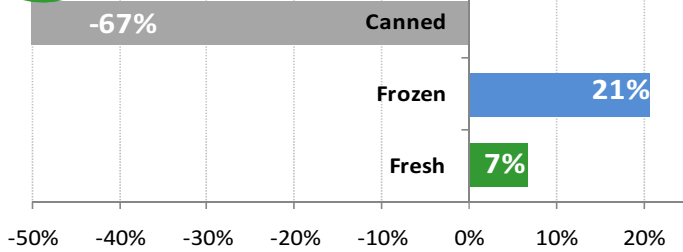




Vegetable retail promotional activity

224

Advertised vegetables
Changes from last week (%age of total)

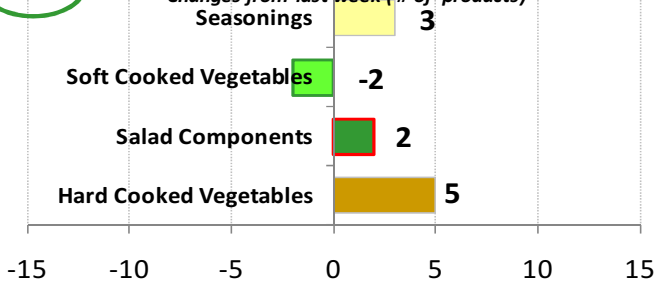


This week the exposure of vegetables decreased by 9% with 224 vegetable products advertised by the major retailers. This was driven by large decreases in Canned at 67% and increases in Frozen at 21% and in Fresh at 7%.

The number of fresh products advertised increased by 7% to 127, with minor changes in all four categories. The level of exposure is still above the average weekly number of lines, which is 112 per week for the 2010 calendar year.

127

Advertised fresh vegetables
Changes from last week (# of products)



Metcash buys 85 Franklins supermarkets

with an offer of \$215m to the owners Pick n Pay. Still awaiting ACCC approval, this purchase will see Metcash capture the synergies that flow from an additional \$860m in sales. These synergies will lift the expansion scope of the IGA fresh offer in NSW, with an estimated \$200 to \$250k of wholesale vegetables currently being purchased each week. Metcash has announced it will seek to sell the stores to independent operators, which will mirror the business model it operates with the IGA network.



This development is likely to increase the level of competition in the NSW retail fresh food market.

Headlines

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- Metcash buys Franklins 85 stores
- Foodservice channel gets regulatory help
- Tools to help consumers buy more veg
- Veg wholesale price lower by 5.5%

Several regulatory impacts on food service channels came into effect last week, and the sector is just starting to see consumer confidence being converted into positive sales growth.

The total price for all menu items is to be listed on all menus, where weekend and holiday surcharges apply, with the ACCC now empowered to issue infringement notices with penalties of \$6,600 for corporations and \$1,320 for individuals that fail to provide this information.

Nutritional information will now be mandatory on fast food menus in Victoria by 2012 for those businesses which operate 50 or more stores.

The Scores on Doors foodservice safety

and hygiene rating system commenced on 1 July under a six-month trial in 20 councils in NSW. If successful, this voluntary system will be rolled out state-wide on 1 July 2011.

The rating system, developed on the existing inspection process, will show the public how a foodservice business complies with food safety and hygiene requirements by featuring a scorecard with easily recognisable ranking system of A (excellent), B (good), C (acceptable), or P (pending for approval). This is a lot of information for consumers to absorb, but it continues to profile the contrasting approach of foodservice.

If foodservice leads consumers to new foods then its approach to nutritional and food safety information will soon pressure retail food to do the same.



Weather Period	Sydney			Melbourne			Brisbane			Adelaide			Perth		
	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr	Last w k	This w k	Last yr
Highs & Lows °C	7-18	4-17	8-21	4-18	4-14	5-19	10-22	7-21	7-24	3-18	2-16	10-19	0.6-20	0-17	3-19
Rainfall															
Rainfall (mm)	18.4	0.6	2.8	20.4	5.2	11.2	5.0	11.2	0.0	10.8	34.6	25.2	23.4	0.2	48.6

Tools to help consumers to buy more vegetables

Most consumers know they should eat more vegetables and want to, but 80% of Australians under-consume and 70% of these under-consumers consider vegetables to be **hard work and risky purchase**.

There are many barriers that stop consumers from buying vegetables, or which limit what they do buy. This understanding is derived from several studies, including one that has tracked the behaviour of 300 under-consuming households over a four-week period and has built a detailed understanding of these barriers to consumption and more importantly, identified solutions to remove those barriers. The four main barriers and some potential solutions can be summarised as follows:


40% do not know how to select a vegetable at its best, much less how to store it, which impacts on flavour. Most value seasonal info and storage advice. A storage tip fridge magnet for seasonal veg was a key tool.

Veg is risky
"It goes off before I can use it!"




Explains the realities of the process of introducing veg to kids and easy ways to add veg to the dishes kids will eat. Promotion of kid-friendly veg and use of classroom "peer pressure" are key tactics.

Family battles
"The kids hate veg & we never get chance to sit down to eat together"




Lack of knowledge constrains purchase and increases boredom. Perceptions of veg prep need to be "reset" with basic short-cuts. Helping with what a serve of different vegetables looks like is a key for purchasing.

The Dunnos
"I don't know how to buy it, store it, cook it..."



1 in 3 have not changed their veg consumption for years & cook the same narrow range of veg in the same way. Recipes & quick info-bites introducing less familiar veg and easy tips, i.e. the best vegetable combinations, can help.

The Uninspired
"I'm over it! I don't know how to fit more veg in to my day and I run out of ideas"



It is clear that these barriers can be removed by building consumer confidence and perceptions of ease in the selection, storage, preparation and cooking of vegetables, so that consumers feel more inclined to add vegetables to their shopping lists and explore the category. This has been proven in a panel study with low vegetable-consuming households, where the learnings were applied and achieved a **50% increase in volume** of vegetables consumed. Encouragingly, the vast majority of these households said that they would keep up the changes they made, resulting in potential **long-term changes in 1 in 3 under-consuming households**.

These learnings are now available in a concise set of research findings and guidelines. Vegetable industry stakeholders are invited to obtain copies and seek guidance on further development into working tools from the project managers Brand Story. This material is open to all in the vegetable supply chain and designed for:

- Growers who wish to share it or jointly produce tools and tips with their supply chain partners
- Vegetable retailers who want to use the information to engage with vegetable shoppers in their stores
- Marketers/promoters of produce who want to use this information in product promotional material
- Those involved in healthy living initiatives, who see a role for this information in educational activities

These findings and guidelines have been derived from robust research and sound analysis. They are ready for further development and can be obtained from Brand Story by emailing at info@brandstory.com.au

The wholesale vegetable price per kg decreased last week by 5.5% to **\$1.95 per kg**. This was driven by decreases in seasonings at 23.5%, salad component at 8.6% and soft cooked veg at 3.7%. Tomatoes lead the declines with a 55% decrease along with radish 23.5%, cauliflowers 16% and cucumbers 13%. Prices firmed for some products, with the most significant increases noted in pumpkin at 15% and broccoli 10%. All indications are that supply is steady with no gaps forecast for the next 3-4 weeks.