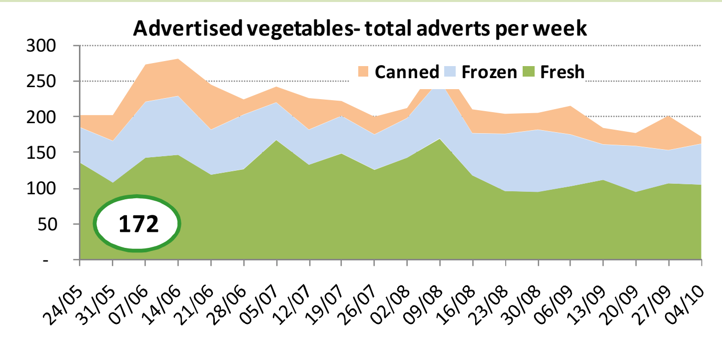
VEGINSIGHTS

Weekly vegetable market insights - A VIDP initiative



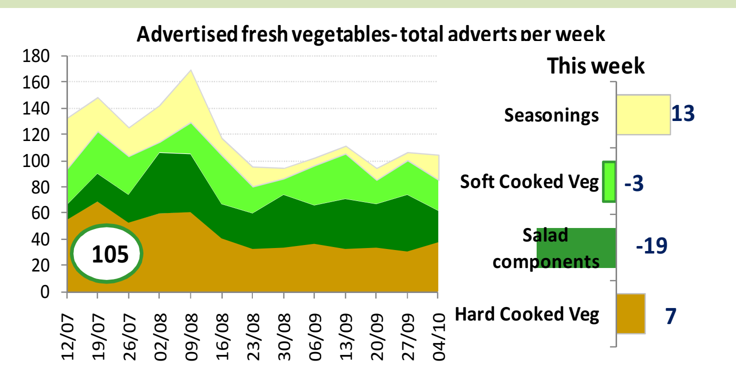
13 Oct 2010

Vegetable retail promotional activity



The overall exposure of vegetables in retail promotional advertisements **decreased by 14%** from last week's volume to a total of 172 lines. This increase was driven by a decrease in the number of canned lines advertised.

The volume of **fresh veg adverts decreased** by 2% to 102 lines, with the major changes being less exposure for salad components and more for seasonings and hard cooked veg.



Headlines

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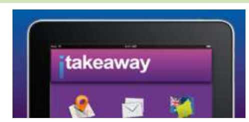
- **Broccoli category worth $210 million pa**
- **Takeaway food retailers use new app**
- **Edible gardening – simple and effective**
- **Veg wholesale up at $2.32 per kg**

Broccoli category has to deal with supply volatility

Analysis of the fresh vegetable market has confirmed that the broccoli category has a retail value of $200-220 million with the variation driven by supply volumes and market values. Demand is stronger in the 2nd & 3rd quarters of the year as the cooler weather encourages more cooked veg. Total market supply, including the volumes going into food service, is 65,000 tonnes annually, and the balance between supply and demand leaves consumers to deal with sharp changes in price. In the three calendar quarters of 2010, wholesale prices have averaged $2.45 but ranged from $1.33 to $4.84 per kg.

The broccoli category has the challenge of maintaining demand and managing price variations of 350%.

New application well-suited to takeaway food



itakeaway is a new Australian-owned and operated phone application (app) and the first of its kind. It has the capacity to combine multiple takeaway food providers and enable easy consumer selection, with a system that manages the order placement through to the retailer involved. Consumers can search for food by category, use menus, access "daily specials" and place orders in advance to eliminate queuing. It simplifies the business investment for smaller enterprises as they do not have to invest in their own website, iPhone, or iPad design, with all the functionality provided through an interactive website. More than 300 restaurants have already signed up for this new itakeaway app.

This approach profiles how smaller food enterprises can harness new technologies without owning the system.

Edible gardening with children leads to eating more veg

Involving kindergarten children, aged 2-4 yrs, in school gardening projects or vegetables in the backyard has been confirmed, yet again, to be a simple and cost-effective way of increasing veg consumption. Bangkok University researchers found that children who grow veg in school plots and cook them, consume double the amount of veg and more veg varieties than children who don't participate in such programs.

This confirms the simple, cost effectiveness of how getting children involved with growing leads to consumption.

Weather	Sydney			Melbourne			Brisbane			Adelaide			Perth		
Period	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr	Last wk	This wk	Last yr
Highs & Lows ℃	9-27	14-23	9-20	6-21	8-24	6-20	14-28	16-30	12-28	5-22	6-21	6-22	7-29	8-31	9-23
Rainfall															
Rainfall (mm)	14.6	14.6	81.8	5.6	18.6	4.0	42.0	89.6	2.8	0.6	0.0	0.0	0.0	5	0.0

Buying different vegetable forms

Consumers have preferences for different vegetable product forms which can be influenced by access, weather patterns and/or the value changes in fresh form. This analysis profiles the proportion of households that buy each vegetable form, the trends of the last three quarters and the value of household spend on each vegetable form.

