> • 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. • 72%-75% of total food \$ spent on food at home. (Q1-11 to Q4-11)
	<p>Singles & Couples with Higher Income (S&C▲\$)</p>	<ul style="list-style-type: none"> • 79%-81% 	<ul style="list-style-type: none"> • 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%-61% of total food \$ spent on food at home.
	<p>Budgeting Families</p>	<ul style="list-style-type: none"> • 80%-81% 	<ul style="list-style-type: none"> • 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. • 78%-83% of total food \$ spent on food at home.
	<p>Established Families</p>	<ul style="list-style-type: none"> • 83%-90% 	<ul style="list-style-type: none"> • 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. • 78%-80% of total food \$ spent on food at home.
	<p>Empty Nesters</p>	<ul style="list-style-type: none"> • 86%-90% 	<ul style="list-style-type: none"> • 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. • 78%-82% of total food \$ spent on food at home.

5.0 Fresh vegetable categories

Figure 22



Vegetable category structure

Based on like or complementary products, the vegetable types are grouped into categories listed in Figure 22, which enables a summary level analysis of all the vegetables.

The categorisation rationale is driven by the inclusions of like product that consumers will trade off and products that are consumed together.