Shifting preferences for vegetable forms

- Figure A profiles the proportion of households that purchased vegetables in frozen, canned and fresh forms over the last three quarters.
- In Q2 10, the proportion of households that purchased canned vegetables declined by a further 3% to 37% and fresh vegetables declined by 1% to 86%, while frozen maintained the level of the previous quarter at 47%. Over the three quarters, there was a drift away from canned towards fresh. The significance of these preferences is shown in Figure B where the retail market value of these vegetable product forms are profiled as well.
- Fresh vegetables are a $5.94b market and represent 87% of the retail household spend on vegetables.
- Frozen vegetables are a $603m retail market and capture 9% of the household vegetable spend.
- Canned vegetables are a $294m retail market and capture 4% of the household vegetable spend.
- When this data is extended out to an annual spend for the households buying each vegetable form, it equates to $863 for fresh, $160 for frozen and $99 for canned.

Figure A

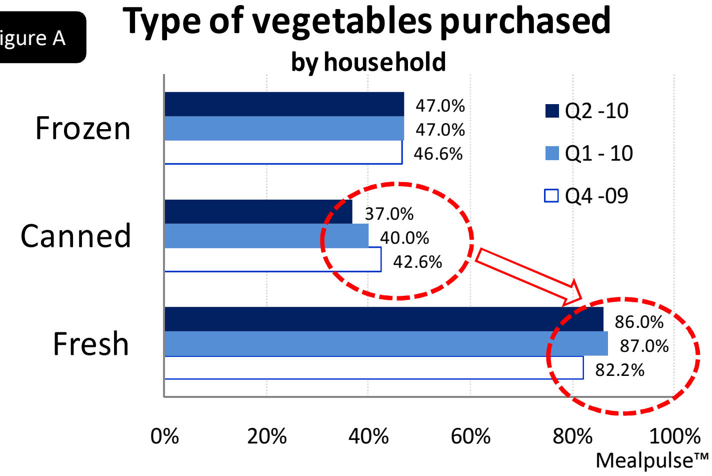
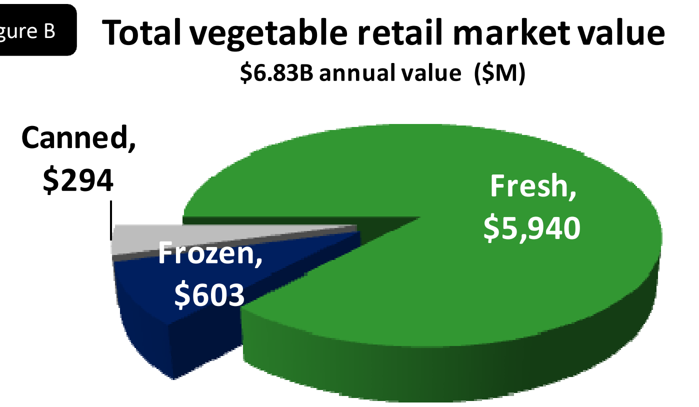
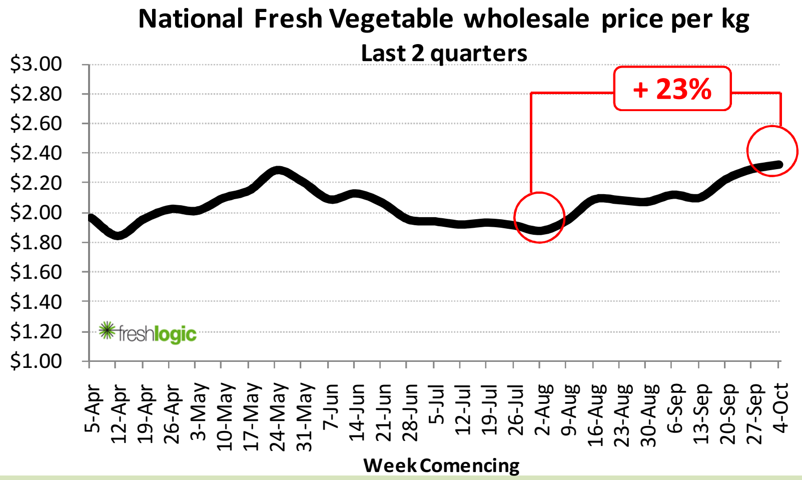


Figure B



Fresh vegetables are the dominant form of purchases, capturing 87% of the household spend and while frozen and canned don't enjoy the same level of penetration, they combine to capture 13% of the market spend. The canned form appears to be losing consumer support and since the frozen product form has maintained penetration despite the weather extremes of the last three quarters, indications are that this product form may be winning on other attributes like convenience.



The wholesale vegetable price increased 1.3% or 3c per kg last week to **$2.32 per kg**.

This was influenced by increases of 4% in soft cooked veg, 3% in seasonings and an unexpected decline of 2% in salad components.

As profiled in the adjacent chart on the weighted total wholesale price over the last two quarters, this is the 9th week of wholesale vegetable price increase since early August and amounts to a total increase of 23% over this period.

This project has been funded by HAL using the National Vegetable Levy and matched funds from the Australian Government. It forms a part of the VIDP & aims to inform vegetable producers & supply chain stakeholders on market influences & developments in the past week. We recommend that those seeking to act on the basis of this information first obtain independent professional advice.